

The Third World Debt Burden and the Implication for Economic Development

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Abstract : The issue of foreign debt, debt crisis or the concept of Third World debt burden generally gained prominence after the end of the cold war which pitched the United States and the former Soviet Union against each other in an ideological supremacy tussle. Before then however, Third World Countries (TWCs) enjoyed a relative economic resilience and stability and ostensibly friendly relations with the leaders of the polarized blocks 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. Consequently, the Third World concept lost its political relevance and usage perhaps, too, its economic comportment, and eventually became phraseology synonymous with developing countries bedeviled with debt crisis and struggling to emerge from debt burden, economic underdevelopment and poverty. Since then, also, particularly during the last two decades, the issue of Third World debt burden, which is currently posing significant problems, has a considerable attracted public policy and academic scrutiny. Third World debt burden thus is not a recent phenomenon but is 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, thus tying down in a perpetual manner, most of the Third World Countries to underdevelopment, dependency and poverty. The interest of this paper, therefore, is to examine the causes, costs and or the implications of the debt burden on the economies of the Third World Countries, review some general solutions to the debt burden as well as offering suggestions as a way out of the doldrums.

Keywords : third world, debt burden, debt crisis, economic development and underdevelopment

Conference Title : ICHSS 2015 : International Conference on Human and Social Sciences

Conference Location : Paris, France

Conference Dates : October 29-30, 2015