

Q) Does Foreign Aid Help to Achieve Stability? ↗

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1) Introduction:-

2- Stability cannot be achieve through aid.

i- Foreign aid hinder long term economic stability.

ii- Create dependency rather than self sufficiency.

iii- Political and economic conditions ~~will~~ compromise sovereignty.

iv- Foreign aid create a debt burden and fiscal imbalance.

v- Cause ~~the~~ stagflation growth of GDP.

vi- Donor driven policies ~~result~~ in policy failures.

vii- Transparency promote corruption.

viii- Foreign aid as a threat to national interest.

ix Create filtration in culture and ideology.

3- Positive role of Foreign aid;

i- For short term relief i.e. in default.

ii- Foreign aid helps; handle sudden disasters.

iii- Promote regional cooperations and International good-will.

4- Conclusion.

well organized and quite relevant

2 A sound economy holds the potential to resolve all issues in the country. Foreign aid plays a vital role, one considered a lifeline for developing countries, has increasingly become a double-edged sword. Unfortunately; it is paradoxical but economic stability can't be achieved through complete dependency on the foreign aid, it becomes a bottleneck for the economic survival of the country. It hinders the long term economic stability, and creates worst dependency rather than a self sufficient sufficiency. Ayub Khan era was known as "decade of development", he said that; "No nation can develop on charity of others". Not only... but also; compromises the sovereignty because foreign aid comes with the certain condition; while, it creates the debt burden and fiscal imbalance. Donor driven policies often result in policy failures due to mismatch between donor priorities and domestic realities; furthermore, it threatens the national interest and autonomy also creates infiltration in culture and ideologies. Nevertheless, foreign aid helps in the difficult phase of the once country, like when country is going to default due.

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to certain circumstances. Furthermore, foreign aid also helps to handle to fight with sudden disasters. With this in mind, it promotes regional cooperation and international good will.

To bring with, despite its immediate benefits, foreign aid undermines long term economic stability which cause the market distortion. Local producers became weak which fragile the economic structure. According to PIDE report; "Although Pakistan received over US \$200 billion in foreign aid commitments, has not translated into sustained growth." Thereby illustrating how foreign aid can undermine long term economic stability. Unfortunately dependency on external assistance, discourage government to robust domestic revenue system. Furthermore, Haq et.al (2024) find via econometric analysis that; "foreign aid has adverse effect in both the short and long term run."

To carry with, despite this foreign aid also creates dependency rather than a self sufficiency, human mind paralyze and didn't think when aid became the part of life. According to UNDP (2019); "Foreign Aid

is like a double edge sword, it can either support development or dependence. Reliance on other is harmful practice, which destroy our own analytical thinking and creativity to tackles the problems and survival of the life. During green revolution 1960's; US give PL-480 food, air and agriculture" resultly, Pakistan dependent on the imported seeds, fertilizers and machinery instead of making their own production.

Political and economic condition that came from the foreign aid directly impact the sovereignty of the nation. We are democratic nation as well as we have our own ideology; sovereignty compromise mean to compromise with independent democracy which is harmful for the existence of any nation, foreign aid conditions compromise sovereignty by forcing it to follow donor-imposed agendas.

As per; In the cold war and war on terror, Pakistan gave millions of foreign aid from USA. Resultingly political loyalty compromise and Pakistan independent foreign policy align according to USA policy objectives.

So that, conditions create a bottleneck for the government as well as for the citizens.

Furthermore, when a state of tension combine with the debt burden and fiscal imbalance which come from the foreign aid, when foreign aid comes in the form of loan rather than grants. According to the economic survey of 2025, "Pakistan external debt is \$140 billion".

This repayments compromises other development priorities, which directly effect on self generated revenues, human survival; create evil of the society like poverty, crime, brain drain etc. Fiscal imbalance impact on the efficiency of the govt, and trust of the local on the government which create political polarization and civil military imbalance. Therefore debt burden and fiscal imbalance due to foreign aid create many evils of the society.

Continuously, debt burden and fiscal imbalance due to foreign aid that has turned into a loan trap, stagnant the growth of Gross domestic product (GDP). According to the world bank "Economic survey of Pakistan"; Since 2021 to 2025

Pakistan GDP growth stuck between the 1-6%." Main reason of this stuckness of the growth is due to the foreign aid that come in the form of loans which compromise the self sufficiency creates a burden on the government as well as citizens.

In the same way, Policies are formulated with concessions, and with respect, with bird eye view for the welfare of citizens as well as governments. But unfortunately, donor driven policies interrupt, which cause the policy failure. Likewise, Economic Survey of Pakistan 2023 says that; for 2019-2023 IMF "gives loans and also give conditions to free float rupee and finish subsidies on energy". Resultedly; recorded inflation (38.1%) or growth (0.3%) have been noticed. So their own policy failures create a problems, because; concessionary policy fail and conditionalized policy implemented.

Moreover, foreign aid also lead the corruption; when misuse, inefficiency and mismanagement of soi due to intransparency and non-accountability occurs. Corruption is the

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main cause of the which create a division among governments and citizens because the limit of the city cannot be reached. According to the Auditor general report 2012 and transparency in Pakistan report on flood Misuse 2011; In 2010 flood WB, UNDP and USAID give billion of dollars but report showed "irregularity and misappropriation in distribution". This example make the stance clear that the burden of foreign aid also falls on us and its distribution often remains inefficient which lead the evil like corruption, and corruption become widespread.

Furthermore, foreign aid which comes in the form of loans rather than grants also has an interest payments. And this interest and repayments of this loan like aids compromises the national interests. The survival things compromise like developments, elimination of poverty, medical and education. Fiscal year 2025-2026 budget estimated that interest payment of Pakistan \$ 8.207 trillion; which directly impact on national interest, compromise basic needs and the

survival of the poor class.

As we

discussed before As mentioned earlier, foreign aid comes with conditions which create infiltration in ideology and culture. In the case of Pakistan, Islamic ideology merge with the western ideology which is totally opposite. As per John Perkins says in "New confession of an economic Hit man 206" "foreign aid has become a modern tool of cultural imperialism, promoting western values at the expense of indigenous tradition". Cultural hegemony of western powers more strong because of foreign aid. Social instability among in the various forms, which burdenize society in different manners and aspects.

Despite all the facts and figures; foreign aid also play a some positive role in the ups and down of the life. like for short time relief in emergency situation, help to face and handle sudden disasters and foreign aid also promote regional cooperation and good will which create humanity. let us elaborate these points in detail. According to UNDP

In the content of Pakistan during 2022-2023 due to severe balance of payment crisis, friends like Saudi Arabia, China, UAE and Qatar give aid for short term fiscal assistance, only to delay the crisis of default. As per S.B.P 2023 report, when the country exchange remain \$3 billion barely enough to cover 3 weeks of import, aid helps to relief but for the short time that hinders the long term stability, the consequences which has to be borne. As reported by the Bloomberg (Feb 2023), "Pakistan avoided default narrowly through emergency loan and followers not through structural reform".

avoid plz such vague references

Additionally, foreign aid also serve positive role in the situation of natural disasters. As all we know, Pakistan is in the V20 (vulnerable) countries where the climate adversely effect and millions of lives affected, loss of billions rupee occurs for example in 2020 flood \$10 billion suffered, foreign aid comes from UN, WFP, UNICEF and WHO which help in the survival of many lives. This shows how the foreign aid helps. According to UNOCHA

foreign aid helping to rebuild, revive and restore infrastructure in the disastrous situation." Therefore, foreign aid only help in worst situation, reliance in foreign aid is to underestimate the ability of the self resistance.

At the end, foreign aid also promote regional cooperation and international good will - either it in form of wealth, technical, emotional. It create broadly relationship with others, that enhance the beauty of brotherhood. Like that in the case of Gaza - Israel war, Gaza Peace pact came countries give the foreign aid to reconstruct the Gaza which create connectivity. But reliance on others is ~~the~~ to destroy own abilities to do on will.

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In summation, foreign aid beneficial for the visible boom in the economy, immediately, for short term relief, also for the disastrous situations and create a regional cooperation and international goodwill. But Unfortunately it is not a reliable path to long term economic stability. Aid often create dependency, debt burden

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and can compromise national policy autonomy. Sustainable economic and social stability requires internal reforms or ~~our~~ own will to do best and good. Therefore, foreign aid should be ~~not~~ viewed as a supplementary tool, not a sustainable ~~for~~ and substitute for genuine economic and social development.

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