

Does Foreign Aid Achieve Economic Stability?

Date 28.09.2023

Outline

1. Introduction

- A. Understanding foreign aid
- B. Thesis statement: It is true that foreign aid does help in achieving economic stability, if utilized properly. However, foreign aids ^{usually} come with stringent conditions often compromising sovereignty of a state. Foreign aid sets the stage for economic stability, while economic stability can be achieved by strict reforms and sound policy making and implementation.

2. How Does Foreign Aid Set Stage for Economic Stability

A. Restores lost investor confidence
Case in point: Pakistan during 2004-2010

B. Eases sky-rocketing inflation
Case in point: Sri Lanka as a recipient of aids after default

C. Helps in investing in industry and technology
Case in point: Germany during Marshall aid program WWII

D. Governments overcome trade deficits

E. Provides social security

- Health

- Education

- Employment

3. Detrimental Impacts of Foreign Aid

A. Attached with stringent

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Economic Conditions

- Spending in particular areas

B. Supporting donor countries political agenda
Case in point: Pakistan during war on
terror of USA

C. Giving access to natural resources to
donor country

Case in point: Egypt allowed access
to Suez Canal to donors

D. Deters recipient country from long
term economic planning and strict
reforms

Case in point: Greece as a largest
aid recipient country

4. Case study of Marshall Aid program
to establish Foreign Aids Cen
Only provide Economic Stability if
utilized properly - France vs Egypt

5. Achieving Economic Stability Requires
Following Along with Foreign Aid

A. Privatizing dysfunctional state-
owned-enterprises

Case in point: Pakistan's PIA,
WAPDA, Steel mills, Railways

B. Investing heavily in Human develop-
ment projects

C. Sustainable industrialization

Case in point: UK after WWI

D. Strict implementation of policies

E. Sound and independent long-
term policy making

Case in point: USA after 1814

6. Conclusion