

# **APPRAISING THE ECONOMIC CONTENTS OF NIGERIA'S FOREIGN POLICIES, 1960 -2015**

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## **ABSTRACT**

Nigeria is an important country among the comity of nations noticeably because of its size and population. But when it comes to her economic content, she is not only hollow but poor. Not that she does not have economic diplomats or ideas to sell, but her incapacitation stems from the fact that she has little or nothing to offer even in her so called economic diplomacy as championed by Babangida's regime in the 80s and 90s. The cause is over-reliance on the volatile oil market which reduces her to a debtor nation in the era of technological breakthroughs and diversification by several countries of Asia and Latin America as exemplified by Asian Tigers. In Africa, she can be a force to reckon with because of paucity of funds among her neighbours and general backwardness. But is it enough for her to be a giant in the midst of dwarfs? Or an elephant in the jungle of wild animals? Dynamic and purposeful leadership is what she needs to excel and be reckoned with in the comity of nations. To be recognized, a nation must have something meaningful to offer in micro and economic external trades not reducing herself to a dumping ground or a pariah state of other countries commodities. This paper relies mainly on secondary sources to appraise the economic contents of Nigeria's foreign policies during the period under review.

## **INTRODUCTION**

In analyzing the economic contents of Nigerian foreign policies from 1960 to 2015 or fourth Republic, three issues of concern need be established here. First is that Nigeria in theory can be said to be neither pro West nor pro East. Non-alignment has been the concentrate of her foreign economic policies. But that is in terms of absolutism. But in relative concept, Nigeria largely is pro West. Secondly, in the words of Okon Uya, "Theorists of Nigerian Foreign

policy have postulated that Nigerian foreign policy is best represented as operating within three economic circles”.<sup>1</sup> These include the inner core often described as the centre piece of Nigeria’s foreign policy which Economic Community of West African State (ECOWAS) represents. The middle core represents Nigeria’s relationships with African nations which African Union is the umbrella organization. Nigeria plays a big brother role in protecting the economic interests and aspirations of her African brothers. The third, and as Uya argues; “The outer layer corresponds to Nigeria’s relations with the non-African world.”<sup>2</sup> We shall come to more detailed analysis of this later.

Finally, it is indisputable fact of history to state at this juncture that some years after independence, Nigeria is a mere dumping ground for finished products as she can only maximally export crude oil. In other words, Nigeria is more or less a pariah nation as she wallows in consumption as against production and this adversely affects her economic balance sheet with other nations she relates economically with in trade.

In this article, we shall examine the various economic contents taken by Nigeria’s foreign policy makers and analyze how they impacted on her economic development from 1960 to 2015.

### **NIGERIA AS A NON-ALIGNED NATION:**

At independence when the first and only Prime Minister Nigeria has ever produced, Abubakar Tafawa Balewa led Nigeria as the only country to severe relationship with France in protest for testing of atomic bombs in the Sahara, it seemed Nigeria was going to be a radical brand in leading Africa from neo-colonialism. But events proved the above assertion wrong because in subsequent developments as Michael Crowder puts it, “...Balewa, who was his own Foreign Minister, pursued a consistently pro-Western policy. Non-communist powers were given preferential treatment diplomatically over communist ones ...”<sup>3</sup> Furthermore, Balewa did not establish a mission in Moscow until 1962, yet he permitted Portugal and the Central African Federation to set up missions in Lagos.<sup>4</sup> He preferred to align with Western powers especially in the

Congo crisis whose major concerns were clearly involved in it for their economic advantage”.<sup>5</sup>

Onome Osifo-Whiskey has argued that Balewa’s regime “in spite of her avowed commitment to the eradication of colonization and racism from Africa in particular and the world in general “... was soft on Britain who then showed a poorly disguised contempt for those objectives”.<sup>6</sup> In her quest for British protectionism at Independence, Nigeria hurriedly signed the obnoxious Anglo-Nigeria Defence Pact in 1961, although, the students’ protests of the era led to its abrogation Osifo - Whiskey further writes that “Britain on her pact declared her readiness to sustain and assist the young nation but she was ever conscious that such obligations carried with them privileges which in diplomatic parlance made Nigeria a sphere of her influence”.<sup>6</sup> This view was not contested by Nigeria in the early years of her independence. This led immensely to the promotion of economic co-operation between the two countries as demonstration of this friendship. As such, “more than half of Nigeria’s trade was with the United Kingdom and the latter’s multinational corporations with their subsidiaries dominated the Nigerian economy throughout the 60’s and much of the 70’s.”<sup>7</sup> This naturally negates the proclamation that Nigeria was a non-aligned nation, because, it was increasingly aligning with the British neo-colonial domination and dependency.

However, it is contended by some scholars as Martin Uhomoihbi that Nigeria’s tenor and interest in foreign economic policies in the 60’s and years beyond depended on the global order prevailing at the time. Thus the enduring features of Nigeria’s foreign policy at the time included but not limited to “ (a) defence of the sovereignty, independence and historical integrity of the country; (b) restoration of human dignity to black men and women all over the world; (c) eradication of colonialism and white minority rule from the face of Africa; (d) preservation of the territorial integrity and security of all African countries; (e) fostering national self-reliance among Africa countries; (f) promotion and improvement of the economic well-being of Nigerian citizens; and (g) promotion of a just and peaceful world”.<sup>8</sup> Perhaps, it was in furtherance to some of the above asserted conditions that Balewa’s regime became involved in the expulsion of

South Africa from the common wealth, inspite of the Government's representative to the United Nations, Jaja Wachukwu's argument in favour of Portugal and South Africa's retention in the world body,<sup>9</sup> the regime voted against it.

To Okon Uya, the first two decades of Nigeria's nationhood, at a time when multilateralism was seen as the refuge of weak nations as a counteractive measure against the strong and powerful, the country's foreign policy "has always been a healthy blend of bilateralism and multilateralism, especially in economic matters".<sup>10</sup> Furthermore, such matters of decolonization, apartheid and racism were the fulcrum of Nigeria's interest in foreign economic matters since this was used as a basis to sensitize the international community to their existence in the world especially in Africa. Uya contends that the assumption of Nigeria leadership when it imposed this burden upon itself especially as it concerned the apartheid struggles and its accompanying manifestation in South-Africa is in tandem with her sincere conviction and belief that "Nigeria's independence was meaningless until Africa was free from the scourges of colonialism and racism".<sup>11</sup> In laying support to this, Murtala Mohammed's foreign policy was fire-brand as he took new initiatives in the field of foreign affairs as he made Africa the centerpiece of his policies as against Gowon's moderate one. Comparable to that of Tafewa Balewa, Mohammed's openness in his condemnation of apartheid in South Africa and its supporting Western allies garnered respect for him and Nigeria in comity of nations as economic boycott of Portugal, Rhodesia and South Africa was led by Nigeria. Nigeria was gradually but noticeably extricating herself as an international stooge of United Kingdom especially when she came up with the implementation of her indigenization decree policies that naturalized her mineral and economic resources. Such companies as British Petroleum became African Petroleum and economic and commercial ventures were taken over by Nigerian leadership. Britain became the worst hit.

## **THE THREE CONCERNTRATES OF NIGERIA'S FOREIGN POLICY:**

As stated earlier, Nigeria plays strong economic activities in her membership of multilateral organizations such as Economic Community of West African States (ECOWAS), African Union (AU), Commonwealth of Nations (CN), and United Nations (UN) and their various agencies, perhaps, due to her size, enormous resources, mineral and man-power resources base. Uya submits that "Nigeria has emerged as a leader in Africa and an important team player on major issues on the world scene".<sup>12</sup> Uya goes further to reason that this is more noticeable "... in matters of decolonization, the anti-apartheid struggle and perhaps, more important in our present context, problems of social and economic backwardness and the continuing and widening economic disparity between rich and poor nations of the world".<sup>13</sup> Whereas Gowon played a fundamental role in the formation of ECOWAS, Balewa was also contributory to the formation of the then Organization of African Unity (OAU), now African Union (AU). Balewa was in support of African Unity through taking "practical steps in economic, educational, scientific and cultural cooperation",<sup>14</sup> as he stood for only political fusion of African countries. According to Uya: ... while Nigeria endorsed the idea of an African Common Market, it was of the view that what was practical then was an "African Common Market based on certain groupings such as a North African grouping, a West African grouping, an East African Grouping"<sup>15</sup>. Nigeria was thus one of the chief advocates of the incremental and practical approach to economic matters. Indeed, Nigeria has continued to insist that successful economic integration of the African continent can only come through sub-regional and regional groupings based on co-operation between member states in such specific area as trade, transport, communication, and natural resources development. The OAU Charter, approved in May, 1963, specifically obliged African states to co-ordinate and intensify their cooperation and efforts to achieve a better life for the people of Africa by harmonizing their general policies in the field of economic cooperation, including transport and communication.

Ecowas on its own was formed in 1975 by 15 member nations as one of the pillars of the African Economic Community. It was set up to foster the ideal of common self-sufficiency for member states. As a trading union, it was originally established to create a single, large trading bloc through economic cooperation. In other words, integrated economic activities as envisaged in the West African sub-region involved industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial issues, without excluding social as well as cultural matters.<sup>16</sup>

In the same context, just as is the case with West African Monetary Zone (WAMZ), established in 2000 for West African Speaking Countries (Anglophone ECOWAS Nation) of which Nigeria is a member;<sup>17</sup> there is also the establishment of an Economic data bank by the Economic Commission for Africa (ACF) and OAU. “Nigeria” in the words of Uya, “also took an active part in several symposia held to analyze and evolve a more pan-Africanist and Afrocentric perspective on African development throughout the 1970s and the 1980s.”<sup>18</sup> Nigeria over the years is determined that African economic co-operation is not a mere dream but is a fact of life and a matter of urgent concern in our time. Thus she initiated the Lagos Plan of Action (LPA) in 1980 for the Economic Development of Africa which culminated in the Final Act of Lagos, “regarded as blue prints for the economic development of Africa. The Lagos Plan of Action, for example, envisaged the establishment of an African Common Market by 2000 AD, based on self-reliant and self-sustaining continental economy founded on sub-regional economic groupings”.<sup>19</sup> Thus, sectors as food and agriculture, industry, science and technology, transport and communication, trade and finance, and natural and human resources development were isolated as major areas of concern.

Nigeria economic diplomats never relented as they enunciated various means to enhance Africa’s economic challenges. In furtherance to this in 1984, for example, they summoned a special summit of the then OAU now AU to appraise the journey so far made on the Lagos Plan of Action and the Final Act of Lagos, and also to initiate the needed programmes to ameliorate the African economic imbroglio. Consequently, a steering committee made up of

Algeria, Ivory Coast, Senegal, Tanzania, Zimbabwe, and Nigeria was established. Similarly, a special Emergency Assistant Fund (SEAF) for Drought and Famine in Africa was also set up. Nigeria raised US\$3billion for this particular project. The summit deliberated exclusively on economic matters and finally came up with African Priority Programme for Economic Recovery (APPER), 1985-1990. One of the salient efforts of APPER was a call for an international conference to discuss Africa's of rising foreign debt under the tutelage of the United Nations General Assembly in New York on May 27<sup>th</sup>, to June 1, 1986. The outcome of the conference was an adoption of the United Nations Programme of Action for Economic Recovery and Development which invariably compelled African governments to embark on policy reforms that raised US \$82.5 billion for the execution of projects, and the counter funding from the international community to raise US \$ 46.1 billion to augment the process. The central aim was to facilitate food and agriculture, human resource development, industrialization and related issues, the international economic environment and drought and desertification.<sup>20</sup> That Nigeria played a yeo man's role is not in doubt.

Nigeria indeed is a giant of Africa, but upon her strong fillip in support of other African brothers as a big brother was involved in heavy international debts that rose in heaps and bounds, that earned her the sobriquet of one of the most volatile economies in the world. This is largely "as a result of numerous reschedulings, the accumulation of arrears and the application of penalty interest rates, new borrowing," according to Ngozi Okonjo-Iweala, "was limited by the debt overhang and low creditworthiness, Nigeria's external debt ballooned from US\$ 19 billion in the mid - 1980s to US \$ 33 billion by 2003, of which approximately US \$30 billion was owed to the Paris Club."<sup>21</sup> It took the sagacity of Okonjo-Iweala as finance Minister in Obasanjo's civilian regime (1999-2007) to facilitate the cancellation of over half of the external debts owed primarily to the Paris Club owing to her being an international financial expert and economic diplomat with the International Monetary Institutions otherwise called Bretton Woods Institutes.

## **NIGERIA'S ECONOMIC STANDING IN FOREIGN BALANCE SHEET:**

As an African giant, Nigeria can be influential and can be aiding other African countries so far as oil prices are favourable. But globally, the country's economic content is low. She is big for nothing and her balance sheet is on the negative. Her Gross Domestic Products (GDP) can be the highest in Africa, but Nigeria is a pariah nation, her infrastructure is poor, due to mono-reliance on oil and her inability to diversify her economy.

Apart from communication, the Foreign Direct Investment is low, especially in agricultural sector and other non-oil sectors, where, her FDI, has a negative relationship with the economic growth. In other words, the business conditionalities are not healthy sufficiently for production to grow.<sup>22</sup>This is due to inadequate local infrastructural content which Ikenna Unya describes as a catalyst that "facilitates the production of goods and services, and also the distribution of finished products to markets, as well as social services such as schools and hospitals, etc."<sup>23</sup> When you do not produce, you cannot export, because, you cannot give what you don't have. The result is resort to borrowing externally to finance budgets and this places her into debt overhang. Writing on this, Okonjo-Iweala says:

Besides, the composition of public spending did little to support long-run growth and diversification. As a result of financing the rising fiscal and current account deficits, Nigeria's external debt rose from less than a billion dollars in 1970 to \$19 billion in 1985, at which point it was having difficulty rescheduling a relatively paltry \$2 billion in insured trade credits in spite of its considerable oil wealth. Nigeria had developed an embarrassing and economically costly external debt overhang.<sup>24</sup>

The implications of the above scenario are two. First is that this worsens the consequence of procyclical spending because government's economic spending and programme are dependent on volatility of oil prices. If oil prices fell, according to Okonjo-Iweala,



“the country was forced into a draconian expenditure compression since it could not borrow to smooth spending as a result of the debt overhang”.<sup>25</sup>The second is that in the midst of debt overhang, governance became a near impossibility, except with high payoffs on the long run supposing there is faster growth in non-oil sector and imposition of higher taxation regimes. Thus the country is in a tight corner.

This situation can be blamed on Nigeria’s inability to open up her space for globalization and internationalization of economy through competitive networking as the Asian Tigers did in the 70s and 80s.<sup>26</sup> But this is quickly countered by Owugah whose arguments centre on the policy of strategic intention rather than close integration which the Asian Tigers adopted and as such imposed on the countries of the South by the institutions of globalization. He further asserts that the success of Asian Tigers was not “anchored on Liberalization and non-government or state intervention in the economy”<sup>27</sup>. Whatever is the case, Nigeria is short-circuited on the benefits derivable from globalization. Okolie argued that Nigeria is not competitive and that the structure is both conservative and dependent as it leans to the Western World model.<sup>28</sup>

The question now is: To what extent has Nigerian Foreign Economic content bettered the lives of her citizens? In answer to this, Okon Uya brings us to the concept of Economic Diplomacy which he describes as the country’s Foreign policy used as an important instrument to better the well-being of Nigerians regarded as essential for the protection of the sovereignty and territorial integrity of the Nigerian state.<sup>29</sup>That was the concept introduced by General I.B. Babangida’s administration in 1987. This added economic dimension to the traditional concerns with Pan African issues and other issues of peace and security. Also, it was in reaction to solving the daunting economic problems the country experienced in the 1980s that Economic Diplomacy was initiated. Also it is an explicit recognition by Nigeria that diplomacy without the economic component is nothing but empty rhetoric. It was so to say an effort in opening up the Nigeria economy that was hitherto state controlled to more private enterprises initiative, non-Nigeria private enterprise into the conduct of foreign policy. Again, it was a venture to remedy the

imbalances in the international economic and monetary systems which adversely affected the continued economic strains of the developing nations. Finally, it was also aimed at the acquisition of the much needed transfer of technologies of production or according more prominence to the middle power as recently evidenced among the newly industrialized Asian and Latin American countries. The idea is that these new industrialized powers could be more willing “to share the technological know-how in the spirit of south-south cooperation”.<sup>30</sup>

However, the efforts of the so called Economic Diplomacy could not affect the needed changes for the technological breakthrough of the country as envisaged. Much as the country had purported to have done to develop her technology, little seems to have been achieved. The technology policies have not gone far enough to remove the constraints that militate against rapid technological development in Nigeria which is a precursor for profit foreign economic content earning the country is in dire need of. Bright Ekuerhare is of the opinion that

“...Private sector operators, particularly transnational firms have hardly contributed towards the funding of research activities in the country. Even the public sector has not fulfilled our technological expectation”.<sup>31</sup> How then, can Nigeria’s foreign economic content be profitable to her is a million-dollar question. Ekuerhare further contends that:

Financial allocations provided for the activities of research institutes have generally been inadequate in relation to their requirements for the fostering of scientific and technological development of the country. Furthermore, not much has been done in the areas of dissemination and commercial exploitation of the results of scientific and technological research. This problem has been exacerbated by the fact that both Nigerians and non-Nigerians have continued to patronize foreign-developed technologies even when such

technologies have been known to be inferior to those developed by local scientists and technologists.<sup>32</sup>

How then can Nigeria export her home grown products to earn foreign exchange when preferences are often given to foreign products even when the products are not better than the indigenous products?

To this, Ekuerhare laments that, “the linkages between the generation of scientific and technical knowledge and the production and service industries in the Nigerian economy has remained very weak”.<sup>33</sup>

## CONCLUSION

It is not only peculiar to Nigeria but to most third world countries especially African countries including Nigeria. Soon after independence, the next challenge was economic decolonization. It was this economic decolonization that made the early independent countries to first align with the parent countries in their foreign policies before they started searching for other international partners in the New Economic Order. We have earlier established how Balewa’s regime seemed to lean more to the British even as it professed non-aligned movement.

However, by the 1970s especially in administration of Gowon who initiated the dominance of Nigeria as a power to reckon with in the West African Sub region through the formation of Economic Community of West African States (ECOWAS) in 1975 with support from Eyadama of Togo; then it was Murtala Mohammed’s regime that radicalized the concept of Nigeria as major factor in her big Brother Africa through her front line roles in the emancipation of countries in South African region especially her championing of economic blockages against the Apartheid South Africa.

Be that as it may, though Nigeria’s global impact was felt in the African region, but on the international scene, because of her economic instability occasioned by fluctuation in the oil market, and her lack of technological advancement, the indices of a strong economic power were absent and that made her an ordinary member of the United Nations with little or no resources but a pariah state.

Abdulahi Mohammed writes that “problem of economic independence are directly linked with the character of the participation of this or that country in the world division of labour.”<sup>34</sup> This assertion was the situation that Nigeria was placed at soon after independence. Mohammed further enthuses that “it was only in the late 1960s and early 1970s that the developing countries attained a sufficiently high level of political consolidation. This enabled them to start up their struggle against imperialist states of the world scene.”<sup>35</sup> Again, with the correlation of forces in the world economy, the developing countries were sort of compelled to jointly work for the possibility of exercising the right that emanated from the national sovereignty they won. However, with the sixth conference of non-aligned countries held in Havana, “economic problems confronting the developing countries have become even more acute while the talks on restricting international economic relations have reached deadlock.”<sup>36</sup>

Whereas, some countries in Asia and Latin America were able to extricate themselves from the international economic classification of developing countries to medium power economic developing economies, through the initiation of internal mechanisms that saw them through. African countries including Nigeria still remain where they are as the sucking babies of the world economic order. Even the so called Economic Diplomacy as enunciated by Babangida’s regime could not do much to free Nigeria from poor foreign policy economic content. Perhaps, this could be blamed on poor infrastructure caused by unbridled corruption and poor political management as evidenced on the lack of will to do the needful.

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