

edited by

Toyin Falola and Julius O. Ihonvbere

NIGERIA AND THE INTERNATIONAL CAPITALIST SYSTEM

GSIS Monograph Series
in World Affairs



THE UNIVERSITY OF DENVER

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ONE

Domestic Economy and Foreign Policy

TOYIN FALOLA
JULIUS O. IHONVBERE

This chapter examines the limitations of the orthodox approach to the study of the foreign policies of underdeveloped societies and advocates the need for a radical, political-economy approach. It also outlines the theoretical framework employed in this book as well as the linkages between all subsequent chapters.

Domestic Economy and Foreign Policy

Studies of the foreign policies and international relations of African societies have developed in both number and sophistication since the 1960s when these societies began to gain political independence. Perspectives, prescriptions, analyses, and projections since the 1960s have been largely dominated by the orthodox approach to the study of foreign policy and international relations. However, the euphoria of political independence and the failure to meet the aspirations and expectations of the majority after independence have combined with other factors and forces to stimulate alternative approaches utilizing a critical mode. The 1960s studies denied the existence of both social classes (and, consequently, class struggle) and the link between economics and politics. Initial efforts in the 1970s to recognize and project these phenomena failed to capture the fundamentals of state and class struggles, social contradictions, and capital formation and accumulation, or how these influenced, affected, and determined foreign policy initiative and action. Efforts to

comprehend these phenomena were constrained by the utilization of traditional concepts, tools of analysis, and methodologies. Such traditional methodological tools or approaches include the separation of the subsystem from the totality of the system by emphasizing major foreign policy developments, issues, personalities, institutions, and specific aspects of political development.

The radical mode, which continues to challenge traditional approaches, generally examines the state, social classes, contradictions and constraints within the international division of labor, the "specificity of the political" within the political economy, the social history of the formation, and so on. Although the orthodox perspective recognizes the subsystem, its neglect of the external environment, the tenuous connection between the superstructure (world system) and substructure (local dynamics), and the specific forces that contribute to the persistence of the system has led to superficial prescriptions and projections that have had significant and far-reaching consequences on policy development and consistency in policy execution.

Though orthodox studies concentrating on modernization, colonial experiences, ideology, resources, and so on have attempted since the 1960s to identify and describe the trends and directions of foreign policy initiative and action in peripheral societies, the intellectual orthodox tradition is not very rich. Even in the face of the numerous crises and conflicts confronting the African continent, the orthodox school has stuck to its tools of analysis. While a few scholars have attempted minor revisions, they unfortunately do not correspond to the levels of change and crisis in the continent. As Chris Allen notes, "Most international relations work on Africa can be safely neglected. . . . There are also very few studies of African foreign policy that are not both theoretically crude and largely descriptive" (Allen, 1976: 298, 301). Given its largely descriptive, behavioral, and superstructural focus, the traditional perspective has been unable to provide a consistent and holistic framework within which to understand the extent to which the domestic economy influences and conditions foreign policy. Orthodoxy's ideas of dependence and interdependence as analytical, and perhaps more appropriately, synthesizing, concepts have not been able to fill the gap either. While both have been very strong in the analysis of exchange and accumulative relations at the superstructural level—international organizations and financial institutions and so on—their grasp of how the dynamics of the

internal relations and forces of production, distribution, and accumulation condition foreign policy is weak. Recommendations of total disengagement with the world capitalist system are often not related to the dynamics and directions of class struggles, the nature of the state and the bourgeoisie, and those changing internal and external configurations that significantly influence foreign policy. This world system perspective is reflected in the work of Immanuel Wallerstein:

To understand the internal class contradictions and political struggles of a particular state, we must first situate it in the *world economy*. We can then understand the ways in which various political and cultural thrusts may be efforts to alter or preserve a position within this world economy which is to the advantage or disadvantage of particular groups located within a particular state (Wallerstein, 1975: 16).

This approach to the understanding of internal and external dynamics and relations is flawed. The specificity of the history of a particular formation, the nature of social forces, their accumulative base, the nature and power of the state, and dominant forces—these, more often than not, determine position, participation, and power within the world system. The world system approach is ahistorical in that it locates the roots of contradictions, exploitation, expropriation, and class struggles at the sphere of exchange rather than production. If, as it is generally acknowledged, foreign policy reflects *internal* socio-economic and political arrangements, then a more historical approach to the analysis of foreign policy would be the reverse of Wallerstein's formulation.

If we are to transcend orthodoxy, description, and the broad world system approach without denying that contraction and expansion at the superstructural level, the pattern of incorporation, and reproduction also affect the substructure, a political-economic or materialist approach to the study and analysis of foreign policy must be adopted. This radical approach emphasizes the substructure as the starting point of analysis, utilizing a materialist framework. The mark of the political-economy mode is its serious and sustained attention to the economic as well as the political; but within this mode "economy" is defined in terms of exchange (especially international) and institutions (especially financial) rather than production and contradictions. In the more Marxist, materialist mode, the emphasis is more sub- than super-structural and the primary focus is on modes

and relations of production.

This distinction between a political-economy mode and a materialist mode is essential given the recent revisionism within the orthodox school, which has hitherto denied the existence of social classes, class contradictions, and struggles, as well as the linkages between economy and politics. This school has now come to accept these concepts and dynamics as real in Africa and other Third World societies, particularly the existence of rising social contradictions, challenges from the non-bourgeois classes, and the inability of dominant forces to impose a viable hegemony on society. Unfortunately, the recent acceptance of the linkage between economics and politics has not included an understanding of the essence of the relationship or how it has affected foreign policy initiative and action, and this failure has continued to dichotomize economic and political dynamics. More important, however, is the fact that the "interdependence" body of literature that emerged from this school of thought has been dedicated to blurring the differences between center-dominant countries—and periphery-dominated ones. In fact, this perspective has attempted to identify areas of common interest—sometimes very broad and vague ones, such as world peace and stability—which both rich and poor countries should strive to maintain. However, any general study of international exchange relations, international institutions, world military and political relations, and the history and nature of contacts and relations between developed and underdeveloped societies would reveal that an attempt to explain and project foreign policy through the "interdependence" perspective would at best be superficial and even apologetic.

The more radical materialist perspective, however, has sought to go beyond orthodoxy by transcending these limitations. It is

a theoretical framework that focuses on conflicts, that assumes there are systematic connections among production, power, stratification and ideas, that asserts that outcomes are neither largely structurally determined nor largely the result of individual behaviour, that regards history as dialectical and contradictory, and that presumes that both the dialectic and the contradictions can be understood (Samoff, 1982: 49).

This approach, which takes its roots from the dynamics and contradictions within the substructure, facilitates the understanding of changeable patterns of exploitation and expropriation and

of types of regimes and ideologies, and projects these into the role of a specific economy in the international division of labor. Specifically, the materialist approach to the understanding of the economic dimensions of foreign policy covers aspects of:

1. how the historical development and experience of a specific formation has shaped its foreign relations and policies;
2. how the specificities of the formation have conditioned the nature, content, and context of foreign relations;
3. the extent to which the patterns of incorporation and reproduction within the international division of labor influence foreign policy initiative and action;
4. the extent to which the development and organization of social forces within the formation have influenced external relations;
5. the relationship between the contradictions within and between social classes and the domestic basis of foreign policy initiative and action as well as the external manifestations of such contradictions;
6. the historical and political basis of the alliances or relations between internal dominant forces and external forces as well as the issues and relations which have nurtured, deepened, and reproduced (or otherwise) these relations. This would involve how the nature of the peripheral state, the bourgeoisie, the accumulative base of the bourgeoisie (its fractions and factions), and the relative internal strength of foreign capital have continued to condition and determine policy initiative and action;
7. how the pre-colonial, colonial, and post-colonial alignment and realignment of social forces both internally and externally have influenced trends, developments, and initiatives in the area of foreign policy and how these have determined the enthusiasm and resolve with which internal and external policies have been pursued.

These aspects of society, studied in a materialist framework, would go beyond the traditional concentration on individuals and institutions. The extent to which foreign policy fluctuates with cycles of prosperity and contraction within the economy, the fundamental basis of inconsistency and discontinuity, and the constraints on the formation of new alliances both internally and externally would be presented with a higher degree of clarity

and consistency.

The radical materialist mode of analysis recognizes the fact that the domination of the foreign policy process of peripheral societies by single individuals, the constantly changing nature of regimes and governments, the problem of change and ideological clarity, and the relative newness of most of the states in Africa, have contributed to a lack of consistency and continuity in foreign policy. However, the materialist approach contends that these problems are in reality only manifestations of more fundamental structural factors which arise from the pattern of class relations in the spheres of production and exchange. The distortions of the political economy in the period of "informal empire" (i.e., before the establishment of formal colonialism) and in the colonial and neo-colonial periods following it, have laid an internal foundation which imposes major constraints on the level and pattern of internal and external autonomy exercised by the peripheral state and bourgeoisie. Thus, external relations—negotiations at the United Nations and other international organizations, interpretations given to non-alignment, relations with mini, medium, great and super powers, enthusiasm at negotiations on the establishment of a New International Economic Order (NIEO), and so on—all reflect the pattern of organization and power relations within the local economy.

Within the African continent it is possible to observe certain sources of constraints, arising from the nature of the domestic economy, that have significant effects on foreign policy formulation and execution. With the establishment of formal colonialism and the structured incorporation of the various formations into an unequal international exchange system, institutions, structures, and processes that contribute to and reproduce metropolitan domination were established and routinized. Post-colonial contradictions that have militated against class formation and crystallization, political stability, and capital accumulation have been generated by the following:

- the distortion and disarticulation of the local economy
- the introduction of elements of capitalism
- the underdevelopment of the local dominant class
- the nurturing of a weak and unstable state
- the inability of the metropole to completely destroy the pre-capitalist mode of production
- the orientation of the local economy to meet the needs of the metropole

- suppression of local initiative
- the looting of the colonized economy
- the introduction of an alienating and exploitative educational system
- the establishment of an unproductive and oppressive military organization
- a civil service that was structurally out of tune with the objective level of development.

These conditions have been maintained by the largely unproductive *comprador* and petty bourgeois class that captured political power in the period of transition to neo-colonialism. Occupying a lucrative but essentially ineffective role in an unequal exchange system both locally and internationally, the bourgeoisie have been unable to initiate and implement policies that would directly or indirectly affect either the foreign interests who are their mentors or the home governments of the corporations, since these policies would simultaneously undermine their positions as shareholders, legal advisers, partners, political consultants, agents, and so on. The technological underdevelopment of African countries, their dependence on foreign aid to keep development projects afloat, and the maintenance of a neo-colonial educational system, which continues to promote domination and exploitation of the majority by a tiny minority, have all combined to ensure the military weakness of these countries, their inability to meet the basic needs of their peoples, and, thus, their vulnerability to external manipulation, penetration, and domination. These in turn have had far-reaching implications on the ability to initiate and resolutely pursue internal and external policies and relations.

In addition, the level of social contradictions unleashed in the period following political independence contributed to internal political instability and rendered these states more vulnerable to foreign manipulation, penetration, and control. The tendency to exploit ethnic, religious, and other chauvinistic sentiments in the struggle to remain in power or, in the alternative, to employ direct force and brutality in order to contain popular pressures and opposition has also promoted the tendency to misplace priorities, to waste scarce resources on "security" and armaments, to invite in foreign powers, and to undermine conditions which would have moved society closer to development and growth.

To be sure, since the early 1960s it has been obvious that the sources of inconsistency, confusion, and discontinuity in the

foreign policy of peripheral economies, particularly in Africa, go beyond these internal contradictions and distortions. Efforts by the old colonial powers to maintain control and hegemony over their former colonies or "commonwealths," and the struggles by the "new" imperial powers to capture new markets, strategic points, sources of cheap labor, and so on, have compelled them to initiate policies that maintain the forces that ensure dependence on them. The brain drain, refusal to take the NIEO or GATT seriously, military intervention, blackmail, refusal to transfer technology, the domination of the Security Council by the super-powers, the promotion of dependent food policies within the underdeveloped countries, and little or no concern for the problems of poverty, disease, illiteracy, and instability in the poorer countries—these are some evidences of the desire to maintain the weakness of these countries. Military intervention has been undertaken again and again to prevent change and mobilization and thus the march toward self-reliance and development by the poorer countries. It is at this level that one can conceptualize the dynamics at the superstructural level that impact upon those at the substructural level. However, it is essential to restate the fact that the extent to which these superstructural dynamics succeed and can affect the external relations of the peripheral formation is dependent on the level of popular mobilization, the nature of the state and dominant forces, the pattern of capital accumulation, and the relations within and between social classes. These would determine the level and extent of societal vulnerability and resistance to external pressures and intervention.

The Economy and Nigeria's Foreign Policy

This book does not explore all the relevant aspects of domestic economy and foreign policy highlighted in the preceding section. One major thesis is explored: that the dependent economy of Nigeria (with its social and political appearances and consequences) limits what Nigeria can do in foreign policy. Because of the colonial and neo-colonial dependence of Nigeria on Euro-American powers, the country's foreign policy has been circumscribed since it obtained independence in 1960. Indeed, economic dependence has created a serious crisis of helplessness in the ability of the Nigerian state to formulate and implement

bold policies.

Nevertheless, there have been analysts who deny or fail to recognize the relevance of the economic factor in Nigeria's foreign policy. Such analysts merely stress the claim, on the basis of mere government pronouncements, that the country's foreign policy is non-aligned (Ezera, 1964: 292; Ogbu, 1966: 31). These analysts are of course aware of the heavy economic dependence of Nigeria on European and American markets. Yet they ignore the linkage between a fragile, dependent economy and foreign policy.

To understand the extent to which the domestic economy has influenced and determined Nigeria's foreign policy actions, it is important to note that the country was governed by Britain from 1900 to 1960. British colonialism arrested the pre-colonial processes of state formation and development and imposed new structures and institutions. A peripheral capitalist society emerged, with very strong links to Britain and the Western World. The British also introduced forces and processes that were to ensure the persistence of this peripheralization in the neo-colonial period after 1960. In view of this strong link with the West, first as a colonial state and later as a dependent neo-colonial state that relied on the sale of oil, the following features, all with implications to the content and options of foreign policies, are predominant:

1. A class configuration was created that was not only out of tune with the objective level of development, but more importantly, due to its material weaknesses and low political power, was favorably disposed to the maintenance of a status quo dominated by Western capital after the transition from colonial to neo-dependence;
2. The alignment and realignment of class forces up to the point of political independence in 1960 ensured the isolation of radical nationalist fractions of the bourgeoisie and ensured that a largely unproductive *comprador* fraction dominated the institutions and structures of policy initiation and implementation. This fraction consisted of the agents, legal advisers, political consultants, major partners, etc. of the old and new merchant firms, who were thus not disposed, in spite of their political positions after 1960, to take measures likely to affect foreign interests;
3. Given the peripheralization of the Nigerian social formation in the international division of labor—evidenced in

its overall weaknesses in industry, technology, military power, agriculture, and influence on the local and foreign market, and its dependence on the metropole—and given the fact that colonialism did not completely transform the Nigerian pre-capitalist mode of production, it is apparent that powerful social forces remained outside the sphere of influence of the unstable and inefficient institutions and structures implanted by the metropole. Thus, the hegemony of the bourgeoisie was partial and tenuous and the power of the state was severely limited in substantial sectors of the political economy;

4. The limited resources inherited at political independence could not satisfy the needs of the petty bourgeoisie. The ensuing competition became too intense for the distorted institutions to contain or mediate; hence the total breakdown of law and order barely six years after political independence. This culminated in a series of military coups and a civil war which ended up redefining the spheres of interest, power, and accumulation between the social classes, the center and the states;
5. The period after the civil war witnessed an oil binge, with billions of petro-naira being collected by the rentier state, which became relatively financially autonomous from internal forces. The rentier state became the focus of capital accumulation as it presided over the collection and spending of the oil rents. With the huge oil rents, the state was able to "radicalize" its foreign policy pronouncements, and it attempted to rectify the security problems exposed during the civil war, mediate class contradictions and struggles at certain points, and keep development projects afloat;
6. The oil rents introduced far-reaching distortions, contradictions, and crises into the economy. These contradictions and crises had direct effects on the execution of foreign policy objectives, and often forced the state to seek negotiation or to confine responses to major developments to rhetoric or financial contributions. The distortions and crises were evidenced in the increasing inefficiency and ineffectiveness of the bureaucracy, rising external and internal debts, food deficits, inflation, labor unrest, rural decay, corruption, rural-urban migration, ethnic and religious chauvinism, the clamoring for more

states as people felt left out of the oil binge, and so on. The net result is that these conditions have severely increased the uncertainty and instability of the political situation, warranting caution against unnecessary external activities or involvements in political conflicts;

7. Because Nigeria was the "weak link" in OPEC and because the largely unproductive bourgeoisie had mismanaged the huge oil rents it collected from oil exports, the oil boom generated its own internal contradictions. The crisis within OPEC and the oil glut intensified these contradictions, leading to scapegoatism, e.g., the expulsion of "illegal aliens," less enthusiasm in the military period in foreign policy, particularly towards Southern Africa, and the imposition of economic "austerity measures." The weak role in OPEC has also exposed the country to external pressures and blackmail as it seeks loans from Saudi Arabia, the IMF, and the Euromarket and has had to re-negotiate most of its external debts.

The following five chapters in this book explore the above features, with the intent of showing how economic factors have influenced foreign policy from 1960 to 1983. The approach is to analyze the linkage by focusing on the five regimes that governed the country during this period. Each chapter demonstrates that the structured integration of the Nigerian formation into the world capitalist system introduced forces, structures, and processes that have served to militate against a radical or far-reaching domestic and foreign policy in the neo-colonial period. The fact that, in over two decades of political independence, Nigeria remains severely underdeveloped, and the majority of the people have not witnessed any significant improvement in their living conditions, has unleashed forces of political instability, unrest, alienation, and class conflicts, which have in turn militated against foreign policy actions. Institutional inefficiency and decay, technological backwardness, and dependence on oil wealth to finance development projects in an uncertain world economy have maintained conditions where the state is subject to manipulations and pressure.

It is valid to argue that Nigeria's foreign policy, in spite of its general fundamental objectives of non-interference, respect for the sovereignty of other countries, and the evaluation of international issues on their merit, has fluctuated with regimes, "ideology," and the level of social contradictions. Thus, in the