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Foreign Aid: Road to Stability OR Recipe for Disaster?

Outline

① Introduction
Thesis Statement

② Foreign Aid is a Recipe for Disaster.

2a) Erodes economic sovereignty — dictating economic policies

2b) Lowers human development — ceasation of the welfare programs

2c) Loss of indigenous industries — trade liberalization

2d) Least competitive export products — removal of subsidies

2e) Exacerbates inflation — purchasing power decreases

2f) Increases unemployment — rightsizing and privatisation

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2g) Trade deficit increases — undermines economic stability

2h) Powerful states use it ~~for affluence~~ their influence over weaker states.

③ Foreign Aid is a Road to Stability: A Counter Perspective

3a) Alleviates poverty — structural reforms and technical assistance

3b) Addresses balance of payments crises — providing financial support

3c) Promotes economic stability — reforms and loans

④ Conclusion

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It was a year 1947, when a new country emerged on the world map, and after one year, its governor general inaugurated its State Bank. With the inauguration of that State Bank, the governor general of the country said that the country had achieved economic sovereignty. Unfortunately, the very economic sovereignty which was established with the inauguration of the State Bank is being slowly eroded due to foreign aid. Therefore, it can be assumed that the foreign aid is indeed a recipe for disaster. As due to foreign aid the economic sovereignty of the country is eroded due to dictation of economic policies. Moreover, the human development of the country lowers due to ceasation of the welfare programs. Furthermore, the country losses the local industries due to trade liberalization policies. In addition, it exacerbates inflation as the purchasing power parity decreases. More importantly, the foreign aid is used by

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powerful states to maintain influence on the weaker ones. However, there exists an opposite school of thought, which believes that the foreign aid is a road to stability. According to this school of thought, foreign aid helps in addressing the balance of payment crises. However, that is not the case entirely as this further traps country into a cycle of debt dependency. Hence, in a nutshell, it can be deduced that foreign aid is a recipe for disaster.

To begin with, the foreign aid is a recipe for disaster as it erodes the economic sovereignty of the country. As policies are formed and legislated assemblies, but the dictation comes from where the aid comes. This makes the country's economic sovereignty eroded as policy makers cannot formulate or adopt economic policies, which suits best the country, independently. For instance, the recently monetary policies of Pakistan was approved through the dictation

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of the International Monetary Fund. This made the country's economic sovereignty being eroded by a foreign power. Hence, it can be said that the foreign aid is a recipe for disaster.

Moreover, the foreign aid is a recipe for disaster as it lower the human development of the country. The human development of the country lowers, when the country is instructed by the aid giver to cease these program of welfare, as they put burden on the national expenditure. As a result of this, the population of the country does not benefit from these programs. Moreover, they suffer from lack of education and proper healthcare facilities. As theory of neo-Realism argues that states always tend to increase its power by considering itself as a unitary without caring for its population. And this results in ~~~~ illefficient and less productive population. Therefore, the foreign aid is considered as a recipe for disaster.

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Furthermore, the foreign aid results in loss of indigenous industries which indicates that it is a recipe for disaster. The aid comes with some conditionalities which results in the decline of the local industries. For instance, the aid giver instructs the country to adopt the policy of trade liberalization to allow foreign products in the country. This results in low sales of the locally manufactured products as local population prefers foreign products. The ripple effects of this is that the indigenous losses its market, resultantly making the decline of indigenous industry unavoidable. Hence, the foreign aid is a recipe for disaster.

In addition, the foreign aid is a recipe for disaster as it makes least competitive products, which are to be exported. The aid mandates the country to remove subsidies from the petroleum and energy. Due to removal of the subsidies, the products which are made locally becomes expensive. Furthermore, this results in the

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least competitive products in the international market in comparison to neighbouring countries. For instance, Pakistani products are expensive in comparison to its neighbours such as India, Bangladesh, and Vietnam which makes the country's products least competitive in the international market. All this occurs due to repressive instructed measures of the aid provider. Therefore, it can be assumed that foreign aid is a recipe for disaster.

Additionally, foreign aid is also a recipe for disaster as it exacerbates inflation. The aid provider mandates the country to increase the indirect taxes to increase income. The results of this is a the population suffers from the wave of inflation. Moreover, it reduces the purchasing power parity of the population of the country, as it becomes difficult for them to afford basic necessities. For instance, when Argentina sought foreign aid from the IMF, the inflation in the country went on

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all time high. Due to this the population of the country suffered from low PPP. Hence, it can be said that the foreign aid is a recipe for disaster.

Furthermore, the foreign aid is a recipe for disaster as it increases unemployment in the country. Due to provision of aid, the country is mandated to do rightsizing and privitasization. Through right-sizing, the country fires those employed people who are no more required. Moreover, the privatisation of the state-owned enteprises results in job insecurity. For instance the chaos and instability in Sri Lanka erupted in 2022 was result of mass unemployment, sponsored through foreign aid. Therefore, it can be said that foreign aid is a recipe for disaster as due to this the country faces the menace of unemployment.

Moreover, foreign aid is a recipe for disaster as it results in increase of trade deficit

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Due to conditions of aid provider, the country adopts the policy of trade liberalization, which increases the flow of imports. When the rate of imports increases and exports decreases, the country gets trapped in trade deficit. Due to this, the foreign exchange reserves instead of increasing, decreases. Thus puts the country in the continous cycle of trade deficit, which threatens economic stability of the country. Hence, it can be argued that the foreign aid is a recipe for disaster.

Finally, the foreign aid is a recipe for disaster as powerful states use aid for their influence over weaker states. After the end of colonialism era, where powerful countries used to physically capture the weaker ones, the neo ~~neo~~ colonialism era strated where countries use economic incentives to maintain influence. As in the rules based order, it has become difficult for countries to directly

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capture and extract resources, so these powerful countries use aid as a tool for their dominance. For instance, in recent-past, the Secretary Advisor of the USA, Marco Rubio said, "The US has not cut their foreign aid, however, now, the foreign aid will be used strategically to achieve the objectives of US." This shows how powerful states use foreign aid for the purpose of influencing weaker countries. Hence, it can be assumed that foreign aid is a recipe for disaster.

However, there exists an opposite school of thought, which argues that foreign aid is a road to stability. Initially it argues that foreign aid aim to alleviate poverty from the country. It formulates structural reforms and provides technical assistance to alleviate poverty from the country. However, the practical approach goes entirely against this as foreign aid is given to those countries which are strategically important to the powerful countries.

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For instance, Ukraine and Israel, the two strategically important countries, have received the most foreign aid in recent years. In contrast, the African countries, which are poverty ridden, did not receive the aid needed to alleviate poverty. Therefore, it can also be argued that foreign aid is not a road to stability, rather it is a recipe for disaster.

Moreover, the foreign aid is assumed as a road to stability as it addresses balance of payments crises of the country. The foreign aid comes at a time when the country is going through severe shortage of ~~[illegible]~~ foreign exchange reserves. It aims to address ~~the~~ BOP crises through loans. For instance, Pakistan was recently going through the BOP crises, but the provision of aid from friendly countries addressed the BOP crises. However, the case is not that much positive entirely as the foreign aid increases the debt burden on the country. For instance, due to foreign aid, ~~the~~ Sri Lanka witnessed the bankruptcy due to debt

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burden on the country in 2022. Hence, it can be said that foreign aid is not a road to stability, but a recipe for disaster.

Lastly, the foreign aid is a road to stability as it promotes economic sustainability and stability. The foreign aid aims to promote economic stability through structural reforms to address the economic problems of the country. Moreover, it also saves the country from the bankruptcy. However, the practical approach of the foreign aid goes entirely against the theoritical approach. As it neither saves the country from bankruptcy nor promotes economic sustainability and stability. As Sri Lanka inspite of receiving foreign aids faced bankruptcy in 2022, and Pakistan despite receiving almost 50 billion dollars in aid has not achieved economic sustainablity and stability. Hence, it can be assumed that the foreign aid is not a road to ~~economic~~ stablity, rather a recipe for disaster.

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Hence, in a nutshell, it be concluded that the foreign aid is a recipe for disaster. As due to the foreign aid, the economic sovereignty of the country is eroded with the dictation of foreign forces. Moreover, it reduces the imports and increases exports, making ~~a~~ trade deficit inevitable. Furthermore, it lowers the human development of the country, thereby making the country's labour force inefficient. Additionally, it increases the unemployment through rightsizing and privatisation. Most importantly, the foreign aid is used by the powerful states to maintain influence and dominance over the weaker states. However, on the other hand, the opposite school of thought exists which argues that the foreign aid is a road to ~~a~~ stability. To substantiate, they argue that foreign aid helps in alleviating poverty. However, the aid ~~[illegible]~~ is ~~[illegible]~~ given to those countries which are strategically important. As the aid does not goes to African countries which

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are poverty ridden and down trodden. Hence, it can be proved from the above discussion that foreign aid is a recipe for disaster.

Queries:

→ Is it ok leave a line between arguments in the outline?

→ In an Argumentative Essay, we just have to refute the counter perspective in the same argument of the counter perspective paragraph?

→ OR we to give one paragraph of synthesis?

OR

Is it ok to refute the antithesis in the same paragraph?

→ Please do answer these.