THE "*NEW*" ECONOMIC DIPLOMACY OF THE NIGERIAN STATE, 1988-1993: AN EVALUATION

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ABSTRACT: *The paper examines the doctrine of "economic diplomacy" which formed the bedrock of Nigeria's foreign policy during the General Ibrahim Babangida's regime between 1985 and 1993. The paper highlights the major achievements and failures of the policy during the period under review. Based on its findings, the paper concludes that the failure of the Nigerian state in all ramifications and the conspiracy and hostility of the international environment, combined to frustrate the lofty ideas contained in the 'new' Nigerian economic diplomacy.*

KEYWORDS: Economic, Diplomacy, Evaluation, Nigeria, Policy

INTRODUCTION

The policy of economic diplomacy as a central plank in the correction of the imbalances in the political-economy of the Nigerian state may as well be written off, if one considers the rascality of the operators of the country in the period under discourse. However, for a keen observer and an objective researcher, the policy scored some measure of success between 1988 an 1993. Like in all human ventures, the gains of the '*new*' economic diplomacy should be seen in terms of long and short term perspectives. Policies at all levels take time to mature and in the case of the '*new*' economic diplomacy, expectation of tangible and handsome results may be a tall dream, within a short period of five years that the General Ibrahim Babangida regime operated the policy. However, this observation does not suggest a complete failure of the policy.

One of the most important objectives of economic diplomacy as a state policy was the development of an enduring economy for the Nigerian people, especially through the attraction of foreign investment. This necessitates the reorganization of the Ministry of External Affairs (MFA) and this was complemented at the domestic level by a host of reforms aimed at achieving positive results. These included the adoption of a new investment code whose objective was to make the process of company incorporation easier; the amendment of the indigenization decree of the 1970s to increase the number of foreign investors in the economy; the elimination of bureaucratic `procedures associated with profit repatriation and dividend remittance, and the introduction of new tax relief measures (Olukoshi and Idris, 1991). With this recap, it is easy to discuss some of the gains of economic diplomacy within the period and scope of this thesis.

The policy, within a short time, created a new awareness and interest among the private sector operators, especially in the nation's export promotion drive. The government

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introduced very attractive insurance scheme for exports of both manufactured and agricultural goods. Although, it is difficult to quantify the benefits of these measures in cash values, it is reasonable to submit that it had a multiplier effect on the country's economic growth. The policy of 'new' economic diplomacy was pre-occupied with marketing the Structural Adjustment program (SAP) to the outside world.[*] This brought a modest increase in foreign investments and a little halt in the divestment of foreign investment. As a matter of fact, promotional agencies like Commonwealth Development Authority (CDA) and Canada International Development Agency (CIDA), which had left Nigeria earlier, returned to the country with more vigour (Ike Nwachukwu Years).

During the period, the country's trading relations with the outside world improved in the area of non-oil commodity exports, such that Nigeria's revenue earnings from the sales of non-oil exports increased from ₦1.3 billion in 1987 to ₦2.757 billion in 1988 and ₦2.954 billion in 1989 respectively. The table below speaks for itself.

Table 1: Total value of Non-oil Export Trade, 1987-1991 in billion of Naira

Value of non-oil Export	**Percentage total of Domestic Export**	
1987	₦1,369,229000	8.8
1988	₦2,757,090,000	4.9
1989	₦2,954,400,000	5.0
1990	₦2,800,000,000	2.98
1991	₦4,074,100,000	2.98

Source: Federal Office of Statistics; Central Bank Annual Report for the years quoted.

The slight decline in the 1990 figures as against that of 1989 was not due to the non-performance of the "new" economic diplomacy, it was rather due to the partial deregulation of economy which translated into an increase in non-oil exports to Economic Community of West African States (ECOWAS) and Central African states, through smuggling and other unofficial channels, that were hardly recorded (Ike Nwachkwu year). The relative success of the "new" economic diplomacy was also underscored by the percentage of non-oil export between 1965 and 1990. For instance, the share of non-oil export between 1965 and 1985 declined from 66.1 percent to 3.3 percent between 1981 and 1985. However, from 1986, shortly after the Babangida regime came to power, the figure rose from 3.3 percent to 6.6 percent of total export trade. The table below also clarifies this position.

Table 2: Percentage of Non-oil Export Earnings between 1985 and 1990

Period	**Percentage of oil-export**	**Percentage of non oil export**
1965 – 1970	33.9	66.1
1971 – 1975	84.7	15.3
1976 – 1980	93	7.0

[*] The Structural Adjustment Programme (SAP) and the 'New' Economic Diplomacy were Siamese twins. It is difficult to detach one from the other. Like the Economic Diplomacy, SAP was another Economic package for Nigeria's economic recovery, with particular reference to national interest: But the operation of SAP never reflected the aspiration of the Nigerian people, as it was implemented with all the unpalatable IMF conditionalities.

1981 - 1985	96.7	3.3
1986 – 1990	93.4	6.6

Source: CBN Annual Report for the years quoted.

Our data has clearly shown that the 'new' economic diplomacy did awaken the export consciousness of Nigerian entrepreneur. In African and indeed in West African sub-regional markets, it was not out of place to find Nigerian products on sale. For instance, in 1990, the total volume of Nigeria's trade with ECOWAS rose from ₦6.4 billion to ₦7.2 billion in 1991(Nwachkwu Years).

At the level of foreign investment, the policy of economic diplomacy had its impact in our period. For example, in 1985, the aggregate foreign investment inflow stood at ₦6 million, but by 1986, it had increased by about 36.6 percent to ₦9.313 million. With about seven percent increase in 1987, the foreign capital inflow into the country increased to ₦9.993 million (Akinterinwa, 1991). This achievement was partly consolidated by the establishment in 1989 of the Industrial Development Cooperation Council (IDCC), specifically to register foreign businesses in the country. Within a short period, the Nigerian government was able to grant over 260 approvals for joint ventures involving foreign equity participation and 16 approvals were equally granted to foreign companies which own 100 percent equity share. In the same vein, 1,209 expatriate quota positions, 36 pioneer status certificates, 96 approved status-in-principle and 3 technical management fee agreements were recorded.[7] Therefore, in our period, more foreign investors were interested in establishing businesses in Nigeria. Indeed, 85 percent of the 136 allocations of land acreage for oil prospecting, made by the Nigerian National Petroleum Corporation (NNPC), were taken up by foreign investors.
In addition, the return of Commonwealth Development Corporation (CDC), and the British Petroleum to Nigeria was equally a positive development in Nigeria's attraction of foreign investment. The 'new' economic diplomacy had been partly responsible for the increase in the amount of grants from Japan to Nigeria, in the same period. According to Bola Akinterinwa:

Japanese aid grant was generally low until 1985….Total aid, including technical cooperation grant, was not up to three million dollars in any year in the period 1980 through 1986, save in 1981 when Nigeria was given $4.79 million. The total value of Japanese grant in the period 1980 – 1986 was $16.92 million, while in 1987 and 1988 Nigeria received $13.09 million, and $32.84 million respectively …. The sharp increase in grant from a low level of $2.75 million in 1986 to the 1987 and 1988 figures seems to be due, at least in parts to Nigeria's economic Diplomacy (Akinterinwa, 2000).

It is not however interesting to note that the modest achievements of the 'new' economic diplomacy did not come so easily. The achievement came in the way of squeezing water from the stone because right from the beginning, the government, due to inconsistency in economic policies and lack of transparency in the running of the state apparatus, did not give the programme a chance to survive. In other words, there were many obstacles lined in the way of the successful operation of the 'new' economic diplomacy. One of the very serious and fundamental obstacles to a successful operation of the 'new' economic diplomacy was the absolute lack of knowledge and understanding of the management of the state by the political class. Under this circumstance, development as a process hardly entered into the calculations of the managers of the Nigerian state.

Indeed their parochial interests have always been seen as the development needs of the Nigerian people. For instance, in the years Nigeria had existed, including the period under discourse, the country had always possessed all it required to transform the country into one of the leading industrialized nations in the world. According to Daniel Omoweh:
With a viable economic base, robust urban centres, huge revenue from oil production and export, attractive economy, to the transnationals, nascent but vibrant capitalist culture and influence in world affairs in the 1970's, Nigeria would have fully exploited the chances offered by the global economic order and power to become a great country by the 1990s (Omoweh, 2000)

These were the opportunities the '*new*' economic diplomacy was to harness for the development of Nigeria, but they were squandered because the political class placed their selfish interest above the overall development of the Nigerian people. The managers of the Nigerian state did not see politics as a call to serve the people but as a veritable means to amass wealth. This attitude obviously alienated the mass of the people and thereby distanced themselves from government policies and projects.

At the global level, the response to Nigeria's 'new' economic diplomacy was not as enthusiastic as the Nigerian government envisaged. This was also due to inconsistent and incoherent domestic policies, lack of infrastructural facilities and insincerity in government circles, leading to massive corruption in high places. In the face of these problems, the attitude of foreign investors was not surprising. Various global investors had to re-design their strategies in the face of rampaging globalization. In this regard, Nigeria and indeed the major part of African region counted less on the scale of preference of the global investors. Therefore, for the simple reason of lack of security of life and property, almost non-existent good forms of transportation and energy supply, corruption and other financial crimes, the global investors diverted their capital and invested it in Europe, the Americas, the new and dynamic economies of Asia and the Pacific states. In general terms, it was a period; Nigeria started to witness a process of divestment, particularly by the Japanese and the American investors, in preference for other dynamic economies. In spite of the numerous investment incentives articulated by the 'new' economic diplomacy regime, Nigeria suffered a general capital flight. For instance, Chase Manhattan, Citicorp and Messrs Jonffrieau International, were among the foreign investors that left Nigerian economy in our period (Amale, 1991 and Amale 2002). Therefore, investment withdrawal and diversion brought serious stress on the 'new' Nigerian economic diplomacy.

The 'new' economic diplomacy was also expected to encourage Nigerian business groups to shop for partners and then invest more both at home and abroad, but this was not to be as they preferred, just like their friends in governments, to own property in choice areas of western countries. Even the state sponsored attempt, through the NNPC, to shop around the world for petroleum-related investments outlets did not produce significant results. It in fact, did not signify the emergence of a new economic trend in the domestic business community strategy because the private sector operators and the so-called dominant class" in the society were only interested in investing their money in buying and selling ventures. In other words, it is disheartening to note that in Nigeria, a debilitating number of the elements in the propertied class were not engaged in production but in commercial activities and these were done in collaboration with the Multinational Corporations –MNCs (Osoba, 1991). Manufacturing activities by the dominant class of the society, did not have any profound fundamental impact on the economy. They and not the industrial producers have captured the Nigerian state. Writing on the dominant class, Segun Osoba submitted that:

The Nigerian national bourgeoisies that has usurped the power of decision making over the nation's economic, social and political life is a class largely made up of agents. We also recognize that apart from being pre-programmed by foreign monopoly capital to perform as commission agents, members of the Nigerian bourgeoisie are recruited by these foreign investors to their boards of directors essentially to play the role of political power brokers between them and the Nigerian ultimate decision makers…(Olukoshi, 1991).

At the level of the performance of the economy, the government had always paid lip-service to the development of manufacturing sector. Much of Nigeria's manufacturing exports took place within the West African Sub-region and the volume is largely unrecorded as the business was carried out primarily by informal sector groups, especially the women traders. Manufactured exports to Europe, North America and Asia remained an insignificant part of the country's overall external trade profile.[13] Thus, the structure of Nigeria's domestic production, especially of primary commodities, were such that the country was unable to respond rapidly and positively to the opportunities provided by the 'new' economic diplomacy.

One other fundamental problem of Nigeria's 'new' economic diplomacy was the hostility of the international environment and the dependent character of the Third World nations in general on the industrial north. There is no gain saying that the international environment has always been very hostile to the realization of the economic goals of the underdeveloped south. This was evident in the refusal of the industrialized north to assist the developing and the under-developed south in its quest to create a New International Economic Order (NIEO) to aid the south's economic development. Even in such cases where the south had tried to flex its economic muscles, as in the case of the Organisation of Petroleum Exporting Countries (OPEC), the developed countries perfected their strategies to undermine the cartel (Olukoshi, 1991). This had been made possible because of the dependent character of the process of external economic relations. Therefore, at the heart of the constraints facing the government's project of 'new' economic diplomacy were these hostilities of the international environment and dependency, which given Nigeria's position in the new international division of labour set limits on what could be achieved (Olukoshi, 1991).

In addition, political instability, corruption, lack of transparency and sincerity in the regime's implementation of economic policies, also worked against the successful implementation of the country's '*new'* economic diplomacy in our period. Besides these, one fundamental error of the regime and which of course, scared away both substantive and potential foreign investors, was lack of transparency in the regime's transition to civil rule programme, which culminated in the annulment of the June 12, 1993, general elections, widely acclaimed as free, fair and credible and which was believed to have been won by Chief M.K.O.

CONCLUSION

In the final analysis, the failure of the Nigerian state in all ramifications and the conspiracy and hostility of the international environment, combined to frustrate the lofty ideas contained in the 'new' Nigerian economic diplomacy. However, for the Nigerian state to fully realize its great potentials for the benefit of the people, the managers of the country should have a change of attitude and put Nigeria first in all respects. The government at all levels and individuals should be fully involved in the fight against corruption, which has become a malignant tumour in the medulla of an average Nigerian. At the level of the economy, the government should encourage the industrial class and not the merchant class, to produce more goods at home, as it is on their shoulders the realisation of government's international economic objectives rest. In this regard, once the Nigerian state is able to put things right in the area of culture, politics and the economy, the international environment would be forced to relate with the country with a lot of respect. It is in search of relevance in the international environment and in the continuation of actualisation of its Afro-centric policy, that Nigeria, leading other West African states, ventured into the Liberian crisis, to build peace and restore democratic governance.

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