

Impact of aid on sovereignty of the recipient country essay sample



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According to McNeill (1982: 20) sovereignty is the quality of having supreme, independent authority over a geographic area, such as territory. It can be found in a power to rule and make law that tests on a political fact for which no pure legal definition can be provided. In political theory, the ultimate authority in the decision making process of the state and in the maintenance of order. According to Anderson (2001: 78) foreign aid is the transfer of resources from developed countries to under developing countries, either through bilateral donors or multilateral donors. Many countries in the world accept foreign assistance and get different benefits along with a few adverse results. It is the debt that is given by a country to another country on the concessional rates. Mazrui (1986: 69) stated that aid often comes with conditions on its allocation. This is called aid conditionality. The two types of conditionality are outcomes and process based conditionality. Outcome conditionality ties aid to a certain goal while process conditionality is often seen together.

The problem with aid conditionality is that it not only restricts the local legislature in how they shape their own country, but often removes local populations from the goal setting and decision making process entirely. An evaluation of possible consequences of foreign aid may reflect direct as either economic, financial and at most times the mixture of the two. This superficial view of these quencequences is mostly limited to the economic facet of public policy by governments. What remains unchecked is the trickle down impact of the economic policy implementations on the socio-political facet of an independent government. When a government has definite objectives concurrent with and reflecting a vision of perhaps the ruling party

or the nation itself and the economic policy changes, impact on the socio-political facet of the country is not in accordance with the country's vision, then sovereignty of such a state is certainly shaken by what invoked the changes in economic policy, in this case foreign aid.

The implications of foreign assistance have made it a debatable issue. Foreign aid is normally subject to certain limitations, which reflect the motives of the donors as to how much they are sincere to the development and welfare of the developing countries or pursue their own convert interests. Fry showed that the debt/GDP ratio in excess of 50% has a negative impact on the economic growth due to flight of capital and a decline in the quantity and deficiency of investment. According to Shahruk (1997), the harsher terms on which Pakistan gets aid makes the debt trap more formidable as does the economies of aid growth nexus. Aid becomes expensive if the donor does not pay money rather conditions purchase of commodities, the objective of the donor seems not to give loan but promote its export, " for example, if Pakistan takes loan from USA and USA imposes a condition that Pakistan will have to purchase F16 at any price. Similarly prices are given to Pakistan for purchases of accessories also", Lancaster, (1999: 26).

There is a problem that once aid is accepted, the ability of recipient governments to extricate themselves from implied political and economic obligations of donors and prevent donor governments from interfering in their internal affairs can be greatly diminished. Orjiako (2001: 59) indicated that foreign aid is sometimes followed by disastrous policies by government sometimes. IMF or World Bank imposed conditions on recipients to increase <https://assignbuster.com/impact-of-aid-on-sovereignty-of-the-recipient-country-essay-sample/>

utility prices, taxes, so that the recipient would be able to repay principal and interest to these institutions. Which may in turn hamper local developmental activities and social welfare level of the society? The recipient country comes under the heavy influence of donor country, which cannot be avoided in any circumstances. Foreign aid has immensely influence the socio-political life of developing countries. It has helped the rulers to extend their tentacles to prolong their rule and to suppress opposition. In this way foreign aid promotes social and political tensions and eventually could result in halting economic development of the developing countries.

This undue increasing trend of the donor country interfering in the political and economic affairs of the recipient country may put its sovereignty and self reliance at stake. The accountability of national leaders to foreign interests beyond the influence of their own population is the condition of shadow sovereignty. The foreign entities that control government policy are concealed and alien possessing no connection to the people and therefore exercising power with no direct responsibility for results and no fear of accountability. The occurrence of shadow sovereignty is dependent upon the degree of influence exercised by donor entities, merely receiving aid does not make one a victim of this shadow condition. Furthermore, large scale loans are an essential component of shadow sovereignty, while grants may exacerbate dependency, they do not contribute to the debt cycle that eventually ensnares a recipient nation. A crucial statistic is the amount spent by a recipient country to service previous debt in a comparison with the total unconstrained budget.

Most monies that are received by recipient governments have limitations to what they may be spent upon, many funds are not available for debt service. The recipient government is forced to spend incoming aid on an agenda determined by the donor entities; meanwhile it must spend its own revenue to service the interest on previous loans. According to Orjiako(2001: 69), large amounts aid loans for many African countries over the past several decades have created large debt overhangs and debt servicing obligations which have cost African nations to owe on average 68% of their gross national product in debt as of 1998. As we see the dependency on international aid is ruining the third world country's sovereignty, for how much longer can we rely on aid? Isn't it finally time for African countries to stand up on their own feet? Aid is not working so well anymore. It is time for other solutions to come into effect.

Therefore it is important for any country, especially those that depend on aid to control the over performances of organisations operating within their borders. On a more toned down scale there are people who have less say in how their governments uses their resources, promotes their rights and spend their money. According to my judgement this is not fair. Incompletion to this essay, Foreign aid is an injection of capital into an economy which is given in the form of a financial liability in most cases, foreign currency reserves. Like most debts, when issued there are standards that the state that is receiving the aid has to meet and maintain and it is this standards that influence the changes in economic policy which trickle down the socio-political changes, threatening the sovereignty of an independent state. It is only self-explanatory that if the labour party does not live up to its name it is no

longer sovereign. The dependency of the third world countries to international aid kills their sovereignty.

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