

Research article

THE CHALLENGES AND PROSPECTS OF TRANSITION TO ECONOMIC DIPLOMACY IN NIGERIA 1985-1993

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Abstract

Foreign Policy as an act of internationalizing domestic resolve is cardinal to the realization of national interest of a given state. This paper posits the view that in the past, Nigeria paid little attention to the economic factor in the conduct of its foreign relations. It was not expected that Nigerian Diplomats would be involved in economic activities or complex and highly specialized negotiations globally. When the Nigerian Foreign service was established in 1957 very little thought was given to the importance of the economic factor in foreign policy or diplomacy. The emphasis was on political, education and consular affairs. The change of emphasis from political to economic issues occurred in 1985-1993 during the Babangida's military regime. **Copyright © WJPDIR, all rights reserved.**

Introduction

Diplomacy as a word is many a times subjects to a number of misuses and confusion. (Nicolson, 1969:3-4). At times it is used as a synonym for foreign policy yet there is a wide agreement that its proper meaning has to do with the manner in which international relations get conducted. Along this direction, there is a wide acceptance of the Oxford English Dictionary meaning that conceives diplomacy as “the management of international relations by negotiation; the method by which these relations are adjusted, and managed by ambassadors and envoys; is the business or art of the diplomatist”.

While this conception of diplomacy can still be subjected to the controversy of the other, a basic point that comes out of it is that diplomacy is a means to an end. It is an instrument amongst other instruments – that can be adopted for the realization of the foreign policy objectives through agreements that are peacefully arrived at. The emphasis on peaceful does not mean that a veiled threat of force or some other power capabilities in the arsenal of a state becomes irrelevant once the diplomatic option is embarked upon. In fact, diplomacy more often than not is “interspersed with the threat of coercion; and it always depends in some degree of the power, whether military, economic, moral or deriving from association with others, of the state for which the diplomat is acting, (Benton, 1964: 472).

Economic diplomacy is a type of instrument in the effort of a nation-state to realize its objectives at the international level. As such, Economic diplomacy is not a policy but a peculiar modality for the attainment of a policy. It is against that background of the general conception of economic diplomacy that we can assess the efforts of Nigeria at the international level. We shall look at some of the clamour for economic diplomacy. (Ogwu, J. and Olukoshi, 2001).

Economic diplomacy simply means diplomacy that focuses on the economic variable of international relations. Unlike political diplomacy, economic diplomacy involves bargaining and reconciliation of the economic interest of the states concerned. The subject matter of economic diplomacy usually includes trade and commerce between or among nations. In the present day system of globalization, many states and governments now engage in what has been called economic nationalism, that is to say governmental direction and control of foreign economic matter. The aim is to achieve the state economic, political or security objectives by protecting the domestic market, increasing trade opportunities abroad, thereby making or attracting foreign investment. (Akinsanya 1980:16).

In the process of this, the personnel of a country’s foreign ministry, diplomatic missions and ministry of finance are usually involved. Usually, talks are arranged among states’ representative to iron out difficulties in the way of trade or mutual economic co-operation. During such talks the economic policies and interests of the states are explained as conflicting interests are reconciled and agreements are entered into for mutual economic benefits (Daudi & Dajani, 1985:76).

The primary objective of what we now term Economic Diplomacy is to articulate the improved investment climate in Nigeria, abroad and to explain the numerous incentives. Nigeria has put in place the efforts to encourage and induce the flow of capital for remarkable and profitable investments, (Nwachukwu, 1989:7-9).

During the Babangida regime, economic diplomacy was a new thrust of Nigeria foreign policy. The basic objectives were the fostering of great inflow of foreign capital and the expansion of foreign trade. A correct interpretation of the above position is one that sees economic diplomacy as an aspect of foreign policy. Thus, in this sense, economic diplomacy appears to be a new objective. (Afoegbu, 1958:67).

The word diplomacy has been used by many scholars to connote or denote different meanings. It is sometimes used to mean foreign policy, for instance, Nigeria foreign policy in South Africa. At times, it means for negotiation as when one talks of resolving a conflict through careful and patient diplomacy. There is also a popular usage of the word to denote a special skill of tact, care of politeness or in an unsavory sense. In such a manner, a person is said to be very diplomatic.

Diplomacy and Economic Diplomacy a Conceptual Analysis

None of the 12 original officers recruited into the Foreign Service in 1957 had a background in economics. At the time, this was not necessarily a limitation. One of the early recruits into the foreign service, late Ambassador Leslie Halriman, read Zoology at the then University College, Ibadan, but proved to have been one of Nigeria's ablest Ambassadors, particularly when he served at the United Nations, New York. But most of these early recruits came from diverse background to a profession in which it was thought, special skills were not needed. Their subsequent training abroad in various institutions focused mainly on routine diplomatic and consular work and the acquisition of foreign languages. (Ogwu, J. and Olukoshi, 2001).

This was not altogether surprising as the world economy was less integrated and complex then than it is now. Even before Nigeria became so dependent on its oil exports, its agricultural produce such as cocoa, groundnut, palm oil and cotton were the mainstay of the economy. It found a ready market in Britain through the commonwealth tariff preference arrangement which gave a sort of guarantee that exports from the former British colonies would gain free entry into Britain and other commonwealth countries. Under that arrangement, Nigeria did not need to look for new markets for its products. Some level of investments in the Nigerian economy was generally low, but then the structure of the economy was more balanced as it depended largely on the export of agricultural exports which accounted then for over 50 percent of Nigeria exports. In addition, with its poor physical and social infrastructure, Nigeria lacked the absorptive capacity for a higher level of foreign investments in its domestic economy.

Modern diplomacy now requires versatility in a wide range of matters that diplomats did not handle only a few decades ago when diplomacy was a more leisurely profession. Diplomacy is today less a socially glittering profession than it used to be. Consular and economic affairs have increasingly replaced political affairs as the main preoccupation of diplomats everywhere.

Nigerian Diplomats instead of interacting more with their host heads of state and his ministers will do better by interacting more with their host business community. Indeed, most countries including the advanced industrial countries now assess their diplomats by their success in meeting set targets for trade promotion and exports. This trend makes diplomacy more practical and more down to earth than ever before.

Nigeria Diplomats that are confined largely to bilateral diplomacy should try to explore the economic opportunities available in their host countries so that it would be beneficial to Nigeria Diplomats are now required to

perform a range of new functions that they were not required to handle only a few years ago. The more traditional aspects of diplomacy, which involve briefing the government of the sending state on major political developments in the host countries, are still very important. The governments of the sending state need to be regularly briefed, confidentially and privately about major developments around the world.

However, in this age of rapid global communications some of the information that diplomats will be sending to their government will already be in its possession through the global media. This does not impair the usefulness of diplomats or imply that there is less need for them to be sent abroad. Having a man on the ground in the various capitals of the world is not simply a question of national prestige or symbols. Vital national interests have to be identified, defended and promoted by the man on the ground. This is why he is sent to “lie” (reside) abroad as his country’s representative.

The essence of Economic Diplomacy

The essence of Economic diplomacy was that previously Nigerian diplomats abroad were pre occupied mainly with political concerns in the country’s policy. The Babangida’s administration was aimed at elevating the economic interest of the country to the fore in Nigeria dealings with other nations. It was targeted at bringing national economic problems into the focus of Nigerian foreign policy. It was also aimed at the harmonization of the administrations domestic and foreign policy goals.

Since the national economy was weak, the Babangida government wanted to advance the course of national economic recovery. This entailed negotiations and activities that will attract both foreign investments and other assistance required for the successful accomplishment of the national economic goals. It was a policy orientation that was geared to advancing policies and strategies that were to promote Nigerian self-reliance. In furtherance of this objective, the administration was to take measures to reduce the fears of foreign investors by enhancing the investment climate in the country, (Nwachukwu, 1988:4).

More significantly, it was also aimed at expanding Nigerians external trade and luring of foreign investment. The role for economic diplomacy is to seek a number of international leaders that could boost negotiations towards genuine debt relief.

As already stated, most countries, including the advanced industrial countries now assess their diplomats by their success in meeting set targets for trade promotion and exports. This trend that was not there during the Babangida administration makes diplomacy more practical and more down to earth. (Onoh, 1972:211).

Economic diplomacy is necessary because it ensures massive capital inflow into the economy. The economic diplomacy under Babangida was also intended to give something of an elixir to a debt-ridden country which could still obtain more credits and win more favourable debt-rescheduling through better sales of commodities. The Structural Adjustment Programme (SAP) though a mirage was to promote the importation of more spare parts and raw materials for the industries. (Santo, 1956:54-55).

Nigeria's foreign policy elite sometimes fail to recognize the futility of the west serving as the key to the country's economic development- a role it has been "playing" since the Balewas's era when 50% of the country's budget was formed by proceeds from economic diplomacy with the United Kingdom.

By the same token, under the Babangida regime little thought was being given to how the country's security and economic interest could be safe guarded vis-à-vis multinational corporations that are seemingly becoming more rapacious and exploitative. The country's economic diplomacy during the Babangida era offered generous incentives, one of the most important being tax holidays in pioneer industries for five years, depending however on the volume of investible capital. (Ajuko, 1975;465).

In yet another development, the satisfaction of foreign investors seemed paramount in the mind of the authors of the foreign investment code. It was an attempt to remove the obstacles to profit repatriations by foreign investors. The scheme was also aimed at increasing the rewards, stimuli and incentives to those who tried to re-invest their profits in the priority sectors of Nigerian economy, (Gordon, 1977;31).

Nigerian economic diplomacy under Babangida was also aimed at granting what foreign investors wanted. It was an era of bread and carrot diplomacy followed by a liberalization policy with incentives for investors. Obasanjo Olusegun, Ex Head of State described S.A.P. in 1987 as "the worst enemy Nigerians ever had to face, because, since the introduction of S.A.P., corruption has become uncontrolled and uncontrollably pervasive. Anything and anybody can now be settled for inside and outside Nigeria and corruption in Nigeria is as if it has been legalized or as a way of life".

The main features being a market determined exchange rate. Accessibility to foreign exchange, privatization of government owned enterprises, free guarantee of repatriation of profits and dividends. (Wallace 1974:25).

More specifically, the French authorities, while according Nigeria a loan of \$24 million in early 1990, entered into a joint agreement with Nigeria on mutual protection of investments and prevention of double taxation. But France was not only interested in reciprocal protection of investments. She also ensured that part of the agreement included the provision of compensation to be paid to her ventures by Nigeria. Moreover, all new French investments are to be protected for years and old ones, for ten years subject to ten-yearly review. It appears that nothing was said about what should be Nigeria's reaction if before the expiration of the period indicated, Nigeria realized contradiction between the terms of the agreements and her national interest. (Adedeji, 1977).

During the period of SAP, there were little in terms of legal system to protect the country's national interest. In fact, at Kuru conference in April 1986, General Babangida gave what appeared to be a rough approximation of an inward-looking national interest.

According to Babangida (1988,240), "our foreign policy should focus on our capacity as a nation to protect our internal values from external threats no matter what form the latter may take or from what quarters they may

take or from what quarters they may appear". The expected result, as conceptualized under the Buhari administration was the promotion of the economic and social well-being of Nigerian (Aluko, 1976:61).

Economics and trade have not always formed important parts of Nigeria's diplomacy and international relations. Issues of foreign trade, foreign economic assistance, external aid, foreign loans, regional economic groupings and size and complexity of Nigeria's foreign loans, the rescheduling of these loans and counter trade were not the subject matter of economic diplomacy. A solid, stable and growing economy for sustainable development and new initiatives and drive in foreign policy has not been the significant parts of Nigeria's economic diplomacy.

Recently Nigeria has experienced the helplessness, impotence and frustration in foreign policy as a result of weak and debt-ridden economy that is be-devilled by unemployment, inflation, hunger and declining industrial growth.

In spite of these features, economic factors and considerations did not until recently assume primacy in Nigeria's foreign policy over essentially political problem. In Nigeria today, the way the term is now being used, economic diplomacy simply means that diplomats should engage themselves and focus more on economic activities that promote the trade and foreign investments of their country. But the idea of economic diplomacy is not entirely new.

For instance, Economics and trade have all long formed important parts of Nigeria's diplomacy and international relations. Issues of foreign trade, foreign economic assistance, external aid, foreign loans, external grants, and regional economic grouping and recently, the size and complexity of Nigeria's foreign loans, the rescheduling of these loans, debt equity swaps, countertrade, the quest for a new world international economic order, relations with the group of 77 poor nations, the European community, the 7 major industrialized nations have been features of Nigerian foreign policy agenda in the past three decades 1960-1990. Everywhere, the emphasis is now on economic diplomacy.

Increasingly, diplomats are being asked to focus more on what is now referred to as economic diplomacy rather than on political matters. Now what does this evolve, and what are the sources of this change in traditional diplomacy?

The old slave trade, imperialism and economic nationalism are all instruments in international relations. Nigeria's diplomats are now expected to begin to pay more attention to the economic aspect of their job. Recently, the U. S. Secretary of State – Mrs. Hilary Clinton, urged American diplomats abroad to look for markets for American products as the U. S. is still the largest economy in the World, increasingly faces the prospect of economic decline. She specifically cited the case of Chinese, India and Brazilian diplomats who aggressively look for new markets and contracts for their countries abroad.

The conduct of foreign relations is very expensive as it involves the running of many embassies abroad. Nigeria has over 100 embassies abroad. And one of the major criticism of Nigeria's foreign policy is that its contribution to the economic growth of the country is not so self evident.

Many critics now demand that the Nigeria Foreign service must justify its pay. Nigerian embassies are expected to justify their costs by taking practical steps to promote the country's economic interest abroad. Without economic growth new jobs cannot be created in the domestic economy and the appalling mass poverty in the country reduced. This places a lot of responsibility on diplomats as it requires a deep knowledge and familiarity with major global economic, trade and financial issues.

The Challenges and Prospects of Babangida's Economic Diplomacy

Economic diplomacy during the Babangida regime since 1988 was an object of foreign policy. It was intended to serve a dual purpose. More significantly it sought to obtain foreign support and IMF loans to diversify the country's oil-dependent export economy and to bargain for the reduction in the country's debt burden and interest payment. (Abraham, 1985:240).

Besides, the economic diplomacy during the period was also intended to lessen the structural weakness of the economy. One way of doing so was through the attraction of foreign investments into the country. It should be clearly stated that economic diplomacy is not just the diplomatic counterpart of the Structural Adjustment Programme (SAP) which was the foreign policy thrust of the Babangida administration. Nevertheless, economic diplomacy has no independent life of its own outside SAP. (Adedeji, 19889).

The Structural Adjustment Programme was a policy which sought in theory to put Nigeria's economy on the path of self-sustaining growth and development. It was a practical step to promote Nigeria economic interest abroad through import substitution. In order that the scheme should work diplomats abroad should have engaged themselves and focus more on economic activities that were to promote the trade and foreign investments of Nigeria.

If the functionality or utility of economic diplomacy in terms of its potentiality was properly managed, it would have attracted foreign investments to Nigeria. It failed to augment Nigeria's investment abroad mainly because foreign investors were not keen in doing business in a non-democratic or military regime. The possibility of Nigeria opening up new markets in parts of Asia and Africa in particular and Europe in general was remote mainly because the Nigerian diplomats abroad did not set targets for trade promotion and exports. They did not explore the economic opportunities available in their host countries that could be beneficial to Nigeria.

Nigeria diplomats in foreign countries were mainly concerned with the traditional aspects of diplomacy, which involve briefing their government on major political developments in their host country. (Osagie, 1987;10).

Indeed governments need to be regularly briefed, confidentially and privately about major developments around the world. But in this age of rapid global communications, some of the information that the diplomats will be sending to their government will already be in its possession through the global media. This does not impair the usefulness of diplomats, or imply that there is less for them to be sent abroad.

If it was hard for the ruling cliques to ensure the people's all-around development even when the oil boom lasted, it is harder still now when economic recession and organized corruption have worsened and deepened the debt crisis. Incidentally, the Nigerian economy has always been an open one, dependent on external variables and conditions. The near total effective foreign control over the Nigerian economy had serious consequences. For instance, there were the questions of what to produce, with which machines, using what raw materials, who is to manage the operations and at what costs. All these were left to foreign or technical partners as they are called. (Abba et al, 1985:57-8). The end-result was the massive over-invoicing, transfer-pricing and excessive consultancy fees, collected by the foreign mother country. (West Africa 1990:1077-8).

External response to Nigeria's Economic Diplomacy

When Major-Gen. I.D.S. Nwanchukwu stepped into the shoes of Prof. Bolaji Akinyemi in 1987 as foreign ministers, he introduced a new policy thrust coded economic diplomacy.

Nigerian delegations have been sent to many countries to explore opportunities for economic and technical co-operation, particularly in terms of new export markets and foreign investments. For instance, in September, 1988, delegations from the private and public sectors went to Japan, as at March 10, 1989 to redeem her pledge of \$200 million to assist in the achievement of Nigeria's economic programmes. It is worthy of note that Japanese aid grant was generally low until 1985. Coincidentally, or as a result of Nigeria's economic diplomacy, Japanese grants to Nigeria began to increase in amount as from 1986, and significantly as from 1987.

Total grant aid, including technical co-operation 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 \$37.84 Million respectively. (Moore 1985:261).

The response of Brazil is different from Japan. The economic situation in Brazil does not encourage Brazilian investors to come to Nigeria especially at the bilateral discussions on the government.

Conclusion

Our major argument is that economic diplomacy during Babangida's military regime was a very important factor in international relations. It was a tool of international politics. The tool of Babangida's economic diplomacy was in the use of Structural Adjustment Programme (SAP) for the diversification of the economy via non-oil exports and export drive.

However, the promise has not and could not hold given the context, element and logic of Structural Adjustment Programme (SAP). We have also shown that the new foreign policy was relevant but it failed in Nigeria because of the core element of Structural Adjustment Programme (SAP) namely trade and payments liberalization. The sole beneficiaries have been commission agents, like the oil boom phenomenon, SAP created a new class of contractors and business men; pari pasu with outright impoverish of the middle class. Finally, the debt management could not be sustained for long at the expense of a hungry and dying population.

The paper also stresses the need for a changing role of Nigerian diplomats abroad. There is the need for practical steps to promote the country's economic interest abroad, ensure economic growth and new job creation.

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