but one title insurance company has pulled out in frustration, and investors now seek public land for their investments. Most major resort and other construction activity has come to a halt, leading to the repatriation of between three and five thousand construction workers.

Social issues were also of concern during 1992–93. Three non-resident workers were murdered, and all the cases involved the use of “ice” (crystal methamphetamine), which reached epidemic levels in the Commonwealth. There were about one hundred sixty patients (the youngest eight years old) at the hospital seeking voluntary detoxification.

A World Health Organization report on the sex industry estimated that there were up to three thousand prostitutes on Saipan, mostly Filipinas. Women working in bars and restaurants boycotted a newspaper that published the report, on the grounds that it implied that they were all prostitutes. They filed an unsuccessful defamation suit. Another group of women, led by the Tinian Women’s Association, successfully pushed legislation banning prostitution in the Commonwealth. However, the law was not being enforced because Public Safety (police) did not have the necessary resources.

Elections were also a feature of 1993. Following a May primary, only incumbent Larry Guerrero and Benjamin Manglona for the Republicans, and Froylan Tenorio and Jesus Borja for the Democrats, were eligible to run for governor in November 1993. In the primary, Guerrero narrowly survived a strong challenge from Juan Babauta, thought to be the golden boy of the reformers in the CNMI.

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FEDERATED STATES OF MICRONESIA

After “long and rigorous” congressional confirmation hearings, President Olter swore in the last six of his cabinet officials. He noted that another milestone had been achieved with the appointment of Camilo Noket of Chuuk State as the first Micronesian attorney general, meaning all cabinet positions were filled by “our own capable FSM citizens.”

During an August 1992 special session, the FSM Congress approved legislation to establish a College of Micronesia—FSM, approved the presidential nominations to the board of regents for the college, and confirmed Dr Catalino Cantero, of Pohnpei, as the secretary of the newly created FSM Department of Education. The legislation replaces a treaty between the Republics of Palau and Marshall Islands and the FSM, which expired on 1 March 1993.

The national congress was divided over the issue of membership of the International Monetary Fund (IMF) and the World Bank. Chair of the Ways and Means Committee Claude Phillip of Kosrae State challenged his colleagues to overcome personal differences and vote for IMF membership, and Senator Phillip pointed out that membership would make financial assistance available for education. The legislation was subsequently approved by congress in another session.

A divided congress also deferred
action on the so-called Westpac proposal to a later session. The proposal would allow the national government to lend US$10 million for fisheries development to Westpac, a joint venture between FSM and some US citizens. The money would come from a business development fund established under the Compact of Free Association, and be used to purchase three fishing vessels. Chair of the Committee on Resources and Development Senator Redley Killion of Chuuk State argued that the project would produce jobs, train local people in the technical and managerial aspect of the tuna industry, generate revenue and foreign currency, and boost exports. However, Senator Moses Mackwelung of Kosrae pointed out that the proposal was for vessels alone, and was contrary both to the advice of fisheries consultants and common sense. He argued that shoreline developments, such as canneries, dry docks, and freezers, should come first in a fisheries development project. President Olter subsequently submitted a bill to congress which would facilitate the Westpac proposal by altering the rules governing business loans to foreign-owned companies.

Meanwhile, another FSM joint venture with an outside company went US$1.66 million into debt. Caroline Fisheries Corporation is a joint venture between the National Fisheries Corporation, the Economic Development Authority (an agency of Pohnpei State Government), and an Australian partner, Tuna Development Company. Initially, the joint venture purchased three old and small purse seiners from the Australian partner, which then received a fee to operate the vessels from its base in Australia. After the company incurred a substantial deficit in the first year of operation, the two FSM partners injected more than US$1 million in fresh capital to purchase a system of *payaos* 'fish aggregate devices' to save the company from shutdown. The recovery was successful but short-lived, as Japanese and Taiwanese fishing fleets licensed by the FSM sabotaged all the *payaos* units. In addition, the aging fishing vessels needed dry-docking and refitting, and tuna prices dropped well below their projected levels. Late in 1992, the directors of the Tuna Development Corporation, the Economic Development Authority, and the executive director and chair of the board of National Fisheries Corporation resigned or were replaced.

All ten two-year term members of the Seventh FSM Congress were reelected on 2 March 1993 (the other four members represent the states of Kosrae, Pohnpei, Chuuk, and Yap for four-year terms). In May, congress decided to seat Senator Kalisto Refalopeci of Faichuk, Chuuk State, despite a controversy over his reelection. National Election Commissioner Bob Mori initially denied a request for a new special election for Faichuk voters on Guam, but a panel of three judges of FSM Supreme Court overruled his decision. Speaker Jack Fritz argued that the constitution gave congress jurisdiction in such matters, and defended the decision to seat the senator without a special election. Congress failed to act on the president's request to appropriate US$38,000 for the special election.
President Olter's election as chair of the two-day conference of FSM states governors and national leaders in May was seen as a favorable response to his administration. He advocated unity of purpose through goodwill among leaders, and urged agreement on an action plan to develop an integrated and viable commercial fishery.

If the June 1992 departure of expatriate Chief Justice Edward C. King created a void, the proposed US$20,000 special services contract for his return created an uproar. Senator Leo A. Falcam of Pohnpei State questioned the manner in which the contract was made, calling it an "underhanded deal," and urging the congress to investigate the actions of the judicial branch.

One of issues that ignited flames between the national legislative and judicial branches was the arrest of Martin Jano of the municipality of Kitti, Pohnpei, in connection with a money-laundering scam in the United States. The arrest warrant was signed by then Chief Justice King. The arrest was followed by a US sponsored motion to extradite Jano to face charges on the US mainland under the terms of a subsidiary agreement negotiated under the Compact of Free Association. The process was put to the test when the Honorable Iso Nahnken Salvador Iriarte of Nett Municipality, Pohnpei State, championed Jano's cause. Jano is a member of Iriarte's late nahmwarki father's Soukawad clan. Iriarte publicly attacked FSM and Pohnpei State leaders, and the general public, for their apparently lukewarm attitude toward protecting Micronesian interests, and declared that Jano's constitutional right to due process was being denied. In June 1993, the FSM Supreme Court determined that Jano would willingly face the charges in the United States.

The nomination of Associate Justice and former Secretary of External Affairs Andon Amaraich as FSM chief justice was still pending before congress at the end of the review period. The delay was allegedly connected to Amaraich's involvement in the approval of Justice King's proposed special services contract, and in the Jano extradition case.

On 17 September 1992, the FSM celebrated its first anniversary as a member of the United Nations, and on 25 June 1993 became a member of the International Monetary Fund. In February 1993 France became the seventh European nation to formally establish diplomatic ties. Meanwhile, Japan awarded US$8.5 million to upgrade the electrical utilities in the State of Pohnpei.

During the period under review, President Bailey Olter represented the South Pacific Forum on an official visit to Japan, and at the historic Earth Summit in Rio de Janeiro, Brazil. As president of the Federated States of Micronesia he made his first state visit to the People's Republic of China, where he declared FSM's "one China" policy. The policy prohibits formal and official contacts with the government of Taiwan, but allows for free commercial contacts between the two countries.

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