

# The Role of Aid: Neo Colonialism

## 1 Introduction ✓

1.1 - Defining Aid ✓

1.2 - Historical Context ✓

1.3 - Aid has led to the social, economic and political control of states, perpetrating imperialism through new means. ✓

## Aid, The New Form of Imperialism ✓

2 How is Aid The Colonialism  
Of Today the Modern Age ✓

2.1 The Poor Case for Aid Efficiency ✓

a) The Wastage and Cost of Distributing Aid ✓

b) Corruption in the Aid Process ✓

d) ~~c) Inefficient allocation of aid~~

It does not convey any sense

## 2.2 Aid for Influence

a) The Carrot and the Stick:

The Economic Hitman

b) Shaping State Behaviour

The U.S and Egypt

c) ~~Hard Power and Tied Hands~~

## 2.3 The New Market Frontier

a) Easy, Uncompetitive Markets

b) Cheap Underpaid Labour

c) Capital Outflow

## 2.4 Stifling Local Development

a) Limited Value Addition

African Raw Materials

b) Local Externalities

India and Coca-Cola

c) Trade Dependency

## 2.5 Cycle of Dependence

a) ~~Skews Local Priorities~~

Compromised local priorities

b) Limits Innovation

c) Perpetuating System of Dependence

3 The Need for a New System

a) Real Development Over Aid

b) Co-operation Over Control

c) Equity for the Global South

4 Conclusion

# The Essay

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Self definition is quite appropriate here

Aid can be defined as helping others without the belief of being recompensated in the future.

In the international arena, aid is often distributed by multilateral organizations such as the United Nations, or in the form of concessional grants and loans, with minimal interest. These funds flow to nations in the global South to help achieve social and economic uplift. The

current system of aid grew post WW2 where Bretton Woods institutions were created with the goal

of helping newly independent, and struggling nations. However, over time

many social groups, economists, and nations have come to criticize the present aid system as predatory. Many now believe that aid has led to

the social, economic, and political subjugation of nations, perpetuating imperialism through new measures.

~~This essay seems to shed light on these arguments to illustrate how the present system of international aid has largely contributed to Neo Colonialism in the Modern age.~~

This is immature transition

To begin this discussion it is useful to first shed light on the inefficiency of aid. Much of the aid provided to nations often gets wasted in its dispersal. Aid organizations such as the Red Cross have come under criticism for the excessive wages paid to administrative and executive staff.

The CEO of the Red Cross earns a salary package in excess of 200,000 USD per annum, with a wide range of support staff. Estimates have shown that over 35% of aid donations and funds go to administrative expenses before reaching the ground. Moreover, once the funds have reached their target destination

a whole new set of problems present themselves. ~~Wastage, pilferage, and corruption~~ <sup>Are severe challenges</sup> are ~~huge challenges~~ that lead to significant leakages within the process. ~~It is not uncommon to see UNICEF supplies in Pakistan in places~~ <sup>where they are not meant to be.</sup> Moreover, ~~wastage of supplies~~ <sup>occurs in harsh and unstable environments.</sup> The recent Gaza conflict <sup>post October 7<sup>th</sup></sup> ~~has~~ <sup>has resulted into</sup> ~~huge packages~~ <sup>of aid being</sup> ~~wasted at the border.~~ ~~It was uncovered later that some goods were being sold in markets.~~ <sup>It is confusing grammar</sup> Finally, inefficient allocation of aid also contributes to the limited efficacy of aid. Aid often fails to get to the people who need it most. Additionally, the ~~dollar~~ <sup>dollar</sup> efficiency of aid in producing benefits to help the disenfranchised has been questionable. For example, significant portions of aid

Sent to Pakistan to deal with the 2005 Kashmir Earthquake went to fund government operations rather than helping the afflicted people. The same scenario was repeated with aid provided to the Afghan government post 2001. Much of it was lost to government corruption.

Given the poor supporting data to justify aid, many questions can be raised on its actual purpose.

As illustrated by the Afghanistan aid dispersals post 2001, aid was not effective in helping the majority.

However this aid did allow the U.S to influence the new Afghan regime. This influence of aid has been detailed in the book 'The

'Confessions of an Economic Hitman.'

Here the author described how aid was used by the West to entrench themselves within the receiving nation, thereby providing influence

on local policies. The Carrot, Economic aid and Concessional loans, were provided to nations while the Stick, of repayments or ending support, was also utilized. This method of Neo imperialism was the hallmark of West-East relations during the Cold War.

However this influence extends to the Modern age. The U.S currently provides Egypt with over \$3 billion per annum. These payments are used to shape Egyptian foreign policy, to protect the interests of the American ally Israel. This aid was a sweetener in the U.S organized Israel-Egypt Peace Agreement of the late 1970s under the Carter Administration.

The present Gaza Conflict shows how despite the Egyptian public's demands, the State is unwilling to react to Israeli aggression. The reality of the situation is that the Egyptian State's hands are tied, given its economic crisis and dependency on the IMF.



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Given Significant <sup>devaluations</sup> drops in the Value of the Egyptian pound, and massive repayments, angering the U.S. has the potential of State default. ~~This is only one example of many~~, Show casing how aid influences State behaviour. Aid here only serve the purpose of hard power.

Write with proper subject verb object

~~Another use case for aid is in the opening of markets, much to the benefit of Western firms.~~

The Marshal Plan of the early late 1940s was a prime example.

Nations of Europe were promised aid by the U.S. as long as markets were open for U.S.

firms. Moreover, the aid provided was only given if the funds were spent on U.S. goods. This led to

the proliferation of U.S. firms

such as General Electric and Ford

that came to dominate these markets for decades to come.

The U.S. also replicated this strategy further east, promising the Philippines independence if markets remained open to U.S. goods. This was further cemented with aid for compliance.

These strategies eventually led to U.S. economic dominance post 1950s.

These strategies took new forms post industrialization. Western economies sought cheap labour and untapped markets in the age of globalization.

IMF and WB agreements came with demands of open markets free from regulation. India's agreements with the IMF in 1991 and the post-Soviet nations also agreed to open their economies for aid and concessional

lending. In Pakistan the new era of neo-liberalism led to new entrants such as Nestle which took over markets such as the bottled water market. Local firms struggled to compete with the technology and economies of scale

of these giant firms. In the long-term these agreements and aid terms started to result in capital outflow as Multinationals sent their profits to their home nations.

Plz focus on grammar

This opening of markets, and the crowding out of local firms has led to the stifling of local development. Multinationals used the developing world to extract raw materials, such as in the gold mines of Africa, and the diamonds of South Africa. Moreover, these policies prevented value addition and normal business development through effective monopolies, inhibiting the development of local industry. Today still most of the profit is generated by brands such as Primark, Hugo Boss and others using cheap labour in nations such as Bangladesh. This development came at the cost of the local people and environment.

Such as through Coca Cola in India. The firm overuses water supplies leading to the depopulation of surrounding areas. Thus the local people pay the cost for aid agreements that open markets to foreign firms. These nations have also created a system that creates dependency through trade, ensuring low value added materials and goods flow from east to west.

The culmination of aid's role in opening markets, influencing nations, and preventing local growth leads to a cycle of dependency. Nations grow dependent on western nations for aid, which forces them to open markets and provide cheap labor and few environmental standards to western firms. This prevents local developments, growth, and innovation within trapped economies that may grow only up to a certain level, before the design of the system limits them. The system

forces Nations to remain Captives in the aid driven System that extracts more than what flows in. Moreover the System is allowed to fine shape and maintain itself through the Co-opting of elite Structures. Developing Nations, with weak oversight cannot control rampant Corruption, giving the Multinationals businesses and aid Systems' Control over State Policy.

~~This doom Nations to being perpetually stuck in this Master-Slave dynamic indicative of the age of Colonialism.~~

Thus there is a need for a new System. One that does not take advantage of Nations through aid and lock them into a Self-Serving System that allows for Western Control over ~~the~~ Nations. Real development should be encouraged that helps create industry with local partners through Models such as joint Ventures. This System was key to Chinese

development in the automobile Sector, which now rivals automotive giants in Germany. This concept was articulated by the Pakistani Prime Minister Shebaz Sharif, calling for an end to the aid driven approach. "We are looking for investments, not aid." Only a system that learns to cooperate with local firms instead of subsuming them will be able to bridge the North-South divide. Policies created that treat both parties as worthy of respect will be able to create an equitable system of sustainable growth.

In conclusion the current system of aid has led to the social, economic and political subjugation of nations which perpetuates imperialism through new means. Aid has been proven as inefficient and a concept of a bygone era where it influenced nations, opening up underdeveloped markets, which stifled local development and

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Consolidated inequality on the World Stage. However, a global reset, involving Co-operation over Co-optation and development over aid can right the wrongs of the past and usher in a new age of global Co-operation. Following policies that treat both the developed and the developing as equals can break the shackles of inequality for growth without prejudice.

Need improvement in expression and word choice