TITLE PAGE

DEBT PEONAGE AND NIGERIAN FOREIGN POLICY:

1986 —1998

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Being a Project submitted to the Postgraduate School, Ahmadu Bello University, Zaria, in partial fulfillment of the requirements for the Award of the Degree of Masters in International Affairs and Diplomacy (MIAD).

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February, 2000

DECLARATION

I here by declare that this Project is original and a product of my research findings, and has to the best of my knowledge, never been previously presented in any submission for a higher degree. All materials used have been acknowledged accordingly in the End notes and Bibliography

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CERTIFICATION

This project entitled "Debt Peonage and Nigerian Foreign Policy: 1986 - 1998" by **Abubakar Sadiq Ahmed**, meets the regulation governing the award of the degree of Masters in international Affairs and Diplomacy (MIAD) of Ahmadu Bello University, Zaria, and is approved for it's contribution to knowledge and literary presentation.

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DEDICATION

This study is dedicated, foremost to my parents, whose understanding tremendously contributed to the success of this work, to my wife and kids.

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ABSTRACT

Given the constraints Debt and economic crisis is posing on Nigeria, particularly, in its pursuit of a dynamic and viable foreign policy, it becomes imperative for a study like this. This study therefore attempts at answering, inter-alia, what constitute the forces behind Nigeria's external debt? what challenge does this pose to Nigeria's sovereignty and integrity? How does Nigeria pay these debt and at the same time pursue and promote viable economic programmes? and lastly, how freely can the country conduct her domestic and external policies given her level of indebtedness? The study, using the dependency and under-development paradigm via the modernisation theory approach, attempted to provide answers to the questions above, with a critical analysis of the impact of debt and economic crisis on Nigerian Foreign Policy orientation and posture. The study concludes with a recommendation on the possible way out.

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CHAPTER ONE

1.0 INTRODUCTION

The end of Colonialism was enthused by most Africans to be the beginning of the many good things awaiting the continent, especially as argued by Kwame Nkrumah, a notable Ghanaian nationalist, and subsequently, its first Prime Minister at independence, who suggested thus, "seek ye political independence and all other things would be added unto it". This enthusiasm was largely derived out of the realization of how endowed the continent was, both in terms of population and resources (natural) which were largely seen to be the basis for other nation's greatness.

The basic belief was that with Africans at the helm of their affairs, those resources could be better channelled for the betterment of their own people rather than the colonial overlords.

But the paradox of this struggle was that even as Africans were busy struggling with their colonial masters for independence, the continent was already besieged by problems of hunger, diseases, poverty and illiteracy, which to a very large extent, shaped the kind of independence granted them.

And not long after the euphoria of independence had died down, the continent was to be further engulfed by another crisis, the debt crisis, thus compounding the burden of Africans and the Continent. This in a way contributed greatly in aggravating the continent's development problems.

The Nigerian debt crisis represents therefore, a reflection of a global trend that is increasingly grinding the world economy to a halt, but which has worst hit the developing economies, especially that of Nigeria. However, what baffles writers like Quentin Peel, is not the African debt crisis per-se, but it's geometric growth. For

instance, African debts have shot up five times in the last twelve years from just under $10 billion in 1973 to $50 billion within a short span of time. [1] This was to escalate to $185.0 billion, amounting to 15% of Third World debt in 1988. This geometric growth could be seen, especially, between the period 1980 to 1988, where, according to Pius Okigbo, the African debt stock had risen five fold. And according to him, it is expected that this will reach $260 billion by 1990, and $380 billion by 1995 and over $550 billion by the year 2000. [2] Nigeria is ranked twelveth by world Financial Market of October, 1984 out of 20 most indebted nations with a conservative debt estimate of $30 billion.[3]

Nigeria's debt position represent a very baffling phenomenon, especially given it's material and human resources.

This study is important given the contradiction the debt crisis had posed between available human and material resources and Nigeria's development strategy. In the course of this study, attempt has to be made at answering, inter-alia, what constitute the forces behind Nigeria's external debt? What challenge does this pose to her sovereignty and integrity? How does she repay these debts and at the same time pursue and promote viable economic programmes? And, how freely can she conduct her external and domestic policies given her level of indebtedness?

In analyzing the causes of Nigeria's debt, cognizance must be taken that such causes could be grouped into external and internal. But fundamentally, Nigeria's debt position, especially external, is traceable to the neo-colonial nature of its economy. As we alluded, in our earlier discussion, attempt at independence was towards changing only the head and not the structure (see Nkrumah's statement). Compounding this however was the so many economic policies pursued by past regimes that had unleashed negative effects and which were later to deepen the debt problem. The Nigerian debt crisis represents therefore a clear manifestation of neo-colonialism. According to Nkrumah, while in theory a neo-colonial state as an independent state has the traits of international sovereignty, in reality, it is subservient and subordinate to policies directed from out side. [4] Such therefore represents the position of Nigeria.

Colonialism and subsequent de-colonization represent therefore a grand design at integrating Nigeria into the International Capitalist System. It was therefore a general structural characteristic of capitalist expansion. The result of which was the integration of Nigeria into the international division of labour, where, while Western Europe and U.S. Industrialized, Nigeria and Africa remained for centuries an exporter of primary raw materials and importers of manufactured goods from the advanced metropolitan capitalist countries, thus perpetuating unevenness, meaning, relative poverty and widening gap in income and growth rates between not only Nigeria, but Africa and the industrialized nations. What partly could have promoted this unevenness is the issue of pricing. In this international division of labour, Nigeria does not determine the prices of its primary products and the industrial and consumer products imported, these were all determined by the industrialized nations. [5] The consequence of this was that those primary products were under paid, thereby creating the problem of balance of payment and unfavourable term of trade for Nigeria. And in an attempt to get out of this mess, the country was cajoled into embracing IMF/World Bank Prescriptions that inter-alia, recommended foreign loans and economic assistance in aid and private investments as a panacea to these crisis.

However, instead of easing Nigeria's pain, the doses only succeeded in aggravating the miseries. Infact this is better explained by the geometric rise of the total debt stock of Nigeria. It was therefore not surprising that analyst, like Moses Tekhede, are beginning to argue on the contrary that "..... the sources of the new nations developmental problems are not in those nations own in capacities, but in the constraints of international politics and economics" [6] where-by genuine attempt by indigenous African leaders at development were blocked by the metropolitan countries, by recruiting these African leaders into international social structures that benefits the world capitalist structure. [7]

The unsettled question therefore is how or why did an economy considered to be unattractive for investment in the early part of the 70's, be so embedded by debt crisis of this magnitude?

1.1 Statement of the Problem

The last two decades have been a very trying period for Nigeria; she has been faced with a tremendous debt accumulation and dwindling foreign reserve, brought about largely by the fall in the prices of international crude oil which has been the major source of her foreign exchange.

Regarding Nigeria's external debt, one is often tempted to ask so many questions. First is how authentic is the debt? Secondly, how could an economy blessed abundantly with petroleum and other natural resources be so debt ridden?

In positing the factors responsible for Nigeria's present crisis, one of the factors partly held responsible is the factor of second republic politicians through their import licences system. According to Guardian Magazine in it's editorial, "Nigeria's foreign debts amounted apparently due to the deluge of imports allowed politician to flood the nation. By 1979, the country's foreign reserve of 31.9 billion was, reduced to nothing, while the external debt had risen 314 billion by the time the regime was sacked in 1983".[8]

Another factor associated with this problem is the dwindling oil prices of the 80's. Though agreed to have contributed to the crisis, it cannot be held to be the primary cause.

Whatever the source of the crisis might be, the fact is that it has dealt a devastating blow on the pattern of Nigeria's policy formulation, especially its desire to lead the continent of Africa, being right from on set, the centre piece of Nigerian foreign policy objectives. On this, Gabriel Olusanya aptly captures the situation thus "foreign policy therefore comes to be conducted in such a way as not to embarrass or hurt the interest of the principal western powers, who, after all, constitute the leading edge of the international financial system to which the crisis ridden Third World states are indebted". [9]

No wonder then that despite the size of the country, it's enormous resources and population it is increasingly faced with the danger of being eclipsed by new emerging nations, like South Africa. No wonder also that Clinton's 1997 visit to the continent excluded Nigeria, thus exposing the diminishing statues of the country in the international scene.

By and large however, one cannot dismiss with the wave of a hand the role of second republic politicians and the subsequent oil prices, as formidable factors in explaining the debt crisis. What this meant therefore is that the crisis was inevitable, since while the European states developed from bourgeoisie industrial and democratic revolutions in the 18th and 19th century, the case of Africa was simply a grafting of a capitalist state on a pre-capitalist society,[10] thus the ensuing contradictions. This crisis must therefore be seen as part of the onslaught of global capital in collaboration with indigenous leadership which started right even before the imposition of colonialism. This was partly achieved through the dissolution of pre-colonial technologically integrated productive system with the export of slaves, (constituting indigenous and most productive part of Nigerian population) to other parts of the world, thus ensuring the technological and other breakthroughs of Europe and America. On the other hand however, this did not only ensure stagnation and decline in Nigeria and other parts of Africa, but constituted a fundamental constraints on Nigeria's political, economic and cultural development, further sustained by the imposition of colonial rule.[11] By this, the British employed a system of divide and rule in such a way that apart from laying a solid foundation for Nigeria's under-development and exploitation (especially the international division of labour that reduced Nigeria to a mere producer of primary product) but as well instituted a leadership that could sustain the process, thus leading the country to where she is today.

1.2 Research Questions

1. Does the debt and economic crisis Nigeria is going through represent another attempt by the imperialist to subject the country to another form of control?

2. Secondly, does the foreign economic assistance in the form of aid and investment have any link to the present economic and debt crisis Nigeria is going through?
3. And lastly is the debt and economic crisis responsible for the country's dependency culture as reflected in her foreign policy posture?

1.3 Literature Review

The competitive and interdependent nature of this world is such that no country can exist in isolation today. Perhaps, that explains why we borrow to meet our changing and growing needs.

Not surprisingly therefore that Michel Camdesus, the IMF Managing Director, has observed that "it is important to bear in mind that the debt crisis in many countries is only a symptom of more serious problem bordering on weak economic structure that resulted from years of inappropriate policy and rash borrowing" [12]. On the same vein, Tariq Hussein, World Bank Resident representative in Nigeria, noted the growing dimension of the debt crisis and declared that "though some achievements have been made to end the debt, the crisis remains elusive. Most of the indebted countries are still better than in 1982 when the debt crisis erupted" [13].

The good omen about the above, especially Camdesus's statement, is that may be, the body is coming to terms with the glaring reality that Third World economic structures ought not to have been given the IMF/World Bank pills in view of their weakness. Coupled with this, is the realization of the fact that the economy is worst than it was before the pills were swallowed. However most baffling is that inspite of this realization, the (two) 2 bodies are still bent on administering more pills on the debt ridden nations.

Darrel Delamaide, on his part, revealed the enormity of the debt crisis, and contended that the liberal approach to the crisis can not end the debt shock, insisting that Adam

Smith's interpretation cannot be sustained. He argues, inter-alia, that "public opinion no longer countenances the laisser - faire attitude toward the economy that prevailed in the 18th century, when Adam Smith, wrote his classical analysis, the wealth of nations. Arguing that in those days workers were workers and bosses were bosses ..... it was primitive capitalism finest hour" [14]. In conclusion, he warned, there might be continuous debt shock since modern trade is politics; arguing that debt is the financial side of trade.

On the debt issue, This day Newspaper, special profile on Nigeria, argues that the key element in the government's economic expansion strategy is the easing of Nigeria's onerous debt burden..... accumulated during the disastrous external borrowing spree, on commercial terms, in the early 1980's. Part of the problem of Nigerian debt crisis, it continues, remains the estimation of the stock of external debt and indeed the agreement by all parties as to the commitment and level of arrears which should be honoured. [15]

This still brings to fore that debt per-se, though a problem, more problematic however is the conflicting figures regarding the total debt stock. For instance, the World Bank places Nigeria's external debt at $31.4 billion at the end of 1996. However, Nigeria came out with a conflicting claim in May, 1996 that prudent debt management had reduced her total debt to $26 billion. The problem therefore is that unless and until we can determine the exact figures of Nigeria's total indebtedness as attempted by Buhari, through the London office of chase Manhattan bank in 1984, then there is bound to be a problem bordering one form of claim or the other. However the problem extends beyond ascertaining the total African debt stock. More startling however is a situation where 40% of Africa's export earning goes to servicing their debt. This had arose the fear of former Zambian president Kenneth Kaunda, that this could not only create social and political problems among the debtor nations, but that even the "developed nations will not escape the effect of such upheavals". [16] Is it any wonder that Europe and America, since the last decades have been witnessing an influx of African emigrants? Thus, while Africa is besieged by a problem of brain drain that had not only crippled it's educational and other social sectors including it's manpower,

America on the other hand, complains of the increasing crisis the influx had caused to its society, thus the stringent visa conditions imposed on African emigrants in complete violation of 'minimum standard of treatment' as recognized by international practice.

Viewing the global debt crisis, ELMAR ALTVATER/KURT HUBNER, sees the crisis emanating, apart from the "attempts by national elites to conceal with loans from overseas banks the contradictions inherent in their development models, but also from the crisis in the capitalist world economy; and the USA's Supremacy Crisis". [17] But they argued that the crisis, though had caused dislocations in the economies of the Third World Nations, it however provided an opportunity for debtor nations to revise their development option and to concentrate more on adopted technology and potentials for indigenous development than on the World Market. This, they noted, was however "blocked by the financial obligations accruing from their loans obligations which extends into the 21st century". [18] ELMAR and KURT's agreed however that selective annulment of debts; lower interest rates; and longer repayment periods would have allowed the debtor nations more room for maneuver. But were also quick to point out that national development and re-structuring can only be successful if the process is not carried out by the old ruling elites who have not only used debt as a development model, but are still profiting anytime a loan is re-structured. [19]

It could be seen, the central argument of ELMAR and KURT, as to the cause of the debt crisis, though have admitted the dynamism of other factors, is the national elite, whom as they argued, were culpable so much so that they collaborated with the metropolitan bourgeoisie in "stashing away around $100 billion of flight capital in big U.S. banks and in numbered Swiss accounts" [20] for their selfish ends.

KURT and ELMAR sees extension of the crisis even in the management of the debt itself, especially, with the adoption of divide – and – rule policy by the creditors, aimed at breaking down the international debt crisis into debt crisis of individual countries in an attempt to thwart and avert global approach that could prevent whatever alternative

from becoming viable political strategies. Thus each re-scheduling agreement, turns out differently in such a way that some countries are granted particularly, favourable conditions, whilst other debtors, especially those who endeavours to defend themselves against politico – economic attacks on their sovereignty – are forced to accept rigid conditions relating, for instance, to interest surcharges over and above the market interest rate, the spread, the length of the period of grace, the level of charges payable. [21] This argument largely explains why a collective action and debtor cartels was made virtually impossible. It also explains why Latin – America and even Asian countries, enjoy better debt terms than most if not all African countries.

MALCOLM GRIEVE, in his contribution, attempted to unravel whether the debt crisis was a result of bad management, or simply, bad luck. In his own analysis (may be borne out of prejudice), could not pin point any evidence that explains a deliberate policy of the U.S. and other advanced capitalist nations was responsible for the Third World debt burden. But Malcolm, however, agreed that if anything, the policy makers of the North were guilty of neglect in allowing financial markets to operate with insufficient regulations. He sees the U.S. and the advanced capitalist states more culpable however, in entrenching the crisis, especially with their imposed structural adjustment policies which offer them powerful economic lever over the Third World as any used during the period of direct colonial rule. Infact, it amounted to giving up sovereignty in important domestic policies for fear of losing further access to credits. [22]

The consolation however is that Malcolm, sees this whole trend as amounting to injustice, especially on the part of the Third World, since as he argues, they were the one's that kept the world's capitalist financial market solvent after the oil price hike. His contention is that a better way of relieving debts should have been put in place, instead of merely rolling them over and forcing citizens in the Third World to tighten their belts [23] in such a way that it does not only disrupt their entire ways of life but most importantly also, is that "most of the indebted countries are no better off than in 1982, when the debt crisis erupted". [24]

Similarly, RUFAI AHMED ALKALI, sees the IMF/World Bank conditionalities aimed at addressing the debt crisis "running counter and infact, contrary to the perceived or felt interest of the recipients". [25] This revelation was made having critically studied the implications attached to some of the conditionalities, and infact, how the recipient countries have fared practically. There is unanimity amongst most writers (except apologist scholars) that SAP or whatever acronym it is given in individual countries, adopted at the instance of metropolitan overlords, with the intent of re-structuring, is never humane and was never meant to resuscitate any ailing economy. Infact, Bangura has noted, the uses by IMF and World Bank "of carrots of the various loans at it's disposal and it's solid relationship with the international creditors to impose a particular type of adjustment package on the LDC's, such as liberalization, competitive exchange rates, public expenditure cuts, wage freeze/cuts, removal of subsidies and privatization, thus making the debt problem in many developing countries today as an integral part of the struggle against IMF inspired adjustment measures", [26] as it guarantees nothing other than "ensuring national destruction, permanent underdevelopment and poverty, thus perpetuating debt and frustrating purposeful national development". [27]

The Nigerian Investment Summit held in Washington, (October 5, 1998) on it's part, wondered why Nigeria, once the most generous of donor could be saddled with a stiffling debt burden that has risen to almost unsustainable level and constrain the development efforts of the people. [28] In its attempt to ascertain the cause of the problem, the summit agreed that the most fundamental explanation to this crisis is the protracted pattern of mismanagement of the nation's enormous oil resources that accrued to the country in the successive oil price increases in the 1970's, which led Nigerian policy makers to the erroneous conclusion that such increases were permanent, thereby necessitating public expenditures on large capital intensive projects. The decline in oil price that followed was however seen as temporary and so, government continued borrowing against the likelihood of an increase in prices, thus resulting in the accumulation of large debt over hang. [29] The summit however appreciates the role of other factors in bringing the crisis to the level it is today.

But, what baffles the summit on the Nigerian debt crisis is the uncertainty of Nigeria's debt structure, thus arguing that any serious attempt at addressing the problem must begin with data verification. The submit also noted, reduced access to credit and negative image in the international community as one of the most obvious consequence of Nigeria's indebtedness. The submit concluded by suggesting 3 ways out of this crisis.

First is what the summit calls the short term factor whose emphasis is on ascertaining the true level of the country's stock of debt and structure; secondly, is the medium term whose emphasis is on the incoming civilian administration (the present regime of Obasanjo) to re-affirm it's intention to maintain the momentum of economic reforms process initiated by the previous Abubakar's regime, and lastly, is the long term plan that emphasizes track record of economic performance, transparency and good governance. [30]

On the other hand, Yima Sen, in his analysis has noted that the debt crisis has played a tremendous role in not only deteriorating Third World's standard of living, but fundamentally also, constitute a threat to world peace, if not a total reversal of human progress. [31] In his attempts at tracing the root causes of the debt crisis, using political analysis approach, he sees transnational banks and corporations; government and elites of post colonial states; governments of imperialist states and lastly, international financial institutions as factors functioning within a historical context. His contention is that financial flows/lending are an integral part of foreign policy, with the Third World reduced to mere theatres for the interplay of international financial and political schemes. His argument is that Aid has strong positive correlation with the promotion of imperialism; which increases the Third World's indebtedness. [32]

In Yima Sen's analysis of the various options, he sees the IMF type of solution as amounting to "surviving within imperialism and preserving the status – quo on the basis of global interdependence which politically, is an acceptance of the dominance of the capitalist world order and merely offer survivalist and crisis management scheme

within that order". [33] This stand seems to be in agreement with our earlier discussions that the IMF kind of solution is never in the best interest of the recipient nations.

CHUNWEIZU'S analysis however, attempted an analysis of the debt crisis vis-à-vis the sub-region's integration process. He noted with admiration, the process of the sub-regional's integration process as the ECOWAS intends to achieve and of course, highlighted some of the many obstacles along ,that path, particularly however, is the economic and debt crisis bedevilling the economies of the sub-region, thus resulting to the adoption of SAP by the sub-regional members. His argument is that regional integration, given the level of the debt/economic crisis, coupled with the foreignisation of control over the economy of member states and other policies that ensured further improverishment of large sectors of the sub-region's population, as caused by the adoption of SAP, is hardly feasible. [34] Definitely, Chunweizu continues, any ECOWAS that will be thrown at the mercy of Adam Smith's 'VILE MAXIM OF MASTERS OF MANKIND', namely, all for ourselves, nothing for other people, an ECOWAS thrown at the mercy of liberal dogmas [35] as dictated by SAP will make the idea of integration, remain an illusion forever. Since, while SAP advocates for liberalization, the integration process requires a government input and control as a facilitator.

The deplorable state of African economy as impacted by the debt crisis, was to necessitate the sixth session of the conference of African Finance Ministers in Addis Ababa, Ethiopia. In their deliberations, questions were raised as to whether the African economic plight is intractable, and whether the multilateral finance institutions that have assumed a pivotal role in African economy have succeeded in tackling the continent's economic predicament. [36] Their conclusion however is that as Africa approaches the new millenium, there then is the need to re-examine the role of these financial institutions as regards to Africa's efforts at achieving sustainable development [37], especially, given the fact that their roles have fundamentally contributed in the present economic worse the continent is going through. Secondly, the summit also suggested for a review of Africa's predicament within the context of the debt initiative for Heavily Indebted Poor Countries (HIPC's) especially on issues bordering "eligibility criteria, range

of debt-to-export, and debt-service-to-export which preclude some deserving African countries from qualifying for the initiatives". [38] May be, this was in realization of the divide and rule policy the capitalist nations have adopted towards the debt ridden nations. The basic psyche of African policy makers, especially on the solution to the economic and debt crisis is that, the imperialist nations, the global capital, inspite of the harm it has inflicted, is still seen as a reliable partner.

Another important aspect of the Third World debt crisis is the Baker initiatives, launched at the instance of the American government by it's then Secretary of Commerce, James Baker. This plan was targeted at "12 Latin – American and Asian countries, viz. Nigeria, Ivory Coast and Morocco". [39] The whole aim of this initiative was to "force the debtor countries to adopt the standard Structural Adjustment Programme of the IMF, increase adjustment lending by the World Bank in support of market oriented government policies, and provide about $30 billion as additional private commercial bank's lending to these select group of debtor countries". [40]

But this initiative has been criticized especially by the fact that given the high social, political, as well as economic cost, coupled with political instability there then arises the risk of the programme being aborted prematuredly, thus increasing the debt burden. In short, the initiative is seen not as viable, since apart from anything, it only "offers the debtors some respite to take on more loans and deepen the debt crisis. [41]

Writing on economic development and foreign policy, Olusanya, highlighted economic sector as crucial to a nation's foreign policy. He linked the dynamism of Murtala/ Obasanjo's regime to large income enjoyed from the sale of crude oil which however, reversed, thus impinging seriously on Nigeria's foreign policy implementation. [42] Side by side this argument is Ogwu's: NIGERIAN FOREIGN POLICY: ALTERNATIVE FUTURE, which sees resource constraints and economic problems in the 70's as the cause of Nigeria's fluctuating policy behaviour and implementation. The book further noted, it was in an attempt to address this malaise that Nigeria and others joined in demanding for a New International Economic Order. Her conclusion therefore was that only the South – South dialogue would alter the structure of the International System. [43]

The formation of ECOWAS must therefore be seen as an attempt to promote the South – South co-operation with the intent of reducing their dependence on the North. Apart from the factors earlier highlighted, the debt crisis could be seen to have been greatly entrenched especially in Africa, by the drought that affected not only the Sahelian region, but also the neighbouring countries. As a result, pledges of food had to be supplemented with an increased grains imports, financed by external loans. [44] This could be seen to have greatly accounted to an increase in the African debt stock, which according to IMF and World Bank must have three basic realities.

Foremost is that debtor countries must improve their economic performance to be in a position to repay their loans. Secondly, improved growth must be supplemented by the adoption and implementation of Structural Adjustment Programme (SAP) and lastly, SAP's successful implementation requires external financing for sustainable success and also requires time and development. [45] This is completely in agreement with Bakers plan, discussed earlier, that sees no solution to the debt problem outside external financing, just like Quentin Peel's recommendation that only further loans from the Western financial bodies [46] could solve the present debt crisis. The problem with this, and indeed other approaches is that they do not see any possible solution to the debt problem without the metropolitan capitalist nation. This goes further to confirm the perpetuation of the dependency culture.

And lastly, an important aspect of the debt crisis is Castro's "controversial" formula for solving the debt crisis. Under this, Castro's contention was for a repudiation of the debt obligations, thus "if debtor countries are unable to set favourable concession from the creditor nations either individually or as a group, then they should consider the option of debt repudiation, preferably, in a collective manner". [47] Or alternatively, as others put it, is the idea of debt forgiveness in the form of, may be, reparation in view of the many atrocities committed against Africans and Africa, from the period of the slave trade, 'legitimate' commerce, colonialism and to date. How feasible and how willing are the creditor nation's in granting these and many others, depends on the time, and how collectively Africa and the Third World could bargain for it.

The truth about the debt crisis, today, is that it has not only become a cog in the wheel of Nigeria's development and progress but that of the entire Third World. Thus only it's resolution could provide the enabling environment needed for the healthy growth and development of Nigeria and the larger continent.

By the foregone analysis, you would agree that those writings, apart from being food for thought, were indeed both rich and incisive, albeit not much on our area of interest. This work intends to contribute using some of these backgrounds, hoping also that it will further provide a spur to this direction.

1.4 Theoretical Framework

For a work like this to provide a good understanding of the enormous task ahead of us, we surely need a theoretical framework. In fact it would help in making our work "more structured and more stimulating". [48] Our frame work therefore will be the political economy approach, which best explains the interaction and formations of social classes within the historical mode of production vis-à-vis the international economic system. In this, production activities were to facilitate socio-interactions, thus giving way to social relation of production i.e. the relation of distribution and exchange. And in the development of productive forces, according to Karl Max, Men enter into relations, definite relation of property or distribution and exchange relationship there by dividing the society into the camp of exploiters and exploited. The contention of Max however, is that the organic unity of productive forces and the social relation of production constitute the economic system, alternatively refers to as mode production.

And since the state in Africa was an imposition as earlier stated, unlike the modern European States where indigenous bourgeoisie captured political power thus creating institution for the expansion of capitalist mode of production. As a result, what was developed in the imposed state, the colonial state, is the paraphernalia for the development of the petit - bourgeoisie class in Nigeria, along with a centre - peripheral relationship. And according to Claude Ake", when they saw that colonialism could not

survive, they further contrived the concept of partnership in development as a way of maintaining a presence and some leverage in the colonies"[49] which not only benefited the metropolitan bourgeoisie, but the internal classes in alliance with international capital. Is it then any wonder that Nigeria/Africa came to independence with no agenda for transforming the colonial state"?[50] How can they, when they "enjoy a privileged and increasingly dominant and hegemonic position within their societies based largely on economic political or Military support from abroad"[51] thus, the dependency and underdevelopment characterizing our body politics.

1.5 The Dependency And Under-Development Paradigm

In analyzing Third World economic and debt crisis, Latin-American scholars see the problem largely as a result of the failure of some of the solutions offered by advanced capitalist countries. The theory of dependency therefore hinges on the modernization approach to development in providing explanation to the economic crisis in Latin - America and the Third World. The theory was however to gain more prominence after the Second World War, through scholars like Susanne Bodenheimer, Andre G. Frank, Walter Rodney, Theotonio Dos Santos, Immanuel Wallenstern and a host of others.

The modernization approach was a broader western model of transformation. In this approach, development replaces modernization, the state of backwardness is pre-industrial, the movement to over come it is the process of economic growth to be engineered by neo-classical tools, and the end, modernity, is the achievement of industrialization, high per-capital income and high mass consumption."[52] The overall implication of modernization theory therefore is the over reliance on foreign capital, technological transfer, international trade, that in a way resulted to the enormity of the external debts of most countries like Brazil, Peru, Mexico, Argentina and even Nigeria.

The dependency approach emphasis is on unequal distribution of benefit in international economic relation with the advanced nation, thus condemning them to poverty, further external dependence and foreign incursion. This is vividly explained

by the fact that "development in dependent nation occurs as a reflex of the expansion of the dominant nations, and is geared towards the needs of the dominant economies i.e. foreign rather than national needs. In this dependent countries, imported factors of production (Capital and Technology) have become the central determinant of economic development and socio-political life. [53] This condition was however compounded by the fact that while the international market stimulate growth and expansion of the European and American economies, in the dependent economies however, there is restriction in autonomous development. [54] It was therefore not surprising that writers like Chibuzo Nwoke, had aptly argued that problems of dependent economies must be seen "not out of their incapacities but in the constraints of international economies and politics, thus in a fundamental sense, the major obstacle to the achievement of the national aspiration of poor Third World countries is the imperialist nature of international economic system it self, not so much the policies of individual Third World countries". [55] Therefore the continued dependence on the world economic structure and calculation of power and interest within this dependency relation explains the under-development of the Nigerian and Third World countries.

1.6 Methodology

To be able to do what we have identified above the primary source of materials for this work is the secondary source, such as published/unpublished texts, journals, Newspapers, Magazines and Policy speeches or official gazettes. Data collected from this sources were subjected to content analysis.

1.7 Objective of the Study

There is no gain saying that Nigeria, given it's size, population and resources ought to be in the vanguard of championing the cause of not only Africa, but the black race all over the world. In fact this was further backed by the provision of Nigerian constitution of 1979, which states, inter-alia, "the state shall promote African Unity, Political, economic, social and cultural liberation of Africa and all other forms of international

co-operation". [56] For Nigeria therefore to adequately project and assert it's leadership position, it invariably needs a dynamic and vibrant Foreign Policy.

But sincerely, how can Nigeria pursue such a dynamic posture, when it was only surviving at the mercy of foreign aid, investment or whatever? The argument is that for so long as the Third World economy remains at the mercy of the Western donors, for so long as they cannot initiate and pursue policies that are to the best of their interest. This therefore lend credence to the assertion that "Nigeria cannot pursue any foreign policy objective that is seen to "antagonize the West on whom it is dependent for the amelioration of it's heavy debt burden and other forms of financial assistance". [57] It is even an illusion to think, given her level of indebtedness, Nigeria can genuinely pursue foreign policy objectives that can be seen to be liberatory. Or is it any surprise today, that IMF/World Bank Officials are to be resident in Nigeria's Finance Ministry and the Central Bank respectively? Or is it any more news that General Abdulsalam's shuttle diplomacy, during the early part of his brief stewardship was to simply appease and seek for the support of Nigeria's Western donors/creditors?

Such is truly the complexity of Nigeria's situation. And if as declared by Hans J. Morganthau, "no nation can have true guide as to what it must and what it needs to do in foreign policy without accepting national interest as that guide", [58] then Nigeria's foreign policy pronouncement remains only a rhetoric for so long as it does not tally with the national interest rather than metropolitan interest. The relevance of this work therefore is to highlight the impact of the economic and debt crisis in the conduct of Nigerian Foreign Policy, highlight how the problem had affected her policy of non alignment, and what implication the debt forgiveness would have on the nations integrity.

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1.8 Significance of the Study

Though this work is intended to lend credence, may be in another perspective, to what have been written in respect of Nigeria's debt and economic crisis. Particularly

however, this work is significant because it deals with issues bordering on Nigerian debt crisis and management which currently occupies a major place in the diplomatic relation with the West.

Secondly, the data and analysis provided will be relevant to such an extent that it would give a true guide to what exactly constitute Nigeria's debt outstanding to it's creditors (foreign).

Thirdly, the significance of the study could be seen as it exposes the level of assistance or otherwise derivable from debt and the relationship between the debtor and the creditor highlighted will be of immense benefits to all. And lastly, the study will be of immense relevance to the scholars of international relations and their likes; and recommendation proffered will be handy, for Nigerian diplomats as it relates to the debt crisis and it's management.

1.9 Scope of the Study

Bearing in mind the magnitude of the debt crisis, whose genesis date beyond the period of our scope, our emphasis on 1986 - 1998 was predicated on the need to analyse the 2 subsequent regimes, i.e. Babangida and Abacha's regime attitude to the debt crisis and it's management, especially, as to what implication this may have on the present democratic dispensation. More so, the periods are important, apart from being the period of heightened debt and economic crisis for:

(a) Babangida's era witnessed the implementation of the Structural Adjustment Programmed (SAP) aimed at tackling the economic and debt crisis.

(b) The period also saw a heightening debt, especially with the government negotiating and re negotiating for one form of loan or the other.

The Abacha era equally becomes imperative in view of:-

(a) The level of isolation the country went through.

(b) Abacha's refusal to re negotiate with the multilateral agencies and the regimes attitude towards its international obligations & its attendant implication on the economy.

Albeit, it might not be possible to present actual debt figures and statistics bordering on official reasons. This work would rely on estimates of external borrowing, Export/ Import trade imbalance.

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CHAPTER TWO

2.0 BACKGROUND TO NIGERIA'S EXTERNAL DEBT

As argued in the last chapter, no nation is an island to itself. This therefore means that progress in this world is determined by the spirit of help and interdependence, rather than isolation. This in a way greatly promoted the free flow of goods, men, idea and capital among nations. For instance, the U.S., considered to be one of the strongest economy today, at it's infancy, benefited tremendously from this international mobility from Europe. [1]

The rationale for raising loans, especially in third world countries therefore was to help in bridging their domestic resources vacuum, with a view to fastening economic development. I do not think even an economist, would be at quarrel with any developing country for resorting to external borrowing, so long as the purpose it was meant for was justified, and so long as the terms were explicit and favorable to the country in question. [2]

A point to consider here therefore is that debt per se is not new to Nigerian economy. To justify this, Bangura has argued, "Nigeria had indeed incurred some level of economic Crisis in the 60's" [3]; but what is new is the level, the magnitude and the dimension the present debt and economic crisis is taking. To justify his argument, Bangura goes further to demonstrate how in the early 60's, Nigeria's debt position grew from 82.4 million to 435.2 million in 1965. Subsequently, this increased to 438.8 million in 1970. What distinguishes the present and the former crisis, apart from the figures involved or magnitude, and how it has impacted on the lives of averaged Nigerian, is the fact that "where as in the 1960's, Nigeria's debt was mainly with the multilateral institutions and bilateral sources, by 1980's, the debt owed to the I.C.M. (International Capital Market) have occupied a strategic significance ..... accounting for about 62% of the total debt in 1982, 50% in 1983, 35% in 1984 and 54% in 1985." [4]

Nigeria's ride into the present debacle was said to have commenced in 1977, with a loan of $1 billion to finance it's public sector projects. According to Rufai Alkali, "the general decline of foreign exchange, Agriculture and manufacturing sector, and the devastating oil crisis was to further exacerbate the crisis, thus necessitating a further rise in this total debt stock from $8.0 billion in 1980 to $20.9 billion in 1986, [5] with a service ratio of 40% of it's export earning. The figures of the total debt stock was however to peak to $33.0 billion between the period 1989 to 1993.

The unanswered question however is how come, an economy described as being unattractive in the early 70's be so overwhelmed by a crisis of this magnitude? The answer therefore is that following the collapse of the oil boom and the subsequent oil glut in the international market, that caused a decline in our foreign exchange earning, pressure was put on government finances that led to the first borrowing from the International Capital Market (ICM), of a 'jumbo loan' of $1.0 billion to support it's balance of payment and a number of it's projects. However, the total debt outstanding was to increase to more than two fold in the preceding years, thereby increasing the debt problem further creating a shift in the structure of the debt outstanding. With a further decline in the foreign exchange earning brought by development in the international oil market between 1979 to 1983, thinking that these decline in international oil prices was temporary, there was a continued borrowing to finance projects in expectations of a return of high oil prices thus resulting in the accumulation of large debt overhang. [6] This problem created payment arrears for the country in 1982, and by the end of the latter period of 1986, external debt outstanding rose to $18.631.3 billion constituting over 160% of the GDP. [7] This however was compounded by government's distorted economic policies of continued importation and a discouraged non – oil production which spread to other sectors of the economy, thus constraining growth and increasing poverty. [8]

The above could be held as partly responsible for the economic and debt crisis. However, these cannot be held as the primary source of the problems. To really come to grip with the origin, nature, trend and dimension of this crisis, we need to look at other factors.

2.1 The Periphery - Centre Relationship

In tracing the background to the economic and debt crisis, one needs to examine the "post colonial phase of imperialism which accentuated dependency. [9] The basic argument is that the collapse of the old colonial empire was to pave way to a new form of neo – colonial relationship headed by the U.S., the emphasis of this relation, though tacitly, was on control of economic development, which established the dominance of the IMF and the World Bank as agents of multilateral imperialism [10] through which the Nigerian economy was partly integrated into the world capitalist system, thus in a way, affecting the country's pattern and strategy for self reliant development. However, this was perfected by the co-option, as earlier mentioned, of the economy into the international division of labour, which condemned the country to mere producer of primary products at a price controlled by Western countries; achieved, largely, through the activities of multinational corporations. Thus "capitalist countries held the African farmers in a double squeeze, by controlling the price paid for the crops and controlling the price paid for imported goods." [11] This relationship remained even when Nigeria and other Third World countries were undergoing a transformation from mere producers of raw materials to an arena where industrial productions were conducted. However, this did not make any difference as they still remain "under the auspices of foreign corporations". [12] This therefore, made Nigeria's integration into the international capitalist system more complete, to be further sustained and re-enforced by what is called an 'infrastructure of dependency', which are social classes and processes (industrial structure, socio-economic elites, urbanization, and so on).

Bangura, has therefore, in the light of the above, argued that the "Western Government led by the U.S. have actually contributed to the debt crisis. This is especially from 1960's when it implemented policies that undermined the role of the dollar in the Bretton Woods system while encouraging private international lending. Fixed exchange rates replaced floating exchange rate, thus making stronger dollar increase the burdens of trade and indebtedness for underdeveloped countries repaying debt and trading in dollars". [13]

And not only this, with the failure of government to regulate the private tending market and with private lending assuming larger proportion over government development assistance coupled with the failure the U.S. to regulate private lending, ground was set for accumulation of heavy budget deficits and high interest rate, thus compounding the debt service payments of underdeveloped countries by billions of dollars. [14]

Today, what you have is that in the pursuit of any economic development and technological acquisition, Nigeria was left with no option but to rely on the metropolitan overlords. For instance, Claude Ake, has argued that in the pursuit of development and growth, "the advanced countries offer themselves as guarantors of the possibility of development and proclaim a partnership in development, thus assistance is given to make the partnership look plausible, but as it is worked out, the Third World countries get poorer and their technological gap widen ..... the idea of development and partnership in development create the illusion of an identity of interest". [15] It is therefore no surprise that today, solution to Nigeria's technological and development needs are hinged on technological transfer from the developed societies, foreign investment, and capital expertise. Or, is it any wonder that some projects considered to be crucial to the economy and social lives of Nigerians are dependent on foreign capital and assistance?

The other side of the argument is that the peripheral relationship has extended control not only to economic lives but also to social and political aspects of Nigeria. Thus for instance, Nigerian "leadership that seek patriotic reforms or radical solution to under-development are destabilized by the imperialist powers and the IMF itself." [16] Infact, sometimes, such leaderships are hardly allowed to emerge. A case in mind is Murtala's regime, popularly believed to have been eliminated with the connivance of the U.S. because of the regime's refusal to tow American line on Angolan crisis. It had dedicated and demonstrated intention to pursue progressive reforms which were at variance with the interest of the imperialists. Contrastingly however, South Africa, even with the sanctions imposed on it, coupled with the various UN resolutions in support of these sanctions during its dark days of apartheid, yet its strongest financial and moral support came from Britain, and most particularly, the U.S. For instance, in 1982, South Africa received an IMF grant of $1 billion, even when the UN General Assembly had voted against it.

2.2 Dwindling Prices of Agricultural Commodities and Unfavourable Trade/Balance of Payment Problem

Right from time, the mainstay of Nigerian economy is Agriculture. The economy was therefore Agrarian in nature. Agriculture therefore constituted the primary source of her foreign exchange earnings. However, the emergence of oil in the Nigerian economy, according to R.A. Akindele, was to transform the economy into "what amounts to a mono – cultural economy that largely depends on crude oil revenue for the financing of it's public programmes". [17] The period 1960 – 1984, witnessed a decline in Agricultural commodities, largely due to the emergence of crude oil and "the declining demand for primary products due to foreign synthetic substitution". [18] Products like cocoa, ground-nut cotton, palm kernel/oil, rubber, hide and skin, that did not only provide food for the teeming population, but was a source of raw materials for the craft industries, were left to die a natural death. For instance, coca production that peaked at 24.8% of total foreign earnings in 1968, fell from 11.1% in 1970, to 1.3% in 1981, and cotton, that constituted about 3.7% of Nigeria's earnings in 1961, declined to a low rate of 0.2% in 1979.

It was this decline that triggered off massive importation of basic food items, in realization of the sudden oil price increases during Shagari's administration, that created a false illusion. The imports that followed in the name of 'essential commodities', such as Rice, Sugar and Milk, were therefore to expose the economy to further crisis and debt, [19] by the way the meagre foreign reserve was exhausted and without a corresponding increase in Nigeria foreign earnings.

Coupled with this, is the unfavorable terms of trade, Nigeria has had in its transactions with the developed nations, "necessitated by unequal exchange and growing protection-ism in the advanced capitalist market". [20] This further aggravated the impending crisis that manifested on the economy in 1981, in the form of dry-ups of foreign exchange in flows, Saggy International market price, strain on balance of payment and an uncontrol-lable deficit in domestic budgetary. [21] This "dwindling reserve and finances, according to

J.O. Sanusi, led the authorities to resort to ICM (International Capital Market) medium term loans ..... and the involuntary accumulation of import arrears". [22] Not along after, Nigeria entered into a negotiation for a loan of 31.9 billion and 32.4 billion with the International Monetary Fund (IMF), which according to Eno Inanga, could not have provided any succour to the problem. As he puts it, "there has hardly been any instance in which an IMF loan has helped to solve the balance of payment problems of any developing country without a disruption of the domestic economy of the borrowing country". [23] This therefore explains the debilitating economic and debt crisis countries like Mexico, Jamaica, Brazil, among others, are facing thereby confirming the saying that Nigerian and Third World economies are too fragile to be administered IMF/World Bank Kind of Pills.

2.3 Capital Flight and Foreign Investment

Foreign investment, direct or private has become a dominant factor in the economy of not only Nigeria but the Third World. It has become an avenue for capital flight from the developing economies to the developed or donor countries in the form of profit repatriation. The irony of this situation is that these foreign investment are restricted to projects related to the interest of one multinational firm or the other, rather than to over all interest of the economy of the developing countries. What this implies is that the loan or assistance itself was not and never meant to benefit the recipient nation, rather, it was to provide a further stronghold on the economy, and as well, provide an avenue for further sapping of its resources. The irony still however, lies more in some of the conditionalities attached to the loans, which inter-alia, binds the borrower to agree to mortgage his national assets to bank in lieu, a requirement which challenges the very sovereignty of the borrower. [24] Another point is that these loans/aid are always tied to a project that needs, among others, machinery, raw materials and technical experts. So at the end of the day, what we have was the repatriation of the chunk of the loan back to the donor nation. Thus for instance, the first agreement between Kaduna State Government and the World Bank for an Agricultural loan of aa

3100.0 million. A chunk of 312.0 million was to be paid annually as payment for 45 foreign experts attached to the programme. This reveals the futility of taking IMF/World Bank loan with the aim of bringing a relief to the economies of the Third World. As it was rightly observed by Olufemi Falana, "taking advantage of their ownership and management roles, many TNC'S have through various means such as the use of transfer prices, Royalty/interest payments and export market restrictions, significantly, reduced the benefit of private foreign investment to developing host countries. This partly accounts for the controversy which the issue of private foreign investment has generated in the Third World," [25] and infact, will continue to generate, unless Nigerians come to terms with reality.

2.4 The Elite, Petit Bourgeoisie Corruption and Mismanagement

The elite and petit bourgeoisie class either in Nigeria or in most developing economies are, a product of a dependency structures deliberately or consciously created to play a fiddle for the imperialist interest. On this, Kyari Tijjani, has rightly argued that "the new Nigerian elite, a new elite in almost literal sense, came to be formed .... not on the basis of production as such, but on the basis of exploitation of this power to it's own end". [26] This elite was used as a medium with which the exploitation of the surplus produced by the peasantry was perfected in alliance with the state. Thus the creation of marketing boards in the late 40's, must be seen as nothing outside perpetuating the petit – bourgeoisie middlemen hold on the peasants and as an avenue for the appropriation of profits that would have accrued to the farmers. As aptly captured by Gavin Williams, "the monopoly purchasing power of the marketing boards enabled the state to increase the rate of exploitation of peasant labour to finance the emergence of a Nigerian capitalist class, and to finance the development of industrial investment and the provision of urban services and amenities". [27]

The debt and economic crisis and the attendant poverty, unemployment and inflation it has unleashed are becoming so pervasive in our body politics and must therefore be seen as a deliberate creation by the elite and petit – bourgeoisie in collaboration with

their foreign counterparts to further subjugate and exploit the workers and the rural peasantry. Infact even the low per – capital income characterizing the economy is seen as nothing other than that attempt to perpetuate the dominance of the elite/petit bourgeoisie over the larger society by starving them of funds that would have earned them a role in the whole economic setting. The implication here is that even the privatization and commercialization Nigeria has recently embarked upon, was aimed at allowing the elite/petit - bourgeoisie class to take over state's own enterprises at the expense of peasant and urban workers, who do not earn enough to feed, talkless of saving for the purpose of buying shares.

Side by side this argument is the problem of poor governance, corruption and mismanagement of our meagre resources that has become institutionalized by Nigerian leaders and elites. Yima Sen, has argued that "leaders and elites have not only failed to reassess the overall development direction of their countries, but have actually mis-invested borrowed money and siphoned national revenues and borrowed money to squander and invest". [28] This therefore goes to justify the argument that the rash external borrowings were not done to genuinely address the needs of our economy and society, but the selfish interest of the leadership. And even where it was genuine a substantial part of the funds gets mis-appropriated, leaving the project either half way or completely abandoned. A good example is the case of Ajaokuta Steel complex, and the case of 311.6 million assistance meant for the importation of fertilizer out of which 34 million was misappropriated. [29] Apart from this, even in the negotiations for loans, fraudulent practices were said to have featured such as use of "tricks to raise the percentage of the foreign finance cost of project to as high as 90% or 100% ..... thus enabling officials of state and Federal government, various companies and political party stalwarts to have direct access to foreign exchange without having to go through cumbersome financial procedures". [30] This fraud extends even to our direct foreign exchange related to our trade credits, where it was discovered "Nigeria does not get more than 25% of her huge expenditure on imports ..... estimated expenditure of 311.9 billion in 1981, would have brought in

32.9 billion because of various built – in margins of fraud and other exorbitant finance charges on such imports". [31] Fraud could also be seen in the total debt figures arrived at. No wonder then, Buhari regime contracted chase Manhattan Bank, in 1984, to verify how much it was owing, largely due to a sordid revelation involving Johnson Mathey Bank in which Nigeria was swindled $6.2 billion.

This indeed is a problem. A problem whose extent has not only thwarted Nigeria's development and growth, but has made her unable to service these debts thus raising question about her credit worthiness. As a result, it has become impossible for her to raise credits, generally given to reliable debtors. Not only this, international trade has become difficult because potential exporters could not obtain insurance cover for their goods and are thus unwilling to extend credit facilities to Nigerian importers, thus classifying the country as a high risk. [32] This negative image was to have adverse implication on her political relations and in the conduct of its foreign policy.

2.5 The Structure of Nigerian Debt

As earlier highlighted, one of the major constraints towards addressing Nigeria's depth problem is the absence of in authentic Data. Overtime, there have been inconsistencies in debt figures calculated by either Nigerian government or the foreign parties concerned. However, a conservative debt estimate is shown as below:-

PARIS CLUB	21.0
MULTILATERAL DEBT	4.4
NON PARIS CLUB BILATERAL DEBT	
COMMERCIAL DEBT PER BOND, CBN	
PROMISSORY NOTES ETC	3.6
TOTAL DEBT STOCK	29.0 [33]

A chunk of Nigeria's debt stock was the one owed to Paris Club, totalling $21.0 billion, of which $6 billion represents the actual debt while the rest $15 billion came about through arrears and penalties for late payment.

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CHAPTER THREE

3.0 DEBT, DEPENDENCY, AND NIGERIAN FOREIGN POLICY

In the last chapter attempt was made at highlighting some of the many factors that accounted for Nigeria's debt and economic crisis. Our contention is that given the integration of Nigerian economy into the global capitalist system, and given the attendant weaknesses of the economy, Nigeria's role according to Okwudiba Nnoli was "essentially reduced to a dependent one, marginal to the production process, shifting resources and values from one part of the society and the world to another" [1] and since economic realities and foreign policy of a state are twin concepts in international relation, [2] Nigerian foreign policy orientation and posture was seriously impacted upon because Nigerian leaders mistakenly "dichotomized external political and economic relations and perceived foreign policy in essentially political terms, thereby failing to realize dialectic unity, mutual interdependence and mutually reinforcing character of the political and economic". [3] The consequence of this was that Nigerian foreign policy orientation, instead of addressing the national interest and it's immediate environment, was rather consumed by and preoccupied with the pursuit of policies and interest that are foreign to it.

Our subsequent discussion will further expose the dependent nature of our foreign policy, and will evaluate whether foreign aid could in any way assist a developing economy like that of Nigeria.

3.1 Nigeria and Foreign Economic Assistance: Whose Interest?

Nigeria's match into independence, like most new emerging states, started with constraints both economically and politically. Politically, this was understandable given the fact that it was Nigeria's first experience in modern nationhood, and economically,

because inspite of the resources God endowed the country with, she could not comfortably finance development projects without resort to foreign economic assistance in the form of loan or aid. As a result, 50% of the finances needed to execute Balewa's first development plan (1962 – 1968) were to be sourced from foreign finance capital [4], thus establishing a nexus between Nigeria's national domestic plan/policies and foreign economic assistance, as in the subsequent plans, foreign finances were to play a dominant role. This was further confirmed by the fact that throughout the first plan, Britain and the U.S. accounted for more than 70% of all foreign economic aid received by Nigeria. [5] And "from 1960 to 1967, over 80% of the total value of the country's exports and re-exports were concentrated on the west; over 90% of the net flow of private investment in the country came from the West". [6] As Bassey Ate noted the U.S. government and it's related agencies constituted the dominant source of foreign aid to Nigeria. ..... By 1962, Britain alone accounted for 80% of all foreign private investment in the country, controlling between them 69%. . In the field of technical assistance by 1966, the U.S. constituted about 52% of technical personnel assistance to Nigeria, while that of Britain constituted 37%.[7]

To reciprocate this, Nigeria towed the line of the imperialist nations in most international issues. No wonder then that Nigerian officials at the U.N. in New York, were often instructed to take their cue from Britain and U.S. on vital cold war issues by either voting along with or abstaining, rather than opposing their position. [8]

Even with the advent of oil and the revenue accruing there from, the pattern of relationship remains the same (dependent) with the West, instead of the reverse. Thus oil wealth was used to integrate Nigeria further into the imperialist system and, consequently, reinforced economic dependence, as the percentage of the total value of exports and re-exports to the West remained at a yearly average of 85% between 1968 and 1977 with import from the West at 88% and a total net flow of foreign investment at 85%. [9] This pattern of interaction according to Okwudiba Nnoli, has integrated Nigeria "into the world capitalist system in a manner which destroyed self – reliance, increased external control of local economic life and promoted underdevelopment". [10] Thus the

assertion by Tunde Obadinna that "it is self deception to pretend that Nigeria can have a foreign policy independent of her relationship with the U.S. and the West in general as long as we remain dependent on the West and cultivate this dependency". [11]

The trend and orientation of Nigerian foreign policy could be further revealed by the fact that while interactions between Nigerian and Western countries were becoming more conspicuous, Nigeria's relationship with the East or socialist block was completely de – emphasized. This could be seen especially in the fact that "while the Balewa government gave a grant of £40,000 to assist Britain in constructing it's diplomatic mission in Lagos, without any compensating reciprocal action from Britain, the Soviet Union was prevented from even obtaining a flat for it's own embassy in Lagos". [12] Even where such request was granted, at a later date, only five and later, 10 officials were permitted, in contrast to the British and other Western missions who were allowed to have as many staffs as they wished. Apart from this, scholarships from socialist regimes were rejected; Nigerian students in Eastern Europe were kept under-strict surveillance and; China's offer of economic assistance was turned down by the Nigerian government in 1962. [13]

And while Nigerian leaders have expressed, in most forum, their unalloyed commitment to the policy of non-alignment, a closer analysis reveals a contradiction between this stand and her voting pattern in the U.N. between 1960 and 1966. For instance, in the 3 (three) of it's 4 (four) 'yes' votes in favour of Soviet Union related issues, Nigeria did so either where the U.S. was ambivalent and hence abstained or was on issues collectively sponsored by the Afro-Asian group, thus making it difficult for Nigeria to abstain or oppose, and that most of those issues which Nigeria had abstained in relation to the U.S. were issues the U.S. had more than enough votes to scale through, thus giving credence to the claim that Nigeria's non-aligned posture tilts in favour of U.S. and the West. [14] This contradiction was further confirmed by Balewa's, assurance to the British government, thus, "while we are responsible for government of the Federation of Nigeria and for the welfare of it's people, we shall use every means in our power to prevent the infiltration of communism and communist idea into Nigeria". [15]

The struggle among Nigerian leaders for western economic aid represents a glaring acceptance of the conventional theorists approach to development. According to this theory, underdevelopment is caused by internal inefficiency, whose cure, as the theory argued, is outside help from the developed nations, by making up the gap through productive skills in the form of foreign aid. [16] It therefore followed too, an acceptance of a linear process of development in which every economy passes through known stages of economic growth. [17]

Nigerian leader's acceptance of the Western economic aid was therefore based on the erroneous assumption that it would, among others:-

(1) enable the country to raise level of investment and increase imports.
(2) provide funds for long term development plans within developing countries, and
(3) mobilizes resources/savings for a higher rate of domestic capital formation. [18]

But the question is to what extent has foreign economic aid transformed the Nigerian economy?

Looking at foreign aid's application elsewhere and in Nigeria, it becomes glaring that western economic assistance portends a danger to Nigeria. Foremost is of course the fact that it has not provided any of the envisaged aforementioned role needed to fill in whatever economic vacuum existing. Rather, while it benefited principally the industrial and agricultural interest within the metropolitan nations. This could be seen especially given the fact that the economic assistance were mostly tied to a project that requires machinery as inputs, and whose purchases were tied to the donor countries. Secondly, instead of boosting the agricultural needs of Nigerians, foreign aid, were preoccupied more with the production of cash crops to service the agricultural needs of the metropolitan overlords. This, apart from further entrenching the culture of dependency, further co-opted Nigeria into the criminal international division of labour from which it hardly benefits.

No wonder then, inspite of the various agricultural project in place, yet Nigeria cannot boast of food sufficiency. And most of this project were later abandoned, since they derived their funding from foreign economic assistance that was not forthcoming from the beginning of 1994, when so many sanctions were imposed by the donor nations on Nigeria.

It can further be argued that the western economic assistance had aided the Nigerian debt crisis. This is premised on the fact that aid consist not of simple grant but of interest bearing loan. The chronic payment deficits of the 80's resulting from unfavourable balance of trade and the drain of excess profit that necessitated Nigeria's "borrowing" foreign aid to make up the gap in it's current bills resulted to the present mounting level of indebtedness that simply defer the day of reckoning. [19] Rather than solving the problem, this however resulted in muddling through, thus further perpetuating and reinforcing the dependency culture. [20]

This apart, the negative impact of foreign aid could also be seen in the way Nigeria was turned politically vulnerable. For instance, democracy, was hurriedly adopted not because of the realization amongst Nigerians that it was what could guarantee them growth and freedom, but because it was what America and imperialist nations had wished for any nation to qualify for their economic assistance. Same also explains the various meddlesomeness of the imperialist into what was supposed to be, strictly, Nigeria's domestic affairs.

Even the social lives of Nigerians was not spared from the devastating effect of foreign economic assistance. For instance, the application of science in agriculture, in the form of mechanized farming had increased social division/conflict and over reliance on foreign machinery, fertilizer and insecticide. The result is that, apart from concentrating land ownership, there is the long term effect of over chemicalization of the Nigerian environment. [21]

From the on set, it can thus be argued that the nation started wrongly with it's entire development plan tied to foreign aid, as by so doing, it not only incorporated Nigeria's economic policy into the western capitalist system, thereby jeopardizing her ability to develop a self reliant economy. [22] But fundamentally also, it further gave western donor nations effective control over the Nigerian development plan, thus essentially reducing the decisional independence of Nigerian governments with respect to it's development policy. [23] This is further confirmed by Cheryl Payer's assertion that the "use of foreign aid is as much to be blamed for international debt as is the enforcement of inappropriate models on Third World debtors by the IMF. [24]

3.2 Foreign Economic Aid Vis-à-Vis Nigerian Foreign Policy

Our discussion above has established the fact that Nigerian foreign policy posture and orientation is largely pro-western, especially with the use of foreign economic assistance/aid. This in a way, lend credence to our earlier assumption that foreign economic assistance are subtle instrument of control over Nigeria. This was aptly demonstrated by the moderation of Nigerian policies (domestic and foreign) and even her utterances to tally with its western donors and creditors. As argued by Nwankwo, Nigeria as steam rolled into the debt package, with the use of foreign economic assistance, fundamentally "to weaken her anti-imperialist foreign policy". [25]

Clearly therefore, one ought not to be surprise that "Nigeria provided the main source of succour to Britain during the initial crisis of Ian Smiths unilateral declaration of independence in 1965"; [26] and even the so called Defence Pact signed between Nigeria and Britain, which allowed the latter air staging facilities in Nigeria, because, in Aid and economic assistance, there exist a string which ensures that "Aid was first and foremost a medium of influence to actualize their own security, with their political and economic values in the recipient countries". [27] This is further collaborated in the fact that the U.S. Aid offer of 1961 with it's long term commitment lasting till 1968, was deliberately made so in order to impose on Nigerian policy makers a corresponding long term obligations and restrains on issues bordering the interest of the U.S. and the

need for Nigeria to be moderate in it's foreign policy position, so as not to poison public opinion and the congressional attitude in the U.S. as regards timely execution of the Aid programme to Nigeria. The then Nigerian minister of finance had to ceaselessly cautioned radical colleagues in the house and opposition groups of the danger of insisting on a policy of non – alignment in the cold war, as that would deprive them of western aid badly needed to execute her development plan. [28]

Fundamentally, Nigerian foreign policy posture and orientation was characterized by element of 'moderation and cooperation' given it's conspicuous state of dependency on American – British assistance and Aid. It was in realization of this that Bassey Ate, asserted that Nigerian governments, especially the Balewa regime had no independent foreign policy, because what passed for policy, apart from few marginal cases, were often orchestrated reactions to initiatives or attempts made by others at adapting British – American prescription on critical international issues. [29] It was no wonder that even the position of Nigeria regarding apartheid South Africa was ridiculed in the sense that multinational corporations and western countries doing business in South Africa were also seen to be dominant in the Nigerian environment, thus while Nigeria is politically anti-apartheid, it was however, economically aligned to agencies that are sustaining the apartheid regime in South Africa. This made it difficult for the country to initiate and execute policies that are likely to antagonize the powers involved. [30]

One would have expected however that the sudden dynamism which characterized Nigerian foreign policy, especially with the aftermath of the Nigerian Civil War would be maintained. But this was not to be, as Nigeria – East relationship took another dive. Infact, Nigeria – west relationship assumed a proportion higher than even it's pre-war period, culminating with Gowon's visit to the Buckingham Palace in 1973. A singular explanation to this is that given the structural dependence of the Nigerian economy, coupled with the use of foreign economic assistance, Nigeria could not but resume the age long tie, thus confirming the emotional and mental dependence of Nigeria on the imperialist nations. [31]

Furthermore, "Nigeria's refusal to support the Algerian war of independence; it's snubbing of the leaders of Angolan Government in Exile (GRAE) during their visit to Nigeria; and even Balewa's rejection of O.A.U's council of minister's resolution of 1965, calling on all O.A.U states to sever diplomatic relation with Britain if it failed to bring down the illegal minority racist regime in Rhodesia", [32] demonstrates fully the dependent nature of Nigerian foreign policy.

It is worth reiterating that apart from the miseries and hardship the dependency relation had caused, in the form of debt and balance of payment deficit, the country has yet again drifted into a final crisis where the states resources and assets would be auctioned to the highest bidder in the name of privatization and commercialization, all in the name of creating an environment conducive for foreign investment. Nigerian leaders have failed to see the inherent dangers and hypocrisy surrounding this idea of privatization. For while in Europe and America, privatization was strictly pursued, according to Sam Aluko, on companies and enterprises "that were initiated, created and managed by private entrepreneurs but were at a time in their history nationalized or unduly state controlled", [33] in Nigeria such institutions and parastatals were established with public funds.

The end result of this exercise, if successful, will further polarize the Nigerian society, with the masses having a stake at nothing since they do not have the financial where-withal to purchase shares in the privatized parastatals.

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3.3 Change and Continuity

Though Gowon's and subsequently, Murtala/Obasanjo's regime have introduced an element of change in the pattern of Nigerian foreign policy orientation. Of special note is Gowon's unyielding resistance to Nixon administration over it's violation of U.N. sanctions on importation of Rhodesian Chrome; there is then Murtala's historic challenge to president Ford over Angola; and Obasanjo's progressive partnership with Jimmy Carter in liquidating Ian Smith's settler colonialism in Zimbabwe. It must be

noted however, that these actions were fueled by economic growth and relative financial self sufficiency which made Nigeria then to perceive its relation with the U.S. and Britain not any more in terms of dependence but interdependence. [34] However, even as these progressive tendencies could not be sustained, largely, due to the collapse of the international oil price, and the conspiracy of the Western nations, Nigeria's emphasis on non – alignment, the 'New International Economic Order (NIEO) and even it's fight against the obnoxious regime in South Africa, was infact too feeble to have made an impact because of the continuous intercourse between Nigerian policy objectives and that of the imperialist nations. [35]

A point to note however, is that given the level of our indebtedness, hardly could we pursue any policy objective – domestic or foreign without a nod from the western imperialist nations. For instance, Shagari's visit to the U.K. justified this, as it was intended not only to woo foreign investors, but to demonstrate Nigeria's commitment to remain within Nigeria – British partnership. A case in mind also, is the recent diplomatic shuttle embarked upon by Nigeria's former head of state, General Abdulsalam Abubakar. There is also Obasanjo's foreign trips not only to America, Germany, but even recently to France, intended to gain the approval of the imperialist nations of the new policies put in place, and to further secure financial assistance, debt reschedule, among others. Thus in a statement laden with emotions, while in France, Obasanjo had said "Nigeria does not intend to abandon her obligations. It's not in the character of this administration. All we seek is understanding from our international friends and partners of this enormous impediment to all our development plans. ..... Debts have continued to be an economic albatross hanging tight on our neck, stiffling our economic advancement ..... We continue to rely on you for further intervention with the Paris Club for their understanding. We obviously need substantial reduction and remission". [36]

In essence, what Obasanjo had asked was an extension into the future, financial and economic exploitation and dependence of Nigeria on the west, a situation seen as fatal to a nation's development prospect. [37]

The Structural Adjustment Programme (SAP) which Nigeria fully embraced in 1986, as a solution to the debt and economic crisis, must be seen as part of those dependency structures and policies, whose intent was to stimulate the spirit of continuity and good faith between Nigeria and it's western donors. [36] However, this was carelessly embarked upon, as earlier mentioned, without recourse to the experiences of other nations, such as Ghana, Zaire, Kenya, Brazil, Mexico, Peru, to mention but a few, thus lending credence to our earlier assertion that Nigerian foreign policy orientation and posture were more pre-occupied with interest that are foreign to it than it's immediate needs. This exercise must be seen as an exercise in futility and must be seen as the final instrument that had reduced Nigeria into a net exporter of capital abroad, just like it has done in the economies of the countries mentioned above, thus strengthening it's dependency.

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CHAPTER FOUR

4.0 DEBT PEONAGE AND NIGERIAN FOREIGN POLICY: AN APPRAISAL

Part of our earlier assumption is that the dependent nature of Nigerian economy, coupled with the use of foreign economic assistance from the west, had greatly shaped it's foreign policy orientation and posture in favour of the West. According to Amechi Okolo, even though these dependency structures were imposed right from the colonization and subsequently, the de-colonization process. For instance, Nigeria's first attempt at democracy was a British west minster model; and the adoption of English as a lingua franca; with Nigerian educational system modelled to that of Britain.[1] However, the debt and economic crisis, coupled with the use of western economic aid had finally conditioned and sharpened Nigeria's dependent nature and its foreign policy posture and orientation to the West and the U.S.

Our subsequent discussion intends to highlight the implication of the debt and economic crisis on Nigerian foreign policy, and to evaluate some of the many attempts made by previous administration as a strategy, to tackle the economic crisis.

4.1 Debt Peonage and Strategies For Revival

Following the manifestation of the economic difficulty with the advent of Shagari's regime, and in an attempt to stem further budget deficit, balance of payment problem and inflation, the Shagari's government embarked on "the tightening and curbing of government expenditures and foreign exchange disbursement".[2] However, given the absence of discipline in the application of these measures, and the fragility of the economy, the measures could not yield any fruitful result, as it was discovered some years late. This however, did not preclude Shagari's administration from further negotiation with the IMF and World Bank for a support loan of ₦1.9 to ₦ 2.4 billion which could only be released after the economy might have been attuned to that of the

western creditors through the western IMF/World Bank prescribed re-structuring. The re-structuring, in a sense, was intended to reduce Nigeria's current account deficit to a manageable proportion in the medium term, while maintaining the maximum feasible development effort. [3] Instead of a relief however, what Nigerians got was a worsened debt and economic crisis, thus confirming the assertion by Almer and Kurt, that the debt and economic crisis of the Third World "are not healed by the IMF but, kept open for the purpose of drawing blood". [4]

Given the failure of these experiments one would have expected a discontinuation, but for the leaders failure to learn from History. The subsequent leaders went into further negotiations and re-negotiations with the Multilateral Agencies.

As soon as Buhari took over , he embarked on another stemming down of the financial and economic spiral of the country by cutting federal spending by 40%, placing stringent control on fiscal transactions, [5] hired chase Manhattan Bank to verify Nigeria's total debt stock; issued embargo on state government's borrowing from external sources, among others.

However, the real IMF pills were swallowed by the Babangida's administration when he embarked on a Western re-structuring programme – Structural Adjustment Programme (SAP) whose elements were;

1. A realistic exchange range for the Naira (which meant depreciation of the Naira).
2. Elimination of import licensing procedures.
3. Abolition of the commodities board.
4. Streamlining of parastatals with some being fully privatized or commercialized and still other having joint government – private ownership and,
5. Elimination of some subsidies and a reduction of others. [6]

The important thing to add here is that these measures were embarked upon even where the loan was not taken.

Ironically, however, even where Babangida's attempts were seen as most pragmatic, articulate and all embracing, his period however witnessed a heightened debt and economic crisis. [7] Because even when SAP was on, government itself refused to practice what it preached, thus with government extra budgetary spendings, and with governments inability to account for the wind fall made from oil revenue during the 1991 Gulf War, the so-called gains of SAP were eroded. The 'gains' were further, erased, according to Joe Garba, by a policy reversals, such as the official pegging of the currency rate, introduced by the then succeeding administration of Abacha. [8] Abacha's period was devoid of much romance with the West, especially with the sanction they imposed on the regime.

The above analysis might have revealed the extent to which some successive Nigerian government have gone to address the debt and economic crisis the country was going through. However, even as the economy could not respond positively, the citizenry were however seriously impacted upon by these measures, as they were further submerged into increasing hardship and the economy and polity further embedded by Western Monopoly Control. The fact that for every minute, Nigeria spends $100 to service its outstanding loan interest, and for every hour, $6,000 to do the same, confirms more than ever before that this indebtedness cannot be upsetted in the forseable future, [9] thus the recent clamour for reparation, debt forgiveness or cancellation by Nigerians.

This situation has therefore dealt a devastating blow not only on the direction and content of Nigerian foreign policy, but even it's commitment to its immediate environment, - Africa. Our subsequent discussion would dwell more on the analysis of the debt and economic crisis and Nigerian foreign policy within the period of our review.

4.2 Debt and Nigerian Foreign Policy: A Critical Analysis

This work's point of argument is that since domestic environment, according to Professor Gambari, is crucial to a nation's foreign policy, because it "serves as a channel for the internalization of the international environment and events". [10] The western imposed Structural Adjustment Programmes with it's attendant hardships, must be seen as measures deliberately forced on Nigeria, by the imperialist nations, to ensure the distortion, disartificulation and to further deprive the domestic environment the cohesion it needs to assert it's national interest in the pursuit and articulation of her foreign policy. This could be seen in the fact that even where the country's foreign policy objectives emphasized on the maintenance of neutrality between East – West ideological conflict; and the promotion of political, economic, social and cultural development of Africa, among others. Unfortunately however, it has not only remained pro-west, but has remained ambiguous, especially with the demise of colonialism and Apartheid. It is therefore not surprising that at one point in time, Nigeria had pursued the expulsion of Africans, in the name of ridding the country of so called 'illegal aliens'. The idea therefore is that given the absence of political stability, necessitated especially, by the debt and economic crisis, Nigeria was deprived of the needed engine (good leaders and committed followers) that would have pursued what would have been best for the country and Africa as a whole in terms of foreign policy formulation and implementation.

Added to this is that the debt burden, and the attendant hardships had brought into forth the sharp divisions of the Nigerian society in the form of religion, ethnic, minority question, the sharia and the federal character among others. It was therefore not surprising that in the communiqué of the 1986 Kuru Foreign Policy Conference, morale and patriotic motivation anchored on employment, equal opportunities and a sense of belonging were seen as the likely solution that could bring a turn around in the nation's foreign policy.

You may wish to recall, that the imposed social situation, imposed by the economic re-structuring (SAP) in the form of rationalization in both the civil society and the armed forces. Apart from the cracks this had caused in the civil society, the demobilization in the armed forces must be seen as a serious constraint on Nigerian foreign policy, since military strength is a constituent of the domestic setting of a nations foreign policy. The difficulty has made it a problem so much so that Nigeria was starved of the wherewithal to modernize the structures and apparatus of its foreign policy pursuits, thus what it has in the foreign service was not only idleness, but ill informed and ill equipped diplomats, who for lack of funds, were denied the needed training that would have properly groomed them in the art of modern diplomacy. This was further confirmed by Femi Abbas, who argued inter-alia, that compared to other countries, Nigeria lacks diplomatists who could take charge of her foreign policy. He goes further to argue that what Nigeria has are mostly sycophants who hardly know any policy beyond satisfying the wishes of their boss, whether those wishes are in the interest of the nation or not. [11]

Beside this, Nigeria's diplomacy within the period of our review was so much impacted by the debt and economic crisis to an extent that truthfulness, precision, calm, good temper, patience, modesty and loyalty, seen as the hallmark of diplomats and diplomatic practice hardly reflects in the country's external relations. Infact, the problem was so much that communication too suffered a tremendous set back. This could be seen in the fact that modern diplomacy, realizing the importance of press, brought what today, is known as Press Attache, charged with the analysis and articulation of media reports of his host country as it relates to his home country. "Rather than adopting this reliable means of communication, Nigerian Foreign Ministry often resorted, due to financial constraints, to contracting the country's information Bureau to citizens of host countries, who in no way have any commitment to Nigeria's interest". [12] The truth therefore is that Nigeria can never have a responsible foreign policy without a reliable source and a trusted means of communication. [13]

Another serious implication of the debt peonage is seen in Nigeria's recent admission into the International Development Association (IDA) a World Bank agency, saddled with the responsibility of assisting the poorest countries with a per capital income of less than $371, with interest free loans. This has gone a long way in impacting on Nigerian foreign policy, because "since foreign policy works in the minds of people, Nigeria's membership with Togo, Burkina Faso, among others, to say the least, seems to erode the prestige of the so called giant of Africa", [14] thus the assertion by Joe Garba, that nations that fraternized Nigeria in the past, today, denigrate her since it (Nigeria) has become parsimonious with them due to its financial problems. [15]

Or, what pride would there be for a nation that cannot independently initiate and sustain its policies without a nod from it's imperial overlords? For instance, in 1986, the then Minister of External Affairs, had to travel to the major capital of Nigeria's sources of private foreign capitals to re-assure them, as well as to secure their approval for the country's budget. [16] Largely also, this regime's foreign policy pursuits in what came to be known as 'concert of medium powers', and later, economic diplomacy intended to promote foreign investors to support the ailing economic base, further reveals the extent of the crisis. Infact this represent a classic display of dependency.

And while Babangida took the nation to Liberia, in the name of restoring peace and subsequently, to Sierra – Leone by Abacha, at an enormous cost; seen fundamentally, in line with the nation's foreign policy objective of not only leading the continent, but also promoting peace and security within the sub-region. Contrastingly however, while it was seen as the moral responsibility of the U.S. to have intervened in Liberia, in the manner Nigeria did especially, having in mind that Liberia, was the creation of the U.S. Femi Akorede, has argued that Nigeria's involvement in Liberia, must be seen as another attempt to appease the U.S., and to further secure her sympathy and support for Nigeria's debilitating debt and economic crisis. Though same cannot be said of Abacha's nihilist bravado in Sierra – Leone, especially, having in mind the series of economic and political sanctions the country was made to go through. One fact cannot however be denied, that is, Nigeria's action amounted to robbing Peter to pay an unknown Paul.

Lastly, in a period that demands openness, especially with Nigeria's desire to clinch the permanent seat of the UN, it certainly needed supports and needs to reach all. But this was the reverse. As Nigerians woke up to be faced by government's closure of Nigerian embassies and diplomatic missions abroad, especially by the Abacha regime. Not only this, foreign policy within this period was infact deprived of proper bureaucratic input, and was reduced to a reactive and combative posture thus culminating into Nigeria's suspension from the commonwealth (an association meant to glorify British colonial relationship). This indeed was a blow to Nigerian foreign policy. It was so not because it (Nigeria) was suspended from the commonwealth (whose membership does her no good). But because Nigeria's foreign policy was reduced to a child's play, that often resulted to national embarrassment. This is more so as Nigeria was turned into the only place where anybody can make any statement about the country's foreign relation and term it a policy, especially, as the country lacks professionals charged with the responsibility of giving the nation's foreign policy directions, thus Nigeria's continued endless swim in troubled waters internationally. [17]

From the above, it could be seen that the country's debt crisis has not only impacted on the direction and content of its foreign policy but even on its defense policy. As the crisis did not only cause demobilization in the armed forces, as earlier pointed out, but had made it impossible for the country to purchase new armaments to update and equip its fighting forces, thus the increasing threat to its interest by countries like Cameroon, (coupled with France's assistance) and even South Africa.

4.3 Debt Crisis and a Subservient Nigerian Foreign Policy

In the above, we have seen how the debt crisis had impacted on the content and direction of Nigerian foreign policy formulation and implementation. As noted however, the only period where Nigeria attempted to overcome this established tradition was during the period of Murtala/Obasanjo's regime, where the then American president, Henry Ford, was bluffed by Nigerian leaders, especially with Murtala's memorable speech thus ..... "Gone are the days when Africa will ever bow to the threat of any so-called super power". [18] This according to a reknowned British Historian, Basil Davidson, was the most momentous moment of not only Nigerian History, but Africa as a whole.

The point to add here is that this action was largely made possible by the so much money Nigeria had reaped in the period of the oil boom. Nigeria's preoccupation then was not the money, but how to spend it. This however, was fettered away due to the recklessness of the subsequent leadership and the hypocrisy of the West (remember the western initial assertion that the economy was not fit to borrow, and later, was under borrowed). The fact of the matter is that right before, after and the subsequent post colonial stage of Nigeria's development, Britain had enveloped every aspects of the country's structures, including it's leadership in a way it deems fit. As a result, even with seeming diversionary interest between the two countries bordering on rivalry of Nigerian petroleum and the North Sea crude oil; Thatchers policy of constructive engagement in South Africa; the Dikko Saga and several others; [19] the Nigerian leadership had blindly remained glued to this pattern of relation not only because Britain and the west provided the financial assistance with which the nation's development plans were pursued, but fundamentally, as Chijioke Nwoke, puts it, because "we are often afraid to displease our creditors, and always try to appease them even at the risk of ruining our country or encouraging enslavement by the west". [20] Another point worthy of note, is the position occupied by Britain in those multi-lateral agencies, such as IMF, World Bank, Paris Club, London Club, [21] where Nigeria had sought for one form of assistance or the other and on whom, it is largely indebted to. This situation has therefore made it that Nigeria, according to Ibrahim Gambari, "would continue to be seriously handicapped in the pursuit of an activist, anti-imperialist and truly non-aligned foreign policy until it lessened it's dependence on the west in general and Britain in particular". [22]

Thus as discussed, neither had Babangida's economic diplomacy that characterized the country's flurry of contacts with it's creditors, nor had Abacha's instransingence done any miracle, to alter favourably, the country's total debt stock (still touted between $29 to $30 billion), thereby necessitating further diplomatic shuttles to the West and U.S. by the former Head of State, Abdulsalam Abubakar; and even recently, Obasanjo's, thus lending credence to Salihu's assertion that "Nigeria now, more than ever before, goes cap in hand to our western creditors, thereby worsening the subservient nature of our foreign policy to the west". [23]

If foreign policy therefore is determined by the economic strength and capabilities of a nation, then Nigerian foreign policy will remain an illusion and a rhetoric, so long as it remains within the control of the western monopoly capital and their collaborators.

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5. VANGUARD, BOOK REVIEW SERIES OCTOBER, 23RD 1995, PAGE 18 CITED IN JOE GARBA, **FRACTURED HISTORY**.

6. IBID, PAGE 18.

7. IBID, PAGE 18.

8. IBID, PAGE 18.

9. A FRIEND VISITED U.K. RECENTLY, DURING WHICH HE MET A MEMBER OF THE WORLD BANK'S MONITORING TEAM TO NIGERIA WHO IN THE COURSE OF THEIR DISCUSSIONS MADE THIS REVELATION.

10. IBRAHIM GAMBARI, (1980) **PARTY POLITICS & FOREIGN POLICY;** ZARIA A.B.U. PRESS, PAGE 1.

11. VANGUARD, JANUARY 4TH 1998 PAGE 21

12. IBID, PAGE 21

13. IBID, PAGE 21

14. OPCIT, BASSEY, (1991) PAGE 54.

15. OPCIT, VANGUARD, (1995) PAGE 18.

16. OKWUDIBA NNOLI, "NIGERIA'S FOREIGN POLICY AND THE STRUGGLE FOR ECONOMIC INDEPENDENCE" IN OPCIT, A.B. AKINYEMI, et – al (EDT) (1989) PAGE 266.

17. OPCIT, VANGUARD, (1998) PAGE 21

18. OPCIT, BASSEY, (1991) PAGE 55

19. IBID, PAGE 56

20. CHIBUZO NWOKE, **"THE ORIGINS AND DIMENSIONS OF NIGERIA'S EXTERNAL DEBT"** IN ADEBAYO OLUKOSHI, (EDT) (1990) **NIGERIA'S EXTERNAL DEBT CRISIS:** ITS MANAGEMENT; LAGOS, MALTHOUSE PRESS, PAGE 59.

21. OPCIT, BASSEY, (1991) PAGE 56.

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CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

We have attempted analysis of Nigeria' economic and debt crisis and how it impacted on Nigerian Foreign Policy. In the introductory chapters, we argued that imperialism, from beginning to the subsequent annexation of independent African states into spheres of influence by the dominant capitalist nations was to shape the foundation and to further entrench the dependence of Nigeria on the West. In the analysis, using political economy approach via the dependency and underdevelopment paradigm, attempts were made at, among others, uncovering whether the present economic crisis represent another attempt at colonization, and whether the foreign economic assistance as loans, have any linkage to the present state of Nigeria.

In the second chapter, attempts were made at locating the source of this debilitating debt and economic crisis. We identified the imperial factor as the most fundamental, but equally too, the analysis recognized the dynamism of other factors, such as the corrupt and ineptitude nature of Nigerian leadership, especially, the rate at which state's resources were squandered and mismanaged by the leadership.

The third chapter, having recognized the factors responsible for the crisis, critically considered the role of foreign economic assistance. In the analysis, attempts was made at answering the question as to whether or not the foreign economic assistance in the form of financial aid or investment have in any way assisted Nigeria out of it's predicament. Our findings show that rather than helping Nigeria, such assistance plunged her deeper into economic crisis and dependency on the western capitalist nations.

The fourth chapter attempted an analysis of some of the many efforts made by past Nigerian leadership to rescue the nation and the economy out of this doldrums. Our finding is that the efforts in the form of Austerity measures or the Structural Adjustment

Programme, Western proffered solutions as they were, did not rescue the situation and infact can never have been a solution to the debt crisis. Instead, it further the destruction and disarticulation of the Nigerian economy and society.

5.2 Conclusion

Considering the enormity of the debt and economic crisis and the havoc it has wrecked, a viable option must have to be devised. This work is of course not oblivious of the clamour among Nigerians and other Third World nations of debt forgiveness and reparation. This has become more so, especially in realization of the dimension it is taking and of course the dwindling resource base of the country. But the question is: is the idea of debt forgiveness or reparation the best way-out?

I think this option is not viable, especially for a country like Nigeria that aspires to assume the leadership of the continent. Because in the first instance, what pride would that give to a nation that aspires to the U.N. permanent seat? Secondly, if is agreed that a nation needs a loan, as a necessity, to complement it's resources in order to finance it's developmental projects and programmes. There then arises a problem where Nigeria's debt problem if solved through debt forgiveness, could constitute a problem in a way that nobody would want to advance any credit to her (Nigeria) in it's subsequent period of need. Because that might have eroded whatever confidence, especially on her credit worthiness.

Another suggestion is that the country should use monies accruing to her from recent increase in international price of crude oil to pay off or substantially reduce her external debt. This is premised on the fact that Nigeria's 2000 budget was based on a budget projection of $18 per barrel and given the present market price of $29 per barrel, there is an excess of about $9 per barrel. Nigeria should, as suggested, use the surplus foreign exchange earned for foreign debt repayment. This is based on the thinking that "reduction in the country's debt portfolio will enhance her standing with

the International Monetary Fund (IMF), the World Bank, the other multilateral credit institutions and foreign investors Nigeria is hoping to woo ..... failing to do so, will affect her credit rating and ability to borrow or attract foreign investments". [1]

However, I do not think the idea of using the wind fall in upsetting Nigeria's debt is a good one. Infact, having in mind the infra-structural decays, poor or near non existence water and health services, among others, I think the best thing for Nigeria is to use the windfall to "build local capacities for sustainable economic growth, Agricultural production as well as domestic investment since no foreign investment goes into any country, without initial considerable domestic investments". [2] I subscribe to the idea mooted in Thisday, that it's "strange that we should be in a hurry to pay our debt, which have lingered for decades, since there have been debtor nations and there will continue to be debtor nations. If Nigeria happens to be one of them, so be it". [3]

And lastly, Nigeria must take note of all the imperialist tendencies and must, once and for all, stand up and say "no to foreign aid and no to World Bank or IMF dictations".

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5.3 Recommendations

And if Nigeria must take the lead among the comity of nations in championing the cause of Africa and the black race in this new millenium, it must pursue actions and policies that must not only ensure the establishment of a new International Economic Order but must also ensure the impending democratization of the U.N. However, this is achievable only through a virile, dynamic and progressive foreign policy that is based on a sound, strong, independent and self reliant economy, free from all forms of foreign domination, controlled by Nigerians and informed by the principle of social justice and the absence of exploitation of man by man. [4] And this viable option lies only in freeing the nation from it's present indebtedness, that can only be found in what Nyerere and Castro have once mooted – Repudiation. For as argued by Castro, "unless we can conquer once and for all the factors which together adds up to an unjust system of economic relation and exploitation - unequal exchange, protectionist

measures, dumping, a monetary policy base on the economic power of few nations, excessive loan interest – that is to say, unless a new world economic order is actually established, then after a few years the situation would be just as bad as, if not worse than it is now". [5] But this must have to be supported by not only a diversification of Nigeria's economy from a mono cultural base to a national self reliant economy and a well calculated and co-ordinated efforts at dismantling the obnoxious Structural Adjustment Structures and Programmes. [6]

This is by no means a Herculean tasks, but with good and committed leadership and a new orientation of Nigerian populace and society, this is achievable within a short span of time.

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