

Role of International Aid: Is it Altruism or Imperialism in Disguise for the Weakened Nations?

Outline

1. Introduction

Thesis statement: International aid brings both challenges and opportunities. However, its ^{harms} losses outweigh its benefits. Thus, foreign aid is imperialism in disguise for weaker nations rather than altruism.

2. A brief overview of the international aid

- Loans from developed countries
- Aid from international financial lenders

3. How international aid is imperialism in disguise for weakened nations?

I. Foreign aid exploits economic policies of states

Case in point: structural adjustment

programs of IMF

II. It maligns a ^{states} sovereignty by affecting its political decisions

Case study: Kerry-Lugar bill

III. It results in vicious cycle of debt trapping

Books: The New Confessions of Economic Hitmen

IV Foreign financial assistance causes poor living standard of weak states

Reference: Condition by Lender to remove safety nets

V- It causes currency devaluation by increasing interest rates

Case study: Devaluation of Pakistani currency

VI Foreign aid spreads culture and values of lenders

Case study: US Marshall Plan for Europe and widening of US values

VII- It increases political leverage of lending countries

Case in point: US influence on Latin American states

4. How international aid is altruism for weakened nations?

I- Foreign aid protects countries from economic defaults

Case study: Pakistan's Stand-by Agreement with IMF

II- It helps countries in making infrastructure projects

Case in point: Role of World Bank in aiding projects

III - It also improves trust of states in international arena.

Reference: Flow of Foreign Direct Investment in Sri Lanka

IV - Foreign Lending agencies help states in making efficient economic policies

Reference: PIDE report (2023)

5. What are the concrete measures to address the imperialist aspects of foreign aid?

I - Efficient utilization of aid is essential to avoid vicious cycle of debt trap

Case study: India and its loan history

II - Avoiding complex conditionalities of aid is also imperative in this regard

Case in point: Use of robust diplomacy in negotiations with lender

III - Ensuring implementation of conducive economic policies given by lending entities is important

Case in point: Conditions like increase tax base

IV - Building donor-recipient consensus on ownership of fund by recipient is indispensable

Books: "Global discontents"

V - Guaranteeing human development and economic sustainability to evade the international aid is necessary in this regard

Book: From First World to Third World

VI - Ensuring signing of aid programmes without compromising key national interests is need of the hour in this context.

Reference: Recent Pakistane stance vis-a-vis US aid conditions

6. Conclusion

International aid is a tool of exploitation. Rich countries use it for seeking their imperialist objectives like political leverage, control on resources and decision making. Noam Chomsky has rightly said, "Foreign aid is a form of imperialism, a way for rich countries to control and manipulate poor countries." There are multiple ways where aid is used to further imperialist goals of lending entities. International aid exploits economic policies of the states, receiving financial assistance. It also undermines sovereignty of aid receiving states as lenders control their political decisions.

Similarly, poor living standard and currency devaluation, are also negative impacts of foreign aid. Additionally, financial assistance also spreads culture and values of the lenders. However, international aid also brings some benefits to receiving states. It protects

weakened nations from economic default. It helps developing states in improving infrastructure. Building of trust in international arena on weak states along with guaranteeing human development is an other prospect of foreign loans. Some concrete measures are necessary to address the imperialist nature of international aid. Efficient utilization of aid to evade vicious cycle of debt trap, avoiding complex conditionalities of lending entities, ensuring ownership of receivers on aid and others are key measures in this context. International aid brings both challenges and opportunities. However, its harms outweigh its benefits. Thus, foreign aid is imperialism in disguise for weakened nations.

Financial assistance provided by rich countries or global lenders to weakened states in times of economic crisis is

simply known as international aid. Lending entities give aid on the basis of some conditionalities which the receiving states have to comply. Moreover, some international financial institutions like World Bank also give aid for infrastructural projects. Nevertheless, the lenders have imperialist objectives under disguise of aid.

Foreign aid exploits economic policies of recipient countries. Rich nations and global lenders give financial aid to poor countries. However, they design complex economic policies which receiver has to follow. Resultantly, no sustainable economic growth is ensured and the receiver entity falls in debt trap. For instance, International Monetary Fund has recently designed a complex set of economic policies for Pakistan under Stand-by-agreement. Nonetheless, Pakistan cannot soothe

its economic woes under such policies. It vividly shows the imperialist nature of international funds. Hence, international aid is imperialism in disguise for weakened nations.

In the same way, international aid maligns sovereignty of receiving entities through affecting political decisions. No doubt, lenders manipulate political decisions of poor countries for securing their imperialist objectives. They pressurize the receiving states to compromise on their autonomy and sovereignty. The case study of Kerry-Lugar bill is in focus in this regard. United States of America gave aid to Pakistan and demanded control of some of its air bases by US military. This is the clear example of how financial aid violates the sovereignty of poor countries. Hence, it is true

to contend that international aid brings more harm than good to weak nations.

On the same pattern, international aid results in vicious cycle of debt trap which manifests ~~the~~ its imperialist aspect.

Receiving entities fail to execute the complex conditionalities of lenders. Moreover, lenders forces poor states to utilize aid in such areas which cannot address ~~the~~ its economic woes. As a

result, weak nations have to go for more aid which in turn causes debt trap. John Perkins

writes in his book: 'The New Confessions of an Economic Hitmen' that "Economic Hitmen utilize international financial organisations to ~~point~~ conditions that make other nations subservient to the corporatocracy".

Hence, international aid is used as a tool by rich countries to have dominance on weakened states.

In the same vein, international aid also causes poor living standards of masses of receiving states. To keep the individuals financially weak is one of the key principles of imperialism. Lenders ask receivers of loans to cut public subsidies. As a result, poor class has to face economic pressure. For instance, International Monetary Fund has provided multiple loans to African states. Unfortunately, they have failed to improve the living standards of their citizens. It is because, the lender of the last resort has put condition of cutting safety nets. Verily, foreign aid seeks goals of lenders.

In the same fashion, international aid is imperialism in disguise for weakened nations as it brings high inflation through currency devaluation. To decrease the worth of

Currency of other states is also one of the major objectives of imperialism. Lending entities ask receivers to increase interest rates. Resultantly, foreign direct investment increases. When the state pays high interest on principle amount then value of currency sharply decreases. For example, Pakistani currency's worth is lowest in South Asia. Similarly, one US dollar is equal to two hundred seventy eight Pakistani rupees. Thus, international aid is one of the imperialist tools of lenders.

Additionally, spreading of culture and values of lender states under the umbrellas of aid shows imperialist nature of aid. Rich countries increase the scope and wideness of their power and ideology through spreading their culture, values and political ideas. To achieve

such an end, the ^{conclusive} mean is aid. For instance, the Marshall Plan of United States of America for Europe after second world war was overtly a financial assistance to war ravaged states. However, its covert aim was to promote the culture, values and political ideology of America. ^{Verily,} international aid spreads imperialism.

Similarly, international aid increases political leverage of leaders on weak nations. Developed states give aid and loans to weak states. Moreover, they influence their politics under the pretext of financial aid.

Sometimes, foreign countries affect parliamentary and judicial decisions of the states receiving loans from them. United States of America influence political policies and decisions of Latin American states through loans and aid.

Similarly, international financial institutions influence political decisions of receiving entities. Hence, foreign aid helps rich countries further their imperialist aims under in disguise of economic help.

On the other hand, international aid is altruism for weakened nations as it protects weak economies from default. Most of the states go for loans and aid during times of economic instability. International financial assistance helps states to remove financial strains. For example, last year Pakistan's forex reserves were only 2 billion dollars and it was on the verge of default. Fortunately, the country evade the default by seeking loan from International Monetary Fund. Thus, international aid address economic ills of weak states.

In addition to above, foreign financial aid helps countries improve develop infrastructure projects. Conducive infrastructure is necessary for sustainable economic growth as it improves the transport and communication among others. Poor states receive loans from lenders for making roads, universities, hospitals, economic zones, dams and so on. As a result, the states address poverty, unemployment while improving living standards of its citizens. For example, Pakistan got loans from World Bank for making Tarbela Dam. Consequently, the country is generating 4400 mega watt electricity along with storing water during floods and hot summers. Hence, foreign aid is altruism for weak nations.

Similarly, international aid improves trust of receiving

states in international arena. It is because when a state is successful in obtaining loan from international financial lenders then foreign investors feel comfortable for investment in the state. Therefore, foreign direct investment flows in the state. For example, last year Sri Lanka faced economic default. When the country has succeeded in receiving foreign aid and loans, it has witnessed flow of foreign currency in terms of dollars. Since then, the country is witnessing economic growth as foreign investors are comfortable for investment. Verily, international aid is triumphant for poor states.

In the similar way, international aid improve economic stability as foreign lenders formulate efficient economic policies

for receiving states. Lenders chalk
out robust economic policies
for the receivers so that
latter could repay its debt
along with interest. According to
recently published report of
Pakistan Institute of Development
Economics (PIDE), "IMF's structural
adjustment program if implemented
in true spirit then Pakistan can
guarantee its economic certainty.
Thus, international aid is beneficial
for poor economies.

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Some measures are necessary to address the imperialist nature of foreign aid and efficient utilization of aid is first and foremost measure in this context. Efficient utilization of aid can ensure sustainable economic growth. As a result, the state will evade the menace of debt trap. Therefore, Lender cannot exploit the economic and political decisions of receiving states. For instance, India has not obtained any loan or aid since last three decades. Now, the country has independent foreign and domestic policy. Thus, efficient utilization of aid can address imperialist role of lending entities.

Secondly, avoiding complex and tough conditionalities of Lenders is also essential to avoid the dominance of Lender. Foreign aid is necessary during economic crisis but it must not

be obtained at the cost of key national interests. To seek aid on simple conditions, efficient dialogue and diplomacy is indispensable during negotiations with Lenders. All tracks of diplomacy should be leveraged for obtaining loan on conducive conditions. Hence, avoiding from tough conditions for aid is essential to address the imperialist agenda of lenders.

Thirdly, implementation of policies chalked out by lending entities is also important to evade imperialist aspects of aid. All the conducive and efficient policy should be implemented in true spirit. For instance, structural economic issues like narrow tax base can be addressed through structural adjustment programs of lender of the last resort. Reforms like increasing tax base, decrease

Impact of heavy goods and so on are conclusive policies, given by lenders, must be guaranteed. Verify, implementation of conclusive reforms of lenders is essential to evade the imperialist nature of international aid.

Fourthly, building donor-recipient consensus in ownership of fund by recipient is indispensable in this regard.

Recipient's ownership of aid will not only resolve structural issues of economy but it can also address monetary issues.

Resultantly, the country can ensure sustainable economic growth. Moreover, the states

have will not go far more aid and loans. Therefore,

it will be difficult for lender to leverage its political ideas and spread its culture.

Noam Chomsky argues in his books: "Global Discontents" that "ownership

of loan by lender is dangerous but ownership by recipient is beneficial. Thus, ensuring consensus between donor and receiver in ownership of fund by recipient is necessary to evade imperialist nature of aid.

Fifthly, guaranteeing human development through aid is also essential to address the harms of international aid. Independence of receiver state is essential if aid is necessary. If aid is invested in human capital, then sustainable economic growth can be guaranteed. Lee Kuan Yew writes in his book: 'From first World to Third World' that 'the real purpose of loans and funds should be human development.' Hence, aid should be invested in human development for sustainable economic growth which in turn, exonerate the poor states from black hole of imperialism.

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Last but not least, ensuring reception of aid without compromising key national interests is also one of the concrete steps in this context. Aid compromising national interests and sovereignty cannot bring benefits for recipients. Therefore, to convince Lender that no national interest will be compromised during aid negotiations is necessary. For example, United States of America asked Pakistan in 2022 for control of some air bases at cost of aid. Fortunately, the government denied the conditions of global power. Thus, reception of aid sans compromising national interest is essential to avoid the imperialist nature of international aid.

To be-all and end-all, international aid brings both harms and benefits. However, its cons override its pros. Hence international aid is imperialism

in disguise for weakened nations.
It exploits economic policies of
weak states. It also undermines
sovereignty of state, coupled with,
causing vicious cycle of debt
trap. Furthermore, lending countries
spread their culture, values and
political ideologies through aid
and loans. Contrarily, international
aid is also culturalism for
poor countries as it helps
them evade economic default. It
also helps countries in making
infrastructure projects, improving
trust in comity of nations and
so on. Some concrete measures like
consensus on ownership of recipient
on aid can address the
imperialist nature of international aid.

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