**Economy and Education: Palau, Marshalls and FSM**

*1] Introduction:*

* Look at three new nations of Micronesia as we move into new century
* Review of the economic and educational picture through numbers and the story they tell

* Goal of this presentation: reflect on our bearings and whether we should make any course changes, especially in our education planning.

*2] Micronesia’s Population:*

* Population change over time: down and then way up. Present population is three times the pre-contact population of islands.

*3] Population Ups and Downs:*

* History of population decline in 19th century (diseases, etc)
* Steady population during Japanese period
* Rapid growth after World War II (antibiotics, lower death rate, increased fertility)
* Population since 1970: steady in Palau; high growth in FSM and RMI (although RMI growth dropping sharply: reported 49,000 pop with 1.3% growth rate)

*4] Fertility*

* Declining fertility everywhere
* Palau’s (8+ in 1960s) declining most rapidly, then FSM’s, finally Marshalls’s

*5] Emigration Graph*

* Palau: began earliest (in 1950s)
* Others began at the onset of the Compact (1986)

*6] Emigration Table*

* History of emigration: Palau after war; then Yapese outer islanders by 1980; finally RMI (to Costa Mesa, etc.)
* Palau: high since 1970, leading to stable, non-growth population
* FSM: about 1% (perhaps as high as 1.2%) yearly since 1986; same rate in RMI

*6] Emigration Rates*

* 25,000 Micronesians abroad; 1 out of 8 living overseas
* annual total outflow: 1,750 per year (little higher than number of high school students graduating every year)
* relevance to education: different streams of migrants: high school grads, college finishers, dropouts. All of these categories are among those leaving (illustrations)

*7] Major Sources of Income*

* Fishing and tourism the two big industries; agriculture exports are insignificant
* No commercial farming as such, but small exports (betelnut from Yap, sakau from Pohnpei, kon from Chuuk). Desperate need for good cash crop to replace copra (copra prices dropped 2/3 from 1980 to 1990.
* Fishing: most comes from license fees for foreign ships; rest from service to vessels
* Tourism: figures are based on estimated expenditures in country

*8] Tourism*

* Visitor entries show increase everywhere, but Palau is only place on fast track.
* Tourism in Palau 10 times higher than in 1980; it is now close to 100,000. (Saipan was over 700,000 before recession). Imported labor needed to handle the jobs– 5,000 aliens on the island.

*9] Employment*

* History of rapid expansion of employment during the 1960s and 1970s–from 3,000 to 18,000. Total wages very high.
* Private sector still dependant on government salaries. No independent take-off of private industry yet.
* Number of private employees now outnumbers government employees in all nations. But the average private salary is only half of the average government salary.
* Cutback of employees in FSM since 1990, with the reduction of cost of government. RMI has done little on this. Palau looking for labor.

*10] Gross Domestic Product*

* GDP is one index of the wealth of a nation
* Contrast between Palau and other two nations.
* Palau has balance in foreign exchange. RMI is heavily in debt.

*11] Strength of Local Economy*

* Subsistence production still plays a big role in FSM, as well as RMI and Palau. It equals about one-fourth of economy.
* Subsistence will be important in the years ahead, even as it declines.

*12] School Enrollment*

* Palau enrollment decreased in last 25 years. Reason is stable population due to emigration.
* Marshalls and FSM: huge increase in past years because of high population growth. Burden of expansion of school system with $$ and personnel.
* But compare 1994 and 1995 elementary school figures for FSM and RMI. School enrollment seems to have peaked.

*13] Private Schools: Elementary*

* Marshalls is the highest. Palau has also grown. FSM has declined in the years 1970-1994.
* Importance of the policy: 1) get other institutions to help you educate children and save money; 2) private schools can improve standards and challenge public school performance.

*14] Private Schools: Secondary*

* In Marshalls, 57% attend private high schools. In Palau about 23%. FSM has 20%.
* Disincentives in FSM: land lease problems, squatters, etc.

*15] Retention Rates*

* Retention is one indicator of success, but not the only one.
* Kosrae has highest retention: nearly all 8th graders (94%) get into high school. Palau is next highest: 90% get into high school. But geographical and demographic factors help.
* For all other places, total retention (1-12) is well under 50%
* Note the sharp high school drop out rates, especially in Chuuk and RMI.

*16] High School graduates*

* Total: over 1500 a year. This is a little less than total outflow in migration (1750).
* The education system puts in 5,300 1st graders each year and gets out 1,500 high school grads.

*17] Educational Attainment*

* Palau significantly higher than other places. It is double percentage of high school grads in RMI, and double percentage of those with some college in RMI.
* Value put on education in Palau is legendary. (half of XHS student body in the 1950s and 1960s was Palauan. Story of post-war rebuilding of schools there)

*Conclusion*

* Young people moving in three streams–to village or outer island, to urban centers, abroad for jobs
* Need for broad skill base, not narrowly focused, to provide language and other skills needed
* Expansion days over. Now we can concentrate on strengthening the system and improving the quality of education.
* What do we intend to do with our education system in the light of these economic and demographic currents today? (This is where we’re headed. What direction do we go?)