

Advantages and disadvantages of foreign aid



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There is no doubt that today's world is more affluent and has more advanced technology than ever before, however, there are famine, pollution, water shortages and development problems in dozens of countries. In that case, many countries and organizations are supplying aid and supporting undeveloped countries. In this context, ordinary people who live in rich countries also have greater awareness of helping their infrastructural development. Food, technological, educational aids have become an accepted policy of advanced countries to assist in furthering the development of the human and material resources of poor countries.

Unfortunately, problems were misdiagnosed or not foreseen. It is no good taking over the aid of foreign countries uncritically. Moreover, foreign aid would make undeveloped countries lose their economy, market and other area's independence. At the same time, as a kind of political exchange, undeveloped countries have to obey new rules which created by developed countries and further to be vassal states again. This essay aims to discover whether foreign aid hinders development or not.

Nowadays, most countries in the world have not finished the progress of being industrialized. Consequently, it is a key research topic to whether developed countries and organizations should supply aid to undeveloped countries and how to support them correctly.

2. The advantages of foreign aid to development

“ Some people are going to have to starve, we're in the position of family that owns a litter of puppies, we're got to decide which ones to drown.”(US Secretary of Agriculture, 1946)

Liberating people from hunger world

Food is necessary to the existence of man . Most developing countries have more people than they can feed. Population and the demand for food are at a parallel rate (Deverus, S, 1992). Hence a majority of them seems to have sunk into poverty and people from a hungry world. For over 40 years, the U. N. World Food Programme (WFP) has provided food to victims of wars and natural disaster in many counties. Annually over 100 million people in 77 counties are taken care of. In 2008, there are 2. 6 millions grains of rice to curb hunger around the world. Even so, we are still living in a world where every seventh person is hungry. (Luescher, B, 2009)

According to Luescher, the number of people below the poverty line tends to drop significantly. It is difficult to imagine that what would happen if food aid were reduced to poor nations. Foreign aid can alleviate hunger in populations hit by natural disasters and other crises and supply food to support people who live in poor countries as they rebuild after a crisis. “ Foreign aid can also be a payment for community-organized work projects, such as building farm-to-market roads, water catchments, and terraced hillsides, improving management of natural resources and access to services and markets for rural communities.” (The history of food aid, 2004)

Accelerating industrialization in underdeveloped countries

Since the end of the Second World War the governments and peoples in richer countries of the world have become increasingly aware of economic problems of their poorer neighbours. (Mounjoy, A, 2007) Foreign aid from developed countries and international organizations has become an important solution to the development of the human and material resources

of these countries as the cure for the ills of under-development, with its high degree of success held to be related to the high degree of foreign capital investment. Foreign aid has already become a universal panacea in industrialization.

Indeed, many developing countries have benefited from foreign aid. There are different forms of aids being offered by foreign governments and firms. Most of them would create millions of job opportunities and teach new technology or management experience to undeveloped countries. It may be impossible to many modern factories operating without foreign technology. Undeveloped countries' governments are supported by foreign financial aid like World Bank and tax which is from foreign companies' investment. In that case, governments would have a constantly financial resource though industrialization.

Improving International relations

The humanitarian response of international community from foreign aid has improved international relations dramatically. Foreign aid would give a clear indication that developed countries considered closer ties with developing countries in their economic and strategic interest. (Deverus, S, 1992) In February 1978, a long-term Technological and financial aids' plan lead to relations had a great changed between China and Japan. (Japan aid to China-Relations with China, 2009). Though this plan, China could receive equipment, technology, construction materials, and machine parts in return for coal and crude oil by free or low price.

In response, Japan and China adopted strikingly complementary foreign policies: Before this plan, as a loyal ally of the United States, the Japanese government was committed to no recognition P. R. China government. (Japan aid to China-relations with China, 2009) However, the plan of the agreement reflected the wish on both sides to improve relations. In April 1978, Senkaku Islands' problem was developing momentum toward a resumption of peace treaty talks. " Restraint on both sides led to an amicable resolution. Talks on the peace treaty were resumed in July. The Treaty of Peace and Friendship was signed on August 12 and came into effect October 23, 1978" (Yuan, T, 2009).

Case study: The relation between foreign aid and the Chinese famine

It has only recently emerged that China was devastated by an enormous famine in the Great Leap Forward period of 1958-61; in its scale certainly the worst anywhere in human history. Foreign aid from international organizations and developed countries are refused due to political factors. The leaders of Chinese government considered that if China received foreign aid, China would lose independence of food market and become political slave. However, this unwise decision became an important reason of famine from 1958 to 1961.

" Recently released demographic crisis of enormous proportions! about 30 million premature deaths and about 33 million lost or postponed births" (Ashton, 1984, quoted in Deverus, S, 1992). Previous estimates of the number of ' excess death' during this period ranged from 16 million to 23 million. (Aird, 1982, quoted in Deverus, S, 1992) Per capita grain supply fell

down 307 kg/year in 1956 to 235 kg/year in 1961. A close inverse relationship is observed for China over the 1955-65 decade between total per capita food energy and death rates. (Ashton, 1984, quoted in Deverus, S, 1992) The failures of the government received food aid until 1961 result from political issues.

3. The disadvantages of foreign aid to development

“ Give a man a fish, and you feed him for a day; teach a man to fish, and you got rid of feeding him for a lifetime.” (The Analects of Confucius)

Losing the independence of economy

Although foreign aid would save a lot of lives and it would take a lot of poor people out of poverty. Foreign aid would also change the whole society, or that it would change the institutions, or that it would change the whole direction of the country. “ Historically it is commonly believed that if a government has taxation, governments have to make sure that foreign aid would not affect the development and independence of state’s market.

Foreign aid can potentially undermine taxation’s link between the people and the government because it would sever that link. Therefore, foreign aid may retard economy’s development.”(Beynon, R, 1999)

The ideal that foreign aid may create for exporting is dented because when a developing country gets millions of foreign money, there is upward pressure on the exchange rate, this country’s economy will become less competitive. (Beynon, R, 1999) Foreign aid when given in the form of loans can earn interest by developed countries. It is generally believed that foreign aid would let undeveloped countries be in debt. Where production self-

sufficiency is unrealistic, dependence on the world market is unavoidable. Furthermore, poor countries tend to rely on foreign aid and international exchange. In a long term, it is not benefit to undeveloped countries' sustainable development.

Plundering by developed countries and misuse of foreign aid

Donor countries with selfish interests will go and donate to countries especially the nations with bountiful natural resources and try to exploit them. They would provide funds to bring a particular country to get influenced and force them to serve military interests and other interests to the interest only of the donor nation. Donors' nations may do evil things like dump toxic wastes, dump e-wastes, harm their environment, and destroy their local culture and many other things.

Receiving countries could also misuse foreign aid. Foreign aid coming to feed the hungry of the receiving nation could use the aid to fund illegal activities and the strengthening of their armed forces when actually they are supposed to spend the money for more important issues like hunger and combating poverty. Foreign aid could not contribute to fighting global poverty, hunger and help get access to medical care if it was received by dictators.

Becoming political staves

As receiving countries, foreign aid always brings about political conditions' exchange. Receiving countries have to obey the political rules which are created by donors' nations. Marshall Plan became prominent among examples of this political exchange. This European reconstruction plan is

designed by William L. Clayton and George F. Kennan. It offered \$13 billion in economic and technical assistance were given to help the recovery of the European countries. (Yuan, T, 2009) Marshall Plan made a contribution to the modernization of industrial and agricultural equipment, the resumption of normal production, the raising of productivity, and the facilitating of intra-European trade.

Inversely, some people argued that American aid was American economic imperialism, and that it was an attempt to gain control over Western Europe just as the Soviets controlled Eastern Europe. (Yuan, T, 2009) American aid is one of important reasons that European nations took part in American military operations in Asia from 1950s to 1970s, such as Korean War.

Case study: American aid to Japan after World War 2

After World War 2, Japan got a special plan of aids which is from America. Most of these aids were food aid and military orders. Because of political reason and healing wound from world, Japanese government had to receive this aids' plan. Meanwhile, Japanese economic independence was lost by this plan. Korean War also became a good excuse to America controlling Japan. Superficially, Japan was a loyal ally of the United States. However, as a matter of fact, Japan could not dominate its further by itself. After this plan, Japan would consider American attitude when a new policy was dictated.

The immediate consequence is financial crisis which was happened in 1992. Japan is the nation with the greatest economic vigor and nearly reach the peak of world's economy. Nevertheless, America began to reduce financial supporting at the meantime. Eventually, Japan's economic weakness was

being kept several decades and the speed of Japanese GDP increasing is decelerated.

4. Conclusion

In conclusion, the developed countries have achieved the process of development and developing countries are in the process of development. Normally, foreign aid happens so that developing nations do not have enough ability in order to develop themselves. The aid they would require could be for any major developmental project or reduce poverty in that country. These developing countries ask for international aid in order to facilitate the implementation of these projects. Developed countries and organizations are mainly supply foreign aid.

Foreign aid helps facilitate many developmental programs in developing countries. These could help in improving those countries position in the world. Foreign aid can also reduce the number of hunger people and accelerate the industrialization of undeveloped countries. However, international aid can also be a hindrance. Most poor tend to lose their independence of economy. Developing countries misuse and donors ' nations' political controls are complex issues which urgent need to be solved.

There are advantages as well as disadvantages of getting foreign aid. Foreign aid should be given mainly in loans of whose allocation should be carefully monitored. When given in the form of loans, the countries, will strive hard to repay the loan and in the meantime, they will prosper. When foreign aid comes in, there is always a sign of progress. But foreign aid

should be used very wisely and judiciously, only then can we eliminate poverty and hunger and other problems in the world.