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The Rhetoric of Foreign Aid and the Need for International Trade: Challenges and Possibilities for Developing Nations. A Critical Perspective

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Author's contribution

The sole author designed, analyzed, interpreted and prepared the manuscript.

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ABSTRACT

This paper attempts to critically examine foreign aids by donor nations and agencies to the developing nations, and at the same time, examine international trade to show that the latter is better off. The study utilized dependency theory of underdevelopment to analyze why foreign aids have not being a spring board for development in developing nations. The paper found out that foreign aids over the years have not engendered development because of the conditionalities attached to such aids which come in the form of grants, loans, assistance etc. These further keep developing nations down as it is difficult to find examples of unequivocal success from receipt of official foreign aids. The reasons are not far-fetched. Since the 1940's when official foreign aids started flowing, the motive seems to satisfy the donor interests and has little or nothing to do with egalitarian development and poverty reduction in developing nations. In view of this, international trade is far better to the developing nations, and same should be encouraged despite their disadvantaged position in global capitalist equation. The paper concluded that despite the fact that globalization and neo-liberalism favour the owners of big Corporations, mostly in advanced countries of the world, developing countries can still make some gains from international trade by

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looking inwards, rather than relying on foreign aids which have not been contributing in alleviating poverty and inequalities, but used to reward military and political allies and to promote private enterprise and unequal free trade.

Keywords: Dependency; development; foreign aid; globalization; international trade; neo-liberalism.

1. INTRODUCTION

It's a truism that since the 1960's, foreign aids have been flowing to developing countries. Aids are supposed to be vehicles for the liberation of developing countries from the shackles of poverty, unemployment, ignorance and disease, and to reposition these countries on the path of sustaining growth and development [1]. In 2014, rich countries gave more than 130 billion dollars to Official Development Assistance (ODA). Over the last five decades, Western donors spent 4.14 trillion-the equivalent of more than seven times the 2014 GDP of Nigeria [2]. These flows are topped up by support from NGOs and other private charities and so-called new donor countries. Yet, in many of the developing countries receiving the aid, poverty looms large, and underdevelopment persists as chunk of the population lives in misery. In 2014 for instance, Nigeria, a country in Sub-Saharan Africa (SSA) received $ 2,476,180,000, yet the country remains poor and has overtaken India as the poverty capital of the world with almost 86.9 million people living on less than 1 dollar a day [3].

However, the United States is the most generous according to OECD data for ODA. In 2015, the United States gave over 30 billion dollars either as bilateral aid or through international organizations such as the World Bank or the United Nations. United Kingdom and Germany, followed by France and Japan are also major aid donors. Germany provided over 17.8 billion dollars of ODA in 2015. Sweden contributes the most when contributions are presented as a percentage of Gross National Income. In 2015, Sweden's net ODA was 1.4% of GNI. The United Arab Emirates was second, followed by Norway, with both countries contributing 1% [4]. However, given the many agencies funding methods and categories of aid associated with U.S foreign assistance efforts, estimates can differ. The Congressional Research Service (CRS), which is a non-partisan organization, reported that total spending on foreign aid was nearly 49 billion dollars in 2015 including military and security assistance. This accounts for roughly 1.3 percent of the federal budget [4]. However, in 2017, foreign aid from official donors totaled 146.6 billion dollars or 0.3 percent of Gross National Income [5]. In spite of the flow of billions of dollars as Official Development Assistance (ODA) to the developing nations, the development situation on the ground suggests otherwise. This has not translated into anything concrete on the ground, as extreme poverty and hunger remain high in developing nations. Today, more than a quarter of the hungry in the world, live on the African continent, which gives the continent the highest rate of malnourished people worldwide. Again, more than 30% of African children suffer from growth disorders such as stunting due to their chronic malnutrition. Therefore, in Africa, particularly the Sub-Saharan Africa (SSA), the situation is worst. The average poverty rate for (SSA) stands at about 41% and of the world's 28 poorest countries, 27 are in SSA, all with poverty rate above 30% www.brookings.edu-Africa-in-focus.

However, in terms of regions, the Middle East and the North Africa received the most of economic assistance, according to data for 2015. The SSA region received 1.2 billion dollars, which is approximately 25% of the budget [4]. Despite all this, the living conditions of the people in developing nations who are recipients of aids have not improved over the years as these aids come with conditionalities attached. This buttressed the position of dependency scholars who maintained that foreign aid has never being a spring board for development to any nation. Rather, it has generated underdevelopment and dependency to the recipient countries. This school of thought maintained that aid seems to satisfy donor motives but it falls short of recipient's expectations and international concerns for economic equality, egalitarian development and the reduction of poverty. Foreign aid whether in the form of *Project Aid* i.e. assistance given for a specific activity, a particular plan which may be used only for the project specified-to buy certain materials or to pay certain salaries and set up costs, or *Programme Aid* i.e. a broader category providing transfers to a country for general economic assistance, for budget support or balance of payment support etc does not really engender development, but endanger same. Buttressing this with reference to Africa, Malik Fal, cited in [6] posited that:

> Aid tends to delay the development of business in Africa, modern business. It has kept Africa behind or Africans behind in terms of getting the confidence they need, the experience they need to take full part in global economy and succeed globally. Aid has distorted markets in Africa. So the sooner, Africa can 'graduate' from its dependence on aid the better.

Furthermore, Bishop John Rucyahana argued that:

> They perpetrate your misery by giving you a loan, make you slave-economic slave, and you also end up paying the raw materials because you are chained by the loan. So it becomes a way of colonizing the economies of the poor nations. But if African nations today can say 'No more aid, we don't want aid,' I tell you, they can grow slowly, but they can grow [6].

Therefore, the objectives of this study is to clearly demonstrate that aid does not engender development, rather, it is a tool for neo-colonial control which continues to keep developing nations down, making it impossible for this group of nations to realize their potentials. Further to this, the study also showed that relying on aid for socio-economic development further sinks developing nation into dependency and makes it difficult for the recipient nation to come up with autocentric policies and programmes for development. Again, this study shows that, throughout history, there has never been any nation that gives aid freely without expecting the recipient nation to reciprocate in the future. The study posited that the long term salvation of developing countries is to outgrow aid and engage in international trade which has grown over the years so as to develop their economies to improve the lots of their people despite their disadvantaged position in global capitalist equation.

2. CONCEPTUALIZING FOREIGN AID

Foreign aid is an international transfer of public funds in the form of loans or grants either directly from one government to another (bilateral assistance) or indirectly through the vehicle of a multilateral assistance agency like the World Bank [7]. Furthermore, foreign aid (or its equivalent term, foreign assistance) has been defined as financial flows, technical assistance, and commodities that are (1) designed to promote economic development and welfare as their main objectives (thus excluding aid for military or other non-development purposes); and (2) are provided as either grants or subsidized loans [8]. The most commonly accepted measure of foreign aid for international development purposes is Official Development Assistance (ODA). In 1969, the Organization for Economic Co-operation and Development (OECD) established 'Official Development Assistance' as a common definition to measure and compare how well the efforts of donor governments, who provide the financial or technical assistance, meet international development objectives. Development intent is fundamental to the notion of ODA that has 'the promotion of the economic development and welfare of developing countries as its main objective' [9].

In the United States, the term only refers to military and economic assistance the federal government provides to other governments. Broader definitions of aid include money transferred across borders by religious organizations, Non-governmental organizations (NGOs) and Foundations. Some have argued that remissions should be included, but they are rarely assumed to constitute aid (www.investopedia.com). The bulk of U.S bilateral aid is channeled through the U.S Agency for International Development (USAID) which has been the largest and most influential aid. USAID was created in 1961 to provide civilian aid, and it dispenses over 40% of the total amount of aid. It is instructive to note that the United States of America has been in the business of giving out aid even before USAID came into being. During the World War 1, the United States government loaned the Committee for Relief in Belgium $ 387 million, much of which it later forgave. U.S foreign Assistance began in earnest during World War 11. Before entering the war, the government began funneling funds and materials to allied nations under the Lend-Lease programme, which would total $ 50.1 billion by august 1945. The U.S also contributed $ 2.7 billion through the United Nations Relief and Rehabilitation Administration (UNRRA). For the four years following 1948, the U.S gave $13 billion in aid to countries affected by the war such as the UK, France, and West Germany through the Marshall Plan. The Mutual Security Act of 1951 authorized around $7.5 billion aid per year until 1961 [4].

3. THE FUNDAMENTALS OF THEORY

Dependency theory was adopted to analyze why foreign aid is given to the developing countries. The theory arose as a reaction to modernization theory of development, an earlier theory of development which held the view that all societies' progress through similar stages of development, that today's underdeveloped areas are thus, in a similar situation to that of today's developed areas at some times in the past, and that, therefore, the task of helping the underdeveloped areas out of poverty is to accelerate them along this supposed common path of development, by various means such as investments, technological transfers and closer integration into the world market [10]. Dependency theory rejected this view, arguing that underdeveloped countries are not merely primitive versions of developed countries, but have unique features and structures of their own; and importantly, are in the situation of being the weaker members in world market economy [11,12]. Dependency theory originated with two papers published in 1949-one by Hans Singer and the other by the Argentine economist and statesman, Raul Prebisch [13].

However, through the passage of time, proponents of this theory maintained that developing nations over the years depend on foreign aid from the advanced world because of the way and manner the developing countries were incorporated into the global capitalist system. Colonialism which was the process in which the pre-capitalist social formations of Africa, Asia and Latin America were incorporated into the global capitalist equation made these pre-capitalist social formations peripheral and satellite of the advanced capitalist formations [14]. Colonialism which was a system of exploitation, oppression, domination and subjugation eventually underdeveloped the developing countries through the evacuation of resources for the development of the advanced capitalist countries rendering the developing nations impotent thereby, depending on their advanced partners for everything including food. This is the unfortunate position developing nations have found themselves today. However, the developing nations are co-authors of their fate. Leadership in the developing countries failed to take responsibility of development into their hands thereby entrusting critical issues and decisions that can alter their present position in the global economy in the hands of their principals who are not interested in allowing developing nations to have autocentric development, but prefer to render assistance in form of aid [15].

Furthermore, it is pertinent to note that, this assistance do not come unconditionally. In other words, donor-country governments give aid primarily because it is in their political, strategic, or economic self-interest to do so. Some development assistance may be motivated by moral and humanitarian desires to assist the less fortunate (e.g. Emergency food relief and medical programs), but there is no historical evidence to suggest that over longer periods of time, donor nations assist others without expecting some corresponding benefits (political, economic, military, counter-terrorism, antinarcotics etc.) [7].

Therefore, these groups of countries (Aid Donors) through the instrumentality of the World Bank, IMF, and WTO always prescribe to the developing world alternative 'development' policy agenda which eventually turns out to be a disaster to the developing countries because such policies do not suit the environment of developing countries which is already devastated by conflicts, poverty, hunger, unemployment, misery, ignorance and disease as a result of bad governance over the years. This remains the bane of developing countries who surrender their socio-economic and political future in the hands of their foreign patrons.

4. THE RHETORIC OF FOREIGN AID: HISTORICAL OVERVIEW

4.1 Political Motivations

There is no gain saying the fact that political motivations have been by far the more important for aid-granting nations, especially for the largest donor country, the United States. The United States has viewed foreign aid from its beginnings in the late 1940s under the Marshall Plan, which aimed at reconstructing the war-torn economies of Western Europe, as a means of containing the international spread of communism. When the balance of Cold War interests shifted from Europe to the developing world in the mid-1950s, the policy of containment embodied in the U.S aid program dictated a shift in emphasis towards political, economic, and military support for 'friendly' less developed nations, especially those considered geographically strategic. Most aid programs to developing countries were therefore oriented more toward purchasing their security and popping up their sometimes shaky regimes than promoting long-time social and economic development. The successive shifts in emphasis from South Asia, to South East Asia, to Latin America, to the Middle East and back to South East Asia during the 1950s and 1960s and then toward Africa and the Persian Gulf in the 1970s, the Caribbean and Central America in the 1980s, and the Russian Federation, Bosnia, Ukraine, Asia (especially China), and the Middle East in the 1990s, with a renewed focus on Islamic nations after 2001, reflect changes in U.S strategic, political, security, and economic interests more than changing evaluations of poverty problems and economic need. Recent increases in aid to Africa countries with public health crises including HIV assistance may be due in part to concerns that disease may spread internationally or lead to destabilizing state collapse and possible havens for terrorists [7].

Even the Alliance for Progress, inaugurated in the early 1960s with great fanfare and noble rhetoric about promoting Latin American economic development, was formulated primarily as a direct response to the rise of Fidel Castro in Cuba, and the perceived threat of communist takeovers in other Latin American countries. As soon as the security issue lost its urgency and other more pressing problems came to the fore (the war in Vietnam, the rise in U.S violence, etc.), the Alliance for Progress stagnated and began to fizzle out. The point is simply that where aid is seen primarily as a means of furthering donor-country interests, the flow of funds tends to vary with the donor's political assessment of changing international situations and not the relative need of potential recipients [7].

The behavior of other major donor countries like Japan, Great Britain, and France has been similar to that of the U.S. Although exceptions can be cited (Sweden, Denmark, the Netherlands, Norway, and perhaps Canada), by and large these Western donor countries have largely used foreign aid as a political lever to prop up or underpin friendly political regimes in developing countries, regimes whose continued existence they perceived as being in their national interests [7].

4.2 Economic Motivations

Within the broad context of political and strategic priorities, foreign-aid programs of the developed nations have had a strong economic rationale. This is especially true for Japan, which directs most of its aid to neighboring Asian countries where it has substantial private investments and expanding trade. Even though political motivation may have been of paramount importance for other donors, the economic rationale was at least given lip service as the overriding motivation for assistance.

Therefore, since the 1940's when the first ODA programs were instituted, the question of the effectiveness of foreign aid remains an unresolved issue [1]. Many papers have been written on the macro-economic impact of aid, but mixed results have been reported and those papers that have identified significantly positive effects faced heavy methodological criticism. However, the money volume of official development assistance ODA which includes bilateral grants, loans, and technical assistance as well as multilateral flows, has grown from an annual rate of under 5 billion dollars in 1960 to over 100 billion in 2005. However, the percentage of developed country GNI allocated to ODA decline from 0.51 percent in 1960 to 0.23 percent in 2002 before improving slightly to 0.33 percent by 2005 [7]. Also, Sub-Saharan Africa's net receipt of ODA dropped from about 17.5 billion dollars in 1993 to 14 billion dollars in 1998. As a net percentage of its GNP, ODA to Sub-Saharan Africa fell from 5.7 percent in 1993 to 4.1 percent in 1998 [16]. Many commentators had attributed this to the collapsed of the Soviet Union and the end of the Cold war, a phenomenon in which Francis Fukuyama (1989) called the 'end of History'.

4.3 Foreign Aid and the Crisis of Development in Developing Economies

It is a fact that global ODA steadily increased from the 1960's until 1992. It reached a peak of 68 billion dollars, just after the end of the Cold war, and then declined sharply to just under 55 billion dollars in 1997 [17]. Aid flows began to peak in the late 1990's following calls for greater debt relief and increased aid to new democracies. After the 9/11 2001 attacks on the U.S, aid increased sharply reaching 92 billion dollars in 2004. In 2005 when the heads of states of the Group of 8 industrialized countries met, they pledged to continue to increase aid. They promised to double aid to SSA by 2010 and triple it by 2015, but growing budget tensions and economic crisis in donor countries might have undermined these pledges [17]. However, the

United Nations report (2010) gives the share of ODA distribution to the top 20 recipients in 2008 in (USD Millions) thus: Iraq 1749880* Afghanistan 2324865* Ethiopia 10653327* Vietnam 21042552* Sudan 3592384* Tanzania 16012331* India 18672108* Bangladesh 17162061* Pakistan 9071539* Turkey 5022024* Mozambique 14881994* Uganda 13621657* Kenya 7451360* Democratic Republic of Congo 2991648* China 22561489* Egypt 19271348* Ghana 8641293, Nigeria 2521290* Liberia 1021250* Occupied Palestinian Territory 9862593 [18].

However, in 2015, the following countries received the most economic aid in millions from the United States: Afghanistan $ 650,000,000* Jordan $ 635,800,000* Kenya $ 632,500,000* Tanzania $ 534, 500,000* Uganda $ 435,500,000* Zambia $ 428,525,000* Nigeria $ 413, 300,000* [4,19].

It is instructive to note that despite receiving ODA, security and development in developing world most especially in SSA is appalling, thereby making it unlikely for these countries to meet the Sustainable Development Goal (SDG) to end extreme poverty and hunger by 2030. For instance, the people living in extreme poverty in the following countries in millions are as follows: Nigeria 86.9, India 71.5, Democratic Republic of Congo 60.9, Ethiopia 23.9, Tanzania19.9, Mozambique 17.8, Bangladesh 17, Kenya 14.7, Indonesia 14.2, Uganda 14.2 [20]. Crucially, of those countries in top ten Africa, only Ethiopia is on track to meet the United Nations' SDG of ending poverty by 2030. Outside the top ten, Ghana and Mauritanian are also on track with the SDG target. Indeed, of the 15 countries across the world where poverty is rising per World Poverty Clock data, 13 are currently in Africa [3]. This poses the fundamental question as to the effectiveness of foreign aid to developing countries, especially in SSA.

However, using Nigeria as a reference point because of its size and population in SSA, (ODA) has not really touched and reduced poverty. The 86.9 million Nigerians now living in extreme poverty represent nearly 50% of its estimated

Table 1. Shows the net ODA and population of aid recipient Countries by region in 2016

Continent	Net ODA US Million	Population Million
Africa	49954	1223
Asia	43516	4077
America	11284	632
Europe	8222	156
Oceanic	1680	11
Aid unspecified by region	43049	--
All ODA recipients	157704	6098

Source: Africa Development at a glance (2018)

Table 2. shows 2016 top ten ODA receipts by recipients in Africa

Top ten 10 ODA receipts by recipients ***USD Million, net disbursements in 2016***		
Ethiopia	4074	8%
Nigeria	2501	5%
Tanzania	2318	5%
Kenya	2189	4%
Egypt	2130	4%
Democratic Republic of Congo	2107	4%
Morocco	1992	4%
Uganda	1757	4%
South Sudan	1590	3%
Mozambique	1531	3%
Other recipients	27764	56%
Total	**49954**	**100%**

Source: Africa Development at a glance (2018)

180 million population. As Nigeria faces a major population boom, its poverty rate will likely worsen despite (ODA), as the country will become the third largest country by 2050 [3]. Therefore, the mission to end poverty globally is already at risk. The only way out of this, is for the developing countries to engage in real trade like the 'Asian Tigers' rather than relying on ODA for their development.

5. THE NEED FOR TRADE RATHER THAN AID

The significance of international trade in economic development is vital. Today, every country of the world is a participant in international trade which according to liberal thinkers, has contributed in the rising standards of living for people around the world [21]. The neo-classical and classical economists attributed so much relevance to external trade in a development process of a nation which is regarded as an engine of growth. Over the past years, the nations of the world have been immensely linked together through globalization and external trade. Foreign trade has been recognized as the most crucial and longstanding part of a nation's international economic relationships. Its role in the development process of a contemporary global economy is very crucial and central. Its effect on the growth and development of countries has increased significantly over the years and has meaningfully contributed to the advancement of the world economy [22,23].

Therefore, international trade driven by globalization is a fact of life for every country today. The United States of America is the world's largest consumer of imports. i.e. the largest importer. In 2014, it imported $2, 380,000,000,000's worth of goods and services. China was the second largest importer followed in that order by Germany, Japan, the UK, France, Hong Kong and South Korea. In Latin America, Mexico with the population of 129 million imports considerably more than Brazil with the population of 210 million. In the same year, Mexico imported goods and services to the value of $407.1 billion compared to Brazil's $241.9billion. The Mexican economy relies heavily on international trade, while Brazil's is relatively protectionist [24]. Therefore, international trade is at the heart of today's global economy, which promotes global interdependence growth and development.

In 1950, exports accounted for 8 percent of the world wide GDP, and in 55 years since, they have tripled [25]. The impact of the rising volume of goods shipped from one country to another has been enormous pushing economic growth to unprecedented level. International trade has become increasingly important and beneficial to all states, especially those that in the past were not concerned about exports. Now, every state has become increasingly dependent on exports for economic growth and aggressively competes with other countries for a share of the growing international trade market. This has made state interdependent-the key defining characteristics of globalization [26].

Therefore, over the past several decades, the economies of the world have become increasingly linked, through expanded international trade in services, as well as primary and manufactured goods, through portfolio investments such as international loans and purchase of stocks, and through direct foreign investment, by the large Multinational Corporations. These linkages have had a marked effect on the developing world. But developing countries are importing and exporting more from each other, as well as from the developed countries, and in some parts of the developing world, especially East Asia but notably Latin America as well, investments have poured in from developed countries such as the United States, the United Kingdom, and Japan [7]. The reduction of tariffs rates since World War 11 has permitted international trade to grow. Since the founding of GATT the world economy has grown 6-fold, in part because trade has expanded 16-fold [21]. The expansion of international trade is expected to continue to further accelerate the integration of the world market-place and thereby, deepen the level of global interdependence.

However, it is common knowledge that international trade has contributed to economic growth and development of Asian nations such as India, Thailand, Malaysia, China, and Indonesia. These countries were far behind in terms of GDP per capita in 1970, but later they were better able to transform their economies to become stellar players on the global economic arena. It was affirmed that China, in 1970, was ranked 114th in the world economy with a GDP per capita of US$111.82. Today however, China takes a promising and enviable stance in the global scheme of issues largely due to her self-esteemed trade status [27].

In SSA, Nigeria in particular experienced a sharp increase in the value and volume of trade with other countries of the world. Foreign trade statistics in 2014 by Economic Complexity Index (ECI) shows that Nigeria is the 119th most complex economy and the 41st largest export economy in the world. In 2013, Nigeria exported $94.8B and imported $53.3B, leading to favorable trade balance of $41.6B. In the same year, the per capita GDP of Nigeria was $5.6k and her GDP was $521B. Further analysis of the components of export and import indicates that the top exports of Nigeria are Refined Petroleum ($3.07B), Cocoa Beans ($561M), Crude Petroleum ($75.3B), Petroleum Gas ($10.3B), and Special Purpose Ships ($463M), while her top imports are Wheat ($1.42B), Rolled Tobacco ($1.34B), Refined Petroleum ($9.5B), Cars ($1.87B), and Special Purpose Ships ($1.01B). Expressed in percentage, the exports are led by Crude Petroleum which stands for 79.4% of the total exports of Nigeria, followed by Petroleum Gas, which accounts for 10.9% whereas the imports are led by Refined Petroleum which accounts for 17.9% of the total imports of Nigeria, followed by Cars, which contribute 3.51%. Nigeria recorded a trade surplus of N197, 187.70 millions in September, 2015. Balance of Trade in Nigeria averaged N201, 370.76 million from 1981 until 2015, reaching an all-time high of N217, 7553.08 Millions in October of 2011 and a record low of N -592200.72 Millions in March, 2011. The Nigerian Bureau Statistics (NBS) reported this Balance of Trade and this tendency is expected over the long term due to the unrelenting calls for heightened trade liberalization to foster economic growth across the globe [22].

5.1 Global Trade and Developing Nations: Challenges and Possibilities

International trade has often played a central role in the historical experience of the developing world. In recent years, much of the attention to trade and development issues has been focused on understanding the spectacular export success of East Asia. Taiwan, South Korea and other East Asian economies pioneered this strategy, which has been successfully followed by their much larger neighbor, China.

However, throughout Africa, the Middle East, and Latin America, primary product exports have traditionally accounted for a sizeable proportion of individual GDP. In some of the smaller countries, up to 25 percent or more of the monetary income is derived from overseas sale of agricultural and other primary products or commodities such as coffee, cotton, sugar, palm oil, copper, bauxite etc. In the special circumstances of the oil-producing nations in the Persian Gulf and elsewhere, the sales of unrefined and refined petroleum products to countries throughout the world accounts for over 70 percent of their national income. But unlike the oil-producing states and successfully industrializing countries like South Korea, Taiwan, and now China, many developing countries must still depend on non-mineral primary-product exports for relatively large fraction of their foreign exchange earnings. This is particularly serious problem in sub-Saharan Africa [15]. Because the markets and prices for these exports are often unstable, primary-product export dependence carries with it a degree of risk and uncertainty that few nations' desire. This is an important issue because despite strength since 2002, the long-term trend for prices of primary goods is downward [7]. Some Africa countries continue to receive 8 percent and less of their merchandise export earnings from manufactures, including Nigeria, Niger, Burkina Faso, Burundi etc. In addition to their dependence, many developing countries rely, generally to an even greater extent, on the importation of raw materials, machinery, capital goods, intermediate producer goods, and consumer's products to fuel their industrial expansion and satisfy the rising consumption aspirations of their people.

However, despite the relative gains and benefits developing countries obtained from international trade, they remain highly marginalized in global trade. This is true because:

> Of the 23 trillion dollars global GDP in 1993, 18 trillion dollars was in the industrialized countries-only 5 trillion in the developing countries, even though they have nearly 80 percent of the world's people [28].

So, global trade is highly beneficial and hugely profitable to Corporations and minority wealthy elite who constitute barely 20 percent of global population but control 82.7 of global income [29].

Therefore, international trade and finance must be understood in a much broader perspective than simply the inter-country flow of commodities and financial resources. By opening their economies and societies to global trade and commerce and by looking outward to the rest of the world, developing countries invite not only the international transfer of goods, services, and financial resources, but also the developmental or antidevelopmental influences of the transfer of production technologies; consumption patterns; institutional and organizational arrangements; education, health, and social systems, and the more general values, ideals, and lifestyles of developed nations of the world.

It is however, best for developing countries to look primarily outward and promote more exports and strategically fashion out nationalistic economic policies so as to benefit more in global trade. Individual nations must appraise their present and prospective situations in the world community realistically in the light of their specific development objectives. Only thus, can the developing nations determine how to design the most beneficial trade strategy. Although participation in the world economy is all but inevitable, there is ample room for policy choice about what kind of participation to promote, what policy strategy to pursue.

6. CONCLUSION AND RECOMMENDATIONS

From the above analysis, it is crystal clear that international trade is by far better than aid despite the disadvantaged position of the developing nations. This is simply because no nation of the world has ever developed from aid rather; aid further deepens dependency and underdevelopment. The most curious and tragic part of aid is that the rich countries have one form of economy, and they are hell-bent on expressing a different form of economy for poor people. The poor and the wretched of the earth can develop to be successful if they say no to aid that further impoverish their nations, and continue to manage their resources by looking inwards to industrialize and in the future, engage the advanced countries in free and fair trade rather than surrendering their development in the hands of aid donors who are not interested in developing the underdeveloped. In other words, if foreign aid exacerbates domestic as well as North-South inequalities and perpetuates unequal dependencies, then a country may be better off not receiving aid. Aid is only useful and worthwhile if the receiver actually receives more than it has to give up. Therefore, recipient should only agree to the disbursements if there is a strong probability that the aid will be used productively and constructively, if it will reduce poverty and if it is under the control of democratic and grassroots elements of the society.

The rest of the developing economies can learn from the Asian Tigers who against all odds changed their unfavorable position in the global capitalist equation, to one of growth, development and prosperity. It must be said clearly, that no nation today can aspire to develop with foreign aid as the conditionalities and ‘strings’ attached to such aids are devastating capable of collapsing a developing economy. The developing countries must strategically engage the WB, IMF and WTO and allow their people to take responsibility of development as the people’s wellbeing is the supreme law of development.

Corruption in all its extensions and ramifications must be checked. The resources meant for socio-economic development are looted by few elites who stash them codedly in Western banks leaving the people to wallow in penury. This remains the bane of development in developing nations. In addition to this, developing nations should create strong institutions to drive the policies and programmes of government. These institutions should be occupied by men and women who are above board and have the wherewithal to initiate development agenda for the general good of the society.

Furthermore, emphasis should be given to human capital development in the developing nations. It is by so doing that technological development will be realized for innovation and increased productivity. Developing countries should learn to produce what they consume in order to reduce capital flight. Exports should be given its pride of place.

Security of lives and properties of the people must be a priority of the government. Conflicts in developing nations have been a major cause of poverty, as bread winners and benefactors are killed leaving widows and orphans behind to fend for themselves. Those that are displaced have to start life afresh sinking them deeper into poverty. Therefore, root causes of conflicts must be identified and addressed, and early warning signals should be taken seriously to avoid conflicts. For Africa, leadership crisis must be resolved and African countries must unite and create a large market for their goods and services, and also diversify their economies so as to benefit more from international trade. Finally, a culture of prudent management of resources must be developed, and these resources should be channeled to liberate the people from lack, poverty and general underdevelopment, a task that only the developing nations by themselves can achieve.

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COMPETING INTERESTS

Authors has declared that no competing interests exist.

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