07
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Date: 21/25 Day: Tuesday

Topic:

When Aid Become Cage: The Burden Of Foreign Debt

Outline:

1. Introduction:

Thesis statment: A correlation is found between burden of foreign debt and how it becomes cage for developing economies like Pakistan. Foreign debt although provides breathing Space to deblitating economies, but eventually be the cause of its long time dependance. However by making proper strategies, countries can free themselves from the cage of foreign aid.

2. Increased burden of foreign debt, finally becomes cage for a poor economy
3. Which factors contribute to increase in foreign debt and hinders progress.
   a) Lack of institutional reforms to strengthen country's economy.
   b) Unstable political scenario added by rapid transition to civil-military rule.
   c) Minimal efforts to install local industries and it resulted an increased foreign dependance.
   d) Rapid influx of migrants after

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independance exacerbating deblitating economy

e) Lack of technological worfares to counter hostile neighbour attacks

4. How increased dependance on foreign ~~aid~~ aid effected country?

a) Hard policies and decision making by institutions

b) True spirit of democracy got lost due to increased foreign interventions

c) Getting entagled in various economic issues like circular debt and decreasing foreign reserves

d) Unemployment and inflation increse causes incresed crimes

e) Ongoing import of warefares from foreign countries but still not have technology to develop them

5. Ways to cope up the burden of Foreign Debt.

a) Institutional reforms prioritizing country's long term intrest should be promoted.

b) Political stability should be ensured for maintaing peace in the country.

c) Pakistan should become less imports and more export-led economy that increse foreign debt and Pkr get stable againts dollar.

d) More jobs should be created

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to crub the illness of poverty

e) More focus should be on research and development so that technological dependance ends

Once a man came to Prophet Muhammad (SAW) and ask for some financial help. The prophed Muhammad (SAW) replied him in unique way which resulted in the poor man having an axe in his possession. The Prophet (SAW) told the man to go and earn his livelihood by cutting firewood with axe and selling it. Instead of solving problem temporarily, it should be permanently solved. But for Pakistan the factors that contributes to the burden of foreign debt and hindering its process are many. For example, lack of institutional reforms, unstable political scenario and civil-military transition. Moreover minimal efforts to install local industries, rapid migrational influx and lack of technological advancements are the main causes contributing to increased foreign debt. The increased dependance on foreign aid resulted hard policies decisions making, losting true spirit of democracy, that further pushed us to economic crisis like circular debt, decreasing foreign reserves which further increase inflation. Moreover, we

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go on importing warfares but unable to get that technological advancements. The burden of foreign dept can be copped up by prioritizing those institutional reforms that are in country's favour. Also political stability be ensured for peace, and we should shift from import based to export based economy which will increse job opportunities, alleviating poverty. There should be more focus on research and development so that technological dependence ends. So, a correlation is found between burden of foreign debt and how it had become cage for developing economies like Pakistan. Foreign debt although provides breathing space to deblitating economies but it is not the solution. However, by making and implementing strategies countries can get redemption form cage of foreign aid.

According to International Monetary Fund, foreign debt is the liabilities owed by a resident to non-resident, with residence being determined by creditors and debtors. Pakistan has a long history of loan taking from IMF since 1958 and till present day over economy is based on foreign grants, bail packages, extende

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facilities funds and so on. With time Pak-istan got entagled in the worst cycle of circular debt. We are still unable to pay off for loan and further taking loan. It caught us in a worst cycle of economic recession.