



The Micronesian exodus

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Key messages:

- » Micronesia has the highest per capita net emigration rates in the world.
- » Over 50,000 citizens from the Federated States of Micronesia, Northern Mariana Islands, Palau and Marshall Islands live abroad - that represents about 20 per cent of the current combined resident populations of these islands.
- » In recent times approximately 2 per cent of the populations of FSM and RMI were emigrating each year in search of education and employment opportunities or for health purposes.
- » On balance, the ability to migrate, especially to the US, has been beneficial.
- » However governments can do more to balance the outflow of migrants, by investing more in education and growing the local economy at home.

The outflow started in the 1950s as Palauans went in search of higher education, better jobs and bright lights. Today policy-makers in Palau are exploring ways to re-grow the population, with some going so far as proposing legislation to ban contraceptives. At the same time, it is now the Republic of the Marshall Islands (RMI) and the Federated States of Micronesia (FSM) that are farewelling their citizens in record numbers. This paper provides an overview of the Micronesian migration experience, focusing on the most recent trends in RMI and FSM. It shows that a range of public policies can shape a country's experience with migration.

Rod Hax is a 36 year-old Marshallese who migrated to the United States in 2006 and now lives in Bakersfield, California, with his wife and three children. Before leaving Rod had a small tree-cleaning service on Majuro, which earned him and a few helpers a meagre income: 'In Majuro, I was making some money, but not enough for a good life.' To finance his family's move, Rod saved what little he could from work and relied on additional support from relatives already living in the US. The family first moved to Hawaii, staying with relatives for several months, and then onto California. 'My goal was to find work and to get my kids a better education', he says

Soon after arriving in Bakersfield, Rod found work as a kitchen staff in a local Applebees restaurant franchise, where he continues to work today. Rod and his family encountered some common difficulties with the dramatic transition of moving from the Marshall Islands to the US. But, on balance, the opportunity has been a blessing. 'We have a nice place to live, I have work, and my kids are getting a good education. There are some challenges, but our life is pretty good here.'

Rod's story is typical of the many Micronesians who have decided to pursue opportunities abroad. Most wind up in the US since under the *Compacts of Free Association*, Micronesians can live and work there as nonimmigrants. Clearly access to the US has provided tremendous benefits for young people pursuing better education and work prospects. Having this option has also served as a 'release valve' to the many and varied social and economic pressures facing Micronesian policy makers and families. Micronesian migration has also benefited the US, giving it strategic and cultural depth in far away islands whose first instinct is to look east rather than west.

However, the exodus of citizens further complicates the region's development challenges. Not just in terms of 'brain drain' but also the impacts on population growth and inward migration.

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Follow the leader

In the long run certain inflexible economic limitations of the area and the increasing population pressure must eventually compel substantial emigration of Micronesians.

There is every reason to believe that the trickle of emigrants will increase considerably in the near future.

These predictions, the first made in 1963 by a team sent into Micronesia by President John F. Kennedy to study the future of the region, and the second in 1987 by Fr Fran Hezel of the Micronesian Seminar, have been borne out.

In his 1987 paper, Fr Hezel tracked the initial outflow of Micronesians, observing the first signs of emigration from Palau were apparent in the 1950s, and that by the early 1970s the outflow of Palauan emigrants had become 'a virtual torrent'. Palauans were singled out amongst other Micronesians as the early starters on the journey to better job and education prospects, due to a perceived unique emphasis on competitiveness and personal achievement (Alkire 1977, as cited in Hezel 1987).

The 1950s and 1960s were generally characterised by limited movement of Micronesians, with the US Navy and subsequently the US Department of the Interior administrations enforcing a strict policy of security and control. Scheduled airline services commenced in 1968, and by the early 1970s young Micronesians began trickling into Guam, Hawaii and the US mainland - mostly for education purposes. According to Fr Hezel (1987) the 'education explosion' across Micronesia in the 1970s led to 'a growing interest in continuing studies in college abroad'. The outflow of students increased steadily into the 1980s, but remained relatively limited and tightly controlled. Moreover, students studying in the US could not remain there once they had completed their schooling, and were not allowed to take up regular employment.

In 1986, along with independence in FSM and RMI, came unrestricted access into the US, granted through the terms of the *Compacts of Free Association*. This resulted in a significant increase in emigration from these countries, and by the end of the 1980s, annual emigrants from both newly independent countries exceeded 1,000 people, or between 1 and 2 per cent of the respective populations. Palau's route to independence was protracted, finally becoming self governing in free association with the US in 1994. Still the tide of emigration continued unabated.

As of 2010 approximately 40 per cent of Palauans, 20 per cent of FSM citizens and 17 per cent of RMI citizens were living abroad - mainly in the US (see Table 1). Recent indicators also suggest that FSM and RMI are now losing nearly 2 per cent of their resident population every year. This translates into what are among the world's highest net emigration rates today. The Commonwealth of the Northern Mariana Islands (CNMI) has the world's highest emigration rate per head of population, followed by FSM, with RMI also within the top 20 emigrating countries. The extraordinarily high outward flows from CNMI are due to the departing immigrant labour force that was imported to service a now dwindling manufacturing sector.

Palau also has a high immigrant population (28.1% in 2010). Since independence low-cost 'guest workers' (mainly from the Philippines) were attracted to service the expanding tourism sector. The high foreign labour force, together with continued outward migration of higher skilled Palauans and a relatively low birth rate, has led to increasing concerns about sustainable population growth and the preservation of Palauan traditions and culture. These concerns have been articulated in the country's *Medium-Term Development Strategy 2009-2014* and most recently in debates on the controversial bill introduced in parliament in November 2010 (the proposed *Population Growth Act of 2011*) to ban the sale and distribution of all types of contraceptives.

Table 1 Micronesian population facts and figures

	Population est. (2009) ^a	Avg. annual pop. growth (2000-09) ^b	Emigrant population (2010) ^c	Emigrants as % of pop. (2010) ^d	Skilled emigration rate (2000) ^e	Immigrant population (2010) ^f	Immigrants as % of pop. (2010) ^g	Net migration rate (2010) ^h	Crude birth rate (2010) ⁱ
CNMI	86,900	2.6%	8,900	10.1%	n/a	54,800	62.0%	-75.36	21.05
FSM	100,000	0.3%	21,900	19.7%	37.8%	2,700	2.4%	-21.01	22.57
Palau	20,400	0.8%	8,000	38.8%	26.1%	5,800	28.1%	0.86	10.68
RMI	61,000	1.8%	10,500	16.6%	39.4%	1,700	2.7%	-5.30	29.94

SOURCES:

a-g - World Bank (2011) *Migration and Remittances Factbook 2011* - worldbank.org

h-i - CIA (2010) *World Factbook* - cia.gov/library/publications/the-world-factbook/rankorder/2112rank.html

NOTES:

CNMI - Commonwealth of the Northern Mariana Islands

FSM - Federated States of Micronesia

RMI - Republic of the Marshall Islands

e - Emigration rate of tertiary-educated population

h - Number of migrants per 1,000 population. A negative figure indicates an excess of persons leaving the country (e.g. -75.36 migrants/1,000 population).

A positive figure indicates an excess of persons entering the country (e.g. 0.86 migrants/1,000 population).

i - Average annual number of births during a year per 1,000 persons

EMIGRATION 101 - why people move

By all accounts the current trends of outward migration from FSM and RMI won't be changing any time soon. While many saw this exodus coming, concerns are mounting about the implications – both known and unknown. According to Tony de Brum, a senator in the RMI Nitijela (parliament) and one of the original Compact negotiators:

When the Compact immigration provisions were first discussed, the right to enter the US was seen as more of a pressure relief. In other words, we could enter the US for schooling, jobs, or residence as the need arose. No one expected it to become low tide in the River Jordan. This exodus is not just about our citizens taking advantage of a Compact privilege. I think it is an open indictment of the inadequacies of the trusteeship effort as well as a direct effect of the closure of the region and the policy to keep the islands dependent.

We've ended up with a situation where the attraction and the opportunity have added up to uncontrollable emigration. When students or other residents become qualified for US jobs, what is there to prevent them from remaining in the US? The pursuit of happiness takes over.

Figures 1 and 2 illustrate the movements from these two countries on an annual basis. A few observations can be made. Clearly, volatility has been strong, with some peak years followed immediately by sharp declines (e.g. from 1998 to 1999 for FSM). There is an observed upward trajectory for FSM since the early 2000s while annual numbers for RMI have generally stabilised in recent years. Some of the peak years coincided with major economic events. For example, public sector down sizing with severance payments made

to hundreds of civil servants encouraged above-average emigration in 1998 and 2008 from FSM and in 1997 from RMI. Widespread fear over possible changes in Compact immigration provisions contributed to an unusually high level of emigration from RMI in 2000. In 2001 and 2002 the highest ever payout of nuclear testing compensation funds, totalling US\$16 million, gave many families the cash they needed to purchase air tickets out of the country. In these three years alone some 5,000 Marshallese left, equivalent to a staggering 10 per cent of the population. The year 2008 was a peak year for emigration from each country and some have attributed this to the economic stimulus payments received by Micronesians living in the US, which allowed them to purchase airfares to the US for many of their family members back home.

The earliest models for predicting emigration (at the individual level) identified three major factors: earnings at home, potential earnings abroad, and the costs of migration. Over time other variables have been added. Common push factors include: poverty and hardship; unemployment; low wages; high fertility; poor health and education services; conflict, insecurity and violence; governance issues; human rights abuse; and persecution and discrimination.

On the other side, pull factors include: stock of previous emigrants from home country now residing in the destination country (i.e. the 'friends and relatives' effect); demand for labour; potential for improved living standard; safety and security; political and religious freedom; family reunification; return to ethnic homeland; and freedom from discrimination and persecution.

A number of factors enable or deter the migratory flow from one country to another, namely: the costs, distance (which can be related to cost) and immigration policies.

It is evident that education was the early driver of emigration from Micronesia (see Hezel, 1987) and while it remains a dominant reason today, emigration for employment and health purposes has also grown in significance. Surveys of several thousand Micronesians in Hawaii in 1997 and 2003 (see Levin, 2008) revealed that nearly half of all emigrants moved for education purposes (as their primary reason), another one-third moved for employment (including individuals who moved to find work plus their spouses and dependents), and about one-tenth moved to access better health services. Altogether, over 90 per cent of emigrants moved for education, employment or health purposes.

Looking ahead, some things are fairly certain. With young population structures and relatively high birth rates, both FSM and RMI will continue to see rapidly growing working age populations. The reality for the foreseeable future is that job opportunities will not keep up with this population growth. Meanwhile, steady increases in the cost of living coupled with deteriorating real wages and other socio-economic factors are making it difficult for many families to make ends meet. As such, there is very good reason to believe that the Micronesian exodus will continue.

Figure 1 Net air passenger movements FSM 1991 to 2009

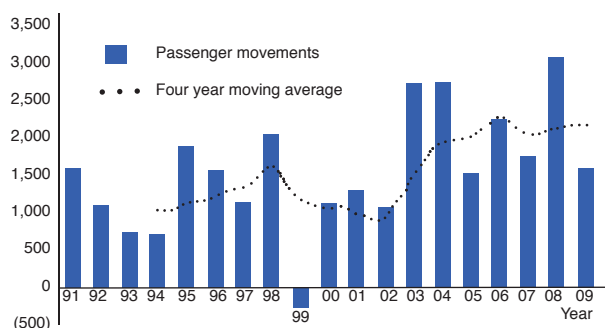
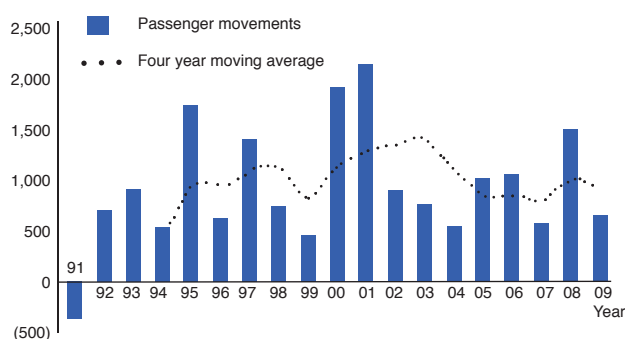


Figure 2 Net air passenger movements RMI 1991 to 2009



Policy considerations

Without question, the Micronesian islands would look very different today if the US had not allowed unrestricted access to its shores. The pressures of an extra 50,000 people may well have strained the limited physical, economic and social resources to breaking point. But what will these countries look like in another 20 years?

The continued loss of many of the most productive citizens to overseas destinations continues to be an ongoing development challenge in Micronesia. The leakage in the skilled labour pool in particular is detrimental to the capacity of the workforce as well as civil, private and public leadership. Addressing skills and labour force shortages means an increasing reliance on imported labour, as has been witnessed in Palau. Geographic proximity and other factors means this has been and will likely continue to be from neighbouring Asian countries.

For Micronesia, the priority remains maximising the benefits under the Compact arrangements with the US. However, there are other options to consider. Fr Hezel (1987) noted:

While there is a natural inclination to seek opportunities in the US and build a remittance economy, Micronesians should also consider their relative good fortune in having beautiful, strategically placed islands in the north Pacific, full of rich fishing grounds and tourism potential as Asia grows. With an uncertain US economy, it will be worthwhile for Micronesians to keep their connections with home too.

That last comment applies all the more in today's rapidly shifting geopolitical stage and increasingly uncertain world economy.

Australia has signalled its intention for greater engagement with the north Pacific, signing new *Partnerships for Development*, at a time when its global aid budget is set to double by 2015. There are also growing opportunities in other Pacific island countries - notably the huge oil and gas projects underway in Papua New Guinea and the military build up and resulting construction boom in Guam.

Understanding the specific push and pull factors will be key to getting the policy environment right to maximise the benefits of international migration. This will require more research and contact with the diaspora.

The limited evidence suggests that access to higher education is the main driver of emigration from Micronesia. Integrating education, employment and migration policies can help service and grow the domestic labour force and ensure individuals can migrate with better skills thus opening more choices and opportunities in overseas labour markets. Improved options for choice migration not only serves the personal interest (higher incomes and increased sense of self worth) but may also contribute to the national interest through more and higher remittances. Although relatively low¹, remittances still play a significant role in

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1. Estimates for FY2008 were \$16 million for FSM and \$3 million for the RMI. These estimates are probably on the low side and more analysis into remittance flows in Micronesia is definitely needed.

local economies. According to Steven George, director of resources and economic affairs in Kosrae State, FSM:

You may think it's small in size, but it's about 10 per cent of the state economy. That's over 1.5 million dollars. Households have more money to spend, buying services and products. If you combine tourism, agriculture and fisheries, remittances are bigger than all three.

The primary policy aim should be to develop attractive employment prospects locally, and ensure school leavers are equipped with the necessary skills to meet the demands of a growing local labour market.

Investing in quality and fee-free higher education may also provide more options for young people to stay in the region. This would need to be balanced against the risk of subsidising graduates who subsequently take their skills abroad.

Access to international opportunities is vital in the absence of local advanced education opportunities, and job markets to absorb higher qualified workers. Developing and maintaining links with the population living overseas would enable local governments, business and institutions to draw on the expertise of the diaspora until such time as that expertise is available and retained locally. Such networks may also facilitate the return of emigrants to fill key positions as the economy grows.

There is no need to apply artificial brakes on migration. But investing in better educational facilities, growing the local economy, and developing wider networks with the diaspora as well as other Pacific nations and Asia will increase opportunities for Micronesians at home and abroad. Well considered policies may help to balance the outward flow of migrants, and ensure that there is always the option of going home.

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