

# Does Foreign aid help to achieve economic stability?

## Outline

### 1. Introduction

Although, foreign aid have some favourable effects on economic stability, but most economist and evidences have declared the foreign aid as a hindering factor which snags the incentive to work hard for the country's economic stability; therefore, some national level policies should be establish to eschew foreign aid.

2. Economic stability cannot be achieve through foreign aid.

a) foreign aid hindering long term economic stability by snagging the incentive to work hard

b) <sup>impacts</sup> meandering of US and other foreign aids on economic stability

(Case study of Pakistan)

c) Foreign aid gives dictatorial rights to one state in developing state with regards to economic policy.

(The white Man's Burden' written by William Eastley)

d) Foreign aid as a threat to national interest

(Case study of zambia)

e) opportunistic elements of government enjoying illegitimate gains through corruption; loss of economy through foreign aid

(African leaders amass huge sums of personal wealth — research by 'Tribhuvan university, Nepal')

f) If the aid given is concerned unproductive fields or old technology, it will increase inflation

g) The growth of the modern sector is the focus of aid, resulting increase in the living standards between the developed and third world countries.

h) Foreign aid cause death of local industries

i) Donor countries, by foreign aid, control developing countries Neocolonialism

3. However, foreign aid also (to some extent)

play significant role in:

a) Bankruptcy safety from bankruptcy  
(Greece is study case)

b) visible boom in the economy immediately after aid

4. Some measures and policy should be adopted to eschew foreign aid and strengthen country's economy.

a) Implementing sound fiscal policy

b) Promoting economic diversification

c) Investment in human capital

d) Transparent governance and Anti-corruption measures

e) Promotion of trade and investment

f) Establishing effective social safety nets

5) Conclusion