

Volume 28, Issue 10**Research Announcement****Primary Commodity Dependence and Debt Problem in Less Developed Countries**

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Abstract

Economists have proffered myriads of causes of the debt problem faced by less developed countries (LDCs). This paper uses the panel data technique to investigate the fundamental causes of the debt problem among primary commodity dependent LDCs. The results show a strong link between high levels of indebtedness and unfavourable terms of trade among commodity-dependent countries. Further results show that the degree of openness of the LDC's economy also has a significant influence on its external debt level.

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