

On My Mind

1/06/06

Random thoughts as this "interregnum" period draws to a close: "Ben & Tim" hit it lucky that the day of their inauguration coincides with Commonwealth Day - the day the CNMI's first governor was sworn into office. It lends a nice sense of fitness, appropriateness. Can't help wondering, though, whether that sense of appropriateness will be reflected in the ceremonies and celebrations - will they be extravagant despite the poor economy, or will they be pared down accordingly?

It's nice to see that the swearing in of the legislature has been scheduled for a separate time, so that people can attend both ceremonies, if they wish. More often than not, that has not been the case in the past.

It's also nice to see - though admittedly not very encouraging - that the incoming administration is being so open about the poor state of the CNMI economy. I don't envy them the task of shoring it back up. Realizing that help is needed across the board, I would hope, nonetheless, that the incoming administration will pay some attention to the plight of the Retirement Fund. While the Fund has done an enviable job with its investments (I wish it were my broker!), it's downright painful to see its investments continually being eroded by the need to sell off holdings - because government has failed to pay its share - to meet pension payments and other expenses.

One small step towards solution of the revenue shortfall in government might be to abolish the practice of providing government-purchased cars to government employees. On such a small island, there is little justification for reimbursing the employees' transportation costs. In fact, most places I know do not pay the cost of going to and from work in any case - certainly not in the private sector. In cases where cars are needed for job-related functions (other than for police, fire, ambulance or utility services), such as document delivery, employees could be reimbursed for using their own cars on a fixed so-many-cents-per-mile basis. It would not be too difficult, in fact, to establish the number of miles between Capitol Hill and the Guma' Hustisia, for example, and simply pay flat rates for such trips.

That might not make the car dealers happy, but in the long run, they would probably still sell the same number of cars. They might not take in as much in lease payments; nevertheless cutting government costs should take first priority.

Another idea worth thinking about: the CNMI has used consultants and planners out the gazoo, as they say, but most of the resulting recommendations end up sitting on the shelf, unused. Maybe those plans would be more do-able if the consultants were held responsible for, required to see to, their implementation as well?

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Garapan Street - the road between Middle Road and Beach Road that runs between the Bank of Guam and Duty Free - has recently been widened, paved, and given sidewalks. It also has been given about 40 street lights, set very close together. What makes this worth noting is that despite CUC's decision to turn off some street lights in order to save fuel, every one of those 40 lights is brightly lit, every night of the week. Couldn't CUC turn on only alternate lights? Turn on the lights on only one side of the street? Lower the wattage? or weren't those options

built into the design? (Another flaw in the "Garapan revitalization" concept....)

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I don't recall whether the previous out-going administration was as blatantly irresponsible as this one is (my memory isn't what it used to be!), but it is sickening to see the abuse of power, the reckless commitment of funds that has been perpetrated by this administration in the last several weeks. The Marianas Visitors Authority agreeing to pay both its former director and a new one over-lapping salaries for nearly six months, the Public School System re-calculating retirement benefits for its Commissioner, and re-hiring her as a "consultant," are probably but the tip of the iceberg in "golden parachute" deals being handed to out-going government officials.

Adding insult to injury is the refusal by out-going attorney general Pam Brown, as related in today's Variety, to heed the advice of the CNMI Public Auditor, and insisting on declaring a contract valid that violates immigration law and may violate other laws and regulations as well.

Given the free-wheeling politics of the island, such actions seem rather fool-hardy - and short-sighted. While they may please the recipients of the golden parachutes, they are bound to displease those who end up having to pay for them, particularly when money is in such short supply. Those with better memories than mine may not be very forgiving when it comes to forging new alliances in the next campaign.....

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Last week's column reported on the first part of "Myths of the FSM economy," an article written by Father Francis X. Hezel and Chris Lightfoot which appeared in issue #59 of the Micronesian Counselor. Herewith, part two:

Myth #6: that FSM must be domestically self-reliant. The prevailing belief has been that nations are built on productive economies that export as much as they import, and that economic self-reliance is indispensable for political independence. On the other hand, "...a MIRAB economy, based on **MI**gration, and **R**emittances, **A**id and **B**ureaucracy, was somehow a deformed mutant," write the authors. Hezel and Lightfoot admit that imports far exceed exports in the FSM, yet its current account balance, more often than not, and specifically between 1994 and 1996, shows a positive balance - even though exports were dwarfed by imports. They believe that a MIRAB-based economy can work for the FSM, based on exports, funding from the Compact and foreign aid, revenue from fishing licenses and possibly even remittances. "We should [also] understand that the future of the nation depends on global ties, with emigrants and with foreign governments, as much as on what is produced in the islands themselves."

Even if the FSM were to have "rule of law enforced, stable government, functioning markets, transparent and consistent government, secure [and] transferable property rights, and straightforward investment procedures" - said by investment counselors to be the formula for financial self-reliance - the FSM would still have to contend with its limited resources, remoteness from the market, and relatively small population, say Hezel and Lightfoot.

Again, it would seem that much of this applies to the CNMI as well. Of course, the CNMI does not meet all of those requirements either.

The last myth: that poverty is everywhere and nowhere. Though the FSM would appear to rank below the poverty level according to international standards, the subsistence lifestyle still

prevalent there, with its abundance of food and building materials, places the FSM far above the degrading poverty level to be found in some parts of Africa and Asia. It is all a matter of perspective, the authors state, though they acknowledge that there are people in the FSM without adequate basic social services.

Insofar as people in the CNMI are considered at poverty level, the same argument could be made. There is an abundance of food and building material, and that, together with the strong familial ties of the culture, leaves very few people literally impoverished.

Five conclusions are drawn: FSM might want to encourage remittances as a source of revenue; the Compact Trust Fund (established via the Compact for post-Compact application) must be closely monitored to ensure it achieves its potential earnings; agriculture, on a subsistence level or as cash crops, should continue as employment for Micronesians; FSM governments should cease investing in tourism or fishing, but should pursue revenue from fishing licenses, and lastly, small niche industries should be encouraged.

All but the second conclusion, along with parts of the third and fourth, would seem to apply in the CNMI as well. Food for thought, as Harry Blalock likes to say, particularly with a new administration pledging to improve the CNMI economy.

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Short takes:

Some time ago, I complained in this column about the unfriendly opening pages of the Bank of Guam's web site. As was promised, the site has improved considerably, and is now much more user-friendly. Thank-you, Bank of Guam!

On the other hand, I have had occasion to require a "bank-guarantee signature stamp" from Bank of Guam, not once, but twice, and it was a big hassle each time, particularly the second, when the occasion demanded that the stamp conform to the requirements of a Securities Transfer Association Signature Guarantee Program. Seems like only the BoG's Trust Department on Guam conforms, and has such a stamp.

I should note that I did get a letter of apology from the BoG after the second hassle. I don't know whether other banks in the CNMI provide easier access to bank-guarantee signature stamps. For the sake of potential businesses interested in investments, I would hope so!

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A scary note from Washington, D.C.: it's been reported that within a week of the resignation of the head of the U.S. Agency for International Development - which has, in the past, funded significant development projects in countries around the world - all area directors were instructed to 'think creatively as to how the A.I.D. budget could be used to meet and assist political objectives.' In other words, look for A.I.D.'s emphasis from now on to be on in-country (U.S.) political goals as defined by the Bush administration rather than on out-country developmental needs.

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This week's films: 2 PG's, 3 PG-13's, 1 R