about the impartiality of a federal court discussing federal issues with the CNMI.

More progress was made in “702” talks (authorized by another section of the covenant) concerning federal funding for projects in the commonwealth. However, the two parties had rather different expectations regarding the level of support for the next seven-year cycle. Although Lieutenant Governor Manglona expressed a need for half a billion dollars, Assistant Secretary of Interior Stella Guerra stated that funding would not be appreciably above the US$27 million allocated for the previous period. Talks were continuing in San Francisco at the end of the review period.

In a speech in Honolulu on 30 May 1991, Assistant Secretary Guerra stated that there was no such thing as partial sovereignty (as described by some CNMI leaders) and that Uncle Sam’s purse strings were getting tighter. She gave the strong impression that the federal government would no longer entertain unlimited requests for funding, or sit back and let others unilaterally define political relationships. These “Guerra Maxims” were not received with great enthusiasm in the commonwealth.

SAMUEL F. MCPHETRES

FEDERATED STATES OF MICRONESIA

A new president and a constitutional convention were the two most significant political events in the Federated States of Micronesia (FSM) during the period under review. Both could affect the future of the young nation significantly.

On 21 May 1991 Bailey Olter, a fifty-nine-year-old Pohnpeian born on the outer island of Mwoakilloa (Mokil), was inaugurated as the new president of the FSM. Jacob Nena, of Kosrae, was the new vice president. Olter is a gregarious, “can-do” businessman with a broad background in politics and finance. He served as vice president of the Senate in the first Congress of Micronesia, and subsequently chaired the Senate Committee on Ways and Means. He was vice chairman of the FSM Commission on Future Political Status and Transition. As chair of the status committee, he played a key role in negotiating the Compact of Free Association with the United States. He chaired the External Affairs Committee in the first and second FSM congresses, and served as FSM vice president from 1983 to 1987.

Olter’s chances of winning the presidency in 1987 were dashed when he was barely defeated by Leo Falcam in a three-way race for the Pohnpei at-large seat (the president and vice president are selected by Congress from among the four at-large senators, one from each state). However, Congress passed over Falcam and selected John R. Haglegam, a thirty-seven-year old outer Islander from Yap state, to be the second president of the FSM.

In March 1991, Olter ran against Falcam again for the at-large seat and the presidency. This time, with only two candidates, the race was clear. Olter won narrowly, polling only 116 votes more than Falcam. He swept the outer islands, as well as Sokehs, Kolonia, off-island polling places, and
absentee voters, while Falcam won big in the ethnic Pohnpeian communities of Madolenihmw, Kitti, Nett, and his home municipality of U.

President Olter, who is studying hard to be proficient in Japanese and is remodeling his own Nan Madol Hotel with Japanese money, has his political work cut out for him. On 1 October 1991, the beginning of fiscal year 1992, the FSM will face the first decrease in United States funding under the terms of the Compact of Free Association, its major source of income. For each of the first five years of the compact, the United States provided about US$92 million. This will drop to about US$86 million for each of the second five years, beginning in fiscal year 1992, and to about US$76 million for each of the last five years. If present economic trends continue, these falls in revenue will not be offset from domestic sources. Import spending far exceeds export earnings and, according to development bank president Manny Mori, a substantial portion of available loan funds remains uncommitted.

Multi-million-dollar fisheries projects are underway or planned in each of the four states of Chuuk, Kosrae, Pohnpei, and Yap. But critics complain that there is no coherent national fisheries policy, and that the projects are poorly coordinated. They have also raised questions about the feasibility of some of the projects, which involve the purchase of fishing boats and the construction of canneries and fish-processing plants. Construction is under way near the Pohnpei dock for a state-of-the-art fish-processing plant, which is supposed to be completed in February 1992.

The other significant political event with potential long-range implications was the FSM Constitutional Convention of 1990 in Palikir, where the delegates passed 24 amendments, including one that, if it had passed in the 2 July 1991 referendum, would have changed the voting requirements for all other amendments to the FSM Constitution—a document most observers believe has been contributing to the stability of the FSM. The proposed amendment provided that effective 3 November 1990, any amendment could become part of the constitution upon approval by a simple majority in three out of four states. Currently, three-fourths of the voters in three out of four states must approve an amendment, a vote considered very difficult to get and making the constitution difficult to amend. If the proposed amendment had passed, it would have been conceivable that an amendment receiving less than 50 percent of the overall FSM votes could have become part of the constitution.

The voters went to the polls on 2 July to vote for the at-large seats in Kosrae and Pohnpei—made vacant by Olter and Nena’s election to the presidency and vice presidency—and to consider the 24 proposed amendments passed by the constitutional convention, plus another 2 passed by Congress. Each of the 26 amendments was on a separate ballot in what was the most complicated referendum the FSM voters had ever faced.

The senate races were easily decided. In Pohnpei, Senator Falcam regained his at-large seat by defeating challenger Pedro Harris by 4775 votes to 3179, or some 60 percent. Kosrae
The general election of November 1990 dominated the year's political events, while Guam's relationship with the United States, development, and indictments against several accused of theft of government land, were also prominent issues during the period under review.

The general election of 1990 saw the reelection of Governor Joseph F. Ada (Republican) to the post of chief executive. He became the first governor to be elected for consecutive terms. In addition, Ada won by the largest margin ever in Guam's electoral history. As usual, voter turnout was high at 86 percent of the electorate. Ada and his running mate, Lieutenant Governor Frank F. Blas, defeated their Democrat opponents Senator Madeleine Z. Bordallo and former Senator Jose "Ping" Duenas. Senator Bordallo was the wife of the late two-time governor of Guam, Ricardo J. Bordallo.

Early in the campaign the candidates tried to separate themselves on leadership style and issues. But as election day approached the contest became fraught with innuendos and attempts to smear opponents. A court case filed in October involved Ada in a paternity suit, and another suggested electoral law infringements. Ada