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Full Length Research Paper

Foreign aid, the Third World's debt crisis and the implication for economic development: The Nigerian experience

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The nature of interdependence of nations necessitates granting of aid to needy countries. Theorists, however, vary in their approaches of the factors that contributed to the development of the underdevelopment of the Third World. While the bourgeois scholars argued that the underdevelopment and dependency situation of the Third World was due to the internal contradictions of this group of countries arising from bad leadership, mismanagement of national resources and elevation of personal aggrandisement and primordial interests over and above national interest, the neo-Marxian scholars, on the other hand, submitted and insisted that what propelled the development of the developed countries also facilitated, in the same measure, the underdevelopment of the underdeveloped countries. These are: colonialism, slave trade and unequal exchange. The interest of this paper, therefore, is to look at the two sides of the coin using dependency theory to scientifically analyse the arguments put forth by both schools of thought. It also looks at leitmotif of foreign loan and its implication on the economies of the Third World Countries (TWCs).

Key words: Bourgeois, colonialism, dependency, exchange, interdependence, leadership, underdevelopment.

INTRODUCTION

The issue of foreign aid and the concept of third world gained prominence during the cold war which pitched the United States and the former Soviet Union against each other in an ideological supremacy tussle in the early 1950s as the heads of the two power blocs. The remaining non-communist states, which were non-aligned with any of the blocs, were labelled the Third World. The nomenclatured Third World Countries enjoyed ostensible friendly relations with the leaders of the polarised blocs in a way to garner supports for, and as an instrument of strengthening and expanding influence and power of the leaders of the two blocs, and achieve their goals (Arowolo, 2008: 29; Nwoke, 1988: 1; Alkali, 2003).

However, at the end of the cold war, a development brought about by the demise of both socialism and the Soviet Union, the Third World concept lost its political usage and eventually became phraseology synonymous with developing countries struggling to emerge from economic underdevelopment and poverty (Arowolo, 2008: 29; Nwoke, 1988; Alkali, 2003).

Third World has acquired substantial amount of both internal and external debt, particularly during the last two decades. But it is the external debt which is currently posing significant problems and is therefore attracting considerable public policy and academic scrutiny. Third World's indebtedness is not just a recent phenomenon. In fact, as will be shown later, some of the Third World debt burden is as a result of, and due to, pursuance of foreign aid from countries of the North which had, from the start, created the condition of economic subservience and 'master-servant' relationship that could generate persistent seeking and lobbying for foreign aids through borrowing. This policy ties down, in a perpetual manner, most of the Third World Countries to underdevelopment, dependency and poverty (Ajayi, 2004).

Third World's external debt is more massive and has grown in the same proportion as the Internally Generated

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Revenue of this area. The issue of foreign aid has actually done more harm than good because of the conditionalities that go with it. The paper is, however, aimed at presenting the imports of the two schools of thought on the factors that propelled underdevelopment and dependency in the Third World Countries (TWCs), illuminating the debt profile of the TWCs, particularly focusing on Nigeria as well as bringing out the economic implications of such debt burden.

Conceptual analysis

Aid is used to cover all financial transactions made or guaranteed by one government to another. Indeed, foreign aid has become a focus and locus in the Third World. It has assumed the status of foreign policy instrument by developed democracies to strengthen their relationship with, and consequently spread their influence on, the Third World. Aid has been defined by Ajayi (2000: 117) as “a form of assistance by a government or financial institutions to other needy countries, which could be in cash or kind”.

Establishment of an aid system was one of the principles of the Breton Woods system in 1914. The system believes that there should be a free capital market, which allows an unrestricted inflow of foreign aid. Based on this principle, a Marshall Aid Assistance of about $17.5 billion was granted Western Europe to resuscitate her ruined economy due to the World War11. Since then, the aid system has remained a durable phenomenon of the international economic system (Todaro, 1977: 328-335). Foreign aid can also be in form of economic assistance such as:

1. Investment in the economy of the needy country.
2. Loan.
3. Infrastructural development, etc.

Aid can also come in form of military assistance such as:

1. Supply of military hardware at subsidised rates.
2. Military agreements, bilateral or multilateral, loose or solid or in a defence pact.
3. Supply of military technical assistance such as military presence to a country in crisis or conflict with another country.
4. Supply of military technical assistance and advice.
5. Direct participation as in the case of military allies to other countries.
6. Military subversions, coups, assassinations, etc.

The conceptualisations of aid above clearly depict that aid is not the same thing as loan. While aid is more comprehensive and encompassing, loan is embedded in aid. It is usually one of the total packages of aid. Loan is money or other valuable item that an organisation, individual or a country lends out usually with interest. Debt, on the other hand, has been defined by Oyejide et al (1985: 9) as “the resource or money in-use in an organisation which is not contributed by its owners and does not, in any way, belong to them”. Similarly, Mimiko (1997: 29) defined debt crisis as a situation whereby “a country is heavily externally indebted and is unable to pay the principal of this debt. It is also a situation where a country uses a high proportion of its foreign exchange earnings to service this debt and still scouts for more loans to enable it meet urgent and pressing domestic obligations”.

In the same vein, the term Third World has been succinctly defined by Nwoke (1988: 1) as “peoples of the world predominantly in the Southern Hemisphere and that lie at the periphery of the international economic system”. Within this classification are countries in Asia, Africa and Latin America, which are characterised by underdeveloped and dependent economic systems and by a low standard of living for the majority of their people, as there are major economic inequalities with the majority wallowing in abject poverty. Many of these countries have potentially strong natural resources base which are either untapped or mismanaged.

The economy is largely agrarian and foreign earnings are virtually from a monolithic source, which is usually a raw material. The industrial sector is relatively weak with poor capital base and relies on foreign expertise (Arowolo, 2008: 27).

In furtherance of the operationalisation of aid, aid has been succinctly divided into three broad categories, viz: Bilateral, multilateral and private (Todaro, 1977: 329). Bilateral foreign aid is a financial outflow from one country to another, that is, it involves capital outflow between two countries. It accounts for almost 60% of aid to developing nations. Bilateral aid, according to Nwoke (1988:1) can be in four forms: Development loans usually repayable within long term duration; technological assis-tance involving technological and managerial know-how and transfer technology for substitution. For instance, Nigeria’s Aid Scheme (TAS) to Third World Countries (TWCs) under a policy, which she sends her professsionals to the needy countries yearly. The fourth one is military assistance involving military cooperation between a powerful nation and a relatively weak one. Armaments and training of personnel as well as supply of military hardware at subsidised rates are usually major components of such aid pact. Grant, which is the least one, is used by the wealthy countries giving aid to the less fortunate ones for specific programmes usually for infrastructural and social service development. The donor countries often supervise the execution of such projects in order to ensure accountability and compliance with project specifications. Multilateral aid has been defined as a capital outflow from international financial bodies rather than from government to government. It accounts for 40% of global assistance to developing nations

(Nwoke, 1988).

Private capital outflow covers, according to Todaro, all direct investment input credits and portfolipo investment by transnational corporations and commercial banks. Private foreign capital outflows to the developing world grew tremendously from $4.6 billion in the 1980s but declined through the late 1980s to the 1990s due to endemic political instability occasioned in Africa, for instance, by political turmoil and civil wars which invariably triggered capital flight (1988: 335).

Multilateral aid is preferred to bilateral aid. The latter is, more often than not, tied to specific conditions, which invariably result in a dependent relationship by the receiving country. However, multilateral aid may not be either in terms of meeting certain conditions by the recipient countries. For example, the IMF and World Bank have very stiff conditions that borrower-countries must satisfy to be able to enjoy their credit facilities.

The conditions which are, more often than not, stiff and uncompromising in nature, include privatisation, devaluation, democratisation, liberalisation, etc. National debt can be theoretically situated in the traditional resources gap analysis. Essien (1990:61) sees nothing wrong with countries taking external loans. He, however, cautions that “the economy of borrower-country must not be wholly dependent on such loans”. This is to prevent the immediate consequences of a structurally defective economy arising from external vulnerability. This survivalist instinct is supported by Obasanjo (1993: 77) when he insisted that there is “nothing inherently wrong in borrowing in the modern economy”. He sees external loans as a means of development if it is used on purposeful and productive projects and well managed.

Akin Oloku (1982: 201) links the issues of national debt to fiscal system and policy. He opines that the fiscal system of any country describes the institutional framework which government undertakes in its financial operations in the form of taxing, spending and borrowing while fiscal policy is essentially concerned with a view to furthering certain economic policy objectives.

Fiscal policy also includes government debt policy, because of its direct link with budgetary measures, is now unduly recognised as an aspect of overall fiscal policy. In a way, therefore, Olaoku is of the opinion that loans are permissible fiscal measures to raise revenue for government programmes.

Theoretical framework

A plethora of approaches and theories has been developed within the disciplinary parameters of International Relations to explain the granting of foreign aid to economically weak countries by advanced economies. This is to arrive at scientifically valid explanations of, and factors responsible for, granting of foreign aid to Third World countries.

This study, however, adopts dependency theory to explain the nature of the relationship between the countries of the world and the factors that have facilitated dependency of one group of countries on the other. Countries of the world have been sharply divided along economic prosperity. Countries that are economically buoyant and politically stable are termed Developed Countries and, on the other hand, countries that are economically backward are tagged Developing Countries or commonly referred to as ‘Third World Countries’. The dependency theory seeks to establish the factors that have propelled or contributed to the development of the underdeveloped countries. This theory is predicated on the assumption that resources flow from a “periphery” of poor and underdeveloped states to a “core” of wealthy states, enriching the latter at the expense of the former. It is a central contention and standpoint of dependency theory that poor states are impoverished and rich ones enriched by the way poor states are integrated into the “world system” (Todaro, 2003: 123; Amin, 1976). The theoretical premises of dependency theory are that:

1. Poor states provide natural resources, cheap labour, a destination for obsolete technology and markets to the wealthy nations, without which the latter could not have the standard of living they enjoy.
2. Wealthy nations actively perpetuate a state of dependence by various means. This influence may be multifaceted, involving economics, media control, politics, banking and finance, education, culture, sport and all spheres of human resource development.
3. Wealthy states actively counter the attempts by dependency nations to resist their influences by means of economic sanctions and/or the use of military force (Todaro, 2003).

Dependency theory states that the poverty of the countries in the periphery is not because they are not integrated or fully integrated into the world system as is often argued by free market economists, but because of how they are integrated into the system. There are two schools of thought with different standpoints on the issue. One of these is the bourgeois scholars and the second one is radical scholars of the neo-Marxian political economy.

To the bourgeois scholars, the underdevelopment and the consequent dependence of most of TWCs is as a result of their internal contradictions. To them, this problem can be explained by their lack of close integration, diffusion of capital, technology and institutions, bad leadership, corruption, mismanagement, etc. (Momoh and Hundeyin, 1999: 50). The standpoint views the under-development and dependency of the TWCs as internally inflicted rather than externally inspired. To this school of thought, a way out of the problem is for TWCs to seek foreign assistance such as aid, loan, investment, etc, and allow unhindered operations of the Multinational Corporations (MNCs).

It is argued that development can come through the MNCs mechanism for transferring technology, capital and skills in management, design and marketing (Thomas, 1976: 82; Ajayi, 2000: 119). Although, the argument of bourgeois scholars on the causes of underdevelopment and dependency of the TWCs and the possible ways out appear to be strong as a result of the poor socio-political records of the TWCs. Nonetheless, their analyses are superficial and obscurantist in nature and meant to promote world capitalist interests.

Radical scholars of the neo-Marxian political economy world-view have dismissed the bourgeois or modernisation theory panacea as simply Eurocentric, teleological and that it will only inextricably link the TWCs to the chain of capitalist exploitation of the metropole (Momoh and Hundeyin, 1999: 50). Andre (1979: 140), one of the leading scholars of the neo-Marxist school of thought argues that the incorporation of the TWCs within the process of world capitalist development is the cause of the development of underdevelopment. The general viewpoint of the Marxian political economy is that the world capitalist expansion is responsible for the development of the Western metropole. Paul Baran, Samir Amin, Colin Leys, Cardoso, Walter Rodney and Geoffrey Kay are among the leading scholars of this school of thought. According to Andre (1979: 140) "an enquiry into the process of capital accumulation is the determinant nature and cause of the wealth and poverty of nations".

Contrary to the claims of bourgeois scholars who strongly defended colonialism, that it was meant to bring civilisation to the "Dark Continent", neo-Marxists have argued that colonialism severally decapitalised the Third World and introduced all sorts of distortion and dislocation in its economic and social system. More important, "Third World Economies were disarticulated, and they were forced to specialise in the production of unprocessed raw materials for export to the metropolis in an international division of labour characterised by an unequal exchange" (Momoh and Hundeyin, 1999:50).

Due to the underdeveloped nature of most TWCs, they are dependent on the West for virtually everything ranging from technology, aid, technical assistance, loan, to culture, etc. The dependent position of most TWCs has made them to be susceptible and vulnerable to the machinations of the Western metropolitan countries and Breton Woods institutions (Ajayi, 2000:133).

Whether to ascribe the underdevelopment and dependency of the Third World to the eloquent submission of the bourgeois scholars or to subscribe to the europhoric explanations of the neo-Marxian theorists, the fact is that the dependency theory explains in details the factors responsible for the position of the Third World Countries and their constant demand for, and continuous reliance on, aid from the countries of the North.

Third World debt crisis: The Nigeria's experience

Following the traditional approach which supports external finance to support public expenditure and economic development, coupled with declining income from export and refusal of the developed world to meet their moral financial obligations to the Third World Countries, the latter have to resort to external loans from the Western financial institutions.

Annually, these countries continue to demand more external resources until repayment of the loans becomes a problem. A problem that has actually been referred to as "debt crisis". Debt crisis is a situation of irredeemable debt. Countries that are faced with debt crisis are heavily indebted and they cannot pay the principal debts they owe. They use a greater proportion of their Gross Domestic Product (GDP) to service the debts with little left for domestic social services. Consequently, the indebted countries scout for more external finance to meet the basic needs of their people. Ibrahim (1990: 22 - 23) sees debt crisis as debt that can never be repaid, not even by the great grand children of debtor-country's current generations as such children will be born to continue servicing the debt. This situation is referred to as "evergreen loans".

Evergreen for the creditors but, of course, hell for the borrowers. He further considers evergreen loans as exploitative credit facilities whose initial principal amounts are too big for the borrower to repay and/or the borrowed principal keeps rising through negative effects of compound interests and its capitalisation. Ibrahim (1990) generally sees such situation as a "debt trap" and, indeed, the economy in its totality as a "trapped economy".

Countries entrapped in foreign debt have some perceptible symptoms. Representatives of the creditor institutions take over strategic financial institutions of the country such as the central bank and the finance ministry to mention a few. This is done to monitor and ensure that no resources are misappropriated or diverted to anything other than servicing the external loans. It is for this reason that Ajagi (1990) believes that countries experiencing debt crisis have been caught in a "very tight-roped debt trap". This is the predicament which many of the Third World Countries have found themselves.

Africa, as a whole, as at year 2000, owed about $350 billion externally, this marked a sharp increase from the 1970 and 1984 figures of $5 billion and $8 billion respectively. The region is using more than 50% of its export earnings on debt servicing, a figure which goes up to as much as 70 - 79% if analysed on country-to-country basis. It is the belief that if care is not taken, a time would come when African countries will divert their total earnings to debt repayment. In general, foreign loans accounted for 42.5% of Africa's total capital inflows in 1980, but for the poorest countries such as Mauritania, the figure was 80 - 100% (Obasanjo, 1988: 13). In real terms, Africa pays more than $10 billion yearly to service the loan, while Uganda pays $160 million a year (Obasanjo, 1988). The developing countries as a whole owed about $1.3 trillion in 1990. They transferred $43 billion of their export earnings to the West in 1988 alone as debt repayments, and between 1984 and 1988, a total of $140 billion was used for the same purpose (Obasanjo, 1988:223).

By the end of 1990, the world's poor and developing countries owed more than $1.3 trillion to industrialized countries. Among the largest problem debtors, were Brazil ($116 billion), Mexico ($97 billion) and Argentina ($61 billion). Of the total developing-countries' debt, roughly half is owed to private creditors, mainly comercial banks (Rogoff, 2002). The rest consists of obligations to international lending organizations such as the International Monetary Fund (IMF) and the World Bank, and to governments and government agencies, export-import banks, for example. Of the private bank debt, the bulk has been incurred by middle-income countries, especially in Latin America. The world's poorest countries, mostly in Africa and South Asia, were never able to borrow substantial sums from the private sector and most of their debts are to the IMF, World Bank, and other governments (Mimiko, 1997: 29).

On the whole, the Third World Countries got entrapped in the debt burden; various accounts have been identified by analysts as being the root causes of the crisis. These range from consistent decline in the prices of Third World Countries' raw materials, widening trade deficits and persistent balance of payment problems which result in external aid, slavery and colonial exploitation of Third World resources by Europe, neglect of agriculture resulting in export deficit shortage of food with conesquent crave for imported food such as rice, wheat, fish, chicken, turkey, grains, etc, thereby deflecting foreign reserves to bad leadership resulting in bad economic policies, mismanagement, misappropriation, corruption and misplaced priority (Ajayi, 2000: 125).

Another feature of the crisis is the continued negotiations for rescheduling of the debts (Mimiko, 1997:50). Nigeria made so many frantic efforts before she could be granted debt forgiveness. Nigeria was, however, granted debt concessions with the condition of initiating new economic reforms that would liberalise and commercialise its economy for private participation (CIA World Fact book, 2010). The case of Nigeria's foreign debt was pathetic and disturbing before the forgiveness. Nigeria's debt profile had been put at $31 billion, while its foreign reserve had grown to eight billion dollars. Nigeria ought to service its debt by paying $4.9 billion annually, in line with contractual agreements over payment of foreign debt. This amount included a total of $1.1 billion required by state governments to service their foreign debts and $3.8 billion required by the federal government to service its foreign debt.

Nigeria was already in default on $22 billion worth of Paris Club debts owed to sovereign lenders, and was struggling to service its $3.5 billion London Club obligetions (CIA World Fact book, 2008). Abia and Niger States top the list with a debt service requirement of $89 million and $85.5 million respectively, followed by Lagos State with $79.2 million, Imo State with $78 million and Plateau State with $70.3 million. Zamfara State has the least debt service requirement of three million dollars, followed by Katsina State with $3.7 million, Kebbi State with $ 4 million and Cross River State with $11 million (Ekundayo, 2010:13). But because the country has been defaulting, it has had to face a number of penalties (Daily Times, 2003). Nigeria's debt profile at the end of year 2009 stands at $3.97 billion, out of the amount, the federal government owes $2.093 billion while state governments owe $1.85 billion (CIA World Fact book, 2010).

The causes of Nigeria's external debt burden could be grouped into six areas and these are:

1. Inefficient trade and exchange rate policies.
2. Adverse exchange rate movements.
3. Adverse interest rate movements.
4. Poor lending and inefficient loan utilization.
5. Poor debt management practices.
6. Accumulation of arrears and penalties

In 2003, the government began deregulating fuel prices, announced the privatization of the country's four oil refineries and instituted the National Economic Empowerment Development Strategy (NEEDS), a domestically designed and run program modelled on the IMF's Poverty Reduction and Growth Facility for fiscal and monetary management. In November 2005, Abuja won Paris Club approval for a debt-relief deal that eliminated $18 billion of debt in exchange for $12 billion in payments, a total package worth $30 billion of Nigeria's total $37 billion external debt (CIA World Fact book, 2008; Ekundayo, 2010: 13).

External loan has the inherent capacity to promptly put a country on developmental pedestal, but, as it has been observed, its misuse involves huge social and human costs. It could also lead to decline in the country's external assets and decline in the productive capacity of the national economy with all its attendant effects on macroeconomic environment, etc. For instance, United Nations Children's Emergency Fund (UNICEF) noted in 1990 that about a thousand people die every day in Africa due to debt burden carried by the continent (CIA World Fact book, 2008). A foreign loan becomes debt or debt crises when such loan is either mismanaged or not committed to development-oriented projects. The debt crisis that originated from the poor management of loans was further compounded by sheer mismanagement of resources, widespread and unregulated cases of official corruption, etc.

Reckless and inefficient borrowing can be in form of the following:

1. Borrowing not linked to future growth or exports.
2. Insufficient regard given to economic viability of projects.

3. Poor implementation due to weak absorptive capacity and governance problems.

4. Mismatch between loan terms and project profiles.

5. Leakages associated with governance problems (CIA World Fact book, 2008).

Devastating impact of arrears, interest and penalties:

1. Huge arrears, penalties and interests accumulated over the years between 1985 – 1998.

2. Payments to creditors unilaterally curtailed

3. In December 2000 rescheduling agreement made, debt profile:

1. Principal balance = 1.48 billion.
2. Principal arrears = $10.31 billion.
3. Interest arrears = $4.45 billion.
4. Late interest = $5.18 billion (Ekundayo, 2010:13).

The implications of the debt crisis on the Third World countries

It has been noted that the debtor-countries have too much burden on their heads, the burden packaged with economic crisis and socio-political difficulties. Expending as much as 70 - 90% of export earnings on debt servicing connotes that little is left virtually for the countries to perform their constitutional obligations to the citizenry. It is also carefully noted that in its zeal to break out of economic shackles to achieve economic and socio-political development, the Third World has chosen the option of seeking foreign loan to achieve this development. Development, to them, might mean embarking on capital-intensive projects such as schools, hospitals, road and bridges, radio and television stations. The implication of this is that, the loan, well packaged with a number of conditionalities, needs to be serviced and as such, the recipient-countries are expected to invest the money in the business that will bring returns for servicing and paying back of the loan but, with the implementation of these nonprofitable social projects, the Third World lacks sufficient funds to maintain them, they (projects) more often than not, deteriorate, thereby negatively affecting the standard of living of the populace.

In consequence, the government may introduce serious austerity measures including cut in salaries and allowances of workers, placing ban on certain imported essential items such as food items and drinks such as rice, stockfish, canned foods and others which invariably affect the consumption pattern of the people. Stiff tariff measures may be introduced including payment of high import duties which will invariably make prices of imported goods surge upward. Taxes may also be increased, while subsidies on essential items such as energy and food may be removed as a way of generating internal revenue and reducing government expenditure. Government may be forced to place ban on employment and, in addition, workers may be retrenched thereby swelling the unemployment market.

The grand cause of the debt crisis is that, in most cases, the loan is not used for development purposes. The loan process is done in and shrouded with secrecy. The loan is, albinitio, obtained for the personal interest and parochial purposes. It is usually tied to party politics, patronage and elevation of primordial interest rather than the promotion of national interest and overall socio-economic development.

Since economic remains the substructure, the pivot around which superstructure that is, the political system, the belief system and of course, the social system, revolves, any instability at the substructure will definitely lead to instability at the superstructure. Persistent hardship by citizens as a result of austerity measures may trigger serious opposition to government and consesquently generates social unrest.

Many a times in Africa and Latin America, the military had seized power from legitimate governments. The emerging military regime may also be ousted in a counter-coup thereby creating a vicious circle of social somersaulting, economic backwardness and political instability.

This was the case in Nigeria from 1983 - 1985 where the military government of General Muhammadu Buhari was ousted in a palace coup by General Ibrahim Babangida, in January 15, 1966; General Aguiyi Ironsi seized power from Abubakar Tafawa Balewa and was, in turn, ousted in July by General Yakubu Gowon in a counter coup. In Argentina, President Arturo Frondizi was overthrown by the military junta while abroad. Also, in 1966, Civilian President, Arturo Illia was overthrown by military forces supporting the leadership of General Juan Carlos. In Ghana, there was military coup in 1966 and counter coup in 1979 where General Jerry John Rawlings and others led a military uprising that removed General FWK Akuffo (Kolawole, 1997: 206). And more recently, in 2010, February 18, military struck in Niger Republic seizing power from President Mamoudu Tandja who was alleged to be power-drunk in his bid to succeed himself and tenaciously hold on to power. Examples of this unfortunate development abound in Nigeria, Ghana, Argentina, etc.

External control and manipulation of the domestic economy is another by-product of debt crisis. In addition to executing the conditionalities in the host country, officials of IMF, IBRD and other western based capital institutions often invade and take over the economic policies and administrations of debtor-nations' banking and financial systems. Import earnings are strictly monitored and this is capable of significantly increasing the plight of the domestic populace. The overall effect of the above on the development of the debtor-country is that the economy often graduates from bad to worse. The debt burden increases Africa's dependence on the outside world;

slows the prospects of economic recovery and growth; jeopardises the stability of African governments and increases the poverty of Africa and her peoples (Hardy, 1986: 65).

CONCLUSION

The paper noted the importance of foreign aid to socio-economic development. It, however, observed that the misuse of foreign loan has grievous effects on the economy of the recipient-countries. The paper, while presenting the views of the schools of thought on the factors accounting for underdevelopment of TWCs, it dwelled on the merits of the two sides by advising the TWCs to look more inwards in their bid to come out from economic doldrums and stagnancy.

While it is true that the debt burden arising from conditionalities has stiffened the economic opportunities of the Third World to grow and develop, the paper argued, it is equally true that a succession of bad and inept leadership foisted and hoisted on Africa and her peoples has made their debt unpayable. A series of opportunistic leaders has brought Africa in particular and Third World in general to its knees. Absence of good leadership has really turned the game against the countries of the Third World. It is paradoxically ironical that a producer of goods is actually not the determinant of the price of the goods.

Foreign aid is not and must not be seen as a mere largesse or a manifestation of a benign rapprochement between two countries. It is a serious business affair which by its nature, its dealings and its manner must be business-like. The recipient country should have designed a way of coping with and accommodating the conditionalities attached to aid rather than complaining of its aftermath which they were, of course, aware of before taking such loans. Foreign loan is not a free gift of nature. As expected, it is interest-yielding, with a lot of ideological underpinnings intended to impose one country's ideology on another and have a dominion and control over the recipient country.

More importantly, the culture of financial transparency and accountability is lacking in the developing world. Corruption has become a national virtue among state officials to the extent that official money is seen as private fund. Most of the borrowed funds are diverted to private bank accounts as typified in Nigeria under military regime. Corruption and official leakages are limitations to economic growth and development and discourage foreign investment.

To come out of these doldrums, it is desirous to diversify and restructure the economy of the Third World. Also instructive is the boosting of the agricultural output as a viable approach to economic restructuring. More emphasis should also be placed on technology development. This involves widening, deepening and strengthening manufacturing sector and human development. (Oyejide et al., 1983). Also, loan should be taken when seriously and genuinely needed and must be channelled to economic growth and national prosperity.

On the whole, leadership becomes critical, both in terms of political will and ability to mobilise resources for the attainment of national objectives. It is important, therefore, to adopt the leadership and management styles that inspire confidence in all who will be involved in the restructuring of the economy. Restructuring of the economy also involves restructuring of interests which are invariably conflicting and have to be balanced. The essence of this, however, is that leadership role is crucial in the overall development of any economy. The leaders in the Third World should transit from ineptitude to competence; moral corruption to moral decency; parochialism to purposeful leadership that serves not to oppress the people.

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