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Abstract

The imperative of public borrowing to finance development, combat natural or artificial disasters, and for other reasons is incontrovertible. The diverse traumatic experience of debt-victim nations: Spain, Mexico, Egypt, Venezuela, et cetera, which narrowly escaped total loss of national sovereignty to foreign lenders, due to debt-induced bankruptcy, have been x-rayed by literature: Magaji (2000) and Bature (2015), among others. The objectives of this paper are to examine the situation of Nigeria, vis-à-vis the nations which travelled the path of Nigeria's current adventure; and to proffer policy antidotes for averting the highly probable cataclysm which unsustainable external debt might precipitate, particularly against the backdrop of prevailing public apprehension. Adopting expository analytical methodology, the paper concluded that external borrowing is necessary in highly inevitable circumstances, matched with debt management profundity, in order to avert an experience similar to aforementioned victim-countries. Accordingly, it was recommended that Nigeria should strengthen the existing fiscal management capacity for enhanced internal revenue generation; while considering only reproductive borrowing for effective debt restraint.

Keywords: External Debt, Bankruptcy, Debt Management, National Sovereignty, Fiscal Management.

1.0 Introduction

For several reasons, nations borrow, either from the domestic market or from international market. The chief reason however, is that every nation requires more resources than are available, to generate the desired level of output for economic growth and development.

Other reasons include: to finance budget deficits, finance balance of payment deficits, stabilize economic shocks; finance unanticipated huge cost-overrun; and to finance infrastructural development, namely power, water, rail transport, etc, all of which involve humongous capital outlay. To be sure, the discrepancy between the level of available capital in less developed countries (LDCs) and advanced and developed countries (ADCs) explains the fundamental dichotomy between the growth and development of the two words (Jhingan, 2006: 27).

Upon the attainment of independence by Nigeria in 1960, as was true for many countries of LDCs, Nigerian leaders came in obvious contact with the country's poverty level and the urgent need to accelerate development. Thus, Nigeria considered various financing options, given the level of paucity of resources. One of the readily available sources of raising huge capital was external borrowing, in the light of the low capital formation, which rendered taxation unviable in the circumstance. Pre-independence, Nigeria conducted insignificant external borrowing, the last of which was in 1958, to finance the extension of the rail line to Bornu (Fasipe, 1990: 17).

After 1960, the Federal Government of Nigeria (FGN) established a legal framework for external borrowing with the enactment of Government Promissory Notes Ordinance, followed by the External Loans Act, 1962. The Act provided for the raising of offshore loans in such manners so authorized by the General Loans and Stock Act or Government Promissory Notes Act, 1960 (Falegan, 1992: 18). Specifically, the Act provided that external loans taken shall be used for development programmes. Unfortunately however, the application or misapplication of loan proceeds has remained a source of worry in the polity, against the backdrop of the implications of foreign debt burden and crisis, when external loans are improperly managed. Aluko and Arowolo (2010:11) expressed serious misgiving about the tendency of a borrowing government to misappropriate loan proceeds which are often diverted for other purposes, even when the loan purposes were stated as developmental. Equally worrisome was the unclear and secretive procedures for the procurement and management of the loans (Falegan, 1992: 19).

Given the background of government's approach and attitude to the conduct of the otherwise very risky external loans procured from official and unofficial sources, Nigeria was headed for protracted debt crises,which was exacerbated by the down-turn in the international oil market, and the resulted shocks from the mid-1980s. A combination of moral suasion and economic diplomacy secured the much needed relief for Nigeria by 2005 when Dr (Mrs) Ngozi Okonjo, Honourable Minister of Finance, latching on to the relationship with the World Bank Group (WBG), facilitated debt forgiveness, during the administration of Chief Olusegun Obasanjo as President of Nigeria.

The succour was enjoyed by Nigeria during the administrations of Presidents Umaru Yar'Adua and Dr. Goodluck Jonathan; although the latter President regenerated borrowing. Citing various reasons, major of which was economic revival, the administration of President Muhammadu Buhari accelerated the velocity of foreign loan procurement, bringing the level to $33.34 billion by the close of 2020, from $3.65 billion attempts in 2016(Debt Management Office, 2020).

This paper contends that in order to leapfrog the conundrum of huge external debt over the danger it portends, the impetus in terms of public opinion and academic pressure on governmental borrowing authorities must be sustained and indeed, increased. This necessary but inadequate advocacy required to moderate external borrowing has created a pressure gap. This study is motivated by the imperative of bridging the gap.

In the circumstance, the view canvassed is that accumulation of unsustainable external debt is a harbinger of economic, social and political risk, notwithstanding the borrowing purpose and imperative. In extreme progression, Nigeria's exposure to imperialism may approximate the experience of Spain, Venezuela, Mexico, etc (Magaji, 2000: 40-41).

Flowing from the problem statement, the major objective of this study is to “examine” the experience of past victim-countries of unsustainable external debt, in order to predict the destination of Nigeria's external debt policy. Other objectives are to examine alternative financing modes; and to proffer antidotes for avoiding the pitfall of a debt crisis.

2.0 Review of Literature and Theoretical Framework

2.1 Conceptual Review

For guide, a clarification of the major concepts employed is made. The concepts include public external debt (or foreign debt, or foreign loan, or foreign borrowing), over-borrowing, debt-overhang and external debt crisis.

2.2 Public External Debt

Several authors: Okonjo-Iweala (2003:12), Fasipe, (1990: ix), Magaji(2000: 37) and Falegan (1992: 3) have provided various definitions of public external debt. Because all definitions are agreed on the precise ingredients of public external debt, the definition commonly provided by Fasipe (1990) and Falegan (1992) is adopted.Accordingly external debt is defined as external obligation of a public sector or an agency of either an autonomous public sector that has an original or external maturity of more than one year that is owed to nonresidents and repayable in foreign currency. Central to the definition are the nature of the creditors and the currency of repayment. To be sure, creditors are confident about the borrowing countries; while repayment is in foreign currency, since a foreign loan is often disbursed in foreign currency. The latter feature places enormous obligation on a borrowing LDC to generate adequate foreign exchange, without which repayment effort maybe impaired. With regard to purpose, a commonly cited reason by borrowing LDCs is financing of infrastructural development. In every case, foreign borrowing exposes debtor to risks associated with interest overhang and general repayment difficulties.Literature is replete with ruthful experience of external borrowing by LDCs of Africa and Latin America,as presented subsequently.

2.3 Over-Borrowing

External debt management covers the gamut of policy framework directed at altering the stock, composition and terms of debt, with a view to maintaining, at any given time, a sustainable level of debt service payment. It involves the planned acquisition, deployment and retirement of external loans drawn either for developmental purposes, or for balance of payments accommodation (Ojo, 1997: 21). The key function traverses policy, regulation, recording, analysis, control and operation.

Several factors interplay in analyzing external debt sustainability, to wit, whether or not a country will be able to service external debt or otherwise: existing debt stock and associated debt service, the path of the country's deficits, financing mix of the debt, and the repayment capacity with regard to the foreign currency value of gross domestic product (GDP), exports and government revenue (Abrego, 2001:42).

Economists have developed several indicators to measure debt burden and the sustainability. Among the myriad of indicators, the commonly used per centage ratios include debt stock/export, debt service/GDP, debt stock GDP, reserves/import and reserves/debt stock. Each ratio is compared to a pre-set statistical bench mark, for decision-making purposes (Abrego & Ross, 2001: 21). The concept of over borrowing thus refers to a situation in which a country's existing debt stock compares unfavourably with the established benchmarks. Notwithstanding the guide provided by indicators, critics have often cautioned against the wholesale application of indicators, particularly by LDCs, Nigeria inclusive, given the volatility of the economies.

2.4 Debt-Overhang

A related concept to over-borrowing, debt-overhang is the phenomenon in which external debt causes have effect on investment, making it difficult for a debtor-country to benefit fully from any increase in productivity, because part of the production goes to creditor-countries for debt service. In public finance literature, it is explained that a sovereign government services debt by taxing firms and households. A direct proportional relationship therefore exists between debt level and private sector's expected tax burden (Krugman, 1989:24).

Among the effects, debt overhang acts as a disincentive to current investment, because investors think that proceeds of new projects will be taxed away to service the pre-existing debt. With regard to public debt, the burden might be so huge that the prospects of sustainability are relatively minimal. If trapped in debt overhang, a country would have no net resource flow, since, by definition, any new loan would fall below the nominal value; and therefore, no new creditor would be willing to extend a loan, when a loss is certain.

2.5 External Debt Crisis.

The consequences of over-borrowing and debt overhang are serious, whether for LDCs or ADCs. In particular, the problems are exacerbated in LDCs of Africa, Nigeria inclusive, and Latin America countries, because of low-domestic savings, low foreign exchange earnings, fiscal deficits and discouraged direct foreign-investment (DFI), all retarding the rate and level of economic development (Adebayo, 1990: 28).

Given the foregoing background, external debt crisis is a situation in which a debtor-country is unable to meet debt service obligations, resulting in threat or actual sanction by creditors. Nigeria was enmeshed in debt conundrum, until in 2005, when reprieve was granted through debt forgiveness (Sobowale, 2018:26).

The threats Nigeria faced during the debt crisis included diminished capacity of the economy to achieve substantial growth and development, since between 70-90 per cent of export earnings was required, if full debt service was to be effected (James, 2009:11); external control and manipulation of the domestic economy by Western capital institutions, notably IMF and World Bank; external dependency; and diminished inflow of DFI, among others.

2.6 Sovereignty

Harold Laski (2008:50) in describing the nature of sovereignty posited that a state is sovereign to the extent that it does not obey any higher authority. Thus, in an independent community as a state, sovereignty is determinate and absolute. In a political sense, the authority is "illimitable, because if it could be restrained to act, it would cease to be supreme, since it would then be subject to constraining power" (Laski, 2008: 50).

Laski (2008:65), however, noted that in international relations, "international government implies the organized subordination of state to an authority in which each may have a voice" (Laski, 2008: 65). In effect, Laski postulated the disappearance of state sovereignty when the matters affect the common life of peoples across borders. This limitation on sovereignty is the locus or protocol on which international lenders stand when borrower-countries become insolvent.

Appadorai (2008: 48) aligned with the views of Laski (2008:50) with the note that "the modern state claims to be sovereign, to be subject to no higher authority". Without doubt, the view of Appadorai derived from the legendary statement of Austin (1790-1859) in "Province of Jurisprudence Determined" (1832), as cited in Appadorai (2004:49). The theory of sovereignty has been shaped by many contributors including Bodin, Hobbes, Rousseau, Bentham, Dicey, Grotius, Locke and Austin, among others (Laski, 2008:49).

3.0 Review of Empirical Literature

The relationship between public external debt and economic growth and development has attracted empirical efforts, particularly because of the implications for the survival of a borrowing country and the wellbeing of the citizenry. Akinlo (1991:16) analysed the effect of structural adjustment on Nigeria's external debt profile and economic growth using descriptive framework. The study categorized the factors responsible for external debt problem into domestic and foreign. Over-valued exchange rate and fiscal deficit were chief among the domestic factors; while world economic depression and interest rate adjustments by ADCs constituted the major foreign factors. The study concluded that overvalued currency resulted in uncompetiveness for local products, leading to declining export earnings and development in Nigeria. A study conducted by Obadan (1991:22), employing descriptive methods of analysis, reported that foreign debt can increase available resources for investment by providing supplement to domestic savings and foreign exchange earnings. How much a country borrows externally depends therefore, on the total expenditure in relationto gross domestic product. As a corollary, for external borrowing to add to domestic savings and investment, such action will not impact economic growth positively. Implicitly, a country desirous of a reduction in the level of foreign debt requirement must increase the level of domestic savings so adequately as to sustain the target growth rate.

In an empirical study conducted to evaluate Nigeria's external borrowing using econometric models, Osagie and Idehai (1991:47) reported that the level of external public debt depends on the level of debt service payments, the level of government planned capital expenditure, the level of government savings and the level of balance of payments deficit on the current account. Given that increased reliance on external borrowing can relax the drive for domestic savings by government, the study suggested that government's capital expenditure to be financed by external borrowing should be limited to projects with capacity for generating sufficient foreign exchange earnings; or projects capable of saving equivalent amount of foreign exchange.

Iyoha (1996:12)conducted an econometric study of debt overhang, debt reduction, investment and economic growth in Nigeria for 1980-1994. The model permitted the simulation of the effects of external debt on economic growth. Using two-stage least squares, the study found a significant debt-overhang effect and a "crowding-out" effect of external debt on investment and economic growth for the period.

A similar study by Ekpo and Egwakhide (1998:6) employed two-stage least squares technique to test the relevance of debt-overhang hypothesis in Nigeria. The approach regressed private investment on debt service payment as a per centage of export earnings, public investment, inflation rate, bank credit to private sector, terms of trade and export earnings. The result found that the coefficient of debt service ratio was negative and significant at 95 per cent. The study thus concluded that debt serving adversely affected private investment during the study period.

Ezeabasili (2011: 5) found a negative impact in the investigation of the relationship between Nigeria's external debt and economic growth during the period 1975-2006. Specifically, the study reported that a 1 per cent increase in total debt service resulted in a 0.034 per cent decrease in GDP.

Adesola (2009: 12) in a study found a hybrid results after a review and analysis of the effect of external debt service on the economic growth and development of Nigeria from 1981 to 2004. Using variables which included GDP, gross fixed capital formation and annual debt service, analysed with OLS multiple regression model, the results of the test showed a significant relationship between GDP at current market prices and external debt service. The study concluded, under a mixed outcome, that debt payments affected economic growth both positively and negatively.

Ahmed (2010: 26) examined the impact of the extent of external debt problem and sustainability on governments effort at reducing poverty, sustainable growth and peace in Sudan, using per capita income-growth model, a proxy of growth and development in low income countries. The results indicated that huge amounts of external debt could reduce the growth rate per capita income considerably. The results confirmed the debt overhang hypothesis in Sudan's external debt.

Contrary to the widely reported negative relationship between external debt and economic growth, some studies found no significant effects. In this wise, Ogunmuyiwa (2011:10) examined the effect of external debt on economic growth in LDCs, with Nigeria as case study. The study revealed no existence of causality between external debt and economic growth. It was thus concluded that external debt could not be employed to forecast improvement or slowdown in economic growth in Nigeria.

Overseas, studies conducted on poor and heavily indebted countries of Africa and Latin America: Zambia, Sierra Leon, Venezuela, Peru, Philippines, Argentina , Maxico, Egypt, etc, by Desphade (1990:15) using OLS method reported a negative but robust relationship between investment and external debt. Similarly, on Pakistan, Ahmed and Shakur (2011: 10) examined the problem of external debt and economic growth, using time series data for 1981-2008. The study concluded that the growth rate of GDP per capita had negative relationship with external debt, population growth and trade openness, but a positive relationship with investment. The review of empirical studies revealed the existence of a range of arguments for and against the existence of causality between external debt and economic growth. However, the preponderance of evidence and opinions from studies and leading literature is inductive of the widely supported view that high external debt can be injurious to economic growth, since the large proportion of available national earnings must be channeled to debt service, to the detriment of investment. Subsequent analysis of country-experience relates to this assertion.

4.0 Theoretical Framework

The need to exercise great caution when making a public decision to borrow from foreign sources, and indeed to borrow at all, is premised on the maximum likelihood of loss of economic and political sovereignty by a defaulting debtor-country, if debt service becomes unsustainable, as noted in the experience of the reviewed countries. The alteration in international relationship status quo from partnership to dependency between the debt contracting countries can be explained by dependency which can manifest inadvertently in the economic relations between countries in such situations. Accordingly, a suite of dependency theory and doctrine of sovereignty underpin this study.

Dependency theory was chiefly by propounded by Andre Gunder Frank, one of the most celebrated dependency theorists. Frank (1972:1) noted that there was a development of underdevelopment outside of Western Europe, North America and Japan as a consequence of emerging relationship among politico-economic formations which were brought into being as capitalism grew. The particular process of the approach lies in its view of underdevelopment as a product of domination of one national economy (the LDC) by another (the ADC).

In its applicability therefore, dependency theoretical proposition exposes the historical development of capitalism and its covert holistic domination of the third world variously actualised through strangulating economic, social and political ties, including debt 'patronage, among others. Thus, the utility of dependency theory in this paper is the relevance in explaining the source, nature and implication of amassing unsustainable external debt; and the possible national sovereignty and wellbeing of the citizen.

Developed by John Locke (1632-1704) and Jean Jacques Rousseau (1712-1778), sovereignty is the supreme power of a state, irrespective of the configuration (Habu, 2018:47). The importance of sovereignty brings to the fore the need for a state to exercise absolute authority over its own affairs, with every degree of freedom from external authority, except where the voluntarily accepts such authority.

Hinsley (1986), cited in Habu (2018: 48), viewed sovereignty as connoting that there is a final and absolutes authority in a political community, provided that no final and absolute authority exists elsewhere, Habu (2018:48) noted that notwithstanding absoluteness, "international financial institutions such as World Bank and IMF, coerce emerging countries to change decisions, to suit certain interests". Given that borrowing nations pledge sovereignty as the primary "security" to lenders, it is discernable that in extreme situations, insolvent borrower-nations are exposed to grave risk of loss of sovereignty .

Country Experience of External Debt Crisis

Spain

In 16thcenturythrough 17th century, Spain became the first written account of monumental threat of external debt to the economic and political sovereignty of any country in the World (Magaji, 2000). Spain took foreign loans from several creditors, notably Germany and Dutch investors from 1568, for the purpose of financing acquisition of military forces against France and the Othoman Empire. Due to a fall in revenue and high interest charges, in excess of 40 per cent, Spain defaulted in repayment, having declared a state of bankruptcy in 1596. Eventually, the major creditors deployed force to recover from Spain. In the over 100 years of bitter war, Spain lost economic independence. To be sure, Spain utilised borrowed money to prosecute a war. Clearly, the purpose and source of repayment were incapable of liquidating the loan, particularly because economic development could not be achieved thereby. Thus, the loan deteriorated into deadweight.

Mexico

Mexico had borrowed hugely from France, England and Spain. However, due to severe economic hardship, the country suspended repayment from 1861. Because the loan purpose was unviable, debt service was unassured.

A military expedition of the creditor-countries invaded Mexico in 1861, to recover the outstanding on the loan. Although England and Spain accepted a cease fire situation upon Mexican government accepting the indebtedness, France insisted otherwise. Consequently, France successfully installed the country's puppet as Emperor, by coercing Mexican Assembly to implement the decision. French Army however withdrew from Mexico upon the intervention of United States of America in 1866 (Landes, 1937:26). Thus, Mexico's indiscretion led to the country's loss of economic and political sovereignty.

Venezuela

Aluko (1996:13) wrote on how Venezuela was trapped in external debt quagmire. From Germany, Venezuela obtained a loan to finance some railway projects. During the civil war in Venezuela, German firms, Italian equipment and British assets suffered severe destructions. All the affected countries demanded huge compensations.

The development placed Venezuela in a precarious situation, including inability to complete the railway project, the major source of loan repayment and payment of compensations. Provoked by the situation, the creditors and war victims attacked Venezuela warships in 1902. Besides, severe blockade was erected against Venezuela by the affected countries. In 1903, Venezuela accepted to repay the loans and compensations, following which the sanctions were lifted (Aluko, 1996:13). In effect, the procurement and deployment of external loans yielded no economic development in the circumstance.

Turkey

Loans procured from English and French banks in 1875 by Turkey were deployed mainly to finance general administration (Aluko, 1996:16). Due to the prolonged wars Turkey fought against Serbia and Montenegro in 1876, Russia in 1877, and the bid to check the insurgence of Bosnia Province, the already weakening economic condition of Turkey was aggravated. Consequently, Turkey declared a bankruptcy. By 1878, Turkey surrendered the country's independence in all economic affairs. In the circumstance, the Berlin Congress suggested that an international agency nominated by the governments of Australia, France, Italy, Holland and Germany should be established, to manage debt servicing in Turkey.

Egypt

Mohammed Ali, leader of Egypt, embarked on a modernization policy that required huge funding. Consequently, the leader indebted Egypt hugely to financial institutions in France, Britain, Australia and Italy and mortgaged Egypt's public revenue to the creditors for a period of 10 years (Aluko, 1996:15).

Ali's successor, Ismail, was coerced to endorse an agreement for instituting a debt management arrangement, to be controlled by international representatives from the debtor countries. Under the agreement, 60 per cent of Egypt's annual budget was pledged to the creditor-banks. Besides, the Sultan of Turkey was mandated to remove Ismail, to be replaced with a puppet, Tanifik Egypt was then under Turkey Empire. With the completion of the substitution process, Egypt came under the control of the creditors. Following the development, internal uprisings were experienced in Egypt in 1881 and 1882, prompting British military intervention. The consequent loss of economic and political sovereignty to British suzerainty remained until 1952, when Egypt regained independence. During the period of loss of sovereignty, economic development was put in abeyance. In conclusion, Egypt's adventure into foreign capital financing resulted not in development but in foreign interference by lenders.

Devastating experience in foreign borrowing abound across the globe, both in historical and in contemporary parlance. Elsewhere, in Indonesia, Pakistan, Liberia, Morocco, etc, the excruciating consequences of improper external debt management, and the devastating effect on growth and development, have been reported, detailed examination of which is inexpedient in this review, due to space constraint. What is important is that external borrowing has been a mix-bag of success and adversity. The tendency is however skewed more towards unrewarding experience, particularly in LDCs, where the requisite legal, institutional and human capacities in debt management are undeveloped.

Nigeria's External Debt

The situation of Nigeria's mounting external debt has been worrisome over the past decades. Smarting from the period of oil boom in the late 1970s, through the 1980s, Nigeria had no cause to worry about external debt or the burden. To be sure, Nigeria prosecuted the 1967-1970 Civil War without borrowing, be it from domestic or external sources, the humongous cost notwithstanding.

With the downturn in the fortunes of oil industry in the 1980s, ascribable to falling prices in international market, the fortunes of Nigeria as a wealthy nation declined. One of the consequences of the dwindling oil proceeds was the emergence of deficit budgeting.

Irrespective of the dwindling revenue conditions, government has remained determined to sustain the developmental strides, initiated during the boom period. The contradiction inherent in the paucity of funds and desire for rapid development dichotomy necessitated a radical rethink and rework of the extant fiscal arrangement. Thus, the first external loan of N2.8billion was procured by the Federal Military Government of Nigeria (FMGN) (Falegan, 1992:93; Sobowale, 2018:26), during the military regime, 1976-1979.

Prompted by the borrowing precedent, the successor civilian administration, which assumed office in 1979, stood on the existing protocol andborrowed from the international market, to cushion the effect of the sliding oil prices: from $25 per barrel to $10 barrel; and further down to $9.9 per barrel (Sobowale, 2018:27) in the early 1980s.

The upward trajectory of external borrowing of successive administrations is depicted in Table 1.

Table 1: Nigeria's External Debt Profile, 2005-2020 ($million)

Year	Debt Stock
2005	20,477.97
2006	3,544.21
2007	3,654.21
2008	3,720.36
2009	3,863.93
2010	4,534.19
2011	5,666.58
2012	6,527.07
2013	7,554.26
2014	9,711.44
2015	10,718.43
2016	11,406.27
2017	18,913.44
2018	25,274.36
2019	27,676.14
2020	33,348.08

Sources: Debt Management Office (DMO), Nigeria,www.dmo.gov.ng

A perusal of Table 1 indicates that Nigeria's external debt stock, which stood at \$20.48billion in 2005, plummeted to a low of \$3.54 billion by 2006, due to the forbearance granted by creditors in 2005. The stock was sustained at the moderately low single-digit level, averaging \$5.56billion annually during the nine-year period, 2006-2014.

The trajectory, indicated subsequent accelerated growth in the debt stock from 2015, when the level attained a double digit mark. Thus, the stock assumed a steady rise through \$11.41 billion (2016), \$18.91billion (2017), \$22.07billion (2018), \$27.68billion (2019) to \$33.35 billion (2020), as shown by statistics from DMO for the respective years.

In addition to the developmental need to borrow, the escalation in external debt stock from 2015 had been compelled by more recent exigencies in Nigeria's economic and social environment. The challenges vary from dwindling earnings from crude export, due to several factors, including unfavourable conditions in the international oil-markets, crude oil theft, pipeline vandalism, pervasive insecurity and Corona Virus (COVID-19) pandemic, all of which rendered recourse to taxation, particularly under such emergencies, inefficacious. Thus, external borrowing became the most readily available and effective stand-by plan, in the rather tight situation. For certain, the duo of insecurity and COVID-19 pandemic had rapidly inflicted irreparable depletion in human and capital stocks of Nigeria. As it is, to save the lives and property of citizens remains the primary responsibility of government. Policies and actions to achieve this objective must therefore be accorded a first-line charge on national resources. On this note, it might be illogical to over-emphasize the irrationality of amassing huge public external debt as widely posited.

Notwithstanding the logic of the argument to have borrowed hugely, particularly from 2015, it suffices to note that foreign debts are a harbinger of external mortgage, including dependence; and in severe circumstances, total imperialism, as noted in the experience of the reviewed countries. For these fears, government must remain restless, when the citizens, who must repay via taxes and other compulsions are restive, because of the future danger portended by today's decision, action or inaction of government.

The Future Nigeria Under Unsustainable External Debt.

In deciding at what level public debt, whether domestic or external, has become so huge as to become unsustainable, economists often resort to the use of pre-set ratios as bench marks for comparison, as earlier highlighted. A commonly deployed argument advanced by Nigerian government through public financial authorities (Federal Ministry of Finance and Budget and DMO) is that Nigeria's debt to GDP ratio at current rate of 21 percent, when compared with the acceptable 40 percent, is tolerable. However, critics of over-reliance on ratio approach, mainly public analysists, posit that while ratios maybe interesting 'financial simulations', based on historical results, debt service is met from earned cash. If therefore the size of a borrower-country's GDP is a trillion dollars, but the country is unable to earn foreign exchange adequate to service existing debt obligation, the large GDP size may be ineffectual, with respect to debt service. For this reason, it has been generally argued that Nigeria's current foreign exchange earnings capacity should be the cardinal yardsticks for gauging the country's debt service capacity.

In any case, problem arises when a significant variance is experienced between actual and expected earnings. If the variability is significant and transient, because the cause is easily reversible, the shock may be temporary and mildly devastating. If however, fundamental or structural adjustments are required, the plight might be traumatic and enduring.

Arising from the foregoing therefore, it is surmised that Nigeria's external debt could crystallize in economic and social situations characterized by over borrowing, debt overhang and debt crises, all of which are reminiscent of pre-2005 era. The situation may be exacerbated if the prevailing security challenge progressed unabated; or if it escalated. As it is, the security apparatuses, particularly the Armed Forces, are rationally ever requesting for additional weapons, platforms and personnel. It is trite knowledge that all military hardware's are acquired with foreign currencies, just as maintenance is effected in the same medium of exchange.

While grappling to meet existing debt obligations, government is also compelled to meet current demands. Unless much profundity in debt management is acquired or developed, the debt situation might snowball into a vicious circle, with limited opportunity for immediate exit.

Managing COVID-19 quagmire requires huge resources: to acquire vaccines, pay the newly enhanced emoluments of health workers, provide palliatives during lockdowns, provide mediation and medical equipment to isolation and health centres and enforce safety protocols, among other imperatives.

These exigencies created by COVID-19 and the hike in insecurity alone are capable of derailing all financial plans contemplated by any weak emerging economy, as Nigeria. When hydra-headed corruption is factored into the equation, the damaging effect of the conspiracy (insecurity, COVID-19 and corruption) becomes monumental.

Arising from the analysis, several findings were made, salient of which include the following:

1. Nigeria's external debt stock has witnessed a steady growth, with a major leap during the period 2015-2020.

2. Beyond the imperative of development, the exigencies of escalated insecurity and COVID-19 epidemic exacerbated the situation that propelled the inexorability of external borrowing, in the face of huge deficits in taxation alternative.

3. Irrespective of the rationality and any justification for the public policy on external debt financing mode, it is surmised that Nigeria might be risking a second wave of unsustainable debt situation, after the forbearance in 2005. The survivability of the attendant crises will depend on to Friday Shirras, in Jhingan (2008)'s admonition, that countries should at all times only procure "productive loans which are fully covered by assets of equal or greater value and the sources of the interest is income from the ownership of these, such as railways and irrigation works".

4. There is a likelihood that unless prudence or profundity is observed in external debt management, a crisis situation which could progress to undesirable vicious circle of imperialism would crystallize.

Naturally, any severe adverse economic condition is a harbinger of social discomfort, restiveness and unrest. If an economic doldrum emerged from the adverse effect of the conspiracy aforestated, the effect would naturally exacerbate the existing social disorder: armed robbery, banditry, cybercrime, prostitution, brigandate, drug abuse, urbanization and the attendant crime, etc, to compound the prevailing situation.
As a corollary to the development in the economic and social sectors, the political sector might be challenged: political wrangling within the elite political class, non-observance of rule of law in the conduct of government affairs, and atimes, political instability. The subsequent section proposes recommended policy antidotes for addressing the identified challenges.

5.0 Conclusion and Policy Recommendations

That the volume of Nigeria's external debt has experienced considerable increase, particularly in the last six years, is a statement of fact. However, the extenuating circumstances which compelled government's policy stand clearly as 'grounds of defence', atleast in the court of the public. Nevertheless, creditors often expect, logically, that as and when due, debt obligations should be met, the circumstances of the borrower notwithstanding. Anything, legal and moral, which can address or ameliorate the key underlying issues in Nigeria's high propensity to borrow externally must be profoundly, dutifully and expeditiously addressed.

To avert any unpleasant economic, social and political cataclysm therefore, the following policy antidotes have been proffered: Government should tackle the raging insecurity with all possible arsenals. Political or economic interests, if any, should be exorcised from all military planning, strategy and execution, in order to remove the latent clog in the wheel of effectiveness. To do otherwise is to prolong the insecurity period, with the attendant huge cost, loss of lives and property.

While agreeing that COVID-19 is an uncontrived natural disaster, some negative externalities relating to the prosecution have been widely reported. In this regard, the disaster might have turned the plight of the citizenry's economic misfortune into opportunities to some stakeholders, in furtherance of the endemic corruption in Nigeria. The allegations and counter allegations in the media, with respect to the management of the palliatives provided by the Private Sector Coalition Against COVID-19 (CACOVID-19), and distribution of cash and material palliatives among vulnerable Nigerians, remain fresh in memories.

Government should rejig the existing apparatus for fighting corruption so as to strengthen the effectiveness for rapid results. That cost of governance in Nigeria, which has been declared as overly huge, was acknowledged by government, through the Minister of Finance's announcement of a huge jump from about N3.7 trillion to about N7.5 trillion in one year (2020-2021). The situation is uneconomical and inefficient. Such a phenomenon can only fuel public suspicion that government borrows to fund ostentatious consumption by the political apparatchiks and top brass of public service. Government should drastically cut cost at all levels, in order to free financial resources for needs of urgent importance.

A creditor receiving the information about such huge allocations for high life will certainly be unwilling to consider any request for debt relief.

Transparency International may also rely on such information from credible sources as valuable impute in transparency assessment.

Above all, government should diversify the earnings base of Nigeria's economy; because over-dependence on the single oil source has become overly dangerous to the health and growth of Nigeria economy.

In this wise, government should strengthen the revenue generating apparatuses, by considering widening the tax net and rejiging the collection agencies. Deployment of e-government and stricter enforcement of tax compliance should be institutionalized, to boost revenue collections.

Very important too, government should conduct public public debt management with a high degree of caution in view of the danger which poor debt management portends for an insolvent or bankrupt nation.

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