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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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Abstract

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.

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Foreign aid, the third world's debt crisis and the implication for economic development: the Nigerian experience. African Journal of Political Science and International Relations Vol. 4(4), pp. 120-127, April. Mimiko OM (1997). Gurder, A.F.(1967). Capitalism and Underdevelopment in Latin. New York: Morthly Press. 8 CHAPTER TWO LITERATURE REVIEW Despite abundant natural resources especially oil and the largest population in Africa, Nigeria has languished economically for decades. Years of government mismanagement, widespread corruption and dependence on an uncertain oil market have left the giant African nation with a massive debt burden that has limited its ability to modernize. The Jubilee Debt Campaign gives six reasons why the third world debts should be cancelled. Firstly, several governments want to spend more money on poverty reduction but they lose that money in paying off their debts. An example of debt playing a role in economic crisis was the Argentine economic crisis. During the 1980s, Argentina, like many Latin American economies, experienced hyperinflation. The total debt has been reduced by two-thirds, so that their debt service obligations fall to less than 2 million in one year. While celebrating the successes of these individual countries, debt campaigners continue to advocate for the extension of the benefits of debt cancellation to all countries that require cancellation to meet basic human needs and as a matter of justice. Foreign aid is the economic help provided to communities of countries due to the occurrence of a humanitarian crisis or for the achievement of a socioeconomic objective. Third, in our empirical work we provide statistical evidence to suggest that greater international openness and access to credit stimulates economic growth. 1.10SCOPE/ LIMITATION OF THE STUDY The research work attempts to cover the effect of the foreign aids given on the Nigerian economy and its impact on the poverty level in our nation. It focuses on the empirical analysis of the relationship between poverty, foreign aids and inflation in Nigeria. Foreign aid: is the help provided to communities in the event of humanitarian crisis, or to achieve a socio economic objective.