Reviews of Kiribati and Nauru are not included in this issue.

Federated States of Micronesia

As the new millennium dawns, the Federated States of Micronesia's political shores are without three of its founding fathers. Mr Bailey Olter, the third president of the nation, died on 16 February 1999 after a long period of illness since his stroke in 1996. Mr Petrus Tun died in March 1999 in Honolulu. He was the chairman of the Joint Committee on Compact Economic Negotiations (JCN) at the time of his death. Tun's long list of civil offices also included the first vice presidency of the Federated States of Micronesia in 1979, and governor of Yap. Another "passing" of a sort took place at the end of December 1998, when John Mangefel retired after thirty consecutive years of public service dating back to the Trust Territory period. He was the first governor of Yap State, and served as a special adviser to the governor of that state, national planner, and special assistant to the president.

The period under review saw the trend of belt tightening of the economy continue, and the initial preparations for the upcoming renegotiations of the economic provisions of the Compact of Free Association with the United States. The March elections produced new leadership in the executive office, but no major changes in the Congress. The issue of revenue sharing between the nation and the states was decided in Congress, the courts, and the general electorate.

The JCN pushed forward with its preparations for the upcoming renegotiations of the economic provisions of the compacts that are due to expire in the year 2001. JCN was first created by the FSM Congress to gather information in preparation for the negotiation. By act of Congress, the same team is now charged with responsibility for the negotiations as well. The committee is chaired by Mr Epel Ilon, secretary of external affairs. After a period of gathering information, the committee has met several times to prepare for the negotiations. It heard reports from the Economic Management and Policy Advisory Team (EMPAT), created in conjunction with the Asian Development Bank, on economic conditions in the islands.

JCN has also hired Dr Glenn Skaggs, who retired from the US Department of Defense in Spring 1999, as an advisor on security and defense matters. In a news story in *Island Tribune* in December 1998, JCN legal counsel said that even if defense and security (Title III of the compact) are not part of the renegotiations, "[t]he economic progress of this Nation is part of the security interest of the region . . . the JCN realized it needed an expert to counsel to see whether Title III of the Compact needs adjustment and to be prepared

to understand the implications, should anything need to be changed in the section of the Compact" (*Islands Tribune,* Dec 1998). Although only the economic provisions are due for renegotiation, it is clear that the JCN is preparing for any other possible scenario that might be brought to the negotiating table. Furthermore, officials in Guam, the Commonwealth of the Northern Mariana Islands, and Hawai'i have expressed interest in pushing the issue of open immigration or habitual residency, which gives open access to the United States for FSM citizens. These governments have been vocal in claims that their social services and other resources are overburdened as a result of the flow of FSM migrants.

Alan B Stayman, former director of the Office of Insular Affairs, has moved to the State Department and assumed the position of special negotiator responsible for representing the United States in the negotiations. In his testimony on Resources and International Relations before the US House of Representatives on 1 October 1998, Stayman, then director of insular affairs, claimed that the freely associated states lacked economic experience, expertise, and planning capacity, leading to poor growth in these island nations' private sectors. Mr Stayman visited the FSM and the Republic of the Marshall Islands (RMI) in July 1999. In an interview with *Pacific Island Report,* he claimed that the FSM (along with the RMI) has made significant progress in reforming the public sector and in encouraging private sector investments. FSM has been working on these reforms and policy changes with the assistance of EMPAT, and has received favorable feedback from FSM donors as well as members of the South Pacific Forum during its annual meeting in Palikir, Pohnpei, in 1998.

The renegotiations are mandated by the compact to take place on the thirteenth anniversary of the implementation of the Compact of Free Association, which occurs in November 1999. The dates and place for the meetings are not yet set.

The elections in March produced no upsets for the incumbents, but the outcome of the first session settled some uncertainty regarding the makeup of the executive branch. President Jacob Nena, then the vice president, took over the presidency when then President Bailey Olter was deemed too ill to continue in office. Nena's position as vice president was taken up by Senator Leo Falcam. After the March 1999 election, some wondered if the Congress would allow Nena's presidency to continue into the new millennium. According to the constitution, the president and the vice president are to be elected by the Congress in the first session after the general election, and chosen from among the four-year senators representing each state. After the president and vice president are elected, a special election is then held to replace the four-year seats vacated by those elected to the executive posts.

In the first session of the Eleventh Congress, Leo Falcam, from Pohnpei, was elected as the nation's fifth president, and Redley Killion, a twelve-year veteran of the Congress from Chuuk, as vice president. The Con-

gress also reelected Congressman Jack Fritz as its Speaker, Congressman Claude Phillip as vice speaker, and Senator Joeseph Urusemal of Yap as the new floor leader. A special election was held in July 1999 to fill the vacant senate seats from Pohnpei and Chuuk. In the special election, Resio Moses, Pohnpei, and Manny Mori, Chuuk, were elected to Congress.

By act of petition, three amendments to the FSM Constitution were put on the ballot during the general elections. The amendments center around the issues of revenue sharing and ownership of resources. One of the challenges to national unity in the FSM will always be the issue of resources, especially since one of the unique features of the federation is the weaker national government that allows the state governments more flexibility and power. The first proposal is to amend section 2 of Article I (Territory of Micronesia) to basically give each state exclusive ownership of resources within its boundaries as defined in each state's constitution. The second amendment is section 5 of Article IX to increase the states' share of taxes from 50 to 70 percent. The third amendment would add a new section (23) to the same article to specifically guarantee equal distribution between the national government and the state governments of all revenue generated from the exclusive economic zone. The amendments did not get the required 75 percent approval by voters.

In 1998 the states took the national government to court over the issue of the revenues generated from the exclusive economic zones. FSM Supreme Court Chief Justice Andon Amaraich ruled in favor of the national government, and the states were already making plans to appeal the case. In the meantime, the issue did not get the necessary support from voters in the July elections. Given these results, the fate of the court appeal is unclear. Furthermore, in relation to the second proposed amendment defeated by voters, the Congress passed a law, effective 1 October 1998, which increases the states' share of revenue to 70 percent!

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