

Foreign Aid : Road to Stability or Recipe for Disaster

Outline

1 Introduction

- a) Understanding the topic
- b) Thesis statement

"Foreign Aid is more of a recipe for disaster ~~not~~ than a road to stability as it impacts the recipient country's political, social and economic landscape. Foreign Aid causes the government policies to be influenced by the donor's preference, can deteriorate the efficiency of the population and also paves the path for corruption and malpractices within the recipient third world countries"

2 Reasons Foreign Aid is a Recipe for Disaster

a Political Impacts:

- i) Lack of intent of authorities

ii) Influence over government policies

iii) Donor Preferences override Nation's Needs.

b Social Impacts:

i) Heavy reliance kills internal development

ii) There is lack of morale and efficiency among population

iii) Prejudiced view about the Nation

c Economic Impacts

i) Foreign Aid gives plan but lacks practicality

ii) The issue of circular debt

iii) Corruption and Mal practices

3 Counter Arguments:

i) Foreign Aid causes stability

ii) Foreign Aid ensures Modernity

4

4 Case studies:

i) Afghanistan

ii) Tanzania

4 The case of Pakistan

5 Way Forward

6 Conclusion:

The concept of Foreign Aid can be understood in a way that the government of a country, the organization of a country or neutral international institutions help the other country in order to help it with the development in the social and economic way. This concept was majorly adopted by the developed nations as a response to the massive destruction after the World War II. The main objective was to ensure that the countries impacted should be helped in order to recover in a swift manner. As the time passed by, the developed countries found aid as a tool to influence the recipient country to safeguard their interests and the recipient countries became more and more dependant upon the foreign aid for their survival. Foreign aid is more of a recipe for a disaster than

a road to stability as it impacts the recipient country's political, social and economic landscape. Foreign aid causes the government policies to be influenced by the donor's preference, can deteriorate the efficiency of the population and also paves the path for corruption and mal practices within the recipient third world countries.

Foreign aid is a recipe for disaster as it impacts the overall nation in every aspect of life. These can be in the form of political, social and economic impacts. The political impacts are very much important as because of these the positive impacts cannot reach to grass root level.

When the foreign aid is granted to a country, it is very

much important that the intent of the government as well as the authorities should be nice and clean. Unfortunately, it is a common sight that in the under developed countries, the authorities are not that much efficient and they do not intend to solve the issues faced by the population, rather they are self-centered and focus on the issues which do not have much importance. Consequently, this impacts the overall positive effect of the aid.

It is also seen that aid has been used as a tool in order to safeguard the interests of the donor country. As the donor is providing a financial help, they can influence the policies such as fiscal and

economic policy, health, education etcetera. The national authorities are helpless in a way that if they do not bend upon this influence, they won't be given any kind of aid. In order to ensure the development of the population and country, the local governments accept this influence. Hence, by using aid as a tool, the donor country can make any of its decision acceptable by the recipient.

The donors are always self centered. They are more focused on the problems and development needs which are considered important. It is not very much seen that the donor asks the recipient country about the problems rather they themselves decide which problem

needs attention. Due to this sometimes most pertinent of the problems are left unsolved and those of low importance are solved. This ~~can~~^{is} be done in order to promote their preference and point of view, neglecting the country's opinion about the issues which need most attention. Donor preferences are important. hence, only those issues are kept under consideration which are according to the will of the donor.

Foreign aid also has a significant effect on the social landscape. It can be elaborated in the following manner:

When the countries heavily rely upon the foreign aid, there is a high chance that

those nations ~~to~~ eventually will not focus on the internal development. The countries are satisfied with the amount of aid they are receiving and it is effectively helping them so they do not feel the need to develop the nation internally.

When the internal development is stopped, the countries' means of production do not develop.

As a result, the dependence upon the foreign aid continues to grow. It is evident that due to heavy reliance on the foreign aid, the internal development gets stagnant.

When the country is run by foreign aids, they do not decide ~~which~~ what to do rather it is the donor who decides. This only creates limited

opportunities for the population and they are most of the times unwillingly involved. The lack of opportunities lowers the morale and due to this the efficiency lowers. Hence, it can be said that due to reliance on foreign aid the overall workforce of the nation is dismayed and cannot help in the efficient development as a whole.

The view point of the developed nations is very prejudiced towards the nations who which receive the aids.

The overall country and specially its population are seen as useless entities and it is also ~~to~~ believed that they ~~to~~ can be just used when needed and throw away, unfortunately. This

pred f
the p
a ser
from
not
whe
take
towa
work

has
eco
can

is

propped prejudice in turn makes the population ^{feel} inferior and a sense of hatred emanates from within. Hence, it will not be too wrong to say that when such kind of prejudice takes place, it surely goes towards violence eventually disturbing world peace.

Foreign aid also has a profound effect on the economy of a country and this can be described as follows:

When the foreign aid is given to a country, it looks very charming on the paper, but when it comes to the practicality, it is either not relevant or it is beyond the capacity of the recipient country. In order to make that plan work,

a heavy cost is instilled by the recipient country. This gives a major blow to the economy as the cost gets much higher than the benefits. Eventually this affects the struggling economy in the worst way.

Most of the aid recipient countries face the issue of circular debt. It is a common practice that when they are given aid, instead of spending it on public welfare, it is used to pay off debt easing the economic burden. This is also a result of less effective check of the donors and the priorities the authorities instills. This creates a very negative image and also the aid which was supposed to be spent on public welfare, goes

6/11
somewhere else. Hence, in order to ~~less~~ get a small relief by paying off circular debt, the essence of the aid gets diminished.

~~When the~~
Due to the foreign aid inflow in the country, there is also a high risk of corruption and malpractices. The amount which had been given to counter some issues never gets fully used for that rather the authorities and some influential people keep their cut. Again, when such practices are there, it would be a dream to think that people are getting anything out of it. The corruption and malpractices are curse which eventually deprive the people of their due right.

Not every person agrees to this point of view. There exists a group which terms foreign aid as a source of stability and development.

The foreign aid is considered that it ensures stability. This notion is somewhat true but if the negative outcomes in the form of social, economic and political spheres are taken into account, this notion gets void. There maybe some cases of stability but the negative connotations are a lot. This is the reason foreign aid cannot be termed as a stability factor.

It is also said that the foreign aid is also essential for modern development. This

notion is also wrong as most of the developed nations consider or use it as a tool to complete their interests. The stance of modernity and development is sometimes used to exploit the recipient. Hence, this is more of a point presented on paper which is far from practicality.

The case studies of Afghanistan and Tanzania are very important in this regard.

Afghanistan since 1975 is facing political and social dilemma. To make it developed a lot of nations took part but due to the preferences of the leadership, the aid was used for other purposes than welfare which is evident from

Afghani Nationals. In Tanzania the issue is that of corruption and because of that the aid worsened condition.

Pakistan is also an example of a nation which since its inception ran on aid and has not developed itself internally, severely impacting social, economic and political landscape.

It has been proven that how foreign aid is involved in impacting the country in social, economic and political way. In order to fully gain advantage of the aid proper mechanism of checks is important ensuring the effectiveness.