

REMARKS OF RESIDENT REPRESENTATIVE PEDRO A. TENORIO
BEFORE CNMI STUDENTS AND CONSTITUENTS
HONOLULU, HAWAII
JULY 17, 2003

I am excited and delighted to be with you here in Honolulu. Former U.S. Senator Sparky Matsunaga from this great and beautiful State of Aloha once remarked that if you wanted to see heaven here on earth, visit Hawaii. We are indeed privileged to be here in Paradise. Let me extend my personal congratulations and best wishes to each of you who are pursuing your higher education here in Hawaii and those of you who have made this state your current home. I commend and wish you all the success in your endeavor. Upon the completion of your education, please return to the CNMI where you will play an important role in helping to create a better future for all our citizens.

I have an affinity to this great State for it was some forty years ago when I began my post-secondary education at the Manoa campus of the University of Hawaii. That "basic training" prepared me to achieve baccalaureate and masters degrees in science from UH.

Some of you have indicated to me that the CNMI is celebrating its 25th anniversary of our affiliation with the United States and have asked me to give you my impression of the first 25 years of this relationship. Twenty-five years is a considerable period of time -- to some people, it is a lifetime. Many of you were born during the first 25 years of the establishment of the Commonwealth of the Northern Mariana Islands.

As we from the CNMI celebrate the first quarter of a century experience of our relationship with the United States, we have much to be proud in our achievement of our Commonwealth status. It would be useful to offer you a short historical perspective of how we have taken that giant and bold step forward to establish a political relationship with the United States.

Our people negotiated a political status agreement which we referred to as the "Covenant." This important document creates the relationship between the United States and the Northern Marianas on a permanent basis.

The Covenant ensures that our political relationship with the United States could not be discontinued or terminated by one party without the consent of the other. The Covenant in its Preamble sets out a few of the most important reasons which led to the preparation of the Covenant. It notes that under the Charter of the United Nations and under the Trusteeship Agreement, the people of the Northern Marianas are guaranteed the right to freely express their wishes for self-government or independence. The Preamble also states that the United States will support the desire of the people of the Northern Marianas to exercise their inalienable right of self-determination. Furthermore, it emphasizes that the people of the Northern Marianas and the people of the United States share the goals and values found in the American system of government, based on the principles of government by consent of the governed, respect of individual rights and freedom, and the form of government adopted shall be a democracy. Because of these shared goals and values the people of the Northern Marianas and the people of the United States have entered into a permanent political union. The Preamble acknowledges that for over 20 years prior to the approval of the Covenant, the people of the Northern Marianas had expressed their desire for political union with the United States in public petitions and in referendum.

It is the desire for a close and permanent relationship with the United States that led to the establishment by public law, of the Marianas Political Status Commission which negotiated on behalf of the people of the Northern Marianas, with the Personal Representative of the President of the United States. The preamble's clause further states the essential purposes of the Covenant: "to establish a self-governing Commonwealth for the Northern Mariana Islands within the American political system and to define the future relationship between the Northern Marianas and the United States." The clause also states that the Covenant will be binding on both the Northern Marianas and the United States after it is approved by the people of the Northern Marianas in the plebiscite, and by the United States. The mechanism by which the Covenant is to be approved is spelled out in detail in section 1001 of the Covenant. Finally, and fundamentally, the preamble recognizes that the approval of the Covenant by the people of the Northern Marianas will constitute on their part a sovereign act of self-determination—an exercise of their right freely to express their wishes for self-government or independence and to determine their own political future.

A transitional government was established shortly after President Gerald R. Ford signed the Covenant legislation at the White House on

March 24, 1976. Secretary of Interior Thomas S. Kleppe issued Secretarial Order 2989 which administratively separated the Northern Marianas from the other five districts, established an appointed resident commissioner for the Northern Marianas, and provided for the interim executive, legislative and judicial arrangements. The transitional legislature of the Northern Marianas turned promptly to the task of authorizing a constitutional convention as required by the Covenant. The convention met for a period of three months and completed a new constitution for the new Commonwealth of the islands. In a referendum on March 6, 1977, the new constitution was approved by over 93 percent of the voters. The new Constitution of the Commonwealth of the Northern Mariana Islands embodied the key concepts prescribed by the Covenant. First, it called for the election of a chief executive, the governor and Lt. governor. Secondly, the balance of power between the municipalities of Saipan, Tinian and Rota was shaped by the Covenant's requirement of a bicameral legislature, where the Commonwealth Senate provided equal representation to the three islands at three members each. Thirdly, it gave the executive branch the power to set up fifteen executive-branch departments, and a special office for Caroline^{an} affairs. Fourthly, the constitution implemented another provision of the Covenant restricting the ownership of land to Northern Marianas descents. And, lastly it provided for the election of a Resident Representative to the United States, who was independent from the elected governor, and subsequently declared by the CNMI court as "an independent constitutional office which does not fall neatly within any of the three traditional branches of government, but it does not mean that it is a fourth branch."

On December 3, 1977, the citizens of the Northern Marianas went to the polls and elected the leaders for the new Commonwealth. On January 9, 1978, the Commonwealth of the Northern Mariana Islands took office.

Over the next twenty-five years following the installation of the Commonwealth Government, the political institutions authorized by the Covenant and established by the Commonwealth Constitution largely met the expectations of the Covenant founders and the people of the Northern Marianas. The people of the Commonwealth have government institutions that compare favorably with most American communities. The elected leaders were responsible to the voters, with competing political parties promoting active campaigning. An independent public auditor, an independent judiciary, and an effective law enforcement presence of local and federal to preserve the integrity of the political process were established.

The desire for an improved standard of living for the citizens of the Northern Marianas and the need to accelerate economic development were two of the important driving force underlying the pursuit for a permanent affiliation with the United States.

Under Section 701 of the Covenant, the United States made this fundamental commitment to the people of the Commonwealth that the "Government of the United States will assist the Government of the Northern Mariana Islands in its efforts to achieve a progressively higher standard of living for its people as part of the American economic community and to develop the economic resources needed to meet the financial responsibilities of self-government." To fulfill this commitment, the covenant makes provisions for direct financial assistance under article 7 and provides critical economic tools in articles 5 and 6. Foremost of these developmental tools is the granting of authority to the Commonwealth control over immigration until the termination of the Trusteeship Agreement and thereafter, unless the U.S. Congress decided otherwise. A second significant authority granted to the Commonwealth is the exemption from the minimum wage provisions of federal law; third, removing the Commonwealth from the customs territory of the United States; and, lastly, permitting goods from the Commonwealth to enter duty-free into U.S. markets.

During the last twenty-five years of Commonwealth experience, the people of the islands received incredible amount of financial assistance from the United States. During the first seven-year grant period under the covenant from 1978-1985, the federal government provided \$192 million for government operation and capital improvement projects. This followed by another seven-year period of federal largess from 1986-1992 in the amount of \$228 million. Under a third seven-year support plan for the Commonwealth from 1996-2003, the Commonwealth received \$120 million from the federal government and at the same time raised another \$120 million from local revenues. In addition to the amounts provided under the multiyear plans, the federal governments made available the full range of federal domestic assistance programs to the people of the Commonwealth. There are estimates that the first quarter century of Commonwealth existence, the federal government had provided more than a \$1 billion dollars of direct and indirect financial assistance to the people of the Commonwealth.

Thus, in its interest and efforts to promote economic development, and to assure "a progressively higher standard of living for its people" the early leaders of the Commonwealth recognized certain realities and challenges confronting the new Commonwealth. They understood the severe restriction of a small population base and the absence of valuable natural resources of the islands. But with the opportunities presented by the covenant, they saw immediately the significant competitive advantages of their new political status: the Commonwealth now possesses duty-free access to United States markets; it is in close proximity to inexpensive labor pools from Asian countries; and, the islands offer unique attractiveness to travelers from Japan, Korea, China as a tourist destination; and, equally important, as U.S. citizens, the residents of the Commonwealth enjoy the protection of U.S. laws and institutions.

Overall, the first twenty-five years of the Commonwealth existence under the covenant, the economy of the islands grew incredibly and substantially. The tourism industry developed rapidly from a few thousands visitors in 1978 to 115,000 in 1980 to over 400,000 in 1990 and more than 700,000 in 1996. Visitors spending in 1996 was estimated around \$600 million. To accommodate the ever increasing number of tourists to the islands, hotel room grew from 740 rooms in 1980 to over 2,500 rooms in 1990 and today there are more than 5,000 rooms in all in the three islands of the Commonwealth.

The development of the garment manufacturing industry is the second major contributor to the economic growth of the Commonwealth. The garment industry has grown rapidly in the Commonwealth and is, along tourist industry, one of the two largest sectors of the economy. Garments produced more than 30 percent of the Commonwealth's total gross business revenues of approximately \$2 billion. The industry contributes over 25 percent of all public revenues. It is estimated that the garment industry inject over \$100 million into the local economy, in wages and benefits, taxes and fees, and local purchases. Garment exports to the United States from the Commonwealth is now in excess of \$1.3 billion. A report from the United States General Accounting Office and a study of the Commonwealth economy by the Northern Marianas College in 1999 concluded that tourism and garment manufacturing industries produced about 98 percent of the commonwealth's exports and were responsible for about 85 percent of its total economic activity. The impact of the financial assistance from the

federal government under the covenant and the contribution of revenues from the tourism and garment industries generated local government revenues to increase by almost 5,000 percent—from \$5 million in 1978 to \$248 million in 1997 and approximately \$213 million for fiscal year 2003. an average decrease of \$35 million, which is quite disturbing.

Considerable changes in the commonwealth's population accompanied this phenomenal transformation of the economy. The Commonwealth has used its authority to control local immigration policy to bring in foreign workers to produce clothing for shipment to the US mainland retailers and allow the entry of foreign business owners and their families. In large part because of the influx of these foreign workers and entrepreneurs, the population of the Commonwealth has grown rapidly, increasing from about 16,800 in 1980 to over 80,000 in 2002. The 1995 census indicated that US citizens in the commonwealth numbered 27,478 of a total population of 58,846, leaving the number of aliens at 31,368. Recent estimates indicate that the 1999 population had grown to 79,000 and a total workforce in the Commonwealth of 44,000 consisting of about 33,000 foreign workers and about 11,000 local resident workers. In simple terms, foreign workers and other non-US citizens constitute about 58 percent of the population at present. The large majority of foreign labor works in the private sector, while U.S. citizens make up only 12.3 percent of total private sector employment. Among the largest employers in the private sector are hotels, retail outlets other tourist-related service industries, garment manufacturing, domestic helpers, construction and professional firms. Commonwealth and the local governments are the employer of choice for U.S. citizens because of higher wages and other benefits.

The leaders of the Commonwealth understand fully that the heavy dependence on tourism and garment manufacturing industries which are vulnerable to economic and legal developments over which the commonwealth had no control, has been a matter of great concern. The economic recession during 1998-99 period precipitated by the Asian economic crisis showed that reliance on the tourism industry alone exposed the commonwealth to serious economic and government revenue shortfalls risks. Tourism arrival dropped by almost 200,000 visitors in 1999 from 727,000 in 1997, which was almost a 30 percent reduction. Similarly, commonwealth revenue collections from tourist and other non-garment related activities declined by nearly 30 percent from \$185.6 million in 1997 to about \$131 million in 1999.

Although the benefits of rapid economic growth in the commonwealth were significant in the creation of jobs and in the production of goods and services for export, they also contribute indirectly to the economy through purchases of local goods and services, investment and reinvestments, and with taxes and fees paid to the government. But there are problems and burdens that inevitably arose from such rapid developments. The growth in the foreign work force created unsustainable pressures on the local utility, infrastructure, and in the delivery of public services ranging from schools to medical facilities and law enforcement. As in other American communities faced with rapid and radical change, the indigenous population in the commonwealth had to weigh the advantages of an economy almost exclusively dependent on foreign workers against the inevitable disadvantages to the quality of their life, culture and values. There is a growing sentiment from a large sector of the indigenous population that the Commonwealth depended too much on foreign labors, that the local residents have not been sufficiently trained nor encouraged to work in the private sector, even if that would required some retrenchment in the economy. Other local residents have expressed their voice for an expansion in public services and continued improved standard of living that only a vibrant and thriving economy together with non-resident workers presence could support.

The Commonwealth today has become an exciting and dynamic place to be. Our citizens have put in place a novel and unprecedented system of government within the American political system. The CNMI is the only member of the American political family that negotiated the arrangement for a permanent and enduring affiliation with the United States. Our citizens have experienced frustrations along the way, and faced inevitable challenges and risks in the covenant and prospered greatly in the first quarter century in their political affiliation with the United States.

As a local resident who had the privilege to participate in the negotiations of the covenant, served as past and present elected leader of the commonwealth, I firmly believed that we have established a beneficial and enduring relationship with the United States of America.

As we enter the new millennia and embark in our journey toward the next quarter century of our membership in the American political family, I

am greatly confident and optimistic for a promising future of the Commonwealth of the Northern Marianas.

Thank you.