tration and dominated the leadership positions, the incoming president faced a skeptical legislature.

President Etpison and Vice President Nakamura had a cautious beginning. While Etpison had done well in private business and was very knowledgeable about Belauan political and social customs, he was inexperienced at leading a government bureaucracy. He relied on Vice President Nakamura, a very able young man who also served as minister of administration, to run many of the day-to-day affairs. Etpison met frequently with the Council of Chiefs, which is constitutionally mandated to advise him on traditional matters, and with the state governors and other community leaders. But by the end of the period under review, he had yet to demonstrate his ability to act independently of those who fashioned his electoral victory and were influential in both the Remeliik and Salii governments.

Recognizing that the political status issue was critical, President Etpison established the broadly based twenty-five-member Commission on Future Palau–United States Relations soon after he took office. In May 1989, the commission's chairman, Vice President Nakamura, seven of its members, and James Berg, director of the Office of Freely Associated States, met on Guam and signed a subsidiary compact agreement. The agreement provides an additional US$9.3 million and many of the improvements pushed for by Belauan leaders in mid-1988. The key elements of the Guam agreement include the authority to use compact funds to settle the IPESCO power plant debt; additional compensation for land the United States may use for military purposes; and the use of compact dispute resolution procedures in situations where the government is unable to make land available for military use within the specified period. The agreement also provides funds for a new hospital and medical referrals; prison improvements; drug enforcement, treatment, and educational programs; and offices of special prosecutor and national auditor.

These provisions are designed to address severe financial and social problems in Belau and are likely to unite the major factions sufficiently to gain the necessary approval of 75 percent of the voters for the compact. This goal eluded both presidents Remeliik and Salii and will, if achieved, end a tumultuous period in recent Belauan political history.

DONALD R. SHUSTER

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

The election campaign for governor began in mid-1988 when Froilan Tenorio, the commonwealth's resident representative in Washington DC, declared his candidacy. Tenorio defeated Herman R. Guerrero and Antonio S. Guerrero in the Democratic primary held on 8 April 1989. Despite speculation to the contrary, incumbent Governor Pedro P. Tenorio announced in late June that he would not seek reelection for a third term. His departure from the race left incumbent Lieutenant Governor Pedro A. Tenorio and former Senate and Constitutional Convention President Lorenzo Guerrero to contest the Republican candidacy in a primary on
29 July 1989. The big question was whether or not the losers in the primaries would run as independents or third party candidates, thus splitting the vote in the election scheduled for November 1989.

Overshadowing the election will be a referendum on the same ballot to amend, repeal, or reconfirm the covenant establishing the commonwealth. Although there is no provision for unilateral termination in the covenant itself, the view in certain local government circles is that the commonwealth can attempt to manipulate its political future until such time as the United Nations Security Council terminates the trusteeship agreement. The referendum arises from a popular 1987 decision to vote on the covenant if satisfactory progress on certain issues had not been made by mid-1989. The Speaker and the president of the legislature indicated at a press conference on 28 March 1989 that they would vote for repeal of the covenant. However, by the end of July it was not clear that the November referendum would be held after all.

One of the issues causing friction between the commonwealth and the federal government concerns the large influx of alien workers to service an expanding visitor industry. There were about seventeen thousand registered aliens on Saipan alone in 1988, and as many as five thousand additional, unregistered aliens. With the number of permanent residents in the Northern Marianas estimated to be not more than seventeen thousand, there has been a strong call to stem the flow. There is also growing resistance to the development of further beachfront property for hotels. In the forefront of this movement is a group of young educated Chamorros called Ineton Taotao Tano, formed in late 1988. However, their efforts to lobby for more control over land alienation and public services appeared to have produced few results by mid-1989.

The development issue was further inflamed during the year by a controversial court decision on a case that involved the purchase of land by an indigenous person using money borrowed from someone not of Northern Marianas descent, and the subsequent leasing of the land to the lender. A local judge ruled that this transaction violated Article XII of the commonwealth's constitution. The judge's decision placed in jeopardy existing transactions involving millions of dollars, including some major hotel developments, and even raised questions about loans granted by commercial banks to indigenous persons for the purchase of land. The case was under appeal in mid-1989.

The vigorous application of certain federal criminal laws in the commonwealth was the source of additional unease during the year. Within days of its formation early in 1988, a new grand jury had returned several indictments against former local officials. There were also indications that the new federal prosecutor might attempt to indict some former high government officials who had been let off when the previous panel was disbanded on a technicality in 1987. In a related development, the legislature established a local supreme court. The court's ostensible purpose is to interpret the covenant and local laws, but it seems to
have been specifically designed to neutralize the Federal District Court on Saipan, which handles appeals from the commonwealth trial court. In a far-reaching provision, the law permits the new court to rehear all appellate decisions made by the federal court since 1976.

Important for future commonwealth-federal relations in general and the November referendum in particular is Section 902 of the covenant, which provides for periodic discussions regarding the interpretation or application of the covenant. After a long hiatus, Section 902 talks were resumed in November 1988 with Undersecretary of Interior Becky Norton-Dunlap representing the federal government. Lieutenant Governor Pedro A. Tenorio and the Commission on Termination of the Trusteeship represented the commonwealth. However, with the US national elections dominating the mainland scene, and substantial differences on sovereignty issues apparent, little could be accomplished before Norton-Dunlap resigned following President Bush’s inauguration. By the end of July 1989 no replacement had been named.

Meanwhile, attempts were made during the year to deal with some of the adverse effects of the unexpected surge in commercial activity in the Northern Marianas. New commercial establishments were required to provide all of their own electric power, while established major consumers had to provide their own power during peak user hours. Water was rationed in many parts of Saipan, and the capacity of waste disposal facilities was exceeded. Management of the utilities was contracted out to a private firm, Lyonnaise Marianas America, which set about upgrading the whole system. A new generating plant was planned.

The recent surge in economic activity was reflected in the commonwealth budget, which was US$177 million in fiscal year 1989, compared to about US$15 million in the mid-1970s. For the first time, locally raised revenues exceeded those provided by the federal government.

SAMUEL F. MCPHETRES

FEDERATED STATES OF MICRONESIA

On 10 May 1989, the Federated States of Micronesia (FSM) completed its first ten years of constitutional self-government. There was no fanfare or celebration, although Constitution Day is one of only four national holidays. Two months earlier citizens of the FSM had voted decisively to revise or amend the constitution. Voters in Pohnpei and Truk voted yes overwhelmingly. A majority of Yap voters also voted affirmatively. However, voters in Kosrae and Yap’s outer islands voted no.

What the proposed constitutional convention will produce is uncertain. In early 1989 there was little talk of substantive amendments, although many leaders believed that the presidency was too weak and the congress too strong under the existing constitution. Some favored moving toward a parliamentary system. However, it is likely that narrower issues will demand much of the delegates’ attention. For example, Trukese leaders, representing 50 percent of the federation’s population of one hundred thousand, have