

On My Mind  
5/28/99

It seems to be human nature to long for "the good old days" - for the pleasures, or the prosperity, for the freedoms, or the friends, of former times. It's generally recognized, though, that one 'can't go home again' - that, in actuality, there is no returning to those "good old days."

<BR><BR>

In the CNMI, that longing - in this instance, for the return of the economic boom times of the late eighties, when tourists swarmed in, when the Japanese were leasing everyone's land at incredible prices, when business was booming - is still active, persistent, and widespread.

<BR><BR>

The problem, though, is that people don't look at that period as "good old days" that won't return. Instead, they seem to view it as a normal state of affairs - one that can be expected to return "when things get back to normal."

<BR><BR>

But as CNMI economist-in-residence Bill Stewart explains - in the clearest of terms - that period was NOT normal, and it is, therefore, quite unrealistic to expect such boom times to return to the CNMI. In an insightful article in Monday's <I>Marianas Variety</I>, Stewart describes those days as a freak period, due to an "economic accident that none of us are ever likely to see again."

<BR><BR>

According to Stewart, that accident was the unusual act of the U.S. devaluing the dollar in relation to the yen in 1985, which resulted in the Japanese having more money than "could be digested domestically." As a consequence "they went abroad on a wild spending spree," paying exorbitant prices for what they believed was "trophy real estate" - such as Rockefeller Center in New York City.

<BR><BR>

The CNMI became one of the beneficiaries of Japanese spending abroad, says Stewart, not only because the Japanese had an abundant supply of money, but also because of their ancestral interest in the CNMI and the CNMI's geographic proximity.

<BR><BR>

That such a "once in a lifetime" combination of factors will occur again, says Stewart, is hardly likely, and thus, the CNMI must look elsewhere for growth and strengthening of its economy. In addition, the CNMI should re-align its expectations to more realistic levels. Hotels, during the boom times, registered extraordinarily high occupancy rates. But they were not "normal" occupancy rates in terms of broad-based averages, and hotels would be well-advised not to count on such high occupancy rates again.

<BR><BR>

The same is true of land values. Real estate prices sky-rocketed during the boom times. But those were not "normal" rates, and land owners would be well-advised not to expect such high rates for lease or sale of their land again.

<BR><BR>

Given a more realistic level of expectations, both the private sector and government should feel comfortable with seeking more reasonable strategies for improving the economy, and not feel so compelled to propose and pursue one radical hastily-thought-out scheme after another.

<BR><BR>

<center>\* \* \*</center>

<BR>

The proposed "trade free zone" would appear to be a good example of a radical hastily-thought-out scheme. It does not make any sense that the CNMI would consider waiving all sorts of taxes and fees in order to lure unknown and untried investors into opening businesses here, only to turn around and refuse to even lower - much less waive - the high taxes it has imposed on long-established island businesses.

<BR><BR>

In effect, such a strategy places the burden on existing businesses to subsidize newcomers - without any benefit to the existing businesses. Government cannot afford to provide services to the newcomers without reimbursement, but as the newcomers won't be required to pay taxes, government will have to look elsewhere, setting up the already-established businesses as obvious targets for "compensatory" tax increases.

<BR><BR>

But in the tourism sector, for example, businesses are already stressed due to the economic slow-down. The high rates CNMI hotels are forced to charge to cover already high tax rates discourage, rather than attract tourists. Yet the CNMI refuses to bring those tax rates down. Rather than underwriting the costs for new businesses, shouldn't the CNMI be more responsive to the well-established businesses that have already proved they can perform?

<BR><BR>

<center>\* \* \*</center>

<BR>

It's been frustrating to read the accounts of the Chinese boat-people in the papers because they provide so little hard information. Having now spent two days trying to obtain some hard information for myself, I am inclined to be a little less critical of the press coverage offered so far. There is no U.S. Immigration and Naturalization Service office on Saipan. There is one on Tinian, but it's not easy to make contact with the Officer-in-Charge.

<BR><BR>

There's also an office on Guam, but with its phone-answering system, it's difficult to get through to a live person. On one try I ended up at a dead end - the system kept insisting I leave a message, when what I wanted was to get back to the main menu. But it didn't give me that option, and I had to hang up and start over.

<BR><BR>

There is now - he has just arrived - a Public Relations Officer at the Guam INS office. He will be there for two weeks. Much to my surprise, and to his credit, he actually called back in response to a message I had left (reinforced by a yet another phone call which did make contact with a live person with whom I also left a message).

<BR><BR>

I had two questions: What is the difference between refugee status, and political asylum? In what way are the boat-people on Tinian being treated differently than those on Guam in terms of their status/options? According to the INS Public Relations Officer, Ivan Ortiz, one has to be on American soil to request political asylum. The Department of State keeps a list of countries whose people are eligible for refugee status - the list being "very dynamic," according to Ortiz.

In either case, the person must have a "credible fear of persecution."

<BR><BR>

Ortiz said he "couldn't be more emphatic" in stating that the only reason some of the boat people were brought to Tinian was because there was not room enough to accommodate them on Guam.

<BR><BR>

Since Guam falls under the jurisdiction of the U.S. Immigration and Naturalization Act, officials on Guam are accepting applications for asylum indiscriminately - that is, from all who submit an application. On Tinian, even though the Immigration and Naturalization Act does not apply, officials are nonetheless also accepting applications for asylum - for humanitarian reasons, Ortiz said - but only on a selective basis.

<BR><BR>

Initial screening is done on site, and then the applications are forwarded to the mainland. Ortiz said he expects very few applications will succeed.

<BR><BR>

Ortiz denied that repatriation of those not being considered for political asylum had been delayed by the bombing of the Chinese embassy in Kosovo. He explained that one delaying factor was the need to obtain new identification papers from China for each of the boat-people - who had arrived without any identification - as well as the need to identify and separate out alleged criminals and material witnesses.

<BR><BR>

He said he would be issuing a press release later in the day covering some of the same points - and even encouraged me to call back if I had more questions. Professional public relations persons do have their uses.

<BR><BR>

<center>\* \* \*</center>

<BR>

Someone finally released some information on the "Taste of Marianas" chef contests (see yesterday's <I>Tribune</I>). Too bad the story got lost under a mis-leading headline about recognizing hotel employees.

<BR><BR>

Of twelve possible prizes - first, second and third in four categories - the Plumeria Resort Hotel walked away with four prizes, the Hafa Dai, Dai Ichi, and Nikko with two apiece, and the Hyatt and Pacific Gardenia with one each. Interesting!!!!