**Advances in Social Sciences Research Journal – Vol.2, No.7**
**Publication Date:** July 25, 2015
**DoI**:10.14738/assrj.27.1250.
Salami, O. B. (2015). A Historical Survey of Nigeria's Economic Diplomacy, 1960-1985. *Advances in Social Sciences Research Journal, 2(7)* 1-14

# A Historical Survey of Nigeria's Economic Diplomacy, 1960-1985

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## Abstract

**This paper examines Nigeria's Economic Diplomacy from independence in 1960 up to the coming of Babangida's regime in 1985. The paper discusses among other things the origin of the doctrine and how economic diplomacy as a policy had been consistently employed by successive governments since 1960. What Babangida's regime did was to give the policy a new life in the country's foreign economic relations. Drawing from its findings, the paper concludes that though the policy is not an entirely a novel idea in Nigeria foreign policy decision making process, it became an expedient element of Babangida's foreign policy initiatives, giving the policy the desired venom for effectiveness, due to Nigeria's economic quagmire. The research was conducted using the historical research methodology which emphasised multidisciplinary approach. Both primary and secondary data were consulted in concluding the paper.**

**Keywords:** Economy, Diplomacy, Nigeria, Foreign Policy, historical

## INTRODUCTION

History tells us that human life revolves around the political economy of its environment. Therefore, if the social science postulation about human beings, being political animals is true, then it is equally correct that human race, naturally, is partly propelled mostly by economic interests. In this regard, the mixture of politics and economics makes human society an interesting phenomenon. In the process of inter-play of politics and economy, intra and inter-regional interactions take place from time-to-time. In such relationships, the primary interest has almost always revolves around issues of trade and commerce, aside occasional conflicts, which in most cases would lead to the establishment of political control over the vanquished territories and by extension control of the revenue base of such defeated regions. In effect, relations among societies even before the colonial period could be said to have had the coloration of economic diplomacy.

### Economic Diplomacy: An Overview

In the pre-colonial Africa, relations were mostly guided by economic interests. From the Sahara Desert through the Savannah on to the forest states of Africa, there had been regional contacts based on trade and commerce. In the north Africans relations with their neighbours, who occupied the north of the Mediterranean sea, economic interest was paramount. Similar developments played out in the relationship between the people of the forest region of Africa and their northern neighbours. On the coast of Africa, stretching from the Atlantic to the Indian Ocean, the volume of trade that took place between the local people and the foreign merchants was quite large (Hamdun, 1975; Hollingsworth, 1965; Fage, 1979).

In similar development, during the European colonial enterprise in Africa, the British, the French, the Spanish and the Portuguese, were quite conscious of their economic interests. The selfish economic interests of the Europeans became clearer after the so-called legitimate trade

 

replaced the trade in human beings, opening the flood gates of continued exploitation of human and material resources of Africans (Fage, 1979).

From the fore-going, it is quite clear that economic interests have always played a pivotal role in inter-state relations in the pre-colonial and colonial periods, and the phenomenon has largely been intensified in today's world. It can therefore, be said that General Ibrahim Babangida's regime's economic diplomacy is consistent with global economic practice, the advantage which Nigeria should hold on to if the country must actively participate in the new international division of labour. The historical excursion is necessary to set the records straight from the onset that the Ibrahim Babangida's economic diplomacy is not as new as its disciple, Major General Ike Nwachukwu, the then Foreign Affairs Minister, wanted us to believe. However, the pivotal role assigned to economic interests in the conduct of Nigerian foreign policy during the period, 1988-1993, was a necessary tonic in the regime's efforts at revamping the nation's bruised economy. Thus the change of guard in Doddan Barracks on August 27, 1985, was a prelude to series of experimentations in the formulation and implementation of Nigerian foreign policy.

It was a period General Babangida and his team introduced some form of activism into the Nigerian foreign policy execution. The new activism was as a result of the deepening economic crisis in the Nigerian state. The worsening economic situation taught the new regime a lesson in the entrenchment of another thrust in the country's international economic relations. The year, 1988, was therefore, the commencement of the experiment that was christened economic diplomacy. This article is a historical analysis of economic diplomacy in Nigeria before the Babangida's regime.

Diplomacy is itself concerned with the management of international relations by negotiations between states as well as between states and other international actors like non-governmental organizations (NGO's), multinational companies (MNCs) and individuals (Barston, 1998). In other words, diplomacy refers to the process of bargaining among states in order to narrow areas of disagreement, resolve conflicts or reach accommodation on issues over which agreement may have been pretty difficult (Asobie, 2002). Diplomacy therefore, is not only concerned about peaceful activity, it also occurs in situation of war or armed conflict. Generally, in terms of the widening content of diplomacy, the changes in its form are reflected in such concepts as dollar diplomacy, oil diplomacy, resource diplomacy, atomic diplomacy, global governance diplomacy etc. These and other elements constitute foreign policy issues (Barston, 1998). The difference therefore, between foreign policy and diplomacy is that while the former is the substantive aspect of external relations, the latter is the procedural aspect. In this regard, diplomacy refers to the methods or procedures by which foreign policies are executed (Asobie, 2002). In other words, diplomacy is the process in terms of strategies and tactics of putting into effect the foreign policies of nation states. It is from this perspective that economic diplomacy can be broadly analysed.

According to Asisi Asobie (2002), economic diplomacy can be explained from three perspectives:

- The first perspective can be seen as the management of international relations in such a way as to place accent on the economic dimension of a state's external relations. It is the conduct of foreign policy in such a way as to give topmost priority to the economic objective of a nation. It has to do with the various diplomatic strategies, which a country employs in its bid to maximize the mobilization of external material and financial resources for economic development

- Another perspective to economic diplomacy is the one that describes it as the application of economic instruments in negotiation and bargaining with other states. The foreign policy goals in view may be economic, social or political. The diplomacy is economic when the means employed to achieve them in terms of either "carrots" or "sticks" or both, involve the mobilization and application of the economic resources of the nation. This may entail the extension or denial of financial benefits, petroleum products, food supplies, the granting, denial or withdrawal of trade concessions, the establishment or disinvestments of foreign investments etc.
- The third perspective to economic diplomacy is seen as a set of strategies and tactics formulated and applied for the achievement of a fundamental restructuring of the existing international economic order. It consists of policies aimed at establishing a new international division of labour so as to bring about a radical redistribution of pattern of ownership and control of economic resources in the international system. Such policies would entail the application of both implicit and explicit diplomatic bargaining process.

The third perspective within the Nigerian official circles was seen as global in character and focus and therefore, was regarded simply as the diplomacy of economic liberation at that level. In reality successive Nigerian governments had consistently shown their disdain for this type of multilateral diplomacy conducted basically on the floor of the UN as a means of establishing a new order. The Nigerian state however, believed that for the New International Division of Labour or the New International Economic Order (NIEO) to be achieved, action should be initiated at three levels; the national, sub-regional and global (Adeniji, 1998).This position informed the suitability of the first and the second perspectives for the type of economic diplomacy the Nigerian political leaders envisioned and therefore, to them, it was the diplomacy of economic development. At the level of execution of Nigeria's economic diplomacy between 1988 and 1993, the government thus employed the first perspective at the global level, while the second perspective, which was more suitable for regional diplomacy, was adopted in the country's economic relations with Africa.

**Background to Nigeria's Economic Diplomacy**

Every nation state in the all important obligation to develop its economy in order to give its citizens a new lease of life, has often demonstrated an appreciation of the linkage between the country's foreign policy and its economic fortunes. In the process of state relations, this linkage is done through diplomatic engineering. Therefore, the Nigerian state has consistently demonstrated this attitude in its efforts at economic development. Before 1988, successive Nigerian governments had employed economic diplomacy in their inter-state economic relations in its efforts at economic growth.

In this regard, one of the guiding objectives of Nigeria's inter-state relations since independence has been to contribute towards efforts aimed at achieving national economic development and redressing the existing disequilibrium in the international political and economic system (NIIA, 1992). In the government's efforts to achieve this, the Nigerian economy, since the Tafawa Balewa era, was based on agriculture, which of course, dominated other sectors of the economy. A monocultural economy in which agricultural sector was dominant and heavily relied upon, accounting for seventy percent of the nation's labour force (Osagie, 1986). The agricultural sector placed emphasis on the production of cash crops like cocoa, cotton, palm oil, rubber, coffee and groundnuts, for export trade. These were in exchange for finished goods from the developed north. In general terms, and particularly

 

before the 1970s, no conscious policy existed to encourage large scale production of food crops (NIIA, 1992).

In subsequent years, per capita food production stagnated, while the overall share of the agricultural sector in the Gross Domestic Production (GDP) dropped drastically. For instance, the share of the agricultural sector fell to twenty one percent by 1985, from the fifty-six percent it was in the GDP in the 1960s. The logical impact of this was increasing resort to food importation to satisfy the demand gap. Statistics had since shown that importation of food increased from 0.4 Billion naira in 1976 to about 2.3 Billion naira in 1984, an average annual growth rate of 23.1 percent. In relation to total imports, the food bill rose from 8.6 percent in 1976 to 21 percent in 1984 (NIIA, 1992; CBN, 1990).

Meanwhile, agriculture stopped offering opportunities for job creation and the sector witnessed a high level of labour release to other sectors. While the labour force in agriculture declined at an average of 1.34 per cent per annum from 1960, the industrial sector witnessed an average increase of about 3.4 per cent. The government panacea, in the process, was to hurriedly initiate some agricultural policies. Such policies included Operation Feed the Nation (OFN) in 1976 and the Green Revolution in 1980. Various River Basin Development Authorities and the Nigerian Agricultural Cooperative Bank (NACB), were established, to provide funds and technical support for agriculture (NIIA, 1992). The programmes put in place achieved little or nothing in lifting the economy from increasing decline, due to poor implementation, corruption in the high places and principally a shift of attention to oil sector. What is more, the Marketing Boards that were in existence were deliberate fiscal devices for siphoning rural agricultural surpluses to set up urban based manufacturing industries and infrastructural facilities. The OFN and Green Revolution, aimed at increasing domestic food production, did not achieve much as Nigerian agriculture was rendered uncompetitive by other government policies and excessive bureaucratic control. The River Basin Authorities, as it were, were also avenues for transferring public funds through over-invoicing of contracts to favour partisan politicians, other than as institutions for increasing food production (Osagie, 1986).

In the industrial sector, succeeding governments of the Federal Republic of Nigeria, had since independence, recognized the need for industrial development as the basis for achieving meaningful national development. But in the main, the industrial and manufacturing sector had remained relatively underdeveloped, contributing about 10 per cent to the GDP (NIIA, 1992; Osagie, 1986). For the most part, the industrial sector concentrated on primary production and semi-processing of goods, with the multinational companies (MNCS) having pre-eminence. Although, the sector's contribution to the country's GDP rose remarkably from 19 per cent in 1965 to 32 percent in 1985, compared with the drastic decline of agriculture from 53 per cent to 36 percent in the same period, (Osagie, 1986) most of the industries were more of assembly plants rather than manufacturing.

The productive industrial sector was absolutely in the hands of the MNCs whose headquarters were located in the mega-cities of the developed North. The heavy dependence on international capital pre-disposed Nigerian industrial enterprises to absolutely lean on imported raw materials, capital equipment, spare parts and technical services, even in conditions where these inputs were available at home with minimal costs. The effect of these abnormal features of the Nigerian industrial sector is that it created problems for the execution of an effective foreign policy. For instance, government's efforts to change the external orientation of manufacturing activities in the face of increasing external payments deficits, require a drastic reduction in the level of imported industrial inputs and of necessity increase

local production of such inputs. This attempt met with stiff diplomatic opposition as pressures mounted from the home governments of the MNCs that were supposed to promote local sourcing of raw materials. The Nigerian directors and agents of such MNCS also collaborated with foreign officials in order to retain their directorship and fat salary packages (Osagie, 1986). This development exposed the country to blackmail and sabotage from foreign suppliers of vital equipment, spare parts and other important raw materials.

In the midst of all this, the country maintained a good account of non-discriminatory bilateral and multilateral trade agreements with the outside world. Nigeria also took active part in the process of building active and virile international organizations for development. At the bilateral level, the country entered into agreements with a number of states for the purpose of creating development in trade liberalization and to facilitate expanded market access for its imports. The country's external trade policy was also geared towards the enhancement of inter-African trading relations through active participation in regional and sub-regional groupings, like the Economic Community of West African States, ECOWAS.

Earlier in this paper, we have seen government's attempts to develop the country's economy. In the process of doing this, successive governments demonstrated an appreciation of the linkage between the country's foreign policy and her economic fortunes. The fortunes of the Nigerian economic development, from 1960-1993, were anchored on a number of economic strategies. These patterns of economic diplomacy included:

i. the economic diplomacy of import-substitution industrialization (DISI) 1960 – 1974:
ii. the economic diplomacy of Regional Economic Integration (REI), 1970 – 1985; and
iii. the economic diplomacy of the establishment of a new International Economic Order NIEO, 1973 - 1985 (Adeniji, 1998).

**The Economic Diplomacy of Import-Substitution Industrialisation (DISI), 1960-1974**

The significance of the DISI basically was the establishment of industries in Nigeria to produce domestically such goods previously imported from other countries. This is simply called import substitution development strategy. Therefore, from the outset, it was clear to the managers of the Nigerian state that there was some form of symbiosis between economic development and foreign policy. In appreciation of this link and confronted with the stark reality of the international environment of his time, Nigeria's Prime Minister, Sir Abubakar Tafawa Balewa, needed no further convincing, that DISI was much more suitable for Nigerian economic development. Balewa thus, submitted that:

> *… at present, we lack the necessary capital and technical skill to develop our own resources by ourselves alone… how are we to obtain help from outside and still keep free from being under the influence of one power bloc or another (Adeniji, 1998).*

The DISI, therefore, involved the complete mobilization of a high volume and wide range of financial and technical assistance from a variety of foreign sources for the purpose of rapid development of the Nigerian economy. In this regard, external links, especially with the Western bloc and a little to the East, were seen primarily as channels for attracting needed Direct Foreign Investment (DFI), public loans, grants and technical assistance. This effort was to encourage the planting of industries in Nigeria, that would produce locally the merchandise that were hitherto being imported from the industrialized north.

 

The problem of DISI strategy in mobilizing external resources for Nigeria's economic development, in a cold war era, was the risk of the country relying much more heavily on the West, which was Nigeria's traditional friend. This entailed some political, diplomatic and economic risks for an underdeveloped or as sometimes called, developing economy like that of the Nigerian State. This situation has always played out when Nigeria has to take a definite position on crucial international issues. In effect, there is no denying the fact that, even when Nigeria professed the principle of 'diversified dependence' which of course, was a fall out of its non-aligned posture, the Nigerian government in its actions had always kept faith with the West on crucial global issues (Asobie, 1986; Ate, 1987). In the final analysis, the DISI achieved only little success. Although the Nigerian government sometimes succeeded in playing the West against the East, thereby 'stealing' a degree of inflow of external resources, the DISI did not succeed in transforming the industrial base of the Nigerian state , nor did it attract the desired volume of foreign aid capital, needed to develop the economy of the country. The disappointment probably accounted for a shift of attention to other strategies like REI and NIEO.

**The Economic Diplomacy of Regional Economic Integration (REI), 1970-1985**

The diplomacy of REI was designed as the external dimension of Nigeria's industrial development process. This is because the currency of opinion among the managers of the Nigerian state was that an economically integrated West African Sub-region would help to stimulate Nigeria's economic growth and development. It was also believed that such a strategy would accelerate the development and expansion of indigenous capitalism, not only in Nigeria, but also in the whole of West African states (Abutudu, 1990).

If the economic diplomacy of DISI was different from REI in the sense that while the former applied an internal approach to the country's industrial development, the latter was external and regional in its approach to Nigeria's development process. However, despite this seeming dichotomy, both economic diplomacy strategies were similar in their objectives. For one thing, it is true that the Nigerian government wanted the country's economy to develop through the DISI, for another, it is equally correct that it wanted to build up ECOWAS through reliance on foreign capital. For instance, one of ECOWAS' institutions, the Fund for Cooperation, Compensation and Development, was expected to depend on monies obtained from Africa, Europe, the Americas and Asia, for its statutory operations. The formation of ECOWAS, therefore, was an economic diplomacy designed to harness the human and material resources of the sub-region, for economic growth and development. In the main it allows for free movement of people, goods and services, free trade, as well as common currency, to facilitate economic integration of member states. Although, it is to be noted that three decades after its existence, the ECOWAS potentials are still begging for full realization.

**The Economic Diplomacy of the Creation of a New International Economic**
Order (NIEO), 1973 – 1985.

The economic diplomacy of the NIEO, unlike that of DISI and REI, was to bring a change in the old international division of labour between the industrialized and non-industrialized countries. Although, Nigerian government was not highly optimistic about the implementation of the demands of the Less-Developed countries (LDCS), it however, joined most members of the Third World Club in the demand for a New International Economic Order (NIEO). With due respect to the ideological and military foundations of the East-West confrontations, the North-South Confrontation also evolved to a large extent over economic issues and to a lesser degree over political and human rights issues. Therefore, the diplomacy of the NIEO was as a result of the imbalance in the international economic relations between the wealthy industrialized

peoples of the northern hemisphere and the impoverished, underdeveloped and under-industrialized peoples of the Southern hemisphere (Da-Silva, 1983).

This development produced a loose coalition of economically deprived states, held together only by bonds of newness and harrowing poverty. They are the members of the Non-Aligned Movement (NAM), popularly called LDCS, and their composite industrial production, put together, is less than a third of the United States or Western Europe's. One other common economic denominator of the LDCS is low per capita income (Da-Silva, 1983).

Indeed, in the early 60s and precisely in 1964, Malam Aminu Kano had led a Nigerian delegation to the Second committee of the United Nations General Assembly (UNGA), where a jointly sponsored resolution was presented, calling for a "new international division of labour" involving new patterns of production and trade at the global level (Adeniji, 1998). This became necessary because the LDCS were not adequately listened to by the International Monetary Fund (IMF), the World Bank and at the General Agreement on Trade and Tariffs (GATT). This was one issue that generated serious crisis in the UN system, because the western capitalist powers were not favourably disposed to the radical economic demands of the South. But not minding the position of the West, the LDCS, through the United Nations Conference on Trade and Development (UNCTAD), put their proposals before the UNGA. They asked for a NIEO that would redress the economic imbalance between the north and the south.

The South's proposal comprised the following:

- An economic security system for the developing countries;
- Integrated programme for commodities, commodity market stabilization and price stabilization for the primary exports of the LDCS;
- Improved compensatory financing facilities, adaptation of International Monetary fund or establishment of a substitute organization to supervise stabilization agreements and provide compensatory export shortfalls due to international market instability;
- Debt Relief and improved mechanism of channelling capital to the Third World and for reducing the indebtedness that hinders development (Da-Silva, 1983).
- Other demands of the LDCS also included:
- Changing the structure of International economic relations;
- Reducing the economic dependency of the developing countries, expansion of trade in manufactures, strengthening the technological base of the Third World and establishing marketing and distribution system for primary commodities;
- Strengthening Trade and Economic Cooperation among developing countries and re-orientation of development strategy to one of the collective self-reliance, rather than dependence on the developed states, including thorough development of new international machinery;
- Global management of resources, including the establishment of new rules of international monetary system and the development of strategies for the rational use of resources (Da-Silva, 1983).

Expectedly, the northern states, especially those that were traditionally attached to the dogma of liberalism and free market economy, rejected the idea of any 'new order' and the consequent challenge to the present system of exchange. Despite the northern states' objection, however, Nigeria and other members of the LDCs intensified their pressure for a NIEO.

 

While the search for the NIEO continued, there were growing disenchantment among Nigerian government officials and this found expression in the public speeches of the Nigerian leaders. For instance, General Olusegun Obasanjo (1976-1979) had lamented at an OAU summit in Libreville, that the hopes placed on the NIEO by the countries of the southern hemisphere, had almost evaporated with the collapse of the North-South dialogue in Paris (Asobie, Adeniji). Between 1979 and 1985, Nigerian political leaders had expressed similar skepticism like Obasanjo. Indeed, in 1987, at the 41st session of the UNGA, Bolaji Akinyemi had noted that:

> *…the high hopes of the developing countries for a New International Economic Order, have foundered owing to a deep-rooted reluctance on the part of the developed countries, to engage in a honest and meaningful North-South dialogue (Asobie, Adeniji).*

The reasons for the skepticism of the Nigerian political leaders are quite very simple to decipher. For one thing, the unexpected rise in the role of crude oil earnings in sustaining Nigerian economy was, one of the fundamental factors that would explain the ambivalence of Nigerian leaders. This development reduced the relative vulnerability of the economy to fluctuations in the prices of primary export commodity, thereby diminishing the harsh impact on Nigeria, of the inequalities of the old international economic order. In fact, it was a period of affluence such that one of the Nigerian leaders in the 1970s noted that the problem of Nigeria is not how to make money, but how to spend it. Another factor was the inherent contradiction in Nigerian officials' conception of the NIEO and the growing skepticism among them on the suitability of the adoption of international multilateral diplomacy, as a tool for the establishment of the new order.

Nigeria's conception of the NIEO accommodated a variety of strategies for the solution of African problem. Nigeria's position, therefore, prescribed that for the NIEO to be achieved, action must be initiated at the national, sub-regional and global levels. Therefore, it saw its indigenisation programme as well as the establishment of ECOWAS as part of the movement towards realising a NIEO (Asobie, Adeniji). In contrast the traditional conception of the NIEO placed accent on the inequities of the global economic order as the basic explanation for the underdevelopment of the LDCS. It therefore, prescribed multilateral negotiations at the global level to ease out the inequities, as the strategy for the reversal of the problem of the LDCS. Eventually, the Nigerian government, in the face of the economic down-turn, particularly in the 1980s, and the intimidating International Monetary Fund (IMF) conditionalities, had to tone down some of its NIEO related demands and then accepted the International Bank for Reconstruction and Development (IBRD), or World Bank's structural facility programme. The IBRD packages in the economic dictionary of the Nigerian state, was christened 'Structural Adjustment Programme' (SAP). The 'new' economic diplomacy, therefore, was a fall-out of the bitter-pill, called SAP, that was to be forced down the throat of the Nigerian economy by the World Bank. Indeed, it was hoped among the Nigerian official circles, that it would serve as a catalyst towards the realisation of some of the objectives of SAP, such as trade liberalisation and attraction of foreign capital and investment. In the analysis that follows, the Nigerian government swallowed the pill hook, line and sinker.

## The 'New' Economic Diplomacy of the Nigerian State, 1988-1993

It is very clear from our previous analysis, that successive Nigerian governments had consistently employed economic diplomacy in their inter-state economic relations so as to achieve economic growth and development. Therefore, economic diplomacy does not derive from the abstract; rather it is rooted in both the prevailing domestic and global environment

characterized by unfavourable economic indicators. As a mark of warning, the Economic Commission for Africa, ECA in its 1983 Report had predicted that by the year 2000:

> *…poverty would reach unimaginable dimension. The conditions in urban centers would also worsen with more shanty towns, more congested roads, more beggars and more delinquents. The level of unemployed searching desperately for the means to survive, would amply increase crime rates and misery. The very consequences of extreme poverty would be social tension and unrest. As a result, the very notion of national sovereignty would be at stake…(NIIA, 1992)*

The warming signals of gloomy picture of African Socio-economic conditions was also corroborated by Mr. Mcnamara, the World Bank President, in 1983. Mcnamara had submitted that:

> *…the harsh truth is that sub-saharan Africa today faces a crisis of unprecedented proportions. The physical environment is deteriorating, per capita production of food is falling, population growth rates are the highest in the world…(NIIA, 1992)*

The manifestation of these forecasts in the years to come steered in the face, the managers of the political economy of the Nigerian state. Realising that the economic down-turn was becoming very dangerous, the Nigerian leaders, in 1988, adopted the 'new' economic diplomacy as a panacea to the serious economic illness bedeviling the country. According to General Nwachukwu, the then helmsman at the MEA,

> *…the present reality demands that we take a new look at out foreign policy. It is therefore, in this light that we must embark on a new era of dynamic and functional diplomacy to enhance our economic and technological well-being. This means that in our external relations, we must pay more attention to those issues that have bearing on our national economic interest. In pursuing effective diplomacy, all our energies and efforts should be aimed at taking our country to a new and higher economic and technological height. Indeed, it is only in this way that our economic survival can be assured (NIIA, 1992)*

However, it must be stated that the adoption of economic diplomacy, by the Babangida regime in its efforts to revamp the nation's battered economy is not new, as we have underscored the prime position of economic interest in the conduct of Nigerian foreign policy before 1985 elsewhere in this paper. In general terms, an inter-connection has always existed between the domestic economy of nation-states and their foreign policy goals. In the case of Nigeria, there are specific instances where foreign policy actions have direct economic impact or were meant to help achieve an economic objective. Also, Nigeria has in the past employed economic policies to achieve specific political outcomes in international political games, particularly in the sphere of decolonisation, racism etc. Therefore the conduct of Nigeria's foreign policy has never followed a monocausal process. It has always been conducted in line with the country's social, economic, political and cultural aspirations.

Having established that, what therefore, is new about the 'new' economic diplomacy, is the strong emphasis which was placed on economic instruments, by the IBB regime, in the conduct of the country's external relations. Even the exponent of the policy of economic diplomacy, General I.O.S. Nwachukwu, now retired, had admitted in 1997, that:

> *…indeed there is nothing new about (economic) diplomacy, but it is true that economic diplomacy in my time was a question of emphasis….. I had done an analysis of the Nigerian problems and I knew that the question of the economy had impacted on our politics, ethnic relations, competition for jobs, internal security, social welfare and our power position within the international system (Nwachukwu, 1997).*

Before the Nwachukwu era as the External Affairs Minister, Bolaji Akinyemi, his predecessor, had visited quite a number of countries to market the Structural Adjustment Programme (SAP) of the Babangida regime to some western countries, institutions and private sector operators in the belief that developed western nations would come to the aid of Nigeria in her quest for debt rescheduling and desire for foreign direct investment (Ugwu and Olukoshi, 2002). Economic diplomacy was therefore, IBB regime's policy to compliment the country's structural adjustment programme, SAP. It is aimed at creating an environment of mutual understanding between Nigeria and her economic partners in order to enhance domestic growth and development through the attraction of new foreign investments, expansion of foreign trade and development of non-oil export trade (Babangida, 1992).

In the government circles, economic diplomacy was considered to be interwoven with the goals of the SAP. Nwachukwu himself had noted that 'it is the responsibility of our foreign policy apparatus to advance the course of our national economic recovery' (Nwachukwu, 1988). The goals of SAP which included export promotion, in-flow of direct investment and the rescheduling of the country's external debt, are the elements that were introduced into the foreign policy thrust of Nigerian state. Therefore the emphasis which the government placed on the need for foreign policy to directly serve the country's domestic economic needs is justified, particularly in official circles. It is common knowledge within official circles that since independence in October 1960, Nigeria had pursued a foreign policy line that was too heavy on politics or a policy in which the country's own needs and interest in terms of economic well being, were below that of political interest on the country's scale of preference. In this regard, to achieve the country's economic development, the government must turn around the nation's scale of preference in her external relations and deliberately court the friendship of industrialized countries or the nations in the northern hemisphere. Addressing a crop of Nigerian ambassadors, Nwachukwu had noted that:

> *The ball game today in international relations is self interest and economic development…. In your utterances and in your behavioural pattern, please remember that Nigeria is a developing country. It needs support from the international community and that support can only come when you can win the confidence of those whose support you seek…. You begin to win that confidence through friendliness and loyalty to their cause. What matters is your ability to win for Nigeria, what we `cannot for ourselves, the economic well-being of our people and physical well being of Nigeria(Ugwu and Olukoshi, 2002)*

In this connection, reading the minds of the Nigerian government officials, the "new" economic diplomacy was to articulate the improved investment climate of Nigeria abroad, and to explain the numerous incentives Nigeria has put in place to encourage and induce the flow of capital to Nigeria for bankable and profitable investment. A more expansive construction of the objectives of the 'new' economic diplomacy include:

- the need for Nigeria to attract more foreign investments and to channel them to preferred sectors of the economy, especially agriculture and industry:
- the attraction of more soft loans and grants for the purpose of financing the country's development projects;

- the rescheduling of the country's external debt on terms that are favourable and which bring sufficient relief to the country;
- the promotion of Nigeria's external trade relations with a view to widening their range, and diversifying their content to the country's advantage; and to
- encourage Nigerian business groups to invest abroad and help widen the foreign exchange base of the economy (Olukoshi and Idris, 1992).

To ensure proper and effective implementation of the stated objectives, the government set in motion the process of restructuring of the MFA. In respect of this necessity, the Economic Department in the MFA, which was upgraded to International Economic Cooperation Directorate (IECD) in 1972, in order to respond to the rapid growth and diversification of foreign economic relations, was further modified in 1988, through the creation of Trade and Investment Department (TID). This modification was in addition to the existing Bilateral Economic Cooperation Department (BECD) and Multilateral Economic Cooperation Department, (MECD) (NIIA, 1992). Each of the modified departments was assigned specific economic responsibilities. For instance, the coordination of bilateral economic matters and the conclusion of economic and technical agreements, which were initially within the purview of the Ministry of National Planning, MNP, became the responsibility of the BECD. In a similar vein, while the MECD became specifically involved with multilateral economic matters, the TID was to assist foreign investors with appropriate information on how to set up industries without going through hitherto complex and almost deliberate complicated bureaucratic process. The department also took charge of packaging information that would be widely circulated through Nigerian embassies to appropriate Chambers of Commerce, and Industry, particularly in the countries of the industrialized north. General Nwachukwu had in 1989 stated that the TID would 'ensure that the economic potentials that this country offers, is well publicized and that assistance is rendered to genuine exporters of our products (NIIA).

Other functions of the Trade and Investment Department (TID) include the following:

- Coordinating economic and business information with relevant economic ministries and the organized private sector;
- Collecting and updating vital trade statistics and economic information for the use of Nigerian missions abroad in the functions of promoting trade and investments;
- Handling trade complaints and enquiries from missions;
- Striving to attract joint ventures and investment possibilities, including debt stock;
- Coordinating Trade Missions abroad in liaison with the Federal Ministry of Trade, Nigerian Export Promotion Council and other relevant economic ministries and involvement of the Private Sector Operators PSO, in the attempt to widen-economic contacts abroad (NIIA).

For effective implementation of the 'new' economic diplomacy, the newly created and modified economic departments of the MFA, which included the International Economic Cooperation Directorate (IECD), BECD, MECD, and TID, were all brought under the headship of the Under Secretary for Regional and International Organisations, in the modified organizational structure of the MFA. In addition, the government also placed emphasis on conclusion of Investment Promotion and Protection Agreement (IPPA) with foreign countries in order to attract and guarantee foreign investment into Nigeria (NIIA). In view of this, the government engaged in sending out of mixed trade delegations, led by either the Military President himself, Federal Ministers or president of the Nigerian Association of Commerce, Industries, Mines and Agriculture, (NACCIMA), etc, to several countries in Africa, Europe, the

 

Americas, Asia and Pacific states, to promote trade and investment (NIIA). Several foreign economic delegations led by equally highly placed personalities paid official visit to Nigeria in order to foster intimate collaborative relations with opposite numbers and institutions.

One other step taken by the government to ensure effective implementation of the new economic diplomacy was the government's insistence on a good and solid economic knowledge of senior officers by the MFA, as one of the strong criteria in their choice of postings (Nwachukwu, 1998). In this regard, conscious efforts were made in the posting of officers to economic desk of the MFA and further recruitment into the Foreign Service had biases for economic expertise. Nwachukwu, reiterating the economic bent in Nigeria's external economic relations, had noted that:

> *… it is equally pertinent to state that our missions abroad have been given enhanced economic function as an essential part of their diplomatic duties. Henceforth, attraction into our country of substantial foreign investment would be the basis of the performance evaluation as well as assessing the success or failure of those missions abroad. They are now duty-bound to ensure that all the economic and industrial policies of our country are well articulated and correct information made available to prospective foreign investors and businessmen (Akindele, 1991)*

The government also went further to create the Corporate Affairs Commission (CAC) to make it easy for intending and genuine industrialists incorporate their companies only in one office instead of going round several offices to secure signatories before simple incorporation of companies could be effected. The restructuring of the departments within the MFA became inevitable in the face of the challenges posed by the new emphasis on the 'new' economic diplomacy as a central element in the conduct of Nigeria's external relations (Nwachukwu, 1998).

By and large, the principle of economic diplomacy was adjudged in official circle to be a success. The protagonist of this view maintained that the policy brought some element of dynamism into foreign policy formulation and implementation in Nigeria. In addition to this, the school of thought claimed that Nigeria was able to attract howbeit, considerable foreign investment during the period as parts of the dividends of its new foreign policy posture. They cited for example the billions of dollars investment that went into the oil and gas sector and the purported gains of the Structural adjustment policy SAP a key component of Babangida's economic reform and foreign policy. Ernest Shonekan, the Chairman and Managing Director of the octopoid United African Company (UAC) Plc, in 1989 hailed the Structural Adjustment Policy saying that it has helped create conducive environment for foreign investment. Similar euphoric statement was echoed by Alhaji Garba J. Abdulkadir that same year during the AGM of Johnholt Nigeria Plc. (Osoba, 1993).

Historians and International Relations experts are quick to react and debunk the position that the economic diplomacy of General Babangida achieved so much as claimed by its supporters. Osoba (1993) for instance, condemned the entire political and economic reforms and tagged it "crisis of economic and political clientelism''. In order words Babangida's economic diplomacy was more robustly committed to the preservation of existing relationship of accumulation between the core of national bourgeoisie and other foreign interests particularly the western countries.

Joy Ugwu and Adebayo Olukoshi (1991) citing Humphrey Asobie claimed that Nigeria has achieved only mixed results in its policy of economic diplomacy. In the area of trade promotion

and foreign investment example, the achievement of economic diplomacy was said to be dismal. Furthermore, attention was drawn to the flagrant profligacy of the Babangida's regime especially on how it squandered the nation's resources. Nevertheless, the regime claimed it achieved the stated objectives of the policy and indeed set the nation on the path of steady growth.

## CONCLUSION

From the foregoing, it is safe to conclude that Nigeria reached a political/economic crossroad in the 80s. The economy of the country plummeted due to the drastic drop in revenue from its major export product 'crude oil'. The socio-economic dilemma led the government of General Ibrahim Babangida to embark on far reaching internal restructuring. It was in the midst of this restructuring that the government came up with the idea of 'economic diplomacy'. The policy was not a novel idea, but served as the fulcrum of the regimes foreign policy objectives. Innovation such as the TAC scheme and SAP were the regimes foreign policy achievements. The promise of attracting foreign investment ended as mirage.

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