When Aid Becomes Cage: The Burden of foreign Debt

A) Introduction

B) The Burden of foreign Debt

1) foreign debt circumscribes the right of framing National economic policy independently, compromising economic sovereignty

2) foreign debt delays the urgency of self-reliance, leading to unsustainable, short-term economic growth while neglecting long-term necessities

3) Conditionalities attached with foreign debt ignores the domestic realities of recipient, leading to inequity and unstable domestic setting

4) foreign debt often requires exporting foreign labor and expertise, compromising domestic employment, which leads to social agitation

5) failing to service foreign debt can withhold the territorial integrity of the recipient country

M T W T F S DATE:

6) foreign debt accompanies with itself the cultural superiority ~~and influence~~, ~~inculcating inferiority complex~~ with in ~~the demography~~

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7) foreign debt limits the independent contours of foreign policy, ~~leading~~ to ~~unwanted friends and foes~~ at ~~global level~~

8) foreign debt compromises national prestige at international forums, decreasing soft power ~~and effect of diplomacy at global level~~.

9) foreign debt, as a tool to keep power imbalance flocking, is used by imperial powers to maintain hegemony ~~and superiority~~

10) foreign debt creates a vicious cycle of dependency that developing countries often fail to break, leading to failure of the nation.

C) Conclusion

M T W T F S DATE:

After WWII, the war-torn Europe was provided with American aid within the Marshal plan. within a decade, Europe paved its way towards growth and stability. with this, the concept of using foreign debt as a push to unstable economics emerged. In the later century, when the similar frame-work was applied on developing countries it failed drastically. What seemed an aid became a cage. foreign debt, instead of becoming a pushing factor became a burden, whose servicing took decades and brought far-reaching consequences especially on what is known as sovereignty and freedom. The brunt of foreign debt is borne by political, economic, demographic, social, and global freedom. The critiques often see it as a tool by neo-imperial powers to keep developing countries dependent and exploit the power imbalance. Within the domestic setting, foreign debt's conditionalities ~~being~~ destabilize economic and political settings. It compromises sensitive areas of unemploy-ment and cultural influence, which often combines to lead political instabili-ty and mass agitation. At global level, due to embedded sovereignty of the recipient country, it looses national prestige

M T W T F S DATE: ____________

and right to frame an independent foreign policy. It then leads to deterioration of soft power and effectiveness of diplomacy. At large, foreign debt creates a vicious cycle that delays the urgency of becoming self-reliant; it plunges the recipient country in a state that it seldom ~~often~~ succeed to break through, leading to failure of the nation. Thus, what started as an aid, foreign debt, becomes a cage, which circumscribes the very rights of a nation-state, leading to political, economic, and social upheavals.

foreign debt limits the right of a state to frame its economic policy independently. The donor while providing capital attaches the ways and methods that the debt can be employed with. These conditionalities limit the scope that the government can use; thus, the monetary policies, ~~bogdg~~ ~~bug~~ budget formulation, and financial preferences, all have to align with the prescribed conditions. For instance, Pakistan's economic policy is by large shaped by the IMF conditionalities, which aids in bringing macro stability, though, the long awaited structural reforms have yet not been implented since ~~8~~ the IMF does not allow so. Thus, one of the several burdens of the foreign debt is that it holds the economic sovereignty of a state hostage.

Besides, the concurrent lending of foreign debt creates a psychological relief over the urgency of self-reliance. It can create short-term growth in economic numbers, but it remains unstable and is bound to fall. The necessary long-term policies that require self-reliance often get delayed since the foreign debt keeps floating the economy. The ~~self-reliance~~ requires operating indigenous industries producing the import-substituting products and export-oriented material to balance the trade deficit. It requires investment in education, health and social forums to produce effective human capital. It further requires to maneuver through trade and monetary policies to keep the currency value in check, so that the rate of inflation does not surpass the purchasing power of citizens. However, all these necessary efforts gets diluted with easy finances provided from outside actors. For instances although fraught with security issues, Afghanistan government since ~~genuine~~ ~~conve~~ 2001 was heavily funded with American and western aid; however, the prevalent provision of foreign debt never necessitated the government to

M T W T F S DATE:

become self-reliant. Thus foreign debt compromises the capacity of becoming self-reliant of the recipient country.

Moreover, the donor remains indifferent to the domestic realities of the recipient country, which leads to conditionalities that have far-reaching consequences on its demography. Along with embedded economic sovereignty of the state, it is the subjects of the state that bear the brunt. Foreign debt designed for macro economic stability often ignores the needs of marginalized groups and already deprived. For instance, SAPs, the structural adjustment programs of IMF in 1990s, were heavily criticized by feminists all over the world. SAPs required that the government cease almost all welfare programs to limit its expenditure. The well-offs remained unaffected while the groups that were part of welfare programs, often the deprived, had to face economic and social difficulties. Thus, foreign debt destabilizes the domestic settings of the state, increasing inequity as the already deprived face the bitterest consequences.

Furthermore, the donor country, for maximum profit, often exports its labor and expertise along with aid, compromising employment for indigenous people, ~~which can lead to social~~ agitation. Foreign debt does not work in silo. The donor with its capital inside the country influence its economic policies and endeavours to get the best and maximum profit for itself. Foreign investment and leases with easy contracts, allow foreign labor and expertise to intrude within the domestic market. For instance, the growing indigenous outcry against the Chinese in CPEC, alleging them of stealing jobs, ~~substantiate the argument. Chinese debt and investment inside Pakistan have attracted critique from various factions~~. Especially, within Balochistan, the people feel alienated amid the foreign investment, where their share of employment is minimal. Thus, foreign debt can be a cause to insuing social agitation once issues like employment are threatened.

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In addition, the territorial integrity of the recipient country can be compromised if it fails to service foreign debts. The country in need can come in contracts

M T W T F S DATE:

with the donor country with such high stakes that if the recipient country fails to meet deadlines its ~~territorial integrity can be withheld~~. The example of Srilanka is plausible enough to substantiate the premise. When Srilankan government failed to fulfill the deadlines of a chinese ~~debt~~, it ~~let one of its port to be leased to chinese government for 100 years~~. Thus, when a country becomes unable to break the debt trap, it starts to lose its territory, fading its integrity under the burden of foreign debt.

~~foreign~~ furthermore, receiving foreign debt creates an inferiority complex within the society of the recipient. avoid such gossiping style ~~The donor succeeds to showcase its cultural superiority and thus influencing with its cultural values and norms.~~ for instance, the growing westernization within the developing world is a direct consequence of ~~feeling inferior~~ of one's own culture and superior of the western culture. The implicit power imbalance between the donor and recipient shaped by the debt transaction goes beyond the economic sphere and intrudes within the country's cultural settings.

Outside the domestic affairs, the foreign policy of the country at global level is also influenced by the foreign debt. Directly or indirectly, the donor country creates a hegemonic influence over the recipient country's foreign commitments. An independent foreign relations never realise for a country burdened by the foreign debt. Its friends and foes at international level are decided by the ones who ~~control its economic nerves. for instance,~~ Lands whose economy depends upon US can never align with the US's rivals; Pakistan, dependent upon western aid led by American interests can seldom go directly against the western world. ~~Thus, in contemporary~~ world the defining factor of national power is economy. One who controls his own economy is independent in true sense. One who does not, remains under the influence of those who controls its economy.

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Moreover, foreign debt makes an independent diplomacy of the recipient country ineffective as its soft power of national prestige gets heavily battered by the stigma of being ~~under the debt-trap.~~ Diplomacy of a country is highly dependent upon how it presents itself. When a country's economic policy is notorious for being dependent on conditions set by foreign lenders, its credibility and legitimacy gets compromised. ~~for instances,~~ all the global powers like US, China, Russia, and EU, ~~can be~~ hold their economic sovereignty. They are not under the burden of foreign debt. Thus, they influence global politics and remain the status quo powers.

~~Besides,~~ foreign debt is also used as a tool by the imperial powers to maintain their hegemony. Once foreign debt is procured by the developing country it becomes a self-fulfilling prophecy of being dependent upon the next round of debt. Along with this vicious cycle, the recipient becomes subordinated to the donor's interests. For instance, African continent, after decades of decolonization ~~are~~ is still under the imperial interests of the global powers. Because it's ~~country~~ countries are mostly under the burden of foreign debt. Thus, gradually and slowly the aid becomes a debt trap, a vicious cycles

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which ~~limits the sovereignty~~ of the recipient state, feeding the hegemonic ambitions of global powers working as donors of foreign debt.

In conclusion, foreign debt ~~can~~ as an aid becomes a cage with its burden circumscribing the sovereignty of a state over its political, economic, and ~~social settings~~. It creates a vicious cycle of debt trap that can compromise the territorial integrity, foreign policy, national prestige, and domestic stability of a country. ~~When~~ indigenous ~~self-reliant mechanisms~~ are absent, foreign debt can be bring to fulfill immediate economic needs. However, the concurrent use of such scapegoats have a far-reaching consequences. It creates an unstable economic system thus plunging a state into the abyss of ultimate state's failure. Although, the fate for such a state seems gloomy, there are examples and case studies that ~~gir~~ provides hope that a state can break this cycle and bring back sovereignty and freedom. It ~~requires that~~ the government make continuous attempts to achieve self-reliance by investing

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in productive sector and human capital. Once a country becomes able to stand on its own resources and production it can break this vicious cycle and stabilize its political, economic, and social spheres.