## Ghanaian and Nigerian Perspectives on American Foreign Aid

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## INTRODUCTION

Ideally, the objective of foreign aid is to help produce accelerated and sustained economic growth in the recipient country. In theory, bilateral aid seems to be desirable, but the practice of aid has led to frustrations and disillusionment in both the donor and recipient nations. The objective of aid is embedded in actual global relationships, yet both the donors and the recipients have failed to appreciate the performance of aid within the global context. This failure, of course, has put foreign aid in a tenuous position, at best. The advanced nations have started questioning the role of external assistance to accelerate economic development in the developing countries; the less developed countries, on the other hand, feel a sense of frustration as they have not been able to attain the stage of self-sustaining growth as they expected.

This paper is designed to determine the attitudes and opinions of a segment of the populations of Ghana and Nigeria toward US aid and to outline the relationship between aid and the perception of dependence in these two countries. We begin from the premise that the success of bilateral aid depends, in part, on the psychology of the recipient. In 1971, Kenneth and Mary Gergen suggested that international assistance programmes involve interpersonal relations between the donor and the recipient and, therefore, the attitudes, aspirations, and perceptions of the recipients were indispensable to a better understanding of foreign aid. In a survey of aid officials in five nations they conclude that there was a strong relationship between the psychology of the aid partners and the efficacy of international assistance programmes and that the physical properties of aid, such as its quality and its type, were ranked secondary in importance.

We recognise that in order to have successful aid relationships it is essential that all interested parties know how the recipient feels about both the aid it receives and the donor. The importance of attitude is seen in the fact that it conditions the behavior of one actor towards the other. Once aid is received, attitude becomes one of the most important factors affecting the implementation of aid programmes, as well as the success of bilateral aid in general. Attitude is also important in determining if a poor nation will ask for aid and it affects the type of aid normally requested by a Third World nation.

Contemporary foreign aid relationships have roots in the process of the development of the world political economy which has been dominated by, the capitalist mode of production. According to Wallerstein, the end result of this process has been the

· Research Fellow, South Carolina State College · Assistant Professor, Brandeis University division of the world into rich (producers of manufactured goods) and the poor (mainly primary producers).<sup>2</sup> The argument is that the world economy is a single system in which there are unequal exchanges between the core and the periphery that work to benefit the core. Thus, the concept of foreign aid implies (in recent years) the transfer of resources, at less than market prices, from the rich to the poor.

Some advocates of objective dependence have argued that the underdevelopment of African countries is caused by the developed nations.<sup>3</sup> Ironically, most African nations believe that foreign aid is necessary to bring about rapid economic development. If both of these assertions are true, then foreign aid will lead to further dependence on the advanced nations and worsen the very condition the poor nations are trying to ameliorate. It is, therefore, important to examine whether there has been any perception of danger by the recipients in regard to the need to rely on aid for development.

Dependence also implies lack of autonomy for aid recipients. The critics of aid argue that reliance on external sources of finance and technology for development ultimately leads to domination by the donor which means that the foreign policy as well as the domestic programmes of the recipients will become subservient to the interests and policies of the donor. In Africa, this situation represents a kind of paradox. As a result of past, and sometimes continuing, experiences with foreign domination, African nations are very apprehensive about any new form of external domination, yet they want to use external resources for development.

#### SOURCES OF DATA

A persons's attitude toward an object my be defined as the object's evaluative meaning for the person.<sup>4</sup> That is to say, a person's attitude toward | US aid is basically how he evaluates it. Data were collected from newspaper articles written between 1960 and 1977 from Ghana and Nigeria which express opinions about US aid. The newspapers used to collect the data were:

Ghana: Daily Graphic (1960-77), Ghanaian Times (1960-77). Nigeria: Daily Times (1960-77(, Daily Express (1960-65) (1973-75); Nigerian Tribune (1973-76), West African Pilot (1970-72).

For a newspaper to be selected it had to be a national daily, published and circulated across the country. We searched for newspapers that were in circulation throughout the entire period of 1960-77. Since the data were collected in the US the availability of the newspapers in the Library of Congress, the libraries of Duke University and the University of North Carolina, Chapel Hill, was another selection criterion.

In Ghana, only three newspapers qualified. Of these, the *Pioneer* was not selected because of government policies toward the newspaper. The *Pioneer* was banned by the government in 1962, resurrected in 1966 and banned again in 1972. In Nigeria where several choices were available, the two 'leading newspapers', (in terms of content of information and circulation)<sup>5</sup>, the *Daily Times* and the *Daily Express*, were selected.

The other two selections, Nigerian Tribune and the West African Pilot, were used as supplements to the Daily Express from 1970-76 for missing or unavailable copies.

Since the newspapers had no index, the first step in data collection involved a visual examination of the entire contents of each newspaper on microfilm. Any article expressing an opinion about the US was copied for further perusal. The articles

were classified into five main categories: statement by government officials, editorials, articles and reports by professional journalists, scholarly articles, and letters to the editor. In this paper, these categories are not considered in the analysis.

A quantitative analysis of the data has been done elsewhere. This paper examines the raw data merely to make inferences about the opinions in the articles. Only a sample of the opinions are employed to search for the reasons underlying the expressions of the authors. With this information we try to show the variations in attitude toward US aid by looking at the relationship between attitude and political regime.

The conclusions of this study have to be interpreted with caution, due to lack of press freedom and the number of people who read newspapers. In Ghana, the newspapers used were controlled by the government. In Nigeria, the leading newspaper, Daily Times, was taken over by the military government in 1975. Moreover, in Nigeria, where most of the newspapers were privately operated, a distinguished Nigerian journalist has observed that there were "formidable constraints on press freedom". Furthermore, the readership of Ghanaian and Nigerian newspapers excluded the majority of the people simply because they are published in English for the relatively few educated, fairly well-paid, urban working classes, and the few rural counterparts. 8

The attitudes examined here are actually those of a small, but nevertheless influential, segment of the population, usually referred to as opinion leaders. In effect, the opinions selected for analysis reflect those of the government as well as other leaders who have input in foreign policy decisions. That is to say, the sample used consists of the influential public. In his study of Nigeria's foreign polucicy, Akinyemi defends such an approach by arguing that in matters of public interest the masses depend on their leaders for the canalisation and expression of their interests. 9 Consequently, rather than question the validity of the sample, we must concern ourselves with how the government and the elite utilise the press to mobilise public opinion behind foreign policy. This function of the press (in Africa) cannot be overlooked because the press is the major source of information for many people. 10

## PERSPECTIVES ON US AID

Before Ghana achieved its independence in 1957, the United States had played a very limited role in Africa, economically, politically, and militarily (strategically). Initially, this worked to the advantage of the United States because its image in Africa was not tainted, as was that of the French or British who possessed colonies in Africa. Though Africans did not exactly support nor even trust the foreign policy goals of the US (as a result of US reluctance to back self-determination in Africa), they knew very well that in order to achieve rapid economic development they would have to turn to the US. After all, the US was the nation with the most resources to give, and it had never held a single colony in Africa. It was in the light of this earlier optimism and enthusiasm that aid relationships between the US and several African nations were established. How this earlier enthusiasm for and commitment to US, aid has changed over the years will be the focus of our discussion below.

## GHANA: ATTITUDES TOWARDS US AID

First Civilian Government (1960-66)

When Ghana achieved its independence in 1957, the aim of its leadership was to

build a "political kingdom" where every citizen would enjoy a meaningful measure of economic prosperity. It was not long before they realised that Ghana could not build a viable economy with her own resources. Therefore, the nation was full of praise for the US when the US government, announced that it was ready to aid Ghana. American aid was sought in several areas: Development Aid; Technical Aid; and the Peace Corps.

Capital for industrialisation has been one of Ghana's main development problems. The country's economy is heavily dependent on cocoa and other primary products to earn foreign exchange. For any long-term development plan, the lack of finances becomes a major constraint that places serious limits on what can be done. When plans were announced to build the Volta River Dam (the largest single project, in Ghana) the country turned to the United States and its allies. Ghana provided about half of the cost for the project and the remaining amount was financed by the US, Britain and the World Bank. The US provided about 75 percent of the total in loans and grants for the Volta Aluminium Smelter which is the principal user of electricity from the Dam. Despite the initial negative reaction over US foot-dragging and lengthy negotiations, American's role in the project was highly acclaimed. 11

The mainstay of the Ghanajan economy is agriculture, which is another area where many people felt the need for US aid. This came in several forms, including farming aids (fertilizers, better crop yields, machetes) and technical aid (US agricultural advisors for the establishment of farm institutions, for soil conservation and irrigation, for rice cultivation, for rubber plantations and for grazing camps). Another sector in which US aid was vigorously sought was technical aid for education. Ghana was the first African nation to ask for and receive Peace Corps volunteers. The Ghanaian President, Nkrumah, hailed the Peace Corps as a., splendid bold idea". In asking for the Peace Corps the government indicated that it needed educators, especially in the areas of science. mathematics and agriculture to improve secondary school education. By 1963 about Peace Corps volunteers were working in Ghana as teachers, doctors, nurses, engineers, geologists, social workers, etc. As the activities of the Peace Corps permeated the Ghanaian society, the members were hailed for their sacrifice and dedication. A memorandum issued by the Ministry of Education described the Peace Corps scheme as "godsent". 13

After achieving independence in 1957, Ghanaians were most anxious to project the image of a "model independent African state" to the world. To reach this goal it was crucial to achieve economic progress which would assure the political independence they had just won. At that time, the press emphasis was on the positive contributions US aid could make to the Ghanaian economy. In short, US aid was thought to be crucial for economic development. There were a few critics of aid, mainly from the academic community. The criticisms of US aid were basically warnings to Ghanaians to exercise some restraint in their quest for aid. They reminded the country of certain inherent dangers in reliance on external aid: terms of aid; motives of the donor; and economic dependence on the donor. 14

## Attitude Change

The turning point in Ghanaian-US relations occurred in 1962 when Nkrumah began to implement his Marxist-Leninist principles in Ghana. By early 1963 Ghana had become a socialist state. The differences and disagreements between Ghana and

the US began to surface at this time. The Ghanaian government started a massive campaign to damage the image of the US in the country. The US was portrayed as the leader of the neo-colonialists who desired nothing less than the complete domination and exploitation of Ghana and Africa. The government was openly hostile to overall US policy in Africa and the Third World. <sup>15</sup> Ghanaians, therefore, came to associate the US with only negative behaviour patterns: neo-colonialism, imperialism, exploitation, and the negative attitude towards the donor led to unfavourable attitudes toward US aid and the Peace Corps.

A careful analysis of the Ghanaian economy reveals that Ghana's need for aid was never in doubt; <sup>16</sup> yet after the US financing of the Volta River Project, together with a host of other programmes, the attitude towards US development aid became unfavourable. Despite the anti-American rhetoric in Ghana, many writers have shown that Ghana could not realistically disengage itself from the US and the West. For instance, Dokuhas shown that Ghana's need for "hard currency (dollar)" was one major reason why no appreciable efforts were made to divert Ghana's trade from the West to the East. <sup>17</sup> Scott Thompson argues that even the Seven-year Development Plan (which was part of Ghana's socialist programme) depended heavily on western investment. <sup>18</sup> He also notes that "aid was the one American programme never attacked in Ghana by the press, and for good reasons." Its projects, largely in the agricultural sector, were unobtrusive and successful. <sup>19</sup>

At any rate, as a result of the negative attitude toward the US, the Ghanaian government was reluctant to ask for aid from Washington, and the US was also unwilling to give aid to Ghana. According to Aluko:

from 1961 until 1965, Ghana did not request capital aid from Washington; and when she did in March 1965 it was part of an aid package of about 537,45 million requested from the leading OECD countries: and even according of the London Times it was the American government that was the last to be contacted by Accra<sup>20</sup>.

In 1962, Ghana received \$63.9 million from the US, and this made it the largest recipient of US aid in Africa. By 1965, Ghana's aid had decreased to \$1.2 million and had dropped out of the top 15 recipients of US aid altogether<sup>21</sup>. Finally, when Nkrumah published *Neo-colonialism* in 1965, the US "rejected a long-standing request from Ghana for \$127 million in surplus food aid over the next

seven years". 22

The attitude toward the Peace Corps also changed drastically by the end of 1965. The earlier enthusiasm toward the Corps gave way to suspicion and hostility. Initially, the Peace Corps was hailed for bringing in technical expertise. When the relations between the two nations became sour, the Peace Corps was branded as an instrument of the CIA. As a matter of fact, Ghanaians came to believe that the U S was working the 19th the CIA and the Peace Corps to overthrow the socialist regime of Nkrumah. People working in the field with Peace Corps volunteers began to complain about their condescending attitude and lack of respect for Ghanaian customs and traditions.

## First Military Gover (1966-68)

After Nkrumah's overthrow in early 1966 he titterly accused the "imperialist" powers for exerting an economic squeeze on Ghana. The military government inherited a poor economy and a debt of \$800 million, 80 per cent of which was owed to western creditor nations. During this gried Ghana's worsening economic situation dictated its attitude toward US aid.

The National Liberation Council (NLC) Government made a swift appeal to the US for aid and the response was positive. By mid-1968 the US had made available about \$65 million in varying forms of credits, grants and assistance programmes<sup>24</sup>. The overwhelming attitude in the country was that, due to the extent of damage done to the economy through mismanagement of the previous government, the country could not survive without external assistance. American aid was earnestly sought in several areas including agricultural commodities and raw materials under PL 481 and commercial loans to import industrial equipment from the US. <sup>25</sup> US aid generally fitted into the growing sentiment within the country to rebuild the economy. Among other things, the government announced four main economic policies, to revive the nation's agricultural production to increase exports and domestic food supply; improve transportation, especially to rural areas; increase industrialisation, firstly by reviving idle industries and secondly, to attract foreign investors; and, correct the balance of payments deficit. <sup>26</sup>

To achieve these policies most writers favoured reliance on US aid, for it was believed that the nation's economy could not be revived without help from major aid donors. One editorial looked at the Ghanaian situation in this manner:

In Ghana, there has been a remarkably improved climate towards development. The new government is faced with serious economic problems and is making a determined effort to overcome them on the basis of economic reality.<sup>27</sup>

The reality was that the country had no money for its development.

Consequently, few people seemed to be worried about the previous negative image of the US in Ghana. Along with the new image of the US in Ghana also came a new perception of Ghanaian-US relations. The relationship was described as co-operative rather than dependent. Thus, the Ghanaian writers who, just a few year earlier, he called the US a neo-colonialist power were now calling for more US involvement in the country. However, in the academic community a note of caution was being sounded: "Look before you leap". This concern was centred around two issues. Firstly, it was indicated that the influx of foreign capital would make Ghana a pawn to foreign capitalists. Secondly, it was argued that what the country needed was not aid, but sound economic policies to attract capital to boost the economy.

Perhaps, the most vocal dissent was against American involvement in economic planning. While there was practically no argument over using US money for long-term economic projects, several writers questioned the wisdom of relying on US personnel for long-term economic planning. Additionally, occasional references were made to the "traditonal Ghanaian pride and dignity:" that is, in Ghanaian society it was alright to ask for assistance when in need and return the favour when conditions improved, but to depend increasingly on gifts and the generosity of others was not behaviour to be proud of. Such statements meant that US aid should be a temporary measure and that any idea of longterm economic dependence on the US was a disgrace to Ghanaians. This editorial was typical of most of the daily reminders:

Grateful as we are for US assistance, it still has to be borne in mind that the purpose of such help is to assist us to help ourselves. It is not meant or should not be taken as indefinite source of finance and food for our country and people. Ghana has ultimate responsibility for her own development, and foreign aid should be regarded as a supplement.<sup>28</sup>

#### Peace Corps

During the first military government only minimal reference was made to the Peace Corps, though there was an intensive campaign to convince the people about the positive aspects of the Peace. Corps programme. Similarly, the need for outside volunteers to teach in Ghana was also becoming an issue in itself. This issue arose because certain elements in the society felt Ghanaian universities could produce enough teachers for the country's needs, especially in the arts. In the end, it was still felt that the Peace Corps was essential to the country's educational needs, especially in the scientific and technical areas.

## The Second Civilian Government (1969-71)

By 1968 the Ghanaian economy was in a very big slump. Agricultural productivity was very low which affected the export sector of the economy. Incidentally, there was also a serious decline in the world market price for cocoa, and the resultant decline in revenues worsened the balance of payments situation. Industrial production declined because of the lack of foreign exchange to import raw materials to feed the industries. Additionally, the lack of foreign exchange made it difficult to replace worn-out parts. The Ghana Economic Review 1971-72 aptly identified three structural weaknesses of the Ghana economy. These were, the reliance on a single crop, cocoa, for foreign exchange; the overwhelming burden of foreign debt due to the intensive infrastructural and industrial development of the 1950s and early 1960s; and the rapid population growth juxtaposed with the depressed economic growth rate. 29

The period 1969-71 denotes the height of Ghana's dependence on foreign aid. Ironically, as will be shown later, this period also attests to the nation's desperate attempts to break away from a serious crisis generated by a sense of helplessness in the face of mounting economic problems. With declining productivity and no available foreign exchange reserves to depend on, the only alternative was foreign aid. On the whole, the attitude toward the US was favourable because of the need for more external aid and the necessity to reschedule external debts, the bulk of which were owed to western nations.

The largest single (organised) group affected by the worsening economic conditions was the trade unions, and they came out strongly against foreign aid and the government's economic policies. On several occasions, trade union leaders argued that too much dependence on foreign financial aid would never help resurrect Ghana's shattered economy. Consequently, they advocated reliance on the nation's own resources for development. "We want the government to approach economic problems of this country from the Ghanaian concept because long-or-short-term loans will never solve our problems." "30

Apart from the trade unions, other groups and individuals were growing skeptical about US aid. It was clear that despite the seemingly enormous amount of US aid received the economy kept worsening. Perhaps, the biggest concern was the sudden realisation that the most serious economic problem facing the country was the national debt that had accumulated over the years. In the period 1969-71, concerns over the economy and the national debt clearly overshadowed the Peace Corps issue.

#### Debt Burden

By 1969 Ghana's external debt was more than \$1003 million, and its repayment had become the single most important issue in the headlines. Within the country, there was a major consensus that some of the

debts were not sacrosanct, for they were contracted in an atmosphere of corruption and insanity in complete disregard to their economic feasibility. Nevertheless, there was sharp disagreement as to whether these debts should be repudiated or be paid.

The opponents of further debt payment referred constantly to effects of the debts and also the burden on future development. Estimates indicated that the debt of \$1003 million amounted to about \$125 per head as opposed to the per head annual income of \$211 or a gross of \$1125 million". <sup>31</sup>Most economic forecasts painted a gloomy picture as a result of debt repayment and higher interest rates.

The burden of this on any future development program can best be realized in noting that our total exports amount to around \$300 million. In plain language, this means that almost 25 % of one year's exports has to be used to absorb this burden because our economy was too weak at the time the National Liberation Council took over to permit us to pay our debts.

It was contended that debt repayment would adversely affect economic growth, increase unemployment and worsen the balance of repayments position of the country, resulting in the need to resort to further borrowing in order to finance new projects.<sup>33</sup>

The ultimate question in everybody's mind was finally made known: if the donor nations are serious about aiding Ghana, why not give a break to the poor country by repudiating some of the debts, or, at least, agreeing to reschedule them. As a matter of fact, the government had made several unsuccessful attempts to negotiate for better terms with the creditors (US included). Despite its failures at the negotiating table the Ghanaian government argued vigorously against repudiation of the debt. Obviously, it feared the consequences because the creditor-nations were also the major aid-givers and the government could not afford to antagonise them by repudiating debts it had labeled dubious.

As a consequence of the economy's dependence on external financing, the nation was unable to pursue policies that were considered necessary to revive the economy. Though the repayment of the debts under existing conditions was impossible and the creditors were unwilling to agree to any new terms, the alternative was unthinkable. Apart from the memories of colonialism, never before had Ghanaians been so exposed to a fundamental fact of international relations-that nations act in their own self-interest. The creditors had become very unco-operative; they were not even concerned about the plight of the Ghanaian economy. Above all, what bothered Ghanaians most was the apparent refusal of the creditors even to negotiate with Ghana as individual nations. Consequently, in all its debt talks Ghana had to confront the numerous creditors all at the same time under prearranged conditons.

In fact, the debt burden was a bitter pill for Ghanaians to swallow. Even the US, the closest friend the country has had since 1966, would not yield when it came to repayment of debts. In the midst of all the disappointment and frustration with the creditors and despite the fact that the debts were described as dubious, most Ghanaians blamed the corruption and mismanagement of the first civilian government for the debt problems. In other words, there was nothing wrong with the aid received; rather the aid money had been misused. Perhaps this tactic would convince the creditors that the country had a new image and a new leadership. Lastly, it was better to discredit a government that had already fallen out of favour than to confront the creditors and the donors with accusations. By the end of 1971 one could recognise a deep sense of frustration over the debt burden and the apparent inability to find relief domestically or internationally.

## Second Military Government (1972-77)

When Busia's Government was overthrown in a coup d'etat in February 1972, most experts believed that the government's downfall was the result of gross inefficiency and economic mismanagement. According to Aluko, the government's liberal economic policies were ill-advised, and that the unwise massive devaluation of the cedi by 48.5 in December 1971<sup>34</sup> was the immediate cause for the coup. Libby holds a similar opinion:

When the LCD (Less Developed Country, Ghana) became heavily dependent upon the 1GO (Inter-Governmental Organizations) and creditors for financial assistance to enable the government to survive a disastrous shortfall in foreign exchange earnings, it was forced to accept extreme, and politically dangerous measures to secure assistance. 35

The economic difficulties that precipitated the downfall of the previous regime also dictated behaviour in the new era. The government responded swiftly to public opinion by attacking the debt question head on.

Most important of all, the government announced the repudiation of some of the country's debts. About \$94.4 million was repudiated, representing one-third of the principal debts arising from supplier's credit contracted during the Nkrumah regime. However, genuine debts were to be honoured, but with a 50-year moratorium. Similarly, Ghana was to honour long-term debts which arose principally out of long-term loans and credits granted by the World Bank, the International Development Association (IDA), the government of the US and governments of other donor nations.

The general feeling in the nation was exemplified, perhaps typified, by the demonstrations of the country's university students in support of the debt repudiation. The attitude toward US aid was dictated by the bitter lessons learned through the years:

- 1. That extreme dependence on external resources was harmful to both the nation's long-term economic planning and short-term policies and programmes.
- 2. That foreign aid is normally given in the economic interests of the donor.
- 3. That despite assistance from the US and others, the country's currency had to be devalued twice in five years; the so-called friends could have salvaged the Ghanaian economy.
- That mounting foreign debts consequently lead to foreign control of the national government.
- 5. That projects built with external funds are generally structured in such a way that they would remain perpetually dependent on imports from foreign supplies.

A completely new orientation had taken place in the country. The first major realisation was that foreign aid does not pay. Moreover, if aid money becomes unproductive its side-effects are obviously disastrous external debts. Throughout the years no radical measures had been initiated to diversify the economy in order to lessen its dependence on a few primary commodities for the foreign exchange it needed. Consequently, the majority of external assistance in the past had been unproductive simply because it had been used for the wrong causes which only encouraged the continuing foreign orientation of the Ghanaian economy. True aid, defined as the type that would stimulate structural changes in the economy, was never received, or was very limited, thus making it ineffective.

This background served as the impetus for a new attitude toward US aid. In a way, the new policy of self-reliance was partly due to the inability to get any further aid from abroad after the repudiation of external debts. Self-reliance was defined as a:

policy of doing things for ourselves and only accepting assistance from friendly countries and in so far as such assistance is complementary to our own effort and not a substitute for it.<sup>36</sup>

By this policy the country chose to rely on its own resources and ask for aid only if it would fall within the guidelines of the nation's development plans. The acceptance of this policy significantly affected the evaluation of development aid. To the government, the policy was a means to rationalise its inability to receive external funds for development; to most of the people it provided an opportunity to return to the old familiar theme that aid does not promote development but, rather, it contributes to underdevelopment and dependence by making the recipient poorer and poorer.

Another dimension of the Ghanaian attitude was the conception that trade was preferable to aid. <sup>37</sup> Given the extent of Ghana's economic problems, the opinions indicated that only trade expansion within the country, coupled with a reform of the unjust economic relations between the rich and the poor nations, could be the right prescription. Thus, in terms of priorities for development, foreign aid from the US became a secondary issue.

The case of Ghana from 1960-77 offers three different scenarios. First, the attitude towards US aid was unfavourable between 1960-65 when it was believed that the US was the leading imperialist, neo-colonialist power whose aid was an instrument for external control. On the other hand, the period from 1966-71 denotes a classical case of extreme reliance on US aid. The US was believed to be a good friend and its aid was in Ghana's best interest. Finally, Ghanaians became indifferent to US aid after 1971. After all, US aid did not bring the type of economic benefits people had anticipated.

#### NIGERIA: ATTITUDE TOWARDS US AID

The development of Nigerian attitude toward US aid has been affected by several domestic variables. The character of the federal government, the domestic economy, the large and diverse population, and the perceived role of Nigeria in Africa together have dictated the attitude toward the US. These variables also account for the apparent differences between the two regimes examined in Nigeria.

## Civilian Regime (1960-65)

Nigerian foreign policy during the civilian government has been described by most writers as conservative, cautious, and extremely pro-west.<sup>38</sup> Not surprisingly the Nigerian attitude toward the US was generally favourable until the coup in early 1966.

On January 15, 1960, a federal government economist called on the US to aid the economic development of Nigera. <sup>39</sup> Generally speaking, he was merely echoing the sentiment of the nation. Officially, Nigeria had stated clearly that it was committed to a far-reaching programme of development in education, agriculture, trade and industry with the hope of raising the standard-of-living of the people. A universal call was issued to all friendly nations to assist in the development effort. According to Nigerian perceptions the U.S. response was excellent. Through a series of negotiations US aid came in several forms:

- 1. Technical aid, in the form of American technical advisors for Nigeria;
- Technical aid, including the Peace Corps, scholarships for Nigerians to study in the US, and funds and equipment for Nigerian schools;

- 3. Aid for basic human needs, in the form of aid for transportation, communication, health care, and electric power for both domestic and industrial use; and
- 4. Aid for agriculture40

In the early 1960s, public opinion in Nigeria heavily favoured some kind of reliance on US aid. American aid was considered indispensable to Nigeria's development. Like many African nations at that time, Nigeria admitted that it could not engage in any major development projects without help from outside. Colonialism was partly blamed for the country's economic status as a poor nation in a world sharply divided between the "haves" and the "have-nots". There was every indication that Nigerians would have preferred trade to aid, for trade was much more dignifying to the new nation than aid. However, the "laws of supply and demand were likely to operate against the poor nation". 41 As a consequence of Nigeria's subordinate status in the world policial economy, it was concluded that capital accumulation through trade would be a tedious process, whereas the country needed a more radical approach to development. Referring to possible development strategies available to Nigeria one writer pointed out that if poor nations want to close the gap between the rich and the poor "they cannot afford the luxury of leisurely accumulation of domestic capital and technical know-how. Hence the need to import it somehow".42

Nigeria's need for foreign aid was a predominant factor in the first two development plans — the Seven-Year Plan (1955-62) and the Six-Year Plan (1962-68). For the Six-Year Plan (which falls within the limits of this paper), the estimates showed that about 50 percent of the total investment in the public sector was to come from foreign aid. Aluko has observed that:

the Nigerian leaders, on independence, were determined to diversify their economy by a policy of industrialization and the modernization of agriculture. But because of a shortage of capital and skills, they wanted to do this by foreign assistance, as was clearly shown in the First National Plan 1962-8 which envisaged foreign aid to the tune of about 50% of total capital investment in the public sector during the plan period.43

Though several Nigerian critics contended that the US effort toward the plan left much to be desired, it was generally agreed that it was a generous gesture. Moreover, US aid not only demonstrated its confidence in the Nigerian economy, but also America's long-term commitment to Nigeria's future. US confidence in Nigeria, it was hoped, would also stimulate private American investment to supplement. US aid. 44 To most of the writers the two were basically the same in that they were given, by the American people to help. Nigeria in the short-run, and the latter was bound to repay in the long-run.

The Nigerian approach to US aid was more "business-like". A recurrent theme among many people was that the country was rich in resources and that its need for aid was absolutely short-term. This attitude could possibly explain the extent of enthusiasm for American aid. Aid was considered to be mutually beneficial for the US as well as Nigeria. In that case, Nigeria was entitled to more US aid without having to beg for it:

...Nigeria is not going around the world, hands at the back, knees bended, because we believe that this country is stable and that other peoples' money will also be safe here. Not just that; the people of this country believe that anybody who puts his money here is entitled to a fair profit and will get it. In the circumstances, to render such help as will raise the standard of the people can only be for the mutual' benefit of all those who partake in

Consequently, all Nigeria had to do was to show in all sincerity to the US the benefit the US would derive from aiding the economic development of Nigeria. Every attempt was made to project the image of Nigeria as a big, potentially rich and stable country, offering a good environment for aid and investment. 46

Despite Nigerians' positive attitudes towards US aid and their optimism about the future potential of the country's economy, there were a few isolated cases of warnings against reliance on US aid and adverse consequences. It was feared that as a result of aid the Nigerian government might sacrifice non-alignment for a pro-west policy. Given the fact that aid weas mutually beneficial to the donor and the recipient, these writers unequivocally called on the Nigerian government to reject all aid with strings attached. (whether political or economic).47 Aid with strings attached, they argued, reduces the effectiveness of that particular aid, both economically and politically. There was also the fear that the country would become susceptible to American influence.

Once again, as a result of its "business-like" approach to aid, most people were curious to find out what Nigeria had to offer in return for US aid. "What did Nigeria have to offer in return for US aid -military rights or commercial rights?" '48 This question was put to the government several times. Another persistently expressed opinion was the need to avoid long-term dependence on foreign experts who "sincerely work hard to discover the needs of the people and give outstanding contribution to meet them, but that kind of approach is unable to solve problems; it can only postpone them and make them last longer". 49 As a corrollary, technical aid was considered a noble concept, but it was often offered to retain some of the positions of privilege in the economic and administrative organisations of the new nations. In short, the best approach to Nigeria's labour needs, most people believed, was to utilise aid money to train local personnel for sustained economic growth in the country.

## Peace Corps

The Peace Corps programme was terminated in Nigeria during the Civil War (1966-1969) and not resumed afterwards. When the programme was active during the early 1960s, it was favourably evaluated by the people. The call for the Peace Corps was first made by the federal government in order to ease the shortage of trained personnel in the country. According to the government, the Peace Corps was needed to help develop the country in technical, scientific and professional fields. Both the government and the people praised the role of the Peace Corps. The services provided by the volunteers were regarded as invaluable to the cultural and educational development of the country.

By 1965, about 566 Peace Corps volunteers were stationed in Nigeria, and many people shared the view of the government that they were ambassadors of goodwill and benefaction, promoting cordial relations between the US and Nigeria. 50 Here the emphasis was placed on the hope or realisation that the Peace Corps would bring understanding between the people of the US and Nigeria. With a few exceptions the programme was described as a success.

Nonetheless, the minority opinion cannot be safely ignored, for it represented, among others, the views of students of all Nigerian universities at the time. On the whole, the student community was initially silent on the Peace Corps. Basically, Peace Corps volunteers were assigned to secondary and technical schools and they had very little to do with the universities. The students' silence was, however, broken

by one incident in which a Peace Corps volunteer allegedly wrote an insulting letter about Nigeria intended for her parents. For some reason the contents of that personal letter became publicly known. A public outcry ensued that ultimately forced the volunteer to resign. The incident brought strong reactions from university students. Student leaders organised several demonstrations on university campuses against the entire Peace Corps scheme. The National Unions of Nigerian students passed a resolution asking the government to probe the activities of the Peace Corps, and "to deport immediately these agents of imperialism" <sup>51</sup>

The actions taken by the students stimulated a hot debate about the merits and demerits of the Peace Corps scheme. It is difficult to tell if the actions of the students were supported by a majority of the people. It is interesting to note, however, that while several editorials agreed with the students for condemning that individual member, they all seemed to indicate that the entire Peace Corps scheme should not be attacked for the actions of one person. In fact, on the question of abolishing the entire Peace Corps, the students did not receive much support from the general population. If anything, this attitude could be taken to indicate the support the Peace Corps had among the citizens of Nigeria.

## Military Regime (1970-77)

Between 1966-69 a bitter civil war almost tore Nigeria apart. Curiously, the nation emerged from the war more unified socially, and politically there emerged a federal government stronger and more able to act without undue domestic encroachment. Perhaps the most dramatic and visible change in Nigeria after the war has been the growth of crude oil production and sales in the world market. The oil boom has provided Nigerians with a greater sense of economic independence. Delancy has looked at post-war Nigeria in this way:

Nigeria came out of the civil war with a stronger economic system; a political system that has become more centralized; a larger and more potent military force; and a greater sense of national pride. 52

In view of all these changes one would expect some major difference between the two periods (civilian and military) with regard to the attitude toward the US. The major variable that accounts/for the difference in attitude is Nigeria's oil revenues and its ability to pay for the much needed external resources. Total revenues (at current prices) nearly tripled between 1970-73 and more than tripled between 1973-75. In 1975, over three-quarters of the total came from petroleum, even though revenues from other sources (import duties and company tax) had also risen fast. 53

Immediately after the war an appeal was issued to all friendly nations to aid in Nigeria's economic reconstruction. Initially, the US contributed what was termed a reasonable amount toward the reconstruction of the Nigerian economy. Largely in response to aid from donor nations (US not specifically mentioned) the Nigerian government, through pressure from several groups, made it clearly known that "Nigeria was not a beggar-nation" <sup>54</sup> Public sentiment in Nigeria was against the indiscriminate acceptance of aid from all nations. Ironically, many Nigerians thought some of the potential aid givers could use some aid from Nigeria. As a further reaction to indiscriminate aid acceptance, there were frequent calls for a policy of self-reliance intended to make Nigeria dependent on its own people and resources. <sup>55</sup> Obviously, the pride of many Nigerians was hurt by the generosity of many friendly nations.

Even before the oil boom began in 1974, the general resentment of foreign aid had significantly affected the attitude toward US aid. Therefore, the oil boom merely provided the machinery to reinforce a trend that had already begun. Between 1970-77 the country's need for external aid declined considerably. By 1975 total US economic aid to Nigeria had declined to \$2.5 million, down from \$44.4 million in 1970. 56 In 1975 the US terminated all concessional assistance to Nigeria. The new US aid policy in Nigeria called for the development of a "new United States Government-Federal Military Government (USG-FMG) relationship based on the purchase by Nigeria of US technical assistance and commodities". 57 The new development in Nigeria's attitude toward US aid was that Nigeria was able and willing to pay for the capital and technical assistance it needed for development.

Another noticeable change was that Nigeria had the right to dictate the type of aid it wanted, and the conditions under which it would receive US aid. <sup>58</sup> At this point, a vigorous rebirth of the old "business-like" attitude toward aid became aparent. Since Nigeria was going to repay US aid faster than other developing nations, the country also deserved the privilege of dictating aid conditions. This approach was also meant to give the country the freedom to channel aid money to the appropriate sectors to achieve rapid industrialisation. In other words, it was designed to induce flexibility in planning and to avoid distortion of priorities in the national development programmes.

Were Nigerians really interested in aid at that time? In essence, they were asking for technical aid and equipment for which they were prepared to pay the real cost. It seems that they showed more interest in trade than aid per se. For example, several writers began to question the logic of food aid in a manner that implied a shift from aid to trade.

Would developing nations not prefer assistance in technical equipment and knowhow in the production of more food with less primitive labour, as at present to the doling out of American surplus rice and other grants?<sup>56</sup>

The statement, which was typical, shows that many people were not interested in any kind of aid, especially the type that would perpetuate the country's dependence on external sources for survival for a long time. What was needed was short-term assistance that would give Nigeria the technology to survive on its own.

Another trend in the Nigerian attitude at that time was growing skepticism about the rationale of US aid, not only in Nigeria but in the Third World in general. Most writers identified what they commonly referred to as the "facade of US assistance" Assuming that US aid was mainly designed to help the poor nations economically, many wondered about the wide disparity between military and development aid.

What developing nations need is not guns and rockets, but the basic necessities of life such as adequate food, better health facilities, and eradication of poverty and illiteracy....<sup>60</sup>

As if to crown it all, one incident involving US aid to Nigeria gave most Nigerians the pretext they needed to express their innermost feelings about such aid. The scholarship of a Nigerian student in the US was revoked by AID because a personal letter he wrote his parents in which he criticised certain US policies was intercepted. The editorials, commentaries and letters to the editor all had a similar tone: "go to hell" This is how one editorial put it:

Americans are notorious for their arrogance and pomposity. Let them go to hell with their wealth. We are not a beggar-nation and we can do without them.<sup>61</sup>

You may recall that when a similar incident occurred with a Peace Corps member in the early 1960s Nigerian students reacted angrily and asked the government to expel all Peace Corps members. This latter incident occurred in 1974 when Nigeria's need for aid had changed considerably. Nevertheless, amidst all the strong talk about US aid we have to realise that Nigeria, despite oil, would still have to rely to some extent on US technical aid for quite some time in order to achieve its goal of rapid economic development. No wonder some Nigerian writers like Sonaike and Olowoporoku still fear economic dependence through the transfer of technology. 62

# CONCLUSION: THE REALITY OF DEPENDENCE AND PERCEPTION OF DANGER

In 1960 there was a paradoxical situation of political independence and economic dependence in both Ghana and Nigeria. According to some development theorists, economic progress becomes difficult in such a situation because the laws of supply and demand normally work against the recipient, i.e., the dependent nation. Moreover, the rich nations (donors) deliberately resist change in order to maintain their dominant status.

The situation in Ghana and Nigeria was such that they had to face the twin problems of dependence and underdevelopment simultaneously. To solve the latter problem, aid was considered crucial. On the other hand, some critics argue that aid reinforces dependence which, in turn, hampers development. How then does a poor nation extricate itself from this dilemma? It is argued that economic dependence is manifested in various ways in the Third World, including dependence through development aid and technical expertise. If aid reinforces dependence, why did Ghana and Nigeria decide to rely on US development and technical aid? In 1960 both nations believed that, as a result of colonialism, the only way to achieve rapid economic development was to accept external aid, including US aid. The two, nations indicated that they would have preferred trade to aid, but because they could not generate enough money from trade they had to rely on aid in the short-run until trade could be developed. "misper-

Another reason for the earlier enthusiasm for aid was the "misperception" of the motivations of foreign aid. For instance, Ghanaians perceived US aid in moral terms; a friendly nation was generously sacrificing its money to help Ghana. In Nigeria, US aid was evaluated in terms of the mutual benefits it would bring to the economy of the US as well as Nigeria. Since both nations never perceived their economies to be in a peripheral status, they also did not bother about dangers of further dependence through aid. Consequently, US aid was welcomed for the anticipated benefits and the positive impact it would have on their economies. That was the case of Ghana from 1960-63 and Nigeria from 1960-65.

The Ghanaian perspective on US aid changed from 1963 onwards. The negative attitude that emerged was not related to the economic performance of US aid. Rather, Ghanaians began to look at the political effects of economic dependence. There was persistent talk of a new form of colonialism that threatened the independence of the nation. That was the first perception of danger in accepting US aid. To most Ghanaians US aid was good, but the donor was imperialist and neocolonialist. External aid was still needed for economic development, but the political ramifications of US aid were unacceptable.

Between 1966-71 Ghanaian attitude toward US aid changed again. For this five-year period the economy experienced little or no growth. As expected, this period also denotes the country's extreme dependence on US aid. It was believed that foreign aid was the fastest available solution to the economic crisis at that time. The reality of economic dependence was obvious in that case. Although the cause of the country's economic problems was the nature of the post-colonial economy, external aid was supposed to be the answer. Interestingly, the blame for the country's economic woes was put on economic mismanagement by Nkrumah's government (1960-65).

By the end of 1971, the adverse effects of aid had further worsened the Ghanaian economy. Despite extensive aid from all sources, the economy continued its foreign orientation. If the positive effect of aid was invisible, its negative impact was real. External debts arising out of aid exceeded \$1003 million by the end of 1971. Nevertheless, US aid was viewed as favourable by many Ghanaians despite the detrimental effects of the debt repayment on the economy. Perhaps this was due to the need for more aid to revitalise the ailing ecomony. Further, the country could not afford a policy of confrontation with the creditor nations even though many Ghanaians felt the debts were bad for the country and they should be repudiated. Thus, there was a perception of danger from dependence on aid, but co-operation was deemed better than confrontation with the donors.

Between 1972-77 most writers favoured a policy of self-reliance in place of dependence on foreign aid. Experiences over the years clearly demonstrated that foreign aid could not solve the country's economic problems. In addition, the problem of external debts had become unbearable. During this period it was felt that a policy of confrontation was appropriate. In line with public opinion the government moved to repudiate a part of the external debt. Afterwards, when the country could no longer obtain foreign aid from the major donors (US included), self-reliance became the official policy.

The pattern of development of Nigerian attitudes toward US aid has been slightly different from Ghana. As already indicated, Nigerians (1960-65) argued that the status of the post-colonial economy was the main reason for their acceptance of US aid. At that time, the emphasis was put on short-termaid because it would have taken longer to develop viable trade to earn the required foreign exchange for economic development. Many Nigerians felt that the US was just not ready to commit large sums of aid money to NIgeria because east-west rivalry was the major determinant of US allocations and Nigeria was non-aligned. Therefore, the long-term solution to Nigeria's development problem was trade, not aid.

Surely, when Nigerian trade improved greatly after 1974 its attitude toward US' aid also changed. As a result of its oil revenues, Nigerians felt they could pay for the external resources they needed for development. In other words, it was time to put more emphasis on trade than aid. Thus trade, not aid, was to be used to stimulate development and to achieve economic independence. A policy of self-reliance engineered by budget surpluses emerged in Nigeria after the civil war economic boom. The policy of self-reliance may also have been engendered by past experience with foreign aid. In the two development plans launched by Nigeria, external finance was not forthcoming as expected, thereby forcing the nation to rely more and more on internal sources for development capital.

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Thus, by 1977 both Ghana and Nigeria had rejected aid as the principal impetus for growth in favour of self-reliance. In Ghana, self-reliance was a last resort; it was a desperate attempt to try a new economic approach. The inability to obtain aid, as well as bad experiences with aid, left no other alternative. In Nigeria, it came as a result of the realisation that the country had sufficient resources for its own development. The success of these efforts in Ghana and Nigeria would require a fundamental change in their attitude toward US aid which has never been intended as a substitute for domestic resources, but rather as a supplement to domestic efforts. If selfreliance brings about this fundamental change in orientation it may be a step in the right direction. As Nigeria's experience has shown, aid will still be needed, but only genuine aid that will bring the needed technology to make structural changes in the domestic economy will be acceptable.

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Dialogue between Africa and Latin America is very limited at present and any attempts at establishing closer links, especially between progressive groups in the two continents are, therefore, very welcome and should be strengthened.

These two continents have a number of differences and variations, which exist even within the continents and in individual countries. There are, however, important similarities which call for similar strategies on a number of issues in both continents.

It has been argued that the two continents have very little in common, that divergence is more fundamental than commonness. Ferguson, for example, arguethat Latin America as a region continues to be much more developed than the balance of the less Developed World (LDC). This factor, he suggests, makes This World Co-operation somewhat more difficult. Indeed, some well-to-do Latin Americans do not consider themselves as belonging to the Third World. Such a belief has been more pronounced in what havebeen described as core Latin American countries — Brazil, Mexico, Venezuela and Argentina.

Such a position has no strong basis, it is mainly based on wishful thinking and/or temporal 'booms'. A few years ago many people believed Brazil was in the stage of take-off, and oil gave a feel of prosperity in Mexico and Venezuela. Today, few have those illusions as these countries have plunged into crises which are bordering on disaster. A similar situation could be found in Africa at one time. For example, Gowon of Nigeria stated that money was no longer a constraint to development in Nigeria <sup>3</sup> and in Kenya some leaders wanted the country to be designated 'developed' and not 'underdeveloped' fierce debate which continued until someone suggested that if Kenya was developed, it should give development aid to the poor African States.

Thus, we argue both Latin America and Africa are underdeveloped and that, despite variations, they are essentially in the same position. The differences lie in specific historical experience of oppression which has led to some different configuration of the two continents. Despite these differences, however, both continents are dominated by international capitalism. In this way, therefore, the two continents face quite similar problems. Two types of interrelated problems can be identified, those emanating from their position in the world capitalist system and those emanating from the internal socio-economic setups. These internal problems include retrogressive class structures, poor management of resources, and the existence of fetters, both human and natural, to the mobilisation of resources.

It is imperative that there should be attempts at co-ordinating efforts aimed at solving the problems facing the two continents and learning from other countries' successes.

This paper intends to discuss the following issues briefly. Firstly, the present state of affairs in the relationship between Africa and Latin America; secondly, the similar problems facing Africa and Latin America; thirdly, the struggles aimed at

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