

Does Foreign Aid help to Achieve Economic Stability?

A- Introduction

Thesis Statement: There is a negative relationship between foreign aid and growth. Foreign aid does not help to achieve economic stability because it is subjected to certain conditions. These conditions reflect motives of the donor.

B- Foreign Aid Does Not Help to Achieve Economic Stability

- 1- It creates a debt trap for recipient country.
- 2- It facilitates corruption by influential elites.
- 3- It curbs growth of local industries.
- 4- It promotes social and political tensions in the recipient country.
- 5- It facilitates security and

economic interest of donor countries

6- It influences the economy of recipient countries.

7- It affects the development of country through import liberalization conditions.

~~8- It reduces savings of the recipient country as half of the loan goes to unnecessary imports.~~

8- It rises inflation rates due to condition of indirect taxes.

9- It creates gender and regional disparities in the donee country.

10- It hampers development as most of aid is given for military expenses.

11- It increases poverty further under the condition of removal of subsidies

C- Conclusion