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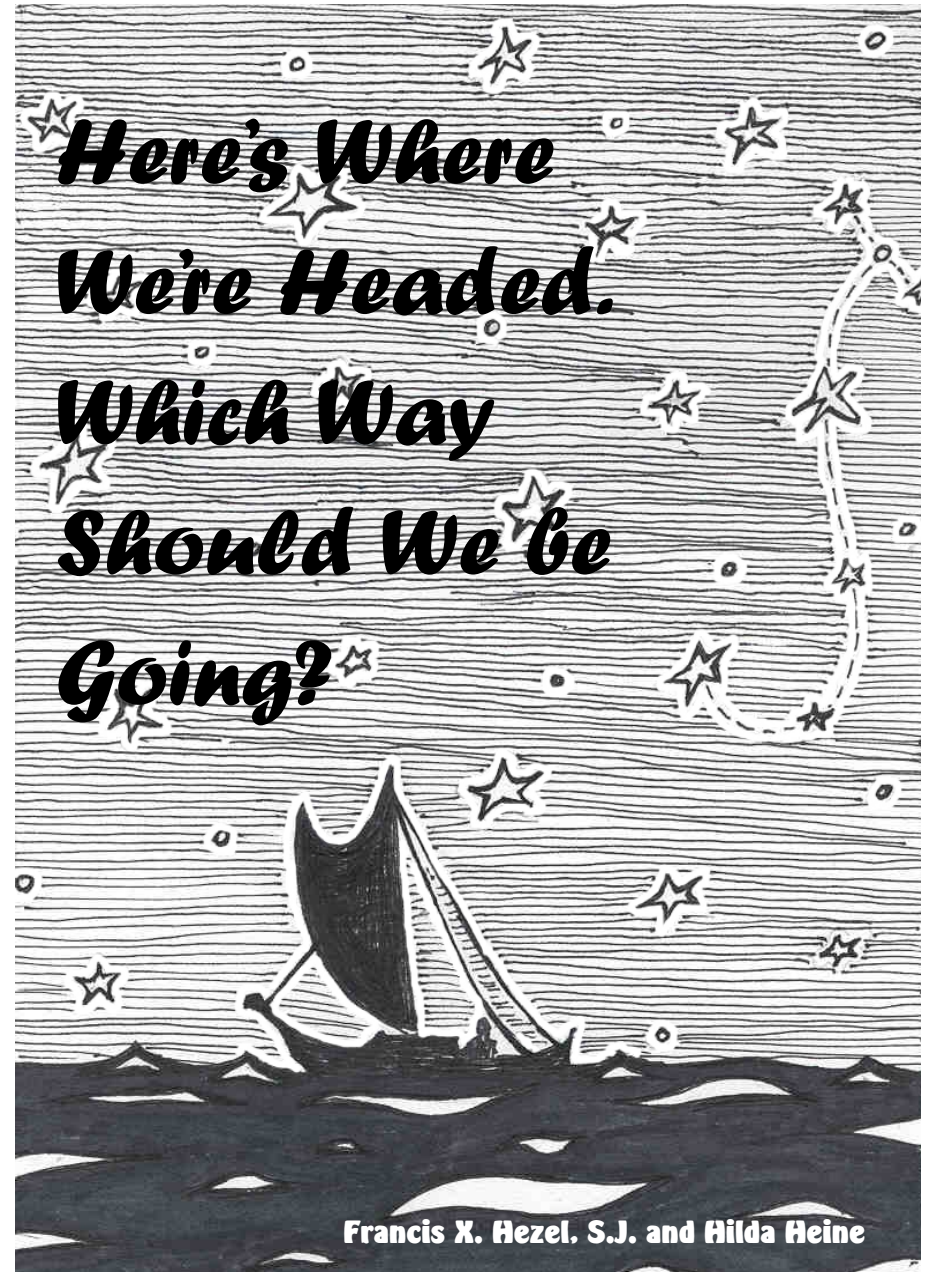
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Introduction

Every now and then a traveler has to stop and check his bearings. Voyagers in seagoing canoes did this by necessity at regular intervals to ascertain their location with respect to the landmarks they steered by. Those making a long car drive today usually do much the same thing. Drivers will occasionally stop, pull out the map, look over the route, heave a satisfied sigh at the distance they have traveled, and make sure they are taking the right road to wherever they may be going.

The citizens of the new island nations that make up Micronesia are often told by their leaders that they are headed on a national journey towards development. If so, they might profitably stop for a moment to reflect on where their nation is headed. The point of this exercise is not only to check on our bearings, but to make the continual course adjustments demanded as some of the variables (eg, population, economic opportunities, educational factors) change. Here we will be looking at some of these variables for the Federated States of Micronesia [FSM], the Republic of Palau and the Republic of the Marshall Islands [RMI].

This article, based on recently gathered statistical data, is nothing more than a brief pause in the journey to take stock of where we are and how far we have come. It allows us to reflect on where we are headed and, even more importantly, ask ourselves which way we should be going?



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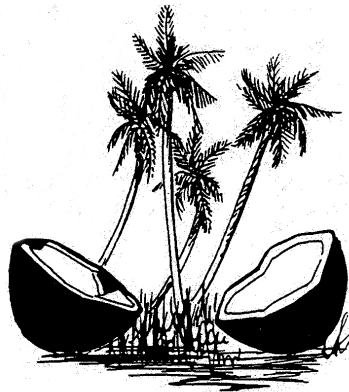


TABLE 10: EDUCATIONAL ATTAINMENT OF POPULATION (25+)

	Palau (1994)	Marshalls (1988)	FSM (1994)
Completed elementary	71%	71%	60%
Completed high school	58%	32%	36%
Some college	31%	11%	18%
College degree	10%	4%	5%

Conclusion

These statistics, while they appear to be only numbers, tell a critical story. They reveal where the three young nations of Micronesia are, at least with respect to some of the key indicators on demography, economics and education. These figures help establish the bearings for the direction in which these nations will be heading in the future. They tell us where we're headed. Now is the time to ask ourselves whether we want to be moving in this direction. If not, then they help us pose a further question: What course changes may be required to get us where we really want to go.



Population

The present population of FSM is about 110,000, Palau's is 18,000, and the Marshalls numbers 51,000. At nearly 180,000, the combined population of the three island nations in the area is higher than it has ever been before, as Table 1 indicates. Even during the final year of World War II, when there were thousands of civilians residing in Micronesia and Japan sent an additional 10,000 soldiers to each island group to fortify the islands against the anticipated Allied attack, the total population of the area was about 140,000, considerably less than it is now. Palau, which had a wartime population of 45,000, was the only island group to have surpassed its present population in those years.

TABLE 1: POPULATION UPS AND DOWNS

1800	56,000	Palau: 9,000; RMI: 15,000; FSM: 32,000
1900	37,000	
1925	45,000	
1950	55,000	
1975	100,000	
2000	179,000	Palau: 18,000; RMI: 51,000; FSM: 110,000

Not only is the total population of FSM, Palau and the Marshalls higher than it has been since formal censuses began, but it is probably far higher than it ever was in pre-contact times as well. The population of these island groups in 1800, when intensive contact with the West began, was an estimated 55,000. Palau may have had 9,000 inhabitants at the time (unless one believes the far-fetched stories of an aboriginal population of 40,000 or larger). The Marshalls is thought to have had about 15,000, and the



island groups in the rest of the Carolines probably totaled 32,000.

The local population of 56,000 began to decline during the nineteenth century, the number slipping to about 37,000 by the end of the century as a result of new diseases. The size of the population showed very little growth until after World War II. After mid-century, however, the increase was dramatic. The combined population of the islands grew from about 55,000 in 1950 to three times that number fifty years later. The islands had done more than simply recover from the depopulation of the first century of contact; they had expanded their populations well beyond any previous level to a new high.

Thanks to better hygiene and health care among other reasons, the islands saw unprecedented growth during the decades after the Second World War. The growth rate during most of this time averaged more than three percent a year, one of the highest in the world. In some of the island groups it took only twenty years for the population to double in size. The rapid population increase came to be regarded as a serious problem for islands in which there was little land and resources were scarce. Development planning had to take account of the high population growth rate.

Even during the years of post-war population growth, however, counter-forces were beginning to have a decelerating effect on the high growth rate. Family size was shrinking, as the figure on fertility rates shows in Table 2. Palauan women, who were having an average of over six children a year in 1973, were bearing less than three children by 1994. During the same period the average number of children in FSM and the Marshalls dropped from eight to four and five respectively.



Education is a part of a demographic-economic-education chain that feeds back into the loop. While it is affected by population growth and the economic well-being of a nation, education provides the manpower pool from which labor needs are met. The high schools of FSM, Palau and the Marshalls combined produce a total of over 1500 graduates each year. Even if many of them will go on to college for a few years, most will eventually be looking for wage employment when their studies are completed. This stream of potential workers entering the labor pool each year is a little smaller than the total outflow through emigration, for 1750 people leave from FSM, Palau and the Marshalls each year to take up residence abroad. Hence, the number of persons entering the labor force as young graduates is outweighed by those leaving it as emigrants.

The educational profile of the populations is seen in Table 10. This offers a glimpse of the educational level of the adult population in the different island nations. Palau stands well above the other two nations at every level beyond elementary school education. Nearly 60 percent of all adult Palauans have their high school diploma, compared to 36 percent in FSM and 32 percent in the Marshalls. Almost one-third of all Palauans have had some college. By comparison, one-sixth of the FSM population has been to college, and about one-tenth of the Marshallese population. The percentage of Palauans with college degrees (10 percent) is double that in FSM. The value that Palauans have traditionally placed on education is legendary, and this high regard for educational achievement is apparent in the statistics in this table.

elementary school. The table indicates that the retention rates for elementary schools in the islands do not differ widely; they range from 82 percent in Kosrae to 67 percent in Chuuk.

TABLE 9: RETENTION RATES

	1 st grade	8 th grade	9 th grade	12 th grade
Palau	100	78	70	50
RMI	100	75	53	28
Kosrae	100	82	77	61
Yap	100	74	60	35
Pohnpei	100	71	44	28
Chuuk	100	67	35	15

The difference between the island groups is much greater at the high school level. The vast majority of elementary school graduates are admitted into high school in Palau, Kosrae and Yap. (The relatively small population of these three places undoubtedly contributes to this fact.) The figures, however, show that fewer students are accepted into high school in the Marshalls, Chuuk and Pohnpei. High school drop out rates are extremely high for most islands. In the Marshalls, Yap and Pohnpei they are close to 50 percent, and in Chuuk, where only 15 out of 35 students complete high school, the drop out rate exceeds 50 percent.

How efficient is the education system in Micronesia as a whole? If we think of it as a factory processing young people, the schools take in about 5,300 first graders each year and turn out 1,500 high school graduates. In other words, only 28 percent of those who start school in Micronesia get their high school diploma.

TABLE 2: FERTILITY (AVERAGE NUMBER OF BIRTHS PER WOMAN)

	Palau	Marshalls	FSM
1973	6.6	8.4	8.3
1980	4.2	7.9	7.3
1989	3.1	7.2	5.6
1994	2.8	5.7	4.6

Emigration was another force working against the high population growth of the post-war years, as Table 3 reveals. Palau, the first of the island groups to send out people in any significant numbers, was losing perhaps 40 or 50 persons a year to Guam as early as 1950. By 1972, twenty years later, over 200 persons a year were leaving Palau to take up permanent residence in other places. As a result, Palau's population showed a zero growth rate for the next two decades. Only with the recent influx of Asian labor did Palau begin to show any population growth. In FSM and the Marshalls emigration began much later. The implementation of the Compact of Free Association in 1986 was the catalyst for the first major outflow of people. FSM citizens began moving to Guam and Saipan, while Marshallese streamed into Hawaii and the US mainland.

Meanwhile, the growth rates in the island nations reflected these forces. FSM, which once had a natural growth rate of well over 3 percent a year, dropped to about 2 percent, and the Marshalls fell from a growth rate of 4.2 percent yearly during the 1980s to 1.3 percent in the 1990s.

Although the island populations are still growing, they are doing so much more slowly than at any time during the last fifty years. The large numbers of people leaving to seek their

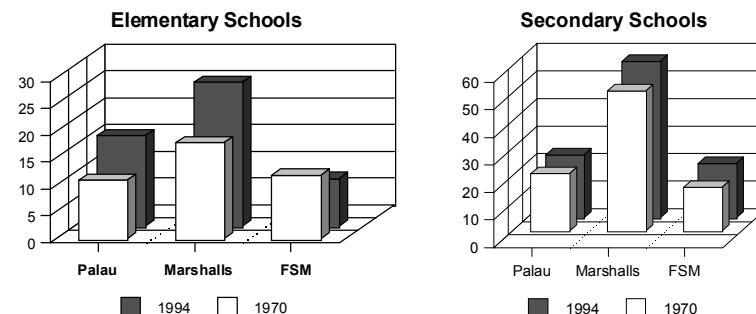
livelihood abroad—in Guam, Saipan, Hawaii and in the continental US—has begun draining the surplus population. Over 1500 people a year are emigration from the islands to live abroad. At present an estimated 25,000 Micronesians, or one out of every eight, is now living overseas, most of them in pursuit of the jobs that they cannot find in their own islands.

TABLE 3: EMIGRATION

	Palau	Marshalls	FSM
1952	100		
1962			
1972	1,000		
1982	2,500		800
1992	4,000	500	8,000
2000	6,000	5,000	14,000

Employment opportunities in Micronesia once seemed boundless. At one time it looked as though there might some day be a job for anyone who wanted one. In trusteeship days the number of jobs spiraled upwards, especially during the years following the Kennedy Administration’s “great leap forward” in the early 1960s. The size and complexity of the government was expanding each year during the 1960s and 1970s, and so were the service industries in the private sector—the retail stores, restaurants, bars and other businesses that were almost entirely dependant on government spending. As Table 4 shows, jobs doubled or tripled each decade during the trusteeship years, with the increase in employment continuing through the 1970s and 1980s even as the transition to self-

FIGURE 1: PRIVATE SCHOOLS’ SHARE IN EDUCATION (%)



The contribution of private schools to education in the Marshalls was far higher than in Palau and FSM in 1970, and it has grown even higher in the last thirty years. In the Marshalls, 27 percent of all elementary school children in 1994 attended private schools, compared to 17 percent in Palau and only nine percent in FSM. (The percentage of FSM children attending private elementary schools actually declined between 1970 and 1994.) The gap between the nations is even greater when we look at high school students. More than half (57 percent) of all high school students in the Marshalls were attending private school in 1994. Comparable figures for Palau and FSM were 23 percent and 20 percent respectively.

There are many ways of measuring success in the schools. One way is the use of retention rates—that is, calculating the percentage of students who remain in the school system all the way to high school graduation. Retention is the opposite of drop-out rate, which is often used as a signal that something is wrong either in the school program or the students themselves. Table 9 shows how many students complete eighth grade, enter ninth grade, and graduate from twelfth grade out of every one hundred students entering

beginning of the trusteeship. It appears that enrollments have finally peaked, so that we can look forward to steady numbers in the years to come. We may expect the same phenomenon to appear in high school enrollments before long. The era of classroom construction to keep up with the ever growing numbers of students may finally be over. One consequence of this is that FSM and the Marshalls can utilize their resources in strengthening their education

TABLE 8: SCHOOL ENROLLMENTS

		1970	1980	1990	1994	1995	70-94 % change
Palau	Elem	2,880	1,737	2,365	2,505		-13
	HS	968	1,183	1,275	812		-16
RMI	Elem	5,690	7,628	11,187	13,080	12,877	+130
	HS	1,072	1,393	1,910	2,483	2,400	+130
FSM	Elem	16,019	17,563	26,924	29,703	26,903	+85
	HS	2,179	3,801	5,519	6,384	6,786	+131

systems rather than simply expanding them.

Over the years the governments, both the US administration and the independent local governments, have spent more money on education than on any other single public service. Education is a costly though necessary service. The burden of education, however, may be shared with private institutions, especially religious organizations, that choose to establish private schools. The two graphs (Figures 1 and 2) show the extent to which private schools have shared in the education of the young in the three island nations of Micronesia. These graphs not only indicate the percentage of the total school enrollment that is being educated by private schools, but they also show how this percentage has changed between 1970 and 1994.

government was being made. During the 1990s employment continued to grow in Palau and the Marshalls, although the number of jobs in FSM actually decreased during this period.

TABLE 4: EMPLOYMENT

	Palau	RMI	FSM	Yap	Chuuk	Pohnpei	Kosrae
1950	228	442	479		263	216	
1960	578	780	1,687	274	649	764	
1970	1,893	2,796	4,702	952	1,903	1,847	
1980	2,665	4,108	9,760	1,460	3,810	3,830	660
1990	3,700	6,839	13,940	2,119	4,798	5,748	1,276
2000	5,050	9,181*	13,403	2,638+	4,340+	5,145+	1,280+
		* 1996 figure		+1997 figure			

In FSM and the Marshalls the growth of employment has slowed down to a virtual standstill in recent years. This has been due to the cutback in government employment as funds from the US decrease during the step-down in aid from the US under the Compact of Free Association. In theory the growth of private sector development was to provide the jobs and income to compensate for the reduction in government employment, but the reality was otherwise. The tourism and fishing industries that were looked to as the mainstays of the economy in these small states never materialized the way planners hoped they would. Fishing provides a sizable income for FSM at about \$20 million a year, but this is as payment for fishing license fees rather than income from the catch made by local industries. Fishing furnishes a negligible amount of income for Palau and the Marshalls, as the figures in Table 5 indicate.

**TABLE 5: MAJOR SOURCES OF INCOME (1996; IN MILLION \$'S)**

	Palau	Marshalls	FSM
Fishing	\$3	\$21	\$3
Tourism	\$68	\$6	\$4

Tourism has been a disappointment so far everywhere but in Palau. Although the number of visitor entries to FSM and the Marshalls is inching upwards, growth is still not sufficient to provide the kind of income that these island nations would like to derive from tourism. Total annual benefits for FSM and the Marshalls were estimated at a just few million dollars a year in 1996, as we see in Table 5. In Palau, by contrast, tourism is bringing in a significant income, estimated to be \$68 million in that same year. Visitor entries to Palau began rising steadily in the mid-1980s, and are now approaching 100,000 a year. The number of visitors to Palau today is about ten times what it was in 1980 (See Table 6). Rapid expansion of the tourist industry also brings a set of problems similar to those the Commonwealth of the Northern Marianas has experienced in recent years. Like CNMI, Palau must import labor to handle all the new jobs created and now has over 4,000 Asians living there. They constitute about 25 percent of Palau's resident population.

TABLE 6: TOURISM (NON-MICRONESIAN VISITOR ENTRIES PER YEAR)

	Palau	Marshalls	FSM
1980	5,640	2,800	10,999
1985	13,371	2,914	11,855
1990	32,846	4,856	23,171
1995	53,230	6,838	26,129



The Gross Domestic Product (or GDP), is one indicator that can be used to gauge the productivity of a nation. The comparative figures for GDP are given for the three Micronesian nations in Table 7. Note that Palau's GDP, when distributed per capita over the population, shows an average that is four times higher than that of the FSM and five times higher than the Marshalls. This reflects the economic prosperity that the tourist industry has brought to Palau in recent years. Meanwhile, FSM and the Marshalls are waiting for an economic windfall that will bring them a share of the windfall.

TABLE 7: GROSS DOMESTIC PRODUCT (1998)

	Total	Per Capita
Palau	\$160 million	\$8,806
Marshalls	\$102 million	\$1,623
FSM	\$216 million	\$2,045

Education

For most of last fifty years, as the population has risen so sharply, schools have been hard pressed to keep up with the expanding enrollment. In the twenty-five years following 1970, for instance, school enrollments in FSM and the Marshalls have approximately doubled, as the figures in Table 8 indicate. In Palau, on the other hand, where the population was stable throughout those years, school enrollments actually showed a slight decrease.

The picture has only recently begun to change for those countries beset by high population growth rates. Between 1994 and 1995, in both FSM and the Marshalls, elementary school enrollments dropped for the first time since the