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Politics of Money and the Value of the Naira: The World Bank and the IMF Strategy Against the Third World

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Abstract

This Paper is a preliminary examination of the political and strategic implications of the World Bank and the IMF Structural Adjustment Programmes (SAP) on developing Nations, also known as the Third World. We say it is preliminary because, only a mere sketch or outline of the main issues involved is presented here. The presentation here, is therefore, meant to be suggestive rather than conclusive. These international institutions compelled or imposed State intervention policies in Third World Nations, generally referred to as the Structural Adjustment Programmes (SAP). In particular, we intend to examine critically, the negative effects of these political and strategic World Bank and IMF imposed intervention economic policies and programmes on the economies of these Third World Nations, especially on their monetary and fiscal policies. This is what we have termed here, the "Politics of Money" and their consequences on the value of the currencies of these Third World Nations, especially on the Nigerian currency, the Naira.

Keywords: *Politics of Money, Value of Naira, Deregulation, Structural Adjustment Programme, State Intervention, Capital Accumulation, Developing Nations, World Bank, the IMF.*

> *…the core of the capitalist offensive (using the World Bank and the IMF), has been an attack on the state itself. Capitalists realized that with the mounting problems of stagflation, there would be powerful pressures for a further extension of the state's role in the economy. But they also realized that such an increase in the state power might well ... deprive them of their leverage over the state managers. To prevent this outcome, an offensive was launched to blame state intervention for the economy's difficulties and to propose reductions in taxes, state spending, and government regulation as the solutions to stagflation. At the same time, efforts were redoubled to use business channels of influence on the political system (in the Third World Nations, especially of Africa and Latin America, by the World Bank and IMF) to block expanded state regulation and to pressure for a rollback of certain forms of state activity.*
>
> *Of course, the capitalist offensive has also been characterized by attempts to use state power to weaken the bargaining power of the union movement…yet if 'free market' solutions do not work, the basic contradiction that generated the capitalist offensive remains. As long as stagflation persists, the danger is acute that opportunistic state managers, under pressure from subordinate groups, will attempt to resolve the economy's problems with dramatic increases in the state's role, including the imposition of controls over wages, prices, credit allocation, and investment (Fred Block, 1980, p.237).*

I INTRODUCTION

The above lengthy passage taken from Block, provides a good starting point for the analysis of the political and strategic implications of the World Bank and the International Monetary Fund (IMF) strategy against the Third World, also known as Developing Nations in the World. It states aptly the problems that led to the World Bank and the IMF induced or even compelled, State involvement in the economies of the Third World Nations, especially in Africa and Latin American Countries, and the contradictions that still lie ahead. State interventionism has, no doubt, been at the centre of recent debates on the state-capital-society relations by both Marxist and Liberal writers. It is now generally accepted that state intervention to control or reduce the crisis of accumulation is a universal phenomenon differing only in degree and extent from one society to another (Dan Mou, 2015, 2017 and C. Young, 2012). What is yet to be properly understood, is the particular effects the World Bank and IMF enforced State intervention produces in a given peripheral social formulation in the Third World Nations. It is here that the need for additional research is particularly compelling.

This Paper is a preliminary examination of the political and strategic implications of the World Bank and the IMF Structural Adjustment Programmes (SAP). We say it is preliminary because, only a mere sketch or outline of the main issues involved is presented here. The presentation here, is therefore, meant to be suggestive rather than conclusive.

These international institutions compelled or imposed State intervention policies in Third World Nations, generally referred to as the Structural Adjustment Programmes (SAP). In particular, we intend to examine critically, the negative effects of these political and strategic World Bank and IMF imposed intervention economic policies and programmes on the economies of these Third World Nations, especially on their monetary and fiscal policies. This is what we have termed here, the “Politics of Money” and their consequences on the value of the currencies of these Third World Nations, especially on the Nigerian currency, the Naira. The current economic problems that have confronted the Third World Nations, particularly since 1980, have brought into sharp focus the role of the Third World State in the economy and society; and the extent to which this state involvement is being dictated by dominant classes and foreign capital, especially the World Bank and the IMF. For the moment, this debate seems specifically centered on SAP; a programme adopted supposedly to revamp the battered economies of the Third World Nations. Such questions, of course, are at the heart of understanding the political and strategic implications of SAP on these Third World Nations.

SAP is basically an assorted package of politico-cum-economic measures, that have been prepared by the international lending agencies, particularly the World Bank and the International Monetary Fund (IMF), as universal solution to all Third World economic problems. It includes policy measures such as privatization; deregulation, devaluation of currencies, imposition of austerity measures, massive cuts in state expenditures on social welfare programmes, retrenchment of workers and wage freeze. It also includes the introduction of repressive laws that curtail the political liberties of individuals, groups and organizations in these developing Nations.

An examination of the political and strategic implications of such a comprehensive form of the World Bank and IMF enforced State intervention, such as SAP, invariably involves addressing squarely the fundamental question of the autonomy of the state vis-à-vis the dominant classes and international lending agencies, such as the World Bank and the IMF - collectively referred to as international capital. State autonomy basically means “the freedom of the state from direct and indirect control by dominant economic classes and ultimately from structural constraints. The importance of state autonomy revolves around the question: to what extent, or under what conditions, can the capitalist state operate independently of class intervention and pressures” - both within and outside the Societies or Nations concerned? (N. Hamilton, 1981, p.305).

It is clear enough that an autonomous state may intervene in the economy with different implications than a state captured by the dominant classes and foreign capital (Raph Miliband, 1969;

G. Therborn, 1978), especially, the World Bank and IMF. The concern here is that "the [economic] crisis has severely undermined the power of the state as the banks and the International Monetary Fund (IMF) joined forces to demand austerity programmes and a lower level of state participation in the economy" (B. Stallings, 1986, p.2). What then are the political and strategic implications of World Bank and IMF imposed SAP measures? How best can one account for the impacts of SAP policies on different classes and groups in the Third World Nations? And how can one explain why full economic recovery has not appeared in sight, despite the implementation of these SAP measures so far, and the political consequences this poses for the future of Developing Nations, especially in Africa and Latin America? What have been their impacts on the monetary and fiscal policies of these Third World Nations, especially on their national currencies? In particular, what has been the impact of these SAP measures on the value of the Nigerian currency, the Naira? These are the questions that this Paper, has attempted to answer.

II THE WORLD BANK AND IMF IMPOSED STATE INTERVENTION, CAPITAL ACCUMULATION AND SOCIAL CLEAVAGES IN DEVELOPING NATIONS

Since individual's assessment and perception of state intervention in the economy usually depends on their social conditions; it is important to locate this discussion in a particular theoretical problematic. There are three basic problematics from which attempts tend to be made in evaluating a state policy such as SAP. First, is to assume that the government following the insistence, or compulsion by the World Bank and the IMF, had good intentions in initiating the policy. If the outcome is not desirable, it is simply because things may have gone wrong during the process of implementation. Reflecting this view, Mou has cautioned that:

> Whatever the alleged noble intentions of state policies, that by itself is not sufficient evidence to conclude that they will be realized as intended. This is because policy proclamations and implementation are different creatures. In the process of implementation, the original goals can be obstructed, distorted, diverted or even inverted by the prevailing structures, agencies and interests (Dan Mou, 2015).

The second view holds that "capitalist reform" (as championed by the World Bank and the IMF) reflects the conscious will and understanding of some sectors of the capitalist class that has grasped the magnitude of the problem and proposes a set of solutions (Fred Block, 1977, p.7). This, it is argued, they do through the use of the state to implement "strategies of forcing the working class to bear the costs of economic contradictions through dramatic reductions in living standards, combined with severe political repression" (Fred Block, 1977, p.7). From this perspective, SAP as spearheaded by the World Bank and IMF, can be seen as a mere case of the capitalist conscious groups using state power to curtail working class demands and promote capital accumulation.

The third problematic "suggests that the capacity of capitalism to rationalize itself is the outcome of a conflict among sets of agents - the capitalist class, the managers of the state apparatus, and the working class. Rationalization occurs 'behind the back' of each set of actors so that rationality cannot be seen as a function of the consciousness of one particular group" (Fred Block, 1977, p.7). By "rationalization" and "capitalist reform", Block is "referring primarily to the use of the state in new ways to overcome economic contradictions and to facilitate the integration of the working class" into the prevailing hegemony (Fred Block, 1977, p.7).

The present Paper, is located mainly within the third problematic, even though it also draws from the other two, whenever the discussion so demands. In short, recent debates on the state and economy in the Third World, have reflected all these three problematics. (Dan Mou, 2020). A brief discussion of this debate will, therefore, provide a theoretical aid in understanding the political and strategic implications of the World Bank and IMF imposed SAP on Developing Nations.

Liberal contributions to this debate on state intervention in the economy, begin from the assumption that the state is a "neutral agent" that functions for the "common good" of "society" or the "public" (R. Dahl, 1981; C. Patenan, 1970). The more sophisticated ones go further to suggest that sometimes there are problems, and state power is not exercised for the "common good." But these are usually to be seen as exceptional instances (which, in Dahl's reasoning), "are to be tolerated rather than rule" (R. Dahl, 1981).

The State is defined in this pluralist perspective in terms of its inherent characteristics and behavioral attributes. These attributes and characteristics usually include but are not limited to: monopoly of power, territoriality, neutrality of rule, institutional ensemble, sovereignty and anthropomorphic features (C. Young, 1982). Whether or not state policies benefit certain groups or classes is thus, seen as a function of this participation in politics. Participation in this case, understood broadly as the ability of citizens or some collectivities of citizens to influence state policies in favour of what they stand for (Dan Mou, 1984).

Whatever the merits of these pluralist approaches to state intervention in the economy, they seem grossly inadequate. Most students of public policy are by now aware that electoral participation is not a good predictor of state policies, even in democratic societies. Moreover, direct participation in policy, particularly in a social context, is a function of power. In which case, in a class divided and multi-ethnic society, such as Developing Nations are, the more powerful individuals, groups and classes are winners by definition. State policies, such as SAP, therefore, end up serving the vested interests of the most powerful groups and classes in society (Dan Mou, 2016). Hence, the argument that there cannot be any state functioning for the "common good" in a society bedeviled with various social cleavages based on class, region, ethnicity, religion, gender and even language (Dan Mou, 2017).

Neo-Marxist writings on the role of the state in the economy have rejected the notion that State policies, such as World Bank and IMF imposed SAP, are serving the "common good" of society. The argument is that the state lacks the autonomy to ensure that its policies are in the interests of all groups and classes in the society. Instead, the state, and therefore, its policies, are completely hostaged to serving the interest of the dominant classes and groups on which they depend, local or international.

Lenin, Miliband, Therborn and Domhoff are the leading advocates of this instrumentalist conception of the state and its policies (R. Miliband, 1969; V.L. Lenin, 1965; G. Therborn, 1987). Aside from the dominant classes and groups using the state and its policies to pursue their interests; they also use the state for the subjugation of the subordinate classes and groups. Lenin, for example, explains that "the state is an organ of class rule, an organ for the oppression of one class by another". (Lenin, 1965). Similarly, Miliband states concerning the capitalist state:

> There may be occasions and matters where the interest of all classes (i.e. dominating and dominated classes) happen to coincide. But for the most part and in essence, these interests are fundamentally and irrevocably at odds, so that the state cannot possibly be their common trustee; the idea that it can is part of the ideological veil which a dominant class draws upon the reality of class rule, so as to legitimate that rule in its own as well as in the eyes of the subordinate classes (Miliband, 1969, pp.66).

Within this instrumentalist framework, even state policies that apparently favour the subordinate classes, such as social welfare schemes, are seen merely as attempts to "control" these subordinate classes and legitimize class rule (R. Miliband, 1969). Three major reasons are given as to why the dominant classes and groups are able to hijack the state and its policies for their exclusive benefits:

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First, it is alleged, that these dominant groups and classes usually control the institutions of the state and other ideological apparatuses - the executive, the judiciary, the legislative bodies, political parties, educational system, the mass media, etc.

Second, it is suggested that "even where the people concerned are not directly (by social origin) members of the dominant bourgeois class, they are recruited into it by virtue of education and connection, and come to behave as if they were members of that class by birth" (M. Carnoy, 1984). Third, the ability of the dominant classes and groups to resort to their economic power to control the state is given. Thus, it is argued that the dominant class, because it controls the major sectors of the economy, can compel the state to do its will through the threat, or actual use of, "investment strikes" - withholding capital and forcing the economy to a standstill. This, it is believed, will lead to the final collapse of the regime in power in any Third World Nation (J. Holloway and S. Piccito [eds.], 1978)

Part of the major limitation of this instrumentalist neo-Marxist approach to the state is that it assumes that there is no disagreement among and within the dominant classes. It is obvious that policies, such as SAP, hurt some members of the dominant classes as much as they may have benefited others. It can, therefore, not be simply assumed that the dominant classes and groups have clearly defined monolithic interests which the state tries to serve through its policies. Moreover, if the state were so dependent on the dominant classes as they allege; the state will not be in a position to manage the long term interests of the dominant classes. To do that some amount of autonomy may be required.

It is this apparent contradiction in the instrumentalist view, that led to the structuralist neo-Marxists view championed by Poulantzas and Wright (N. Poulantzas, 1978; E.O. Wright, 1978). The structuralist interpretation concedes some "relative autonomy" to the state. Poulantzas puts it thus:

> This state by its very structure, gives to the economic interests of certain dominated classes guarantees which may even be contrary to the short term economic interests of the dominant classes, but which are compatible with their political interests and their hegemonic domination ... However, this simply shows that the state is not a class instrument, but rather the state of its society divided into classes (N. Poulantzas, 1978, pp.190-191).

Of recent "state-centred" perspectives have also emerged as alternative explanations of state policies. Writers within this perspective make a strong case for state autonomy. The most notable ones being Skocpol and Nordlinger (T. Skocpol, 1979; E.A. Nondlinger, 1981).

Skocpol rejects the arguments of neo-Marxists who see the state as representing only the interests of the dominant classes. Instead, she argues that in the struggle between the dominant classes or groups and their subordinates; the state is to be viewed as a third party. This third party (the state) is more or less autonomous from these conflicting groups and classes (T. Skocpol, 1979). Yet, the state autonomy is not to be seen as a deceptive strategy that enables it to stay above social classes and groups and resolve the stalemate in favour of the dominant ones. Rather, state policies, such as SAP, are to be seen as a consequence of domestic and international factors (T. Skocpol, 1979). Nordlinger accepts this position as well when he states:

> ... the democratic state is not only frequently autonomous insofar as it regularly acts upon its preferences, but also markedly autonomous in doing so even when its preferences diverge from the demands of the most powerful groups in civil society (E.O. Nordlinger, 1981, p.17).

While it may be true that a stronger case can be made for state autonomy, this has to be demonstrated, not assumed. As Gowa correctly points out, "the conclusion that state officials do not act consistently (or at all) on behalf of interest group or classes does not resolve the issue of how and why state officials do act" (Joanne Gowa, 1981). Thus, statist theories, to be useful, might have to tell us why

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the state acts the way it does. It seems only a concrete substantive investigation of particular state actions can resolve this debate.

This is indeed, what we intend to do in this Paper, with reference to the World Bank and the IMF imposed policies on the Third World States, and therefore, their societies. Before this is done, however, let us touch, even if only briefly, on the scholars that do suggest that the real problem is to be found in the different ideologies that the Third World States or Nations, adopted after their independence.

Of recent, some experts on the development of the Third World Nations, have tended to focus on the ideological differences of the Governments in those countries. They argue that the total control by the World Bank and the IMF, have been more comprehensive in Third World Nations that adopted Capitalism as their ideology at independence (C. Young, 1982); than in those that followed Socialist ideology at their independence.

Basing on ideology, they have argued that in post-independence Third World Countries, where Socialism was adopted as the national ideology, the destruction of their economies by the World Bank and the IMF has been far less than in Nations where Capitalism was or is the official ideology.

Crawford Young, in his book **Ideology and Development in Africa** (1982), for instance, argues that, for most of these Socialist Third World Nations, the growth of "capitalism" has been blocked or halted by the African ruling elites. But at the same time, they have failed to establish the dictatorship of the proletariat, thus also failing to achieve a socialist stage that leads along the communist development pathway. Whether one agrees with this view or not, it will be ridiculous, however, to think that there is no substantive difference in the ideological pathways adopted by different Third World States - a fact well documented by Crawford Young (1982). Nonetheless, there appears to be some merit in Claude Ake's assertion concerning the verified ideological positions adopted by the different Developing States. Ake states that:

> The gross exaggeration of the differences between them arises from the tendency to make ideology too autonomous, to dissociate it from existential conditions, and even make it the determinant of these conditions. If the objective conditions are taken as the point of departure, it is readily seen that there cannot be such drastic ideological and policy differences between African Post-Colonial States (Claude Ake, 1979). This applies, ip so facto, to the Third World Post-Colonial States, as well.

The present World Bank and IMF induced "crises" in Third World Nations, therefore, should be seen as no respecter of ideology.

III POLITICAL DECEPTION AS STATE CRAFT: THE WORLD BANK AND IMF STRATEGY AGAINST THE THIRD WORLD

So far, we have looked at the different theoretical positions concerning the matters under consideration in this Paper. But as we concluded the conceptual discussions above, it is only concrete substantive investigations and analysis of these World Bank and IMF imposed SAP policies on the Third World States and Nations, that can actually resolve this debate.

In doing that, we must actually look on the actual situation on the ground in these Third World Nations; and not just base our conclusions on the legal instruments setting them up or simply on their promises or press releases.

Political deception is an old technique of political campaigns and even "State Craft". Its primary significance or purpose and focus, lies in winning in the courts of public opinion, in winning votes for an election to assume a political office or in ensuring domestic stability, when the leader

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has won his or her election and assumed political power or whatever position that was his or her desire.

It is also used to win local, regional or even world approval, when it comes to world organizations, such as the World Bank and the IMF. That is why office seekers and incumbents alike, all spend a lot of resources on public relations and mass media. For organizations, such as the World Bank and IMF, they do actually hire the best experts in these areas to do this sort of work for them.

What this means is that stakeholders and the general public must be careful and circumspect to ensure that they do not fall for mere political deception. They must look deep to actually know whether particular leaders or organizations are performing or not.

By way of a brief history, the World Bank and IMF were created in a meeting held in Bretton Woods, New Hampshire, USA, in 1944. That is why they are sometimes referred to as the "Bretton Woods Institutions". It was scholars and world political figures from forty-four (44) countries, including John Maynard Keynes, the renowned Economist, and Harry Dexter Whites, that laid down the structure and objectives of these two World Organizations.

The main objectives of the IMF, was to maintain stability of the global financial markets. The World Bank, however, was to focus on investing and channeling funds to reconstruction and developments projects of the devastated post-second World War Europe. Overtime, however, the functions and scope of these two Organizations have expanded tremendously. Their areas of focus, too, have tremendously shifted. For instance, from a main focus on European Nations, the World Bank is now, almost wholly, focused on Developing Nations of Africa, Asia and Latin America (G. Bird, 1994; P.Collier, 2007).

Similarly, for the IMF, the implementation of flexible exchange rate, that most of the countries adopted during the 1970s and 1980s as well as regional monetary arrangements, such as the European Monetary System created in 1979; decreased its role in international macro-economic policies.

Thus, these developments have, also tended to limit the functions of the IMF to the developing countries as well, especially in Africa, Asia and Latin America. Most of these countries are not seen as credit worthy countries by commercial Banks. Thus, the programmes, loans and operations of both the World Bank and the IMF, have become squarely focused in the Third World Nations, mostly in Asia, Africa and Latin America.

From their Mandates and therefore on Paper, they are clearly desirable International Organizations, even though the other World Regions outside the Developing Countries, have tacitly rejected and turned their backs against them altogether. They are now focused on Third World Nations, that seem to have no options, even though, as we show below, new options are also springing up for them. For the record, let us state the Mandates of the IMF and the World Bank, before we proceed.

THE IMF'S MANDATE

The IMF promotes international monetary cooperation and provides policy advice and capacity development support to help countries build and maintain strong economies. The IMF also makes loans and helps countries design policy programmes to solve balance of payments problems when sufficient financing on affordable terms, cannot be obtained to meet net international payments. IMF loans are short and medium term and funded mainly by the pool of quota contributions that its members provide. IMF staff are primarily economists, with wide experience in macroeconomic and financial policies.

THE WORLD BANK'S MANDATE

The World Bank provides long-term economic development and poverty reduction by providing technical and financial support to help countries reform certain sectors or implement specific projects – such as building schools and health centres, providing water and electricity, fighting disease and protecting the environment. World Bank assistance is generally long term and is funded both by member country contributions and through bond assurance. World Bank staff are often specialists on particular issues, sectors, or techniques.

IV THE NEGATIVE STRATEGIC AND POLITICAL IMPLICATIONS OF WORLD BANK AND IMF STRUCTURAL ADJUSTMENT PROGRAMMES ON THIRD WORLD NATIONS

Despite the beautiful and attractive Mandates of the World Bank and the IMF, how come the other Regions of the World, turn to reject the World Bank and the IMF as a plague? How come it is the poor developing nations that allow these International Organizations free access and even domineering roles in their societies and economies? What has been the consequences of all these for the Third World Nations?

Below, we itemize briefly, the negative strategic and political implications of the World Bank and the IMF Structural Adjustment Programmes on the Third World Nations.

In their recent study titled, "The World Bank and IMF in Developing Countries: Helping or Hindering?" published in the **International Journal of African and Asian Studies** (2016), M. M. Muhumed and S.A. Gaas, came to this painful conclusion, and I quote them here at length:

> The presence of the World Bank and the IMF in developing countries dates back as early as 1960s … the developing countries are marginalized in power sharing policies and projects in these institutions , they are imperialism tools used to exploit resources of the developing world and to protect interests of the West. They provide painful and destructive financial and technical support leading to retarded growth, expanded inequality and occasional global instability (M.M. Muhumed and S.A. Gaas, 2018).

Thus, based on these findings, they recommended to the Third World Nations, that:

> "it is time for the developing countries, to join and contribnute to the improvement of existing alternative institutions such as the New Development Bank established by BRICS Countries" (M.M. Muhumed and S.A. Gaas, 2016).

In their study, S.S. Kingston, L. Irikana, G Dienge and S.K. Kingston, titled, "The Impacts of the World Bank and IMF Structural Adjustment Programmes on Africa", published in **Sudan Journal of Policy and Strategic Studies**, they have concluded that, and I quote:

> "The impact of the policies advocated by the World Bank and the International Monetary Fund (IMF) in Africa, are under increased scrutiny. African scholars and International NGOs concerned with Africa's development, have asked whether the policies imposed by the World Bank and IMF in Africa, have actually helped or hindered the objective of increasing living standards for the majority of Africans. The international call for cancellation of Third World debt has grown steadily over the past few years, highlighting the question of whether IMF policies have contributed to the external debt burden of African countries.
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> Critics of the World Bank and the IMF, have argued that policies implemented by African countries, intended to control inflation and generate foreign exchange to

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> help pay the IMF debts, often result in increased unemployment, poverty and economic polarization thereby impending sustainable development and promoting underdevelopment" (C.S. Kingston, S. Irikana, G. Dienye and K.G.Kingston, 2011).

They have concluded that, the "right to development as human right … have been violated by the policies of the International Monetary Fund and the World Bank in Africa" (C.S. Kingston, S. Irikana, G. Dienye and K.G. Kingston, 2011).

The SAP measures have been undertaken in the name of revamping the Third World economies from their present problems which have become severe since 1980. Undoubtedly, these economic problems have created several contradictions within the Third World Nations. A central dimension of these contradictions has been the sharpening of group and class conflicts. It is also fostering new social and political alliances. It is as a result of these new alliances that the political and social basis for questioning the state interventionist policies that some of these States had adopted since independence arose.

Politics, we have been consistently told, is about "authoritative allocation of values." Thus, it has been rather easy to forget that politics also concerns the legitimation or delegitimation of the prevailing social order; and even the "authoritative allocations" themselves. This is probably pretty obvious for rarely do policies have the same impact on all groups or classes in society. As Lorwin points out, there is always the possibility that "some individuals, groups, or classes benefit unjustly or unfairly from the labour of, or at the expense of, others" (L.L. Lorwin, 1979). In other words, "if value allocations were more nearly equal and equitable, they would more surely constitute their own legitimation." This, however, is not the case. The result is that:

> Political systems allocate values, and they also legitimize themselves. The two functions can be independent of each other because governmental value allocations are always markedly unequal, requiring that the great majority who get the least of whatever is valued receive psychological attentions, promises, and reassurances which, together with some coercion, maintain their loyalty, docility, and services (Murray Edelman, 1980).

The effects of SAP on Developing Nations reflect these various dimensions. Under severe economic crisis, efforts are made to divert attention, create an impression of coping with the crisis and generate support for the prevailing social order. Sometimes, this process requires that scapegoats be created. For example, in Nigeria, the first scapegoat that was created to explain Third World economic dilemma was the identification and expulsion of "illegal aliens" early in 1983. These aliens were said to have been responsible for Third World economic and socio-political problems. We have discussed at length elsewhere, how such scapegoating was necessary to displace the fears and anxieties and preserve the prevailing social order. We also showed its irrelevance to solving the economic problems (Dan Mou, 1986).

Similarly, the identification of the involvement of the Third World State in the economy, as being responsible for the economic problems of their Nations, amounts simply to finding yet another scapegoat for the economic ills. As in all similar situations, at the end of the day; these economic problems would have worsened, requiring even more severe forms of State intervention to correct them.

The implementation of SAP, nonetheless, has other serious political and strategic implications as well. In the first place, SAP has become a manifestation of the victory of international capital over the Third World State. As argued above, after independence, the Third World State was relatively autonomous. This means that it could take actions to limit the control of the key sectors of the economy by international capital. Further, the States in these Developing Nations, could actively take actions to increase their control of the economy. But with the implementation of SAP, the control of they had over the economy has been cleared open for whoever can outsmart others in the open market. This means that the leverage that these Nations used to have over foreign capital is now gradually lost.

The implementation of SAP in Developing Nations, has also witnessed the promotion of crude accumulation by the dominant classes and groups. Usman puts this quite cogently when he states that a tiny minority "sitting on top of the government and economy, are wallowing, more and more, in fabulous wealth and living a life of extravagant luxury in the country, and abroad" (B. Usman, 1987).

While this is happening, we have also witnessed the mass mobilization of "psychological attentions, promises and reassurances" for the subordinate groups and classes in these Third World Nations. This is also done in conjunction with some coercion and repressions.

Appeals, such as these, recall quite intensely our socialized belief that actions that promote the maintenance and perpetuation of the social order, however unfair it might be, are "virtuous", while those that threaten it are "vicious". This socialized belief has become so entrenched in our consciousness that to question it is usually considered a manifestation of "criminal" intent deserving to be given an "enemy of the state" status. Thus, despite the various hardships caused by SAP, such as "the shrinking bodies, the ragged clothing, the rickety vehicles and the groups of children, youths and adults hanging around, with nothing to do, in every nook and corner," we remain loyal and quiescent to these governments.

Strategically, SAP has made possible the success of a conspiracy against the Third World States and therefore, their citizens. This conspiracy has been organized by the IMF and the World Bank in conjunction with their home governments. Part of their agenda is to reduce the autonomy of the Third World State by limiting its participation in the economy. Since state participation guarantees more revenue to the state and more autonomy, this too has to be stopped. So that the Third World State becomes more dependent on them for more revenue through taxes and loans. In this way, they would be better placed to use it to further their own interests.

Secondly, by forcing the Third World State to adopt various austerity measures, cut off social welfare schemes and mass retrenchment, this conspiratorial group hopes to isolate the Third World State from its domestic social base — the workers and peasants. A state at war with the majority of its citizens, will become more dependent on international capital and therefore, more willing to serve its interests.

Developments in the implementation of SAP gave indication that this has already happened. The Third World State has become so willing to place incredible hardships on its citizens and control labour and student movements. The Third World Labour Unions came under attack more in these Developing Nations. They have remained under attacks since. In addition, recently higher institutions, including Universities, in some of these Nations were closed, following student demonstrations against reductions in oil subsidy, poor teaching environment and benefits..

Confident that it has taken over the Third World State, this conspiratorial group has gone ahead to make more demands on the state - viz, the adaptation of debt-equity conversion as a strategy for managing her foreign debts. Through this policy, this conspiratorial group hopes to capture the major sectors and commanding heights of these economies. These are the very companies and corporations that they had already demanded (through SAP), that must be privatized in the first place (Dan Mou, 1986).

Here, one notices a group that is quite thorough and precise with its strategies and aims. Their final target is also already evident. Through the control of the key sectors and companies, i.e. the revenue earning enterprises in these Third World Nations, they hope to control and manipulate the political process and political power as well. Once this happens, the foreign policy goals of neo-colonial ventures of unencumbered capital accumulation and expatriation at the expense of the Third World State, domestic bourgeoisies and the citizenry (workers and peasants), would have been attained. Foreign Exchange Market (FEM) and later Second Tier Foreign Exchange Market (SFEM), made it possible for the expatriation of the "profits" of these multinationals.

In Nigeria, for instance, in 1980, the exchange rate was $2 (two Dollars to N1 (one Naira). Today, in January, 2023, it is about N480 to $1 in the official exchange rate. In the parallel market (Black Market), it is now $1 to N850. One can humorously but painfully, say: Well done the World Bank and the IMF. The levels to which you have destroyed these Third World economies deserve awards.

Thus, the foreign policy objectives of western capitalist countries now seem better attained through the manufacturing of new economic concepts and strategies. It is no wonder, therefore, that even private loans and bilateral agreements for debt rescheduling with western lending agencies and countries, can never be reached unless given the green light by the IMF and the World Bank. This usually takes the form of their sanctioning that the proposed agreements and actual/proposed policies of the debtor countries are in line with the great design. Hence, the most serious implication is the loss of state autonomy. This allows the Third World State to be an instrument of international capital to be used at will. The implication of this situation for the political stability, economic development, social development and the entire sovereignty of Developing countries, is better imagined.

Thus far, the impression has been created that the autonomy of the Third World State has already been reduced to nothing; and dependence on international capital is now the order of the day. But this view, given the contradictions that have again arisen, reflects only but a temporary situation. Already, there are signs that objective social, economic and political conditions, are forcing the Third World State to once more re-assert its autonomy.

In short, the Third World State has been so careful not to alienate the sectors in their Nations' population. The heavy emphasis on rural areas means that it has consistently sought to preserve its autonomy from international capital, their bourgeoisie and urban dwellers by creating a rural constituency. Thus, while privatization and reduction in state expenditures on programmes has continued in urban areas; the reverse has been the case in the rural areas. Here, state involvement and ownership of companies is the highest it has ever been in these Developing Nations.

Thus, the argument here is that under the surface of recent successes of international capital in controlling the Third World State and shaping its policies, especially SAP, lies a sharpening contradiction between the interests of foreign capital and the fundamental interests of Third World State Managers. While this contradiction has thus far been contained, the continuation of economic problems is likely to bring it to the surface.

Several reasons can be adduced for this. First, the pressure caused by the their working class, students and their organizations, would soon be too much for the Third World State to bear. Initially, as it is already happening, they will try to repress these groups. But no government can survive for long with brutal force. It will have to give in to popular demands.

Secondly, severe economic problems for the citizens, such as high unemployment and stagflation, undermine a nation's position in the world market and in the competitive state system, because they make high levels of defence and security spending politically and economically more problematic. Moreover, in time of war, it is the citizens and not international capital, that will defend the nation.

Thirdly, continued economic problems and mass dissatisfaction gradually "threatens to weaken the political base of any particular administration and it undermines the legitimacy of the entire political regime" (B. Usman, 1987). This means that it will increasingly be in the interest of Third World State Managers to attempt to solve these problems, through a further extension of state power and therefore, state autonomy. Even without any grand design, the Third World State Managers will finally be drawn by the objective socio-political and economic circumstances to pursue more statist policies.

While there are talks that SAP will be stopped, we argued that not only will SAP be stopped in most of these Developing Nations, but policies directly opposite to what SAP stands for, will also be pursued as of necessity. Block's discussion in a different context, appears quite relevant here (F. Block, 1977). He points out that capitalists will try to counter this pull by objective conditions of the Third World State to statist policies and even nationalization of foreign firms - a total reversal of SAP.

This, foreign capitalists would do through the use of various forms of persuasion and by the threat to withhold investment. But Block notes that it is reasonable to expect that overtime, as the political costs of action by the Third World State Managers rise; and the "free market" solutions become discredited through failure, the contradictions will surface in the form of more direct conflict between state managers, leading them to take drastic steps because of persistent economic crisis to impose certain types of economic controls. Foreign capitalists might also react by capital flights and other forms of sabotage, such as creating artificial shortages.

As Block points out:

> Because the two parties to the conflict are relatively evenly matched, it is unlikely that a clear resolution would be reached quickly ... It is more likely that there remain certain areas in which the antagonists still need to cooperate. Yet as the conflict intensifies, even shared interests will not suffice to heal the divisions (F. Block, 1977, p.238).

Similarly, O'Connor explains how and why the Third World State in such a contradiction, will be forced to assert its autonomy, forget about SAP and become yet heavily involved in the economy (J. O'Connor, 1973). According to O'Connor, there will be mounting pressure for the Third World State to increase its expenditures to maintain security, to manage the growing populations, and to provide certain kinds of social services necessary for continuing capital accumulation. The Third World State is already doing this in most of these Developing Nations, by providing the mass transit system. Since foreign capital that now has and will dominate these Developing Societies, because of SAP and debt-equity measures will be against higher taxes, the Third World State will be forced into the economy to generate the income necessary for such expenditures itself.

V CONCLUSION

This Paper, has provided a tentative and preliminary evaluation of the political and strategic implications of SAP on Third World Nations. We argued that an assessment of SAP amounts to an investigation of the autonomy of the Third World State as a whole. Historically, we argued, the Third World State has, at least, been relatively autonomous. This allowed them to intervene in their economies and ensure their control by the adaptation of nationalistic economic policies. However, SAP has shifted the balance of control of the economy to foreign capital. This has also greatly limited the Third World State's autonomy.

Yet, we showed that the negative consequences of SAP on Developing Nations, are producing social, political and economic contradictions the final product of which is nothing short of the total reversal of SAP measures. It also showed that state autonomy will be asserted in the end with the abolition of SAP, the decision for which, we argue, the Third World State Managers have no choice.

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