Foreign Aid as a Neo-Colonialist Instrument of Dependency and Underdevelopment of Nigeria

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ABSTRACT

This study espouses the impact of foreign Aid as an instrument of dependency and underdevelopment in Nigeria. Pointedly, it is directly aimed at ascertaining the relationship between foreign aid and the dependency status of Nigeria. For purposes of clarity, we use the dependency theory as our framework of analysis. It is a fact that since independence, foreign aid has been given a pride of place in development planning by the ruling class without the consideration of its impact on the development of our economy. This is more so because of the peripheral status of Nigeria as a developing economy. Thework agrees that this is partly as a result of the inability of the ruling class to formulate relevant and appropriate policies given the limitations that were imposed by the conditionality attached to the foreign aid by our development partners that has nurtured the continued dependence and underdevelopment of Nigeria.

***Keywords**: Foreign aid, dependency, underdevelopment, imperialism, economy, economic development.*

INTRODUCTION

The development of any society is measured by the extent of influence and controls the people have on nature and ability to channel their natural resources. This is determined by the level of effectiveness and efficiency of the instruments of labour. In other words, without instruments of labour man - physical, intellectual and psychological assets cannot help him (Islam and Kazulnko, 2008). It is the instruments of labour which make it possible for man to apply his labour power to the objectives and thus to harness nature to meet his needs. But quite unfortunately, the unfavourable and unsatisfactory relationship between Nigeria and the industrialized developed countries of the west have been a cog in the wheel of this country's progress. Imperialism perpetuated and sustained mostly by the developed countries of the west is the root of the country's underdevelopment. "The history of colonization and neocolonialism clearly attest to this" (Alapiki, 1996). As a phenomenon, imperialism achieve its aim by the use of several instruments. These include trade, colonialism, Multinational Corporation, foreign aid etc. The interest of this paper is to examine the impact of foreign aid as instruments of dependency and underdevelopment in Nigeria. Therefore, this paper will highlight foreign aid as a tool by the colonialist. For instance, while some especially scholars consider it an engine or vehicle for development,

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others particularly Marxist oriented completely disagree. This paper therefore is set out to examine the impact of foreign aid as an instrument of dependency and underdevelopment in Nigeria.

THEORETICAL FRAMEWORK OF ANALYSIS

The dependency theory will serve as the theoretical framework for this study. The dependency theory argues that the contact between the developed countries and the underdeveloped ones is the cause of their underdevelopment. They note that colonialism, the contact situation, enabled the imperial nations to disarticulate the less developed country's economy and institutionalized structures that perpetuated and ensured dependence. Dependency is one of paradigms used in explaining third world underdevelopment. Unlike the evolutionary and modernization it has its origin as paradigms in the writing of dependencies economists based in Latin America. It sees development and underdevelopment as two dialectical attributes of the same process of socio-economic between the third world economies and the advanced capitalist economy. According to this theory, development emerged in advanced capitalist state.

Under development and dependency are the corollaries of this relation of exploitation. The relations are increasingly sustained through a complex structure of dependency of third world nations on the metropolis. The impact of those theories began to be felt in developed countries. The earlier writings V. I. Lenin imply the idea of dependency in his analysis of capitalism imperialism. He observed that capitalism through its finance capital and foreign policy creates solutions of both financial and diplomatic dependency only to capitalism. Modern theories of dependency have been greatly influenced by the Marxist/Leninist theories to capitalism as a mode of production.

It has however been noted by (Thomas, 1974) rather that there is no single existing theory of dependency paradigm-they all highlight the relationship. And how these have under-developed these latter countries. Baron, Frank, Dissents, Cardoso and a host of others were all concerned with dependency as the theory for the explanations of Latin America under-development. They provide a wide array of literature in the study of dependency and under-development in a very greatly varying, but similar manner. However, it was (Jeffrey, 2005) who drew attention to the development of dependency in Africa; he observed that Africa shared some common characteristics with Latin American countries. Both being referred to as the third world countries, he writes that the corollary to African colonization are the destruction of already thriving economy, the destruction of the existing inter-regional traders as well as the polarization of the dependent peripheral development at the regional level.

Thus, he sees colonialism as having created dependent periphery in Africa. The process that gives rise to this is a kin to that of the Latin American countries. It is tied to the expansion of the metropolis. Also, in a similar vein, Rodney (1972) related African under-development to its contact with the west. He vividly showed how his stultified the economic development of Africa by integrating them into the world capitalist fold. This created the situations of dependency. Offiong (1980) has addressed himself to issues of dependency

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although, as it specifically affect Nigeria and some other African countries. He adduced evidence to support his assertions which boils down to the fact that Africa contact to the west was the source of her under-development. It is through western exploitation and the conferment of dependence. Fernando Gardoso critique of the earlier theories of dependency especially Frank Gunder has added yet another dimension to the dependency paradigm. He notes that dependence has been changing. In his opinion, there has been a transformation of the older form of imperialism which restricted third world development through various forms of exploitation. Contemporary forms of economic domination are characterized by increased capital investment by the metropole in the industrial sector of the dependent economy and third world development are not contradictory words.

This increased capitalist investment in Nigerian economy necessitated the participation of the local bourgeois in the joint ownership of business ventures though usually as junior partners (Onimode, 1983). They have a common interest with foreign bourgeois and they all gain from such business. It is thus germane to explain how the capital expansion is transformed into specific relation between groups, both at individual and the state level. How the external and the internal processes of political domination reflect one another, and how their specific dynamics are thus generated. The emphasis here is on the analysis of specific cases of dependency since it differs among nations. It also implies modification in analysis of dependency by such persons as Lenin, Frank, Dos Santos, Samir Amin, Offiong and a host of others.

Dependency theory offers a relatively much more acceptable explanation of Nigerian's under-development. This is mainly as result of its incorporation of the historical of processes undergone by the structures of Nigeria in its contacts with the world's capitalist order. This is mainly in recognition of the role nations play in each other's biography and which is increasing in its dimension. However, the dependency theory is nonetheless fraught with short-comings or errors which tend to undermine its influence in the analysis of development and under-development especially as it relates to Nigeria. First, it attributes all influence exerted on them by the capitalist nations thereby neglecting what (Hilis and Michilars, 1993) calls the degree of freedom available. To them for instance, the spread effect of capitalism which creates development in one area and the backwash effects which drain resources out of the satellites of peripheries are related to the pattern of class relations in each of these areas. Thus, the assumption that all internal dynamics are conditioned by external forces stance of most dependent theorists does not capture the realities of modern international capitalist relationship between the centre and the periphery.

The dependency school argues that several types of dependency exists - Technological dependency, managerial dependency, foreign capital dependency etc. they have argued for instance that the dependence on foreign aid has resulted to the transfer of enormous wealth, interests payment, debt reschedulment etc from the less developed world to the advanced countries. The relevance of this theory becomes clear when we recognize that the country owes billions of Dollars and spends about 45% on foreign exchange earnings for debt serving. More to this is the fact that the country does not know the exact amount of money it owes international creditors. By adopting this methodology

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therefore, we will be able to determine in a critical manner the role of foreign aid in the underdevelopment of Nigerian.

FOREIGN AID AND DEVELOPMENT PLANNING IN NIGERIA

The three accepted factors of production in economic theory are land capital and labour (Lu, 2000), land and labour are available in the developing countries, but capital which is available in developed countries is scarce in developing countries. Consequently the developed countries should assist the developing countries by supplying the scarce capital either as "aid" or in the form of private investment. It is believed that once this scare factor is supplied, economic growth will be promoted in the developing countries (Ayo, 1988). What is apparent here is that apart from the foreign debt and balance of payment problems, among other "aid" programmes affect political decisions about development. Contemporary imperialism seeks to avoid direct political control. Western interests are then preserved through the reinforcement of the infrastructure of dependence.

Thus, for Mabogunje (1978), if expressing his mind about the questionable way "aid" is being -given out to the periphery countries asserted that some, government and obstructs economic progress and flexibility; because it supports feudal, conservative or corrupt regimes which are unwilling to carry out the special, political and economic reforms necessary for economic advancement and re- alignment. Furthermore, Nigeria has become regular economic operation fields for industrial nations of the west with their multinational simply extending their tentacles deeper and deeper into virtually all corners of the Nigerian economy. They do not just transform the country into dumping ground for their finished products, worse still the foreign aid given to the country is given on conditionality (Oyejide, 1985). To further reveal the imperialistic effort of the western imperialist they introduced Structural Adjustment Programme (SAP) through the Bretton Wood institutions (IMF and World Bank) in a bid to perpetuate their neo-colonial interests.

For SAP was an attempt to restructure and redirect the Nigerian economy with the avowed aim of making it to be more efficient (Okowa, 1976). The three main objectives of SAP are to diversify the productive base of the Nigerian economy in order to reduce the dependence on the oil sector and on imports. Besides, to lay the basis for sustainable, balanced and minimum inflationary growth of the economy and lastly to reduce the dominance of unproductive investments' in the public sector efficiently and intensify the growth of the private sector. The pertinent question is; to what extent has the adjustment programme solved these objectives? For Raymond, 2000) "how far? our economy is poorer today in production level than in 1936, even our agriculture too . This paper has not seen anything gained from SAP. Our debt as pointed out by Chinweizu (1974) in his "The west and the rest of us reserved no words in expressing his concern over the over-zealous attitude of the imperialists. According him "A system of world trade pillages us: a system of and that puts in the hands of others the ability to dislocate or wreck our economy, that enables them to restructure our society to their advantage and make it safe for their plundering investments (Chinweizu, 1974). Suffice to conclude that the structural adjustment programme is a capitalist oriented policy investment. It is the creation of imperialist

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governments. Though designed to assist Nigerian economy stabilize her country, it has an undercover implication to keep Nigeria dependent on the west. Besides, the visionless and unpatriotic attitude of our leaders has also given this questionable policy its sustenance. This has been the relationship between underdevelopment and foreign aid in Nigeria.

Foreign Aid as Instrument of Dependency and Underdevelopment in Nigeria

From the preceding discussion, foreign aid has assumed an important part of our development planning. And this has been informed by the belief held by our policy makers that it is an agent of development (Ibe, 1999). In this regard, we would in this paper examine critically the potency of this belief. As earlier indicated this paper believes that the policy instrument of the International Monetary Fund (IMF) has shown that the Structural Adjustment Programme (SAP) was introduced and implemented in Nigeria as a precondition for the reshedulment of over 30 billion dollar external debt (Philips, 1996). In any case, the increasing role the international monetary fund / World Bank are assuming in Nigeria must be a matter of concern. There is a growing doubt whether the conditions upon which they provide loans are any answer to the problems Nigeria's economy are facing now (Wilmot, 1980). Nigeria is currently implementing economic reform programmes as a precondition for rescheduling its over 30 billion external debts (James, 2011). The structural adjustment programmes was introduced as a result of the persistent, traumatic and destabilizing economic crisis that effectively started in the early 1980's (Ake, 1981).

However, the time now seems to have come for our country to blame their development weakness not only on imperialism, colonialism and most recently neo-colonialism; but also on their weak domestic socio-political/ and ideological foundations. Administrative incompetence, corruption and lack of internal capacity to resist outside pressures just to mention a few factors, constitute the bedrock of Nigeria dilemma. And this has become clearly manifested under the unprecedented guide of the military regime. We seem to be caught up by the forces of western imperialist pillage. If our experience of imperialism anti adverse affect is at all representative, "colonial wise education if we may borrow the word of Chinweizu is something our leaders need to cure themselves of.

Besides, the pursuit of maximum material satisfaction right from the time when national economic development policies are being evolved and only gradually by our policies makers has also affected the developmental pace of the-country. This has foisted dependence in all its ramifications, a dependence solidly grounded in inherited colonial or semi colonial structures. Our ruling elites are so corrupt that they have come to be seen or regarded as the local agents of the western imperialist. They do all sort of things that would sustain their position while in office to sustain the neo-colonial interest of the west; and will such a pattern of development ever be sound? When you go deeper into debt, when you pay more for fewer imports and earn less for more primary products, when you go from agricultural self sufficiency to massive importation of staple items which used to be farmed on land now given over to 'cash' export crops you are on the way to ruin (UNDP, 2000). By logical extension, despite formal political independence, substantial economic and technical decision and corresponding activities have still developed on industrial nations.

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Such nations still normally send out their experts to advise and their giant firms to perform and execute they suggest development models, policies and strategies, and export their technologies freely: they provide the so called development aid that they easily can manipulate to elicit compliance to their views. Furthermore, they have all sorts of technical and organizational devices for putting their interests through. For instance, (Oyejide, 1985) asserted that "Bretton Wood institutions treat the poor developing nations differently - presenting them with policies which often seem bright as to prospect but very disappointing as to result - bringing in its wake so much social havoc, humiliation and misery.

What this result into is a yawning gap between underdevelopment and development. This led to dependence on loans that have grown out of proportions now which consequently has affected developmental planning in our country and this making the country more underdeveloped and dependent. Besides, the introduction of SAP by the colonisers is a bid to perpetuate the indebtedness of Nigeria in the international global capitalist system, using historical argument. This is because there have been a continuous political behaviour and practices of industrial nations in their relations with Nigeria. So it would appear according to (Philips, 1996) that "There is in the present post colonial era, a kind of "if: complicity or collusion, intended or not, amongst first world" nations to drag Nigeria and other Third World countries into a state of permanent indebtedness which in the contemporary international contest seems to be indispensable for consolidating and expanding centre periphery linkages. Suffice to conclude that the use of foreign aid by the western countries in assisting the Nigerian economy because of the severe conditionality attached to it coupled with the inability of our so called elites to define themselves and even positions after 55 years of independence in appreciating when it is necessary to: accept foreign policies, foreign aid or not has made the economy an underdeveloped and dependent one. For instance (James, 2001) asserted that: "All aid comes with strings or ties like tails. But there are different kinds of tails. Some are like lizards, and if one pulls they break off. Some are like the tails of crocodiles, and when we try to pull free we are badly lashed and beaten by them. The important thing is to see what kind of a tail each and proposal has. This is what our elites ought to understand in their dealings with foreign powers and forces: There is no charity in the economic relations and transactions' between industrial nations and the Nigerian economy.

CONCLUSION AND RECOMMENDATIONS

We have attempted to demonstrate with the aid of secondary data as earlier indicated in our methodology some of the strategies' used by western imperialists, particularly the use of foreign aid' as an instrument for under developing our economy and their insincere policies employed by our ruling, elites. For instance, the introduction of SAP by the IMF was notable policy to sustain "their neo-colonial interest of the west. This is because SAP has worsened some of the problems it sought to tinker with. It is important therefore, appropriate to appreciate an insightful remarks Nwankwo (1980) made it clear that where he asserted that evils perpetrated against the Third World countries have never been seen to be evils, until the cost becomes unbearable. However it is only by .disengaging from the

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capitalist path to development and initiating and implementing policies that are informed by our historical experience that can pave way for the harmonization of the genuine interest of Nigeria's working people and the masses of the country. Our elites should desist from the habit of seeing the IMF as the only panacea towards solving our economic crisis. They should understand that the IMF active support in this regard is worsening the situation of things rather than help in shaping them. However, it is only by disengaging from the capitalist path to development and initiating and implementing policies that are informed by our historical experience that can pave way for the harmonization of the genuine interest of Nigeria's working people and the masses of the country.

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