

## Unit 24 : Palau: Turmoil in Paradise - The Compact of Free Association between the United States and the Republic of Palau

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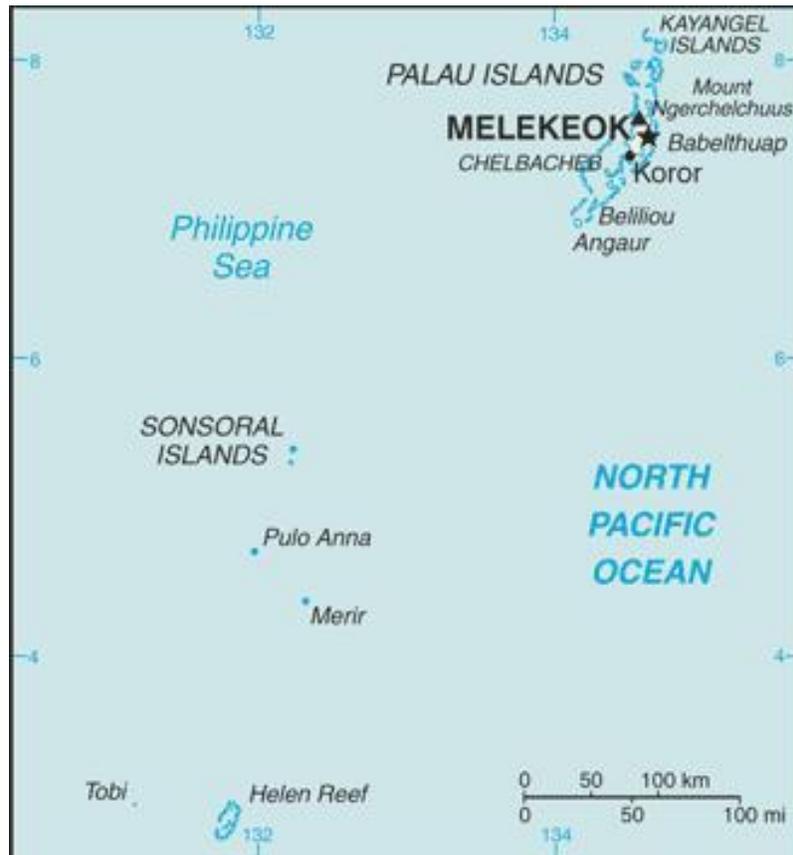


Figure 24.1. Map of Palau

### After reading this chapter you will be able to:

- Recall the events leading to the signing of the 1986 *Compact of Free Association*
- Know the reasons for opposition to the *Compact*
- Describe the nature of financial assistance from the USA
- Describe the implications of the *Compact*

**What is the meaning of the *Compact of Free Association* for the people of Palau?**

The implementation of the *Compact of Free Association* in Palau was the result of a long and controversial process of negotiations with the United States. No less than eight **plebiscites** were held, to ensure that the majority of Palauans agreed with the *Compact*.

This chapter discusses the events that led to the implementation of the *Compact*, and its current implications for the people of Palau.

### **Background**

On 8 July 1947 the United Nations signed the Trusteeship Agreement which placed Micronesia under a trusteeship system. That is, the United States would become the guardian of the Micronesian Islands.

On 18 July 1947 these islands, including Palau, were named a 'strategic trust territory'. As the guardian of the Micronesian Islands' the United States was to oversee economic, education and political development.

For twenty years the USA tried to establish a single government, or commonwealth, for all the Micronesia islands. It established the Congress of Micronesia and several inquiries were held on the future political status of Micronesia. But, on 14 August 1970, the negotiating team from Palau at the Congress of Micronesia rejected the Commonwealth status in favour of that of free association.

The concept of 'free association' has been drifting back and forth between Palau and the United States ever since.. Free association meant an exchange of favours between the Republic of Palau and the United States. That is, in return for financial help and other benefits from the United States, Palau would deny access to any political power potentially hostile to the United States. The document which officialised these agreements came to be known as the *Compact of Free Association*.

According to the *Compact*, the United States would be allowed limited access to the islands for its own military vessels; and access to a certain amount of land area for training purposes. However, there was a lot of controversy surrounding the *Compact*.

Problems emerged in 1979, almost immediately after a new Government became effective in independent Palau. At that time, it became clear that there was a great deal of public opposition to the *Compact*. This opposition was mainly related to the amount of money which the United States would make available to Palau.

It became evident that self-government did not mean more USA money instantly. This realisation led to a long process of politically motivated acts which went on for many years in Palau. Indeed, it took a long time for the *Compact of Free Association* to be accepted by the majority of Palauans. As it will be seen below, eight plebiscites were held in order to seek approval from most of the population.

### **What is 'free association'?**

The concept of 'free association' began during the *Future Status Negotiation* for Micronesian Islands. In 1967 the Congress of Micronesia created the *Future Political Status Commission*, headed by Senator Lazarus Sali.

During the discussions of the *Future Political Status Commission* the concept of free association came up as a political alternative to Commonwealth status. Free association seemed to offer more independence to the Micronesian states, with the advantage of receiving cash and aid from the USA. Commonwealth status meant more independence but each state would be just one partner, or second-priority, in a combined government, and with less cash and aid from the USA.

### **Plebiscites and plebiscites**

On 9 July 1980 Palau adopted its Constitution. This document has a special section which stated that nuclear materials or weapons can only be used in Palau with the approval of seventy-five percent of the island's population. This meant that a *Compact of Free Association* could only be passed if seventy-five percent of the people of Palau voted in favour of it.

On 26 August 1982, Palau and the United States signed a revised version of the *Compact of Free Association*. This new version of the *Compact* would give Palau complete control of its foreign affairs, except where it might conflict with United States defence interests. This document would have granted the United States 30,000 acres of land in Babeldaob for the possibility of exclusive use.

Following an electoral campaign, the voting process began, closely watched by United Nations representatives.

As the first plebiscite approached, anti-*Compact* forces – those who favoured full independence and a complete break with the USA - expressed their concern that the United States would take over the islands under military provisions, and that the fifty-year protection period stipulated in the *Compact* was too long.

Senator Joshua Koshiba claimed that the *Compact* offered a small financial package. He doubted that it would pass the vote for the fifty-year term. Senator Moses Uludong called for a postponement of the first plebiscite (originally scheduled for 10 February 1983) to 10 November 1983. However, Senator Koshiba and others filed a lawsuit to stop the plebiscite on the scheduled date, and in the end, the original date of 10 February stood.

The anti-*Compact* groups also said that the United States was promoting propaganda instead of properly informing the population. This showed disrespect for the Palauan Constitution.

In the first plebiscite only sixty-two per cent of Palauans voted in favour of the *Compact*. This did not meet the seventy-five percent required by the Constitution. The *Compact* was then revised, and in June 1984 Palau and the United States arrived at a new agreement. This new agreement removed a

section of the *Compact* which would have permitted nuclear storage in Palau under special conditions.

The agreement also proposed to provide Palau with US\$18 million a year for operations in the first 15 years; a US\$60 million trust fund; US\$41 million in 'capital improvement projects' (roads, bridges, schools); and a 55-mile road system to Babeldaob in the north.

#### Questions and Activities

1. When did Palau attain self-government?
2. What happened when Palau attained self-government?
3. Why is the Palauan Constitution unusual?
4. In your own words, explain in one paragraph (100 words) the meaning of the *Compact of Free Association*.
5. What were the two advantages for the United States, according to the *Compact of Free Association*?

#### Why was the Compact so controversial?

The controversy continued following the first plebiscite. Some politicians, called Senators in Palau, tried to **invalidate** all ballots cast outside Palau. The reason was that the votes were cast on different days from Palau itself.

On 25 April 1983, President Haruo I. Remeliik stated that he was going to form a special task force to investigate how the *Compact* could be implemented. However, Ibedul Gibbons and six senators filed a lawsuit in the Palau Supreme Court to block the President's move.

In May 1983, a group of Palauans and Americans attended the annual hearing of the United Nations Trusteeship Council in Washington. They accused the United States of forcing the people of Palau to vote for the *Compact*.

#### Questions and Activities

6. Why was there opposition to the Compact?
7. What is the meaning of the expression 'politically motivated acts'. Give examples of two politically motivated acts in the Compact controversy.

8. What happened at the May 1983 Annual Hearing of the United Nations Trusteeship Council?
9. What was stated in the revised version of the Compact of Free Association (August 1982)?
10. In point form, list the acts of opposition to the *Compact of Free Association* that took place in the early 1980s. Keep them in chronological order.
11. What happened in May 1983?



Figure 24.2. The entrance to Belau Museum, Koror, Palau

**Why did it take so long for the *Compact* to be accepted by the Palauan population?**

A second plebiscite was scheduled for 4 September 1984. Once again, the required seventy-five per cent vote was not achieved: sixty-six per cent voted in favour of the amended *Compact*, and thirty-four per cent against it.

The period 1985-1988 was filled with turmoil. Another four attempts to pass the *Compact* failed during this time.

President Lazarus Salii was sworn into the office on 25 October 1985. He called for a third plebiscite to be held on 25 February 1985. In this third plebiscite there were more voters in favour of the *Compact* (70.2 per cent) but the required target of 75 per cent was not obtained. A fourth plebiscite was then set by President Salii for 2 December 1985.

The fourth plebiscite was held on February 1985, and attended by a group of international observers and United Nations representatives. Once more, the required number was not achieved: only sixty-six per cent of the population voted for the *Compact*.

A fifth plebiscite was held on 30 June 1987, with a sixty-eight per cent of Palauans in favour. In the sixth plebiscite, the number of votes in favour increased to 73.3 per cent, but the required seventy-five per cent had not yet been met.

Further negotiations on the *Compact* were carried out in 1989, under President Ngiratkel Etpison. The document produced by these negotiations became known as the *Guam Accords*. The United States agreed to the following:

- to fund a special prosecutor and public auditor;
- provide additional funds for a drug prevention program;
- rehabilitate Palau's prison;
- build a new hospital,
- provide additional compensation for military land use.
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So, a seventh plebiscite was held on 6 February 1990 to see what percentage of the population voted in favour of this new version of the *Compact*. Only sixty per cent of the electorate agreed to the changes.

On 4 November 1992, (sixty two per cent agreed to amend the Constitution), and again on 9 November 1993, (sixty-eight per cent in favour of the *Compact*) But under the new regulations this was sufficient to allow for the *Compact* to be signed.

### Questions and Activities

14. Draw a table, listing all the eight plebiscites held in Palau, and the percentage of the population that voted in favour of the implementation of the Compact.

Example:

<b>DATE</b>	<b>% IN FAVOUR</b>
4 Sep 1994	66

### **The end of Trusteeship**

On 1 October 1994, at a ceremony attended by representatives of many Pacific Island governments and international agencies, the Republic of Palau proclaimed the end of the trusteeship system and the implementation of the *Compact of Free Association*, to be effective at 1 o'clock in the afternoon, Palau time.

### **Financial provisions under the Compact**

United States officials believed they had provided Palau with adequate financial assistance during the trusteeship. They also believed that the funds to be allocated under the *Compact* were fair, and would help to stimulate economic development in Palau.

However, a comparison between trusteeship funding (1947-1993) and *Compact* funding revealed that the value of *Compact* funds was US\$247.7 million. This is US\$14.5 million less than the US\$262.2 million Palau would have received under the Trusteeship.

Under the *Compact*, Palau is to receive about US\$478.1 million in financial assistance from the United States through annual and 'one-time' grants. Economic assistance, over fifteen years (1994-2009) will total approximately US\$ 319.4 million for general government operations, health and education programs, communications, and energy production. Palau also receives one-time grants of US\$5.5 million for future American defence rights and options and about US\$46 million for 'capital improvements'.

### **Other provisions**

Other provisions under the *Compact* allow for privileges which citizens of both the United States and Palau can enjoy. For example, Palauans are allowed unrestricted access to the United States for the purpose of residence and employment.

There is also a provision for environmental protection. Section 161 of Article VI, the Government of the United States and the Government of Palau declared that it is their policy to try to prevent or eliminate damage to the environment and biosphere (the earth's surface, inhabited by living things). They also aimed to increase public understanding of the natural resources of the island.

### **Current status of the *Compact***

Palau became the latest independent member of the United Nations.

The main issue in Palau is managing *Compact* funding. Indeed, control of Palau's resources and foreign investment dominate the public agenda.

Environmental protection continues to be an issue of great importance in Palau. In terms of economic development, Palau will have to deal with foreign investment as it tried to attract foreign investors for tourist development and economic opportunities. As Palau moves into the 21st Century, it must devote its efforts and resources to the education of its people. It must develop its private sectors, so that it will become politically and economically self-sufficient. It must preserve its cultural heritage and fragile physical environment.

Now that Palau has designed, built and provisioned its canoe, it must embark on a voyage of its own – into the uncharted waters of the future.

Final Activity;

Are Palauans happy with the provisions of the Compact?

Form two teams

Debate the "yes/happy" and "no/unhappy" reply.

Draw banners and posters supporting each reply.