

Development and Dependency: The Compact of Free Association

Jacob Young | INTA 4500 | April 10, 2023



How has the Compact of Free Association impacted the economic development of the Marshall Islands, Micronesia, and Palau?

Literature Review

Three schools of thought:

1. Compact is mutually beneficial; a fair deal between two sovereign states; essential for protecting island states from rising sea levels
2. Compact is unsuccessful; designed to promote economic independence; too much aid has had the opposite effect
3. Compact is intentionally exploitative; a continuation of colonialism; never intended to promote economic development

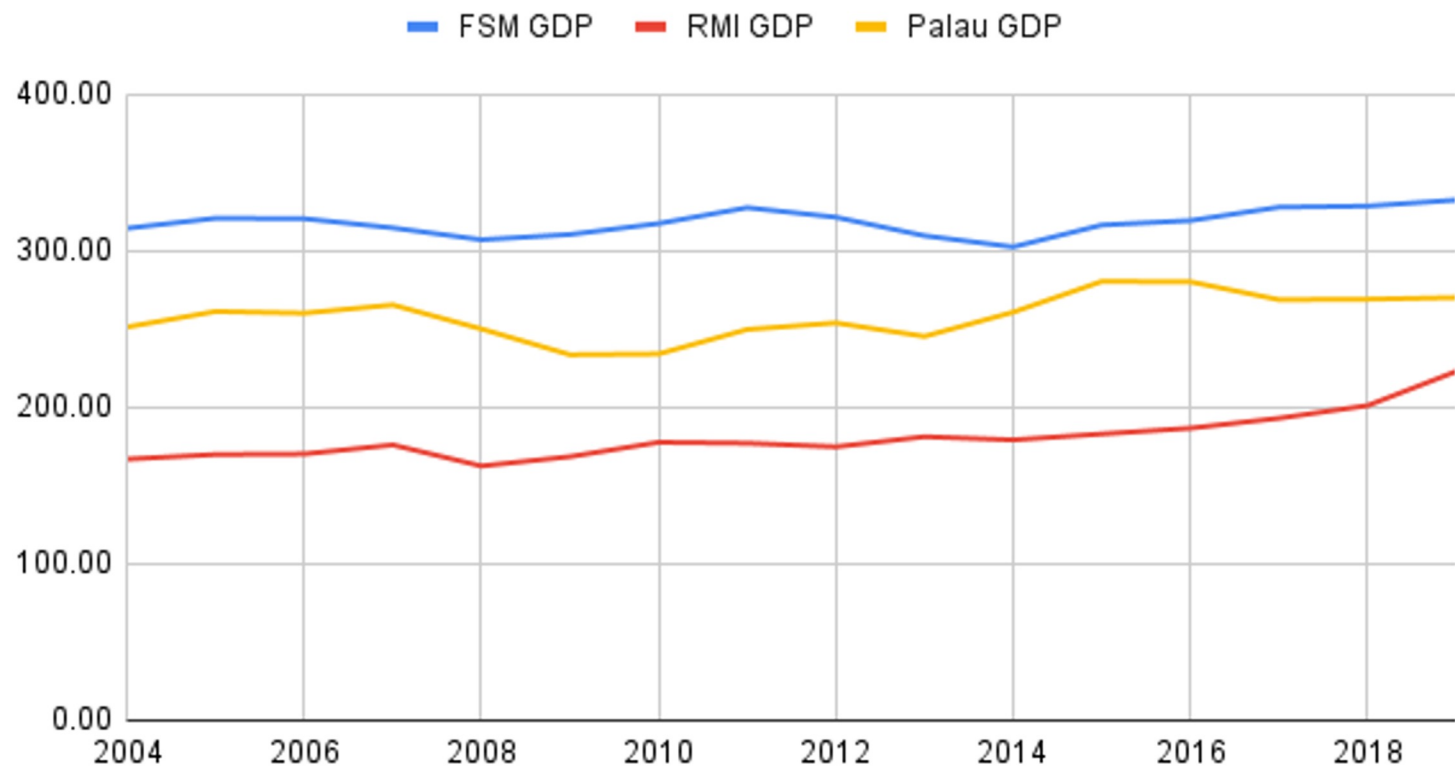
Research Design

How do scholars measure and interpret the effect of aid on an economy?

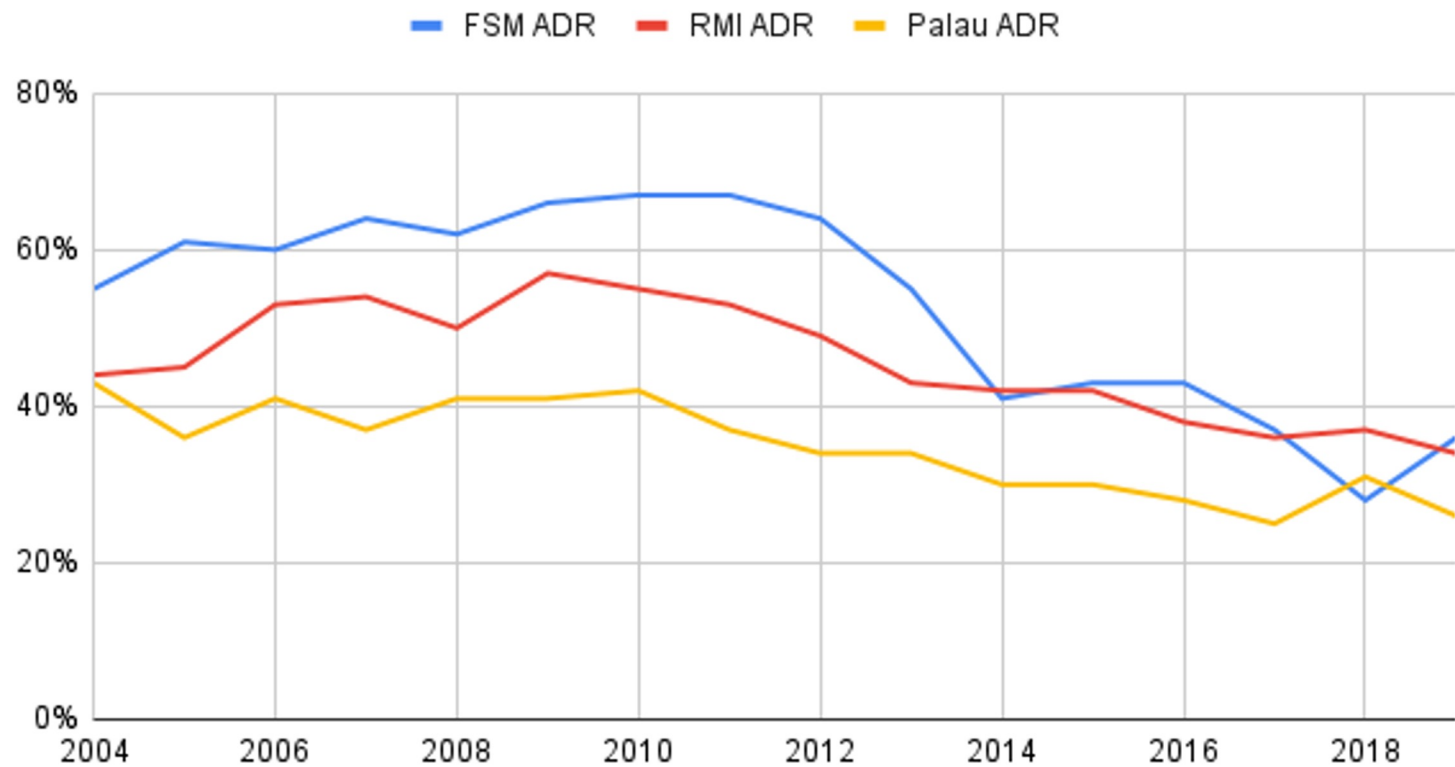
- GDP as a measure of development
- Ratio of aid to government expenditures
- Ratio of aid to gross domestic product

Data from World Bank and 2022 GAO report, “Compacts of Free Association: Implications of Planned Ending of Some U.S. Economic Assistance”

GDP (millions of 2015 USD)



Aid Dependency Ratio



Aid to GDP Ratio

