NIGERIAN FOREIGN POLICY 1985-1990:- AN APPRAISAL OF NIGERIA'S ECONOMIC DIPLOMACY

BY

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CERTIFICATION

This Thesis entitled "Nigerian Foreign Policy 1985-1990: An Appraisal of Nigeria's Economic Diplomacy" by Arigu Gabriel J. OMBUGANZA, meets the regulation governing the Degree of Master of Science, Ahmadu Bello University, Zaria and is approved for its literary presentation and contribution to scientific knowledge.

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ATTESTATION

This is to confirm that this project entitled: "Nigerian Foreign Policy 1985-1990:- An Appraisal of Nigeria's Economic Diplomacy" is my personal research which has not been presented elsewhere. It is a contribution to scientific knowledge to the students of Department of Political Science, Postgraduate School, Ahmadu Bello University, Zaria and to the field of Foreign Policy in general.

Arigu Gabriel J. Ombuganza
Student, B.Sc (Hon)

This statement is confirmed.

DR. J.A. AYAM
Supervisor

DEDICATION

To my parents:

Mr. Joseph Arigu Ombuganza
Mrs. Monica Ramatu Wazi Arigu

And to my brothers, sisters and uncles:

Mr. Simeon Idi
Late Miss Josephine Idi
Mr. Sylvanus Lumumba Sabo Arigu 'Nassty'
Mr. Peter Maga Dogo Arigu, 'Ofugo'
Miss Agatha Esha Arigu 'Ayinshe Eggon'
Mr. Bonaventure Bamaiyi Friday C. Arigu, 'Bona'
Mr. Raphael Ovye O. Arigu, 'Orah'
Mr. Charlie Jatau and family, (Uncle)
Late Abulu Kigbu and family
Late Patrick Gopar and family
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ABSTRACTS

This is a study of Nigeria's Foreign Policy in the period 1985-1990. It is primarily concerned with the theme of Economic Diplomacy which constituted a major policy thrust in the period. The emphasis on economic diplomacy represented new emphasis in the orientation of the country's foreign policy from largely political to primarily economic goals. The study seeks to identify the basic objectives that underlie this shift such as the search for greater access to foreign credits, debt rescheduling and the attraction of foreign investments and opening up of new markets for Nigerian products.

The need for this study can hardly be over-emphasized. Nigeria's foreign policy has usually been explained by reference to Africa as centre piece of her external affairs since independence. This fact is not devoid of the pursuit of economic, strategic, military, and other interest of Nigeria in international relations.

The scope of this study which covers the 1985-90 of Nigeria's foreign policy, is crucial as it tends to reveal the Nigeria's total submission and alliance with capital, through the diplomacy of debt acquisition rooted in the structural adjustment program. This position have a negative effect on the pursuit of our national interest. This is seen in the total devaluation of the Naira and government deregulation from the economy in the name of the operating the market forces of demand and supply forming the basis of foreign policy which was conceived to attract foreign investors and boost local manufactures.

Thus this study shows that the whole mechanism of Nigeria's foreign policy strategy of economic diplomacy rather than achieving its goals of boasting trade and investment, is locked in dependency on the west, a trend which most developing countries face; seen in the form of division of values created on world scale through unequal exchange (extraction of surplus labour); globalization of national categories of commodity form and value in international competition whereby trade is dominated by the West, making relevant the dependent development thesis. Consequently, the nations monetary policy is marred by huge credit which manifest in the scarcity of foreign exchange, high interest rate, low purchasing power, productivity, and high unemployment rate. Evidently, boosting investment for exportable produce for the domestic, and foreign market especially to our West African neighbours were marred with trade restriction, resulting in too huge transaction across the border unrecorded.

Our experience in this study so far reveal the difficulty of forming a cohesive regional bloc and the unity of African Economic bloc. National domestic priorities threatens the signing of the regional protocol. Evident in the French member countries apathy to peace keeping in Liberia. However, this study applauds, to the reawakening of Marcus Graveys and Martin Luther King's dream of the Blacks in diaspora forming a significant constituency toward African Foreign Policy like the Black caucus, taking a leaf from the Jewish community in the US, especially with the end of the cold war in which new meaning is given to the concept of conflict

management and resolution.

Finally, this study portend that the Nigerian Economic diplomacy must seek to transform the structure of the economy and free it from the burden of debt and dependency which corrupt and self-fish leadership perpetuate with consequences such as, hunger, poverty, illiteracy and low productivity due to high cost of production, leading to the lack of basic necessities of life which is a function of national security.

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Chapter 1

NIGERIAN FOREIGN POLICY (1985-1990) - AN APPRAISAL OF NIGERIA'S ECONOMIC DIPLOMACY

1.1 Introduction

The governments of the advanced market economy countries (AMECS) are becoming evermore deeply involved in the active management of the world economy. This occurred despite the propensity, during what we might call The Reagan-Thatcher years, for government increasingly to let market mechanisms decide matters economic. In national economic affairs there has been a strong emphasis on privatisation and deregulation, and conscious attempts have been made to reduce the role of governments. Paradoxically there's been a tremendous increase during the same period in the degree of state management of international Economic Affairs reminiscent in many ways of 17th century mercantilism.

Michael Hendson, 1988.

Nigeria's economic diplomacy is a foreign policy posture rooted in the structural adjustment program an attempt to create a conducive investment climate for foreign capital to balance the domestic economy. This attendent diplomatic move of structural adjustment is not new, it can be understood within the rubrics of imperialism and the incorporation of the Nigerian economy into the world capitalist system, which defines our external relations and the process set to achieve Nigeria's foreign policy goals.

The awareness of this subservient tenets determines Nigeria's foreign economic policy. This became manifest since the

early 1980's when the Nigerian economy began to undergo a major crisis triggered by the collapse of the world oil market, culminating in a serious recession that has shaken the foundation of business activities in the country. Gabriel Olusanya et al, observed that the crisis clearly highlighted the false premises of policies adopted by the various governments for the purpose of engendering national economic revival and sustained growth. He observed that economic revival and sustained growth should form the focus of Nigeria's foreign policy though not exclusive as;

> "The National Economic Agenda of the government should define the thrust of concentration of the Nigeria's foreign policy."[2]

This proposition was carried forward by Gabriel Olusanya when he observed that Nigeria's economic goals and her political parties must seek a positive alignment with its foreign economic interest and policy at this juncture of economic crisis, because the success of structural adjustment program rests on vital external inputs such as the World Bank's SAP loans and the willingness of major western Banks and other financial agencies to reschedule Nigeria's loans obligation[3].

The above argument must be handled with caution in view of the negative motives of foreign capital penetration in third world economies.

Therefore, the ideals that guides Nigeria's policy of economic diplomacy conceived as a radical departure from the old conception of her foreign policy posture must be viewed at the global level of the system of imperialism. Thus it was argued

that, it intends to woo external investors to balance the internal sector through a process of restructuring and adjustment for efficient national economic and social development.

This was highlighted in President Ibrahim Babangida's broadcast of 27th August, 1987 following the introduction of SAP on the 26th June, 1986. It was explained by the Minister of External Affairs, Major General Ike Nwachukwu thus;

> "The policy which government adopted is geared towards pushing the structural adjustment (SAP) into the international arena. He observed that a trade and investment promotion unit had been set up ..... to encourage foreign investment in Nigeria. Missions abroad were also strengthened and the key policy is moving delegation abroad and seeking financial assistance from, Britain, United States and Japan"[4].

Consequently, from our introductory analysis of economic diplomacy some basic questions becomes fundamental to this study forming the basis of our research problem.

1.2 Research Problem

This study intends to find out whether Nigeria's foreign policy tool of economic diplomacy will redeem the nation of it's economic problems.

Secondly, the fundamental objective of economic diplomacy was to facilitate support measure with the international system for (Nigeria's) domestic economic policy [harmonisation of economic diplomacy and structural adjustment program (SAP)] through foreign investment and trade between Nigeria and the advanced capitalist

countries in particular. From the above analysis, how effective is the policy of economic diplomacy in attracting foreign investment and promotion of trade?

This study therefore seeks to find out if economic diplomacy through structural adjustment will stabilise the economy. Structural Adjustment Program (SAP) as a package emphasizes market forces in the operations of the domestic economy. It emphasizes devaluation, privatisation and commercialisation, export promotion, and the removal of subsidies on the vital sectors of the economy. SAP is facilitated by credit finances and loans from the world bank and the IMF. This has consequently manifested in increasing debt burden, and high interest rate.

Finally, from the underlying objectives of economic diplomacy, how does it serve as a means of promoting the goals of regional market (ECOWAS).

1.3 Theoretical Framework

This study will adopt the dependency approach, given its theoretical usefulness in understanding economic diplomacy and the Nigerian socio-economic formation in relation with capital. This defines the infrastructural basis upon which Nigeria's foreign policy behaviour have been shaped. Similarly, an appraisal of Nigeria's economic diplomacy could be clearly understood in an integrated structure of the core and the periphery, with Nigeria in the later.

The dependency approach is a derivative from the Marxian

theory. The dependency school view underdevelopment as a product of the international economy. It is a major challenge to the mordernisation theory in Latin America made popular in the west towards the end of the 19th Century. Such criticisms to the mordernisation approach were led by Andre Gunder Frank, Baran, Sweezy, Ley, and Samir Amin.

The development of the dependency school in Latin America has a tremendous impact on Africa, and specifically the Nigerian perspective on the nature of capitalist development. The dependency school draws attention to the specific problem of underdevelopment, Gundar Frank (1969) called this "development of underdevelopment".[5]

The dependency school argues that underdevelopment is caused by the integration of the third world into the world capitalist system. The periphery necessarily backward and underdeveloped as it is exploited and 'blocked' from developing by international capitalism.

This functional or organic relationship between the developed and underdeveloped countries is believed to have been first created by colonialism. This relation exist even after the attainment of formal political independence. Thus, with the collaboration of the domestic elements of the ruling class in the periphery, wealth is concentrated in the centre. In this regards, the underdeveloped countries are and have for sometime been dominated economically as well as politically by the external centre of power. The under developed countries function as

satellites of the developed countries of Europe, North America and Japan which makes it difficult for them to exert their influence in international relations.

Writing on the development of underdevelopment in Chile, Gunder Frank argued that; 'the structure of dependency extends from the metro-politan centre of the world capitalist system 'down' to the most supposedly isolated agricultural workers who this chain of interlinked metropolitan satellite relationship are tied to the central world metropolis and thereby incorporated into world capitalist system as a whole. The nature of these ties differ in time and place thus producing differences in the political consequences to which they arise. These differences rest on the tendencies of the metropolis to expropriate the economic surplus of the satellite'[6].

Given much interpretation in the isolation of specific modes and relationship of domination and dependency at various points in the socio-historical process of underdevelopment, the penetration of capitalist market produces change. These changes are incompatible with the newly evolving structure hence, the failure of the structuralist explanation and prescription typified in the import-substituting industrialisation operated under the same socio-economic condition that characterised underdevelopment.

Some dependency like Paul Baran confirm the above position. He observed that capitalism in the periphery is stagnant. Interestingly, this is an anti-thesis to Lenin and Hobson theory of imperialism which argue that the export of capital to the

periphery will accelerate the development of capitalism in such countries where investment is most profitable.

Writing in 1968, Paul Baran argued that;

> "Instead of expanding and deepening the further development of 'capitalism' throughout the world, the main task of imperialism was to slow down and to control the economic development of the underdeveloped countries, he viewed the interest of foreign investors as freezing the international division of labour, the less developed countries continues to be producers of raw materials."[7]

Paul Baran's argument was that capitalism did not transform the class structure of the industrial bourgeoisie into a dynamic one dominated by it, but rather, results into political and social condition of wealthy comprados and powerful monopolies and large land owners to the defense of existing social order.[8] This position adopted by Baran revealed that the bourgeoisie of the periphery play a second fiddle to the bourgeoisie of the centre through the mechanism of trade and investment.

Though Paul Baran and Andre Gunder Frank, were distinguished in neo-marxist writing on underdevelopment, their analysis did not really capture the dynamics of world development in trade and investment therefore their analysis have been criticised by numerous scholars. For instance, Gabriel Palma challenged the assumption that capitalism has lost its historical progressive characters pointing out that Gunder Frank's study of Chile is a demonstration of the progressiveness of capitalism as defined by Lenin. He further observed that the underdevelopment theorist are

historical in perspective - neglect the cynical nature of capitalist accumulation, picking evidence for their stagnation from only the time the whole capitalist system was in recession and projecting this as permanent features of capitalism.[9]

Emma Arrighi also criticized the dependency subordination of internal dynamics to external factor as a matter of metaphysical outlook. He argued that A. Gunder Frank lacked class analysis thereby generalising his argument rather than making concrete analysis of concrete situation.[10]

Bill Warren (1973:42) expressed the view that since there was growth of industrial production and manufacturing for export, the association of imperialism with stagnation was a temporary aberration.

In a later submission, Gunder Frank admits, the inadequacy of his analysis suggesting a restudy of his postulation due to the current global economic crises. Gunder Frank puts it that;

> "Dependency as it was developed during the 1960s is not all adequate to understanding and confronting the new crises of capital accumulation which requires a return to the analysis of that process."[11]

However, Andrie Gunder Frank warned against mistaking it to mean weakness of the theory, as such calls it premedicated by the political and ideological odd of the contemporary world situation. Frank further observed that;

> "Although dependency theory is dead in reality it is alive because there is no such question of replacing it with a theory or ideology that

negates dependency."[12]

Reflecting on the contemporary world situation of dependency, Cardoso and Fateho (1973:140) debunked the metaphysical relations of dependency between nations and states. They argue that such relations are made concrete through the existence of a network of interests and interactions which link certain social classes to others. Evan Peters sees dependence as a wide range of disparate situations and further argues that the situations were manifested in the politics of oil, for examples the OPEC and Oil crises of 1973 provided a powerful reminder that nations exporting primary commodities have a fixed position in international economic relations.[13] They are thus reliant on labour intensive production whose values are determined by the industrialised nations.

The above analayses set in view the question of unequal development in the social formation of peripheral capitalism. Samir Amin puts it that;

> "The peripheral economies are 'Disarticulated,' that firms in the periphery are not connected to each other in the same way as firms in autocentric economy."[14]

This study view this position from the weak infrastructural base of peripheral economies, thereby it lacks intergration. This fact is worsened by the process of import substitution industrialisation (ISI) which as conceived will lead to the transfer of technology. Ironically, it results to the importation

of European luxury goods. Consequently, allocation of resources for production were in favour of luxury goods to the detriment of mass consumable goods.

Samir Amir acknowledged that industrialisation was possible but observed that the lack of locally controlled capital goods sector linked to the production of mass consumable goods means the process is not self reliant.

Amir's position is not mutually exclusive because there has been some marked changes in the growth of domestic capital: productive forces are becoming more complex, and are developing. The bourgeoisie and the state in the periphery are fastening their role in the process of accumulation. This idea was emphasised in Cardoso's model of "associated dependent development" which argues that there's been accumulation in the periphery involving simultaneously a differentiated expansion of three sectors of the economy - private, national, foreign and public. This implies that accumulation of capital and some degree of industrialisation in the periphery is characterised by an alliance of international and local capital.[15] The state joins the alliance as active partners evident in what Peter Evans called TRIPLE ALLIANCE, fundamental in the emergence of dependent development.

There is the need to discuss the concept of dependent development in this thesis, so as to service the rigid concepts of 'Blocked' capitalism. We lend credence to the concept of dependent development in view of the fact that after independence the elements of imperialism conducive for capitalist industrialisation

began to emerge. This is evident by the increase bargaining position of the local elite. In Nigeria, this process was first manifested through the indegenisation program of the 1970s, and lately through structural adjustment program. Foreign investors are evolving ways of responding to domestic market demands. What remains clear is that foreign investors are guided by their economic interest.

1.4 Significance of Study

The significance of this study is marked by the fact that it is a new area of study in Nigeria's foreign policy.

This is more significant especially with the Babangida's regime concept of economic diplomacy, which was meant to carry structural adjustment into the international arena.

Similarly, the study seeks to examine the contradictions and the inconsistencies of the Nigerian state policy. The genesis being rooted on the infrastructural foundation and the philosophy that shaped Nigeria's foreign policy since independence.

This study focuses on the major challenges that bedeviled Nigeria's economic diplomacy and its structural adjustment program. It therefore seek to explain the financial problem of the economy resulting from the financial burden incurred from the World Bank and the IMF, which continues to affect domestic production with a consequence on the ability to control capital market and technological diffusion.

We therefore attempt to appraise economic diplomacy and its

theoretical problem in ensuring an effective non oil manufacturing economy arising from foreign investments.

This study will focus on external relation particularly within the sub-region. It seeks to examine the constraints imposed upon the Nigerian economy in its effort to enlarge internal and external market, unlike the experience of the South East Asian countries, South Korea and Japan whose growth was made possible by heavy capitalist presence in their economy.

Finally, it is hoped that our findings will open up new field of inquiry.

1.5 Literature Review

As far as our particular area of interest is concerned, no major study has been done on this field of Nigerian Economic Diplomacy, since the concept Economic Diplomacy is new. It started with the Babangida regime, to replace the counter-trade policy of the Buhari-Idiagbon regime terminated on 27th August, 1985.

Consequently, since economic diplomacy as a topical issue is recent in the study of Nigeria's foreign policy, not many literature is found that deals directly with it. Though, we shall review available materials on international economy and issues on the Nigerian economic crisis and adjustment program (and works closely related to it), which shape foreign policy in other to expose their limitations.

Eleaza Uma O., examined the country's foreign policy in the

context of the on going structural adjustment program (SAP) of the Babangida regime. He believed that the philosophical basis tied to national interest should provide a framework for the country's foreign policy action through intervening institutions. He observed that "the necessity of debt relief through attracting foreign capital and the need to restructure regional market in the face of competition she faced from finance and European exporters."[16] He called for concerted information to plan regional market by Nigeria. He also emphasised the need for foreign investors guide, to boost indigeneous skills and technology, and that, there should be a warm investment environment.

Our observation of Uma Eleaza's noble proposition of foreign Economic Diplomacy shows that, he has no perfect grasp of the conditions that sets in foreign investment in the country, which was made necessary through structural adjustment program (SAP). This has brought untold hardship to the people, marred with social and political upheavals. No doubt he called for a philosophical basis tied to national interest which will provide a framwork for the implementation of SAP. His position is not abreast with the philosophy of the Nigerian ruling class.

In his appraisal of Economic interest groups and foreign policy, Chidozie Ogene, decried the formulation of foreign policy by the Ministry of External Affairs alone. He observed that this process should involve all the vital sectors of the economy. He also observed that, "the present economic crises is linked to Nigeria's long history of dependence on western countries which

has shaped our social, political, ideological, intellectual, psychological and cultural values."[17] Chidozie's analysis conforms with one of our hypotheses, when he observed that the economic policies of this regime do not mobilise support of the national economic interest reflected in the regimes tariff measures. In our own view, this gives primacy to the external environment than the domestic environment.

In his contribution, Sam Chime examines Nigerian economic diplomacy as a truism to the dwindling global resources. He observed that emphasis should be focused on North/South, 3rd World New International Economic Order (NIEO) through a concerted effort. He also argues that foreign relations should be based on economic consideration.[18] He cited the example of Japan and Korea economic advancement.

This study lend credence to Sam Chime's emphasis on economic consideration and we acknowledge the fact that Japan poses a challenge to the United States economically with her growing commodity power. South Korea, present a similar example. However these developments are proceeded by heavy capitalist presence in these countries economies.

In his conclusion, Sam Chime situates the demise of Nigeria's economic relations and its performance in Africa to the subordinate role given to the Ministry of External Affairs. This position of Chime contradicts his argument that the formulation of Nigeria's foreign policy should include all sector of the economy.

In his writing on the place of foreign investment in

Nigeria, Chief Ernest Shonekan, was of the view that restrictive policy hinders formidable battery of foreign investment in Nigeria. Citing example of the Second Tier Market, he observed that tax payment by foreign firms constitute serious constraints on her final dividend (profit).[19] Shonekan was simply calling for liberalisation tc attract foreign investment. This no doubt reveal's the character of the social forces involved in the propagation and implementation of the structural adjustment program.

The implication of Ernest Shonekan's position, further reveals the ruling class perception of foreign economic relations, seeking alliance with international capital. They exert and advance their interest on economic matters such as trade, investment, tariff and legislation affecting them.

In this circumstance our interest agrees with what Ogah Ajene called "Neo-colonialism" in his analysis of the structure of the economy. He noted that;

> "Nigeria rulers have allowed for the consolidation of neo-colonalism and in effect subverted the very meaning of sovereignty by which the concept of foreign policy derives its significance"[20].

Ogah Ajene's assertion seemed to concur to what Alaba Ogunsawo called "standing before a court of perpetual enslavement which patriotic knowledgeable experts are bent on forcing down our throat"[21].

In their examination of the political economy of Nigeria's

foreign policy with reference to Nigerian external debt as at the end of 31st October, 1985, Alkasum Abba et al examined the hollowness in the Babangida's regime diplomacy debt payment. He further observed that,

> "Nigeria relationship with the rest of the world is reduced to diplomatic meeting with Britain and other western government as the January, 1986 visit of the Minister of External Affairs shows. It turn out taking budget to the very countries that got us into the debt we are, for approval has not bore any fruit."[22]

Yusufu Bangura, consolidated this position in his essay "The politics of Nigeria's debt crisis". He noted that Nigeria's debt crises arises from the conditions laid down by Paris and Lond Clubs and the capital financial institutions of the IMF, World Bank."[23] He observed therefore, that this was evident in the diplomacy of winning the confidence of the international finance and the industrialised countries to endorse our budget. This was seen in Bolaji Akinyemi's trip to Europe and the US to sell the budget proposal to the creditors. In this regard Dr. Bangura called for the repudiation of the debts which were incurred to finance budgets so as to construct a national self reliant economy for the people towards a viable North/South relations.

Economic diplomacy as a tool to sort out Nigeria's economic problem would be faced with the crisis of debts reschedulement and negotiations. Ayewole Anthony explained the implication of debt crisis saying 'our security would be endangered and our propensity

to invest would periled, as the government of the United States at present is the foster child of the special interest.'[24] Ayowele observed that the United States seeks to penetrate the world market with commodities through free trade (emphasised by GATT) and control and maintain a steady flow of this trade even when the sovereignty of the national states is threatened.[25] This puts the developing countries in a dilemma of an effective control of their economic policy.

Attah Joshua, also observed that "unlike the developed countries the developing countries lack the internal dynamics to control or direct her economic goals and policy." [26]

Professor Ibrahim Gambari also noted in his paper "The bureaucratization of foreign policy during the first Presidential term" of the Second Republic that the operation of the multinational corporations in the country and the lack of check to them, is a function of the dilemma of Nigeria's external economic relations. Ibrahim Gambari observed that this increases our dependence on the industrialised world which perpetrates underdevelopment inherited from the first Republic. This study believes that these processes were made possible with the collaboration of the Nigerian ruling class and decision makers.

From the foregoing we understand that there has been continuity in Nigeria's foreign and economic policy endorsed by the ruling class which has its roots in the former metropole. For Tyoden Gwanle, he observed that all that is embedded in Nigeria's foreign policy theory and practice is a surface gyration since

independence.[27] Tyoden's claim is not an exclusive position because some positive development has been manifesting in the parlance of Nigeria's foreign policy.

The goals of Economic diplomacy in seeking foreign investment for the domestic economy is made possible through credit facilities and debt rescheduling. In this process debt equity swap (DES) called Debt conversion program in Nigeria is identified as the basic component of SAP. The Debt conversion program which is embedded in Economic Diplomatic negotiations was described by Robert Rutner, a US Economist, to mean that;

> "The poor nations should sell State run enterprises and swear off economic planning, allow western Banks full access to the financial market and generally get rid of laws or regulations that limit foreign investments."[28]

Consequently, under the Debt conversion program of SAP, local currency secured from the local banks are used by the foreign investors for investment in the domestic economy after the purchase of the countries promissory notes abroad at a discount and paid in Naira value. This act is highly inflationary. Invariably, it deprives the local industries of investment capital for production of export goods which economic diplomacy is geared to achieve for self reliance irrespective of the country's national interest.

In this circumstance, economic diplomacy and its attendant structural adjustment results into currency 'outflow' and sharpen

our financial crisis.

New Horizon in its publication, proposed "the Lagos Plan of Action as the basis of our economic planning."[29] This study concurs with those who propose a serious change towards a more independent, self serving foreign policy, through the restructuring of the political economy in the orientation of the ruling class and the socio-economy from imperialism.

This call for a review of Nigeria's foreign debts the bed rock of Nigeria's economic crisis; to over haul the ongoing total privatisation and absolute free market economy which does not permit self sufficient nor an egalitarian society.

1.6 Hypothesis

The hypothetical statement that underline this study is thus;

The dependence of the Nigerian economy on the western finance capital poses a significant problem to the attainment of her foreign and economic policy objectives.

Our second hypothesis is that, the Nigerian Economic Diplomacy is compatible with the desire of the West which continues to exercise control over our production system endorsed by the ruling class.

That Nigeria's Economic diplomacy is a function of the primacy of foreign policy.

Foreign policy is defined as a collection of specific policy, strategies chosen from a variety of alternatives and implemented overtime and space in other to achieve specially sets goals and objectives.[30]

National Interest according to James Resenau is an instrument of political action, which serve as a means of justifying, denouncing and proposing policies best for national society and best for nations in foreign policy.[31]

Economic Diplomacy in the words of General Nwachukwu, means seeking co-operation with other countries on the basis of economic complimentarily or seeking foreign investors to stabilise the national economy.[32]

1.8 Method of Data Collection

Secondary sources; method of data collection in this study will be essentially based on materials found in libraries and archives, journals, seminar monographs, magazines, published and unpublished thesis. We shall utilize a content analysis of secondary sources.

1.9 Outline of Chapters

Chapter one covers the introduction of this study and what it intends to find out, stating the problems and the significance of the study. Literatures related to our area of interest were reviewed to capture our theoretical approach of dependency, followed by our hypothetical statements. Independent and the dependent conceptual variable were also defined to simplify their

meaning.

The dependency thesis is adopted as the theoretical framework of this study given its relevance.

Chapter two covers the historical background of economic diplomacy given the development of Nigeria's foreign policy predating our scope of study.

Chapter three attempts to examine economic diplomacy and Structural Adjustment, the manifestations of its specific actions in the domestic economy and its consequences.

Chapter four is a general appraisal of Economic Diplomacy and SAP in the context of trade, investment, and non- oil manufacturing which is the fundamental objectives of Economic diplomacy in seeking support measures in the international environment. We will also attempt to see how this has enhanced ECOWAS common market in brief.

Chapter five is the conclusion.

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Chapter 2

HISTORY OF NIGERIA'S DIPLOMACY

2.1 Introduction

This chapter will attempt to examine the historical development of Nigeria's Foreign Policy since independence, given the place of the Nigerian state in the international division of labour.

Following independence on the 1st October, 1960, a new indigenous governing class emerged, which assumed political and economic power. They soon developed alliance of interest between the domestic bourgeoisie and foreign capital. These alliances were responsible for the shaping of the state in the international system. First, this is seen in the conduct and pattern of party leadership in the First Republic and how their personality and perceptions affected domestic policies and politics. During this period, party leaders were in direct contact with the external environment by-passing the External Affairs Ministry. These events, revealed the philosophy of the ruling class that laid the foundation for Nigeria's foreign policy. They were mostly tied to the old colonial masters such as, Britain and France with the former playing a second fiddle.

Taken as a whole the period reflects certain broad trends which include the following: a lack of focus in foreign policy orientation in the first republic as regional and party leaders

adopted positions and engaged in unilateral international commitments which tended to undermine the creation of a unified foreign policy posture for the country: the pervasive impact of western, particularly British influence on the nation's foreign policy arising in part from the colonial heritage but due primarily to the continuing economic dependence of the country and the linkage of the national bourgeoisie to the western world; a commitment to the politics of liberation and the independence and dignity of the Blackman. This commitment was for the most part only at the level of rhetorics. There was a gradual shift, in the civil war years, and particularly from 1975, to a more diversified, more assertive and more radical foreign policy posture as national interest became more clearly focused, and as the wealth and prestige arising from its size and natural resource endowments gave the nation a substantial leverage in international affairs. This has however affected the making and shaping of foreign policy in the different regimes.

2.2 The Tafawa Balewa's Era

This era marked the beginning of the first indigenous government in Nigeria. In his maiden address to the United Nations (UN) on the occasion of Nigeria's admission as the 99th Member of the World Body in 1960, the Prime Minister Alhaji Tafawa Balewa stated that:

(a) Nigeria would endeavour to co-operate with, and be on friendly terms with other nation which recognises and respect her

sovereignty.

(b) Nigeria would be Non-aligned.

(c) Nigeria would pay particular attention to adopting clear practises and policies regarding Africa with a view to bringing abcut co-operation and progress to independent African States and help non-independent African territories achieve total independence.

(d) That Nigeria believed in the sovereignty and equality of states whether large or small and in all principles of non interference in each other's internal affairs.[1]

This was the first foreign policy declaration after independence. The significance of this foreign policy declaration is that it marks the beginning of indigenous government acting on Nigeria's political chess board.

Similarly, it was not long before the contradictions embedded in Balewa's declaration began to manifest in the operations and conduct of Nigeria's foreign policy. The first was the ignoble Anglo-Nigerian Defence pact of 1961, which was resisted by Nigerians especially the students. In spite of this diplomatic faux-pax, Balewa's government was pro western.[2]

Balewa's government was overshadowed by smaller states with more dynamic foreign policies in the international arena. The government's attempt to improve its international image by holding a Common-Wealth summit to discuss the Rhodesian (Zimbabwe) issue failed. The British government was not prepared to condemn Rhodesia's unilateral declaration of independence in 1965 and nor

to impose sanctions on her.[3]

During this period, the Nigerian state was also suffering from political instability accelerated by the regional crises of the west, which affected foreign policy. The conduct of foreign policy under Balewa's regime was co- ordinated under the regions. Active participation was crystalised through the personal convictions of the regional heads.

Secondly, external relations were advanced on party platforms. Each region had an embassy in London and New York. Regional Premiers spoke freely on foreign matters and sent delegation on good will visits, and to hunt for foreign investment. This led to confusion abroad when regions followed one another in quick succession.[4]

For example, the then Premier of the Eastern Region Dr. Michael Okpara observed that "Nigerian membership of the Economic Community would be a step in the right direction and a third power bloc of Afro-Asian nations was the only hope for the world"[5] Okpara's third power concept was viewed differently by the Premier of the Northern Region, Sir Ahmadu Bello who once announced that, 'he was working on a Common Wealth of Muslim State.'[6] These were probably the first seed of religious cleavages within the Nigerian political and social formation. However, the Prime Minister, Alhaji Tafawa Balewa had a different view on the State of the nation. He observed that 'we want to persue an independent view, judge each problem on its merits and follow the part of truth, wherever it may lead.'[7] He further observed that 'the Federal

Government was a coalition' therefore it could not submit to a single region.[8]

This posture clearly shows divergent interest pursued by the federal government and the regions. Each region sought to control the decisions of the federal government. These trends badly affected the shaping of foreign policy thereby laying the foundation of Nigeria's foreign policy behaviour in the international system.

For instance, another personality involved in foreign policy was Chief Obafemi Awolowo. He was opposed to unification in West Africa, he approved alignment with the West. He was anti-Arab, as he once referred to the United Arab Republic as 'the pet creature of Nasser' which has allegiance to the Middle East and Africa, which he referred to as 'Double standard.'[9]

The Northern Elements Progressive Union (NEPU) led by Mallam Aminu Kano, called for a great African Union. While Nnamdi Azikwe, stood for non-alignment and independence, he was silent on political unity of Africa which Mallam Aminu Kano and Dr. Kwame Nkrumah emphasised.[10]

The personality conflict that characterised the First Republic in which the leaders sought political 'God Fathers' from both the West and Middle East, left the country in a dilemma of taking any concrete political choice in most foreign policy matters. For example, there was a deadlock on the issue of Africa's political unity.

Africa could not take a concrete action against France when

it tested atomic bomb in the Sahara.[11] Chad, Niger, and Benin Republic protested against Nigeria's decision banning the French air crafts and ships along her air space and waters. They claimed that it was meant to sabotage their economy as France serves as the main source of their imports.

This had some diplomatic consequences on Nigeria despite the nobility of her action. Nigeria was forced to apologise to France. Secondly, the affair seemed to play down on the sovereignty of the Nigerian state which the French nearly seized advantage of, seen from her role in the Nigerian Civil War. Chad, Niger, and Benin Republic's position against Nigeria's decision on the French disregarded the principle of non alignment of the OAU, an action which clearly shows an attachment to their colonial masters, which leaders of these nations despite independence pursued.

Consequently, this is one of the dilemma of African international relations. Although Tafawa Balewa's government remained committed to Africa and non-alignment, internally Nigeria remained a babel of confusion marred with varying ethnic and regional opinions in foreign policy matters until the first Military coup of 1966, led by Major Kaduna C, Nzeogu.

2.3 The Ironsi-Gowon Era

General Aguyi-Ironsi and General Yakubu Gowon's regime inherited Balewa's conception of foreign policy, with no fundamental shift until 1967. Both emphasised Nigeria's active

role in the continent as a prerequisite to attaining its aspiration of greatness. This was evident in what Ironsi observed that;

> "In the whole sphere of Nigeria's external relations the government attaches the greatest importance to our African policy, we are aware that because of our population and potentials the majority of opinion in the civilised world, look up to us, to provide responsible leadership in Africa. We realise that we will be judged to a very great extent by the degree of success or failure with which we face up to the challenges which this expectation throws on us."[12]

General Ironsi's regime was short lived and was toppled in July, 1966, by a coup which brought General Yakubu Gowon to power. (General Gowon presided over Nigeria's Civil War).

2.3.1 The Gowon's Regime

It was the regime that saw the civil war to an end. The traumatic experience of the civil war that came to an end in 1970, taught Nigeria a cardinal lesson in Diplomacy; that in international politics there are 'no permanent friends but Permanent Interests.'[13] This conception was a result of the manifestations of the civil war experiences such as:

(a) The clandestine activities of France against Nigeria;

(b) French recognition of the secessionist (Biafra) and her friends particularly, her fellow OAU members despite Nigeria' commitment to the liberation of Africa.[14]

The United States and Britain also denied Nigeria assistance. Ironically, these countries were traditional friends of Nigeria.

Aid came from the Soviet Union which supplied arms and gave Nigeria loan to build her Iron and Steel industry[15].

Britain and the United States behaviour was hypocritical. It was a clear signal showing the conduct of their relations with the developing world. The Soviet assistance to Nigeria during the war led to a diversification of Nigeria's external relation. Similarly, dynamism set in, in Nigeria's foreign policy. After the war General Gowon visited the Soviet Union, China, and some eastern countries, though the West remained Nigeria's leading partners. Significantly, Gowon's era marked the end of the stalemate with the Eastern bloc. It engendered practical non-aligned posture in Nigeria's external relations.

At the home front, conflicts that had bedeviled the Nigerian state was replaced with Gowon's domestic policy of the three 'Rs' to revive the war affected zone. He adopted the program of consolidation of unity, and to the secessionist, General Gowon observed that 'the tragic chapter of violence is ended, all Nigerians share the victory of today'. He emphasised that 'there was no victor, no vanquish'[16]. Gowon's policy immediately after the war made the government popular and was praised by the public and the press. The Daily Sketch described General Gowon on the occasion of his birthday as 'a soft spoken but dynamic leader, a real gentleman and a level-headed army boss, an almost faultless administrator.'[17] Indeed we in this study acknowledge the charismatic prowess of General Gowon during and after the Nigerian civil war where morality down-played realism in the domestic

politicking. Psychologically, the regimes peace moves was a catalyst towards integration of the nation to date.

Unification program of the three 'Rs'; Reconciliation, Reconstruction and Rehabilitation legalised by Decree No. 41 made it possible for government to provide relief package to the war affected area.

Another important factor in foreign policy of the regime was that the oil revenue opened a new door of Dollar diplomacy as Nigeria began to project her image abroad.

First, Nigeria played a leadership role in Africa's negotiation with the European Economic Community (EEC) through which Nigeria and other Afro-Caribbean nations, got some trade concession from the Lome Convention. Secondly, Nigeria's diplomatic impetus and her financial backing made possible the creation of the Economic Community of West African States (ECOWAS)[18]. The institution was established to promote functional unity through economic, educational, cultural, scientific and technical co-operation,[19] which was also meant to attain security through regional co-operation.

In 1971, General Gowon took Nigeria into the Organisation of Petroleum Exporting Countries (OPEC), which presided over the oil crises of 1973, in the wake of the Arab/Isreali war. The 1973 oil crises changed Nigeria's fortunes and increased its influence in the international scene. This served as a factor in the demand for the new international economic order. Also as the status of the country became well respected in the international scene,

within the African circle, General Gowon was appointed OAU Chairman in 1973.[20]

In 1972, the enterprises promotion decree aimed at indegenising the private sector was introduced. It was divided into schedules of small and large businesses,[21] to facilitate indigenous ownership of small businesses and gradual participation in large businesses. This was aimed at reducing the level of foreign control on the economy and to improve the confidence of the indigenous business class in the international market.

At the diplomatic level, by 1975, Nigeria moved towards asserting its position as 'Big Brother' through her policy of making Africa the centre piece of here foreign policy. Government provided aid and grants to some African and Caribbean States, liberation movements were also supplied arms and funds. Generally, during this period 1970-1975, Nigeria's foreign policy orientation shifted to Africa as the centre piece of her foreign policy and much was devoted to it.

However, what interests us in this regime is the maturity that was exhibited to conform with the principle of non-interference, equality of all nations and the sovereignty of the territory, beginning with the Unification program after the war, consequently, realism and power politicking was down-played.

Therefore, the Gowon regime laid the foundation of foreign policy dynamism staged managed by the head of state.

2.4 The Murtala/Obasanjo's Era

In July, 1975, Gowon's regime was replaced with Murtala's regime in a coup announced by Colonel Joseph Nanven Garba. The new government represented by Garba its External Affairs Minister gave a pass mark to Gowon's foreign policy. Col. J.N. Garba observed that Gowon's handling of the country's foreign policy had been effective.[22]

The Murtala administration kept the principles and practices of the previous regime, placing emphasis on African issues, the OAU Charter and the eradication of colonialism. Two months after taking over power, the federal government, headed by Brigadier Murtala Mohammed set up a Committee on the review of Nigeria's foreign policy headed by Adedeji Adebayo, former Federal Commissioner for Economic Development and Executive Director of the UN Economic Commission for Africa. The press, military and the academia were represented each in the committee. The Committee was said to have relevant members of Opinion bodies. It was described as 'a relative democratisation of decision making'[23]. The External Affairs Commissioner who later became the President of the UN 44th Session, in a near boost of his administration's foreign policy observed that;

> "Since the attainment of Nigeria's independence in 1960 no administration, civilian or military has taken into full consideration the temper of Nigeria's domestic public opinion"[24].

The regime sought to effect structural changes in the

instrumentalities and modalities of decision making in foreign policy. The Murtala/Obasanjo regime's declared a commitment to the eradication of apartheid and the liberation of South Africa was reflected in the following issues. First, Nigeria's rejection of the policy of dictation from the United States on Angola. Secondly, her financial and diplomatic support to the MPLA. Thirdly, nationalisation of British Petroleum for selling oil to South Africa, an action which sped up Zimbabwe's independence,[25] during General Obasanjo's regime.

After the assassination of General Murtala, General Obasanjo the new head of state, reviewed Nigeria's foreign policy objectives which maintained continuity in the pattern of Nigeria's foreign policy. He observed that they would pursue,

> "The creation of necessary political and economic conditions in Africa and the rest of the world, which will facilitate the defence of independence and territorial integrity of all African countries, while at the same time further the promotion of equality and self reliance in Africa and the rest of the world."[26]

Obasanjo's review of Nigeria's policy retained the centrality of Nigeria and Africa showing that the basic outline of Nigeria's foreign policy was drawn at independence.

Among issues pursued by the regime apart from nationalising British Petroleum and renaming it African Petroleum (AP), was the ability to push further at the bilateral level the Middle East question and Black majority rule in South Africa, which became the

subject of discussion with the US President, Jimmy Carter. There was also a conscious attempt to check multinational corporations.

Politically, Obasanjo appealed to morality and the need for a just government within African socio-political and Economic arena. In July, 1978, he observed in Khatoum that;

> "We must begin to depart from the diplomatic habit of closing our eyes to what should be depreciated, simply because it is being committed by a fellow African leader. We must have the courage to tell ourselves what is unjust and what is immoral so that we can assume amongst ourselves certain minimum level of decent leadership and government for our people .... Government in its broadest sense is justice and nothing more."[27]

The question we want to pose is, given this appeal for morality and the rule of law, how could this be achieved? It remain a dilemma. First, with the leadership itself and the domestic structure involved in foreign policy, secondly, the constraint which the international system exerts on the less developed world.

In the end the Obasanjo's regime completed Murtala's transition program which were already drawn and handed over to a civilian elected government on 1st October, 1979.

2.5 The Shagari's Era

Our second experiment with the civilian government between October, 1979 and December, 1983, witnessed a series of foreign policy initiatives, which were pursued; some to near success and

others to outright disaster.[28] The regime under President Shehu Shagari pressed for the liberation of the Southern African countries as evidenced in her collaboration with the Carter's government through the Lancaster talks to give Zimbabwe independence in 1980.

The government declared its commitment to multinational diplomacy as a means of collective action, and reaffirmed it support for the United Nations and its charter. This posture was critizised by Alaba Ogunsawa when he observed that 'it shows a total submission to the UN in the formulation of Nigeria's foreign policy rather than emphasizing the house.[29]

The house being referred by Alaba was the National Assembly since foreign policy in the civilian government is shifted to the senate and house of representatives.

The president is vested with presidential powers. Foreign policy matters become high political subjects of discussion among politicians of the second republic. They subjected foreign policy issues to their party bias. Consequently, the internal environment was filled with political ranglings and personality rivalries.

Benignneglect and passivism, rocked foreign policy action of the Shagari government. The failures of the Shagari's government on matters that bothers national interests abound:

(a) First was the Nigerian-Cameroun boarder clash which took public protest and protest in the Military circle before the government responded to the Camerounian Genderme's incursion

into the Nigerian territory, in which five (5) Nigerian soldiers were killed.

(b) Second was Nigeria's foreign policy on Chad.

(c) The independence of Saharawi Arab Democratic Republic (SADR) from Morrocco.

(d) The Namibian independence linked to the withdrawal of the Cuban troops from Angola.[30]

The regime's lack of initiatives in foreign matters made the country lose her image in the international scene.

At the domestic plane politically, the government lost her legitimacy as the economy was characterised by corruption and economic crises evident in the politics of import licensing, perpetuated by the politicians and their foreign allies. These foreign allies took advantage of party loyalist, they siphoned huge resources abroad, leaving the economy destituted. Tension began to mount, government economic policy could not provide the basic necessities of the people, the security of the nation was also at risk.

In 1982, Shagari introduced the economic stabilisation act to curb structural defects of the economy and the effects of the global economic recession.[31] This was the IMF austerity measures designed to correct balance of payment disequilibrium caused by unfavourable balance of trade. This economic measure was preceded by the introduction of the export promotion council to boost local production of goods and services for export and to find market for Nigerian goods. These goals could not be realised as Nigeria's

foreign policy was not assertive and was not geared towards attaining her economic objective which was to revamp the economy which the politicians themselves destroyed.

Ironically, the government decided to shift the blame on the influx of migrants from West African Countries. She argued that they take up small businesses and jobs from Nigerians. They were regarded as illegal aliens. In January, 1983, these categories of aliens were expelled from Nigeria.[32] Though this move received the support of the poor segment of the population who were faced with unemployment it was clear that these aliens could not have been the cause of the nations huge debts and economic crisis. Again the regime's action was an anti thesis to the ECOWAS treaty.

It was quite clear, that the government's foreign policy was predicated on a charged environment marred with crises which sharpened political contradictions and brought the collapse of the civilian rule on 31st December, 1983. By the time the civilian administration was sent packing, the country had lost its image at the international level and was set to swallow the bitter pills of IMF and the removal of subsidies from oil. This dismal economic situation was inherited by the Buhari/Idiagbon regime.

2.6 The Buhari/Idiagbon's Regime

The regime embarked on severe expenditure cut back and foreign exchange budgeting in 1984/1985. Wage freeze was imposed, and stringent measures were introduced in the nations external financial requirements. Major government projects involving huge

foreign exchange commitments were rephased to reduce the pressure on the external sector.[33]

Government's view on foreign exchange budgeting required finance for structural adjustment from the IMF, but the regime was unwilling to fulfil three of the Fund's conditionalities. These were trade liberalization, removal of subsidies and devaluation of the Naira.[34] So there was a stalemate in the talks. The Buhari government's view on these issues was that Trade liberalisation did not make sense for a nation whose balance of payment disequilibrium is a function of its propensity to import while the removal of subsidies was seen as inflationary, since it will jack up transportation cost and in turn increase the prices of products.[35]

To contain the shock which may arise from Nigeria's neutrality on the IMF conditions, Buhari/Idiagbon introduced 'Counter Trade' using commodities as main medium of exchange. This policy of counter trade was regarded by the Wester European Creditors - London and Paris Club and the Fund as anti-IMF and a move which may soon be copied by other developing economies. The consequences arising from Nigeria's government action was observed in Newswatch Magazine, writing on Paris Club that;

> "The Club embarked on international blackmail against Nigeria in the international financial market, as a passive measure"[36].

Consequently, government was pressed with the need to maintain pre-existing import level against the background of

falling oil prices. Therefore, in 1984, the Federal Government requested for a loan of 1.6 million from Saudi Arabia, the balance of N2.6 billion the previous regime had requested, but the IMF working through the US government prevailed upon the Saudi Arabia government to block the loan.[37] This was a sabotage on Nigeria's strategic interest.

Strategically, Nigeria sought to restore its self-respect and the right to autonomy in its foreign policy decisions. Evidently the Buhari regime refused to succumb to all pressures arising from the West.

For a start, the regime tried its diplomatic maneuverability on the Dikko Affairs. Relations soured with Britain on this issue with the Minister of External Affairs Ibrahim Gambari, during the fuss observing that "Nigeria has nothing to loose or gain from Britain."[38]

The regime pursued her foreign policy on a platform of what she coined as "concentric circles of interest". Foreign policy emphasis was shifted to the domestic environment, followed by the sub-region, the continent and finally the global international environment. Gambari was set to achieve this goal, despite the pressure mounted by the West, beginning from their hatred of the economic Policy of Counter Trade.

At the domestic level, government adopted welfare measures such as the provision of essential commodities. These measures were an attempt to alleviate the citizen's economic hardship which had been caused by inept leadership. Also to contain inflation

and liquidity crunch, government changed the colour of the Nigerian currency.

Africa still remained the centre piece of the government's foreign policy pursued through Gambari's concentric circles. ECOWAS was given a focus; Decolonisation of South Africa was pursued, as was the liberation of the Saharawi Democratic Arab Republic (SDAR) from Morocco.

Generally, the regime emphasised state regulation as opposed to complete free market, even though the government agreed with the fund on the need for fundamental reforms, evident in the mass retrenchment of workers. Unfortunately, what the government lacked was firm anti-imperialist base that would have sustained some of the progressive elements of the foreign policy and even pushed the country to a major restructuring of its economic and political relations with major western powers.[39]

2.7 The Babangida's Era

This regime came to power in a palace coup, which seemed to be IMF sponsored. The regime brought to the fore foreign finance in the resolution of the nation's economic crises. And therefore a new concept was formulated in the Nigerian foreign policy tagged 'economic diplomacy'.

One of the first fall out of this diplomacy was the invitation of the British Prime Minister, Margaret Thatcher to Nigeria on a State visit after the restoration of diplomatic relations with Britain.

Foreign policy was first propelled by Professor Bolaji Akinyemi. He adopted his aspired initiative of regional power concept after the super powers. He convened a meeting of what he called 'Concert of Medium Powers' in Nigeria, (Lagos Forum). This policy was dismissed as non-meaningful.[41] The government and her foreign partners saw the medium power forum as a threat to national security and her economic interests. After the first conference in Lagos, the Nations 'God fathers' the West, called the Nigerian government to order, which created controversy in Nigeria's External Affairs dealings and diplomatic procedure consequently, Akinyemi had to leave.

General Ike Nwachukwu was appointed External Affairs Minister. Nigeria's conception of foreign policy was redefined which gave birth to Economic Diplomacy rooted in the regimes structural adjustment propagated outside the country by the Foreign Affairs Minister under the Ministry. Earlier the government was unsure of her credibility with its new economic and diplomatic policies.

In a bid to make a choice of the domestic adjustment policy upon which Nigeria's foreign policy will be predicated, the issue was thrown open to general public debate. The people rejected the IMF loan and its conditionalities. Government went behind to implement structural adjustment program (SAP) as the alternative solution. This became the basis of Nigeria's foreign policy.

It was observed by the president, General Ibrahim

Babangida when he took over power on 27th August, 1985, that 'the foreign policy sector would be restructured to provide new economic policies that would assist in the transformation of Nigeria into an economically viable self reliant nation.[43]

The President therefore declared the state of National Economic Emergency on the 1st October, 1985 and on the 26th June he introduced SAP. He asserted that 'SAP focuses on the reform of policies and institutions; to improve allocation, increase economic efficiency expand economic potentials and increase resistance to future shock.'[44]

He enumerated the key objectives of SAP to include;

(a) Achievement of fiscal and balance of payment;

(b) Laying the basis for sustainable and inflation free or minimum inflation growth.

(c) To lessen the dominance of the public sector and improve the efficiency of the private sector of the economy.[45]

The bargaining strategy of SAP was to be pursued through economic diplomacy. At the domestic plane the government mapped out strategies of implementing her structural adjustment program in the following ways.

(a) Strengthening of demand management policies;

(b) Stimulation of domestic production and broadening the supply base of the economy through the second tier foreign exchange market (SFEM);

(c) Trade liberalisation;

(d) Rationalisation of custom tariff and excise tariff duty

regime;

(e) Rationalisation of selective commercialization and privatization of public enterprises.

All these measures were viewed by the regime as a policy instrument to push the nation's foreign economic interest abroad which may bring relief to the nation's debt and high interest rate ridden economy, and to obtain her objective interest on Africa.

The flaw of the above view lies in the weakness of the leadership to bargain with the western creditors on a basis of mutual interest. Secondly, government allows for mis-direction of resources despite scarcity for political considerations resulting into high demand at home and increasing international obligations which it cannot meet.

Committed to the cause of economic diplomacy, General Ike Nwachukwu, zealot protagonist of economic diplomacy observed that his Ministry will use envoys and ambassadors to articulate the nation's economic and industrial policies. He therefore, created a new department in the foreign ministry, the department of trade and investment, in the directorate of economic co-operation to provide information to both Nigerians and foreign investors.

General Nwachukwu observed that to implement the above measures 'his ministry will work in close co-operation with relevant ministries, parastatals, and private agencies as NACCIMA and MAN in the realisation of the thrust of our foreign policy.'[47]

Nwachukwu, toured UK and Japan in March and September,

1988. Britain pledged about one hundred Million dollars as assistance while Japan pledged $200,000.00 (two hundred million dollars)[48]. Nwachukwu confirmed that this was a manifestation of economic diplomacy, and that the government had begun sending her professionals abroad as manpower to nations which needed such assistance through the Technical Aid Corp headed by Ambassador Jonathan R. Umar earlier.

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Chapter 3

ECONOMIC DIPLOMACY AND STRUCTURAL ADJUSTMENT PROGRAM: THE DOMESTIC OUT LOOK

3.1 Introduction

This chapter will attempt to study economic diplomacy as a foreign policy strategy for economic development rooted in the Structural Adjustment Program (SAP). Economic diplomacy was conceived by the Babangida administration as a departure from the previous regimes planned economy. It therefore emphasised market forces in the operations of the domestic economy pushed into the international arena through economic diplomacy.

Following the introduction of Structural Adjustment and the foreign policy strategy of economic diplomacy, bilateral negotiation were entered into by Nigeria, loan finances and debt rescheduling were pursued. These activities were facilitated by the World Bank, (WB), the International Monetary Fund (IMF) and their allies, to maintain a regular monitoring of the structural adjustment program and Nigeria's negotiations. It is therefore important in this study to analyse and understand what constitutes the domestic component of structural adjustment given the foreign policy strategy of economic diplomacy.

3.2 Economic Diplomacy

Economic diplomacy is a foreign component of structural adjustment as earlier mentioned, since foreign policy has always

had political, economic, cultural and social dimensions. Overstressing economic diplomacy gives the impression of commercialisation of foreign policy.

Basically, the Babangida administration, like previous regimes in Nigeria view the present economic crises as structural rather than systemic. Consequently, the solution being offered reflects the desire to improve the structure through improved allocation of inputs mostly financial. Since this nation was heavily indebted and carries a heavy debt repayment burden, there was need for additional effort to attract foreign capital through investment loans, aid, better trade relations and expansion of markets for Nigerian goods.[1]

This foreign policy initiative was defined as the use of our foreign policy to achieve Nigeria's economic development and economic goals.[2]

In summary, economic diplomacy has been designed to help achieve the following:

(a) Greater access to new credits;

(b) Rescheduling of Nigeria's debts;

(c) Attraction of foreign investments;

(d) Opening up opportunity for joint ventures between Nigerian and foreign business men;

(e) Identification and expansion of markets for Nigerian traditional and industrial goods;

(f) Increasing the overall awareness abroad about the economic potentials of Nigeria.[3]

These objectives are not new in the agenda of Nigeria's foreign economic goals. What is new is the greater emphasis and difference in style which characterised their pursuit by this regime. Generally, this shift is beneficial to the overall need of the Nigerian economy and society, since the objectives are not transformed into basic achievement of growth and development which will cater for the basic needs of the populace.

The afore-mentioned objectives of economic diplomacy makes it imperative to articulate SAP as a program linked to economic diplomacy. Nwachukwu in his first foreign policy address in June, 1988 confirmed this position when he observed that:

> "Our foreign policy strategies should aim at facilitating support measures with the international system for our domestic economic policies, consequently bringing national economic problem into the focus of our foreign policy, the necessary harmonisation of the administration's domestic and foreign policy goals would be achieved."[4]

Nwachukwu's postulation above presents a linkage between economic diplomacy and structural adjustment program (SAP) designed for the domestic economy, the genesis of which we will explain.

3.3 Genesis of Structural Adjustment in Nigeria

Following the collapse of oil prices, the Nigerian economy whose development was linked to the external environment for assistance despite her human and material resources, began to

experience decreasing revenue and a down-ward trend in export earnings in the early 1980s. Government began to evolve ways of containing these crises.

The Shagari administration launched the Economic Stabilisation Act to correct the balance of payment disequilibria. This solution was prescribed by IMF but managed by the politicians. In 1984 the Buhari regime continued consultation with IMF/World Bank. The talks resulted in a dead-lock in 1985 following the regimes refusal to carry out all the IMF conditionalities. The regime embarked on 'Counter Trade' policy, a system of commodity exchange as a medium of trade between Nigeria and other nations. This trade system did not receive the blessing of the IMF/World Bank and the London and Paris Clubs. It was thereby regarded as anti-IMF based on South-South Co- operation.

On August 27th, 1985, President Ibrahim Babangida assumed power. He abolished counter trade. The government launched her program of reform and restructuring tagged Structural Adjustment Program with economic diplomacy as instrumental to achieving its goals at the international arena.

It was believed that this will stem the tide of economic decline and make the Nigerian economy self reliant, more growth oriented, and competitive within the context of a diversified and more balanced sectorally integrated structure,[5] which will promote non oil export and boost manufacturing. Government devalued the Naira, removed subsidies on petroleum, agriculture and import licensing. In their place a system of foreign exchange allocation

based on the second tier foreign exchange market (SFEM) was put in place aimed at facilitating support measures with the international system for the Nigerian domestic economic policies.[6]

The role of economic diplomacy with regards to SAP, involves a call on Nigerian diplomats to properly articulate Nigeria's economic and industrial policies abroad. This was unmindful of any foreign interest which might conflict with our national objectives.

A trade and investment unit was created in the Economic Department of the Ministry of External Affairs.[7] This unit was to assist Nigerian exporters to find markets abroad for their products and provide exporters with information on the economic and business climate in the countries that are of interest to them.[8] Generally, the unit was expected to provide information to overseas investors to take advantage of business opportunities in the country. The External Affairs Ministry was expected to advance the course of the structural adjustment program of the economy abroad thereby giving economic issues priority in the conduct of the nation's external relations policy.

Similarly, at the Nigeria's Foreign Affairs Ministry, the whole idea of economic diplomacy and adjustment has become a crusade, with Nwachukwu as its touch bearer.

In February, 1991 at an induction course for 45 newly appointed Nigerian Ambassadors, General Nwachukwu warned the envoys that, 'the ball game today in international relations is self interest and economic development of your country'.[9]

Again, General Nwachukwu observed that;

> 'In your utterances and in your behaviour pattern please remember that Nigeria is a developing country, it needs support from international community and that support can only come when you can win the confidence of those whose support you seek'.[10]

He reafirmed the above position saying;

> "You begin to win that confidence through friendliness and loyalty to their cause. What matters is your ability to win for Nigeria what we want for ourselves, that is the economic well being of your people and physical well being of Nigeria."[11]

The first dimension of the Minister of Foreign Affair's statement puts Nigeria in a psychologically weak position in international relations. Secondly, it further entrenches Nigeria's dependence status on those countries for whose support we seek particularly in the West. We also want to be loyal to their cause. It therefore involves large political and economic cost. It portends putting our sovereignty at bay all in order to gain the good will of the advanced industrialised countries to secure assistance and support for the structural adjustment program. The foreign affairs minister however claimed that this will go hand in hand with achieving the goals of decolonisation policy of Nigeria.

From our observation, the commitment of the administration to use structural adjustment program as a spring-board for Nigeria's new economic foreign policy raises questions on the ability of the country to qualify for financial support from the multilateral financial institutions and creditor clubs, first to provide

liquidity support and for successful implementation of economic foreign policy in the international system.

The conditionalities surrounding liquidity involves withdrawal of welfare measures in the major sectors of the economy. This has generated a general public discontent. It has led to violent demonstration by the populace, unstable political system with absolutism in governance and harsh economic conditions.

The implementation of the IMF/World Bank Adjustment Program constitutes a constraint on the provision of necessary and efficient infrastructure, and security to the nation. The consequence leaves the mass of the populace in abject hunger, poverty, ignorance and unemployment. This whole process is made possible with the collaboration of the ruling class.

To stem the tide of these socio-economic hardships of adjustment program in our economy, domestic agencies were introduced such as the Directorate of Food, Roads and Rural Infrastructure, (DFRRI) and the National Directorate of Employment, (NDE) to address the problem of unemployment and rural underdevelopment.

The Babangida administration in 1986 endorsed SAP which was immediately preceded by the introduction of second tier foreign exchange market which subjects our national currency to international market, unmindful of the consequences which this would exert on the economy. The President referred to the policy as a bold move in its decisions.

The President, General Ibrahim Babangida referred to SFEM,

the central theme of SAP which economic diplomacy is meant to articulate abroad as:

> "A program of societal rejuvenation that is both far reaching and comprehensive"[12] He observed also that: 'In the economic sphere, the introduction of second tier foreign exchange market (SFEM) a supplementary mechanism for managing our external account, marks the climax of the type of bold but wise policy measures which we believe are vital in resuscitating the national economy, thereby providing the basis for an industrial self reliant and sustained growth.'[13]

Therefore, Nigeria's foreign policy goals of economic diplomacy of the Babangida administration was viewed with wisdom in the light of domestic policy of the structural adjustment, since the foreign exchange market puts our national currency into the international environment to compete with the hard western currencies such as the dollar and pound starlings.

3.4 Domestic Component of SAP

Structural Adjustment program upon which Nigeria's economic diplomacy goals was rested, was based on the operations of the market forces in fixing the value of the Naira. This has involved a massive devaluation of currency, removal of subsidy and trade liberalisation.

Devaluation was viewed by the government; to achieve a more competitive agricultural sector, balance the income disparities between urban and rural sector, to generate a higher revenue earnings by government as a result of high cost of foreign exchange

on the black market, to improve incentives to Nigerian manufacturers and business community, to substitute further raw materials so as to reduce the cost of production and attract foreign investments.[14] These objectives were to be achieved through loan finances negotiated through economic diplomacy.

The devaluation of the Naira was fashioned by the mechanism of the second tier foreign exchange market (SFEM), with an open market bidding of the Naira on 26th September, 1986. At the first bidding session the Naira ended up at N4.61744 approximately 22 cent to the dollar. This was more than 100% depreciation of the Naira against the dollar which exchanged before SFEM for $1.68.[15]

Consequently, the Naira began to experience low value in the international market. It became tied to the dollar and pound sterling on a one to one basis.

The Naira was auctioned in a free market which government called official. However, alternative market developed apart from government's official market. This market was referred to as 'autonomous' market. Inter-banks transactions were instituted to contain transactions in the autonomous market. This could not help matters. In January, 1987 government deregulated the inter-bank market, further attempt in 1988 led to a 'Slow-down' of supply to a trickle indicating increased activities in the pararell market or Black market.[16] This has a consequence on the forces of demand (dd) and supply (SS) characterised by high prices of commodities. It undermines consumers purchasing power and complicates the structures of domestic industries.

In this regard, industries could not finance foreign exchange purchases, for technological and economic growth. Foreign exchange became hard to come by. This resulted into the problem of the 'Crawling Peg' system. A system where the final value on industry deposits is unpredictable at the time of remittance due to fallen Naira value arising from depreciation.

Another component, SAP articulated through economic diplomacy, is the removal of subsidy on the public and private sectors of the economy. There was the withdrawal of subsidy on petroleum and agriculture. This affected energy consumption, food production, education and health. For instance, prices of goods in these sectors of the economy became high. Still, Western creditor nations and the Bank argued that, our oil was sold below production cost far less than countries more endowed with oil. Therefore it was regarded as under-utilisation of resources which contributed to balance of payment crises, seen as a major factor in the lack of sectoral growth in the developing economies by the international finance. Obviously this explains the commercialisation of Nigeria's foreign policy to attract foreign investors hence government embarked on privatisation and commercialisation.

3.4.1 Privatisation and Commercialisation

At the domestic level, government's responded to the commercialisation of Nigeria's foreign policy (Economic Diplomacy). It embarked on the removal of subsidies on public holdings and

commodities of trade (in the form of tariff and taxes) to facilitate competition among firms, and for profit maximisation.

This was emphasised by the President, General Ibrahim Babangida, in his budget speech of 1986. He observed that, 'In respect of the existing public holdings in commercially oriented enterprises government has decided to diversify its holding in agricultural production, hotels, food and beverages, breweries, distilleries distribution, electrical appliances and all non-strategic industries.'[17]

The government argued that this would stem the financial competitiveness of the country in the international system. To achieve her foreign policy objectives, and to enhance growth and development, it was argued that these goals would be achieve through the efficiency of the private sector. This is evident in the confidence which this administration places on the private sector thereby forming part of its designation abroad.

In view of the above facts, the Nigerian government believed that its disengagement from the economy will reduce the dependence of her companies and parastatals on public purse and increase efficiency. Similarly, privatisation and commercialisation was legalised by decree No. 25 of 1988. Under this decree, the Technical Committee on Privatisation and Commercialisation was established. It was charged to ensure the success of the scheme and to ensure a balance participation by Nigerians and foreign interest, in accordance with the status of the enterprise promotion decree.[18]

The committee was empowered to recommend to the Federal Government alternative strategy and the viabilities of the enterprises to be privatised. The decree was divided into various schedules, which defines the operational ethics of the committee as follows; Partially commercialised and fully commercialised, partially and fully privatised. The committee was headed by Dr. Hamza Zayyad. It came out with the concept of 'Golden Rule' to check the dominance of a few business elites or political groupings in the privatised enterprises. The scheme was divided into schedule I and II. Schedule I or Part I spelled out that, enterprises in which equity held shall be partially privatised. Part II says, enterprises in which 100% of equity held by the Federal Military Government shall be fully privatised. See Table 1 and 2 on the list compiled on enterprises to be fully and partially privatised and commercialised.

From the list compiled on privatisation and commercialisation due to the removal of subsidies on energy and on other sectors of the economy, resulted into retrenchment, unemployment, high transport cost, low agricultural production and generally low income level.

The picture that emerged from this trend shows that the Nigerian economy was still deep in recession. This has affected private investment negatively. In the financial Weekly Bulletin of the Nigerian Concord July 6th, 1992. It was observed that between 1990 and 1991, the Gross Domestic Product (GDP) of the country grew only at 4.3 percent compared with 8.2 percent in 1990.[19] This shows

that despite measures taken to adjust the structural problem of the economy, it still suffers from economic instability and lack of infrastructure.

The whole exercise of economic diplomacy and structural adjustment is a response to international pressure to deregulate and open up the national economy. Similarly, there is a consensus between the Nigerian ruling class, cum the business magnate, with the international finance. There was also a conscious attempt to use the privatisation policy to satisfy certain section of the ruling class, borne out of the fact that they lack good representation in the vital sectors of the economy, for instance the banking and the financial industries.

Government emphasises free trade in its claim to go with the changes in the Global trends. We in this study see the logical acceptance of this policy as an attempt to strengthen the Nigerian business class bargaining position in the international division of labour. Trade liberalisation was established as a component of structural adjustment program. It advanced into the international arena by the Foreign Affairs Ministry through economic diplomacy. The trade and investment unit of the External Affairs Ministry

Table 1

Schedule 1

Part I: Enterprises in which equity held shall be partially p r i v a t i s e d

Enterprises	Present Federal Government Holding %	Maximum Federal Govt. participation as % of Equity after privatisation
Commerical and Merchant Banks, Savannah Bank of Nigeria Ltd.	51.34	Present holding to be maintained
Union Bank of Nigeria Ltd.	51.67	Present holding to be maintained
United Bank for Africa Ltd.	45.76	" " "
International Bank for West Africa Ltd.	50	" " "
Allied Bank of Nigeria Ltd.	51	" " "
Continental Merchant Bank Ltd.	51	" " "
International Merchant Bank Ltd.	60	" " "
Nigerian Arab Bank Ltd.	60	" " "
First Bank of Nigeria Ltd.	44.8	" " "
NAL Marchant Bank Ltd.	20	" " "
Marchant Bank of Africa	5	" " "
Agricultural, Co-operative and Development Banks		
Federal Mortgage Bank of Nigeria	100	Not more than 70% by the Federal Govt. and its Agencies
Nigerian Industrial Development Bank Ltd.	100	Not more than 70%
Nigeria Bank for Commerce and Industry Ltd	100	" "

Part I contd: Enterprises in which equity held shall be partially privatised

Enterprises	Present Federal Government Holding %	Maximum Federal Govt. participation as % of Equity after privatisation
Federal Savings Bank Ltd.	100	Not more than 70% by the Federal Govt. and its

		Agencies.
Oil Marketing Companies		
UNIPETROL	100	Not more than 40%
National Oil & Chemical Ltd.	60	Not more than 40%
Table 1 Contd.		
African Petroleum Ltd.	80	Not more than 40%
Steel Rolling Mills		
Jos Steel Rolling Mill	100	Not more than 40%
Katsina Steel Rolling Mill	100	" " "
Osogbo Steel Rolling Mill	100	" " "
Air and Sea Travel Companies		
Nig. Airways Limited	100	" " "
Nigerian National Shipping Line Ltd.	100	" " "
Fertilizer Companies Ltd		
Nigerian Superphosphate Ltd.	100	" " "
Nat. Fertilizer Company Nig. Ltd.	70	" " "
Cement Companies		
Ashaka Cement Company Ltd.	72	30%
Benue Cement Company Ltd.	39	30%
Calabar Cement Company Ltd.	68	30%
Cement Company of Northern Nigeria	31.53	-
Nigerian Cement Company Ltd.	10.72	10%

NB: Motor vehicles and Truck Assembly companies maintained 35% of government ownership as at 1985

Table 2

Part II: Enterprises in which 100% of equity hold by the Federal Military Government shall be fully privatised

Nigerian Hotels Ltd.

Durbar Hotel Ltd.

ABA Textile Mill

Central Water Terans Company ltd.

Ntional Cargo Handling Ltd.

Nigerian Dairies Company Ltd.

Nigeria National Fishing Company Ltd.

Nigeria Food Company Ltd.

National Grains production Company Ltd.

National Poultry Production Company Ltd.

National Root Crops Production Company Ltd. and other Food Production Company Ltd.

Nigerian National Shipping Company Ltd.

New Nigerian Salt Company Ltd.

National Fruit Company Ltd.

National Salt Company Ltd.

Specomill Nigerian Ltd.

Smith East Promania Wood Industries Ltd, Calabar.

Nigerian Yeast and Alcohol Company Ltd., Bacita

National Fil Corporation

National Fright Company Ltd.

Madara Dairy Company Ltd., Vom

National Livestock production Ltd.

Table 2 Contd.

National Ranges Company Ltd, Kaduna

Impresit Bokolori Ltd, Kano

North Breweries Ltd., Kano

Nigerian Beverages Production Company Ltd.

Nigerian Engineering Construction Company Ltd.

Tourist Company of Nigeria Ltd (Ownership of Federal Palace Hotels)

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was to provide information on business potentials both at home and abroad. In this regard, economic diplomacy enjoyed the good will of the industrialised world for trade and investment. Consequently restrictive trade barriers were removed from the Nigerian economy. This seemed to be polishing the relics of merchanlitilism, of protectionism in trade in accordance with the GATT agreement on trade, emphasising free trade. These points on trade will be adequately analysed in Chapter Four (4) which deal with external response to economic diplomacy on trade.

Generally, the system of economic liberalisation was aimed at facilitating free flow of foreign capital into the developing economies. It exert constraint on these economies, faced with the problem of 'value added' on the prices of commodities of trade.

3.5 External Debts and Diplomacy

Similarly, from the domestic policies of structural adjustment program, the program rest on the imprint of the World Bank and the IMF. Therefore, Nigeria's foreign policy of economic diplomacy impressed on the international community and Western financial creditors to open access for Nigeria. to enjoy new credit line, more rescheduling and enjoy political support more than other regimes.[20]

By government standards, it recorded some success in it continued access to credit, rescheduling of long and medium term loans, and confidence in the economy by the London and Paris

Club[21]. Bilateral relations were emphasised with countries we have economic co-operation. In this regard government believed that the basic issues in the Nigerian foreign policy are within the grasp of the private sector. They therefore form part of the government delegation abroad for credit facilities. This was observed by the foreign affairs minister that;

> "We have decided to take the private sector into confidence so that they can make their contribution to our bilateral relation with which we have economic co-operation, agreement, taking advantage of such association as Chamber of Commerce"[22]

It was quite clear from the minister's speech that government in its desire to acquire debt for her structural adjustment program through economic diplomacy, advances the argument of organised private sector forming part of its delegations abroad. This exercise ended up with the acquisition of huge debts in the form of loans, aid, and grants with high interest rates.

It was clear, that the search for loans, aid from the World Bank (WB/IMF), and socio-financial institutions (London and Paris Clubs) endorsed by the industrialised countries such as U.S., Britain, France and Japan, has provided Nigeria with some political leverage in the international system. This was evident in the election of General Joseph Nanven Garba, as the UN 44th session President and Chief Emeka Anyaoku, as the Common-wealth Secretary General. It was expected that the high visibility of their positions would yield some political and economic benefits.[23]

Ironically, Nigeria's foreign policy interest in the international fora is greatly influenced by her dependent status in the matters of economic and political goals. The success of Nigerians in these international institutions were only possible in so far as it did not affect the interest of the European countries and the U.S.

The whole idea of economic diplomacy on the debt quest places Nigeria in the prestigious club of top debtor nations within a decade. From a meager folio of N374 million in 1976 to about N10.21 billion in 1983.[24] See figures on Table 3 on Nigeria's external debts outstanding from (1960-1985) and Table 4 on interest rate.

The impact of these debts puts the country into a worst balance of payment position and low standard of living due to low income, arising from increasing current account financing of developing countries, from 1970-1984.

Table 3: Nigeria's External Debt Outstanding (1960-1985) (N Million)

Year End (1)	Debt out-standing (2)	Medium and Long-Term (3)	3 as % of 2 (4)	Short-Term (5)	5 As % of 2
1960	82.4	82.4	100	-	-
1961	85.8	85.8	100	-	-
1962	140.8	140.8	100	-	-
1963	181.4	130.4	71.9	51.0	28.1
1964	365.6	297.4	81.3	68.2	11.7
1965	435.2	341.8	78.5	93.4	21.5
1966	438.6	347.4	79.4	91.2	20.8
1967	430.4	356.6	82.9	73.8	17.1
1968	426.0	360.4	84.6	65.6	15.4
1969	456.0	401.6	88.1	54.4	11.9
1970	488.8	429.0	87.9	59.8	12.2

1971	214.5	214.5	100	-	-
1972	263.4	263.4	100	-	-
1973	276.9	276.9	100	-	-
1974	322.4	322.4	100	-	-
1975	349.9	349.9	100	-	-
1976	374.6	374.6	100	-	-
1977	496.9	196.9	100	-	-
1978	1,265.7	1,265.7	100	-	-
1979	1,611.5	1,611.5	100	-	-
1980	1,866.8	1,866.8	100	-	-
1981	2,331.2	2,331.2	100	-	-
1982	8,819.2	6,837.5	77.5	1,981.7	22.5
1983	10,577.7	7,818.9	84.0	2,758.8	26.0
1984	13,077.2	7,689.6	59.8	5,587.6	41.2
1985	19,063.4	12,899.1	67.7	6,164.3	32.2

Source: CBN Economic and Financial Review, and Annual Report and Statement of Account (Various Issues), as compiled in J.K. Onoh, "Nigeria's External Debts and the Western Club of Creditors". Paper presented at NIIA's Conference on Nigeria's International Economic Relations: Dimensions of Dependence and Chage 9-12 December, 1986, p.10.

Table 4: Nigeria's Debt Service/External Reserve and Interest Charges / Financial Ratios

Year	Debt Service (N)		Total	External Reserves	Average Imports (Monthly)	Adequacy in Months i.e	Interest to Principal (%) i.e (Interest x 100)
	Principal	Interest	Debt Service			$\frac{5}{6}$	(Principal)
			(N)	(N)	(N)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1970	18.6	12.4	31.0	144.6	63.0	2.30	66.66
1971	15.2	14.7	20.9	199.0	98.9	2.20	96.71
1972	14.7	11.5	26.2	243.6	82.5	2.95	78.25
1973	13.9	16.9	30.8	378.0	102.1	3.70	121.58
1974	14.2	14.9	29.1	3,460.8	144.8	23.90	104.92
1975	9.5	23.2	32.7	3,448.5	310.1	11.12	244.21
1976	17.0	13.4	30.4	3,122.5	429.0	7.28	78.82
1977	18.2	15.2	33.4	2.592.5	590.8	4.59	83.52
1978	66.1	94.7	100.8	1,305.6	678.4	1.92	143.26
1979	65.7	117.2	122.9	3.043.7	514.1	5.92	178.39
1980	6.2	104.2	110.4	5,445.6	753.0	7.18	1,680.65
1981	211.3	307.2	518.5	2,424.8	1,060.0	2.29	145.39
1982	321.2	454.0	775.2	1,026.5	897.5	1.14	141.34
1983	899.6	435.6	1,335.2	725.2	742.0	0.98	48.42
1984	1,856.9	783.6	2,640.5	1,080.0	598.2	1.80	42.10
1985	2,757.6	980.5	3,718.0	1,641.1	628.6	2.61	35.81

Source: J.K. Onoh, 'Nigeria's External Debts and the Western Club of Creditors' opcit, p.17

Table 5: Current Account Financial of Developing Countries (1970-1984)

Billions of US Dollars	Oil importing countries					Oil Exporting Countries			
Item	1970	1981	1982	1983	1984	1970	1981	1982	1983
Current Account Balance (excluding official transfers)	-9.7	-78.3	-64.4	-45.6	-32.0	-2.9	-22.3	-35.7	-11.1
Net Official transfers	1.8	9.7	9.2	9.9	10.2	0.6	2.5	1.9	1.9
Private direct foreign investment, net	1.4	8.6	8.0	6.6	6.5	0.9	6.4	5.3	3.7
Medium long-term loans net	6.6	48.1	43.1	30.6	36.8	1.6	23.6	20.5	18.1
Official source	2.9	17.0	16.5	17.1	19.4	0.8	4.4	5.3	3.7
Private source	3.7	31.2	26.6	13.5	17.4	0.9	18.9	15.2	14.5
Other capital, net	1.1	10.3	-6.0	-4.8	-9.7	0.1	-9.9	-9.5	-16.3
Change in reserves	-1.2	1.6	10.4	3.3	-11.7	-0.3	4.7	12.5	3.5

NOTE: Details may not add to total because of rounding. Data based on a sam of ninety developing countries
A Includes all low income countries
B Estimate
C Net short term flows and errors and omissions
D Mines sign indicates reserve accumulation

Source: The World Bank

World Bank report on Balance of Payment and debt financing of developing countries, shows that developing nations suffered a severe fall in external financing. Their current account deficit dropped from $105 billion to $57 billion between the period of 1974 to 1983. This shows that most of the receipt which accrued to the government in developing countries goes to servicing interest payment and debt burden. This has a consequence of 'amortisation' a system where regular payment of government finances is paid into a special fund dictated by the World Bank and IMF. This is

the dilemma which Nigeria's foreign policy faces in international relation.

Consequently, Nigeria's sovereignty is subjected to the dictate of international finance capital in form of aid, grants and loans.

Again, external debts when collected, are grossly mismanaged, under-utilised and mis-directed by the leadership. Invariably, the goals of economic diplomacy in opening up credit lines and reschedulment for economic growth and development, is characterised by the crises of underdevelopment, rather than achieving economic development. It creates social inequality tied up with the claim to create a favourable investment climate for private enterprises. In this regards, few Nigerians control wealth while the majority suffer from lack of basic amenities. This results into the lack of capacity to participate in government by majority of people thereby creating political instability. It becomes almost impossible to organise any democratic reforms.

This study in the next chapter will examine external response to economic diplomacy and structural adjustment program (SAP). It will examine trade and investment and what the manufacturers say on oil manufacturing and how the goals of economic diplomacy has been effective in promoting a single market in the sub-region. At the end we will attempt to harmonise the domestic and foreign trends in Nigeria's economic diplomacy rooted in SAP. We are also aware of developments in the global system, beginning from the collapse of the Eastern bloc, the quest for

global peace and democratic reforms and the call for free trade areas, which constitute new policies in the neo-liberal agenda thereby affecting diplomatic pursuits.

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Chapter 4

ECONOMIC DIPLOMACY AND STRUCTURAL ADJUSTMENT PROGRAM: THE EXTERNAL OUTLOOK

4.1 Itroduction

This chapter will focus on the effect of economic diplomacy on the promotion of export trade, attraction of direct foreign investment, which is facilitated through opening up of credit lines in the form of loans, grants, and bi-lateral co-operations. We will assess these objectives in line with the emphasis on the new economic diplomacy which intends to harmonise foreign policy with domestic economic objectives particularly in the area of manufacturing.

There were trips made abroad at the ministerial level to increase awareness of investment potentials both at home and abroad. Trade pacts were signed between Nigeria and foreign countries, debt relief were sought. Therefore we will analyse in brief some countries response to this call for investment.

How these trends in economic diplomacy help's to improve local manufacturing will be examined based on certain comments of some members of the Manufacturers Association of Nigeria (MAN).

With the debate towards 'Common Marketizations' of the world economy especially the call for free trade areas, such as the movement towards Europe 1992, the US-Canada free trade agreement, the pacific rim, and the developments in Eastern Europe all have impacts on Nigeria. This chapter therefore will attempt

to examine how "new" economic diplomacy has been effective in terms of transforming the economy of the country and boost its export.

4.2 Trade

In analysing the nature of Nigeria's trade pattern under the economic diplomatic strategy. it is important to briefly look into the ideals of counter-trade of the Buhari/Idiagbon's regime since it also falls within the scope of our study.

Counter-trade was concerned with improving our export potentialities. Efforts were made at boosting bilateral economic relations among African countries and to promote south/south co-operation. Attempts were also made to reach out to donor countries and multi-lateral institutions for debt relief. Similarly, on the occasion of the 20th summit of OAU, General Buhari reviewed the African economic woes and subsequently proposed an African Priority Economic Recovery Program which was adopted.

Professor Ibrahim Gambari, the then Minister of External Affairs pursued this strategy of economic recovery beyond the continent, seeking trade concessions. First, the government sought external loans from Saudi-Arabia after refusing the IMF loan. This resulted to a dead-locke in the country's trade negotiations abroad. The government quickly acted by instituting the counter-trade policy at the bilateral level.

Principally, counter trade option was taken especially with Brazil, Austria and Italy. The total worth of agreements reached between September 1st 1984 and June 10th, 1985 amounted to $2.6

billion. Pressure from the western governments did not allow the agreements to work with the exception of the first phase with Brazil, which involved the swapping of 50,000 barrel of Nigeria's oil in exchange for Brazilian manufactures.[2]

With the Babangida's administration, economic diplomacy was linked to SAP with the aim of boosting non-oil export. Therefore, massive devaluation of the Naira was meant to cheapen the external value of Nigeria's export goods. It was expected that this would stem up the tide of the hardship caused by the effect of economic recession, to evolve a self-reliant economy. The President observed that:

> "We are committed to the universal removal of trade restrictions since we believe that global trade expansion would be in the interest of mankind. We have taken steps to liberalise our trading relations with all countries in consonance with our national objectives for development".[3]

He further observed that, "we have intensified discussions with several countries on trade co-operation through the conclusion of bilateral economic agreements."[4] The president's pronouncement was in relation to the western industralised countries call for free trade. It was assumed that the administration's approach on trade will bring about global economic development and peace.

From our understanding the policy of opening up the economy to free trade is a fulfillment of the Uruguay Round of Talk (GATT) which emphasized trade liberalisation and removal of subsidies. While the developed nations impress on the developing

economies to adopt the GATT trade agreement, on the other hand they maintain subsidies on their own commodities of trade. This approach has consequences on the Nigerian economy. For instance, due to the structural nature of the economy, domestic manufactures continue to face constraint in the international market. Consequently, the cost structure of Nigeria's commodities of trade make's it difficult for these goods to compete at the international market. Further more international trade pattern continue to maintain imbalance due to unequal exchange. Given these factors, Nigeria's trade tends to be dominated by the Western industrialised countries, due to the dependent nature of the economy.

Consequently, the desire for South/South relations through trade and cultural exchange would hardly receive any positive growth. While government of the developed countries have intensified trade amongst themselves in the North Zone, there exist trade imbalance between the developed and developing countries. Developing countries depend on them for industrial inputs and raw materials.

See table on the direction of Trade between 1984-1988; Table 6 and 7.

Table 6: Direction of Trade 1984-1988

Countries	(Value in N Million)									
	Import (C.I.F)					Percentage of Total Imports				
	1988	1987	1986	1985	1984	1988	1987	1986	1985	1984
Common Wealth Countries										
United Kingdom	2,793.5	2,641.3	1,075.0	1,098.7	813.1	15.8	16.8	18.0	19.8	18.1
Ghana	3.6	3.6	0.4	0.3	0.1	*	*	*	*	*
Canada	75.3	1,342.8	24.0	53.1	23.8	0.4	8.6	0.4	1.0	0.5
Others[a]	279.0	438.9	211.5	114.1	170.5	1.6	2.8	3.6	2.1	3.8
Total C. Wealth	3,151.4	4,424.3	1,310.9	1,266.2	6,007.5	17.9	28.2	22.0	22.9	22.4
USA	1,852.5	1,297.9	711.9	741.7	567.3	10.5	8.3	11.9	13.4	12.6
Japan	1,314.4	1,417.5	309.9	408.3	368.0	7.5	9.0	5.2	7.4	8.2
EEC Countries										
West Germany	2,698.2	2,110.6	807.8	650.6	447.6	15.3	13.5	13.5	11.7	10.0
Italy	802.5	899.9	290.7	211.5	197.7	4.5	5.7	4.9	3.8	4.4
France	1,599.5	1,569.7	667.3	458.0	568.3	9.1	10.0	11.2	8.3	12.7
Spain	214.1	243.7	119.9	100.7	87.0	1.2	1.6	2.0	1.8	1.9
Belgium	575.0	380.4	142.9	109.1	129.3	3.3	2.4	2.4	2.0	2.9
Netherlands	691.2	722.6	244.2	202.6	168.3	3.9	4.6	4.1	3.7	3.8
Others	335.3	113.8	100.6	108.8	162.5	1.9	0.7	1.7	2.0	3.6
Total EEC C.	6,915.8	6,040.7	2,373.4	1,841.3	1,760.3	39.2	38.5	39.8	33.3	39.3
Eastern European Countries										
USSR	275.8	288.1	148.6	68.1	104.9	1.6	1.8	2.5	1.2	2.3
Poland	39.4	60.4	11.3	18.8	10.3	0.2	0.4	0.2	0.3	0.2
Czechoslavakia	38.4	32.2	22.1	2.7	7.0	0.2	0.2	0.4	*	0.2
Hungary	122.5	68.1	48.3	32.2	3.3	0.7	0.4	0.8	0.6	0.1
Yugoslavia	71.2	156.4	25.6	23.9	12.8	0.4	1.0	0.4	0.4	0.3
Others	247.2	128.4	143.2	93.0	92.9	1.4	0.8	2.4	1.7	2.1
Total EEC	796.2	733.6	399.1	238.7	23.1	4.5	4.6	6.7	4.2	5.2
Austrilia	198.0	228.8	51.9	86.5	45.0	0.8	1.5	0.9	1.6	1.0
Norway	74.5	77.4	31.7	18.6	23.6	0.4	0.5	0.5	0.3	0.5
China	474.7	342.0	63.1	37.3	32.5	2.7	2.2	1.1	0.7	0.7
Sweden	193.9	164.9	47.1	53.0	39.9	1.1	1.0	0.8	1.0	0.9
Swizarland	467.4	383.8	156.8	115.0	112.4	2.6	2.5	2.6	2.1	2.5
Brazil	686.6	334.4	133.2	378.2	153.8	3.9	2.1	2.2	6.8	3.4
Other countries	1,573.9	251.0	387.9	489.2	138.8	8.9	1.6	6.3	8.9	3.0

Table 7: Direction of Trade 1984-1988

Countries	(Value in N Million)									
	Export (P.O.B)					Percentage of Total Exports				
	1988	1987	1986	1985	1984	1988	1987	1986	1985	1984
Common Wealth										
Total Non Common Wealth Countries	14,489.9	11,270.0	4,660.0	4,266.9	3,473.2	82.1	71.8	78.0	77.5	77.5
Parcel Post	3.8	3.8	3.8	3.8	3.8	*	*	*	*	*
Total All										

Countries	17,645.1	15,698.1	5,974.7	5,536.9	4,484.5	100.0	100.0	100.0	100.0	100.0
Countries										
United Kingdom	591.0	530.3	512.6	538.6	379.0	1.9	1.8	5.7	4.6	4.1
Ghana	473.2	427.3	134.5	171.4	126.9	1.5	1.4	1.5	1.4	1.4
Canada	456.9	623.3	214.6	152.5	153.8	1.5	2.1	2.4	1.3	1.7
Other(s)	337.2	342.2	21.6	45.7	38.6	1.1	1.2	0.2	0.4	0.4
Total C. Wealth	1,856.3	1,923.0	883.3	908.2	698.3	6.0	6.5	9.8	7.7	7.6
USA	14,337.6	13,897.8	3,163.3	2,116.3	1,250.5	46.0	47.0	35.0	18.1	13.7
Japan	37.3	22.9	13.8	6.8	6.1	0.1	0.1	0.1	0.1	0.1
EE Comm. Countries										
Western Germany	2,104.5	6,564.8	636.9	863.5	911.9	6.7	5.3	7.0	7.4	10.0
Italy	339.3	1,758.8	738.4	1,921.0	1,422.0	1.1	6.0	8.2	16.4	15.6
France	2,192.0	2,285.7	1,364.6	1,902.7	1,854.5	7.0	7.7	15.1	16.2	20.3
Spain	2,908.0	2,347.8	227.3	664.4	388.8	9.3	-	-	-	-
Belgium & Laxembourg	65.2	66.7	53.0	5.7	3.4	0.2	0.2	0.6	0.1	*
Netherlands	3,904.3	3,343.5	1,012.1	1,434.2	1,153.8	12.5	11.3	11.2	12.2	12.6
Others	448.0	410.0	373.3	223.7	578.4	1.4	-	-	-	-
Total EE Com. Countries	11,961.3	9,032.9	4,178.3	6,137.9	5,924.0	38.3	30.5	46.2	52.4	64.8
Easter European Countries										
USSR	53.4	4.1	10.7	31.1	33.0	0.2	*	0.1	0.3	0.4
Poland	3.3	*	0.1	*	0.6	*	*	*	*	*
Czechoslovakia	-	0.1	0.2	*	0.7	*	*	*	*	*
Hungary	-	-	-	-	-	-	-	-	-	-
Yugeslavia	1.6	1.7	0.5	*	0.4	*	*	*	*	*
Others	0.4	0.2	0.1	1.9	168.9	*	*	*	*	1.9
Total Eastern Eup. Countries	58.7	6.1	11.6	33.0	203.6	0.2	*	0.1	0.3	2.3
Austria	2.2	0.4	26.6	3.3	36.2	*	*	0.3	*	0.4
Norway	11.4	2.4	1.1	0.1	0.3	*	*	*	*	*
Ettina	36.7	2.8	0.7	2.0	21.5	0.1	*	*	*	*
Sweden	7.9	121.8	61.1	154.0	85.0	*	0.4	0.7	1.3	0.9
Switzerland	62.0	8.8	31.7	45.9	0.7	0.2	*	0.3	0.4	*
Brazil	506.9	192.9	163.8	524.0	80.1	1.6	0.7	1.8	4.5	0.9
Other countries	2,312.5	4,361.6	512.2	1,789.3	832.1	7.4	14.8	5.7	15.2	9.1
Total Non-Common Wealth Countries	29,334.5	27,654.9	8,164.2	10,812.6	8,439.6	94.0	93.5	90.2	92.5	92.4
Countries Parcel	-	-	-	-	-	-	-	-	-	-
Total All Countries	31,192.8	29,572.9	9,047.5	11,720.8	9,137.9	100.0	100.0	100.0	100.0	100.0

Notes: (1) * Negligible
(ii)(a) Exclude South Africa

Source: Federal Office of Statistics, Lagos, Nigeria
Federal Republic of Nigeria "Review of External Trade 1984-1988" p.19.

The table on the direction of trade between 1984-1988 shows that the main source of Nigeria's imports in 1988 was Western

Europe which accounted for 55.0 percent of total imports. West Germany remained the largest trading partners with a contribution of N2,698.2 million or 15.3 percent of total imports in 1988. Import from Japan stood at N1,314.4 million (7.4 million) against N37.3 million worth of export. All these figures showed trade imbalances between Nigeria and these countries. Also significant, is the dominance of Western Europe in trade with Nigeria.[5]

Comparatively, imports from OAU countries stood at N232.7 million in 1988 while the total imports from ECOWAS countries amounted to N147.5 million in the same year. This was far less than Nigeria's total imports from West Germany in the same year (see Appendix on Data).

The whole idea is that trade has not improved under economic diplomacy essentially because we still trade largely with the developed northern countries marred with trade imbalances.

4.3 Investment and Non Oil Export

In respect to investment in Nigeria, the Babangida's administration once boasted that economic diplomacy through SAP had succeeded in restoring the confidence of foreign investors in Nigeria's economy.[6] It would be recalled that the Minister of Foreign Affairs in 1988 observed that economic diplomacy would entail negotiations and activities that would attract foreign investments and other assistance.[7]

Economic diplomacy which emphasis foreign investment and SAP was aimed at promoting trade and domestic production. Therefore

government favoured private investment and capital. New industrial policy was introduced with tax incentives such as Pioneer Status; tax relief for research and development, companies income tax, free trade dividends, tax relief for investment in economically disadvantaged local government areas were introduced and tariff and custom concessions were also put in place [8].

These investment incentives were backed up by a number of administrative changes. The Nigerian Enterprises Promotion Decree of 1989 replaced the 1972 and 1977 indegenisation decrees. The (NEPD) of 1989 permits 100 percent foreign ownership of equity shares with the exception of some 40 percent few. In the new policy, foreigners can own 100 percent shares if the equity capital is not below N20,000,000 (twenty million Naira).[9] the industrial development co-ordination committee, IDCC is expected to give approval to any such companies.

The role of economic diplomacy with respect to investment was to sell the idea to potential investors that the investment climate in Nigeria is good. Therefore, it is necessary to assess the changes which economic diplomacy in the direction of investment has brought to the non oil sector. From the Central Bank report for December 1987 and December 1989, the figures available over a period of four to six years of both oil and non oil sector shows no fundamental improvement. Agricultural Sector remained marginal while oil is still dominant in Nigeria's exports (see table 8 on the next page).

Using cocoa as an example, the central bank offered two

explanations for the unfavourable development. First, is that the slow growth in the non-oil exports, especially cocoa reflected the sluggish world demand as a result there was a fall in the prices of Nigeria's export commodities. Secondly, that the gains made earlier on, following the introduction of SAP, had become threatened in the later years as a result of the reliance on cocoa as the major non-oil export.[10]

Clearly,then there was really no strong basis for the official claim that SAP has brought miracles in terms of increasing either the volume or the value of Nigeria's non oil exports; in terms of Nigeria's export trades, the critical variables seemed not to be SAP nor economic diplomacy but world demand for Nigeria's export commodities especially the downward trend in the prices of commodities. This is the problematic of value which most developing countries face in the international market; the tendency of the industrialised world to underprice third world commodities.

Table 8: Nigeria's Export N Million

	1985	1986	1987	1988	1989
Oil Sector	11,223.7	8,368.5	28,208.6	28,435.4	55,016.8
Non Oil Sector	497.1	552.0	2,152.0	2,757.4	2,954.4
Total	11,720.8	8,920.5	30,360.5	31,192.5	57,971.2

Source: Compiled from Central Bank of Nigeria, Annual Report and Statement of Account, December 1987 and December, 1989.

Central Bank figure provided for the oil and non oil sector showed no appreciable growth in the non-oil sector. In 1986

US$394.4 million constituted the non oil exports proceeds and the figure for 1987, 1988 and 1989 were $538m, $612m, $401.1m[11] respectively.

The situation with respect to the inflow of foreign investment is no different, since the beginning of structural adjustment and the faith which SAP puts into achieving foreign investment carried along with economic diplomacy. For example, Omatayo Olaniyan suggests lack of enthusiasm on the part of foreign investors to invest in the less developed economies.[12] The western nations go to places with better opportunities in Europe and North America, where they find favourable investment climate for capital in Europe apart from other areas such as South East Asia and Latin America.

Even in the areas mentioned above, their impact interms of investment are inversely related to economic growth, since they mobilize domestic resources for investment and repatriate profit accruing from the proceeds. Clandestine activities of investors could be illustrated through the operations of the multi-national corporations breaking through national barriers through free trade. Too often investment in most countries is used to patronize the products of MNCs. They create a situation of indebtedness and dependency thus, challenging national sovereignty and jeopardizing the autonomy of nations.[13] A good example of this could be seen in the acquisition of huge contracts by Julius Berger in Nigeria.

It is quite clear, that the goal of attacking foreign investment remain unrealistic since capital investment is not

forthcoming.

This study therefore, posit's that trade and investment must not be equated with organising trade fairs and negotiations but must be seen to draw the various options necessary to the betterment of Nigerian citizens. It therefore should make efforts to improve her local manufactures through a more disciplined industrial ethic and effective management of the national economic resources. The new emphasis should be on greater south/south trade and investment to improve the lot of the impoverished areas of Nigeria.

In conclusion, any change that could be experienced must be that, which will transform the structure of the economy and free it from the burden of debts and dependency.

Below, we want to sample and appraise the response to Nwachukwu's "diplomatic shuttle" using countries such as Japan, Malaysia, France and Britain as case study.

4.4 External Response to Economic Diplomacy

4.4.1 Japan

Japan's trade and investment mission visited Nigeria after Ike Nwachukwu's visit to Japan. African Concord noted that, the Japanese economic mission comprises of 33 men of repute, with an assignment of assessing Nigeria's investment potentials; finding ways of increasing Nigeria's export to Japan, working out Japanese assistance in finding Nigeria's petro-chemical and Liquidified Natural Gas projects.[14]

After the visit in June, 1990, Japan responded by donating N2.5 million to the National Theater, for the promotion of cultural activities in Nigeria and N10.3 million for the purpose of Guinea Worm eradication, and improvement of training facilities of Nigerian Institute of Oceanographic and Marine Research. [15]

In May, 1990, a Japanese consortium was awarded the Eleme Petro Chemical Phase II contract, costing US $ billon dollars. Apart from all these, Japan is still insignificant in the real value[16] in Nigeria despite economic diplomacy of structural adjustment.

4.4.2 Malaysia

In response to economic diplomacy, Malaysia and Nigeria signed different memorandum of understanding regarded as a more serious agreement aimed at facilitating trade and investments flow. This involved exchange of information and philatetic items. Other areas include, telecommunication, technical co-operation particularly, in the area of petroleum resources, development and aviation services. The Malaysian Hon. Minister Pato Haji noted that the Malaysians were to set up assembly plants to manufacture telecommunication equipment in Nigeria.[17]

Basically, the significance of economic diplomacy between Nigeria and Malaysia was that it led to the decision to create an economic council responsible for the promotion of trade and exchange and provide information on Nigeria's economic potentials.

Inspite of the memorandum of agreement signed between

Nigeria and Malaysia, Nigeria doesn't have a functional high commission in Malaysia which has a mission in Nigeria since 1965.[18] This may hamper the achievement of the goals of economic diplomacy, if in the first instance Malaysia expects Nigeria to provide the basic facilities that will enhance trade and easy communication.

4.4.3 Britain/France

British and French response to Nigeria's economic diplomacy merit some special note in view of the fact that, the London and Paris Clubs are based in these countries. The exert considerable influence in the decisions of the IMF/World Bank in terms of the possibilities of a country getting facilities for loans, grants and aid. They wield enormous influence on the debate of the debt question. Similarly, they maintain strong bilateral relations between governments and in most cases participate in shaping national government decisions.

However, Britain since the Thatcher years emphasised market forces to decide economic matters, which explain her support for Nigeria's economic diplomacy and Structural Adjustment program. For example, African Research Bulletin noted that after Professor Akinyemi's and President Babangida's visit to London in 1989, Nigeria signed an agreement through which it was to receive 60 Million Pounds, 10 million pounds was attached SAP relief package[19] Also in what seemed to be an endorsement of Nigeria's foreign and economic policies, Margret Thatcher visited Nigeria in 1987. This marked a new turn in the Nigeria-Britain relations.

In the case of France, when President Ibrahim Babangida visited that country, he signed an agreement removing restriction to French investments in Nigeria and gave concession of tax relief to French companies wishing to invest in Nigeria. This agreement made it possible for foreign firms to repatriate their profit. This threaten's the autonomy of the Nigerian State, giving free reign to foreign firms in our economy. This shows that the psychological mentality of our leadership is still dependent on the western countries.

4.5 Manufacturers Association of Nigeria: Submissions on the Economy

4.5.1 Background and Survey of Performance

Another aspect which this administration's foreign policy tends to articulate is the desire to boost local manufactures through private and foreign investments.

In the beginning the history of the manufacturing industry in Nigeria did not receive an early boost. It was characterised by a mono-cultural agricultural economy which puts Nigeria in a position of supplying raw materials for British and other western manufacturing firms. This resulted into an unhealthy dependence on manufactured goods from abroad, whose cost out-weighted income.

The Nigerian ruling class contented themselves with becoming clearing and forwarding agents of overseas firms. Pioneers of industrial development in Nigeria were foreign companies whose activities centred around producing items for trade. Such

companies were the UAC, John Holt, PZ, SCOA, CFAO and the Lever Brothers. Later public utility corporation emerged like electricity corporation of Nigeria.[20]

After independence development plans were launched to stimulate growth of industries. First the Nigerian industrial development Bank (NIDB) was established in 1964 to take charge of government priority projects.[21]

Following the Arab-Isaeli War of 1973, energy crisis emerged in Western economies. This led to a global economic crisis in the 80's, consequently even earnings from oil became low and the capacity of developing countries to trade became lessened. Government began to borrow to finance deficit budgets. Economic squeeze affected all sectors of the economy which brought the economic life of the nation to the verge of total collapse. This affected the foreign policy of the nation. Various regimes embarked on stabilisation measures ranging from austerity of the 80's to counter-trade and now Economic Diplomacy.

4.5.2 Survey of Performance

Under the Babangida administration, credits were sought to ensure that industries continued to produce basic necessities. This had a consequence of heavy liquidity crunch. Money was withdrawn from circulation thereby, bringing production to a lower level, thus, affecting the consumption pattern in the economy. This Week Magazine observed that, the liquidity crunch that followed Nigeria's economic reforms stifled industry and

threatened the solvency of some companies.[22]

Indeed, this was accompanied by the problem of value added in the cost of production resulting from high interest rate. This is in addition to under utilisation capacity of industries. Banks at a point were in dire need of foreign exchange. (See table on *Capacity Utilisation by Sectors and Sourcing of Raw Materials, 1988 January to June.*

Table 9:Percentage Capacity Utilisation by Sectors

Sector		January-June, 1988
1.	Food, Beverage and Tobacco	33.62
2.	Wood and Wood Products including furniture	N.A.
3.	Non-Metallic Mineral Products	42.01
4.	Textile Weaving Apparel and Leather	46.46
5.	Chemical and Pharmaceuticals	30.51
6.	Domestic and Industrial Plastic and Rubber	39.38
7.	Basic Metal, Iron and Steel and Fabricated Metal Products	26.65
8.	Motor Vehicle and Miscellaneous Assembly	N.A.
9.	Electrical and Electronics	22.24
10.	Pulp, Paper and Paper Products, Printing and Publishing	35.12

Note: N.A. - Not Available
Source: Manufacturers Association of Nigeria

Sourcing of Raw Material by Sectors

Sector		Jan-June 1987 Foreign %	Local %	Jan-June 1988 Foreign %	Local %
1.	Food, Beverages and Tobacco	34.8	65.2	40.0	62.7.
2.	Wood and Wood Products including furniture	22.4	77.6	N.A	N.A
3.	Non-Metallic Mineral products	23.5	76.5	11.6	88.4
4.	Textile, Weaving Apparel and Leather	47.6	52.4	47.5	52.5
5.	Chemical and Pharmaceuticals	68.5	31.5	63.7	36.3
6.	Domestic and Industrial Plastic and Rubber	79.4	26.6	47.0	53.0
7.	Basic Metal, Iron and Steel and Fabricated Metal Products	50.3	49.7	60.3	39.7
8.	Motor Vehicle and Miscellaneous Assembly	78.3	21.8	N.A	N.A.
9.	Electrical and Electronics	80.7	19.3	N.A	N.A.
10.	Pulp, Paper and Paper Products	60.1	39.9	84.7	15
	AVERAGE	54.6	42.8	50.30	49.70

Source: Manufacturers Association of Nigeria.

Table 10: Capacity Utilization by Sectors (July-December, 1991)

S/N	Sector	No of observation	Percentage
1.	Food beverage and Tobacco	20	37.07
2.	Textiles, wearing apparels, footwear, leather products and carpets/rugs	13	40.44
3.	Wood, Wood products including furniture	1	80.00
4.	Pulp, paper and paper products, printing and publishing	9	30.11
5.	Chemicals and pharmaceuticals	21	49.98
6.	Non-metallic products	7	53.82
7.	Plastics and Rubber products	14	27.85
8.	Electrical and Electronics	7	30.78
9.	Basic Metals, Iron and Steel and fabricated	19	7.03
10.	Metal Vehicles and Miscellaneous Assembly	3	
	AVERAGE	114	37.38

MAN: In National Concord Monday, July 6, 1992.

A survey of manufacturing performance in January to June, 1988, showed an average capacity utilisation of 35.12 percent, less than 50 percent which shows no remarkable improvement in the performance of the economy despite economic diplomacy and SAP. Local sourcing of raw materials by sectors recorded only an average of 49.70 percent.

A similar survey published in the National Concord of July

- December 1991, showed an average capacity utilisation of 37.38 percent[22] compared to 35.12 percent in January - June 1988. Between these years increased capacity utilisation was less than 2 percent. Local sourcing of raw materials stood at 47.06 percent less than 49.70 percent in 1988. Production has not actually improved.

The truth of the matter is that government economic policies were unfavourable to industrial growth. These policies are characterised by, high cost of credit, instability in exchange rate and poor infrastructural facilities. The financial and public sector is marred by huge credit which results into high inflation.[23] Institutional savings is therefore low due to high interest rate arising from liquidity mopped-up; a system whereby banks draw their proceeds from their deposits in the Central Bank for transaction.

Consequently, despite economic diplomacy, the external environment is characterised by sluggish economic activities. This affected Nigeria's economic fortunes. This was reflected in the reduced oil demand and the deteriorating terms of trade of Nigeria's primary products. These trends have a negative effect on the nation external reserves.

In this circumstances, the objectives of economic diplomacy seemed not to be yielding positive results. Even the Nigerian leadership seemed to accept the fact that all is not well with the Nigerian economy. Indeed, the Minister of External Affairs Major General Ike Nwachukwu observed that;

> "While we have made courageous structural adjustment sacrifices, the expected international support had either turned out to be trickle or even non-existent"[24]

Similarly, the objective of the search for markets for Nigerian industrial goods has not been achieved, judging from the fact that western governments still maintain protective measures on certain goods coming into their economy through tariffs. They ensure that goods from developing economies do not enter their country while we are forced to liberalize. The developed countries still maintain protectionism in the form of subsidies. The recent deadlock in the GATT agreement on trade between EEC and the United States on the removal of subsidies on agricultural products is a case in point. For example while the US objects to subsidies the French maintained that subsidies, should remain on her agricultural products to benefit the farmers and local consumers. If the west sees this position as noble despite US Opposition to it, I wonder why we go about removing subsidies and opening up our economy to all sorts of imports which have negative effect on local manufactures due to dumping. In effect, speculative business thrives in the form of buying and selling.

In conclusion, the picture that emerged from this study showed that the Nigerian economy despite economic diplomacy and SAP, is still in deep recession with a negative effect on the economy. This has further dimmed the prospect for development of a regional common market.

4.6 The Sub-Regional Market

This study seeks to examine how the strategy of economic diplomacy has helped in the development of regional market. It also attempts to understand how Nigeria's foreign policy will meet the challenges of a new world order with the decolonization of the international system.

In his review of 'Nigeria's foreign policy in 1988' President Ibrahim Babangida observed that:

> "The Economic Community of West African States (ECOWAS) remain one of the most important arrangements for the promotion of accelerated economic development in the West African sub-region"[25]

President Babangida observed that since the inception of ECOWAS in 1975, several initiatives have been taken in the area of infrastructure, free movement of persons, trade liberalisation, monetary intergration and defence pact, despite these measures the community remain considerably weak.

Essentially, there is also the lingering issue of political will. A factor which if members are committed to integration, could accelerate the implementation of several protocols and consolidation of the community. In spite of these problems and financial difficulties which member states face, Babangida observed that:

> "ECOWAS remain's the major symbol of the collective will for all countries in the sub-region and the framework for evolving self reliant development and raising the standard of living of its people as well as fostering good relations"[26]

The President seemed committed to the goals of economic diplomacy in bringing about development at the sub- regional level. The problem that could be said to militate against this active regional initiatives is the structural nature of our domestic economy which was not able to meet the challenges which this regional integration brings.

In the face of these challenges, the community has tried to make a bold step in defence of Liberia from a civil war which is almost disintegrating the country. The war was caused by Doe's inept leadership. ECOMOG peace keeping force was established comprising of mainly the English speaking West African States especially Ghana and Nigeria, first, commanded by Ghananian General Aquino and later Major General Joshua Nimyel Dogonyaro. Subsequent changes of the war commanders were replaced by Nigerian Army Generals.

At home, this initiative was viewed as an attempt to protect President Doe so it was unpopular. On the other hand, the French members of the community viewed 'Ecomog' as an Anglo-phone affair. It was seen as an attempt by the Anglo-phone States to initiate a 'policing' sphere of influence in the sub-region.

Conflicting views among member states and the francophone apathy for this foreign policy initiative has committed Nigeria to one of her largest war effort abroad even though it was regarded as a peace keeping operation. Unfortunately this has tended to become "expensive" thus; in an interview with Newswatch, a former Nigerian Army Chief of Staff, General T.Y. Danjuma called on the

Federal Government to withdraw from an expensive war on "Guerillas" fighters led by Charles Taylor inspite of his initial applause to the move.[27]

The President, General Ibrahim Babangida, affirmed Nigeria's presence in Liberia when he observed in his speech, 'Nigeria in the emerging New World Order' that:

> "We remain proud of our commitment to the ECOWAS efforts on Liberia and we applaud all the members of Ecomog for the monumental sacrifices which they have made, and which they continue to make, in helping to re-establish peace in Liberia".[28]

He further observed that:

> "It is our hope that the Ecomog initiatives will serve as a model for conflict management, not only in the ECOWAS sub-region but in the entire African continent."[29]

Thus, our understanding in this study of Nigeria's foreign policy, shows that this administration was prepared to adopt an assertive role in world affairs. Nigerian troops were not only in Liberia they were in Yugoslavia, Cambodia and Angola. While we do not totally disregard the countries peace initiatives, we believed the time has come when our domestic economy should determine our foreign policy, if restructuring is real than imagined.

In the recent times, foreign economic policy pursuits seemed to focus on free enterprise based development of regional markets. This development was considered in the 1991 OAU summit on African Economic Treaty talking cognisance of the movement towards European Common Market in 1992, US-Canada trade agreement and the

pacific rim - with the de-ideolization of the world system with emphasis on trade liberalisation.

Similarly, with economic diplomacy and free enterprise at the domestic economy, Nigeria's textile goods are being exported to ECOWAS member countries. Her private banks are being established abroad like the Progress Bank of Nigeria Plc opened a branch in Benin Republic.

Inspite of these advances, it was not enough to ginger up the goals of a concerted regional market that will take advantage of the ACP/EEC Lome convention. This is due to the weak nature of the individual member states economy which is affected by external political and economic influence. Member states therefore impose barriers along their borders. For example, the World Bank President observed in a newspaper that:

> "To many road blocks between Nigeria and the republic of Benin do not augur well for economic interdependence and development of ECOWAS member state."[30]

This problem of restriction arises from the lack of common currency in the sub-region which manifest in the area of custom and tariff duties.

The French too have stubbornly maintained a strong presence in the economics of the Francophone countries of the sub-region. Economic diplomacy must begin to address these problems rather than seeking the confidence and the support of the West which tend to show that there have been some mutual class alignment between the Nigeria ruling class and the industrialised world. This relation

has tended to militate against the achievement of our foreign policy goal of economic growth and development, towards a concerted common market.

Finally, in recent times we have witnessed enormous changes in the world politics. Our foreign policy in the area of peace and free market for export must conform to our domestic realities, if not we are assuming a dangerous role overseas, which could be counter productive.

4.7 Political Issues in Economic Diplomacy

The era of economic diplomacy which emphasises economic matters in foreign policy has also witnessed certain political trends and events in the international system.

First, the collapse of the cold war between the superpowers has given new meaning to the concept of conflict and its management in international relations.

Given the above position, first, Nigeria sought high visibility in international relations. A Nigerian General Joseph N. Garba gained election as President of the 44th session of the General Assembly and another Secretary General of the Common-wealth Countries respectively.

Similarly, in an attempt to look beyond ECOWAS, the Babaginda administration adopted the program of Technical Aid Corp Scheme (TAC) a program which was initiated by Prof. Bolaji Akinyemi Minister of External Affairs. In the program, Nigerian professionals were sent abroad for manpower assistance,

particularly in Africa countries and the caribbean. This foreign policy initiative was aimed at boosting the country's image abroad in what seemed as borrowing from President Kennedy's peace corps of the US.

In 1989, the Nigerian foreign policy came under test when a group of Nigerian students in Italy reported a case of toxic dump by an Italian firm in Koko, Bendel State. The government drew the attention of the world and called the Italian government to order. The regime thereby embarked on a campaign against toxic waste dump beginning from the sub-region to the UN. In a speech delivered by the External Affairs Minister, General Ike Nwachukwu, he observed that, "we have managed to sensitise all Africa and the rest of the world to the issue of waste dumping - the struggle which, the government started when it campaigned for the establishment of a 'dump watch' in the sub-region under ECOWAS and carried it into the UN."[31] This was a vibrant move in Nigeria's foreign policy. However, in 1990 when Iraq annexed Kuwait and the crisis resulted into a war in the Gulf, between Saddam Huseini and the US led Allied Forces, Nigeria maintained a neutral position although it condemned Iraqi action in Kuwait. This was because the US as one of Nigeria's major creditors was involved in the war as the major actor, therefore, whatever position Nigeria takes could affect the country's national interest, given the policy of economic diplomacy which Nigeria was pursuing marred by huge debts from the west particularly. While on the other hand, Iraq being a member of OPEC plays a significant role in the "politics of oil"; an organisation in which Nigeria is also a member. These trends show the dilemma

of Nigeria's foreign policy and her strategy of economic diplomacy, when our economy is largely tied to the external environment particularly in dependency on the west.

However, Nigeria's economic diplomacy, seemed to be a continuation of Nigeria's traditional role of liberation in Africa. Nigeria was actively involved in the final process that led Namibia to independence. She was also involved with kin interest, in the democratization process in South Africa. It held consultations with the ANC led by Nelson Mandella and President Fedrick De Klerk of South Africa. It therefore marked a significant turn in the struggle for the decolonisation of Africa in line with the objective of Africa as the centre piece of her foreign policy. Indeed, these processes were attained largely due to the convergence of the US and the Soviet interest in international affairs.

One point we deem fit, to applaud, which could be politically and economically significant if properly handled, is the re-awakening of consciousness of blacks in the diaspora. They constitute a strong and vibrant African constituency abroad.[32] This is evident in the size of blacks population in the United States and Brazil, after Nigeria. They serve as an interest group through which Africa could channel certain policies of political and economic interest affecting her. For example, the Jews constituency in the US acts as a vibrant political and economic pressure group to the government on issues which affects the state of Isreal regarding the Middle East question.

Again, it must be emphasised that the pursuits of any

political or economic matters must conform to our domestic environment rather than giving preference to politics which give primacy to foreign policy.

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Chapter 5

5.0 AN OVERVIEW OF ECONOMIC DIPLOMACY (1985-1990)

This study strongly agree with the view that foreign policy is a function of domestic economic policy. Since this is our conviction of what foreign policy should entail, we firmly believe that Nigeria's economic diplomacy as a foreign policy strategy could not have been used as a spring board to the achievement of solving Nigeria's economic problem for self reliance and economic development.

In the first place, the conceptual definition of economic diplomacy is not viable. Its objectives depend on the good will of the industrialised world through alliance with the ruling class. They contribute largely to our economic woes.

Similarly, the international environment and underdevelopment are constraints to the realisation of Nigeria's economic diplomacy like any developing world. For instance an attempt by the developing world to flex their economic muscle under the umbrella of the organisation of petroleum countries (OPEC) in 1973 due to the Arab/Isreali war resulted to energy crisis in the western countries. The western nations immediately retaliated through increase in the prices of goods and services and high interest rate leading to global economic recession.

They perfected their strategies to undermine the cartel and waged a total war against cartelization as an economic strategy. Economic diplomacy emphasises free trade and free enterprises

through foreign investment so as to boost production for export. Unfortunately despite trading agreements existing between the developed and the developing countries, under the framework of EEC/ACP Lome Convention and the new emphasis on free trade, the developed countries maintain protectionists and neo-merchantilist practices inform of tarrifs, taxes and subsidies to prevent the export of finished products from the less developed countries into their economies.[1] This undermines growth and development in the developing countries.

Again the international technological environment is not any friendlier given its control by the multinationals breaking through national barriers, threatening sovereign states autonomy. They control patents, and determine production and distribution. This militates against the expansion of export markets and the realisation of the economic of large-scale production.

Nigeria's foreign policy of bargaining for investments, aid, and loans in the international environment does not result in to a meaningful development in Nigeria, because they are meant to maintain the status quo, and improve the financial solvency of the decision making class. Lately this advantage has been used as a spring board for political compaigns to democratic government.

The success story of countries such as Brazil, South Korea, and Singapore was preceded by heavy capitalist presence in such economies. These countries have been able to strike special relationships with the leading capitalist world.[2] This alliances have been fostered by their geographical and strategic locations

to the industrialised world, which made it possible for viable direct foreign investments and execution of projects financed through foreign aid and grants.

Consequently, Nigeria's economic diplomacy that emphasises the World Bank/IMF Structural Adjustment program to solve the country's economic problem and improve the image of the country abroad, operate within the external environment. This has resulted to the marginalization of the country evident in the role played by the World Bank and the IMF in the economy. They control liquidity and determine the nature of our trade, emphasing trade liberalisation in the national economy, thereby subjecting our sovereignty at bay.

This study therefore argues that the credential of using the IMF/WB structural adjustment program as a spring board for Nigeria's economic diplomacy is at best dubious, in favour of capital and the ruling class. They control industries, trade, commerce and estate finances but they are not engage in actual production for growth and development that could boost our economic power in the international system. Consequently the economy is characterised by buying and selling.

The implication of Nigeria's adoption of the IMF/WB economic foreign policy puts the country between pursuing her African objectives radically or resorting to the western style diplomacy of high political realism. This had affected Nigeria's leadership position in the continent. Already Nigeria has displayed a sign of diplomacy of compromise and neutrality, one of which was

Nigeria's inability to denounce United States action in an African country like Libya, when she was bombed by the US in 1986. Nigeria maintained neutrality on the Gulf war affairs although she condemened Saddam's action in the annexation of Kuwait.

It was quite clear, that Nigeria was caught in a dilemma of providing a credible leadership for Africa or remain subserviance to her creditors. Therefore, Nigeria seemed to have been engaged in a diplomatic state craft of concentrating on non-concret but popular issues over which she cannot alienate her creditors. Added to this, is the persuit of high visibility in international relations as a foreign policy strategy.[3]

The first aspect is reflected in the use of the Technical Aid Corps Scheme, the concert of Medium Powers (Lagos Forum) and the anti-toxic waste compaign. The second is the support of her candidates in the United Nations (UN) and the Common-wealth. Thirdly, is the emphasis on peace keeping mission abroad for example, the committment to 'Ecomog' peace keeping initiative in Liberia.

Nigeria's foreign policy and economic diplomacy manifest in the domestic economy through structural adjustment was aimed at boosting trade and investment, and to develop the non oil export manufacturing, was assumed, will go a long way to boost domestic and regional market among ECOWAS member states. It was believed that this will set the stage for Nigerian export in the world market.

From our experience, economic measures introduced to

achieve this foreign policy objective set in motion, the massive devaluation of the Naira and cut on government spending in favour of private and foreign investment to boost production locally, rather than balancing payment problem which characterised the Nigerian economy, resulted to high inflationary trends such as high prices, low income, scarce foreign exchange given the draw back of the pararell market - a spill over effect of SFEM. This has effect on the prices of consumer commodities based on free market competition which has a tendency for high inflation and hoarding in the economy.

This study is irked by what seemed to be an ultimate submission of our foreign economic policy to the dictate of international financial institutions, which makes it difficult, to the emergence of any market bloc from the countries of the south despite emphasis on free trade area in global politics. This is evident from our experience of Nigeria's structural adjustment program emphasised through economic diplomacy in the international arena seeking the confidence and support of the west. This therefore, threaten the autonomy of the Nigerian state in deciding her economic matters, making it difficult like most developing countries to attain the goal of a common market in the subregion.

Therefore, developing economies foreign policy particularly Africa, is concerned with changing security interest between the axis of debts, monetary and trade matters, thereby putting the developing world apart,between seeking political alliance and security interest. This is even more prominent with the

de-ideolization of the international system and the United States, emerging as a single world power.

Despite all odds, Africa must seek to pursue a vibrant foreign policy that seeks to intergrate her economy towards self-sufficiency. For exchange the US has begun to draw its northern neighbours in closer relations, in what, Gilpin Robert referred to as "closer interdependence" which includes Canada and Mexico.[4]

5.1 Concluding Remark and Recommendations

If the present trend in Nigeria's economic diplomacy continue to be in favour of international finance and the industralised North, and trade inbalance persists, the day of reckoning may soon come which will spell doom for the developing economies.

Thus, in the recent times developing countries have had it hard, in servicing her debts to survive if new credit lines were to be opened by the creditors. It is alarming that about 40 percent (%) of our export earnings are used to service debts. This has a consequence to the realisation of a viable export free-zone rather there has been increased demand for imported manufactures.

We must note that the external debts of the less developed world are preceded by unequal exchange thus, it exerts a heavy debt burden on our economy which has a drastic effect on the sectors of the economy and shape's foreign policy. For example, the Nigerian educational sector has experienced a drastic brain drain in search of foreign exchange overseas in Europe and the

United States particularly, despite hard conditions involved in obtaining European and US visa to travel. Nigeria's foreign policy must seek to address the challenges of the international economic order with the collapse of the welfarist state of Eastern Europe, the unification of East and West Germany, with new emphasis on commodity power. Japan and Europe tend to be emerging as commodity powers challenging the military might of the United States. African countries including Nigeria and indeed the developing world must learn from the Japanese success and the Malaysian experience in rural and agricultural development.

Focus on the new world order must seek to balance the global trends whose negative effects were perpetuated by the West and the leaders of the developing countries, which defines the ethics of national economic development. Ironically, zealot protagonist of the World Bank/IMF structural adjustment program seemed to be calling for a Marshall Plan for debts relief for Africa.

It must be emphasised that if the world trends continues unchanged, with the realist tendencies, the world will be different as a result of lost opportunities. It was observed in Global Agenda that "there will be more people as population growth will be 40 percent higher by the year 2,000, the gap between the richest and the poorest will increase and by every measure of material welfare, per capita Gross National Product (GNP) and consumption of food energy and minerals will widen gap comparatively"[5].

Similarly, as disparities between countries continues there will be fewer resources to go around, prices will be higher over and above inflation. This will spell doom, the world will be vulnerable both to natural disaster and disruption from human causes. This is evident in the Gulf oil crisis of the 1990, which led to Iraq's annexation of Kuwait by Saddam Useini which incurred the wrath of the United States. With the combined allied forces, the US led a war against Saddam to pull Iraq out of Kuwait which was perceived as US economic power house. The war was an experiment of the largest air raid in war history. It was code named 'Operation Desert Storm.'

At the domestic front in Nigeria, the plundering of the petro-dollar earnings through mismanagement, corruption and contractor-financed business has caused hardship of getting basic human necessities such as food, shelter and clothing. Over the years this has generated labour crises, city, including religious and ethinic crises. This is evident in the 1986 students crises, and the 1989 and 1992 SAP riot. These situations is worsened by high inflationary trend, which affects consumer's purchasing power due to low income, high cost of production, high prices of goods and hoarding. The hardship caused by artificial scarcity are now being manipulated into religious struggles particularly in the Northern and Middle-Belt areas ofNigeria. This is evident in the 1987 Kafanchan Crisis and the 1988 eletion crisis in Ahmadu Bello University Zaria. These crises were accompanied by mass killing and plundering, borne out of poverty and relative deprivation

which causes hatred among the citizens.

Whatever this may be is a consequence of mismanagement and indiscipline in government thereby employing secondary issues such as, religion to cover up their self fish interest, hindering development.

In the area of trade, Nigeria must take a hard political choice in her foreign policy to encourage and develop a viable South/South Trade.

This study convinces us that, the Nigerian economy can only recover on the basis of improvements in employment, health, education, real income and general living standards of the majority of the people. It is only with such improvement that the economy can have the skilled production and secured manpower, with solid a home market base with which to develop agriculture, industry, technology and other productive sectors of the economy.
Similarly, it is important to realise that ensuring employment and improvement inhealth education, real income of the people, is an essential requirement for genuine economic recovery[6] and not just establishing agencies for mass mobilisation such as (MAMSER) the Directorate of Food Road and Rural Infrastructure (DFRRI) which, were to serve as medium of providing rural aminities to the rural dwellers on short term basis. Lately, the Better Life Program was instituted by the First Lady Mrs. Mariam Babangida and the National Women Commission (NCW). Ironically, these programs were comestic as they did not provide for the basic necesseties of the populace in the form of food, shelter and clothings. Again, these agencies

maintain the status quo of domination and explotation.

This study convinced us that the Nigerian economy is dependent on the developed countries of the North. Therefore Nigeria's foreign policy, and the new emphasis on economic diplomacy, is predicated on the dictates of the West.

The international relations have not transcended the exchange of raw-materials for european finished goods, procured at high prices.

The transition to civil rule must seek to address the economic and social hardship which Nigerian citizens face. While our foreign policy must be re-oriented towards economic growth and development rather than being a mere extension of the major western countries economic institutions, and their alies, whose economic interest are primary in the act of diplomacy.

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Appendix 1: Trade with ECOWAS 1984-1988

Countries	Import N'000					Export N'000				
	1988	1987	1986	1985	1984	1988	1987	1986	1985	1984
Ghana	3,557	1,306	444	337	113	473,177	427,187	134,573	171,418	126,867
Togo Republic	3,804	13,475	2,423	864	2,930	18,987	2,518	210	128	435
Guinea Republic	46	10	-	-	8	10,156	2,820	42	6	-
Liberia	14,074	8,739	5,879	10,305	3,791	25,708	8,929	1,681	126	69
Gambia	194	71	19	8	-	994	31	12	10,076	4
Niger Republic	98,627	93,382	22,068	4,877	26,579	32,231	21,010	913	2,176	
Guinea Bissau	392	156	153	1,877	-	12	310	4	44	-
Male Republic	2,230	17	385	-	548	3,183	3,005	-	-	8,657
Cote d'voire	11,004	18,809	15,014	2,899	3,807	745,734	875,540	151,972	169,079	111,390
Bourkina Fasso	726	37	5,384	676	2,129	378	-	18	1	-
Senegal	9,486	4,205	1,649	7,572	4,979	175,607	158,362	34,387	13,043	23,181
Cape Varde 6	-	-	-	14	-	281	-	-	-	
Mauritania	3,575	14,202	15	-	5	29,336	48	-	-	-
Benin Republic	812	9,575	5,253	180	2,598	133,992	12,770	1,646	1,478	665
Sierra leone	30	73	12	103	24	86,188	123,251	17,922	30,378	37,080
Total	147,497	163,997	58,698	29,712	57,511	1735,964	1635,721	347,321	397,953	313,207

Note: Indicates Negligibe

Source: Review of External Trade 1984-1988 Federal Office of Statistics, Lagos.

Appendix 2: Trade with OAU Countries 1984-1988

Import N'000						Export N'000				
Countries	1988	1987	1986	1985	1984	1988	1987	1986	1985	1984
Morrocco	11,936	18,397	1,295	944	321	200	2,782	5,804	-	-
Algeria	2,248	-	-	5		8	7	16		
Tunisia	412	110	-	-	1,830	2,011	5,277	-	-	-
Libya	-	-	5	6	483	4,207	544	-	-	14
Egypt	5,560	8,437	825	1,496	512	63	54	26	122	421
Sudan	9,328	269	-	295	3,974	-	300	-	124	7
Mauritania	3,575	14,202	15	-	5	29,336	48	-	-	-
Senegal	9,486	4,205	1,649	7,572	14,979	175,607	158,302	34,382	13,043	23,181
Cote d'Ivoire	11,004	18,809	15,074	2,399	3,807	745,734	875,540	150,972	169,079	111,390
Burkina Fasso	726	37	5,384	676	2,129	378	-	18	1	-
Republic of Benin	812	9,515	5,253	180	2,598	133,992	12,770	1,646	1,478	665
Republic of Niger	97,627	93,382	22,068	4,877	26,579	32,231	21,010	5,913	2,176	4,805
Cape Verde Islands	-	-	-	14	-	281	-	-	-	60
Gambia and St. Helams	194	71	58	8	-	994	31	12	10,076	9
Guinea Bissau	392	156	153	1,459	-	12	310	4	44	-
Sierea Leone	30	73	12	103	24	86,188	123,251	17,922	30,378	37,080
Liberia	14,074	8,739	5,879	10,305	3,791	25,708	8,929	1,681	126	69
Ghana	3,554	1,306	444	337	113	473,177	427,187	134,513	171,418	126,867
Togo	5,804	13,475	2,423	864	2,930	18,988	2,518	210	128	435
Cameroun Republic	8,485	513	6,600	2,849	3,502	4,817	16,625	2,079	2,498	69,858
Equ Cuton Union (a)	-	319	3,847	1,721	5,004	-	64,954	398	3,902	2,640
Zaire Republic	293	9	3	902	2	153,169	68,312	15,607	133	30,822
Angola	37,390	9,538	2	5	6	7,717	576	1,242	39	132
Swaziland etc	1,508	-	329	56	8	-	49	-	-	-
Malawi	-	-	-	-	-	-	-	-	-	-
Zimbabwe	9	4	1,247	1,118	14	185	18	-	-	-
Malagasy	235	-	-	263	2,584	-	-	-	-	-
Camoro Islands	-	-	-	176	117	-	126	157	56	-
Tanzania	3,084	597	226	50	46	566	34	-	-	-
Kenya	993	258	56	846	85	569	25	-	10	30
Others (b)	3,996	230	815	383	879	140,067	39,994	124	223	8,646
Total	232698	202661	73602	40409	76322	2036205	1829573	372731	405054	417131

Notes: i. Exports exclude re-exports
ii. 'a' Chad Central African Rep. Congo (Brazaville)
iii. (b) Further Breakdown is obtainable on request from Fed. Office of Statistics, Lagos