The influence of China's foreign aid policies on the political economy of Nigeria, 1979-2010

Alecia Dionne Hoffman

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ABSTRACT

POLITICAL SCIENCE

HOFFMAN, ALECIA DIONNE  B.A. ALABAMA STATE UNIVERSITY, 1996  
M.A. AUBURN UNIVERSITY, 1998

THE INFLUENCE OF CHINA’S FOREIGN AID POLICIES ON THE POLITICAL 
ECONOMY OF NIGERIA, 1979-2010

Committee Chair: Hashim T. Gibrill, Ph.D.

Dissertation dated May 2015

This study examines the influence of China’s foreign aid policies on the political economic development of Nigeria for the years 1979-2010. Three research questions were proposed and examined in this study: (1) What were the micro-macro political economic drivers of the relationship between China and Nigeria? (2) How has China’s foreign aid policy between the years 1979 to 2010 influenced the political economy of the Federal Republic of Nigeria? (3) What role has the international community played in the relationship between Nigeria and China? The international community in this context includes the United States, Soviet Union/Russia, United Kingdom, World Bank, and the International Monetary Fund.

This study was based on the premise that the guiding principles which undergird China’s foreign policy formulation, “Principles of Peaceful Coexistence,” are no longer applicable in the 21st century. This assertion is made due to China’s newly acquired
position as the second largest economy in the world. This point is the crux of this research.

The methodological approach utilized was case study and comparative analysis. Scholarly books, journals, government websites, and information from multilateral institutions such as the Bretton Woods Institutions and the Organization for Economic Cooperation and Development were consulted. An additional source, AidData, which works closely with the aforementioned multilateral institutions, was also used. The sectors examined in this study include health, education, oil and mining and infrastructure in Nigeria. Time series design was utilized to track the influence of aid over the time period of study for the independent variable, China, and also the antecedent and intervening variables of the international community. The study was informed by two theoretical paradigms, complex interdependence and micro-macro linkage model guided by a political economic perspective highlighting the use of neo-mercantilism and neo-classical realism by China.

The findings indicate that the sectors of infrastructure and oil and mining are prominent sectors that have received a great deal of attention from China as compared to the global powers and the multilateral institutions. Two reasons can be attributed to this phenomenon: (1) From the Nigerian perspective, the trade and abundant natural resource oil and natural gas in exchange for infrastructure projects has been utilized to help place the country on a more sound economic footing; and (2) From the Chinese perspective, the economic and modernization goals that it wishes to fulfill to help facilitate its rise as a global power are assisted through both the human and natural resources provided by Nigeria.
THE INFLUENCE OF CHINA’S FOREIGN AID POLICIES ON THE
POLITICAL ECONOMY OF NIGERIA, 1979-2010

A DISSERTATION
SUBMITTED TO THE FACULTY OF CLARK ATLANTA UNIVERSITY
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY

BY
ALECIA DIONNE HOFFMAN

DEPARTMENT OF POLITICAL SCIENCE

ATLANTA, GEORGIA

MAY 2015
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<td>Action Group</td>
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<tr>
<td>African Center for Economic Transformation</td>
<td>ACET</td>
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<td>African Union</td>
<td>AU</td>
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<tr>
<td>Great Britain</td>
<td>GB</td>
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<td>China Civil Engineering Construction Cooperation</td>
<td>CCECC</td>
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<td>China Investment Corporation</td>
<td>CIC</td>
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<tr>
<td>Diplomatic Information, Military, or Economic Policy</td>
<td>DIME</td>
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<tr>
<td>Directorate of Food, Road, and Rural Infrastructure</td>
<td>DFRRI</td>
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<td>Export Import Bank</td>
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<td>Federal Election Commission</td>
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<td>Festival of African Culture</td>
<td>FESTAC</td>
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<td>Foreign Direct Investment</td>
<td>FDI</td>
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<td>Foreign Trade Zones</td>
<td>FTZs</td>
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<tr>
<td>Forum for China Africa Cooperation</td>
<td>FOCAC</td>
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<td>Gross Domestic Product</td>
<td>GDP</td>
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<td>Highly Indebted Poor Countries</td>
<td>HIPC</td>
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<td>International Labor Organization</td>
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<td>Organization</td>
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<td>Organization of Economic Cooperation and Development</td>
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<td>People’s Republic of China</td>
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Political, Military, Economic, Social Infrastructure and Information System
Small and Medium Enterprises
Sovereign Wealth Accounts
Sovereign Wealth Funds
Special Economic Zones
Special Economic Processing Zones
Structural Adjustment Programme
United Kingdom
United Nations
Unity Party of Nigeria
United States Energy Information Administration
World Bank Group
West African Students Union

PMESII
SMEs
SWAs
SWFs
SEZs
SPZs
SAP
UK
UN
UPN
USEIA
WBG
WASU
CHAPTER I

INTRODUCTION

China’s foreign aid to Africa has reached levels that now rival much of the developed world. According to AidData’s current statistics regarding Chinese foreign aid commitments to Africa, China has committed approximately $109.66 billion and its’ official development like assistance commitments amount to $20.54 billion between the years of 2000-2012.¹ To date, China has developed relationships with all African nations that adhere to the one-China principle, an aspect of China’s foreign policy which requires countries to recognize mainland China and not Taiwan as the official Asian giant.

Relations between China and African states date back to pre-colonial times.² Cultural exchanges between China and Africa date to the Han Dynasty (206 BCE-C.E. 220). Also, the first Chinese to have left a written record is possibly Du Huan (C.E. 762). It has been recorded that Ibn Battuta, the African traveler, visited China during the Yuan Dynasty in the 14th century and Zhen Ho visited East Africa during the 15th century, taking a number of trips. The contact between Africa and China continued from the 8th century forward until present day.³ Within this broader milieu, this research will analyze

Sino-Nigerian interaction from 1979 through 2010. Although the associations between both countries date back centuries, these years are of specific importance to this research for two reasons. First, the commencement of the study in 1979 is significant for Nigeria because this was the start of a new civilian government and new constitution. Second, the year 1979 is significant for China because new leadership emerged, Deng Xiaoping, and the country adopted a pragmatic approach towards its own development and its associations with the rest of the world by shifting to a mixed market economy. George T. Yu, noted that economic aid and technical agreements provided substance to Sino-African dealings.4 Some would argue that this substance made the relationship fortuitous for the continent as compared to the relationships fostered between Africa and other countries, which were believed to be detrimental to the development of the African continent.5

Nigeria is one of Africa’s most prosperous and populated countries, with a population of 170,123,740.6 The country is known for an abundance of natural resources, such as oil and natural gas. According to the Nigerian National Petroleum Corporation, Nigeria ranks as Africa’s largest producer of oil and the sixth largest oil producing

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5 Walter Rodney discussed the specialization of labor that was used in Africa during the time of colonization and even after independence during the period of neocolonialism. Walter Rodney, How Europe Underdeveloped Africa (Washington, DC: Howard University Press, 1982).

country in the world. The United States Energy Information Administration (USEIA) notes that Nigeria is the largest oil producer in Africa and ranked as the world’s fourth leading exporter of liquefied natural gas (LNG) in 2012. Furthermore, the country has the second largest amount of proven oil reserves in Africa, and has the second largest amount of natural gas in Africa and ranks ninth in the world. There are several areas in Nigeria that are known for their rich oil deposits, most notably the Niger Delta. Because of natural gas and oil, China and other world powers seek to forge relationships with Nigeria.

Africa has become synonymous with the term valuable resources and the need for these assets led many countries in the world to look to the continent for needed materials that will assist with their own development. With the world looking to Africa to quench its thirst for raw minerals and natural resources, this reliance has created both beneficial and negative effects. Many countries, most notably Nigeria, are in a position where African leaders have heavily relied on oil export receipts to fuel development of the country and it population. Not only is Nigeria handicapped by a heavy reliance on its key natural resource, it has historically been crippled by elitist leaders, corruption, and struggling to find ways to develop a true democratic political structure that can lead to

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development. This is a point made by John Campbell.

Nigeria’s resources have led China and other countries to invest in its prosperous resource rich sector. This dissertation seeks to show how China’s relations with Nigeria are not fully based on mutual benefit and win-win situations. In order to fully understand the Sino-Nigerian relationship, it is necessary to examine both countries’ domestic determinants which cause this unbalanced relationship to take place.

China and Nigeria began earnest interaction in 1971 and signed their first economic and technical cooperation agreement in 1972. China concurrently received official recognition by the international community in the United Nations (UN) as the official China over Taiwan (ROC). Nigeria was one of the countries within the UN General Assembly that voted for the PRC to be recognized as the official China, hence taking the place of the ROC. Before this date the international community, including the United States, recognized Taiwan as the official government of China. When Taiwan was known as the official China of the world, this recognition restricted the PRC’s global role until it took a seat on the UN Security Council in 1971. The international community, most notably Great Britain, also sought to extend recognition to China due to the country’s claims on Hong Kong, which was a very lucrative colony for Britain.

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China’s new status in the international community, led it to deepen its relationships with many countries that were designated as periphery nation-states, Nigeria being one of those states. Prior to the PRC being recognized as the official China, the country allied itself with the Soviet Union. However, their relationship became strained and eventually led to a split between the two countries in 1956 as a result of the contrasting views of Marxist-Leninism. The polemical ideas of the true essence of communism that were held by China and the Soviet Union, coupled with the spirit of rejecting western imperialism and neo-colonialism, were two of the driving forces that led both countries to seek partners on African soil. The ideological views of China were very important to its forging relationships with African countries. China sought to transplant its ideologies of Marxist-Leninism on African soil. The birth of African socialism can be attributed to Marxist-Leninism. African socialism focuses on African collectivity in all things social, economic and political for the uplift of the African people.

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12 According to Graham Evans and Jeffrey Newnham, Marxist/Leninism is different from the liberal and realist theories that typically are followed by the western world. The authors note that the liberal realist theories are horizontal and characterize relations between states. However, the Marxist/Leninist view is vertical, one that examines relationships between classes. For more discussion of Marxist/Leninist theory see Graham Evans and Jeffrey Newnham, *Dictionary of International Relations* (London: Penguin Group, 1998), 316.

13 S. Erikson and Kent L. Tedin define American political ideology as “a set of beliefs about the proper order of society and how it can be achieved.” For more see Robert S. Erikson and Kent L. Tedin *American Public Opinion: Its Origins, Content, and Impact* (New York: Longman Publishers, 2003), 64
Besides the conception of Marxist-Leninism, the rise of African socialism was seen as a better form of government to adhere to than the ideologies of capitalism and imperialism left by the former colonial powers of Europe. Leaders of the new nations of Africa viewed capitalism as a way of the old colonial powers trying to continue to exert control over the newly independent countries through a process of neo-colonialism. A number of countries on the continent tried their hand at a form of socialism of some sorts. The countries that chose the Western path upon independence were Kenya, Ivory Coast, Malawi, Nigeria, and Senegal. Two countries that sought to introduce their own forms of African Socialism respectively were Ghana, under the leadership of Kwame Nkrumah, and Tanzania under Julius Nyerere. In recent times, scholarly as well as popular mainstream literature have used the term imperialism to describe China’s reach into Africa, thereby comparing the country’s renewed interest and partnerships to those of the Western powers during the period of colonialism and thereafter. This dissertation seeks to research such questions as it relates to China’s role in Africa. Is the relationship one where the principle of mutual benefit and win-win situations really the true motive? What are the micro-macro drivers that spur this relationship between Nigeria and China?

And, lastly, how does the international community play a part in this relationship?

From 1955 to date, China has emphasized relations with nations that were once designated as part of the developing world by international relations theorists. As Lillian Craig Harris indicates in her book, *The Washington Papers 112: China’s Foreign Policy Toward the Third World*, there have been at least five concepts which have acted as guiding forces for China’s relations with other developing countries. These five concepts have served as the foundation for the creation of its rubric on how to conduct relations with other nations generally. Out of these five, China has developed major conceptions, one of which is the Five Principles of Peaceful Coexistence, for relations with the third world. Harris indicates that “(1) the theory of contradictions, (2) the concept of the united front (3) the concept of the centrality of armed struggle to political victory, (4) the principle of self-reliance, and (5) the concept of China as a model for development” have all worked in a manner to direct the country’s foreign policy decision making.

In addition to the points mentioned by Harris, June Teufel Dreyer, stated that the Bandung Spirit began in 1954 when Zhou Enlai, First Premier of the People’s Republic of China met with Indian Prime Minister Nehru. The outcome of this meeting was the

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16 Ibid, 17.
endorsement of the Five Principles, or Pancha Shila.\textsuperscript{17} These Pancha Shila were to become the cornerstone of China's diplomacy for the period of 1954-1957 and beyond.\textsuperscript{18}

Scholars such as Deborah Brautigam, Ian Taylor, Lillian Craig Harris, Maji Firoze and Stephen Marks, Yuan Wu, Julia C. Strauss and Martha Saavedra, Michael Serge, Richard Payne, Cassandra Veney, and Robert I. Rotberg have all written manuscripts pertaining to Sino-African relations; however there has been very little research conducted with a specific focus on Sino-Nigerian relations, that employs quantitative and qualitative analysis for the years of study, 1979-2010.\textsuperscript{19} In order to understand fully how China has influenced Nigeria's development, this dissertation will examine various forms of aid that have flowed into Nigeria from China in the areas of infrastructure development, health, education, and oil and mining. Furthermore, it is important to ascertain how China's foreign aid and its relationship with Nigeria compares with the economic aid provided by other world powers and multilateral institutions.

\textsuperscript{17} The Pancha Shila are also called the five moral precepts. Pancha meaning five and Shila meaning virtues.

\textsuperscript{18} Ibid, 338.

There are some who believe that the relationship between China and Nigeria is one in which only one country benefits, China. There are others, however, who believe that the renewed relations and the establishment of the Forum for China-African Cooperation (FOCAC) and the various ministerial meetings, agreements, and exchange visits made between China and Nigeria are positive, and thus prove there are gains to be had for Nigeria too. To substantiate the aforementioned statement, one only need examine the recent articles published by FOCAC that indicate the relationship between the PRC and many African countries is one that is positive and mutually beneficial.\(^{20}\)

In order to obtain answers to these aforementioned points, this research will examine the Sino-Nigerian relationship. The examination into the sectors of the Nigerian economy has allowed the researcher to gain a deeper understanding about the influence of foreign aid on Nigeria’s political economy. The economic sector of Nigeria is not the only area that was examined. In order to fully understand how and why both countries enter into agreements in the international arena, it was important to examine each country at the state level to ascertain the domestic policy determinants that lead to international involvement. The Principles of Peaceful Coexistence, the cornerstone of China’s foreign policy, has to be reiterated to explain how these principles influence China’s relationship with Nigeria and influence the sectors chosen for this study.

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Commencing in 1955, the driving force of the PRC's foreign policy has been the Five Principles of Peaceful Coexistence. In the past two decades (1990-2010), these principles have united in the PRC's foreign policy initiatives. A White Paper issued in December 2005 by the Information Office of the State Council of China confirms that the Principles of Peaceful Coexistence are the cornerstone of China's foreign policy objectives. The paper emphasized that China would continue on the "road of peaceful development." In order to provide a thorough examination and explanation of what China meant by this statement, it is necessary to demonstrate that the principles are directly correlated to China's foreign policy. Additionally, with an examination of the Federal Republic of Nigeria, the author argues that the first and fourth principles deserve particular attention as they relate to the relationship between China and Nigeria.

Moreover, these principles relate to China's interaction with the continent of Africa as a whole. The first and fourth principles, promoting mutual respect for sovereignty and territorial integrity, and the practice of equality and mutual benefit, are deemed to have little applicability as it relates to China's relationship with Nigeria in the 21st century. The researcher makes this assertion due to China's newly acquired position as the second-largest economy in the world. This aforementioned point is the crux of the matter.

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From the 1950s to the 1980s, it can be argued that the "Principles" were more appropriate to describe China's relationship with Nigeria and other nations. Thereafter, the use of the first and fourth principles to accurately portray the guidance of China's foreign policy toward Nigeria and other African countries is inaccurate. The study will show that China's own need for natural resources to harness its own development, and also to become a contending player in the international arena, makes the first and fourth principles outdated. It is indeed a fact that relations between the two countries have increased in recent years as a result of China's internal modernization goals. Ian Taylor describes China's policy and aid towards African in his article entitled: "China's Foreign Policy towards Africa in the 1990s." He argues that "Chinese aid to say the least was parsimonious." China became frugal with its foreign aid. Taylor also referred to Sino-African relations during the mid-1980s, as this was the period when China began to institute its new internal development program. This was a program focused on catching up with the West. The modernization program that China sought to implement would call for the country to scale back its foreign aid to other countries in the developing world in order to fulfill its own priorities.

From the mid-1980s to approximately 1989, Sino-African relations waned. Sino-African relations were renewed after the Tiananmen Square incident in 1989. This restored interest in the Third World was partly a result of Western condemnation of

China’s actions during the Tiananmen Square incident. This intensification of increased aid and partnerships is the focus of this study—especially how it has influenced Nigerian growth and development.

Ample scholarship exists regarding the role of China on the African continent. While many scholars have undertaken country-specific studies, there has been limited data found that examines China’s foreign-aid policy toward the specific sectors of Nigeria’s economy for the years 1979-2010. Deborah Brautigam, has conducted extensive research on China’s role as a donor to a number of nations on the continent of Africa in a variety of ways, from monetary aid to foreign direct investment. Other scholars have embarked on similar investigations, and these individuals were previously mentioned.

To summarize the aforementioned points, this two-country study, with Nigeria as the foci, will consider not only how China’s aid has been utilized (for example towards, health and welfare, employment training, education and social development sectors) but it will also take into account the role that Nigeria’s leadership has played in the accomplishment and realization of its own modernization. The researcher believes that this topic is timely, and will provide new insight into the foreign-policy-making process of China after the country began to implement policies of “pragmatism” as envisioned by

Deng Xiaoping. Furthermore, there has not been any research to date that has examined the role of China’s foreign-policy-making style as discussed by Quansheng Zhao, and how this approach applies to its relations with Africa, specifically Nigeria. It is the goal of this dissertation to provide new analysis of the political economic development of Nigeria and how China’s foreign aid policy, and the determinants of this policy, can influence the economies of both Nigeria and China.

This dissertation was conducted using a case study perspective, which utilized two theoretical paradigms to inform it. These theoretical paradigms are micro-macro linkage and complex interdependence. Both theories are discussed further in the theoretical and conceptual framework section of this chapter. This frame of analysis is useful to this study because it allows an in-depth investigation of micro and macro data of both countries and how each influence each other.

**Statement of the Problem**

To wit there have been a number of studies conducted on Sino-African relations as a whole, and even studies on China’s relationship with Nigeria in the 21st century. Very few studies include a thorough examination of the domestic determinants of each country and how these micro factors impact the relationship at the systemic level. Ian Taylor avows, “when talking of Africa, we are required to generalize even as we recognize that each state in Africa is different and, as a consequence, that the way in

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which Chinese engagement with any particular African country will always be contingent on the latter’s political economy.²⁵

Nigeria is replete with resources, both human and natural. Its mineral resources include petroleum, tin, columbite, iron ore, limestone, lead, zinc and natural gas. The country possesses great natural wealth and has the capacity to develop its people, economy, and infrastructure to levels that could possibly rival the most developed countries. There are a myriad of issues that can be attributed to Nigeria’s lag in development. These include: history of the colonial state and the vestiges it left behind after independence; lack of strong political leaders that have not possessed the capability to harness Nigeria’s natural wealth and human capacities for the country’s good; inept policies enacted by political leaders, which favored one ethnic group over another; the mismanagement of funds; and the role of the international community in the provision of loans and other financial agreements that have kept the country in a cycle of debt.²⁶ All of these are micro-macro drivers in Nigeria.

Diplomatic interaction between Nigeria and China commenced in 1971. China’s need for partnerships in order to assist in its modernization process and help the country obtain needed international recognition in its early years led the researcher to delve into further research about the Sino-Nigerian relationship. As indicated earlier, Ian Taylor’s


statement, referenced in the first paragraph of this section, has significant meaning. To fully grasp the point made by Taylor, there is a need to examine the political regimes of Nigeria and their domestic policy determinants. To comprehend the inner workings of African countries, the colonial background and the regime types that were implemented shortly after independence cannot be ignored. The concept of power is all too relevant in politics, and particularly in countries of Africa, with Nigeria being no exception to this rule. Taylor illustrates this best when he states:

"...in a good many African countries, power is a function of patrimonial power and not a representation of the sovereign will of the people. In other words, behind the façade of the modern state, power in many African polities [sic] progresses informally between patron and client along lines of political reciprocity; it is intensely personalized and is not exercised on behalf of the public."27

To add to the complexities that were illustrated by Taylor about the nature of government in African states, it is also important to note that some scholars have suggested that China has also failed to take these complexities into consideration. Both Ian Taylor and Claude Ake observed the role of patronage in many African countries. Ake suggests that when power is attained in many countries, the political leader begins to understand the importance of that power, albeit in the form of resources and economic activity. The leader is then able to direct resources to areas where he deems best without regard for the polity. Furthermore, there are a variety of ways in which this economic power is harnessed and distributed. These ways include, but are not limited to, "channeling development to certain areas of the country, such as his hometown; to

27 Ibid., 9.
undertake social engineering or indoctrination; to maintain his political support base and buy new supporters; and to punish rivals or the opposition.”

Taylor adds that, these aforementioned issues often are not typically taken into account by Chinese policymakers, and “when developing official state-to-state relations in Africa, they are often dealing with quasi-states.”

When examining China’s impact in Africa, and in Nigeria more specifically, a concern to academicians and policymakers is what does China get out of providing assistance to Nigeria, and is there any return on China’s investments. It is also of interest how much involvement China has in the affairs of the country, specifically with issues of land, and is China practicing neo-colonialism. Giving attention to both assumptions, the latter shall be examined, albeit briefly, first.

China has partnered with the Nigerian government to create such areas as Special Economic Processing Zones in an effort to develop specific areas within Nigeria in order to receive some rate of return for its investments. In addition, the movement of Chinese citizens and goods to Nigeria, and the opening of Chinese businesses in Nigeria has received some attention due to the number of Nigerians hired to work in these industries. The level of skill expertise that indigenous workers are allowed to acquire, and the non-adherence to human rights conditions and labor laws set forth by Nigeria and the international community cause some concern.

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In some respects, China could be viewed as practicing neocolonialism on the African continent simply as a result of the aforementioned statements. Scholars such as Walter Rodney have examined the role of the specialization of labor in Africa and how this specialization contributes to the colonization thesis. Rodney asserts specialization of labor was used in Africa during the time of colonization and after independence during neocolonialism. The caveat to the aforesaid point is that this specialization of labor did not lead to the African or indigenous worker learning any new skills that would allow him to attain managerial positions. The worker, however, was kept in a place of servitude to the owner of the means of production. In light of China’s involvement in Nigeria, the same argument can be applied if China’s relationship with Nigeria were analyzed from a critical theory perspective. Many of the companies that locate in Nigeria from China receive funding from the Export-Import Bank of China. Even those companies that are indigenous to Nigerian soil who enter into partnerships with Chinese firms still receive funding from the outside, usually in the form of loans. The repayments of these loans are returned back to China. Therefore, what is essentially happening in Nigeria are ground infrastructure projects and company start-ups in the Nigerian economy coupled with Chinese investments in the form of loans that must be repaid.

Adding to the funding for developmental projects in Nigeria, the flood of Chinese experts in the respective labor fields entering into Nigeria to oversee and direct various

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projects also adds authority to the points mentioned above. This influx of Chinese experts into Nigeria has caused great contention amongst Nigerians and there is a need to ascertain how the indigenous population of Nigeria can obtain expertise to work in managerial capacities in their own country. Although China’s incursion into Nigeria provides jobs and needed expertise within the country, it must be taken into account why this inflow of persons and resources into Nigeria are necessary for China and how this investment fits within China’s overall foreign policy framework.

In order to understand China’s foreign policy objectives, it must also be illustrated how these objectives intertwined with the country’s modernization process. To exemplify, China’s need for natural resources, such as oil, is an important aspect of its modernization objectives. Quansheng Zhao states, “China’s concentration on economic growth, has served as a basic guideline for China’s internal and external activities.”32 That being the case, it is necessary to ascertain how this need impacts the foreign-policy decisions of China’s leaders. Additionally, China is now the second-largest oil importer, behind the United States, and this “want” for more oil has led China to devise exploration contracts in a number of countries, including Nigeria. It is essential to discover how the export of oil from Nigeria has impacted its political economy. Likewise, other sectors of Nigeria’s economy, such as health and welfare, infrastructure, and education need also be examined in this dissertation to ascertain how the foreign-aid policy of China influenced Nigeria’s political economic development. In regards to loans, attention will be given to

infrastructure and economic development. It is also important to examine foreign direct investments (FDI) and Special Economic Processing Zones (SPZ), and how the utilization of each of these assists with the political economic development of Nigeria.

In conclusion, there are a number of problems that have yet to be examined by the current literature available in the field of international relations and political science that particularly address these issues. The problems that exist in the current literature consists of the fact that it is difficult to find any work that provides a conclusive analysis of political economic relations between Nigeria and China for the years under study. Although there is much discussion and commentary that exists in regards to the current relationship between both countries and the billions of dollars that are currently being given to Africa as a whole and Nigeria, it is important to get an accurate depiction of how dollars are being utilized to lead to improvements on the ground in the sectors of education, health and overall development of the political-economic structure of the country. These issues are pertinent to the research embodied in this dissertation. How can Nigeria work with the assistance that it is receiving from China and the rest of the international community to increase the country’s GDP, increase the standard of living, and promote education? The promotion of basic education is believed to lead back to the first, increased GDP. An examination on this level has not been located.

**Significance of the Study**

An examination of Nigeria’s political economy is important to scholars and policymakers for a myriad of reasons. Nigeria is the most important economic power in Africa and also has the largest population on the continent. In addition to the country
being an economic powerhouse, its resources, specifically oil, have provided significant benefits to China, the United States and the rest of the international community. Case in point, the United States Energy Information Administration indicated in its October 16, 2012 analysis that Nigeria is the largest oil producer in Africa. The United States is the largest importer of Nigerian oil, ranked at 33 percent imports. China on the other hand was grouped with other Asian countries and imported 5 percent. These figures are significant because they show the role that Nigeria’s natural resources play in the world are important.

With more money pouring into Nigeria particularly in the sectors of oil and natural gas, and even the growth of important sectors such as infrastructure, the role and significance of this on the Nigerian polity is important. It is also important to see how much influence China has in Nigeria’s economic sector and how this influence affects Nigeria’s relationships with other powerful countries in the world.

**Research Questions**

The research questions for the study are as follows: (1) What were the micro and macro political economic drivers of the relationship between China and Nigeria? (2) How has the People’s Republic of China’s foreign-aid policy between the years 1979 and 2010 influenced the political economy of the Federal Republic of Nigeria? (3) What role has the international community played in the relationship between Nigeria and China? The

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34 Ibid.
international community in this context includes the United States, the Soviet Union/Russia, Great Britain, the World Bank, and the International Monetary Fund (IMF).

Within the two major units of analysis, China and Nigeria, the independent variable for this study is the foreign aid policy of the China and the dependent variable is the political economy of the Federal Republic of Nigeria. An examination of the components of both variables shall occur and this will take place in the methodology section of this study. The anteceding and intervening variables in this research design will be examined for each year under study, 1979-2010. Those variables are the United States, United Kingdom, Soviet Union, the IMF and the World Bank. A brief examination of the years before 1979 were conducted with the specific purpose of ascertaining how the antecedent and intervening variables influenced the independent and dependent variables that are the main units of analysis in this dissertation.

Definition of Key Terms

There are several terms that will be used throughout this dissertation. Because of the need to make several of the terms operational, specifically the major variables, this section will define those terms as they will be used throughout this document.

Foreign Policy

The first variable, foreign policy, is defined herein this dissertation as “mutual help between developing countries which focuses on practical effects, accommodates recipient countries’ interests, and strives to promote friendly bilateral relations and
mutual benefit through economic and technical cooperation with other developing countries." As a part of foreign policy, countries may utilize foreign aid packages. Foreign aid is usually typified by three types: grants, interest free loans, and concessional loans. China's state finances encompass the grants and the interest free loans, while the concessional loans are derived from the country's Import-Export Bank. As indicated in the introduction of this dissertation, attention will be given to the various aspects of China's foreign-aid policy in the form of grants, loans, and foreign direct investments (FDI).

In addition to the aforementioned definition that has been provided for the concept foreign policy, FP can also be viewed as a "boundary activity" implying that the practice of making policy overlaps two environments, the domestic and also the international. As Graham Evans and Jeffrey Newnham note:

The domestic environment forms the background context against which policy is made. Thus factors such as the resource base of the state, its position geographically in relation to others, the nature and level of development of its economy, its demographic structure, its ideology and fundamental values will form the domestic and internal milieu. The international or external environment is where policy is actually implemented. Implementation of policy immediately involves other actors and their reactions will feedback into the policy-making system, thus forming part of the picture upon which future policy will be made. This attempt to create a reality upon which policy can be made is referred to as the definition of the situation. It is a necessary prerequisite to understanding the environment and therefore to making policy decisions.36

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Foreign Direct Investment (FDI)

FDI will be viewed as a form of foreign aid, and therefore examined in this study. Although FDI has not historically been viewed as a form of foreign aid, The World Bank illustrates the importance of private capital flows (FDI) in conjunction with official development assistance. In an article published by the World Bank entitled “Foreign Aid and Foreign Investment,” the multilateral institution notes:

...net private capital flows to these countries roughly quadrupled between 1990 and 1994, far surpassing official flows. The structure of private flows also changed notably, shifting from a predominance of bank loans to foreign direct investment and portfolio investment. The share of foreign direct investment going to developing countries has risen to more than one-third of global foreign direct investment, driven by rapid growth of multinational corporations and encouraged by liberalization of markets and better prospects for economic growth in a number of developing countries.37

The importance of the aforementioned quote illustrates the role that FDI is now playing in the development arena. This study will examine how FDI has influenced development of Nigeria’s political and economic structure. Others have also examined the official development assistance and FDI phenomenon. M. Ugur Karakaplan et al. provides insight on the link between aid and foreign direct investment. Also, Pablo Selaya notes that aid and FDI are complementary sources of foreign capital.38 FDI can act as an important element that may help explain some relationship between China’s foreign aid


policies and the political economy of Nigeria. Moreover, an analysis of FDI in Nigeria and China may lend some explanation for political economic development in other countries attempting to bring about economic development in their respective jurisdictions.

Utilizing the definition of the IMF, FDI is defined as “cross border investment where a resident in one economy has control or a significant degree of influence on the management of an enterprise in another country.”\(^39\) It is essential to examine FDI due to the character of concessional loans, which happen to be a part of the foreign-aid package and provided by China’s Import-Export Bank.\(^40\) Deborah Brautigam, discusses the role of China’s Import-Export Bank, and how the loans from this entity, although made to Chinese enterprises, are utilized abroad in other countries when these companies decide to invest and establish companies abroad.\(^41\) In addition to the points made by Brautigam, J. Buckley and L. Jeremy Clegg et al. provide some discussion of China’s stages of FDI


\(^40\) The IMF defines concessional loans as “those loans that are extended on terms that are more generous than market loans. This concept of concessional aspect is achieved either through interest rates below those available on the market or by grace period or a combination of these. These types of loans typically have long grace periods.” accessed 12 June, 2013, http://www.imf.org/external/pubs/ft/eds/Eng/Guide/index.htm. Also see the Organization for Economic Cooperation and Development.

\(^41\) Deborah Brautigam discusses the role of China’s Exim Bank and how it provides funding to Chinese companies to help their expansion abroad. Additionally, China’s National Development and Reform Commission, which acts as China’s state planning authority also plays a prominent role in expansion process of Chinese expansion abroad. Deborah Brautigam, The Dragon’s Gift: The Real Story of China in Africa (New York: Oxford University Press, 2009), 87.
and how it has evolved over the years. This examination is discussed in chapter four of this dissertation.

Sovereign Wealth Funds/Sovereign Investment Funds

To add to the examination of FDI, this research will examine the role of sovereign investment funds and the predecessor of these funds, sovereign wealth funds. The United States Department of Treasury defines sovereign wealth funds as a "government investment vehicle which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities." Many countries began to utilize these types of funds during the 1990s and the beginning of the twenty first century. Robert O'Brien and Marc Williams describe sovereign wealth funds as:

...investment companies created and controlled by national governments. They are economic nationalist instruments which allow governments to gather revenues and direct them into strategic foreign investments. Sovereign wealth funds are dominated by countries that have large surpluses of cash (oil exporters or countries with large trade surpluses) and favor state intervention in the economy.

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44 Robert O'Brien and Marc Williams, Global Political Economy 3rd ed. (New York: Palgrave Macmillan, 2010), 232. As to the number of sovereign wealth funds that exists in the world, The Wharton Leadership Center at the University of Pennsylvania notes that this is difficult to pinpoint. There are a number reasons that exists including lack of transparency and the varied definitions of Sovereign Wealth Funds. The definition that has been provided in the body of the document is one that originated with the United States Department of Treasury. There are other definitions, including those of the International Monetary Fund, the International Working Group of Sovereign Wealth Funds, and the Sovereign Wealth Fund Institute. For more information see The Wharton Leadership Center’s “The Brave New World of Sovereign Wealth Funds,” accessed 12 June, 2013, knowledge.wharton.upenn/papers/download/052810_Lauder_Soverign_Wealth_Fund_report_2010.pdf.

Sovereign wealth funds will provide some information because of the creation of the China Investment Corporation (CIC) in September 2007. The Ministry of Finance initially provided $200 billion to the CIC. By the end of 2010, the CIC had 409.6 billion in assets.\(^4^6\) Although there are approximately thirty-two countries that have sovereign wealth funds, China has one of the largest in the world, ranking at number five behind these countries with SWAs ranked in billions. Saudi Arabia (SAMA) Foreign Holdings with $532,900 ranked at four; China Safe Investment Company with $567,900 ranked at three; Norway Government Pension Fund with $611,000 ranked at number two; and Abu Dhabi Investment Authority with $627,000 ranked at number one.\(^4^7\)

Nigeria, like China, recognized the benefit of developing sovereign wealth funds in 2011. In May 2011, the country developed its own sovereign wealth fund titled the Nigerian Sovereign Investment Authority. The act that established the authority was devised to:

Receive, manage, invest, in a diversified portfolio of medium and long term revenue of the federal government, state government, federal capital territory, local government and area councils to prepare for the eventual depletion of Nigeria's bi-carbon resources for the development of critical infrastructure in Nigeria that attracts and supports foreign investment, economic diversification, growth and creation in Nigeria, and for related matters.\(^4^8\)

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Nigeria’s Sovereign Investment Authority indicates that the funds shall be held by the people of the country represented by the governments of the federation.49

The Authority received $1 billion dollars as start-up capital; however, John St. Claret Ezeani explains:

The Authority is to receive further funding in the form of monthly transfers from “residual funds” from the Federation Account above the ‘Budgetary Smoothing Amount.’ The Act in its interpretation section defines “Residual Funds” to mean ‘revenues received into the Federation Account other than the Projected Federation Hydrocarbon Revenue for the relevant period’, while ‘Budgetary Smoothing Amount’ is defined as “an amount equal to ten percent of monthly residual funding up to a cumulative maximum amount at any one time of 2.5 percent of the Projected Federation Hydrocarbon Revenue for the year of such funding.”50

Although the starting costs of the authority does not compare to some of the larger investment authorities that have been listed by the Sovereign Wealth Fund News, Nigeria recognized the potential of starting such an initiative and believed that the authority would benefit the people of Nigeria.51

Political Economy

Political economy, the second variable and the dependent variable, “bridges the traditional concerns of politics and economics, it focuses on how power and resources are distributed and contested in different contexts and the implications for the development

49 Ibid.


of outcomes. It goes beneath the formal structures to reveal the underlying interests, incentives, and institutions that enable or frustrate change."


Global Powers

The final research question of this dissertation, concerns the international community’s role in the relationship and how it influences Nigeria and China. The entities examined as part of the international community act as intervening and antecedent variables. Those international entities to be examined throughout this research are the United States, the Soviet Union, United Kingdom, and the Bretton Woods Institutions--The World Bank and International Monetary Fund. These units deserve examination on account of their relationship with both Nigeria and China prior to the establishment of diplomatic relations between the two major units—China and Nigeria. Additionally, each one of these variables continues to play a role in the affairs of both China and Nigeria.

The United States of America is considered significant because relations commenced with Nigeria following Nigeria’s independence from Great Britain (GB). GB, once a colonial power, throughout the 18th and 19th centuries, continued relations with Nigeria even after independence. The economic and government systems of the former colonial power, Great Britain, were employed in Nigeria prior to the adoption of Nigeria’s new constitution in 1979, which ushered in the Second Republic. Thereafter, even though Nigeria adopted a constitution based on the federal structure. The country
continued its political-economic relations with the former colonial power, Great Britain. For the purpose of this study, GB will be considered as part of the United Kingdom. Also, data collected was listed and coded as UK, which consists of England, Wales, and Scotland (Great Britain) and also Northern Ireland. The Soviet Union is another significant intervening variable in this dissertation due to the triangulation between the United States, Soviet Union and later China vying for dominance in the international theater during the Cold War.53

The last intervening and antecedent variables are the Bretton Woods Institutions, the International Monetary Fund and the World Bank. Both institutions are significant antecedent and intervening variables because of the role that these classical liberal international financial institutions play in the world political-economic system. It is through these institutions that many developing countries obtained financing to assist with their development efforts. The same institutions, however, have implemented economic austerity measures that have also stymied economic growth. Chapter five of this dissertation will provide more elaboration on how the international community has played a role in the diplomatic relationship between China and Nigeria.

**Theoretical Framework**

Two major theoretical frameworks will be employed in this dissertation: complex interdependence and micro-macro linkage model. Several theories will allow readers

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53 China's entrance to the world stage and the normalization of relations began with the Shanghai Communiqué and the visit of former President Richard M. Nixon to the country. It should also be noted that the policies of Deng Xiaoping also contributed to the entrance of China to Soviet Union and United States triangulation.
to ascertain how diplomatic relations between China and Nigeria have unfolded and progressed to 2010.

The first main theoretical framework is complex interdependence. International relations theorists Joseph S. Nye and Robert O. Keohane are the progenitors of this theory.\textsuperscript{54} According to Huseyin Isikal, there are three fundamental features that make complex interdependence: (1) the actors in complex interdependence are state and non-state actors that use numerous ways to communicate whether interstate, transgovernmental, or transnational; (2) interstate relationships consist of an agenda comprised of compound issues, which may not be arranged in any specific format or level of hierarchy; and (3) in complex interdependence, military force plays a small role in international relations because force might not be used to resolve the issues when interdependence is prevalent.\textsuperscript{55}

In using the theory of complex interdependence, it is important to explain the usage of the term \textit{transnational}. Transnational will be utilized and employed in a manner to explicate the role of government and nongovernmental actors in international affairs. In addition, \textit{transnational} will also be used to explain the direct linkages across international boundaries, specifically between China and Nigeria.

Micro-macro linkage model is the second dominant theory in this dissertation.


\textsuperscript{55} Huseyin Isikal, "To What Extent Complex Interdependence Theorist Challenge to Structural Realist School of International Relations?" Alternatives: \textit{Turkish Journal of International Relations} 3 no. 2 & 3 (Summer and Fall 2004): 139-140, accessed November 27, 2007, http://www.alternativesjournal.net/volume3/number2/huseyin5.pdf.
Quansheng Zhao, clarifies this theory in analyzing China’s approach to making foreign policy. According to Zhao, “[The] micro level is defined as ‘the empirical reality of the individual in everyday life’ and the macro level refers to ‘social reality or the social world.’” This study finds it important to examine domestic policy in Nigeria in order to provide insight into the political economic development of the country. As indicated earlier, domestic determinants can impact the direction of foreign policy, and what is occurring internationally can also impact domestic policy. Foreign policy can have an impact on domestic policy, as indicated in Table 1.1.

Table 1.1. Quansheng Zhao, Micro-Macro Linkage Model

<table>
<thead>
<tr>
<th>Input</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Macro-Level:</strong></td>
<td></td>
</tr>
<tr>
<td>International Constraints</td>
<td>Domestic Determinants</td>
</tr>
<tr>
<td>(Structure and System)</td>
<td>(Society and Institutions)</td>
</tr>
<tr>
<td><strong>Micro-Level:</strong></td>
<td>Decision-Makers</td>
</tr>
</tbody>
</table>


To explain the linkage on the micro and the macro level Karen Cook’s argument pertaining to the theory of exchange simplifies the micro-macro linkage model. As argued by Karen Cook,

Exchange theory simply focuses attention on the relationships between interconnected actors, be they individuals corporations, or nation-states, rather than represent actors as isolated entities—processes like the exercise of power and influence, the potential for coalition formation and other power gaining strategies, the normative aspects of exchange, especially conceptions of fairness and unfairness, inequalities in the distribution of resources and perceptions of the legitimacy of power.57

Cook and colleagues hypothesis on exchange complements the theory of complex interdependence. Additionally, the concept intermestic, a term coined to describe the interconnectedness of international and domestic political issues, helps to explicate micro-macro linkage theory.58

Intermestic policy is best explained by Robert D. Putnam. Other scholars, such as James Rosenau, Karl Deutsch, Ernst Haas, Graham Allison, Peter J. Katzenstein, Stephen Krasner, James E. Alt, Peter B. Evans, and Peter Gourevitch, have provided some scholarship related to intermestic policy.59 Putnam provided a two-level game approach:

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57 Karen Cook, Jodi O'Brien, and Peter Kollock, “Exchange Theory: A Blueprint for Structure and Press,” in Frontiers of Social Theory, ed. George Ritzer (New York: Columbia University Press). The full definitions of the various approaches and theories that are utilized in the micro-macro linkage model can be found in fn 6 of chapter two of Zhao’s manuscript.


The politics of many international negotiations can usefully be conceived as a two-level game. At the national level, domestic groups pursue their interests by pressuring the government to adopt favorable policies, and politicians to seek power by constructing coalitions among these groups. At the international level, national governments seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments. Neither of the two games can be ignored by central decision-makers, so long as their countries remain interdependent, yet sovereign.60

John T. Rourke has also examined the intermestic concept and explains that the lines between foreign policy and domestic policy can sometimes become blurred with both arenas affecting each other. Also, unlike pure foreign policy, which may not have a direct impact on the citizens of a given country, or pure domestic policy, which only impacts the polity in a country and has no impact on international actors, intermestic policy such as trade-relations has an impact on both parties--the domestic polity and those who are parties to the trade agreement in the international arena. This is what Robert D. Putnam speaks of when he discusses two-level game theoretic models.

Although complex interdependence and micro-macro linkage will be the theories that will serve as the guiding lens for this dissertation, neo-mercantilism and conservative neo-classical realism helps to explain how complex interdependence and micro-macro linkage operate in this study.

Neo-mercantilism falls within the realm of the international political economy and the political-economy paradigm explains China’s path toward modernization and economic revitalization. In utilizing neo-mercantilism, the author will highlight specific

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instances in China’s history that deal directly with the country’s use of neo-mercantilist strategies to promote development and modernization in the country, hence connecting to the micro-macro linkage model. Nigeria also has used neo-mercantilist strategies to foster growth. Fredoline Anunobi states: “the primary aim of mercantilist doctrines is industrialization…in every economy, including liberal ones; governments pursue policy measures that are essential to industrial growth and development.”

Conservative neo-classical realism is yet another theory that will support the two main theoretical frameworks. The theory specifically will assist with the examination of China’s foreign direct investment in Nigeria and how this investment has contributed to the political economic development of Nigeria, thereby aiding the theory of complex interdependence. Thomas J. Biersteker, provides an explanation of this theory. Those who subscribe to this thought would make the argument that countries that choose to indigenize run the risk of losing their ability to modernize because the role of the multinational corporation is to provide “capital, skills, technology, market access, and employment.” It is also believed that multinationals play a role in mobilizing resources or assisting the host country in the provision of foreign exchange that would allow them to mobilize resources themselves.


63 Ibid., 13.

64 Ibid.
Deborah Brautigam, discusses the role of China’s foreign direct investments on the continent of Africa. Of importance, she indicates that after the summit of the Forum on China-Africa Cooperation held in Beijing in 2000, the head of China’s Export Import Bank (Exim), Li Ruogu, predicted six months after the summit that the bank would commit twenty billion over the next three years to finance Chinese exports and business in Africa.65

Methodology

The first question, how has China’s foreign aid policy between the years 1979-2010 influenced the political economy of Nigeria?, requires some examination of the two major variables in this dissertation. Both of the major variables, foreign policy and political economy were defined earlier in the key terms section of this chapter, however, for purposes of clarification and how they will operate, they will both be mentioned here in the methodology section once again. As previously defined, foreign policy, the first variable, is defined as “mutual help between developing countries which focuses on practical effects, accommodates recipient countries’ interests, and strives to promote friendly bilateral relations and mutual benefit through economic and technical cooperation with other developing countries.”66 As part of foreign policy, countries may utilize foreign aid packages. Foreign aid is usually typified by three types: grants, interest


free loans, and concessional loans. China’s state finances encompass the grants and the interest free loans, while the concessional loans are derived from the country’s Import-Export Bank.

Political Economy, the second variable, which also operates as the dependent variable in this dissertation is the synthesis of “traditional concerns of politics and economics, it focuses on how power and resources are distributed and contested in different contexts and the implications for the development of outcomes. It goes beneath the formal structures to reveal the underlying interests, incentives, and institutions that enable or frustrate change.”

The two aforementioned variables, foreign policy and political economy, and their corresponding units of analysis have been provided for this research question. These units of analysis are Nigeria and China. The remaining question and their corresponding variables, those units of analysis in the international community that have been chosen for study, will operate as antecedent and intervening variables to both the dependent and independent variables in this dissertation. The intervening and antecedent variables are the United States, United Kingdom, Soviet Union, World Bank, and the IMF. Antecedent variables typically occur before the independent variable. These variables usually do not explain away the relationship between the independent variable and dependent variable. What it does is inform the reader and the researcher of an influence that occurred before the independent variable. Raymond Mark indicates that there is a

procedure for the antecedent variable analysis\textsuperscript{68}

Figure 1.1. Conceptual Model of Research Design.

Figure 1.1 is an illustration of the research design for this study. As shown, the antecedent variables of the United States, United Kingdom, Soviet Union, International Monetary Fund, and the World Bank are connected to both the dependent and independent variables.

The major research design that will be used in this study is the case study approach supported by two analytical perspectives, comparative analysis and interrupted

time series design. The case study approach was used because this research is non-experimental. Furthermore, “case studies are the preferred strategy when ‘how’ or why’ questions are being investigated, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context.” In many political studies, this type of design is used when very little information is known about some type of political phenomena. The case study allows the researcher to test a theory or set of theories that is being used to explain a phenomenon. The utilization of the theories of complex interdependence and micro-macro linkage are two that can be applied with future studies pertaining to the same research questions, although utilizing different units of analysis. By utilizing the data compiled for this research, the findings will yield external validity for future tests on these subjects and allow for replication.

The two additional analytical perspectives, comparative analysis and interrupted time series, will be used to inform the study. The first research question, what are the micro-macro political economy drivers of the relationship between China and Nigeria, will utilize the comparative analysis perspective. This perspective will highlight patterns and trends that might have existed among the various regimes of both China and Nigeria, which would influence the political economic development process of Nigeria. The comparative analysis perspective is typically employed through the use of a theoretical paradigm. The micro-macro linkage model helped with the explanation of the

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comparative analysis perspective. As illustrated in Table 1.1, there is a micro level, which consist of the decision makers at the national level, and those individuals influence the domestic determinants in their societies and the institutions that make up those societies. On the macro level, the international system can influence policy makers at the micro level and this influences the foreign policy output. The comparative analysis aspect applies to the examination of both Nigeria and China’s policymakers and the influence of those policies on their domestic environment, thereby affecting their foreign policy decisions.

In order to provide a full understanding of this comparative analysis perspective informed by the macro-micro linkage model, a brief return to the theoretical paradigms is necessary. Zhao explains that there is a single-level analysis approach to the study of foreign policy. For the purposes of examining the first question of this research design, Type C of Zhao’s analysis of foreign policy behavior determinants, which examines the psychological and ideological factors that would influence the outcome of policy, will be applied to the domestic realm of Nigeria. Therefore, the theoretical framework that will support the comparative analysis will be an application of Type C of the micro-macro linkage model, but in this case to domestic policy.

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71 Zhao provides analysis on three types of approaches which include Type A, B and C. In type A, the focus is on international constraints to foreign policy and how the international system can impact the affect foreign policy options. Type B focuses on the domestic realm and how these determinants can influence policy decisions in the international realm. Lastly, Type C focuses on the level of individuals and the decisions that are made. It takes into account issues that may arise between individual leaders that may affect policy. For more elaboration see Quansheng Zhao, *Interpreting Chinese Foreign Policy: The Micro-Macro Linkage Approach* (Oxford: Oxford University Press, 1996), 12-13.
The second research question for this study, how has the foreign aid of China influenced the political economy of Nigeria, will employ the time series design. A time series perspective is one that involves measures of the dependent variable that are taken before and after the application of the independent variable. The dependent variable in this study, the political economy of Nigeria, will be operationalized as the Gross Domestic Product (GDP) of the country and the Per Capita GDP. The GDP is the monetary value of all the finished goods and services produced within a country’s borders in a specific time period. GDP includes all private and public consumption, government outlays, and investments and exports, less imports, that occur within a defined territory. The GDP is commonly utilized to indicate the economic health of a country and also to gauge the standard of living of a country. The Per Capita GDP is the total output of a country that takes the GDP and divides that number by the number of people in the country.

The foreign aid provided to Nigeria’s political-economic sectors of health, infrastructure, oil and mining, and education were examined for each year under study. The time series analysis was conducted in SPSS and allowed for a visualization of the amount of foreign aid provided to each of the sectors from 1979-2010. Furthermore, the time series provided an understanding of how the aid flows from China influenced the political economy of the dependent variable through an examination of GDP and Per Capita GDP from 1979-2010.

The final research question for this dissertation is how has the international community played a role in the relationship between Nigeria and China from 1979
through 2010? This question also will utilize the time series design. There are five international entities that will be examined in this study and pertain to this question in the research design: the United States, Soviet Union, Great Britain, the World Bank, and the International Monetary Fund. The international community will serve as both antecedent and intervening variables because each of the aforementioned institutions plays an antecedent role, which means there was a relationship with Nigeria prior to the introduction of the stimulus, the foreign aid of China. These entities act as intervening variables throughout this study because each entity had continued influence on China and Nigeria during the time period under study.

The anteceding and intervening variables in this dissertation will be examined for each of the years being studied. The anteceding variables will be examined because they will provide information before the dependent variable, and might have influence on the major question under study. Additionally, the author would like to determine how each entity and its relationship with the dependent variable, Nigeria’s political economy, compared with that of Nigeria and China’s relationship in the sectors of health, infrastructure, oil and mining and education. The variables that are operating as antecedent and intervening in this study will provide information on how each of these international entities intersects with China’s influence in Nigeria. An examination of the background relationship that exists between China, Nigeria, and the intervening variables that comprise the international community was necessary in order to gain insight into the relationship between China and Nigeria as they both interact with the major powers (United States, Great Britain, and the Soviet Union). It was also important to understand
how the Bretton Woods Institutions, the International Monetary Fund and the World Bank also converge to influence Nigeria’s political economy in the same sectors.

Limitations of the Study

Some of the major limitations that were encountered presented themselves specifically in addressing the lack of available data for specific years of the study as it relates to China’s foreign aid to Nigeria. Although there is a lack of data for some of the years, China has begun to make its foreign aid data more transparent, thereby making future studies in this same area feasible and without the hindrances that were encountered in this study. A few reasons exist for the availability of data commencing during the 21st century. First, in 2000, the China-Africa Cooperation Forum was launched. The commencement of this partnership has received a massive amount of attention and the connections that have been made between China and African countries has also been well publicized. The second reason for the increase of data starting around the year 2000 has to do with the Extractive Industries Transparency Initiative (EITI). Not only has this initiative led to more transparency with the flow of China’s aid dollars, but the country’s status in the international community also contributes to the need for more openness.

A second limitation of this study was the lack of available data for the Soviet Union, which acts as an antecedent/independent variable in this study. The Soviet Union acted as an antecedent/intervening variable in this study due to Nigeria’s relationship with the Eastern bloc during the Cold War period and thereafter. Although this is the case, after researching the major dataset utilized for this study, no exact dollar amounts were obtained for the Soviet Union’s foreign aid to the sectors identified in Nigeria as a
part of this study. In coding the data for the Soviet Union, the empty cells were coded as “0” for foreign aid provided by the Soviet Union in the areas of health, infrastructure, oil and mining, and education.

The measure used to collect much of the numerical data, AidData, was created in 2009 as a merger between Project Level Aid and Accessible Information on Development Activities. The process of navigating the data source was somewhat cumbersome and time consuming. The dataset AidData has been vetted and is considered a remarkable innovation in simplifying the collection of numerical figures and country involvement in international development. The numerical figures that were collected from this particular dataset were labeled as “commitment amounts” and “disbursements amounts” when further examination was taken of the description of each of the projects. Due to a great number of projects in the various sectors under study, and the funding provided to these endeavors being labeled as “commitment amount”, this was the figure that was utilized across the board for all projects that were identified and belonging to the various sectors in this study. With much of the information being independently verified by the researcher, and the need to obtain an idea of the total aid amounts that were committed, this study encompassed projects that were both committed and fully funded projects as part of the dataset in their respective sectors. Time and manpower were major factors that prohibited a separation of the “committed” amounts to the “fully funded” projects. Therefore, only one dataset (encompassing both) rather than two data sets (a separation of the committed and fully funded projects) were utilized in this study.

Access to certain information emanating from the People’s Republic of China was
not available for specific years of this study. As indicated earlier, the years 1979 to approximately 2002 reported a lack of data from the major dataset utilized. Furthermore, other datasets utilized such as the World Bank, OECD, and IMF provided relevant numerical figures for the antecedent and intervening variables, but the organization of these datasets did not provide simple delineation of the amounts provided to the specific sectors that were examined in this study.
CHAPTER II
REVIEW OF THE LITERATURE

Introduction

The introduction of this research indicated that its major focus is to examine how the foreign aid policy of China influenced the political economy of Nigeria between the years 1979-2010. In addition to the major research question, there are other questions and variables that must also be examined that may have an influence on the question, how has the foreign aid policy of China influenced the political economic development of Nigeria. The rationale for examining other aspects, such as the micro-macro political economic drivers of the relationship between China and Nigeria and the role of the international community is to gain background information. This information will allow us to determine whether or not the aforementioned areas intersect or influence the major research question.

To date, there is a plethora of scholarship on China’s relations with developing countries. In addition, there is also a vast array of literature that focuses on China’s relationship with the developed world. This study, however, will deal with two countries and how their relationship and their internal domestic policies may be influenced by other transnational actors and vice versa. This literature review will proceed in a fashion examining the writings on Nigeria first, followed by writings which focus on China and its foreign policy. This will be conducted by the examination of literature pertaining to
the micro factors that drive the creation of China's foreign policy, moving more broadly to China's foreign policy with Africa and then Nigeria. In addition to reviewing literature covering the two major units of analysis for this dissertation, the study will cover other important actors or variables in this research such as the Bretton Woods Institutions and the United States policy with Africa and Nigeria.

**Nigeria's Political Economy**

Frederick J. Ofuako Ighavodaha completed a study on Nigeria's national development strategy through an examination of external economic dependence and foreign investment policy outputs. Ighavodaha examined three types of external economic dependence strategies. (1) Foreign investments by way of multinational corporations; (2) foreign trade; (3) and foreign aid. His research found that the level of the country's economic dependence was very high, yet this dependence on foreign sources did not mean that foreign investment policy would be changed to favor the foreign investors. The theoretical model utilized in this study, the dependency paradigm, was criticized as not being able to clarify what factors would cause FDI policy changes in a developing nation-state. In explaining this, he notes that the decisions are not purely economic in nature. Rather, when decision-makers devised economic policy, the intricate link of how the needs, demands, and interests of the polity are made known to those in power positions were taken into account. Furthermore, these features influenced

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policymakers’ decisions more than just the economic considerations.

Franz Baumann conducted a study on the bureaucratic state and economic development of Nigeria, holding the thesis that the “State,” staffed by bureaucrats, is developmentally counterproductive. Baumann argues that the bureaucrats who operated in Nigeria were not of the platonic ilk, but instead functioned in a manner to maintain their own interests in society. In addition to the examination of bureaucratic officials within the state, attention was given to the waste of resources under the various military regimes, which operated within the country, and to the regulatory policies regarding the state resources of Nigeria’s economic sector. It was believed that these policies prevented the country from reaching its full development potential. Baumann’s argument directly relates to the theories of conservative neoclassical realism, which will be used in this dissertation. The approach utilized by Baumann was historical analysis, commencing with an examination of bureaucratic development in the colonial state and the problems that exuded from the colonial government that led to the various forms of nationalistic opposition. He points to some of the omissions of the colonial government and how this led to the state being viewed as a prize of sorts, thus leading to the patrimonial state of post-colonial Nigeria.

Baumann’s examination of Nigeria from the state perspective with a focus on bureaucrats and the inept policies implemented by them is not unlike other research done

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on Nigeria examining the developmental problems from a micro level. A similar study was conducted by John O. Ifediora, which will also be discussed in this review of literature. Although the points made by Baumann are valid, the research only examines Nigeria’s bureaucratic state during the colonial period to the early part of the 1980s. It is important to note that his research examines Nigeria widely from the period of the First Republic and the early military interregnums. The current research that is being undertaken will add to existing literature by commencing with an examination of the Second Republic of Nigeria and the implementation of the new constitution in 1979.

Likewise, Baumann’s literature and research provides interesting analysis of the state by focusing on the origins of the bureaucratic state. Lacking, however, is an examination of the neo-classical model of developmental economics; a theory from the public choice paradigm. Baumann argues that the African state is held accountable in the role of economic development and the role of exogenous variables, such as the international community, is of cursory importance.

Although one finds her argument to be sound, one finds it difficult to hold only the African-state accountable for its maladies. Current studies such as the one being undertaken in this dissertation will take the neo-classical model of developmental economics and apply it to the study of how Nigeria has fared in its political economic development. This specifically pertains to the assistance obtained from exogenous variable such as China, the World Bank, IMF, the United States, Britain, and even the

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Soviet Union. Likewise, this research will also inspect the internal factors that have led to the growth of Nigeria’s political-economic sector. It is believed that an analysis such as this is needed, both internal and external to obtain the full scope of the country’s economic development. It is this point that will add to the existing literature in the field of political economy, international relations, and foreign policy.

John O. Ifediora’s dissertation examines why Nigeria has failed to grow in a trajectory manner since gaining independence from Britain. His main thesis is that development was and continues to be stunned by policy of state creation without regard for the lack of economic viability to sustain newly created states. There are three factors that lead to this problem: (1) the natural resource curse, (2) bureaucratic corruption/rent-seeking, and (3) decentralization.4

Ifediora’s findings suggest that the three aforementioned factors have very little consequence in nation-states with advanced and inclusive social institutions, but are extremely damaging and disruptive in those nations that have weak or non-functioning social institutions. It is believed that nations that possess weak institutions, foster exclusivity in economic and political participation. Likewise, Ifediora found that the “Dutch Disease” syndrome in Nigeria is immediately traceable to the creation of multiple states within a relatively short period. The creation of these states enabled and sustained rent-seeking behavior amongst the political and business elites, and in due course gave rise to debilitating bureaucratic corruption that misaligned self-interest and national

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4 Ibid.
economic development. More damaging to development is the finding that the creation of more states encouraged dependence on the federal government and the country's oil revenue as the primary source of sustenance. This discouraged the development of other viable sources of economic productivity. With this being the case in Nigeria, these issues can be attributed to the country's legal and social institutions, which have been characterized as disturbingly ineffective and malleable to corrupt influences.

Ifediora recommends that the country should stop all decentralization efforts and provide an enabling environment by strengthening its social and legal institutions. By implementing such efforts, the country would thereby encourage inclusivity, and vigorous enforcement of established rules and regulations. Ifediora also suggests that only after such institutions are in place will the country be able to encourage economic growth through industrialization, managed international trade, and full development of the agricultural sector.

The current research being done within this dissertation examines some of the same points made by Ifediora. Of specific importance is the role of the oil sector and the continuing decline of the agricultural sector. Although Ifediora offers poignant analysis regarding the deficiencies in the Nigerian economy, and why such maladies exist, he does not examine the topic from the vantage point that this research aims to apply. Ifediora examines Nigeria strictly from a domestic standpoint and does not take into account the extraneous variables or factors that may have an impact on the country's growth. From his vantage point, international trade, industrialization, and development of the agricultural sector will only thrive after inept institutions are replaced or revamped. One
area that is not discussed within Ifediora’s study is the role of the international community. This dissertation examines how the United States, Britain, and the Bretton Woods institutions play a vital role in the political economic development of Nigeria. It is important to incorporate the impact of these entities due to the international economic policies of these major countries in the international system and how those policies can dictate the development of a viable economic system in Nigeria on all fronts.

In addition to the aforementioned exogenous factors that play a role in Nigeria’s economic system, China, the independent variable for this study, has pumped billions of dollars into Nigeria. Likewise, China’s partnership with Nigeria provides its own unique set of agreements, some of which are highlighted in this dissertation. Industrialization is well underway in Nigeria with the help of China and other institutions. However, the means of production are mainly owned by foreign companies or the partnerships provide very little hope for Nigerian businessmen. One important point made by Ifediora was the role of government institutions. Until reorganization of the institutions take place and policies are devised that promote inclusivity, then it will be difficult for Nigeria to harness its own economic strength.

Alfred Owarhiomie Enagbare also provides some insight into economic development in Nigeria. Enagbare’s central argument was that Nigeria underwent both political and economic growth, but this was done without fundamental change. He expounds on this point by examining the historical background of the country with a

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focus on the colonial government and economic structures that were erected during this time period. In addition, Enagbare notes that these same political-economic structures remained long after colonialism ended, even though the country attempted to shift towards a development strategy that emphasized “exports and capital accumulation.” Although this occurred, the new economic system simply led to continued dependence, which was set in place during the colonial era.

Enagbare provides an analysis of the petroleum sector of the country and explains that, although this economic sector is the mainstay of the economy and was envisioned by leaders to be the major engine to lead the country toward independent modernization, it did the opposite and led to “greater internationalization of the Nigerian economy and increased vulnerability of the country’s development to the economic conditions of the world.” Enagbare’s findings concluded that those who were responsible for the country’s development strategy were responsible for Nigeria’s lack of development. This was the case due to the failure to take into account the need for a more systematic practice of economics for the country as a whole. In addition, his findings included the need for structural change in the country in order for full development to be implemented.

Enagbare makes poignant arguments and these same arguments are also highlighted in this current dissertation. Although he begins his study with the year 1960 and concludes in 1993, this dissertation will provide further analysis of some of the points that he has initially made. The author will examine these points in more depth and scrutinize how the international community played a role in greater internationalization
of Nigeria's economy, and furthermore, how this process has produced adverse effects for Nigeria and its polity.

Nsikitima Jonah Udoko employed a dialectical materialist approach to the study of Nigeria. In the dissertation “Colonial Capitalism and Politics of Underdevelopment in Post-Colonial Africa: The Case of Nigeria, 1960-1990,” six hypotheses were utilized: (1) colonial capitalism catalyzed contradictions of underdevelopment crises in post-colonial Africa; (2) failure to Africanize the post-colonial development strategies frustrated the resolution of underdevelopment crises, thus hampering authentic and sustained development in postcolonial Nigeria; and (3) the perpetuation of colonial superstructure by “post-independence” regimes catalyzed politics of underdevelopment in Nigeria. Udoko's study utilized historical dialectical materialism to analyze the aforementioned hypotheses. The recommendations offered by this study suggest that a "genuine democratization" of governmental actions and indigenization of the mode of production that is embraced by leadership committed to the revival of the pre-colonial development strategies are feasible ways to solve the problems associated with underdevelopment.

Adeyemi Olayiwola Kayode Diẹolu examines the policy reforms adopted by the country during the 1980s and how these reforms had an impact on the economic

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7 Ibid., 2.
performance of the country. Dipeolu utilized an institutional perspective, which argues that the market was not the only institution and that there is a need for positive use of political power. In addition, he argues that the Nigerian experience of structural adjustment had the tendency to favor the financial sector. The failure of the economic policy reforms could have been attributed to institutional characteristics and lack of a positive use of political power. In essence Dipelou’s dissertation provides an interesting analysis of the convergence of the market and the political institutions and how they both influence development in Nigeria. He proposes an institutionalist political economy approach, noting that the market and the positive use of political power is what is needed for economic transformation. Furthermore, Dipolou argues that the only way that true economic development can take place is through the revamping of the institutions, both market and political.

This document will examine some of the economic policies implemented in Nigeria and how those policies were ineffective. However, this research will extend beyond the domestic economic policies and will examine how the domestic policies shape foreign policy decisions with other countries, particularly in regards to foreign aid. Through this research, more analysis will be added to the existing field of literature pertaining to the impact of a country’s economic policy and the institutional factors of the

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political apparatus and the market, domestically. It will also go beyond that and examine the institutional factors of other countries and how those shape policy decisions abroad.

Osaro Ighodaro examines the Niger Delta Crisis and makes the claim that development problems of Nigeria are indicative to the oil crisis in this particular region of the country. Furthermore, Ighodaro scrutinizes the vestiges of colonialism and neocolonialism along with Nigeria’s problems as a result of “Dutch Disease.” Osaro utilized political economy and dependency theory as the theoretical frameworks for his study coupled with the African Transformative scholarly perspective. Osaro’s findings suggested that Nigeria hold oil companies accountable for their activities in host communities. Likewise, he suggested that these same companies see themselves as vital parts of those communities by offering jobs and safe environmental practices. Osaro also held that these oil companies allow for the resources to be owned by the respective communities where they are found. The major hypothesis in this study is that the Niger Delta crisis is symptomatic of challenges to development in Nigeria.

Osaro’s finding are indeed important to Nigeria’s well-being and political economic development. Although his discussion focuses mainly on the Shell oil company, one finds it necessary to also examine the role of Chinese exploratory firms and joint venture firms that operate in Nigeria. Many of the joint venture firms consist of partnerships between Nigerian owned oil companies and foreign companies. The question that proceeds from this statement is how much control the indigenous companies

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have in the venture, and more importantly, how is the federal government holding both
indigenous and foreign oil exploration companies accountable for the economic and
environmental conditions of the area in which they are doing the exploration? The current
research will examine some of these points but more of the focus will highlight China’s
role in the country and its oil exploration pursuits. The point and discussion of
government responsibility in the way of ensuring that the country is not overtaken by the
Dutch Disease is indeed valid.

Sabella Ogbobode Abidde examines the political economy of Nigeria’s oil rich
Niger Delta in his study focusing on this major question: What are the domestic and
global implications of underdevelopment with particular reference to the oil-rich Niger
Delta region of Nigeria? Abidde’s dissertation ended with the discussion of policies that
would rectify concerns of people residing in the Niger Delta Region of Nigeria. The
findings of his study indicate the need for solutions to the issues facing the Niger Delta
region due to the requisites of international and domestic security. Furthermore, he argues
that “poor governance and weak institutions” are the major variables, which have led to
the crisis in the Niger Delta region.10

10 Sabella Ogbobode Abide, “Violence, Terrorism and Instability in the Niger Delta:
Understanding the Domestic and Global Dimensions of Underdevelopment.” (PhD diss., Howard University,
2009).
China’s Foreign Policy and Sino-African Relations

To add to this literature, it is necessary to also examine writings regarding the foreign policy of China. Of specific interest to this research is the period of 1977-1997, Deng Xiaoping’s leadership of China. Xiaoping has been remembered as the leader who instituted “socialism with Chinese characteristics.” He is also remembered for moving the country forward with the institution of the “four modernizations.” These policy shifts or reorientations differed from those instituted under the former Chairman Mao Tse Tung. Here we shall begin a review of the existing literature in the field that pertains to China’s foreign policy and moreover how it intersects with Africa, Nigeria and other developing countries.

The-Chang Lin provides a useful analysis of the foreign aid policy of China.11 Lin’s overall objective was to discover what variables contributed to the foreign aid policy of Beijing. The research problem pursued by Lin is to identify internal as well as external dimensions of a country’s aid policies. Accordingly, Lin suggests that the foreign aid program of the PRC is multifaceted. Lin argues that the internal dimensions of the PRC’s aid policy contain four important aspects: (1) The growth rates of donor countries cause constraints on how much will be spent in foreign aid; (2) the domestic sources have to be considered before any foreign aid amount is determined; (3) the political development of the country may influence foreign aid policy; (4) opportunity

costs may also restrict a recipient country from receiving aid.\textsuperscript{12} Lin further notes that the external dimensions of China and other countries aid policies focus on the political motivation to extend aid to recipient countries based on the historical relationship between the two.\textsuperscript{13}

As previously mentioned, the author examined the internal and external factors that would impact the PRC’s decision to provide aid. There were several limitations to the methodological approach employed by Lin’s study: (1) the data analyzed, failed to explain the reasons why aid fluctuated from different periods; (2) at the time of the study, Peking had not officially released its foreign aid data; (3) data needed to be updated; (4) the work failed to explain interactive behavior between Peking and its aid recipients; (5) failure to explain Peking’s aid motivation over the years; and (6) countries outside of the Sino-Soviet conflict were omitted.\textsuperscript{14}

Chenghong Li attempts to devise a foreign policy model that goes beyond the two-step model of material realism and ideational constructivism in order to understand foreign policy situations emanating from within the country.\textsuperscript{15} Li attempts to derive a model, which consists of “twos”, which are: “two successive and distinctive development stages; two groups involved in ideational disputes; two elements; and two types of

\textsuperscript{12} Ibid., 40-42.

\textsuperscript{13} Ibid., 43-44.

\textsuperscript{14} Ibid., 12-13.

\textsuperscript{15} Chenghong Li, “Beyond Two-Step Model: Power, Ideas, and the Reorientations of Chinese Foreign Policy” (Ph.D. diss., University of South Carolina, 2009).
logic."16 The model is then employed to examine the two types of logic, logic of consequence and logic of appropriateness. Li’s findings assert:

In comparison with other approaches the model sheds more light to these two cases. The study reveals that in both cases it was the grave material consequences that prompted Chinese key decision-makers to rethink China’s foreign policy orientations and generate innovative understandings—in the first case it was reflected in Chairman Mao and Premier Zhou’s re-conceptualization of war and peace as well as the United States while in the second case it was indicated in the replacement of Hua Guofeng’s “two whatever’s” with Deng Xiaoping’s pragmatic “seeking truth from reality” thought line, despite the fact that the sources of material consequence in those two cases were different.17 Overall the study undertaken by Chenghong indicates that the changes in both cases brought about the beginning of China’s fundamental foreign policy reorientations, and then indicates how these changes led to the renewed relations between the United States and China, and, Deng Xiaoping’s consequent participation in the international arena.

Cheng Xiaohe’s study examines China’s behavior with five nation-states: the Soviet Union, North Korea, North Vietnam, Albania, and Pakistan.18 Of particular interest to this study is the PRC’s relationship with the Soviet Union. Although the time period studied for Xiaohe’s research is 1949-1982, one finds this period beneficial for the examination of China’s foreign aid policy toward Nigeria. The major focus of Xiaohe’s study was on China’s alliance behavior. He offered two major research questions in his

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16 Ibid., vii.
17 Ibid., viii.
18 Xiaohe Cheng, “Can Asymmetry Stand for Long? The Rise and Fall of China’s Alliances” (Ph.D. diss., Boston University, 2006).
study. The first question, why must China establish alliances? And the second, why have almost all the alliances broken? The methodological approach employed by Cheng consisted of library research in a case study analysis format. Cheng's findings indicated that the PRC's alliance behavior was motivated by threat perception, and that ideology played a secondary role. In addition, the alliances failed because the weaker partner in the alliance demanded more autonomy than the stronger party would stand for. His research found that the search for alliances by China was a consistent part of its policy. He also concluded that its alliance behavior was undertaken to enhance the country's credibility.

As part of this study, the author will examine the foreign aid policy of the PRC in the form of grants, loans and foreign direct investment and how that assistance is utilized in health, welfare, employment training, education, and social development in the country of Nigeria. The research of Ismail Debeche provides some insight into ideology and how this has impacted Sino-African relations. Debeche's study focused on Sino-African relations at the state-to-state level and the people-to-people level. His research consisted of three parts. The first part examined how China's perceptions of the world were shaped as a result of revolutionary conditions and the country's experience with semi-colonial imperialism. The second part of the research focuses on China's role in the international arena during different time periods. Of particular interest to the study being conducted by

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19 Ismail Debeche, "The Role of China in International Relations: The Impact of Ideology on Foreign Policy with Special Reference to Sino-African Relations (1949-1986)" (Ph.D. diss., The University of York (United Kingdom), 1987).
this author is the time frame of 1976-1986. Part three of Debeche’s study focuses on the state-to-state relations commencing in the year 1949.

Debeche’s research discusses Sino-African relations, however, it only covers 1949 to the mid-1980s. The years 1979 to 1986 are significant to this research, however, the conclusiveness of data for this time period were still under development at the time of her writing. Additionally, Debeche examines China’s relationship with the continent as a whole, rather than a state to state approach. An analysis of this type provides relevant information, but is unable to capture the full trajectory of the relationship as a state to state analysis would. Furthermore, Africa was still in its early stages of independence, where many states were still undergoing independence movements, a point noted by Debeche and a specific aspect of the study.

This current dissertation attempts to fill the gaps not covered by Debeche by providing a more detailed examination of China’s interactions with a specific country. It is believed that the micro level approach will provide scholarship about the determinants of domestic policy and how this impacts foreign policy—the micro-macro linkage approach.

Faouziatou Aboudou Kabassi conducted a study entitled “A Tale of Two Superpowers: Nigerian and China Relations.”20 In this study he focused on the development of Sino-Nigerian relations from a historical perspective. The main analysis of his study pertained to Chinese FDI and Nigeria’s National Economic Empowerment

and Development Strategy (NEEDS). His main hypothesis was that although China invested in Nigeria economically, this was poisonous to its own economic development and goals. The rationale for his argument centered on the fact that China was a self-interested partner in this relationship which led to Nigeria neglecting on her own goals. The solution to this, as proffered by Kabassi is for better coordination between both countries to foster win-win relationships.

To shift focus, but remain on China’s foreign policy, the literature that will be discussed at this point focuses on China’s relationship with Africa and its foreign policy alliances with other countries outside of Africa. The work of Sandra Gillespie examines the significance of south-south transfer. Gillespie’s research focused on the transmission of knowledge between the peripheral countries with special attention being given to China and Africa and special emphasis on sustainable and equitable development. The author of the above-mentioned study utilized a mixed method approach in the data collection and analysis of her study. She made use of questionnaires to obtain information on the African student experience in China whilst also utilizing the interview method to gather information from both African and Chinese parties, and then subjecting the data obtained to quantitative and qualitative analysis.

The findings of Gillespie’s study revealed that the use of Sino-African exchanges in the educational arena has played a supportive role in international relations and,

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further, that exchanges are showing signs of promoting greater equality in South-South cooperation. Although her study revealed more “South-South” cooperation than “North-South” cooperation, it welcomed the new educational relationship between the African countries and the PRC, and revealed some glaring similarities to the North-South transfer of education. To begin, Jin Lin wrote a review of Gillespie’s now published book (a product of her dissertation) noting that it presents “a very negative picture of the experiences of African students studying in China. They suffered from discrimination, alienation, and biases: they were disrespected and were strictly controlled by the university officials.”22 Gillespie’s findings are significant not only because they revealed the racism and discriminatory actions directed toward African students in China, but her findings also revealed discriminatory behavior within peripheral countries directed toward students from core countries.

Gillespie’s work highlights the importance of South-South collaboration in the area of education, yet her thesis and findings specifically focus on African students in China. The current research will go beyond this approach and examine China’s new role in assisting Nigeria with its educational efforts on Nigerian soil. To clarify, there has been a great push to expand the Chinese language on the African continent, and with this, many Confucius institutes are opening in countries in Africa. It is believed that the influx of Chinese companies will lead to the need for more understanding of the Chinese

language. Likewise, the adoption of Chinese into educational curriculums will help Nigeria harness its own development potential. This belief is founded on the fact that Chinese companies operating in Nigeria and other African countries will encourage the use of the Chinese language. The use of the language is believed to help indigenous persons gain purposeful knowledge about the business, thus transplanting this knowledge into African workers. This will lead to a better understanding of Chinese business practices and the likely adoption of those practices by Nigerian companies.

Duke Kent-Brown, author of "The Relationship between the Republic of South Africa and the People's Republic of China: A Model for Public Policy Analysis," proffered the hypothesis that a proposed model that would elucidate the bilateral relations between South Africa and the PRC could not only be utilized to assist policy analysis within the two countries, but could also provide a blueprint for future foreign policy making. In the development of this model, Brown examined the interaction among states at the "geographical domestic, regional, and international development levels as well as the communicational bilateral and multilateral environmental levels." His findings indicated that even though both countries are considered to be peripheral countries, China is clearly in a different category than South Africa, and therefore, South Africa needs to be cautious of this fact, as the interests of each state are different. Additionally, Brown noted, South Africa needs to become more aggressive in its stance

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and posture towards China in order to ensure that it does not concede its interests to those of China. One found that the leaders of South Africa tended to confuse party-political interests with those of state-national interests, and this may have compromised their ability to engage China in certain areas. Overall, Brown was interested in finding out the most advantageous position for South Africa in its relationship with the China.

Brown’s research provides a useful framework for future studies regarding Sino-African relations and how African countries can begin to utilize its relationships with other nations to harness its own development interests. The discussion and analysis provided by Brown is useful to the current study because the same underlying premise exists in the current research, except the country of interest is Nigeria.

**The Intersection of the Bretton Woods Institutions**

To provide a different analysis of the Nigerian economic structure and its maladies, Nwabufo Okeke Uzodike offers an evaluation of not just the economic reforms instituted by the government, but also the role of the International Monetary Fund and Structural Adjustment programs in the country.24 He argues that even though there was a need for structural adjustment reforms in the country, the neoclassical models that were offered were not going to work in the country. Uzodike attributes this to elite infighting and personality conflicts amongst those who held power positions within the state. This in turn led to a lack of clear direction of policy and failure to implement policy once it

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was devised. In addition to the conflict over policy direction, those in power positions attempted to garner public support for their interests, and those in decision-making positions aligned themselves with powerful coalitions. This in turn led to lack of implementation of policy and the diversion of resources, which can lead to a dysfunctional structure.

Uzodike provides a point of interest in his study through some discussion of the role of prebendalism. The role that political elites have played in Nigeria to maintain access to power and the political machinery are discussed in conjunction with the impact of elite politics on the economic conditions of the country are all discussed in the current research of this dissertation. Moreover, the current research will go beyond the internal political process and examine external factors that impacted the economic reforms of the country.

Another analysis that has been provided of Nigeria as it relates to political economy is the work of Mojubaolu Olufunke Okome. Okome’s work examines the interaction among liberal economic reforms and political reforms in the Republic of Nigeria. The author suggests that the Republic of Nigeria had to submit to pressures from the International Monetary Fund, the World Bank, and other creditors in order to implement the structural adjustment program. It also noted that Nigeria looked for ways to solve its economic and political problems without outside interference. Okome

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attributes the depletion of democracy building and economic recovery to three factors: first, an internal clash of economic and political reform; second, politicization of the military; and third, elite disunity.

Okome’s research consisted of a two dynamic approach examining both external factors and internal factors as reasons for Nigeria’s inability to develop a comprehensive development strategy. The current research will go beyond the years 1983-1993 and add an additional twelve years, ending in 2010. Furthermore, this research will apply additional exogenous factors, such as China, the United States, Britain, and the Soviet Union. An addition that is added to the current research is the independent variable China. Unlike Okome’s research, the major units of analysis were the Bretton Woods Institutions and the military acting as the independent variables and how these entities impact the domestic policies of Nigeria, which acts as the dependent variable. The discussion and analysis provided by Okome are relevant to obtain an understanding of China’s economic conditions; however, it is also important to understand how sovereign nations impact Nigeria’s economic development, compiled with these multilateral institutions. It is the aim of this dissertation to uncover these aforesaid issues.

To add to the work of those scholars that have undertaken studies pertaining to Sino-African relations, the foreign policy of China and the political economy of Nigeria, it is necessary to examine the work of scholars who have conducted studies, which may not directly relate to Sino-Nigerian relations. Such studies, examined below, will focus on the antecedent and intervening variables that may impact Sino-Nigerian relations.
United States-Nigerian and African Relations

Ekido Julius MaCaulay’s study evaluated United States policy toward Nigeria and the Ivory Coast and its relation to the crisis in South Africa. MaCaulay’s study concluded that Nigerian relations with the United States are more important than its relations with the United Kingdom, Nigeria’s former colonial ruler. The relations between the Ivory Coast and the United States are not as paramount as those between the United States and Nigeria.

MaCaulay’s study provides an important examination of United States relations with Nigeria. More specifically, the role of the United States in Nigeria is tied to oil according to MaCaulay, and the relationship contains the same premise today. Of particular interest in MaCaulay’s research and also the current research, is how the natural resources of Nigeria affect the strategic interest of the United States and China. Although China is the independent variable and the United States only operates as an antecedent and intervening variable, the role that oil plays for both of these countries is relevant for this study, and more importantly, how Nigeria’s natural resources impacts the relationship between the United States and China. Although the interaction between China and Nigeria are not the focus of MaCaulay’s study, it is believed that the details that emerge from the study regarding Nigeria’s relations with China and the United States provide some knowledge about how both of the powerful countries relations are affected.


27 Ibid., i.
by Nigeria's resources. Likewise, China's relations with many countries happens to be
guided by its win-win foreign policy and non-interference into the affairs of other
sovereign nations. Although this is the case, Nigeria's foreign policy can sometimes
conflict with the foreign policy of the United States. These divergent views regarding
how much input should be provided to sovereign nations about their domestic policies is
a factor that cannot be ignored when studying Sino-African relations and United States-
Nigerian relations.

Another study that focused on United States-Nigerian relations was the work of
Sidney Ebegbetale Inegbedion. Inegbedion examined United States-Nigeria relations
and investigated three major areas of trade in the Republic of Nigeria. Those areas are the petroleum industry, agriculture, and commerce. The methodological approach employed in this study consisted of collecting and analyzing statistical data related to United States and Nigerian relations, more specifically trade relations. The findings and conclusions of this study revealed that although the Republic of Nigeria desires to develop, the country is faced with a dilemma as it relates to choosing policy due to the national problems, which surpass the country's capabilities. Furthermore, this study finds that the United States is in an advantageous position, as it relates to the aforementioned statement. Inegbedion states, "due to the fact that Nigeria is faced with the dilemma of choosing policy, the United States has the

ability to nurture the "Nigerian market for US goods and services." Inegbedion’s study concludes that the ills of the Republic of Nigeria cannot simply be solved with an “open door” policy, and there is a need for internal reform, and the “adoption of a self-reliant development strategy.”

Edith Gesele Durham continues along the same line as the previous two scholars in the examination of US policy towards Africa. Durham’s work examined the determinants of US aid to countries on the continent of Africa. In this study she proposes two hypotheses. First, she examined the level of conflict and the amount of aid allocated from the donor country to the recipient country. She hypothesized that as the level of conflict increases, the amount of aid decreases. Her second hypotheses stated that if domestic factors play a role in other substantive issues, they would also play a role in the foreign aid decision making process. Of particular interest in this study is the fact that Durham’s major units of analyses were the United States and seventeen countries in Africa. The countries chosen for her study were Botswana, Liberia, Malawi, Senegal, Sierra Leone, Guinea, Congo, Mali, Ethiopia, Somalia, Rwanda, Niger, Burkina Faso, Benin, Ghana, Mauritania, and the Sudan. Those countries chosen for Durham’s study had to meet certain criteria. First, all of these countries must have received independence

29 Ibid., 2.
30 Ibid., 38.
32 Ibid., 69.
before 1965, and second, the countries must have some relationship with the United States.

As part of Durham’s methods for examining these seventeen nations, she categorized the nations as friendly, neutral, and not so friendly. Durham’s methodology consisted of using four models to examine the seventeen nations and their respective levels of aid received from the United States. Those four models were the incremental/naïve model, donor/domestic model, recipient/attribute model, and the conflict/cooperation model. Durham’s findings suggested that there are other factors that may influence economic aid levels when translated from authorizations to allocations. Of importance to the aid levels of these nations were what they could offer the United States in terms of population, geopolitical considerations, and relative wealth.33

This dissertation will provide some analysis of what Durham puts forth in her study. By utilizing the micro-macro linkage model, the author plans to examine the role of domestic factors on foreign aid decisions. Although the current research does not examine the degree of cooperation that the recipient nation has with the United States as a factor for making the determination as to whether or not aid will be extended, it does examine how domestic determinants play a role in the donor country providing foreign assistance.

33 Ibid., 216-21.
Concluding Remarks

The research examined within this section of the dissertation provides some background on the major variables covered, Nigeria and China. Furthermore, some discussion has been provided on the antecedent and intervening variables in this study. Much of the literature that has been consulted provides sound arguments, however the current study will delve further into the relationship between China and Nigeria and also the role of the global powers amidst the relationship of the major variables. The literature encapsulates studies which focus on Nigeria’s internal domestic policies and external dependence while also providing some insight into the influence that China has played on continent of Africa.

The study that is being conducted applies micro-macro linkage model, complex interdependence and the neo-classical model of international political economy to ascertain how Nigeria fared with its political economic development. The studies consulted as part of this literature review have utilized theories such as dependency, historical dialectical materialism and also some aspects of micro-macro linkage. However, this research will add more analysis to the existing field of literature which pertains to the influence of a country’s economic policy and the institutional factors of the political apparatus and the domestic market. It will extend beyond the aforementioned point and examine the institutional factors of other countries and how those factors shape policy decisions abroad and internally.
CHAPTER III
NIGERIA'S LEADERSHIP AND POLICIES

Independence and the Emergence of Political Parties

Nigeria has experienced a number of political and economic upheavals since its independence from Britain in 1960. Prior to this date, the country witnessed several constitutions that were devised by the British government to assist the country on its path towards independence. In 1958 at the London Conference, the groundwork was laid for a new constitution and Nigeria’s independence. From 1960 to 1966, Nigeria operated under a civilian government structure, which ended in 1966 with an overthrow of the government and the installation of a military regime.

Scholars have attributed several factors to the end of the First Republic, which include socio-economic factors arising from the First National Development Plan, ethnic tension and rivalries associated with the distribution of resources, and a number of other problems. To best illustrate this point Julius O. Ihonvbere and Timothy Shaw identify several characteristics of the First Republic which precipitated its demise:

[Widespread] manipulation of ethnicity, region and religion;(ii) use of public office for personal accumulation and only occasionally for community progress; (iii) violence, manipulation and a total lack of respect for the ideals of the Western parliamentary model which the politicians purported to be practicing; (iv) domination of politics by personalities who led ethnically-based political parties;(v) marginalization of the electorate and total neglect of the basic needs of
the masses except in very few cases, as in the free education policy (without full employment) of the Western region; and (vi) reliance on foreign sources of funding and sometimes direction in the conduct of political affairs in Nigeria.¹

In an examination of widespread manipulation of ethnicity, region, and religion—the regional arrangement of dividing the country into three areas, the North, East, and West (the East and West comprised the Southern half of the country) can be characterized as a division based upon religious and ethnic affiliations along with agreements made with the British Crown. Furthermore, the strength of the dominant ethnic group helped to solidify political and economic advancement in the various regions. "Politics was to retain a regional and ethnic bias, dominated by elites with very similar class attributes and identical class trajectories."²

An examination of the Northern region elucidates how ethnicity and religion play a pivotal role in the shaping of the elite political structure and the development of party systems within the country. It has been noted that the parties that existed in the country derived their support from the ethnic groups that comprised their respective regions. In the North were the Hausa/Fulani, which comprised the National People's Congress (NPC); the Igbo made up the party of the National Council of Nigerian Citizens—(NCNC), which controlled the Eastern region of the country; and the Yoruba made up the ranks of the Action Group (AG), which comprised much of the Western region of Nigeria. Scholars such as Henry Bienen have noted that in the Northern part of the


country, the role of religion has played out in different respects. "Islam served as a nationalist ideology for northern groups who opposed British power, and it continues to serve as a cohesive element for Nigerians who oppose Western economic and political influence in their country and want to differentiate themselves culturally from the West."3 He further argues that in the Northern half of the country, there is a tendency to assert northern unity based on membership in the Islamic community. This tactic has been utilized by traditional authority figures and newly emerging elites. The use of membership in the Islamic community as a recourse has been undertaken by many in order to maintain their elite status in political and economic circles.

The aforementioned sentiment about the Northern half of the country is also applicable to the Eastern and Western halves of Nigeria. In the West, the Action Group (AG) was formed for the distinct purposes of protecting the interests of the Yoruba. In the Eastern half of the country, the NCNC was comprised mostly of the Ibo ethnic group, and as Lloyd notes, "to the Ibo, the NCNC is the main party, their own tribal party."4

Richard A. Joseph has provided a great deal of analysis on the use of public office for personal accumulation in his book entitled Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic. Joseph has offered poignant points on Nigeria's politics and the use of public office by political leaders to benefit themselves and those of various ethnic groups.

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4 Ibid., 696.
The use of violence, manipulation and a lack of respect for the Western parliamentary model were also seen as a reason for the fall of the First Republic. To understand this point, one need examine the growth of labour unions in the various regions. The growth of unions and nationalist groups during the earlier constitutions caused an increase in ethnic tensions throughout the country. To illustrate this point, Ihonvbere and Shaw examine the formation of the aforementioned political groups in the country, and furthermore, how these groups began as a result of "ethnic competition." Although ethnic competition led to the rise of many of the political parties, the role and impact of trade unions cannot be ignored. As indicated, the growth of unions and nationalist groups can be attributed to the discrepancies that many Nigerians believed were a direct result of the earlier Constitutions that were in place in the country. For example, it has been noted that the Richards Constitution of 1947 was the legal document that led to many strikes, one of which was called by the Nigerian Trade Union Congress (NTUC). In addition, the act of devising regional spheres only led to disdain for the Westminster model. Ihonvbere and Shaw note that the Richards Constitution was criticized for its use of regionalism and they illustrate how this document was the impetus for the continued ethnic and regional political issues that persist in the country. Examples of this can be provided with the development of the West African Student’s Union (WASU), the Nigerian Youth Movement (NYM), and the Abyssinian Association—just

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6 Ibid., 20.
some of the nationalist unions that evolved to protest the patriarchal governing structures that were in existence in the country.

The domination of politics by individuals who led ethnically based political parties is of significance when examining the fall of the First Republic as well. Ihonvbere and Shaw note that the grassroots conference held in Ibadan in 1948 to discuss the merits of the McPherson Constitution (which was instituted after the failure of the Richards Constitution) led to the beginning of the ethnicity in politics. At this time Nigeria witnessed the emergence of several ethnic unions including the Ibibo State Union, Pan-Ibo Federal Union, and the Society for the Descendants of Oduduwa. Scholars such as Ayodeki Olukoju have argued that the implementation of a federal structure of government “undermined fluidity in the pre-colonial identity of Nigeria, which could have served to link different groups.” Furthermore, the type of federalism practiced in the country encouraged political competition based on group affiliation. A particular group can thereby stake claim on the resources of the country.

Larry Jackson and Richard L. Sklar discuss the role of class formation and party politics. In an examination of the regional party system, Larry R. Jackson shows that there were implications for the party structure. He notes, “the ethnic ties of the parties were simultaneously their strength and their weakness. It ensured regional political security, yet at the same time, it weakened the possibility of any group making serious

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7 Ibid., 21.

inroads into the political fief of their opponents." Richard Sklar has shown that those who are in control of regional governments are those of a particular class and this class has come to be known as the ruling class.

Sam Nolutshungu has argued that regional and ethnic consolidation was undertaken by the political elite to maintain control, and this practice also involved bribery and intimidation of those who threatened the status quo. In his manuscript, "Fragments of Democracy: Reflections on Class and Politics in Nigeria," he provides an example of Sir Ahmadu Bello, who had to maintain control over the Northern region in order to rule the country of Nigeria as a whole, although this did not come to pass.10

In an examination of the Action Group in Western Nigeria, John A.A. Ayoade noted that during the early years of the party's rise to prominence, a chief of the region, Samuel Akinsanya, suggested that personalities of a particular stature be invited to join the party, rather than waiting for them to seek out the party themselves.11 Furthermore, to provide more illustrations, those that attended the meeting in Ibadan on June 10, 1951 were considered chiefs who "constituted the pillars of the Egbe," and since this was the case, "it could be inferred that the aims and objectives of the Action Group were acceptable to the leadership of the Egbe."12 To provide more clarification on the role of


12 Ibid., 170.
the ethnic formation in party politics, Jean Herskovits notes, after receiving its independence in 1960, the civilian government broke down in the middle of the decade in conflicts among the three major groups over the distribution of power and resources. The Hausa-dominated Northern region and Ibo-dominated Eastern region first formed a coalition against the largely Yoruba Western region."¹³ Overall, in Nigeria’s federal system of governance, ethnicity tends to be the overriding force rather than geography and this has played a key role in how politics is carried out from the center.¹⁴

Scholars such as L. Adele Jinadu, Larry Jackson, and William Reno provide readers with some background knowledge on how marginalization of the electorate and total neglect of the basic needs of the masses tends to proliferate in Nigeria. L. Adele Jinadu and Larry Jackson note how consociationalism, a term made popular by Arendt Lijphart, was utilized heavily during the First Republic.¹⁵ Larry Jackson notes that in the consociational structure of Nigeria, one-party rule was the norm that led to opposition to the center, a point made in the preceding paragraph as noted in the writings of L. Adele Jinadu.¹⁶ Jackson argued that in this type of system of governance, an entire nationality or

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ethnic groups would be excluded or they would hold the perception that they were being excluded from the resources that were being offered by the center. This led to party politics being viewed as a zero-sum game.\textsuperscript{17} To add further impetus to this point, William Reno identified poignant points made by Professor Ayodeji Olukoju in his article entitled “Crisis and (no) Reform in Nigeria’s Politics.” Professor Olukoju states, “distributive federalism from above encourages political competition on the basis of membership in a group and that group’s claims on state resources.”\textsuperscript{18} He further argues that the practice of federalism in Nigeria destroyed the basis of identity that existed prior to colonialism and this has destroyed the opportunity for linkages between groups.\textsuperscript{19}

Returning to the writings of Jinadu, he provides further insight by demonstrating how identity relationships play a role in the aggregation and distribution of resources in the country of Nigeria. He states:

...with scarcity being a major constraint in politics, ethnicity becomes a crucial criterion for regulating political conflict and distributing public goods and bads in situations of plural diversity. In other words, the political salience and ethnicity is due to its being deployed for competitive purposes by political entrepreneurs.\textsuperscript{20}

Jinadu also goes further and discusses how a system of affirmative action had been implemented in the country as a result of the system of federalism and consociationalism. He argues that the practice of federalism and consociationalism are “elite responses”

\textsuperscript{17} Ibid., 285.

\textsuperscript{18} William Reno, “Crisis and (no) Reform in Nigeria’s Politics,” 120.

\textsuperscript{19} Ibid., 120.

\textsuperscript{20} L. Adele Jinadu, “Federalism, the Consociational State, and Ethnic Conflict in Nigeria,” 73.
to the ethnic relations that exist within the country. To provide impetus, he states:

These measures are intended to confer special benefits to individuals by virtue of their membership in ethnic groups. The special benefits involve redistributive measures, not necessarily compensatory ones, to favor ethnic groups, especially where such groups have been placed in a disadvantaged or less competitive position relative to other ethnic groups.\footnote{Ibid.}

The last point that should be mentioned regarding factors that led to the demise of the First Republic centers on reliance on foreign sources of funding and sometimes direction in the conduct of political affairs of the country. Individuals such as Shaw and Ihonvbere note that these factors had an impact on internal political affairs. Both of the aforementioned scholars have noted that the position of the governing class after independence seemed to favor relationships with foreign capital. Although the implementation of the First Development Plan proposed to assist indigenous businessmen, scholars such as Thomas J. Biersteker examine the plan, along with the Indigenization Decree, and conclude that foreign firms and investments actually overshadowed the original intentions of the Indigenization Decree and the Economic Development Plan of 1962-1968. To support this statement, he stated:

In response to repeated demands for personnel indigenization, the demands expressed prominently in the indigenously controlled press of the newly independent country, the 1963 Immigration Act stipulated that no alien could practice a profession without Ministry of Immigration approval. It further established a quota system for employees of newly established multinationals. A government statement on industry policy issued the following year announced the government's intention to give preference in the awarding of contracts to firms with at least 10 percent indigenous participation and forty-five percent local content. Thus, although a comprehensive program of indigenization had yet to be articulated, the post-independence civilian government was responding to local...
business calls for indigenization with piecemeal legislation to provide incentives for personnel, equity, and even local content indigenization.  

Another important aspect of this plan is that it called for the country to develop a closer working relationship with foreign investors and this was done to the detriment of indigenous workers in the Nigerian economy. In an examination of the amount of foreign private ownership in the Nigerian economy during the First Republic, Bierksteker notes that 67.6 percent of foreign capital existed in the country in 1963 compared to only 9.8 percent of local capital; No figures were provided for the year 1964; 62 percent foreign capital in 1965 compared to 1.1 percent local; 70.2 percent in 1966 compared to 10 percent local; 66.1 percent in 1967 compared to 12.3 percent local; and 70 percent in 1968 compared to 12.7 percent local.  

The amount of foreign capital, which existed in the country in the form of industry, was not the only impediment to indigenous growth; the control of the financial sector was also highly monopolized by foreign banking institutions. Bierksteker again highlights this point and illustrates that before the first indigenization decree “sixteen banks operated in Nigeria, only three of which were wholly foreign-owned.” However, of more importance is the difference in the amount of transactions that the foreign banks had in the country as compared to the domestic entities. Examining S.O. Asabia’s

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22 Ibid., 74.


24 Ibid., 60.
research “Share Valuation: The Nigerian Experience,” Bierksteker noted that of the three foreign banks operating in the country, Standard, Barclays, and the United Bank for Africa, these three entities registered “84 percent of deposits, 75 percent of loans, and 85 percent of the international banking and transactions at the time.”\textsuperscript{25}

Overall, the amount of foreign investment in the Nigerian economy did indeed impact the initial political goals of the country, a point that has been well evidenced in the preceding two paragraphs. Moreover, Billy Dudley also confirmed this and argued that “to encourage growth of ‘a broadly based’ sector, the civilian regime passed a whole host of legislation highly favorable to, and intended to foster, foreign private investment.”\textsuperscript{26} Dudley noted that although there were various strategies employed by the different regions in the country, the plan was in and of itself formulated with the aid and consult of American economic advisors. Moreover, he explains that regardless of how well intentioned the plan was from the start, fifty percent of the resources that were needed to finance the plan would come from external sources.\textsuperscript{27} The first economic development plan was short-lived as a result of the conflict and unrest that erupted in the country, which brought about an end to civilian rule and the implementation of a military governing structure. It was not until after the first military interregnum (1966-1979) that

\textsuperscript{25} Ibid., 60.

\textsuperscript{26} Dudley, \textit{Introduction to Nigerian Government and Politics}, 114.

\textsuperscript{27} Ibid., 231.
the country instituted a new form of indigenization program that was deemed to be more beneficial for the people of Nigeria.

The end of the civilian government and the First Republic was replaced by the military takeover(s) of the country. The first coup d'état occurred in January 1966 and the second, July 1966. The replacement of Major-General Ironsi by Lt. Colonel Yakubu Gowon in July 1966, eventually led to the civil war, which lasted from July 1967 to January 15, 1970. It was not until 1979 that the country returned to a civilian form of government, a new constitution, and a new economic development plan.

A New Constitution and Civilian Governance

To bring this research forward to the date that this study will commence, Billy Dudley noted 1979 to be of significant importance for two reasons. The Second Republic, a new civilian government, was formed and the adoption of a new constitution occurred. Political parties were established and the Nigerian electorate elected Alhaji Shehu Shagari as president to lead the country during the Second Republic. Shagari was ushered in on October 1, 1979, after he won 5,798,857 votes in the presidential election as a candidate of the National Party of Nigeria (NPN).

The various shifts from civilian regimes to military rule may provide some insight of the economic problems that plagued the country since its independence. Prior to the

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development of the First and Second Republics, individuals involved in the pre-stages of planning the constitution were considered to be from the elite segments of Nigeria's society, thereby excluding any input from the masses.

In Nigeria, during the First and Second Republic, one would argue that the theory of elitism was more prevalent than pluralism. The country of Nigeria witnessed three pivotal events. Her independence, the implementation of the new constitution in 1979, and the shift back to civilian governance. Literature shows that only a small segment of society was involved in the initial planning stages of the formation of the new government structures. The practice of elitism in the planning stages of Nigeria's governing structures was not of new origin with the country's independence, for scholars such as Billy Dudley noted during the early planning stages of the Lyttleton Constitution, which was adopted in 1954, those in elite positions played a pivotal role in the process. He further states that the practice of elitism was carried over into the First Republic. This was witnessed at the London Conference of 1958 where it is believed that those who held positions of stature within the political establishment were more concerned with protecting their power bases rather than correcting the problems that existed within the structural flaws of government.30 It is important here to note the significance of the Lyttleton Constitution's impact on the First Republic. It was at this time the country had been divided into three regions. The implementation of regionalism, Dudley noted, this affected the average Nigerian citizen in a substantial way. Furthermore, in each region,

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various methods of social control were instituted to ensure that the ruling party remained in effective control of their respective regions.\textsuperscript{31} Although the country was still under British control when regionalism was first instituted, this system carried over after independence.

With some background information provided about the different constitutions implemented prior to independence, First Republic and military interregnums, it is here that an examination of the Second Republic and the institution of a new constitution shall begin. With the advent of the Second Republic, the country’s governing structure took on a different form to ensure, as Billy Dudley notes, that a governing apparatus would be implemented that would:

(a) eliminate cut-throat political competition based on a system of rules of winner takes all; (b) discourage institutionalized opposition to the government in power, and instead develop consensus politics in government; (c) establish the principle of public accountability for all holders of public office; (d) eliminate over centralization of power in a few hands and as a matter of principle, decentralize power wherever possible; (e) evolve a free and fair electoral system which will ensure adequate representation of our peoples at the center...\textsuperscript{32}

To further clarify, the Second Republic instituted a constitution that called for a federal structure of government, akin to that in place in the United States. Additionally, there was a departure from the Westminster parliamentary model and the institution of a legislative presidential form of governance with separation of powers and the president/executive deriving his powers from the polity and the constitution itself. Another important feature

\textsuperscript{31} Ibid., 54.
\textsuperscript{32} Ibid., 127.
of the Second Republic was the definitive character of the fundamental principles of government itself. Prior to the implementation of the 1979 constitution, those on the planning committee, which met as early as 1975, deliberated on how the new government should be devised, the powers it would hold, and how those powers would be held in check by each of the respective branches (legislative, executive, and judicial) and by the electorate. One of the poignant points that came forth and was implemented in the 1979 Constitution was the promotion of national integration and the shunning of discrimination based on “origin, sex, religion, status, ethnic or linguistic association.” The departure from the First Republic and the earlier constitutions, where elitism played a distinctive role in the country’s foundation, were replaced with the 1979 constitution, which strongly encouraged inclusion, which was made clearly evident in various sections of the new constitution such as s. 15 (2) and s. 17 (2) (a).

Although the Second Republic and institution of the new constitution sought to bring change to the country of Nigeria by eliminating corruption and elitist practices through the implementation of fundamental objectives and directive principles, this was not necessarily the case. One such author, Tom Forrest, has called this period 1979-1983 “A Hollow Democracy.” There are several reasons as to why Forrest gave the years 1979-1983 this name. He posits that the party in power, the NPN practiced patronage to a

33 Ibid., 131.

large degree. To substantiate this claim, he notes five important points. To begin, the NPN was held together by the distribution of offices and rewards to particular persons, region and groups, rather than having a strong party platform, which is part and parcel of most political parties. Forrest notes that a zoning scheme was implemented to ensure that there was a rotation of the presidency in four devised zones and each zone would hold the presidency for one term. When the NPN instituted this practice, the goal was to ensure that there was an even distribution of offices and capital amongst the various zones, and this would help to alleviate the domination of politics or control of wealth by one ethnic group. This system was initiated with the hopes of ensuring political stability.\(^\text{35}\) The end result of this system was the domination of many of the most important governmental functions and offices in the north.

With the implementation of zoning, Forrest notes that there were both positive and negative consequences. The first was that it bolstered party support on a national level. This was seen as a positive outcome because it broadened the visibility of the NPN party. On the other hand, the negative side of this was that the party was unable to develop “distinctive programs” because the issue of distribution dominated that of policy.\(^\text{36}\) According to Forrest, “voters responded to private and group inducements rather than policies. Politics was to a large extent issueless and non-ideological. Long term policies could not be effectively undertaken, as the political system was flooded with a

\(^{35}\) Ibid., 74-75.

\(^{36}\) Ibid., 75.
mass of personal or sectional demands."37 In regards to the aforementioned statement, the lack of long-term policies essentially led to the executive office engaging in patronage. The third consequence was due to the great deal of patronage; this meant that those in politics had to contend with demands from the polity and a great amount of political pressure to have demands met. Fourth, as a result of patronage, those in political office, specifically the president, found it difficult to fulfill his duties, such as making appointments. Forrest notes that this was so because of "the presence of powerful political patrons supported by sectional interests and wealthy individuals had serious consequences for party discipline, political unity, and presidential power."38 Lastly, it was noted that the zoning system created powerful individuals who were hard to discipline and control. Furthermore, the party funds were not centralized and this too created problems and led to lack of discipline and control of persons who wielded power within the party.39

Another important analysis of the shift to civilian regime is offered by Henry Bienen in William Zartman's edited work, *The Political Economy of Nigeria.*40 Bienen provides the reader with a variety of political implications as a result of the 1979 elections. One of the important points that he makes is that all of the parties that

37 Ibid., 75.
38 Ibid., 75.
39 Ibid., 76.
registered with the Federal Election Commission for the 1979 elections sought to bolster the amount of services that were being provided to the people of Nigeria. More importantly, this focus was not on the redistribution of income and wealth, but more so on the delivery of those services. Another important caveat to Bienen’s work was that his data showed how important ethnicity was to the 1979 elections, noting that each political party that ran for Senate seats and even the executive offices depended on specific ethnic groups that comprised the various states, for these groups were considered the core constituency. For example, he notes:

The UPN won twenty out of twenty-eight Senate seats in the four states of the old Western region: Ondo, Oyo, Ogun, and Lagos. These are all predominantly Yoruba areas...The presidential results tell the same tale. Awolowo’s vote was overwhelming in the Yoruba speaking states. He also pulled heavily in Bendel and Kwarar, states with Yoruba populations. The vote for Azikiwe and the NPP was heavily based in Igbo speaking areas. Waziri Ibrahim’s GNPP vote was widely spread but a majority was received in Bornu State where Kanuris dominate.

In addition to the aforementioned points given by Bienen, Ihonvbere, and Shaw as to the reasons for the collapse of the Second Republic, the scholars note that the NPN and military worked closely together in the hopes of weakening the UPN. Furthermore, the NPN and the NPP alliance worked in such a manner that it was a detriment to other political parties and allowed for the consolidation of “positions and influence.”

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41 Ibid., 96.
42 Ibid., 97-98.
44 Ibid., 96.
period has been characterized as being intensely elitist in nature. To further illustrate this point, Sam C. Nolutshungu notes “within each elite there were competing criteria of access to status and power: The quest of supremacy and authority was essentially the struggle over the reconciliation and hierarchic ordering of competing claims to authority and privilege.”45 He also seconds a point that was made earlier in regards to the importance of ideological underpinning of political parties.46 Nolutshungu states:

Neither leaders nor followers allowed their political affiliations and coalitions to be determined by ideological or policy questions, and the reason was simple: these were infinitely less substantial than the regional structures to be consolidated, and there was a need to win through them the control of regional and centralized state power.47

Rampant elitism was not the only factor that led to the demise of the Second Republic. One must also note that due to the elitist nature of politics, corruption became part and parcel.

Scholars such as James D. Fearon and David D. Laitin note that there were several other incidents that led to the breakdown of the Second Republic.48 The Bakalori Project, which allowed outsiders access to land for development led to wide scale riots due to thousands of farmers losing their land. This project was an irrigation scheme


46 See arguments made on pages 83-84, which reference Tom Forrest’s work.


instituted in Sokoto State, which became the subject of much controversy after the government opened its borders to immigrants to work on the project.

The Maitatsine Riots, essentially a religious uprising during the years 1980-85 took place in the states of Kano, Borno, Kaduna, and Gongola, Nigeria. These incidents were just another example of public displeasure over the policies emanating from the state and the national level. The Alhaji Muhammadu Maroua uprising in Kano and Maiduguri were two additional events that can be seen as the cause for the undoing of the civilian government of the Second Republic. For brevity's sake, only the events of Kano and Maiduguri will be examined. The Izala uprisings, which took place in Kano in 1980, led to the death of approximately 5,000 followers of the Alhaji Muhammadu Maroua. The next event took place in Maiduguri some two years later where followers of the same sect sought to question their leaders and besieged a suburb of Maiduguri called Balamkutu. Heavy police reinforcements were called in to contain Maroua followers, but eventually the clash became violent leading to hundreds of fanatics being killed.49 Hickey notes that Maroua attracted a large portion of “poor and underprivileged” Muslims who did not profit from the oil boom that took place in the Nigerian society amongst certain elements of the elite.50

The end of the Second Republic can be characterized as one where in which corruption reigned supreme. Despite the oil boom, economic malaise permeated the


50 Ibid., 253.
country, with little development taking place amongst those that made up the lower class. As some scholars note (albeit a truism) the second elections of the Second Republic were to be the last under the 1979 Constitution. Accusations of vote rigging and electoral malfeasance have been cited as one of the myriad of reasons for the end of the Second Republic. As Anthony Oyewole and John Lucas note:

Added to this economic malaise was the farce of election processes that the country went through in 1983. Because the stakes were high, i.e., because the opportunity to loot the public treasury was wide open to government functionaries, the struggle for power was desperate and vicious; people killed and maimed opposition members and destroyed their property with great zest, and the major parties heavily rigged the elections in a way unparalleled in the history of the country.51

The elections of 1983 witnessed the ruling party, the NPN, winning a majority of the states (13 out of 19), full control over the police, and majority of seats in the National Assembly, along with the executive office. During this electoral period many of the parties in opposition to Shehu Shagari’s NPN party maintained that the election was rigged. Christopher Hart, author of “The Nigerian Elections of 1983” examines some of the crucial aspects of the 1983 election.52 According to his research, it is believed that the rigging process was based on the way votes were tallied. The Electoral Act was amended by the legislative branch (The Assembly), which, called for the counting of the votes at the polling stations. The Amendments also called for the tightening of accounting

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procedures to ensure that if there was a need to produce evidence of judicial review, that material would be available. President Shagari vetoed the bill making the argument that these were responsibilities of FEDECO, and only this agency. The procedures of tallying the votes at the polling places were adhered to: however, the results were transferred from the official stamped ballots to plain white forms and then taken to a different location for collation. It is at this juncture that the electoral process was compromised. Hart explains that members of the opposition party were refused access to the collection centers “because they were set up outside the terms of the Elections Act and without mandatory provisions for such rights of scrutiny.”

To add to the list of reasons for the demise of the Second Republic, the proposed amendments to the Electoral Act and its provisions contributed to the distrust of the ruling party. Furthermore, factions also developed within the NPN party. Hart notes that the NPN was not just concerned with consolidating power for the short term, but for the future. The contributing factor to the factions that evolved in the party was to the proposal that the 1987 “presidential candidate should come from the state that gave the highest proportion of votes to the NPN in the 1983 elections.”

*Policies of the Shagari Regime*

Under the administration of Shehu Shagari, the government implemented a number of policies to ensure the sound development of the Nigerian economy, including

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53 Ibid., 402.
54 Ibid., 400.
increasing the number of receipts in the area of oil and natural gas. Although Nigeria witnessed an increase in petroleum exports during this administration, the agricultural sector was still seen as the dominant resource generator for the domestic economy. To highlight both of the aforementioned areas, it is necessary to examine the numerical figures that would support each. Additionally, an examination of several of the programs that were instituted to ensure high agricultural yields for the country shall also be examined in a manner which is pertinent to the major research question employed throughout this study. Although the major question asks how China’s foreign aid policy has influenced the political economy of Nigeria, it is necessary to ascertain the progression of Nigeria (dependent variable) prior to the introduction of the stimulus. It is essential to discover how the export of oil from the country of Nigeria has impacted the political economy of development for Nigeria. In addition to oil exploration contracts and exports of this natural resource, other areas such as ascertaining how foreign aid policies of the PRC have impacted the political economy as it pertains to the areas of health and welfare, employment training, education, and social development also need be examined. Before the introduction of the stimulus occurs, it is necessary to ascertain how the country fared prior to China’s involvement in these areas and an examination of the various policies that are associated with the aforementioned areas shall be highlighted.

During the year 1979, Nigeria had an estimated population of 80.8 million with a 2.5 growth rate per year. The gross domestic product of the country was estimated at
17,464.9 million.\(^5\) In the arena of oil production and exports, Nigeria increased its production of petroleum during the 1979 fiscal year due to Iran's decision to decrease its oil production capacity. Although Iran made a decision to decrease production prior to 1979, Nigeria reaped the benefits of this decision by becoming a major exporter on the world market. The International Monetary Fund's (IMF) reports indicate that Nigeria was the fifth largest exporter of crude petroleum in the world and the largest in Africa during the year 1979. Furthermore, the Selected Petroleum Statistics of the IMF indicates production being approximately 835 million barrels a day with 784 million barrels exported during the same year. There were no imports of petroleum during the same year.\(^6\)

In an examination of the Second Republic, Shagari entered into office at the end of the Third National Development Plan. The Third Plan, covering the years 1975-76 to 1979-80 is of importance because it set in place the basic economic development objectives for the country. As implemented with the Second National Development Plan, the Third Plan sought to expand and diversify the productive capacity of the economy, restore price stability, and promote a more equitable distribution of national income. Although these were the overall objectives, the rate of inflation in the country during the Plan period was not initially envisioned, which led to the overall expenditure equaling


\(^6\) Ibid., 5.
29.4 billion Naira, a shortfall of the projected 36.5 billion Naira.\footnote{International Monetary Fund, \textit{Nigeria—Recent Economic Developments}; September 8, 1981 175907 (SM/81/183, Cor.1), accessed 8 August, 2012, http://www.imf.org/external/adlib_IS4/brief.aspx.} The meaning of the aforementioned figures provides some insight into how well the economy progressed during the Third Plan. Due to the inflationary period in the country during the plan, the objectives were not fully realized. Furthermore, because the administration was turned back to civilian rule at the end of the Third Plan, the Fourth Development Plan was therefore postponed and the Third Plan was allowed to continue for nine additional months in order for the states and local governments to meet the objective targets.

To provide a glimpse of the central government figures whilst under the Third Development Plan, specifically at the commencement of the administration of Shehu Shagari, the Gross Domestic Product of the country during the years 1979/1980 was approximately 34,370.2 million Naira and petroleum receipts equaled 7,741.5 million Naira. There was a .9 percent increase in the petroleum sector when examining the evolution of gross domestic product between the years 1978/79 to 1979/80. Other sectors also showed a marked increase in percentage of gross domestic product during this period. Animal husbandry increased from negative 2.7 percent to 1.2 percent; Construction and housing saw a 3.1 percent increase up from 15.0 in 1978/79 to 18.1 in 1979/80; and transport and communication witnessed an increase up from a negative 0.6 in 1978/79 to 3.1 in 1979/80. The overall gross domestic product at current market price witnessed a 22 percent increase between the years 1978/79 and 1979/80 and there was
also an increase in consumption and investment as well during the same time period.\(^{58}\) What these figures indicate is that the economic conditions seemed to be faring well during the last quarters of 1979 and in the first quarters of the year 1980. This was a period of increased oil production and also a period when the country saw more exports of petroleum on the world market to make up for Iran's decrease in oil exports. This has been without question the major reason behind Nigeria's growth during the periods provided above. To illustrate the above mentioned statement, in an examination of Nigeria's Selected Petroleum Statistics between the years 1975-1981, the country produced 860 million barrels of oil during the year 1979 and exported 803 barrels leaving only 69 barrels for domestic consumption. The production and exports dropped somewhat during the year 1980 with a production amount estimated at 754 million barrels and 723 exported barrels.\(^{59}\) When examining the cost of crude on the world market during the year 1980, Nigerian oil registered approximately a $35.55 USD a barrel at the end of 1980, an increase from $21.26 USD per barrel the previous year; an increase of approximately 162 percent, if examining the figures between 1978-1980.\(^{60}\)

The Third Plan also sought to diversify the income. A measure that was implemented under the Third Plan was the Revenue Sharing System, which was introduced in April of 1979 and was to last until March of 1980. Revenue sharing would

\(^{58}\) Ibid., 2.

\(^{59}\) Ibid., 5.

\(^{60}\) Ibid., 6.
allocate 60 percent of all federally collected revenue to the federal government, 30 percent to the states joint accounts, and 10 percent to the local government fund. The overall goal was to help the states and local governments realize their goals of providing universal primary education and other programs.61

In an examination of agriculture during the same periods, one need only note that it had been stagnant. In 1978/79, the agricultural sector accounted for 23 percent of real gross domestic product. There are several reasons that can be attributed. These reasons include, the Sahelian drought in the early 1970s, structural problems that can be attributed to the small acreage holding of farmers and the traditional methods of farming, and the increase of the oil boom which led to the increase of salaries and wages in other sectors, which made farming less attractive to those who were young. There were several measures put in place by the federal government to increase the output of the agricultural sector. According to David Williams, the government spent some 1.5 billion Naira a year on importing food in order to maintain nutrition and decrease the amount of inflation in the country.62 There was also the implementation of programs, namely the National Accelerated Food Production Scheme, Operation Feed the Nation, and the Green Revolution. With agriculture still being the main source of income for many Nigerians, the government assisted small farmers with the allocation of seeds, fertilizers, and


farming implements. This was all done at subsidized prices to the farmers and financial assistance was also given to the farmers to help with the clearing and development of land. As indicated in the figures provided earlier, the country only witnessed a marginal increase in the area of agriculture, animal husbandry, forestry, and fishing; .5 percent. In addition to the assistance provided to farmers during this period, there were also policies implemented such as the elimination of export taxes and the lessening of import tariffs on agricultural inputs. It was not until the Fourth National Development Plan that a marked increase was seen in the agricultural sector and a part of this is due to the Green Revolution.

The Fourth Development Plan began in January 1981 and ended in December 1985. Just as the previous development plans, this plan too focused on bringing about sustained improvement in the living conditions of the Nigerian people. The plan consisted of ten objectives, which are:

(a) increase the real income of the average citizen; (b) more even distribution of income among individuals and socio-economic groups; (c) reduction in the level of unemployment and underemployment; (d) increase in the supply of skilled manpower; (e) reduction reduction of the dependence of the economy on the narrow range of activities; (f) the achievement of a better balance in the development of the different sectors of the economy and the various geographical areas of the country; (g) increased participation by citizens in the ownership and management of productive enterprises; (h) increased reliance on domestic resources for development; (i) development of technology and (j) increased productivity.  

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64 Ibid., 23.
With the implementation of the Fourth National Development Plan in 1981, the Green Revolution was introduced. Prior to the implementation of the plan, the President alluded to the fact that the agricultural sector would be given top priority when he gave his budget speech in April 1980. "The Green Revolution is designed to embrace all the various programs and projects previously embarked upon, and to intensify the effort, principally through an increased allocation of resources and an integrated approach to agricultural development."\(^{65}\) As it pertains to agriculture, this plan differs from the previous plans that were implemented, with more funding being allocated to this sector. The government called for a 15 percent increase in the total proposed capital expenditure to the agricultural sector. Of the government’s share of 40 billion Naira, agriculture was to be allocated some 6 billion Naira, a 3.9 billion Naira increase from the 2.1 billion Naira that was allocated under the Third Development Plan.\(^{66}\) Under the Green Revolution Plan, the government proposed to shift the emphasis from large scale farms with new mechanized technology to small scale farms that accounted for 90 percent of the domestic food supply.\(^{67}\) In essence what the government proposed to do was have the food crop production programs of the state governments be implemented by small scale farmers.

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\(^{65}\) Ibid., 10.

\(^{66}\) Ibid.

\(^{67}\) Ibid.
Also occurring during the Fourth Development Plan to assist the agricultural sector was the introduction of the availability of short and medium term capital financing. This measure was implemented to entice farmers to involve ventures that would increase access to more productive inputs.\textsuperscript{68} Prior to the introduction of the Green Revolution program, the Central Bank of Nigeria instituted two financing programs, which were geared more towards the large-scale farms; these are the Agricultural Credit Guarantee Scheme and the Agricultural and Cooperative Bank. Both of these methods of finance primarily worked with those farmers that possessed collateral, adequate and appropriate collateral.

In addition to the opening of financial opportunities for small scale farmers, the government also placed emphasis on the infrastructure; this included the feeder roads to farms, storage and marketing facilities, and water supply. As the IMF notes in its 1981 Nigeria Recent Economic Developments Paper:

Thus the major and most significant of the Federal Government’s programs will be aimed at providing infrastructural facilities for the agricultural sector, including the various water resource projects that the River Basin Development Authorities will embark upon. Irrigation facilities involving the construction of dams and boreholes will be provided to facilitate double cropping in most parts of the country. On rural roads, local government authorities outside the major urban centers are to be further encouraged to construct farm-to-market roads. Already integrated rural development projects administered by the Federal Department of Rural Development emphasize infrastructural development in the project areas.\textsuperscript{69}

\textsuperscript{68} Ibid.

\textsuperscript{69} Ibid., 12.
In order to alleviate the problems of unemployment, which have been recognized by the federal government, various measures were implemented to slow down the growth of rural to urban migration by placing agro-industrial structures in rural and small town areas. The goal was to create gainful employment and encourage persons to stay in the rural areas to help promote the agricultural sector. Although these measures were implemented, Richard Sklar and C.S. Whitaker note that even if the government offered incentives for individuals to stay in the rural sectors, this could backfire because any type of policy that seeks to stimulate higher labor productivity, calls for a those same individuals to have been treated fairly or at least be perceived as being treated fairly.\footnote{Richard L. Sklar and C.S. Whitaker, \textit{African Politics and Problems in Development} (Boulder, CO: Lynne Rienner Publishers, 1991), 270.}

An inspection of the revenue collected by the federal government between the years 1979-1981, Nigeria witnessed both subtractions and additions to the federal budget during this time period. In 1979, the federal government collected 12,228 million in Naira, yet the collected revenue decreased by 328 million Naira in the year 1980, which brought federal revenues to 11,900 million Naira. In 1981, federal government witnessed an increase in federally collected revenue with a 3,461 million Naira increase bringing the revenues collected by the federal government to 15,361 million Naira. Of the monies collected by the federal government, as stipulated above, a good portion of those are owed to petroleum receipts. During the years 1979/80, 10,096 million Naira were collected in petroleum receipts and there was a slight increase at the end of the budget
year 1980, bringing the total receipts to 10,200 Naira. In 1981, 12,457 Naira was collected in petroleum receipts. It is important to note that of the total federally collected revenue for the country, a good portion of that money was owed to the petroleum receipts. During the fiscal year 1982 the amount of federally collected revenue amounted to 11,016 million Naira with 8,600 of that a result of petroleum receipts. A total of 4,298 million Naira was distributed to the states and local government leaving a retainer of 6,718 Naira to the federal government.

Besides the emphasis that has been placed on the agricultural sector and the oil sector, the government also implemented measures to ensure adequate revenue sharing between the federal government and the states and also new guidelines for wages, salaries and employment. An examination to both of these areas are deemed important in order to obtain a better understanding of what the government was doing to assist with the economic development of its country.

During the years 1978/79 the government set in place new efforts to make the country profitable beyond the use of petroleum receipts. To ensure this, the government enacted a number of new fiscal measures to bolster tax administration. These institutive actions included: (a) abolition of the existing system of treating a company and its shareholders as one and the same person for tax purposes, (b) the introduction and implementation of the transfer tax, (c) criterion introduced to assure greater protection of

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71 Ibid., 26.
domestic manufacturing industries through the introduction of duties on imports and foreign goods that would compete with domestically manufactured goods and eliminating the importation of some goods altogether. Furthermore, the fiscal measures implemented by the government also shifted the amount of revenues to be shared with the states with the federal government retaining some 60 percent and 30 percent being placed in the states joint accounts.72 These were the plans that were implemented at the end of 1978 and were to last through 1979 before a new budget was implemented in 1979 that would span into the year of 1980. Between the years 1979-1980, the government increased the amount of monies to the states from 3,337 million Naira in 1979, to 5,823 Naira in 1981. The year 1980 witnessed a slight decrease in funds distributed to the states, amounting to 2,900 Naira. In 1981, the government instituted a new revenue sharing plan, which was entitled the Allocation of Revenue Act. This act called for the funds collected by the federal government to be placed in the Federation Account.73 In February 1981, when a new revenue sharing act was passed, the amount retained by the federal government

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73 During this time period the Nigerian Federal Government consisted of several accounts which included the Consolidated Revenue Fund, the Contingencies Fund, the Development Fund, the Treasury Clearance Fund, and the Personal Advances Fund. Although the Allocation Revenue Act called for the revenue collected by the Federal Government to be placed in the Federation Account, there were exceptions to this rule. The proceeds from the personal income tax on the personnel of the armed forces, the police force, the ministry responsible for external affairs and residents of the capital territory, receipts from repayment of loans, interest on loans made by the federal government on behalf of third parties, reimbursement costs of particular services provided for other agencies or governments an sale of capital assets were not included, and were not to be allocated to the Federation Account. See Nigeria—Recent Economic Developments September 8, 1981, 24.
decreased by 1.5 percent, allowing for an increase to the states of 1.5 percent. However, the Supreme Court annulled this act and a retrograde occurred, back to the previous act. The ruling by the Supreme Court led to the states owing a substantial amount of money to the federal government, yet in 1982, the National Assembly implemented a new revenue act, which provided a greater share to the states at about 35 percent.74

The first budget quarter of 1980, commencing during the month of April, the government provided guidelines for wages and salaries, which were to last for three years, and end in 1982. It can be noted that this was a period when the country witnessed increased inflation, and as mentioned above, measures were implemented to decrease the country's dependency on petroleum receipts and boost the agricultural sector. To illustrate the impact on wages, the actions implemented by government authorities required that adjustments to wages and salaries not exceed 15 percent for those in lower paid positions, while not exceeding 10 percent for those in higher paid positions. For those working in the public sector, the Ministry of Employment Labor, and Productivity (MLP) along with President Shagari increased the minimum wage to 100 Naira a month and yet another increase came from the parliamentary commission, which raised the minimum wage to 125 Naira, which was to take place in July 1981. Furthermore, this increase was broadened to affect both the private and the public sectors where a true

national minimum wage was set in place.\textsuperscript{75} As a result of the measures implemented the country witnessed an increase in urban inflation to the tune of 20.9 percent and an increase in rural inflation to 21 percent. Some factors that can be attributed to this increase include the costs of food and the expansion in the fiscal and monetary policies that have been mentioned above.

An analysis of the food costs indicates that this was one of the contributing factors of the inflation witnessed by the rural and urban sectors. It must be noted that the agricultural sector, as indicated earlier, performed poorly and this led to the need to import large quantities of staple products that were traditionally produced in the country. To exemplify this point, in 1980 rice production decreased by 45.2 percent and corn production was reduced by 19 percent in the same year.

In light of the points made above regarding the federal government revenues, the wages, salaries and employment, and the agricultural sector between the years 1979-1982, one can gain some semblance can be gained of how the government fared during this period and moreover, one can understand why the Second Republic came to its demise and the takeover by the military. The country witnessed deficits during the years 1979-1982 at $-757$ million Naira in 1979/80; $-200$ million Naira in 1980/81; $-4,610$ million Naira in 1981; and $-3,666$ in 1982. These figures give some illustration of the economic performance of the country during the civilian Shagari Presidency and how

public dissatisfaction rose regarding the government policies and the performance of the federal sector. This in turn led to the second administration of Shehu Shagari being shortened with a coup d'état by Amahadu Buhari in 1983.


Nigeria entered into its second military era with the co-opting of power from the civilian regime of Shehu Shagari in 1983. Under the military leadership of Muhammadu Buhari during the years of 1983-1985; Ibrahim Babangida, 1985-1993; and Sani Abacha, 1993-1998; the country witnessed massive changes in its economic policies and social institutions, which alienated the country from many of its former international friends. Although this did not occur immediately, the downward spiral of the country could be witnessed by the varied reforms and priorities of each of the military administrations. Although all of the military leaders that took power had goals of restoring domestic order and reform, these lofty goals did not come without a price to the Nigerian polity.

Muhammadu Buhari

The administration of Muhammadu Buhari implemented objectives and goals that were not much different than those of the previous regime. Those who held elite positions in the military were also staunch supporters of the NPN, thus making reform a continued priority of the military elite when they usurped power. The aim of the Buhari regime

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76 Tom Forrest, Politics and Economic Development in Nigeria, 93.
was to “improve the economy and gain the confidence of trading partners.” With this being the main goal, the regime was thereby focused on improving the economic policy of the domestic realm and re-introducing some semblance of order within the society. Furthermore, an authoritarian style of government was implemented and several Decrees were instituted to deal with the political malfeasance that occurred under the administration of Shagari.

There were two important decrees implemented under the administration of Buhari. The first, Decree # 2, was enacted and designated the Detention of Persons. This decree allowed for the investigation of individuals who were believed responsible for the country’s corruption during the 2nd Republic. Decree # 3, Recovery of Public Property, was much like the aforementioned decree and it too allowed for the arrest and investigation of those individuals thought responsible for the embezzlement or mismanagement of Nigeria’s wealth. However, with this decree, investigations were conducted at the federal level, government ministries, and the Federal Election Commission (FEDCO).

Although the Buhari Administration only witnessed two years, there are indices and information that pertain to the budget outlays of the country and its performance. As indicated in the previous paragraph, the Buhari military administration carried over some of the same policies that existed under the civilian administration. However, not only

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77 Ibid.
were those same policies that were not taken favorably by the polity renewed, there were now programs instituted from outside sources such as the World Bank and the International Monetary Fund (IMF).

To illustrate the role of the World Bank and the IMF, one need only examine the 1984 capital budget and the role that the World Bank played in its review. Moreover, this was the beginning of structural adjustment programs that were implemented by the World Bank and the IMF in many developing countries, Nigeria being one of them. In an examination of the program review of the budget of 1984, it has to be noted that the program was carried out as a result of the investment programs that were attempting to be implemented in the country. If a review of the statistics of the available revenues collected by the federal government were examined, one would see that the country was in a state of debt at this time and also, the necessary resources to carry out these development programs were not available. According to documentation held by the IMF, the country operated in an overall deficit of −6,650 million Naira in 1983 and −3,984 million Naira in 1994. The deficit in percent of GDP during this time period was −11.0 percent in 1983 and −5.2 percent in 1984. The IMF notes that the study that was undertaken had the goal of making “selective expenditure cuts reflecting the priorities assigned to different projects, rather than to institute inefficient across-the-board cuts as had been the case in 1982.”  

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funding in investments in every sector except telecommunications.

With petroleum playing a pivotal role in the revenue income in the country, it is important to note how crude fared on the international market. During the first quarter of 1983, production levels dropped and OPEC established a benchmark price for oil during that year. Furthermore, with the drop in production levels and the benchmarks set by OPEC, this caused a decrease in the amount of export revenue, a large percentage of what is the buoyancy of the Nigerian economy. During the year 1984, the country witnessed an increase in the amount of crude production and this was a result of the increase of the number of trading partners that the country obtained during that year. As a result of the increase of trade partners, OPEC allowed an increase in the production quota of the country and this led to the increase in the volume of exports. This led to a jump in export value of approximately $10 billion USD in 1983 to $11.3 billion USD in 1984.79

In an examination of the policies implemented during 1983 pertaining to food crops, the implementation of import controls, which were mentioned earlier during the Shagari administration helped to increase the amount of food produced in the country. In addition to the import controls, the implementation of the previous programs such as the “Green Revolution” and others seemed to help with the agricultural sector of the country. For example, the overall value of agriculture seems to have increased by 2 percent in 1984 under the Buhari Administration. The forces of nature also had an impact on the increase of crop production during this period. As previously mentioned, the Sahalein

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79 Ibid., 6-7.
drought, which caused problems with crop production in previous years, seems to have been eliminated as a result of ample rainfall in certain parts of the country. Another positive reason for the increase of crops during this period was the shift of workers from the urban centers back to the rural areas. This migratory effect can be attributed to the high rate of unemployment in the urban sectors, which in turn caused workers to return to the traditional income generating methods and thus an increase in agricultural output.

Although there was an increase of crop production, a positive for farmers in the country, this also had an adverse impact on the consumer. To elucidate this point, one need only examine the import control measures that were implemented in the country. The price increase of food products had an impact on the value of the Naira and the country witnessed an inflationary period during this time. According to IMF reports, “real imports declined by approximately 25 percent and 15 percent respectively in 1983 and 1984.”\(^{80}\) The country witnessed an officially recorded inflation rate during the year of 1983 at 23.3 percent and 45 percent in 1984. Although these were the official statistics during this period, wage policies for the country did not change. The previously implemented wage policy of 1980-82 was continued by the government throughout 1983-1985, although there were some exceptions to the guidelines.

Overall, the policies implemented by the Buhari administration and continued by the following military administrations sought to implement measures that called for sharp cuts in government spending. Many of these measures called for cuts in the amount

\(^{80}\) Ibid., 14.
distributed to the states as a part of the statutory transfers. In order to reduce the deficit, the government sought to implement the cuts and to combine it with a nearly nine percent growth in federally collected revenues to reduce the 1984 fiscal deficit by \( N \) 2.7 billion to an estimated 5.2 percent of GDP. This can be compared to the 11 percent of GDP in 1983.\(^8^1\) Therefore, the policies implemented required 16 percent reduction in imports and this was not enough to prevent the inflationary costs from occurring within the country; a 40 percent increase in prices for the consumer. As for agricultural policies during this time period, this is the period that has been deemed the third agricultural policy phase.\(^8^2\)

Walkenhorst notes that this phase coincided with the implementation of the structural adjustment programs that were implemented by the IMF and the World Bank. One of the major results that occurred during this time period was the government removing itself from the production activities. Walknehorst notes that during this period, “Government expenditure was cut back, subsidies and price controls were withdrawn, and input and output marketing activities were liberalized. The currency was devalued with a view to strengthen the price competitiveness of export commodities and import-competing goods.”\(^8^3\) The overall goal at this time was to strengthen the country’s ability to develop the capability to feed itself.

\(^8^1\) Ibid., 25.


\(^8^3\) Ibid, 6.
Ibrahim Babangida

During the administration of Ibrahim Babangida, the priorities were not much different. The government continued with an authoritarian structure and the economy was owned by the state, with limited private ownership. The Babangida regime attempted to implement measures to return the country to civilian rule by 1990, however, the plan was prolonged and the return to civilian control was rescheduled to take place in 1992. In order to fulfill this goal, some of the political enactments that were instituted under the previous administration were dissolved, and the administration attempted to repair the damage of the lack of trust between the military government and the people, which initially began under the civilian administration of Shagari.

To ensure the smooth transition to the civilian government, Babangida’s administration established a Constitutional Review Committee and the National Electoral Commission. The move to civilian government was to take place with a two-party system. Many in the country preferred this type of electoral system to multiparty electoral politics. This type of system was favored to ensure that ethnic divisions would not be rife in party politics. Furthermore, General Babangida allowed for local elections in the states and more responsibility was given to the local government councils over areas such as education and healthcare, with funding being derived directly from the federal government, bypassing the state governments.

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85 Ibid., 119.
The Babangida regime sought to implement a smooth transition process where four main policies would be implemented. These policies entailed, first, financial commitments to prevent those members in society with massive amounts of wealth from hijacking the process; second, the education and development of new young politicians that had not been exposed to corruption of older seasoned politicians that had become entrenched in politics; third, creating institutions that would control the transition to a civilian form of government; fourth, control of certain groups that would act as opposition forces and prohibiting others from participating in the transition process.86

Some of the measures that were enacted under the Babangida regime and continued at the start of the Buhari regime are evident in the budgets implemented during the years of their administrations. For example, the 1985 budget was simply a continuance of the efforts implemented in 1984. The particulars of the budgetary policies of the two regimes were simply a continuation of the fiscal adjustment efforts. To highlight some of the measures implemented by the Babangida and Buhari regimes, the deficit was to be reduced, to some extent, in nominal terms to 3.8 billion Naira. This reduction was to equal the 4 percent of the GDP. Just as was implemented in 1984, the major adjustments were to be made through controls of expenditure and non-financial government enterprises. Capital expenditure, on the other hand, was budgeted to increase by 80 percent relative to the 1984 estimated outcome, returning it to nearly its 1983 level.

A total of nearly 1.4 billion Naira was reflected as net foreign financing in the budget, and a substantial portion of that financing was considered doubtful.

One of the most important austerity measures implemented under the administration of Babangida was the commencement of the Structural Adjustment Programs (SAPs) called for by the International Monetary Fund, the World Bank and the United Nations. There has been much research undertaken by scholars to explain the impact of SAPs on the developing world. Of interest here are the works of Professor Ukertor Gabriel Moti and the National Centre for Economic Management and Administration (NCEMA). Professor Moti provides the rationale as to why these types of programs even began. As indicated in earlier portions of the paper, the deterioration the country’s economy began when more emphasis was placed on the oil sector and all other sectors received relatively very little attention. Although there were measures implemented by the government to combat the problems faced by the agricultural and other sectors, these measures did very little to alleviate the worsening problems of debt and the declining GDP. Moti notes financial assistance was provided by the IMF and the World Bank with the efforts of helping countries, such as Nigeria, “reschedule their foreign debts, reduce external debt repayments and have access to international credit for

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their international trading operations."88 Although these plans were instituted by the major international financial players, this did not mean that there were not conditions attached to them. For many countries that instituted these types of programs, the conditions left the home country in a worse position than it was prior to the implementation of the programs. The SAPs required countries to institute economic policies and reduce public expenditures. Furthermore, budget deficits were to be reduced to less than 5 percent of the country's national gross domestic product and policies were introduced to reduce the inflation of money through the institution of liberalizing the price of goods and services. The last measure of price liberalization was established through the use of implementing capitalization measures, which would allow the market to determine the price and the private sector to manage the production aspect. Additionally, many of the SAPs called for the end of state owned enterprises, thus advocating the need for privatization.

The overall goal of the institution of these types of policies was a trickle-down effect, to alleviate the burden placed on the poor. This was not the case with many of these type programs, specifically the one that began in June 1986. Although this was the first time that all major stakeholders in the country were asked to participate and give feedback as to whether or not the country should adopt the SAP, the intended outcome when examined some ten years later shows that it did not yield the intended results.89 


illustrate this point, Professor Moti notes there are two types of visions that can be
instituted in a country, top down and bottom up. Both visions possess strengths and
weaknesses and in the case of Nigeria, it looked as if the bottom up approach was first
attempted when all of the stakeholders were asked to provide input regarding the
adoption of the IMF’s SAP measures. Although this was the case, the proposal put forth
by the National Centre for Economic Management & Administration to the Global
Development Network indicate that these early initiatives of involving the polity were
quickly abandoned when the Babangida military regime began to stymie certain basic
constitutional rights, and in fact this practice continued until a new civilian regime was
placed in power in 1999.

To discuss the strengths and weaknesses of the top down vision, Moti holds the
following as strengths. “(1) Depending on the clarity of the vision, such an initiative can
be given the resources and attention it needs to succeed; (2) Awareness can be heightened
due to media attention; (3) Local groups can be inspired and develop their own projects;
and (4) A greater involvement on the part of government in the implementation of the
sustainable development can be stimulated.”90 On the other hand, the weaknesses of top
down vision include:

(1) Sometimes a national vision is so strongly worded that it is impossible to
achieve; (2) Political visions are not always shared by all, resulting in lack of
implementation; (3) not all interest may be included in top down visions, this
means that not everyone will participate and that it makes it weak; (4) A top down
approach needs a lot of resources to become a reality; (5) High levels of
monitoring and enforcement is often called for, requiring large amounts of
resources; (6) Environment is not always given priority by a of resources; (6)

Environment is not always given priority by government. As priorities and leadership change, a vision can be affected adversely and vision can become weak.91

In the case of Nigeria, although the government involved the polity in the initial planning stages, the ability of keeping everyone involved did not occur. There are several reasons that could be proffered to explain why the SAPs did not bring the intended results to the people. Moreover, there were some groups in society that did not even want the SAPs in the first place, such as the nationalist, communist, and academicians, while others such as bankers and industrialist saw the need for the program and believed that it would bring benefits to the country and the people. The outcome, despite the government’s attempt to keep all stakeholders involved in the process did not occur. This in turn led to opposition to the program and policies. In addition, it was believed that corporate governance also was not practiced in an efficient manner and the need for revisions to the program as the country developed and evolved were not undertaken.

Babangida also attempted to institute additional policies to lessen the shock of the SAP on the citizens. These included:

- the establishment of the National Directorate of Employment (NDE) in 1986; a SAP relief package introduced in 1989, the establishment of the Urban Mass Transit Programme in 1988; establishment of the People’s and Community Banks in 1989/90; the establishment of the Directorate of Food, Road and Rural Infrastructure (DFRRI) in (DFRRI) in 1986, a reflationary budget package in 1988; the 1991/1992 relief package for public sector officers; the reform of the civil service; and the Better Life for Rural Dwellers’ Programme in 1989.92

91 Ibid., 10.
Although these aforementioned practices were instituted, as indicated earlier, the positives were barely seen by the citizens of the country. The SAP that was instituted in the country was to only last for a two-year period and was to be followed by "three tier planning system." The ensuing system that was to be implemented after the SAP had ended called for a new proposal, which consisted of a 15 to 20 year perspective, three year rolling plan, and a budget to be devised every year that would come from what is stipulated in the rolling plan.\textsuperscript{93} According to Moti, "the perspective plan was to identify long term policies upon which the rolling plans and the annual budgets would derive their medium and short term programs respectively."\textsuperscript{94} Although the administration had lofty goals in mind, the outcome was the shelving of the twenty-year plan and the implementation of a three-year plan instead of the five-year plan that was to operate within the fifteen to twenty year plan framework. The International Monetary Fund identifies some of the problems encountered by Nigeria with the institution of the SAP. The "Nigeria—Recent Economic Developments, February 22, 1993" notes that the government encountered problems in maintaining the fiscal and monetary policies during the fiscal year 1988. This caused acceleration in inflation, a 34.2 percent increase from

\textsuperscript{93} Moti, "Development Plans and Visions as Strategy for Sustainable Development: The Experience of Nigeria," 16.

\textsuperscript{94} Ibid.
1986 at a rate of 47 percent.\textsuperscript{95} The economy began to level off in 1989 and 1990 showing growth in GDP, which actually reached 8.2 percent.

In addition to the shelving of the twenty-year plan by Babangida, Abacha also abandoned the twenty-year rolling plan and instead instituted Vision 2010. Vision 2010 had the goal of improving the livelihood of all Nigerians in a short time frame, fourteen years. In order to fulfill this, the two hundred and fifty member committee submitted a proposal to General Sani Abacha, which called for deregulation of the Nigerian economy in a large way. In essence what actually occurred with both administrations was the dismantling of any short-term goals for the country and imposition of long-term visions.\textsuperscript{96}

\textit{Sani Abacha}

The measures taken by the successive military regimes had an effect of undermining progress and development for the Nigerian populous. Although the regime of Babangida provided promises of a return to democratic elections in 1993, this did not occur and the elections were annulled leading to Sani Abacha becoming the next military ruler in the country. The policy measures of both men were discussed in the preceding paragraph and thereby illustrate the impact of military rule on the political-economic conditions of the country. Under the Abacha regime, the country witnessed some extent of international isolation by the major world powers. Cronyism and nepotism became


\textsuperscript{96} Ibid., 17.
even more widespread and the federal structure of the state was virtually undermined with more power being centralized by the military. However, after the death of Sani Abacha in 1998, Nigeria's military made plans to transition to a civilian form of government. This transition was similar to earlier transitions made in Nigerian history from military rule in exchange for civilian leadership. Constitutional drafting committees, regional power-sharing arrangements, and the move to a two party electoral system are just a few aspects of the new republic which would elect former military leader Olusegun Obasanjo as president.

The Return to Civilian Governance: An Examination of Obasanjo and Yar'Adua, 1999-2010

Olusegun Obasanjo

After the death of Sani Abacha, the military continued to exercise power under General Abubakar, Abdulsalami Alhaji. Abubakar’s eleven month stint as military leader of Nigeria is noted as being transitional in nature and noted in history as the regime that relinquished power to a democratic government. The military drafted a new constitution, which called for a clear distinction of the three branches of government through the implementation of separation of powers and a structure of federalism. Although “democracy” was restored, the old system of elitism and cronyism was still evident in the electoral process. To highlight this point, Axel Harneit Sievers discusses

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the criticisms that were leveled at the electoral process of 1999, one of which included lack of participation, where much of the Nigerian polity were not involved in the electoral process. In addition, prebendalism and cronyism were also prevalent just as in the First and Second Republics. John Campbell also indicates this same sentiment noting, “these new political parties were solely machines for winning elections, not for articulating or advocating a national vision.” Although there is much conjecture surrounding the 1999 democratic elections, a successor was found in Olusegun Obasanjo, former General of the Nigerian Military who ran under the People’s Democratic Party (PDP).

During Obasanjo’s first term in office his public approval ratings were not very high. However, during his second term, the Obasanjo administration seemed to record a more favorable impression on the Nigerian polity. A brief examination of each of these terms, 1999-2003 and 2003-2007 is necessary.

During the 1999 presidential term, Obasanjo was beset with a number of issues both domestically and internationally that were inherited from the military interregnums. One of the major economic maladies that plagued the nation was the external debt that is

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estimated to have been somewhere between 28 to 40 billion USD.\textsuperscript{100} In addition to external debt, the internal economic climate was in a serious state of crisis as a result of spending of reserves and the drop in oil prices.\textsuperscript{101} Chart 5.4 indicates that the current price point of the GDP in 1999 was 35.87 while the per capita stood at 309.86. GDP witnessed a modest gain in 2000 to 46.39 for the current price point and 389.95 per capita.\textsuperscript{102} Other achievements noted during the first term of Obasanjo include a brief rebound of the agricultural sector and some aspects of privatization.\textsuperscript{103}

Coupled with the achievements were also some negatives during the first administration. The negatives, which took longer to correct, included slow growth in the manufacturing sector. The argument can even be made that very little change occurred, due to the influx of foreign manufactured goods which led to the slow growth of the manufacturing sector. In the area of social services, the country also suffered during the first two years of the Obasanjo Administration. The social services sector grew very slowly, specifically in education and health. Furthermore, the country attempted to deal with crumbling infrastructure. Both the education and the health care sectors were


\textsuperscript{102} See chart 5.1 Federal Republic of Nigeria Gross Domestic Product in Constant US Dollars and Per Capita Prices (Billions).

crippled with strikes, which had an impact on the provision of services. Additionally, brain drain was rampant and many qualified members of the population moved to different countries in search of better opportunities. Maternal and child health were also in dire straits. To correct this problem, the Obasanjo Administration was able to use monies from the sale of petroleum that were collected in the Petroleum Special Trust Fund to assist in the rehabilitation and development of specific sectors which include health, roads, education and security services.\textsuperscript{104}

Obasanjo ran for a second term in 2003 under the PDP against Muhamadu Buhari, also a former military ruler. Obasanjo was able to secure the seat of presidency for a second term and he and his administration began to implement a number of reforms to correct the failing economy. During this term, Obasanjo and his team were able to make the government contracting process more transparent. John Campbell notes, “the activities of the Independent Corrupt Practices Commission and the Economic and Financial Crimes Commission (EFCC) seemed to be promising…”\textsuperscript{105} Campbell is eluding to the work undertaken by the Obasanjo Administration’s economic team. Of significance was the work of Ngozi Okonjo-Iweala, Obi Ezekwesili, Charles Soludo, and Malam Nasir El-Rufai. Okonjo-Iweala, who operated as finance minister, was able to separate government expenditures from oil revenues and changed the way that the federal

\textsuperscript{104} Ibid.

\textsuperscript{105} John Campbell, \textit{Nigeria: Dancing on the Brink}, 89.
budget was based.\textsuperscript{106} Campbell also notes that she was able to reduce the inflation of the country, build foreign reserves, and negotiate the settlement of the country’s debt with the Paris club, a point discussed earlier.\textsuperscript{107}

The positives of the second administration were also beset by a number of negatives. The positives of his economic team in resolving the country’s international economic issues had very little success in the domestic realm. To illustrate this point, Campbell explains how poverty remained high in Nigeria despite the cost of oil in the international arena and the petroleum products that were used in the country were imported.\textsuperscript{108} In addition to the maladies pertaining to domestic growth, there were accusations of the Obasanjo Administration doing very little to resolve the crisis in the Niger Delta region and also the administrations inability to placate the northern portion of the country, who were very dissatisfied with the national government. To exacerbate some of the aforementioned negatives that were plaguing the second term of Obasanjo, the speculation that he was attempting to alter the Constitution to abolish term limits which would provide him with an opportunity to serve as president for life also became an issue amongst the polity. In May of 2006, the proposed constitutional amendments that pertained to the elimination of term limits were tabled, thus ending the speculation

\textsuperscript{106} Ibid., 18.

\textsuperscript{107} Ibid.

\textsuperscript{108} Ibid., 89.
and the possibility of Obasanjo holding the presidency or even the Chairmanship of the PDP for life. The Obasanjo Administration ended in 2007 with the handpicked successor from the North, Umaru Yar’Adua.

Umaru Yar’Adua

The commencement of the Yar’adua Administration in 2007 signaled a change in leadership styles. The Obasanjo Administration, ruled by a former military officer operated in a manner that hinted towards his previous position. Jonathan Power notes that Yar’Adua operated in a manner where due process was respected while Obasanjo’s style was somewhat of cutting corners, referencing a former diplomat who argued, “Obasanjo sometimes thought he was the constitution.”

As a result of Yar’Adua’s presidency, a number of policies that were instituted under the Obasanjo Administration were overturned. These include the slow movement of the take-over of the steel mill by the Indian-British company, the construction of a new railroad, and the auction of oil concessions. In addition to the overhaul of policies implemented under the Obasanjo Administration, Yar’Adua implemented his 7-point agenda which consisted of critical infrastructure, the Niger Delta, food security, human capital development, land tenure and home ownership, national security intelligence, and

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110 Ibid.
wealth creation. The administration hoped to meet the objectives of the Millennium Development Goals by the institution of the 7-point agenda, however the policy pronouncements were shrouded by criticism. To illustrate some of the problems that surrounded the 7-point agenda and the failure to fully realize the goals that were set forth by the Yar’Adua Administration, Clement Olawole Oluwasuji highlights the challenges with such policy pronouncements. Oluwasuji notes the challenges to the effective implementation of the 7-point agenda include the failure of past policies, corruption in high places, global economic recession, contradicting policies, and government insincerity. The assertion made by Oluwasuji is not limited to the Yar’Adua Administration, however challenges with the growth of the Nigerian economy precedes his administration. As indicated in the examination of the previous administrations, the same issues, specifically the failure of past policies, corruption in high places, and the insincerity of the government were prevalent during the administration of Shehu Shagari and also the military interregnums up until the transfer of power back to civilian governance. Even though there were some strides made in the Obasanjo Administration and there was a growth in the GDP per capita and constant GDP of the country, his


administration too was beset by the same criticisms. It is also important to note that many government administrations are plagued by the issues that previous administrations faced and thereby adopt the criticisms and positives associated with it. Yar’Adua was not immune to this problem. During the administration of Yar’Adua, the country witnessed a peak in its per capita GDP and also the current price GDP. The per capita GDP stood at 1153.4 and the current price GDP stood at 165.92. Although the numbers indicate that the country performed well, others argue that the Nigeria was plagued by a myriad of problems under the Yar’Adua Administration. Ademola Bello highlights several legacies of the Yar’Adua Administration. He indicates that the administration witnessed problems in 7 point agenda, in which a discussion was previously provided. It has also been noted that the improvement of the energy sector through the provision of electricity did not materialize, a promise also made by the previous administration. The director of the Economic and Financial Crimes Commission, which would have held specific state leaders accountable for their corrupt practices was largely undone due to his replacement and exile. The Yar’Adua Administration also promised to make corrections in the country’s electoral system and processes and this too did not occur due to failing health. The education, infrastructure, and health sectors remained faulty under the Yar’adua


Although the administration of Yar’Adua has been criticized for several reasons mentioned in the aforementioned paragraph, it has also believed that this is an individual who was a sincere man that sought to curb the afflictions of Nigeria. Although brought into office by Obasanjo through an election that is questionable, he distanced himself from the former administrators’ power grip and sought to bring policy reforms and needed change to the country with his own agenda. Unfortunately his illness and untimely demise thwarted any substantial effect in the country and he was replaced by his vice president Goodluck Johnathan on February 9, 2010 after the general assembly voted to make him the acting president until Yar’Adua’s return or demise. The death of Yar’Adua occurred May 5, 2010.

Conclusions

In conclusion, this chapter set out to highlight the various presidential administrations which operated in Nigeria from 1979 to 2010 commencing with historical highlights of the Nigerian government and its transition to independence from British rule. The civilian administration of Shagari, the military interregnums during the 1980s and 1990s and the transference of power back to civilian rule in 1999 were important
aspects of this chapter. Each of the leaders and the major policies implemented under the respective administrations were examined. Furthermore, how these policies affected the political economy of Nigeria and contributed to the growth and development of the country helps to inform the main focus of this paper. With some analysis provided of the domestic politics of the Nigeria, it is within the next chapter that an examination is given to how China's foreign aid intersects with Nigerian political economic development.
CHAPTER IV

CHINA’S FOREIGN AID POLICY AND HOW IT INTERSECTS WITH NIGERIAN POLITICAL ECONOMIC DEVELOPMENT

To gain an understanding of how China’s foreign aid policy intersects or influences the political economy of Nigeria, it is necessary to understand the background of China. In order to provide some context of the aforementioned statement, an examination of the foreign policy goals are needed before an explanation of how the policies of China influence Nigeria.

Beginning in 1979, China was transformed from a closed market economy to that of a mixed market. This ideological shift in economic practices occurred during the early years of the administration of Deng Xiaoping. Deng Xiaoping has been remembered as a pragmatist who sought to bolster the domestic economy and open China’s borders to outside trade and investment. This move to a mixed market economy not only had an impact on the domestic policies of China, but also on the country’s foreign policy decisions as well.

Prior to 1979, China operated under the theory of self-reliance. Fredrich W.Y. Wu noted in his article, “From Self-Reliance to Interdependence? Developmental Strategy and Foreign Economic Policy in Post-Mao China,” that China’s institution of
self-reliance was not widely instituted until the Sino-Soviet split in the late 1950s.¹ This cleavage between the two socialist countries caused China to embark on a path of instituting its own methods to ensure its economic and modernizing development process. Wu further clarifies his definition of self-reliance, stating:

...a country committed to policy of self-reliant development will not engage in the type of transactions that would undermine the goal of national independence or violate its own unique developmental vision.²

This theory of self-reliance, also referenced as China's "independent foreign policy," helped to bring about change in the political economic structure of the country, moving it from autarky to a mixed market economy in 1979. The commencement of the mixed market model in the country also led to renewed political-economic relationships with many countries, specifically those designated peripheral nations by international relations and developmental theorists.

To delineate how China embarked on its own path toward modernization prior to its move to interdependence, it is necessary to examine the two programs instituted under the administrations of Mao Tse Tung. The Great Leap Forward and the Cultural Revolution were two projects implemented with the goal of attaining self-reliance. The Great Leap Forward was the first economic program implemented in 1958. It was also during this time that China severed ties with the Soviet Union and the Leninist model of socialism over ideological differences. Chairman Mao sought to implement his own


² Ibid., 452.
brand of socialism, which led the country in a direction of its own independent foreign policy. It should also be noted that four years earlier, at the Bandung Conference in Indonesia, China made clear to the countries in attendance that it would choose an alternate path of development than those established by the West and the Soviet Union. China also offered developing countries, emerging from colonialism, the choice of non-alignment; a model of development and policy which stipulated that nation-states did not have to choose between the Western or Eastern ideologies, but rather, move on a path that was deemed best for their own country.

The Great Leap Forward also called for the movement of peasants into people's communes. At this juncture, all aspects of personal property were relinquished to the state and the population essentially became a workforce to move the country forward on its path of modernization. Stanley Karnow, historian and foreign correspondent, offered some poignant insights into this period in China's history. He notes that peasants were presented with slogans that called for them to work around the clock in order to "perform economic miracles." 3 Some of the miracles that the Chairman envisioned included increasing steel production, coal production, and electric-power capacity. Mao believed that China could be advanced to the level of the United Kingdom within fifteen years from the commencement of the Great Leap Forward.4

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4 Ibid., 93.
The Great Cultural Revolution of 1966-76 was another effort utilized by the Chairman to move the country forward on its path of modernization. Furthermore, this period was used to identify and remove those individuals within the communist party who were considered to be bourgeoisie and revealing capitalist tendencies, or, those not adhering to the communist line envisioned by Mao Tse Tung. Commencing in 1965, there were several members of the Communist People’s Party who were removed from office. This purge of high-ranking intellectuals began with Chairman Mao’s sanctioning of an article that criticized an intellectual’s views of the Great Leap Forward as a slight against the “great class struggle.” Moreover, the former Chairman’s use of the youth element, which he called the “Red Guard,” in the Great Cultural Revolution, was a move that set a precedent in Mao’s vision of revolution for the PRC. This undertaking can be seen as being unique from the standpoint of Mao’s usage of the country’s youth to attack the “four olds” of society. These “olds” comprised the ideas, cultures, manners, and customs of the society that had been entrenched since the country’s ancient times.

Another feature of the use of the country’s youth was that Mao insisted these young people, according to Dreyer, be “children of the so-called five pure classes: workers, poor, lower-middle class peasants, soldiers, party officials, and revolutionary martyrs.” Although this was the intended plan, there were other individuals of young age who questioned this calling and wondered why they were excluded from joining the

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6 Dreyer, China’s Political System: Modernization and Tradition, 106.
guard. These children, those who were from bourgeois backgrounds, insisted that they too should be able to join the ranks of the Red Guard. Therefore, the Red Guard was not an unvarying group, as it contained elements of the country’s young generation from both the working and poor classes and those who were the offspring of the privileged.

In an examination of both programs, neither campaign was deemed successful. Both ended with disastrous effects without achieving the benefits sought by Chairman Mao. The Great Leap Forward ended with millions much worse off than they were before the campaign, and numerous citizens dying as a result of the famine, which ensued due to poor agricultural yields. The Great Proletariat Revolution can be characterized as ten years of violence and confusion within the country. Many individuals, whether they were regular citizens or ranking party members, who did not follow the strict revolutionary policy of Mao Tse Tung, and the followers of the Red Guard faced severe public humiliation, torture, or even death. With the failure of both of these programs being mentioned as background, it is at this point that one of the major purposes of this research shall be examined, namely to explore the political-economic policies that were implemented in China, to move the country towards the path of interdependence after the failure of the Great Leap Forward and the Great Proletariat Cultural Revolution.

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7 For further illustration on the Great Leap Forward and the Cultural Revolution instituted by Chairman Mao Tse Tung and the negative consequences of those campaigns see the writings of Stephen K. Sanderson, Revolutions: A Worldwide Introduction to Political and Social Change (Boulder: Paradigm Publishers, 2005).

8 The term interdependence was used by W.Y. Frederich Wu. For the purposes of this research, this term will also be employed in order to elucidate the impact of the opening up process on the foreign policy decisions of the PRC.
Many scholars and those who survived both the Great Leap Forward and the Cultural Revolution will contend that both movements had deleterious effects on the country. However, it cannot be ignored that what began with both of these programs was an enduring revolution, one that was always evolving, as Satya J. Gabriel explains in "Political Economy of the Great Leap Forward: Permanent Revolution and State Feudal Communes." Satya notes, "It has become commonplace in China to think of society undergoing radical transformation, to accept the possibility of uprooting traditional ways of life and replacing such ways of life with completely alien social institutions and processes." When one examines these two events the way that Dr. Satya does, the consequences of them can be seen.

As indicated earlier, the shift to a mixed market economy was instituted to move the country forward on a path of modernization very different from the one instituted under the administration of the former Chairman Mao Tse Tung. However, there is literature, which would suggest that the foreign policy of China also began to change during this time period. To illustrate this, the writings of Robert S. Ross, "From Lin Biao to Deng Xiaoping: Elite Instability and China’s U.S. Policy," provide an account of how international and domestic factors played a role in the formulation of the PRC’s foreign policy. Ross states:


10 Ibid.

Scholars arguing in favour of the special importance of domestic politics in the formulation of policy point to the existence of elite differences over foreign policy and contend that the shifting fortunes of individual leaders and the leadership turnover associated with succession politics can significantly shape China's security policy.\(^{12}\)

In addition to the aforesaid point offered by Ross, Xiaoniong Yi's article entitled "China's U.S. Policy Conundrum in the 1990s: Balancing Autonomy and Interdependence," offers insight regarding the balancing act that was undertaken by China with the United States in order to ensure that its modernization program progressed in the fashion in which the country saw fit.\(^ {13}\)

With analysis being provided by these two scholars, an examination of the political-economic policies instituted by China to abet the country's modernization program will be of importance in the dissertation. The rationale for this statement lies with the fact that the political-economic policies of China impress upon the foreign policy decisions of the country. This is a very prominent approach to the study of foreign policy, and scholars such as Quangsheng Zhao have noted this point. The book entitled Interpreting Chinese Foreign Policy highlights several approaches to the study of Chinese foreign policy.\(^ {14}\) A theory mentioned in chapter one regarding the political-economic policies of China impacting the foreign policy decisions of the aforementioned country is called the domestic determinants of foreign policy approach, and is classified as one of the single-level analyses of foreign policy for any nation state. To explain this

\[^{12}\text{Ibid., 265.}\]


\[^{14}\text{Quangsheng Zhao, Interpreting Chinese Foreign Policy.}\]
point, in the study of foreign policy and international relations, there are two approaches that are normally utilized by scholars, policy analysts, and students in the field—the single level approach and the multi-level approach.

In the single level approach, there are three types, and the resulting outcome for all three is foreign policy. The Type A approach examines the structure and the system or the international aspects and constraints; Type B examines society and institutions or things that are happening within the domestic sphere of a nation-state; and Type C examines the psychological and ideological factors that would influence the outcome of foreign policy.\(^\text{15}\) To return to what was noted earlier, the application of Type B can be applied to the next statement. Zhao notes that “this school of thought emphasized that domestic factors are important to every country’s foreign policy, but they are perhaps more important to the PRC’s external behavior than to that of most other countries.”\(^\text{16}\) Moreover, Zhao discusses the micro-macro linkage, which applies a domestic—international approach to the study of foreign policy. The points made by Wu, Ross, Yi, and Zhao are provided to show how the PRC embarked upon its path toward modernization after opening to the West, and, moreover, how this shift in economic policy had an impact on the country’s foreign policy goals and objectives toward other nations in the world.

Diplomatic relations between China and the Federal Republic of Nigeria began in 1971. It was also during this same year that China acquired a seat in the United Nations

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\(^{15}\) Ibid., 10.  
\(^{16}\) Ibid., 13.
and was recognized as the official representative of China, thus supplanting the Republic of China (Taiwan), which was one of the founding nation-states of the United Nations in 1945. In addition, it was during this time frame that the second wave of independence had begun on the African continent, and the resulting spate of newly independent African countries helped China become recognized as the “official” China in the United Nations, and the one China principle developed. This principle stipulated that if a country recognized China and established diplomatic relations with her, it must not recognize Taiwan. With this policy in place, which is still in place today, China was able to gain support from those newly independent African nations.

Another factor that helped China to garner support from African nations was its nonaligned stance. This position began at the Bandung Conference of 1955. Since then, many of the newly independent countries of Africa, Latin America, and Asia vowed to take a stance of non-alignment, specifically during the time of the Cold War, which stipulated to not take sides with either the United States or the Soviet Union. It is here that the theory of self-reliance can be applied to many of the newly independent countries of Africa and Latin America. Again, as indicated by Frederic W.Y. Wu, countries may decide to adopt a policy such as this to protect their own domestic economic interest, and in fact, the implementation of this theory was actualized by Nigeria when nationalization of the economy took place under the various military regimes that operated in the country. Although the introduction of SAPs sought to eliminate this self-reliant approach to development and modernization, it is still of significance and shows how the modernization approach instituted in China was adopted by many countries with the hopes of modernizing and developing.
Not long after its recognition by the international community, China began its move toward normalization with the United States in the foreign policy arena, beginning with a visit to the country in 1971 by Henry M. Kissinger, United States Secretary of State. Kissinger’s visit was followed by Richard M. Nixon’s visit in 1972 and the signing of the Shanghai Communique of 1972. This statement is being provided to show that China was indeed moving on a path of opening herself to the outside world prior to the death of Mao Tse Tung. However, this was not fully realized until a new party chairman was installed, Deng Xiaoping.

**Deng Xiaoping as Paramount Leader: A Different Approach to Foreign Policy**

With the institution of Deng Xiaoping as Paramount Leader of the country, China instituted a different policy approach than that of the former Chairman Mao Tse Tung. It was under the helm of Xiaoping that PRC obtained recognition as the official China supplanting Taiwan in the International Monetary Fund (IMF). As correspondence from the IMF notes, the decision took place on April 17, 1980 by the executive board of the IMF. The move of China to be viewed by the international community as the “official China” over Taiwan, led the way for the country to begin its vigorous campaign of modernizing. This new position allowed the country to officially vie for power positions in strategic areas of the globe, specifically Africa. If an examination were given to the various African countries to which China developed ties, all could be included except for

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Swaziland. This being so because this country maintained ties with Taiwan and as part of China's "one China" policy, countries must denounce all ties with Taiwan in order to develop diplomatic relationships with China. To understand the development of these modern relationships, notably the Chinese-Nigerian relationship, the international arena must be analyzed, albeit briefly, to gain a thorough grasp of why China viewed African countries as prime targets for foreign aid and the development of relationships.

The concept of political warfare is not new in political science; however, Donovan C. Chau applies the concept to the relationship between China and Nigeria.\(^{18}\) Chau defines this concept in his summary and he notes:

> [A] nonviolent instrument of grand strategy, involves coordinated activities and results in tangible effects on intended targets. In operational terms, political warfare includes economic aid and development assistance, as well as training, equipping, and arming military and security forces. Exchange visits and public pronouncements are secondary political warfare operations, supporting and facilitating primary operations.\(^{19}\)

It is noted by Chau that political warfare is a very cost efficient approach and is undertaken by a number of countries to bolster their international standing and influence. The grand strategy that was implemented by China provides great benefits such as gaining new information and also building strategic relationships.\(^{20}\) It must be noted that this tactic is nonviolent in nature and many of the activities and objectives employed by the nation-state implementing political warfare, have direct objectives in mind that relate


\(^{19}\) Ibid., v.

\(^{20}\) Ibid., v-vi.
back to their own domestic political, military, or economic objectives. In the case of China and Nigeria, the objectives of China can be seen as two fold. First, there is the objective of obtaining information and forging relationships to bolster the country’s international presence and perception. This strategy was also used during the early 1970s when China sought a permanent seat in the United Nations. Another important caveat to the first reason is that in recent years China has been viewed as a threat in the international arena and possibly a rising hegemonic power. It is evident that the country wields a great deal of power and influence in its own respective region. However, this possibility of China rising to challenge the existing system was something that caused a great deal of attention by policymakers and diplomats in the Western world.

The second reason that China has employed political warfare would be to increase its own domestic economic base and development potential. By reaching out to new markets that provide valuable resources and developing trading relationships with these countries, this can be viewed as a win for the people and the government of China. Furthermore, by developing strategic ties with countries that have the markets and the resources, the win is not only for China but also for those countries that are at the receiving end of technological expertise, new business, and also new products and merchandise. Therefore, it is argued by many in political circles of China’s government and politburo that establishing these partnerships are a win-win situation where all parties involved benefit, therefore hearkening back to the principles that are the hallmark of China’s foreign policy, the Principles of Peaceful Coexistence.

In addition to the political warfare approach, others have noted that the types of approaches undertaken by China in Nigeria can also be labeled DIMEing (Diplomatic,
Information, Military, or Economic) policy or PMESII (Political, Military, Economic, Social Infrastructure, and Information Systems).\textsuperscript{21} Both of these approaches are very much the same as political warfare or grand strategy, and have been discussed in some detail by scholars. In order to understand how the China has utilized these strategies in Nigeria, it is here that this research examines the intersection of China and Nigeria and the projects and aid provided to the later.

To examine some of the grand strategy procedures that have been implemented in Nigeria, one only need examine the varied infrastructure projects, economic aid assistance in the arenas of health and education, and FDI invested into the country and the creation of Special Economic Zones (SEZs) and Export Processing Zones (EPZs).

\textit{Infrastructure Projects}

The year 1979 offers very little information that would indicate that China had made a relevant impact in Nigeria during that time period. Although this is the case, the relationship between China and Nigeria slowly progressed over time, showing marked periods of heightened involvement and interrelationship between both countries. In

addition to China's lack of FDI in Nigeria in 1979, the country also did not have a great deal of FDI in other countries as well during this time period. It has been noted by scholars that the period of 1979-1985 was one of cautious internationalization. As Peter J. Buckley and L. Jeremy Clegg et al. note this in "The Determinants of Chinese Outward Foreign Direct Investment." Buckley et al. indicate that the time frame of 1979-1985 was a period of being cautious because much of the FDI that occurred at that time was directed by the State. Only those firms that were run by the Ministry of Commerce and the municipal enterprises that were under the State Economic and Trade Commission were allowed to invest abroad. In addition to this time period, the authors illustrate four other time periods as well. The period of 1986-1991 was called the Government Encouragement Stage, where the government began to liberalize policies and allowed more businesses to open abroad or establish foreign affiliates; 1992-1998 was called the Expansion and Regulation Stage, where the government incorporated internationalization into the economic development policies of the state. However, these policies were tightened as a result of the Asian Economic Crisis of 1997. The Implementation of the "go global" policy took place from 1999-2001. During this phase many of the policies could be characterized as being contradictory and there was an encouragement of trade related activities that promoted Chinese export of raw materials, parts, machinery, and light industry sectors like textiles, machinery and electrical equipment. It was also during this period that the 'go global or zou chu qu' directive was formalized in the 10th five year

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plan. Since 2001, after China joined the World Trade Organization, more firms have sought new markets and the importance of going global is stressed once more in the 11th five year plan.

To provide more relevant information in relation to the various time periods of China’s opening up process, E. Olawale Ogunkola, Abiodun S. Bankole, and Adeolu Adewuyi provide information relative to the number of high-level visits that occurred between both countries beginning in 1978 to the year 2006. Furthermore, the authors noted that each time some type of high level exchange visit took place it was typically followed by some type of bilateral agreement. To elucidate this point, it has been noted that during the 1980s and 1990s, China was well on its road to modernizing, while the country of Nigeria was engulfed in military coup d'états and economic strife. Earnest relations between both countries, specifically pertaining to economic agreements did not begin until the second administration of Olusegun Obasanjo in 1999.

Although Nigeria was in the process of dealing with its own internal problems, it must not be negated that there were several agreements and projects initiated during this time period, specifically during the Abacha regime of 1993-1998. Under the Abacha regime, Nigeria increased its relations with the Eastern bloc, notably China. Also, the Nigeria-Chinese Chamber of Commerce was created in 1994 and the China-Civil

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Engineering Construction Cooperation (CCECC) won a $529 million dollar contract to rehabilitate the Nigerian railway system on December 9, 1995. The main works of the project were the construction/rehabilitation of the existing Nigerian Railway system. This included surveying, designing, deduction of steep slope, elimination of sharp curve, supply of 620 locomotives and rolling stocks, renewal of signaling equipment, and the training of local technicians and skilled workers. Vice Premier and Foreign Minister Qian Qichen visited Nigeria in January 1995 and the next year, 1996, State Councilor and Secretary General of the State Council Luo Gao visited Nigeria in September. Lastly, in 1997, Li Ping of China's State Council visited Nigeria and signed protocols relating to power generation, steel, and oil. Although there were several visits between the countries during the Abacha regime, it must once again be noted that the levels of assistance and or trade between the nations was dismally low to nil.

This information clearly reiterates some points made earlier in this document about Nigeria's relationship with China during the 1980s and the early years of the 1990s. As indicated, although the Abacha regime sought to increase relations with the Eastern bloc, much of this time period was dominated by various economic austerity measures called for by the International Monetary Fund and the World Bank. With this

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stated, a return to the Obasanjo Administration and the policies and agreements commenced between the two countries shall be examined.

Under the Obasanjo Administration, the Nigerian government sought to involve China on a number of infrastructure projects. The deals made with China during this time period have been entitled the “oil-for-infrastructure” projects. These plans consisted of the allocation of oil contracts in exchange for China’s delivery of the improvement of key infrastructure projects. One such project was an agreement signed in April 2006, which consisted of a 40 million dollar grant for infrastructure projects. The grant consisted of a reciprocal type deal for China to receive four oil block contracts, one of which included the maintenance of the Kaduna refinery in exchange for infrastructure. The project was valued at $6,751,418.97 USD in 2009. Another project that was instituted as part of the “oil for infrastructure” deal was infrastructure in exchange for preferential oil right bidding in April of 2006. This deal, although instituted in the same month as the aforementioned one, stipulated that Nigeria would give China four oil drilling licenses in exchange for infrastructure development valued at $4 billion USD. The total amount invested in this project was $5,383,202,285.04 USD. Other rehabilitative ventures that

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took place under Obasanjo’s Administrations include the Nigerian Highway. This project consisted of trimming of embankment slope and shoulders, including earth drains; placing kilometer posts, road signs, road markings, stone pitching, and line drains. The value of the contract was $4,780,000 USD and was completed in May of 2001. The Rehabilitation of Ikot Akpaden-Okoroette Road by the Niger Delta Development Commission (NDDC) was contracted with the China Civil Engineering Construction Corporation (CCECC) and was completed in June of 2004. This project consisted of the rehabilitation of roads of 10 kilometers in total length, inclusive of 140,000m³ earthworks, 700,000m² asphalt concrete pavement, drainage, culverts etc. It was valued at $5.63 million USD. The Rehabilitation of Ugep, Ikom, Ogujoa and Obudu Urban Road was also completed under the Obasanjo Administration in August 2005. This project and partnership with the CCECC consisted of the rehabilitation of roads of 54 kilometers in total length. This project was inclusive of 240,000m³ earthworks, 22,000m³ concrete works, 310,000m² double bitumen surface treatment, 84,000m² single bitumen surface treatment and 18x18 bridge and several foot bridges. The value of this contract was listed as $14.6 million USD.


31 Ibid.
In addition to infrastructure in the form of highways and roadways, the Obasanjo Administration also sought the engineering expertise from China in the construction of living space and governmental office headquarters. In August 2003, the CCECC acquired the contract for the construction of houses in the Games Village of the National Stadium Complex in Abuja. This contract consisted of 60 blocks of 2 bedroom terrace houses; 40 blocks of 3 bedroom terrace houses; 13 blocks of 4 bedroom terrace houses; 4 blocks of semi-detached 4 bedroom duplexes[ sic]; 15 number 3 bedroom bungalows; and 15 number 4 bedroom duplexes; 15 number 3 bedroom bungalows; and 15 number 4 bedroom bungalows. This contract was valued at $50,500,000 USD.  

In August 2005 the Nigerian Communications Commission was completed in Abuja and this contract was valued at 16.56 million dollars. The contract consisted of an eight story main building, parking area, gatehouses, service block, borehole, plant/panel room etc., with total construction area of 20,000m².  

The construction industry in Nigeria has seen an increase of Chinese firms. Although the next section of this document is dedicated to the examination of FDI in Nigeria, the fact must not be negated that the increase of construction firms, although foreign in nature, have impacted the development of infrastructure in Nigeria. Evelyn Atomre and her colleagues have discussed this in great detail. According to Atomre et al. there have been a number of projects commenced or agreements signed to increase

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infrastructure development in Nigeria. To highlight this point, she and others note
“Rivers state government is part of a joint venture project to build a 125 km six lane road
in Port Harcourt. Another project is the modernization of Nigeria’s one-track rail to
standard gauge rail from Lagos to Kano via Abuja.”34 Within the construction sector,
many of the union representatives that provided information to the study noted that a
disregard to basic labor standards were also ignored by the Chinese firms operating in
Nigeria. Liadi Babatunde, General Secretary of the National Union of Civil Engineering
Construction, Furniture and Wood Workers (NUCECFWW) reported that many of the
Chinese companies instituted “closed shop” practices, which made it difficult for workers
to organize and unionize.35 Another issue that has been cited regarding employment by
Chinese firms operating in Nigeria is the lack of permanent employment and the over use
of casual or contract work. Atomre and others such as Olu W. Onemola and Emeka
Umejei, have discussed the role of Chinese companies in Nigeria and how these
companies have an impact on the indigenous worker.36

34 Evelyn Atomre et al. “Chinese Investments in Nigeria,” in Chinese Investments in Africa: A
Labour Perspective, ed. Anthony Yaw Baah and Herbert Jauch, 355. Atomre and her colleagues note that
whilst conducting this study, specifically the portion pertaining to the construction sector there was a great
reliance on the union representatives due to the fact that many Chinese firms chose not to participate in the
study.
35 Ibid., 335.
36 For more discussion on the role of the Chinese companies and the permanent placement of
Nigerian workers see Evelyn Atomre et al. “Chinese Investments in Nigeria” in Chinese Investments in
Africa: A Labour Perspective, ed. Anthony Yaw Baah and Herbert Jauch 333-365; Emeka Umejei,
Casualization and Workplace Violations in Nigeria 2 December, 2012”, accessed 16 January 201,
As a form of soft power, China has provided funds and infrastructure development for Nigeria's health sector. Although much of the aid is in the form of infrastructure projects and medical teams rather than dollars and cents, this assistance plays a vital role in Nigeria's development process. In an examination of the years under study, 1979-2010, the research has yielded very little data regarding China's involvement in the healthcare sector between the years 1979-1999. Commencing in 1999, with Olusegun Obasanjo's second stint in office as president, Nigeria witnessed an increase of MOUs and foreign aid from China, and some of this funding and assistance was allocated to the healthcare sector.

The adoption of the United Nations Millennium Development Goals (MDGs) has placed new emphasis on the developing world to devise efforts both country-specific, and in the case of Africa, continent specific, to set in place objectives to meet the goals by the year 2015. Three specific MDGs that pertain to the health sector are goal number four, reduce child mortality; goal number five, improve maternal health; and goal number six, combat HIV/AIDS, malaria, and other diseases. The implementation of these goals in 1990 has called for not just the three goals mentioned above, but there are five additional goals that pertain to a sound development for those countries that are considered part of the developing world. Of significance to this section is China's role in assisting Nigeria in meeting those goals. How has China played a role in South-South cooperation pertaining to Nigeria's health sector?
As indicated earlier, with Obasanjo’s return to the office of president upon the return to civilian governance, there was a marked increase in economic ties and foreign aid provided to Nigeria. To illustrate this point, in March of 2001, Chinese Ambassador Lian Yinzhu provided the country with cartons of malaria drugs and other items (not related to medical field) to reciprocate the assistance of the Ministry of Foreign Affairs to the Chinese Embassy. In 2002 the Chinese government made medical donations in the amount of $9,092,247.74 USD in the form of an in-kind grant. Over the course of six years (2002-2007) AidData notes that Chinese Ambassador Xu Jianguo disclosed that China donated $5.5 million of drugs and medical equipment to Nigeria.

As previously mentioned, much of the funds provided by China to the healthcare sector were either in the form of infrastructure, training for medical teams or some type of in-kind grant. To illustrate China’s role in the training programs for medical staff, in 2006 China spent $623,000 USD fighting malaria in Nigeria. Half of the funds allocated during this period were specifically for the training of fifty Nigerians and medical staff. Additionally, China provided an Anti-Malaria Grant in 2006 valued at $843,927.37 USD. This funding was provided as a monetary grant with the intent for development.


purposes.\textsuperscript{40} As part of this same project, an agreement was entered into by both countries for 5 million Chinese Yuan (CNY) grant for anti-malarial drugs, training for Nigerians to control and combat malaria and the bird flu along with cooperation in technology. In return Nigeria provided China with formal contracts for the development of four oil blocks and the maintenance of the Kaduna refinery.\textsuperscript{41} In 2007, China continued its provision of funds for combating bird flu. A total amount of $663,969.40 USD was provided as an in-kind grant. In November of the same year over 70 million Naira worth of equipment was provided to prevent and eradicate the avian flu. The equipment consisted of “biological sitting cabinets, temperature freezers, an incinerator, and disinfectant equipment.”\textsuperscript{42}

\textit{Education}

In order for Nigeria to move into a position where the country can harness its own development capability and make the most from its resources, both human and those found in the mineral state, an educational system that seeks to advance all individuals in the country and foster a sense of unity is paramount. In accordance to the research for this document, the role of China in this effort is significant due to the fact that China has an invested interest in resource extraction from Nigeria. To begin this discussion, an


\textsuperscript{41} Ib\textidash id.

examination of Adanma Osakwe’s work is important. Osakwe provides a positive outlook on China’s involvement in Nigeria and notes that in order for Nigeria to become a country that is able to harness its own economic capability and also to foster its own development through partnerships with other nations, it should rely on China to help in its educational efforts. According to Osakwe, China should continue to send experts to help Nigeria with its “medicine, science, health, and media disciplines.” She also notes that China will continue to send language instructors to assist Nigeria with the Chinese language and help the country in the areas of vocational education and distance learning. In addition to China’s assistance in the aforementioned educational areas, Osakwe notes that it is important that Chinese language be taught in African schools and placed in the syllabi of Nigerian institutions. She notes:

African state should definitely prioritize the Chinese language due to a number of reasons. First and foremost, the Chinese currently extract most of their raw materials from Africa. A survey of China-African immersion indicates that the presence of China in the swamplands of the Niger Delta is where night and day oil rigs produce oil. As these assets get exploited, there must be an intrinsic need for communication and understanding and a clear comprehension of each other, with or without interpreters. Second, with Nigerians learning the language and understanding the Chinese culture, this in turn will enable Africa to get better contracts from their trade and related negotiations with China.

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44 Ibid., 10

45 Ibid.
Although Osakwe provides some relevant observations, her major thesis indicates that China’s involvement in Nigeria is one that is positive for the country overall and that the relationship is truly one that is a win-win situation. The arguments that are made by the aforementioned scholar surmise that China is good for Nigeria’s development and that it offers a path that is different from the West, devoid of discussion on human rights and democratic principles. Although China does offer aid to various areas with no strings attached, it is difficult to conclude that the concessions being made in the area of education offer a direct benefit to the Nigerian people. It has been noted that technical training, which would lead to the development of human capital is of significant importance. Furthermore, Nigeria is ripe with opportunities to assist its youth with the development of skills through training and employment in the development of the country’s infrastructure. China has taken the role in assisting the Nigerian workforce by providing jobs and also training for those jobs. However, one of the major criticisms that has been lodged is the fact that very little training occurs to help indigenous workers obtain managerial positions. The fact remains that in order for Nigeria to capitalize off of its own development, there is a need to cultivate the human factor. This is something that must be done from internal policy initiatives and externally. This is where China would play an important role in the development of infrastructure or the provision of funds for educational projects.

To provide data in regards to the amount of funds provided by China to Nigeria for the development of Nigeria’s education sector, AidData has provided some important figures regarding the amounts and location of funds to Nigeria by China. In the area of
technical assistance, former Nigerian President Olusegun Obasanjo developed a technical assistance center which would help to alleviate some of the issues in the telecom sector. The project was valued at 13 billion Naira with China providing $135,990,522.93 USD to Nigeria to aid in the development of the human sector and the training of Nigerian engineers. The opening of the center took place in April of 2006 in Maitama District of the Federal Capital Territory (FCT), and was designed to accommodate the training of some 2000 telecommunications engineers.\textsuperscript{46} In addition to this project, another $3,221,929.31 USD was provided to Nigeria’s Katsina, Kaduna, Ogun states, and the FCT in 2006 for the construction of four primary schools. China sought to assist Nigeria with the requirements stipulated in the Millennium Development Goals, which have a timeline of completion by 2015.\textsuperscript{47} China also provided in kind grants to Nigeria’s education sector through the provision of teaching equipment. In February of 2007, equipment valued at 2,080,000 Naira, approximately $16,533.12 USD, was provided to Nnamdi Azikiwe University. The donation included “one Multi Media Projector, one Screen for Projector, two Tape Recorders, one Portable Camcorder, one Magnetic Board, two table top Computers a set of laptops, one printer and one V-sat and accessories.”\textsuperscript{48} This donation provided to the University was given mainly for the purpose of improving the teaching of the Chinese language. As indicated earlier by Adanma Osakwa, the


teaching of the Chinese language has become of paramount importance in the country due to the increased presence of workers from China being located within the innermost parts of the country. Furthermore, with the increase of the extraction of raw materials, there will be a need to enhance communication capabilities.

The database entitled AidFlows, which is maintained by the World Bank provides data relative to the amount of development aid that is provided and received from the standpoint of donors and beneficiaries. However, information pertaining to exact amounts of official developmental assistance emanating from China is not available in this database. Although there is a lack of information here, the goal of this database is to assist decision-makers and arm civil society with knowledge pertaining to how countries are advancing against agreed upon development indicators that have been set by the world’s non-governmental organizations (NGOs) such as the United Nations, World Bank and the International Monetary Fund.

Commencement of Improved Foreign Direct Investment and Outward Direct Investment

To illustrate China’s need for outward direct investment (ODI), it is necessary to examine one of the major research questions proposed in this paper. The first research question, what are the micro-macro political economy drivers of the relationship between China and Nigeria? This is of specific relevance to this portion of the paper and thus deserves attention. Furthermore, the two major theoretical postulations of complex interdependence and micro-macro linkage model, along with the theoretical postulations of neo-mercantilism and conservative neo-classical realism, are of importance here as
well. Throughout this portion of the paper, the author will show how the second research question and the major theories and theoretical postulations can be applied to the various political administrations of Nigeria and furthermore, how the power structure of China was in need of increasing its ODI in Nigeria for its own developmental and economic agenda.

During the Obasanjo administration there were several high level exchange visits by both countries.\(^4^9\) To elucidate this point, Ogunkola et al. notes that the Vice Chairman of the Standing Committee of the National People’s Congress, Han Qide made a visit in December 2003 and China’s Foreign Minister, Li Zhaoxing and President Hu Jintao both made visits in April 2006.\(^5^0\) As it relates to Nigerian visits to China, President Olusegun Obasanjo made visits to China in August 2001 and August 2005.\(^5^1\) Although a number of exchange visits were made during the second term, the fact that economic agreements were forged during the first term cannot be ignored. During the first administration of Obasanjo, the countries entered into two agreements. In 2001, the Nigerian Trade Office in China was signed and also the China Investment Development and Trade Promotion Centre was opened in Nigeria.\(^5^2\)

\(^{49}\) Ibid., 4


\(^{51}\) Ibid.

The importance of Foreign Direct Investment (FDI) was also of significance
during the Obasanjo Administration, for this was the time period when China’s FDI in
Nigeria began to grow in relation to that of the rest of the world. This statement does not
at all suggest that China’s FDI surpassed that of the developed countries of the world but
it did however begin to show marked improvement. To illustrate this point, Nigerian
authorities implemented measures to ensure that domestic and foreign investments
occurred in the country. Some of the incentives that were actualized were started by the
Nigerian Investment Promotion Council (NIPC) and Evelyn Atomre and Joel Odigie et
al. identified at least seven of these investment incentives. They note that the companies
income tax, pioneer status, tax relief for research and development, capital allowance, in
plant-training were all important investment incentives. Labour intensive mode
production, and investment infrastructure were inducements to increase FDI in the
country also.53 In addition to the measures implemented by the NIPC, the reason and
rationale for China’s move to increase its outward direct investment must not be ignored,
and particularly with the case of Nigeria.

In order to fully understand China’s rationale for the increase of its ODI and the
role that Nigeria plays, one need examine the general proposition of FDI. According to
Peter J. Buckley and Mark Casson in their 1976 publication *The Future of Multinational
Enterprise*, there are two general principles of the theory of FDI.54 (1) Firms


54 Peter J. Buckley and Mark Casson, *The Future of Multinational Enterprise* (New York: Holmes
internationalize missing or imperfect external markets until the costs of further internationalization outweigh the benefits; (2) firms choose locations from their constituent activities that minimize the overall costs of their operations.\textsuperscript{55} Furthermore, Buckley and Clegg note that FDI will be undertaken by emerging economy firms for traditional trade supporting reasons. These reasons include access to distribution networks, facilitation of the export of domestic producers and enhancing exports from the host country to other markets.\textsuperscript{56}

China’s ODI and FDI in Nigeria leads the researcher to believe that the second theory is plausible as it relates to this research study. One of the main reasons for China seeking ODI, and specifically foreign markets, was due to its economic and modernization program instituted under the auspices of Deng Xiaoping. Although the impact of ODI happened in different stages, the fact must not be negated that countries that were rich in resources became the target of FDI. In addition, during the early stages of ODI, the only companies that were allowed to invest outwardly were those that were government controlled. This did not change until the latter part of the 1980s, when China liberalized their control policies and allowed for more foreign affiliates. Buckley et al. makes both of these points in his article. The aforementioned MOU’s are just one indication of China’s expansion and involvement in Nigeria. To illustrate this point,


\textsuperscript{56} Ibid., 501.
China’s Ministry of Commerce identified clear strategy interests when the MOU was signed in 2006. The main aims of China were as follows:

1. to increase Chinese multinational companies’ Nigerian market share;
2. to expand the Nigerian market for Chinese manufactured goods;
3. to increase China’s presence in Nigeria’s oil and gas sector; and
4. to leverage its investment in Nigeria as a gateway for entering the ECOWAS market.57

Although these were clearly the strategies instituted, and they indicate a clear hope for Nigeria, it must not be negated that the Chinese multinational firms did not operate on their own volition and had to follow the “rules of the game,” or the policies instituted by the government. What this statement indicates is that there are institutional factors of the home country that dictate the behavior of those multinational firms that seek to invest abroad. Not only are there institutional factors but also the goals of asset seeking FDI as Buckley et al. notes. Buckley and his colleagues suggest that there are several positive hypotheses that would suggest China’s rationale for ODI in foreign countries. These are:

1. Chinese ODI is associated positively with host country endowments of ownership advantages...
2. Chinese ODI is associated positively with the proportion of ethnic Chinese in the host population;
3. Liberalisation of Chinese FDI policy in 1992 increased Chinese ODI;
4. relative to depreciation of the host country’s currency leads to an increase in Chinese ODI;
5. Chinese ODI is associated positively with Chinese exports to the host country;
6. Chinese ODI is associated positively with the degree of openness of the host economy to international investment.58

As it relates to each of these points mentioned above, the role of Nigeria clearly has to be one that extends invitations to China in order for these points to be valid. As it


relates to the first point of Chinese ODI being associated with host country endowments and ownership advantages, the Embassy of the Federal Republic of Nigeria in Washington, DC note that there are legal measures that must be instituted in order for this to take place. Of specific interest is the point regarding the operations of foreign companies in Nigeria. The general rule for foreign companies to operate in Nigeria indicates that the company must “take all steps necessary to obtain local incorporation of the Nigerian branch subsidiary as a separate entity in Nigeria for that purpose.”

Although there are rules, there are exceptions to these rules and this allows for the operation of foreign entities in the country. To elucidate this point, the following are exemptions to the rule.

(a) [F]oreign companies invited to Nigeria by or with the approval of Federal Government of Nigeria to execute any specified individual project; (b) foreign companies which are in Nigeria for the execution of a specific individual loan project on behalf of the donor country or international organization; foreign government-owned companies engaged solely in export promotion activities; and (d) engineering consultants and technical experts engaged on any individual specialist project under contract with any of the governments in the federation of any of their agencies or with any other body or person, where such contract has been approved by the Federal Government.

From the aforementioned points, and the varied MOU’s that have been penned by both countries, one would state that the ability for foreign firms to operate in the country, specifically those that are working on projects that have been agreed upon by the

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60 Ibid.
government, Nigeria presents itself as being open and welcoming to foreign firms. An important aspect of China’s rationale for seeking ODI in Nigeria pertains to the number of Chinese that are already living within the country. Statistics for the year 2010 note that there were approximately 50,000 Chinese living in Nigeria. However, current statistics set the number at 20,000. The presence of Chinese businessmen and nationals in Nigeria has not received a great deal of positive press and there are a myriad of examples that can be utilized to support this statement. For purposes of brevity, only a few shall be examined. Evelyn Atomre et al. has noted some of the negatives of Chinese companies in Nigeria and documented them in her writings with colleagues, specifically “Chinese Investments in Nigeria.” She comments on the points made by Issa Aremu, General Secretary of Nigerian Union of Textile, Tailoring, and Garment Workers, who stated that “workers from factories who have been forced to close shop as a result of the stiff competition from imported and smuggled goods (second-hand textiles from Europe and new garments from China), now find refuge in operating China shops.” There are also reports of labor conditions within the country, specifically the conditions of Chinese firms operations. A large number of Chinese firms operate in the states of Lagos, Abuja, Kaduna and Rivers state respectively. Within these states Atomre and her colleagues


have provided findings of the working conditions. It should be noted that there are positives and negatives of Chinese FDI in Nigeria. Although these foreign companies operate in such a manner to hire more Nigerian workers and increase overall Gross Domestic Product, reduce poverty, and increase human capital and growth for Nigeria, there are negatives to this story as well. With this being stated, an examination of some of the companies shall be highlighted.

In Lagos, the United Nigerian Textile Plc operates and is 100 percent Chinese owned. Of the foreign firms operating in the country, this one has been presented as somewhat of a success story. This company allows for the ownership of shares of stock, which is listed on the Nigerian Stock Exchange; it allows for collective bargaining and union membership; the compensation of those working for the company are higher than industry standards and also higher than the national minimum wage law; and lastly, the company takes precautions as it relates to environmental issues. Another company, Standard Footwear Nigeria Limited, which is a subsidiary company of Lee Group of Companies-Rubber/Plastics, is a privately owned Chinese firm operating in Kano State Nigeria. Although the company is viewed favorably by both the national and state governments, Atomre notes that it operates against the labor statutes standards of the country with employees working twenty-four seven on two shifts. Union representatives have written letters to the company as it relates to the labor practice standards violations,

64 Ibid., 352.
yet there has been no response by the company. In addition to the lack of response to
letters generated by union representatives, research shows that the company has also
attempted to thwart union organization by threatening the close of shop if a branch was
formed. In addition to these complaints, a myriad of additional complaints have been
waged at the company, Standard Footwear, which include:

Employment of under-aged people; denial of workers right to organize; abuse of
statutory provision of expatriate quota; absence of occupational health and safety
standards; refusal to comply and implement negotiated and industry-wide
minimum wage; refusal to settle/pay compensation in the cases of workplace
accidents; absences of leave and leave allowances; indiscriminate termination of
employment without recourse to due process; absence of “local content” principle
in management positions; applying religious and tribal dichotomy of workers to
create disunity amongst workers; use of compulsory over-time without
compensation; 12 hour work per day, which is in excess of the statutory 8 hours;
arbitrary use of force (police) to harass workers; unduly long probation
period with intent to casualise workers’ employment; indiscriminate lockouts; and
retention of union dues.

An examination of the complaints leveled at the Standard Footwear Company
suggests that it is necessary to improve working conditions for the indigenous workers by
Chinese firms. Moreover, if an examination of the National Labor Laws (NLO) and
International Labor Organization (ILO) policies are consulted as it relates to these
negative instances of business practices in Nigeria, it leads the researcher to question how
is it that a foreign firm has been able to disregard long standing policies that have been in
place since the 1970s. There are a number of plausible reasons as to why these practices

65 Ibid., 353.

66 Ibid., 353-354.
have not been checked or corrected by the Nigerian authorities, and many of them relate to past labor practices under military regimes and some civilian regimes, the need for employment opportunities for the citizens in the country, and the need for infrastructure development. With some discussion provided regarding the role of Chinese firms and the treatment of indigenous Nigerian employees, it is necessary to examine the role of Outward Direct Investment from China.

In an examination of the amount of ODI from China to many countries in the developing world, Kevin G. Cai provides some staggering statistics relative to the growth of this ODI over a seventeen year period. When the country instituted the “open door” policy in 1979, China’s ODI stood at only 0.5 USD in millions and jumped to 35 USD in millions by 1980. With the exception of 1981, all years register positive growth of the country’s ODI and within a ten-year time span (1979-1989) the country increased its’ ODI from 0.5 USD million to 780 USD million dollars. Table 4.1 indicates the amount of China’s Outward Direct Investment outflows between the years 1979-1996. The amounts are significant because the increasing amounts buttress the varied stages of China’s “opening up” as discussed by L. Jeremy Clegg and Peter Buckley. As previously indicated, China went through various stages of advancing its ODI. From 1979-1985, Table 4.1 shows the steady increase of China’s ODI and this was the period of cautious internationalization where most of the investment into foreign countries happened to be directed by the state. Table 4.1 illustrates this steady rise starting with 0.5 million in 1979 and increasing to 628 million by 1985. Between the years of 1986-1991, China implemented its government encouragement stage, which consisted of the liberalization
of policies that allowed for the establishment of foreign affiliates abroad. During this time frame the amounts of ODI increased from 450 million USD in 1986 to 913 million USD in 1991. During the time period of 1992-1996, the expansion and regulation stage, China’s ODI continued to rise when the internationalization of China’s ODI was incorporated into the state economic policies. Therefore, Table 4.1 clearly indicates the rise of China’s ODI and FDI as the government of the country liberalized its economic policies, thereby following its plan of “opening up” to achieve its own modernization goals.

Table 4.1. China’s FDI Outflows, 1979-1996 (US $ million)

<table>
<thead>
<tr>
<th>Year</th>
<th>ODI Amount</th>
<th>Year</th>
<th>ODI Amount</th>
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<tbody>
<tr>
<td>1979</td>
<td>0.5</td>
<td>1988</td>
<td>850</td>
</tr>
<tr>
<td>1980</td>
<td>35</td>
<td>1989</td>
<td>780</td>
</tr>
<tr>
<td>1981</td>
<td>9</td>
<td>1990</td>
<td>830</td>
</tr>
<tr>
<td>1982</td>
<td>44</td>
<td>1991</td>
<td>913</td>
</tr>
<tr>
<td>1983</td>
<td>93</td>
<td>1992</td>
<td>4,000</td>
</tr>
<tr>
<td>1984</td>
<td>134</td>
<td>1993</td>
<td>4,400</td>
</tr>
<tr>
<td>1985</td>
<td>628</td>
<td>1994</td>
<td>2,000</td>
</tr>
<tr>
<td>1986</td>
<td>450</td>
<td>1995</td>
<td>2,000</td>
</tr>
<tr>
<td>1987</td>
<td>645</td>
<td>1996</td>
<td>2,200</td>
</tr>
</tbody>
</table>


In addition to an examination of the amount of FDI and ODI from China to Nigeria, it is also important to understand and assess the relationship between FDI/ODI and Special Economic Processing Zones and Export Processing Zones. Howard Stein provides an explanation to the linkages between both FDI and Special Economic Processing Zones and Export Processing Zones. He notes:

Although Stein notes the idealistic benefits of the zones and the attraction of FDI, an examination of these zones and how they operate in Africa, more specifically Nigeria shall be examined.

**Special Economic Processing Zones and Export Processing Zones**

The development of Special Economic Zones (SEZ) and Export Processing Zones (EPZ) need also be examined. Deborah Brautigam notes, “these zones are a central platform in China’s announced strategy of engagement in Africa as ‘mutual benefit.’”\footnote{Deborah Brautigam, “African Shenzhen: China’s Special Economic Zones in Africa,” Journal of Modern African Studies 49 no. 1 (2011): 27-54.} These type economic zones are put in place to help countries meet their fiscal, social, and infrastructure policy rationales. According to Megan Murray, “the most important fiscal goal of an SEZ is to facilitate economic growth through the use of reduced tariffs and more efficient customs controls. They are also essential tools for companies seeking to cut costs and improve inventory efficiency, and they help developing nations rework poor, inefficient trade policies and dilapidated or non-existent infrastructure.”\footnote{Megan Murray, “What Are Special Economic Zones?” The University of Iowa Center for International Finance and Development, February 9, 2010, accessed 17 December 2012, http://ebook.law.uiowa.edu/ebook/faqs/what-are-special-economic-zones.}
World Bank defines EPZs as “one of the many export promotion tools. Today EPZs have evolved from their original definition as an ‘industrial estate,’ usually in a fenced-in area of 10-3000 hectares that specializes in manufacturing export.”70 According to the World Bank, there are several reasons why SEZs are useful and there are policy and infrastructural reasons as well. It is believed that SEZs provide land, infrastructure, and administrative incentives that are typically not available and help to combat investment barriers that are commonplace at the national level. Furthermore, the use of SEZs as development tools are believed to assist with economic development through attracting local and FDI which is believed to bring about competitiveness and create export led growth.71

There are both policy reasons and infrastructural reasons for the creation of SEZs and EPZs. On the policy side, SEZs are thought to “reduce investment entry and operating costs, facilitate customs and other controls, convey free trade status for exporters, facilitate regional growth/industry dispersal, and for China, operates as a controlled test bed for policy and regulatory reform.”72 As it relates to infrastructural


72 Ibid., 20.
reasons, the World Bank Group (WBG) notes that SEZs “facilitate infrastructural provisions and agglomeration benefits of concentrating industry in one location.”\textsuperscript{73} China has several strategic objectives for establishing SEZs. These economic ventures do the following:

(1) help increase demand for Chinese-made machinery and equipment while making it easier to provide post-sales product support; (2) By producing overseas and exporting to Europe or North America, Chinese companies would be able to avoid trade friction and barriers imposed on exports from China; (3) Assist China’s efforts to boost its own domestic restructuring and move up the value chain at home; (4) They were intended to create economies of scale for overseas investments, and in particular, to assist less experienced SMEs to venture overseas “in groups”; (5) viewed as a way to transfer one element of China’s own success to other developing countries; a strategy that the government believed would be helpful for recipient countries.\textsuperscript{74}

There are three main goals of these types of zones. (1) The ability to provide the country with foreign exchange earnings by promoting nontraditional exports; (2) creation of jobs and the generation of income; and (3) the ability to attract foreign direct investment, technology transfer knowledge, spillover, demonstration effects, and backward linkages.\textsuperscript{75} Of the six Special Processing Zones that have been designated to the African continent by China, Deborah Brautigam notes that Nigeria had two plans initiated in 2003 and early 2004. In 2003, an economic cooperation zone was designated to the area of Lekki, Nigeria and the major focus is centered on transportation equipment, textile & light industries, home appliances & telecommunication with the possibility of

\textsuperscript{73} Ibid.

\textsuperscript{74} Ibid.

\textsuperscript{75} World Bank, “Export Competitiveness and Export Processing Zones.”
an oil refinery.\textsuperscript{76} In Ogun state, an economic cooperation zone was established with a focus on "construction materials and ceramics, ironware, furniture, wood processing, medicine, computers, and lighting."\textsuperscript{77} According to the Nigerian Consulate based in Atlanta, Georgia, there are four types of export processing zones that exist in the country. These zones include special trade zones, free trade zones (FTZs), export processing zones and special economic zones. The Consulate also notes that there are some 24 FTZ's in operation in Nigeria at this time.\textsuperscript{78}

Although the implementation of EPZ's, SEZ's and FDI has occurred in Nigeria, the positive impacts of these economic activities have received varied reception from the indigenous population. To provide some insight as to how these zones are operating within the country and the negatives, which need correction, Emeka Anuforo provided an interview with NGR Guardian News. There are several questions that were presented to him regarding EPZs and their impact on the Nigerian economy.

Emeka Anuforo was asked how he would describe the current state of the trade zones, he noted that the law that currently is in place is old and needs restructuring. It is believed that the current law has delayed the business community and the current laws were implemented in 1992, when Nigeria first began its experimentation with EPZs and

\textsuperscript{76} Deborah Brautigam, "African Shenzhen: China's Special Economic Zones in Africa."

\textsuperscript{77} Ibid., 32. See Appendix.

SEZs. The old laws are believed to be “detrimental to the country because the old law states that an investor can sell 25 percent in the country.” Currently the country has too many backward linkages and there are several zones operating in the country and all are at different stages of development. 79

In a second question pertaining to the need for review of the current trade zone laws, Anuforo noted that there are two problems that prohibit growth. The first being what the law currently states, only 25 percent of an investor’s product can be sold in the Free Zone area, yet that aspect of the law was changed when Mustapha Bello became Minister of Trade and Investment. Under Bello’s leadership, the law was changed to 100 percent in the customs territory as long as the company paid the necessary duty on the goods. This change has not been reflected or captured in the law. The second issue is the Nigerian Export Processing Zones Authority (NEPZA) board. In Anuforo’s view, the board needs better arrangement. Under the current system, the board is chosen by the Secretariat of the Chairman of the ruling party. Anuforo notes that in other countries that have EPZs and SPZs, the Free Zone consults the Minister of Trade and Investment who operates as the Chairman of the Board. Under this process, the decision-making process is much easier.80

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80 Ibid.
The last important question asked of Anuforo in this interview related to the type of laws required to promote the FTZ scheme in Africa. He suggested that laws of connectivity and accessibility be implemented throughout the continent. These laws should be devised by the African Union (AU). Furthermore, his arguments suggest that a council or association be empowered to assist with the FTZ framework and new laws pertaining to labor regime standards, collective bargaining and the transparency of foreign worker employment regime; this last suggestion would alleviate the dependence on foreign workers and help promote the use of local employment.81 With an examination given to the reasons as to why EPZs and SEZs have not developed to the stature that would rival those of the Asian Tigers and China, it is also important to look at the incentives for creating these types of zones. These incentives have proved favorable for China.

In addition to the comments made by Anuforo, there have been other critiques of the EPZ and SEZ. The African Center for Economic Transformation (ACET) has looked at the role and progress of these zones throughout West Africa and some positives and negatives have been highlighted about these entities. To be more specific about the comments made by ACET, the organization has noted that the zones in West Africa have not had the ability to jumpstart the economy the way that the zones in the Asian countries have been successful in doing.82 To illustrate this point, the ACET notes:

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81 Ibid.
The trend in West African countries shows no significant changes in their export structure. Overall, West African SEZs are characterized by low absolute and per capita exports, 10 to 15 times smaller than in non-African SEZs. It appears that most West African SEZs fail to shift to the exponential growth path that typically occurs between 5 to 10 years of operation, with some zones even experiencing declining growth. As a result the zones have a very low density of firms compared to those in other emerging markets.83

The incentives for creating EPZs and SEZs include (1) complete tax holiday from all Federal, State, and Local government taxes, rates, customs, duties, and levies; (2) One stop approval for all permits, operating licenses, and incorporation papers; (3) Duty-free introduction of capital goods, consumer goods, machinery, equipment and furniture; (4) permission to sell 100 percent manufactured, assembled or imported goods into the domestic Nigerian market; (5) 100 percent foreign ownership of investments; (6) 100 percent repatriation of capital, profits and dividends; (7) Waiver on all import and export licenses; (8) Waiver on all expatriate quotas for companies operating in the zones; (9) prohibition of strikes and lockouts; and (10) rent free land at construction stage within the zone.84

The incentives mentioned above do not negate the fact that many EPZs and SEZs have serious deficiencies, which need to be addressed. The ACET has noted several interventions that can be implemented in these zones to bring about efficiency and effectiveness for the local economies. To begin, it is believed that there should be more effort put into the provision of skills training and other job benefits. In order for this to

83 Ibid.
take place it is necessary for existing agencies that offer aid to support EPZs and SEZs to implement minimum standards of operation. Second, those local business persons who purchase from SEZs and EPZs should work in a manner to help improve worker conditions. Entrepreneurs should be educated about the impact of EPZs on local communities. By taking these steps, those within a community can be made aware of the benefits of these type zones and ensure that they do not become slave labor camps. Third, by implementing coordination within the country and development of regulations, EPZs and SEZs can become more successful. ACET has noted that many EPZs and SEZs have been able to manipulate the system. The African Center notes that many of these companies that operate EPZs and SEZs have played countries against each other by threatening to relocate and the extraction of resources. In addition, the rules that are in place should not be relaxed for the companies operating in the zones because this only creates jobs but no upward mobility for indigenous workers. The only approach that can be implemented to solve this problem is to develop some type of coordination between countries and within countries in regional areas and adopting regional investment codes. With the adoption of regional investment codes this would ensure that all countries within a given geographical area hold each other accountable through a system of checks and balances. Last, it is believed that if countries shifted their focus from exports to job creation and the development of connections between the EPZs and local business persons a transfer of knowledge would take place that would benefit the local population
and economy. This, however, can only be done with assurance that would be provided by investment codes.\textsuperscript{85}

**Conclusions**

To conclude, the early years of China's political structure, which focused on communism in the strictest sense under the administration of Mao Tse Tung, exemplifies the challenges which existed with harnessing the true essence of development for the country. Although this was a concern during the administration of Chairman Mao, it became more evident under the leadership of Deng Xiaoping. The "opening up" process has been centered on China's need to harness its own developmental capacity and the need for minerals and resources. Furthermore, the need for outside markets for its goods and services helps with China's own political economic development and staying power. China has utilized forms of soft power on the continent of Africa, and more specifically Nigeria. This foreign policy tactic, has been the cornerstone of China's foreign policy, specifically the notions of "win-win" and noninterference in the policies of the host country. To provide aid with "no strings attached" has been something that many African nations and other countries have accepted and possibly lauded, for they go against the Washington consensus and Western notions of the foreign aid principle which includes adjustments to governing or even economic practices in the recipient country. As highlighted in this chapter, discussion has been provided regarding the funding given to

\textsuperscript{85} Ibid.
the specific sectors of health, education, oil and mining, and infrastructure of Nigeria.

Additionally, attention was given to the number of SEZs and EPZs that have been created in Nigeria for the purpose of Chinese goods and services. Although this aid can be lauded as appropriate and needed, as well as the processing zones, which can be seen as beneficial—for it is a sign of foreign direct investment—it also indicates the negatives that some investment has had for the country, specifically the SEZs and the EPZs.

All of the theoretical paradigms discussed in chapter one are evidently displayed in this chapter which examines the intersection of China’s foreign aid policy with that of Nigeria. Neo-mercantilism, which operates as a supporting paradigm to help elucidate the micro-macro linkage model and complex interdependence is evident in the examination of China’s varied periods of foreign policy and ODI. The explanation of the various periods of ODI evolved from that of purely government controlled to China’s less restrictive stance towards outward investment in the 21st century. China has utilized neo-mercantilist strategies to foster growth in its own economy. To foster its own political economic development, China implemented strategies of pure government control of trade as it was seeking to increase its foreign reserves. One of the main aspects in utilizing the neo-mercantilist strategy was to increase exports, and as explained by Graham Evans and Jeffrey Newnham, "protectionism in various forms as an economic instrument to insulate themselves from external events and circumstances; the aim, as ever, being to produce a surplus on the current account trading position by exporting
more than is imported at a given level of economic activity." In essence, China has utilized this approach in a very convincing manner and it is evident today in the examination of China's foreign reserves that its influence in Nigeria is a result of the aforementioned neo-mercantilist strategies. On the other hand, these strategies, as illustrated in this chapter, had some deleterious effects in Nigeria. As discussed, there are some issues with the current policies that allow for the EPZs and SEZs and once these issues are rectified, and some benefits are afforded to the Nigerian economy, then this will possibly be a win-win situation for both countries involved.

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CHAPTER V
THE ROLE OF THE INTERNATIONAL COMMUNITY

Although China and Nigeria are the main variables of this dissertation, the author would be remiss if other actors were not examined, albeit briefly, to ascertain their role in the diplomatic relations between Nigeria and China. There are several international institutions that have played prominent roles in the political economic development of the Federal Republic of Nigeria. These entities are not the main units of analysis, yet, are considered important because each of them act as antecedent and intervening variables. With this variable role, each of the international actors can impact the relationship of the major variables, the foreign aid policy of China and the political economy of Nigeria. The four international institutions that will be examined in this chapter are the United States, Soviet Union, Great Britain, and the Bretton Woods Institutions; the International Monetary Fund and the World Bank.

During the introduction, a discussion was provided regarding the role of antecedent and intervening variables in this dissertation. All of the aforementioned international institutions will act as such. In reviewing the meaning of antecedent variables, all of the aforementioned entities played a role in Nigeria prior to the country forging relations with China. Antecedent variables are those that typically occur before the independent variable and they do not explain away the relationship between the independent variable and the dependent variable. These variables will merely act by
informing the research and explaining the relationship that existed between the dependent variable and each antecedent variable prior to the introduction of the independent variable or stimulus, China. The role that the United States, Soviet Union, Great Britain, and the Bretton Woods institutions played during the years under study will help to explain what type of effect each of them had before a diplomatic relationship was forged between Nigeria and China. Typically, the antecedent variable helps to inform a relationship by holding the independent variable or controlling the independent variable so an assessment can be made regarding the impact of the relationship between the antecedent and the dependent variable. These same entities will not only play roles as antecedent variables, but also as intervening variables.

An intervening variable is one that is typically caused by the independent variable, and can also change the dependent variable. These same variables may also act as confounding variables in this research. The rationale behind these variables possibly acting as confounding variables is due to the fact that they may cloud the effects of the independent variable on the dependent, and this in turn may obscure the true results because it may be difficult to determine if the change in the political economy is solely the result of the independent variable. At this point we shall examine each of these entities, commencing with the United States.

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1 Bernstein and Dyer, *An Introduction to Political Science Methods*, 205.
The United States of America

Nigeria is a regional power on the African continent, and as Robert B. Shepard, notes, there are three benefits that are gained through examining the United States' (US) role with regional powers. First, we are able to examine how American power is changing; second, we are able to understand how leaders in American policy circles have made the transition from bipolarity to Keohane and Nye's complex interdependence; and third, we can gain a better understanding of the nature of power in the international system.² Although United States' relations with Nigeria began at the commencement of Nigeria's independence from Great Britain in 1960, this dissertation will begin with the examination of US-Nigerian relations under the presidential administration of Jimmy Carter.

The Carter Administration

Under the presidential administration of Jimmy Carter, overtures were made to US business leaders to increase their ties with Nigeria. It was the goal of the administration to encourage American business to develop and foster an economic partnership with Nigeria and not focus specifically on the oil market. During the Carter Administration the US appointed Andrew Young as Chief Representative to the United Nations for Africa, and this had a positive impact for US-Nigerian relations. During this time several technical agreements were signed between both countries and 500 Nigerians

were placed in 68 colleges and technical schools to train in a variety of professions. Additionally, the Africa Development Act was signed. This particular piece of legislation established the United States African Development Agency in 1980. The goal(s) of this legislation are to: (1) focus program activities on marginalized communities within Africa; (2) invest in Africans and their ideas through participatory development and; (3) implement economic projects that will produce long term social and economic benefits. Although the agency was established in 1980, it did not begin any projects in Nigeria until the year 2001, some of which will be discussed at a latter point in this section of the dissertation. By the end of the Carter Administration and the close of the 1970s, US-Nigerian relations have been described as being amicable. Nigeria had no dependence on US foreign aid at this time and much of the aid going to Nigeria from the United States at during this period was derived from charitable organizations with an emphasis on alleviating social, economic, and medical problems within the country.

Several reasons can be offered as to why US-Nigerian relations developed, albeit, from a US perspective. First, Nigeria possessed very similar historical experiences with the United States. Both countries were once colonial states of Great Britain. Second, both countries can boast of having ethnic heterogeneity. And lastly, Nigeria’s vast size has been equated to its ability to become materially successful. This same sentiment held true for the US, as it was able to harness its economic power as a result of its size. This last statement regarding the similarities of the US and Nigeria held some element of

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truth for Nigeria during the latter years of the 1970s and is still viewed as important today.

During the latter part of the 1970s, particularly 1979, Nigeria saw an increase in its GDP, population, and real per capita income, and an increase in the country's oil reserves.\textsuperscript{4} Timothy Shaw noted this point when he indicated, "its distinctiveness was enhanced considerably during the 1970s not so much because of the planned return to civilian rule but rather because of the dramatic reorientation and expansion of its economic base—from palm oil to fuel oil."\textsuperscript{5} With the sudden turn of the Nigerian economy, President Carter made every effort to ensure that American-Nigerian economic relations were developed. Commencing in the 1980s, Nigeria became the second largest supplier of crude oil to the United States. During the same year, the Organization of the Petroleum Exporting Countries (OPEC) became involved with its own struggle of devising an agreement which centered on what the price of oil should be on the world market. Although this disagreement between OPEC member states did not commence in 1979, but rather the year prior, the year of 1979 can be marked as significant for Nigeria because Iran removed its oil production from the world market and Nigeria saw an increase in its export of oil. During this year, the price per barrel for Nigerian crude

\textsuperscript{4} Ibid., 120. Shepard notes that Nigeria's GDP rose from $31,768 billion in 1977 to $40,637 billion in 1979; the population of the country rose from 78.6 million to 82.7 million; per capita rose from $404 to $494; the reserves rebounded from $1.948 billion in 1978 to $5.295 billion in 1979.

reached twenty dollars a barrel; a forty-four percent increase from 1978 prices. Nigeria's increase of exports had an impact on the US because a greater dependency developed for Nigerian oil. This dependency eventually led to a trade deficit for the US as a result of the former's vast increase of exports. According to Shepard's review of the US Department of Commerce's *Foreign Economic Trends and Their Implications for the United States*, US imports from Nigeria stood at $8,367 million [sic] in 1979 while US exports stood at $695 million US dollars leaving a deficit of $7,672 million [sic]. The significance of these figures are just as important in the 21st century. In 2005, Nigeria supplied some 10 to 12 percent of US oil imports.

In conclusion, the relationship between the US and Nigeria at the culmination of the Carter Administration is characterized as being one that was amicable. Nigeria had no dependence on US foreign aid at this time as a result of the country's shift to oil as its chief export and the rise of its GDP. Case in point, Nigeria supplied 15 percent of the oil in the US by the end of the 1970s and the reasons for this increase were mentioned in the previous paragraph.

The application of theory to this administration would befit that of complex interdependence. As indicated in an earlier section of this document, the progenitors of

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this theory, Keohane and Nye, indicate the actors include both state and non-state. In regards to the United States under the Carter administration, a great deal of assistance derived from charitable organizations, which sought to assist in the areas of health, education, social and economic sectors within Nigeria. Furthermore, the US provided more than 65 million dollars to help the country recover after its civil war. Therefore, complex interdependence can be said to have functioned on two planes. On the first, the actors being both state and non-state utilizing a variety of ways to communicate being either interstate, trans-governmental, or trans-national; and the second, interstate relationships consisted of an agenda that comprised compound issues that were not arranged in any specific hierarchy.

The additional lens that is utilized, the micro-macro linkage model is also evident during the Carter Administration. Nigeria’s increase of its production of oil as a main export also led to the growth of the country’s GDP, albeit briefly. This increase of production and export of oil was a decision made by local political leaders at the micro-level. The choices of Nigeria’s local leaders played an important role on the systems level. The United States increased its dependence on Nigerian crude, while failing to allocate another commodity to ensure a favorable balance of trade between both nations. This aforesaid point led to an imbalance of trade in favor of Nigeria at the end of the Carter Administration. Although this is not the only aspect that is important in the application of the micro-macro linkage model, it is one that can be regarded as significant in the field of foreign policy and international relations.
Another aspect that should not be ignored and correlates closely to the aforementioned points is the role of OPEC during the same time period. As previously mentioned the Organization reduced its production quotas, which in-turn left a deficit that Nigeria was able to fill. This led to the increase in the amount of production and export for the latter to the United States. This too is an issue that commenced at the macro-level and led to further decisions at the micro level, thus having an impact on the foreign policy of Nigeria and the United States. This examination of micro-macro linkage at work between the United States, Nigeria and the oil producing states can be called intermestic policy. The rationale for this analysis and application pertains to the fact that the decisions of all parties involved had an impact not only at the systems level but also at the state or micro level. For the US, there was an uneven trade balance; for Nigeria, an increase in one major export and a heavy reliance on the export earnings of this commodity, oil; and lastly for the OPEC countries, with the exception of Nigeria in this case, internal problems and decisions to decrease the amount of oil production and domestic determinants of the member nations of OPEC, which all led to intermestic concerns for each of the said parties. Therefore, in this particular situation, what existed was not just a two-level game as Robert Putnam describes when he explains intermestic policy, but one that was a multi-level game theoretic model with many actors suffering the consequences (good and bad) from the decisions at the micro-macro level.
The Reagan Administration

US-Nigerian relations during the Reagan years can be characterized as deficient. This is due to the Reagan Administration’s preoccupation with Southern Africa and not Nigeria. Additionally, the Reagan Administration was concerned more with containment of the Soviet Union than it was with other matters on the continent of Africa as a whole, thereby taking on the strategy of “constructive engagement.” Therefore, US-Africa relations could be designated as Reagan’s brand of containment policy coupled with military might and sprinkled with hints of diplomacy; a foreign policy very different from his predecessor Jimmy Carter. According to Robert B. Shepard, “the President’s interest in the rest of Africa, outside of South Africa was minimal. The new administration saw Africa as holding neither significant threats to the United States nor opportunities to expand American influence.”

US imports of Nigerian oil began to decline sharply during the years of 1983-1988. An explanation for this decrease of Nigerian crude is a result of the US seeking to obtain oil from other sources, most notably those that were not a part of the OPEC community. US policy under the Reagan Administration towards Nigeria should be examined from the standpoint of Nigeria’s affiliation with OPEC. During the 1980s, more specifically commencing in 1981, the members of OPEC began to witness a decrease in their production rates and earnings from oil. Shepard elaborates this clearly.

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10 Ibid., 124.
and indicates that there were several factors that led to the OPEC states losing their share in the international market:

A decade of high oil prices had engendered a massive global search for new sources of oil that had by the late 1970s proved successful; New oil from Britain, Norway, Mexico, and Alaska came on the market in large quantities at the peak of the second oil crisis; Britain’s production jumped from 2,000 barrels of oil per day in 1973 to over 2.6 Mb/d in 1984; Norway’s output over the same period rose from 32,000 to 688,00; Mexico’s from 465,000 b/d to over 2.7 mb/d.11

In addition to the problems faced by the OPEC nation-states, Nigeria a member of the group was also dealing with the effects of the oil slump on its’ economy. Many of the programs that were initiated were stopped as a result of the lack of funds to finance the country’s development plans. Also, the trade deficit between the United States and Nigeria was very unbalanced during this time period, with Nigeria exporting more goods to the United States than importing. From an initial assessment, one would think that this would be favorable for Nigeria; however this is not necessarily the case. The US Commerce Department provided some evaluations of Nigeria and suggested to American businesses to become more involved in exporting goods to the country. In the beginning the prospects seemed promising, with more opportunities arising for American businesses to seek opportunities of trade with and in Nigeria. However, the prospects turned by 1985 and investors were given warnings about the availability of funds in Nigeria to pay for the incoming goods and services. These reports led to further discouragement of investing although an entity such as the Joint Agricultural Consultative Committee was

11 Ibid., 130.
devised to induce investment into the country. Much of the discouragement was a result of corruption, unclear business practices, and a lack of knowledge about Nigeria.\textsuperscript{12}

The sentiments from the US did not help matters much either. The Reagan administration encouraged African states to solve their own problems through the “use of the private enterprise and the free market.”\textsuperscript{13} Much of the decision-making pertaining to Nigeria and Africa was left to Chester Crocker, then Assistant Secretary of State for African Affairs under the Reagan Administration.

Assistant Secretary Crocker’s views regarding Nigeria were not much different from those of Reagan. Crocker’s summary of US policy towards Nigeria was provided in a testimony in 1983. What was said by the Assistant Secretary clearly indicated the level of importance of Nigeria in US foreign policy objectives. Crocker stated:

\begin{quote}
While we have no economic or security assistance program for Nigeria, and none is contemplated for FY 1984, we will give sustained attention to Nigeria’s economic difficulties in our continuing high-level dialogues with this important country in months to come.\textsuperscript{14}
\end{quote}

To add to the aforementioned statement, much of the statements regarding Nigeria and Africa during the Reagan administration can be seen as basic policy pronouncements that did not go much further. Hence, there was talk about Africa, but no solid policy commitments, with the exception of the Southern Africa issue.

\textsuperscript{12} Ibid., 146-148.

\textsuperscript{13} Ibid., 127.

\textsuperscript{14} Ibid., 143. For further information and discussion regarding assistance requests for Africa for the fiscal year 1984, see “FY 1984 Assistance Requests for Africa,” \textit{Department of State Bulletin}, May 1983.
The events in South Africa, Namibia and Angola were very important to the Reagan Administration, and this is where much of the discussion and policy pronouncements were directed, much of them militaristic in nature. Nigeria figured into the situation very little, in the eyes of the US. Although the US had a major focus on the southern part of the continent, Nigeria strongly proclaimed its’ significance on the African continent as the major power and suggested that the US heed its warnings about the apartheid regime of South Africa. Furthermore, the events in Angola were also of importance to the United States during the Reagan administration due to the role of the Eastern bloc’s provision of assistance to the Angolan government. Reagan countered this and indicated that he would provide weapons and assistance to Jonas Savimbi’s National Union for the Total Independence of Angola (UNITA) forces, the rebel group that opposed the Marxist government of Angola, the Peoples Movement for the Liberation of Angola (MPLA).

In conclusion, the Reagan Administration did not view Africa as being very important in the overall scheme of US foreign policy, and Nigeria was simply viewed as a country on the continent that did not have a direct influence in the affairs of Southern Africa. Nigeria, however, believed otherwise, and strongly suggested that the United States pay close attention to the West African giant as it relates to Southern Africa.

To summarize the theories used to undergird this research, complex interdependence was very evident during the Reagan administration. Lawrence T. Udo Ekpo also provides a thorough assessment which specifically correlates to the theoretical frameworks used to undergird this study. Ekpo states:
...the immediate impetus for Nigerian-American relations is not the character of their leadership, the nature of their respective societies, or the states’ economic needs, but the nature of the international system (still often characterized as a bipolar East-West struggle) and the problems inherent in the politics of the African sub system of that struggle.15

The important aspect of Ekpo’s aforementioned statement correlates to complex interdependence. Ekpo recognizes the role of the system in US-Nigerian relations. The relationship of both of these countries is characterized by the East-West struggle in the international system. This struggle is undergirded by the African sub-system and the politics of Southern Africa.

As Nye and Keohane indicate in their analysis of complex interdependence, there are many actors involved in the international system and there are a myriad of compound issues that influence this relationship. In the case of Nigeria-US relations under the Reagan administration, the realities on the ground in Southern Africa and the threat of communist influence in Africa played a key role in the United States approach towards the continent of Africa, more specifically Southern Africa. Nigeria was not seen as a key player in the South Africa situation by the United States; however, the United States did have to acknowledge the concerns of Nigeria regarding US bilateral relations with the apartheid regime of South Africa due to Nigeria’s supply of oil to the US and the concerns of African-Americans regarding the South Africa issue.

Another factor in this complex relationship is the role of others outside of the African continent. As indicated earlier, the oil excess of the previous decade and the

OPEC member states agreement to reduce the production of oil, caused the US to seek other sources. The countries that filled the gap were Saudi Arabia, Canada, and Britain to name a few. This reduction in supply produced harsh economic realities for Nigeria. As a result of the decrease of production of oil, Nigeria was unable to institute some of the economic projects that were planned, the value of the Naira declined, and poverty became rampant in rural areas of the country. Shepard notes the significance of Nigerian earnings from oil export. By 1981 earnings dropped to $16.7 billion USD and by 1982 earning had dropped to $13.1 billion USD.

In addition to the purchase of oil from other countries, the US was also held responsible for the economic calamities that hindered Nigeria’s development. Nigerian Ambassador to the United States A.Y. Eke stated, “In the past two years, because of the way the administration has managed the American economy, we have had a severe recession in Nigeria, and this country doesn’t take Nigeria seriously enough.”

With some analysis of the Reagan Administration and his involvement with Nigeria, it is necessary to examine the remaining presidential administrations that fit within the time frame of this study. The administrations of George H.W. Bush, William J. Clinton, George W. Bush, and Barack Obama will also be examined, albeit briefly to ascertain the role of the United States and its influence as an intervening variable in this research study.

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The George H.W. Bush Administration

There is little direct evidence of the influence that the George H.W. Bush Administration had in Nigeria or the continent of Africa as a whole. There are some reports which indicate that Bush, Sr. utilized the strategy of silence to deal with one of the major issues that was looming over the continent at the time, and that was the issue of the apartheid regime of South Africa. The elder Bush’s foreign policy record on Africa seems to be amiss, and most of the time that he did spend on foreign policy, it centered on the Cold War and its eventual demise. Furthermore, the foreign policy objectives of the elder Bush centered on a “new world order” with the demise of the Soviet Union and the merger of two countries into one—Germany.

An important element of this particular administration is the end of the Soviet Union and the bi-polar world in which we existed. At this time it was evident that the role of smaller states in the world did not hold the same significance as they did during the years of the Cold War. Many of the countries on the African continent were used as proxies by both of the world super powers. With the end of the major east-west rivalry, and the United States becoming the sole power in the international arena, the need for states to wage proxy wars began to dissipate. Furthermore, the assistance given to these states, either in the form of economic or military aid began to wane and many of these states were relegated to the low end of the priority list.

Although the records are scant regarding diplomatic missions or documents with Nigeria or other countries on the African continent during the years of George H.W. Bush, this does not mean that all levels of foreign assistance ended during his time in
office. Agencies such as USAID still provided assistance to the continent during the Bush years, however, if comparisons were made of the Bush administration with the previous administrations, more specifically that of Jimmy Carter, one would see the marked difference as it relates to financial assistance rendered to the African continent. To illustrate this point, the data sets provided by the United States Agency on International Development provide statistical information regarding the amount of economic assistance provided to Nigeria during the George H.W. Bush Administration.

In key areas such as development assistance, child survival and health, economic support fund/security assistance, global health/child survival and food aid, USAID has no dollar amounts of assistance being contributed to Nigeria in these areas during the George H.W. Bush administration. The rationale for examining these areas correlates with the variables that are being examined in this dissertation.

As illustrated in Table 1.1, the antecedent variable and intervening variables also would be examined to provide an analysis of those variables impact on Nigeria’s political economy. There are aspects of the antecedent variables that are the same as the independent variable, which is China. The common elements are grants, loans and concessional loans impacting the dependent variable, Nigeria’s political economy. The sectors examined are education, health, infrastructure, employment and oil. When the US acts as an intervening variable it also affects the dependent variable. The intervening elements of the USA in this research design are FDI, special economic processing zones

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(SEZs) and Economic Processing Zones (EPZs). Of particular importance is how the loans, grants, and concessional loans given in these areas affect the education, health, infrastructure, employment and oil. It is here that an analysis of the elder Bush's presidential administration and the foreign aid figures provided by USAID will be analyzed as it relates to the aforesaid sectors in the Nigerian economy that are examined in this dissertation.

According to USAID, as indicated earlier, there were no funds provided during the years of the George H.W. Bush administration in the areas of child health survival, development assistance, economic support fund and security assistance, global health and child survival, and food aid. The rationale for an examination of economic assistance to these areas correlates directly to the sectors that are under examination in this study. As indicated, education, health, infrastructure, employment and oil are the main sectors of analysis in Nigeria's political economy that are assessed in this dissertation. It is evident that the areas reported by USAID, child health survival, development assistance, economic support fund and security assistance, global health and child survival and food aid would provide data that would indicate how United States agencies influence these political economic sectors in Nigeria, and the data indicates that during the time frame of 1989-1993, there were no dollar figures reported. Therefore, one would surmise that the points indicated earlier regarding the George H.W. Bush administrations' foreign policy agenda would suggest that the priorities were not focused on the African continent and more specifically Nigeria at this time.
Although there was no funding given in these areas mentioned above, USAID clearly had other active grant programs that were in place during the same time period. To illustrate, during the time period of 1989-1993 respectively, USAID reports that other active grant programs were in place. USAID reports that $60,000 USD was provided in 1989; $56,000 USD in 1990; $101,000 USD in 1991; $84,000 USD in 1992; and $207,000 USD in 1993.\textsuperscript{18} These allocations were listed under the other active grant programs due to the reporting of other agencies that also provide funding to Nigeria that are a part of the United States. These additional agencies in which USAID compiles data are outside of the scope of the United States Department of Agriculture and the Department of State and USAID. The other agencies that provide funding to countries that report their economic assistance data to the USAID are expansive to say the least, however, the assistance provided during the years of 1989-1993 directly from the major government agencies that historically give assistance to foreign countries was none.\textsuperscript{19}

\textsuperscript{18} Ibid.

\textsuperscript{19} Additional agencies that report outside of the USDA, USAID and the State Department, yet the numerical figures are listed under USAID's website under the Other Active Grants designation include the following: African Development Foundation; Assets and Forfeiture Fund, Justice; Assistance to Territories, Insular Affairs; Compact of Free Association, Department of Interior; Department of Justice, Anti-Trust Division; Department of Labor, Department of Management; Disease Control, Research and Training, CDCI; Environmental Programs and Management, EPA; Environmental Protection Agency, Science and Technology; Federal Aviation Administration, Operations; Federal Trade Commission, Salaries and Expenses; General Departmental Management, Departmental Management; Gifts and Donations, Centers for Disease Control; Inter-American Foundation; International Affairs Technical Assistance; International Trade Administration, Operations and Administration; Multinational Species Conservation Fund, U.S FWS; National Institutes of Allergy and Infectious Diseases, NIH; NOAA, Operations Research Facilities; Neotropical Migratory Bird Conservation, US FWS; North American Wetlands Conservation Fund, US FWS; North American Wetlands Conservation, US FWS; Patent and Trademark Office, Salaries and Expenses; Public Health and Social Services Emergency Fund; Salaries and Expenses, ATF, Justice; Salaries and Expenses, Drug Enforcement Administration; Salaries and Expenses, FBI; Scientific and Technical Research Services, NIST; Trade and Development Agency, accessed 11 September, 2013, www.usaid.gov.
There are several reasons that could explain the lack of economic aid to Nigeria during this time period. However, one reason is paramount. The preoccupation of the US with the Middle East and the end of the Cold War are two explicable reasons for the lack of foreign policy attention to the continent of Africa. However concerned George Bush, Sr. was with Somalia, the country did not receive the same level of cogitation as did the Middle East or the new states of the former Soviet Union. The Bush Administration can be said to have been operating in a neo-liberal international world system, a theoretical paradigm that undergirds this dissertation. Although this is not one of the major paradigms being utilized, it still is of importance when examining the role of the US in the international system and its bi-lateral relationships with other countries, notably Nigeria in this case. This statement is qualified based on the events that occurred and how these episodes changed operations in the world system. To illustrate this point, one only need to examine the major thesis of this paradigm which suggests that states should build non-violent systems and work towards a collaborative world order; exactly the thrust of Bush’s foreign policy. This mode of thinking was not new, but rather one established by Woodrow Wilson after the end of World War I, and further entrenched after World War II. However, with the demise of the Soviet Union, the US became the sole hegemon, thus being able to act as the leader in the world system through, implementing its “new world order,” and thus bring about change in the international system.

This new system, no longer bi-polar with two states being able to hold influence over smaller nations, was now a uni-polar system. The benefits that were once a part of the carrot and stick measures (most carrots in this case) that were wielded to entice
smaller nations to side with one of the major powers—US or Soviet Union—was no longer a factor. Africa, a continent with newly independent nation-states could use the two super-powers to obtain the necessities that any new nation would need for the benefit of its development. However, the end of the Cold War caused Africa to be placed at a lower priority level; for there was no reason to appease the nascent countries on the African continent any longer because the threat of communism and the need to practice containment as a form of policy was no longer of any use.

The William J. Clinton Administration

The Clinton Administration utilized a different policy approach to Africa than the previous administration. With the end of the Soviet Union and there no longer being a need to practice the policy of containment, this led the Clinton Administration in a new direction. John F. Clark noted, “the White House has tended to take charge of US African policies only in those relatively rare situations perceived as crises by the presidents and his closest advisors.”

This take charge attitude was clearly evident during the Somalia crisis, with US troops on the ground in Mogadishu. However, due to the failures of the Somali incident, the Clinton Administration chose not to take the necessary steps in the Rwandan genocide and US support did not come until well after numbers of Tutsi were killed.

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Although there were a few setbacks at the outset of the Clinton Administration, there were some highlights as it relates to policy to assist the African continent in their development process. To be more exact, the Clinton Administration developed the first post-Cold War policy towards Africa. Furthermore, some specific policies were adopted by the Clinton Administration to ensure more US involvement with Africa, one being the adoption and implementation of the African Growth and Opportunity Act (AGOA), which will be discussed momentarily. However, before any discussion takes place on the various policies implemented by the US government on the continent, an examination of the perceptions of the Clinton Administration’s handle on Africa policy is warranted.

There were some in Washington circles who strongly believed that the Clinton policy towards Africa and Nigeria, to be exact, was simply shallow and did not offer enough real hard line tactics to ensure that true democratic reform would take place in the country. To illustrate this point, Shelly Leanne examined the views of the Congressional Black Caucus and TransAfrica. It is here that she notes that during the Clinton Administration, African-Americans in policy circles held the view that the Clinton Administration did very little to advance the United States foreign policy agenda towards Africa. Leanne further indicates that black leaders were dissatisfied with Clinton’s Africa policy.21 When it specifically came to the Clinton Administration’s policy towards Nigeria, Leanne notes that many in TransAfrica, the Congressional Black Caucus (CBC),

and the Washington Office of Africa (WOA) protested the Africa policy of the United States. This led to the boycotting of the 1994 White House Conference on Africa. Also, at least 30 percent of the CBC voted against the AGOA in the House of Representatives.22 These same sentiments have been echoed by other scholars that studied US Africa policy during the Clinton administration. The policy initiatives that were implemented or attempted under this particular administration were not all negative. However, as Donald Rothchild has noted, these policy pronouncements were seen as rhetoric to say the least. Furthermore, it was believed by some such as Leanne, Donald S. Rothchild, and Monte Piliawsky that the actions taken were more activist rather than the hardline policy initiatives that possessed follow-through.23

Although the aforementioned information provides analysis of the Clinton Administration’s involvement in Africa as a whole and moreover, the criticisms of this Administration, the author feels it necessary to examine some of the data that has been provided by USAID. This data will provide some understanding of the criticisms that were lodged at the administration. In an examination of the official assistance provided to Nigeria during the Clinton Administration the criticisms leveled at the administration hold some validity. According to official development assistance data, during Clinton’s first term in the Office of the President, official aid flows to Nigeria in the areas of Child

22 Ibid., 17.

Survival and Health, Development Assistance, Economic Support, Global Health/Child Survival, other active grant programs, food aid, other aid assistance, and other USDA assistance, registered zero dollars.\textsuperscript{24}

The second term showed marked improvement in the way of assistance in the same areas. Official development assistance from the United States Agency for International Development indicates that in Child Survival and health, the years 1999-2001 registered a steady increase in aid provided. To illustrate this, in 1999, $7,313,104 USD was recorded as the amount provided in the area of Child Survival and Health, while the year 2000 registered $17,465,000 USD and 2001 at $23,538,557 USD.\textsuperscript{25} The same statement holds true for the other sectors as well. In the area of development assistance, in 1999 there was $9,603,830 USD provided and in 2000 and 2001 the amount registered at $44,444,000 USD and $22,854,922 USD respectively.\textsuperscript{26} In the area of economic support, the years 1999-2001 witnessed an increase with the figures being $6,648,192 USD; $16,626,000 USD; $4,847,576 USD respectively for the years mentioned.\textsuperscript{27} In the area of global health/child survival, USAID has no figures listed for both terms of the Clinton Administration. As it relates to other active grant programs, USAID reports that $207,000 USD was provided in the year 1993. In the area of food


\textsuperscript{25} Ibid.

\textsuperscript{26} Ibid.

\textsuperscript{27} Ibid.
aid, there was aid provided during the years 2000 and 2001 respectively. That amount was $3,157,746 USD and $4,115,395 USD.\textsuperscript{28} For the area of other aid assistance, all years of the Clinton Administration showed some type of economic aid provided, with the amount rising steadily between the years 1993-2001. In the area of other USDA assistance, USAID registered no economic aid provided.

*The George W. Bush Administration*

During the George W. Bush Administration, the United States began to increase its involvement with Africa. Although Bush indicated in a 2000 presidential debate that Africa would not be a major priority, but the Middle East, there is some indication that Bush did highlight Africa’s importance after entering office.\textsuperscript{29} To illustrate this point, Raymond W. Copson, has poignantly described the relationship of the United States with the African continent under this particular administration. Furthermore, he provided some insight as to how the bilateral relationship would develop at the end of this administration. Others, such as Colonel John M. McCarthy, has also expressed the interests of the US in Nigeria.

To fully understand the role of the US and Nigeria during the Bush Administration, one need only examine the strategic objectives as compared with those of China. The US had specific objectives that centered on democratic nation building and

\textsuperscript{28} Ibid.

the need to ensure that institutions were also democratic in nature. Furthermore, there was a strong focus on improving the enforcement of the rule of law, review of government actions and policies as well as the eradication of poverty.\textsuperscript{30} To complete this objective, the US spent over $16 million on the improvement of governing institutions in Nigeria. An example of the efforts provided to the government sector include the US “training of 650 Nigerian National Assembly legislators and government staff on legislative functions and procedures; empowered civil society by training over 60 independent civil organizations to become more effective at holding government accountable and the promotion of free and fair elections.”\textsuperscript{31}

In a number of the programs implemented in Nigeria by the US, other sectors such as USAFRICOM and USAID worked in coordination with government officials to achieve US policy objectives. It is believed that a coordinated effort would assist with the development of good government, which in turn will lead to sustainable development of the country’s economy and infrastructure. Although the US has assisted on several fronts in Nigeria, one cannot dismiss the strategic objectives of the US in its efforts to help Nigeria in the sectors of good governance, agricultural sustainability, health and education, and infrastructure development. The overriding objective is the support of US national interests. To highlight this aforementioned point, an examination of the assistance given to the various sectors mentioned above are delineated.


\textsuperscript{31} Ibid., 22.
One important facet of the 43rd Bush’s policy toward Africa pertains to his focus on the health issues that impact the continent. During President George W. Bush’s administration, the US increased its economic assistance to the continent. During this time period, and even in previous administrations, the two major factors that helped to shape and guide US foreign policy was the war on terror and energy security in the form of oil.32 The largest amount of US aid to Africa during this administration was provided through the Presidents Emergency Plan for AIDS Relief (PEPFAR) and other humanitarian programs.

In the arena of infrastructural development, the Nigerian government has worked in tandem with other countries to secure the necessary funding through investments. By instituting this approach, this will reduce the investment costs by the host government, Nigeria, while obtaining the necessary capital to achieve the country’s development goals. One method of achieving this objective is to offer incentives to Nigeria’s oil fields. The importance of quality infrastructure is of paramount importance to the Nigerian economy and especially to its agricultural and the extractive sectors. At least 70 percent of the Nigerian workforce is employed in the agricultural sector, yet only 42 percent of it contributes to the nation’s GDP. Furthermore the country relies heavily on oil profits. Without quality infrastructure, it is difficult to get agricultural products and minerals from the extractive sector to markets and distribution centers. Therefore, the push for

public/private partnership has been paramount for the implementation of more sound and reliable transportation infrastructure.

In the agricultural sector, the US has worked through the USAID office to help with agricultural productivity. Three components were implemented to assist with the agricultural sector. These components were:

1. Build a commodity market chain from the seed and tractor suppliers to farmers to banks and markets;
2. Support agricultural public-private partnerships to increase competitiveness in the agricultural sectors and enhance critical, financial services;
3. Reformation of economic policy and governance by educating Nigeria’s national budget office and legislative staff with skills required to develop and manage Nigeria’s national budget and debt.\(^\text{33}\) 

In order to implement these aforementioned components, the US devised two initiatives, both to assist Nigeria with the implementation of the aforementioned components of the agricultural policy of the US, which worked in tandem with Nigeria’s Seven Point Agenda.\(^\text{34}\) The Africa Financial Sector Initiative (AFSI) was created with the goal of achieving two main purposes. First, the AFSI would increase private-sector completion and improve privately owned companies access to the banking and credit bureau systems and second, it would provide training those working in Nigerian banking regulations to increase the security and stability of the Nigerian Banking System. The second initiative, Overseas Private Investment Corporation (OPIC), would work to strengthen Africa capital markets through the creation of new, private equity funds. The purpose is to

\(^{33}\) Ibid., 23.

\(^{34}\) Nigeria’s Seven Point Agenda was adopted with the commencement of President Yar’adua’s administration in 2004. The program consisted of seven main sectors in Nigeria’s economy. These included the transportation, telecommunications, power and energy, food security, national security, Niger Delta and Energy Security, Education and Human Capital Development, Land Tenure Reforms and Home Ownership, accessed 7 September 2013, http://www.nigeriahc.org.uk/pdf/seven-point-agenda.pdf.
mobilize at least 800 million in additional investment into the continent. The second goal of the OPIC program is to address the gaps in financing that is usually required by businesses and it is believed that these new equity funds will help to alleviate this issue.

Both of these aforementioned programs will work to empower those working in the agricultural sector by providing better technology and the establishment of sound financial sectors. Furthermore, USAID had the goal of creating 100,000 jobs by the year 2009 with the use of both of the programs mentioned working in conjunction with the country of Nigeria’s Seven Point Agenda.

In the sector of education and healthcare, the Bush administration infused money into the PEPFAR program, which was discussed earlier, albeit briefly. There were four major components of the USAIDs education and healthcare program. They are listed as follows:

(1) reduce unintended pregnancies and educate the populace on effective reproductive behavior; (2) overhaul basic education; (3) prevent major infections and diseases; and (4) increase child survival and overall health.

According to McCarthy USAID was focused on five of the thirty-six states in Nigeria with six points or goals on its agenda. The agency sought to (1) train and deploy 4,050 health care workers to help with family planning and reproductive health; (2) train 6,000 teachers; (3) ensure that higher standards were implemented in the areas of basic education; (4) utilize radio instruction to reach 4 million students; (5) end polio and improve the prevention and treatment of malaria through the prevention of treatment
medicine kits; and (6) provision of vitamin A supplements and routine immunization programs for children.35

The Obama Administration

The Obama Administration inherited the legacy of the previous administration of George H.W. Bush. This point has been illustrated by authors such as Jennifer G. Cooke, Director of the Africa Program at the Center for Strategic and International Studies and Stephen Morrison, Senior Vice President and Director of the Global Health Policy Center at the Center for Strategic and International Studies. Both of these individuals have noted that in order for the Obama administration to succeed in its Africa policy, there are five major themes that should be implemented and should help guide the administration in its Africa policy. These themes are: (1) “Be strategic, openly acknowledge the gravity of the global economic crisis, and align rhetoric with reality; (2) Create effective, robust US diplomatic capacities; (3) Forge a new multilateral diplomacy; (4) Reinvigorate governance and accountability; and (5) Push hard to strengthen African agriculture.”36 A brief examination of each of these aforementioned themes will be provided.

“Be strategic, openly acknowledge the gravity of the global economic crises, and align rhetoric with reality.” It is believed that there is a great deal of rhetoric as it relates to potential policy initiatives towards Africa. A great deal of this is a spill-over from the

35 McCarthy, 25.

previous administration. It has been suggested by Cooke and Morrison that the Obama Administration outline a limited set of strategic priorities rather than implementing a great deal of new programs and “commitment to structural reform of foreign aid.”

The second theme according to Cooke and Morrison is to “create effective, robust US diplomatic capacities.” It is believed that the US should bolster its diplomacy efforts in Africa. Cooke and Morrison note that the Africa Bureau is severely understaffed and underfunded. This is an area that should be addressed by implementing targeted “recruitment and retention” programs for the Africa Bureau and USAID.

The third theme emphasized “forging a new multilateral diplomacy.” In order to ensure that this occurs, it is necessary to implement and carry out active meaningful engagement with other countries and other organizations such as the African Union, the European Union and the United Nations. Furthermore, the relationship between the United States and China should be one of cooperation to work in the areas of “security, development, and conflict resolution.”

The fourth theme, “reinvigorate governance and accountability” highlights the role of the US and its relationship with African countries that are considered “accountable, capable, and participatory.” Cooke and Morrison argue that the Obama Administration will not only need to focus on the aforementioned points, but will also

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37 Ibid., 6.
38 Ibid., 7.
39 Ibid.
40 Ibid.
need to re-focus its energy and security policy to the integration of governance transparency and anti-corruption measures.” To ensure that this does occur, there is a need for investments in such institutions that will work to combat the enemies of good governance and transparency. This means investments should be made in parliaments, civil society, and the media.41

The last theme, “push hard to strengthen African agriculture” focuses on the need for the US to re-examine how “food aid is administered, trade, and protection issues, and long term investments to build viable, sustainable agricultural sectors in Africa.” It is believed that if the US addresses the agricultural component, then other issues will be implemented. The problems of employment, food insecurity, land reform, climate change and a host of other issues need to be addressed by the Obama administration as it relates to US Africa policy.42

With an examination given to some of the major themes offered by scholars for the Obama Administration’s Africa policy, it is now that this dissertation examines some of the realities that have been discussed by policy experts appointed by the Obama Administration. To begin this discussion and analysis the author turns to the words of Johnnie Carson, Assistant Secretary at the Bureau of African Affairs at the US Department of State. According to Carson, there are five major themes that will guide the Obama Administration’s Africa Policy.

41 Ibid., 8.

42 Ibid., 7-8.
First, strengthening African governments is important. Carson has noted that the US should remain focused on keeping the strides made towards making democracy a top priority on the continent. As it pertains to Nigeria, the country is one that is in need of attention due to its fragile democratic state. Assistant Secretary Carson noted Nigeria’s importance to the continent and that the US interest should remain high due to probability that instability in the country could cause a ripple effect throughout the rest of West Africa.43

The second focus of the Obama Administration will be to ensure economic progress. In order for this to take place, it is believed that work needs to take place in the agricultural sector. Additionally, the US will focus on global hunger and food security through an initiative that will combat hunger, poverty, and under-nutrition. Carson has noted that the US, with the Food Security Initiative will provide $3.5 billion USD and this initiative will provide new methods and technologies to African farmers. This Food Security Initiative will provide new methods to African farmers and it was created to help Africa to meet its food needs and reduce the continent’s reliance on imported foods.44

The third focus of the Obama Administration is related to the health sector. It is imperative that the US work with African governments to ensure that there are enough treatments and preventative measures available to every community on the continent. One of the important aspects of the health sector and the economic sector is that they both


44 Ibid.
are inextricably linked. When the health of a nation suffers, it is difficult for a nation to prosper economically. Furthermore, it is difficult for a nation to protect its security if the health sector suffers. Therefore, to alleviate this problem, the Obama Administration has placed on its agenda the need to invest in the public health systems of the continent. To accompany this investment, there is also the need for well-paid doctors and health professionals. To institute this goal, the administration will continue the PEPFAR program that was instituted under the previous administration of George W. Bush. $63 billion USD has been pledged to meet the health challenges on the African continent.45

The fourth goal for the Obama Administration as it pertains to Africa is preventing and resolving conflict. Although a great deal of conflict has been mitigated on the African continent, there are still areas where conflict does remain present. These areas of conflict present problems that can disrupt regional stability. The Obama Administration is working with leaders to help resolve conflicts in those areas of the continent that are suffering from disruption. The US has provided the most as it pertains to donations in the areas of humanitarian assistance.46

The fifth goal as it relates the Obama Administration’s Africa policy is tackling transnational challenges. Some of the transnational issues that are plaguing the African continent include human trafficking, narcotics, and climate change. As it pertains to climate change, Carson has noted that the Obama Administration is working closely with African countries to help them meet the climate and clean energy challenge that has been

45 Ibid.
46 Ibid.
put in place by the international community. Of importance to this transnational challenge is Africa’s position in the international community. Although the continent produces the least amount of greenhouse gases, it will be the area of the world that suffers the most. The changes in the climate can possibly affect water and food security for the continent and this is something the US is working in tandem with Africa to find solutions to this transnational challenge.

Members of the US administration are not the only ones that provided information and important goals for the Obama Administration’s policy stance towards the African continent and Nigeria, but others such as Emeka Chiakwelu, Principal Policy Strategist at the African Political and Economic Strategic Center (AFRIPOL) also provided three fundamental policy objectives of the Obama Administration. According to Witney W. Schneidman, Adviser to Barack Obama during the presidential campaign, these three fundamental objectives were discussed and Chiakwelu covered these three objectives in great detail in her article, “The Obama Administration: The Policy for Nigeria and Africa.” These objectives are: an acceleration of Africa’s integration into the global economy, enhancing the peace and security of African states, and strengthening the relationship with those governments, institutions and civil society organizations committed to deepening democracy, accountability, and reducing poverty in Africa.

Chiakwelu has deconstructed each of these goals even further in her analysis and each of these are due an examination. These sub-points that have been mentioned by

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Chiakwelu are focused on the Niger Delta, utilizing Africa as a security tool, fostering respect for human rights, enforcing anti-corruption legislation, and the promotion of fair trade for all parties.

One of the most pressing concerns is the Niger Delta region of Nigeria. It is believed that the Obama Administration can work with the Niger Delta Region through the provision of "logistic and confident" building measures that will benefit the people of the area. This process must include the Nigerian government.48

Another sub-point that correlates with the enhancement of peace and security of African states is utilizing Africa as a security tool. It is believed that using this effort will help to ease the fears of many on the continent through the use of the United States Africa Command (AFRICOM). It is necessary for the administration to reinforce the idea that AFRICOM is not on the continent for purposes other than to help secure peace and goodwill in Africa.49

The next sub-point, which correlates with the goal of strengthening relationships with those governments, institutions and civil society organizations committed to deepening democracy, accountability and reducing poverty in Africa, is respect for human rights. According to Chiakwelu, there is a need for the key component of liberty in order for democracy to flourish. It is believed that the Obama Administration should foster and encourage environments that promote checks and balances in Nigeria and the entire continent. When, and only when this system is truly in place will there be a

48 Ibid.
49 Ibid.
promotion of human rights and the elimination of dictatorships on the continent will be a thing of the past. The need for free political platforms, rule of law, and respect for the economy is important. The US constantly implementing foreign aid alone is not going to solve the problems stated.\textsuperscript{50}

Also correlating with the goal of strengthening relationships, etc. is the sub-point of anti-corruption campaigns and legislation. Chiakwelu noted that it is necessary for the President to support the elimination of corruption on the African continent. To ensure that this happens, there is a need to implement banking laws to eliminate corruption and those who practice illegal activities. Also, this problem of corruption can be eliminated by the transnational corporations that operate in the country. These companies should not be so anxious to obtain contracts that they overlook bribes and inducements by those who are able to grant such requests.\textsuperscript{51}

The very last sub-point of Chiakwelu is that of fair trade for all parties. If the Obama Administration encourages the Nigerian and African integration into the international community by way of fair and equitable trade, then this will assist in the area of the acceleration of Africa's integration into the global economy. In order for this to occur, Nigeria would have to diversify its economy and move away from the reliance on oil receipts. To facilitate this, the US can provide concessions to the emerging economies through measures such as AGOA. Also, investments in the scientific and technological fields can increase the knowledge base in this area. Nigeria can be the

\textsuperscript{50} Ibid.
\textsuperscript{51} Ibid.
leader for the rest of the African continent. If Nigeria would shift to reform measures to combat the problems that confront the country this can have a ripple effect on the rest of the continent.52 The aforementioned points provided by Cooke, Carson, and Chiakwel are not the only relevant points that highlight the Obama Administration’s policy towards Africa. The views of others are also important to this discussion. Not only the views of others, but some of the salient features that have been put into action by the Obama Administration are also of importance.

In 2010, the Obama Administration launched the Young Africans Leadership Initiative (YALI). The Administration is interested in the next generation of African leaders, and with this interest came the allocation of resources to enhance leadership skills, bolster entrepreneurship, and networking with other African leaders, the US and American people. With the inception of this program, the United States partnered with the African Union (AU) to increase youth participation in several areas. Since the inception of YALI, the United States Department of State has held fifteen exchanges and sponsored 1,283 Sub-Saharan scholars through the agency’s Educational and Cultural Affairs Programs. US embassies have awarded small scale grants totaling $750,000 USD to YALI alumni groups. In addition to the assistance provided by the State Department, the United States Agency for International Development (USAID) has invested more than $100 million USD in over 76 partnerships with African Universities to help train

52 Ibid.
future leaders in health, agriculture, education, environmental science, technology, and other sectors.\textsuperscript{53}

In addition to the creation of YALI, the Obama Administration has continued with a number of initiatives that were started during earlier presidential administrations. The African Growth and Opportunity Act (AGOA), an initiative which began under the Clinton Administration was signed with the purpose of expanding US trade and investment with Sub-Saharan Africa's integration into the global economy. At the heart of AGOA are trade preferences that will allow all marketable goods produced in AGOA-eligible countries to enter the US market duty free. The Obama Administration has continued to implement this important piece of legislation and has worked to ensure that more countries in Sub-Saharan Africa be added to the list and meet the requirements to participate in the AGOA program.

There have been more country specific agreements with the Obama Administration also. To this point, the author has focused more on the agreements and foreign policy objectives for all of Sub-Saharan Africa. However, the forging of agreements have also taken place at the country level, making bilateral agreements very important. Case in point, the United States-Nigeria Binational Commission was commenced in 2010 under the leadership of Secretary of State Hillary Rodham Clinton. The Commission has four primary goals: (1) Help Nigeria work on good governance and transparency; (2) work to promote regional cooperation and development that creates opportunities for others and delivers results for all of the people of the Niger Delta; (3)

working on energy reform and investment; and (4) focus on food security and agricultural development.

In order to have an understanding of the amount of aid provided to Nigeria from the US during the Obama Administration for the years under study for this dissertation, data provided by the United States Agency for International Development indicates that in the area of developmental assistance, the US provided $69,864,229 USD in 2009; $67,780,074 USD in 2010; and $59,147,395 USD in 2011. The US provided funds in the area of economic support, which was, $1,300,000 USD in 2009; and 0 dollars in the years 2010 and 2011. In the area of global health child survival, $398,127,428 USD was provided in 2009; $357,149,261 USD was provided in 2010. In other active programs, the amount provided remained almost constant, except for an increase in 2010. In 2009 $14,198,473 USD was provided; in 2010 $17,325,977 USD was provided, and in 2011 $14,059,076 USD was provided. In the area of food aid, there were 0 dollars provided to Nigeria in the form of loans and grants. Other USAID assistance registered at $12,292,804 USD in 2009; $12,292,088 USD in 2010; and $37,341,418 USD in 2011. And lastly, other USDA assistance registered at 0 dollars for the years 2009 and 2011, but was $298,882 USD in 2010.54

For all of the administrations discussed, and the dollar amounts provided by the United States in the form of loans and grants, it helps to provide the reader some understanding of the figures provided in the way of economic aid in the form of loans and

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grants and how this data correlates directly to the sectors that are being studied in this
dissertation. As indicated with the illustration of Figure 1.1 in chapter one, the United
States operates as an antecedent variable in this dissertation. Just as foreign aid flows
from China to Nigeria, the US also provides economic aid to Nigeria as do the other
antecedent variables in this research. The aid data provided above for the various areas
mentioned, ties directly to the areas of Nigeria’s political economy (education, health,
infrastructure, employment, and oil), the areas in which the author hopes to show that an
impact has been made as a result of foreign aid flows. With a thorough examination being
provided of the United States, it is now that the author turns to the additional variables
that are considered to be antecedent and intervening variables in this research, the United
Kingdom (UK), the Soviet Union and the Bretton Woods Institutions.

United Kingdom (UK)

The Federal Republic of Nigeria and the United Kingdom (UK) have a
relationship that dates back to colonialism. Nigeria was a British colony which received
its independence on October 1, 1960. Although independence was granted, Nigeria
maintained close connections with the UK and also began to strengthen its relations with
the rest of the developed world. As discussed in the introduction of this dissertation, and
with specific reference given to Figure 1.1, the influence of the UK in the following
sectors of Nigeria that are examined in this section are education, health, infrastructure,
employment, and mineral extraction, specifically oil. The UK acts as both an antecedent
and intervening variable in this research. The UK acts as an antecedent variable due to its
relationship with Nigeria prior to 1979. Furthermore, the UK also acts as an intervening
variable because it is necessary to determine how the UK has continued relations with Nigeria, and thus provides economic assistance which can assist with the development of the country and the sectors being studied. To understand how the UK’s Official Development Assistance (ODA) influenced Nigeria, it is in the following paragraphs that the author shall provide official statistics in the sectors of education, health, infrastructure, employment, and mineral extraction.

UK Commitments to Education

In an examination of data provided by the Organization for Economic Development’s (OECD) query wizard for International Development Statistics, the years 1960-2010 were examined. The rationale for this length of time was discussed in the preceding paragraph. The author has found that between the years 1960-2001, there is no data recorded by the OECD as it relates to the UK’s economic aid to Nigeria in the education sector. The OECD does however indicate that Official Development Assistance (ODA) flows began to reach Nigeria in 2002 in the education sector. 1.00075 million USD was provided to Nigeria during the year of 2002. There were specific project titles, which stipulated where the aid was disbursed, and these include community education program, support to education sector analysis and planning and life planning education.


The purpose for each of these projects were education policy and administration management. For each of these areas, there is further detail regarding the specificity of each, which include the need to enhance learning achievement among primary age and adult learners, specifically girls and women through the improvement of quality and increased access to basic education; supporting Nigeria in producing a program for implementing universal basic education supported by the international community; and to improve the sexual and social behavior and utilization of appropriate services by adolescents in target communities in Oyo state. For the remaining years under study 2003-2010, the UK continued providing ODA to Nigeria in the educational sector, although the amounts varied from the first year of 2002. In 2003, the UK provided only £0.551927 (valued at $0.89 USD in 2003).\footnote{Currency converter use, accessed 9 August, 2010, www.oanda.com/currency/ converter.} Although the years 2002, 2003 and even 2004 (ODA at £0.0389298=$0.07 USD) can be considered low in development assistance to the education sector, the years 2005-2010 witnessed a sharp increase in the amount of funds provided in official developmental assistance grants to Nigeria. The years 2005 and 2006 registered approximately $14 million USD, while the year 2007 witnessed an increase of $18 million USD bringing the ODA to the education sector to approximately $32 million USD. In 2008, the amount decreased by $18 million USD, bringing it back to $14 million USD. However, in 2009 and 2010 there was an increase in the amount of ODA given registering at $24 million USD in 2009 and $41 million USD in 2010. For each of the aforementioned years under study, a number of different projects were funded by the UK in the education sector and the number of projects increased for each year.
under study with the exception of the years 2004, 2005, and 2006 which remained at two to three projects.58

The Department of International Development (DFID) of the United Kingdom provides specific data for aid provided to Nigeria’s educational sector. Two of the programs that are recorded by the DIFD are the Girls Education Project and the Education Sector Support Program in Nigeria. For the first, the budget allocated to this was £41,054,478 with the goal of ‘improving girls’ access, attendance, retention and relevant learning outcomes at primary and junior secondary level (UBE).59 The project commenced in August of 2004 and several sectors were responsible for ensuring its implementation. Funding was allocated to each of the following sectors. Primary education, 70 percent; education policy and administration, 15 percent; teacher training, 10 percent; and health education, 5.0 percent. The second program in the educational sector was the Education Sector Support Program in Nigeria. This program had the specific goal of ensuring that “planning, financing, and delivery of sustainable and replicable basic education services in terms of access, equity, and quality are improved at the federal level up to six states.”60 The entities responsible for the implementation of this particular program included universities and other teaching institutions along with


research institutes and think-tanks. The budget was allocated to the following sectors. Education policy and administration, 40.49 percent; primary education, 18.84 percent; education facilities and training, 14.13 percent; teacher training, 13.19 percent; secondary education, 5.65 percent; basic life skills for youth and adults, 4.71 percent; basic nutrition, 2.24 percent; and trade policy and administrative management, .75 percent.61

The aforementioned figures are just a glimpse of the economic aid provided by the UK to Nigeria in the education sector. The funds highlighted shows the money provided for the years that are under study for this dissertation, however, there are additional projects that have been funded and these commenced after the proposed study timeframe.

UK Commitments to Health

Prior to the implementation of the Millennium Development Goals (MDGs) there is very little data in the statistical area that indicates the UKs direct ODA to Nigeria in the health sector. As noted on the United Kingdom’s official government website, the government has noted six major priorities that it seeks to accomplish in its relationship with Nigeria. These include “support for development, strengthening UK relations with Nigeria to support mutual prosperity, working with Nigeria to beat national and international security threats, support of British nationals in Nigeria, strengthening democracy, independent institutions and more effective governance in Nigeria, and lastly,
working on bilateral foreign policy goals with Nigeria.” At the top of Britain’s list as it relates to Nigeria is assisting the country in achieving its MDGs through supporting development. Some of the actions that have been taken thus far and that correlate to the sectors under study in this dissertation include projects in the health sector and at least one in the employment sector. It is here that an examination of the health sector shall take place.

In the health sector, Britain is currently working with the state governments in Nigeria, NGOs, and the UN to ensure that experienced health workers deliver babies; provide preventative measures to combat malaria; make clean water and sanitation accessible, and assist with the eradication of hunger and poverty in the Northern portion of the country, which will be accomplished through the implementation of cash programs that will be delivered to 50,000 poor women and assist with the development of nutrition programs.

In order to provide further data on the UK’s ODA to Nigeria’s health sector, a discussion of Partnerships for Transforming Health Systems Programme (PATHS) and (PATHS2), along with official developmental assistance provided by the OECD will be highlighted. The PATHS program was implemented in 2002 by the UK’s Department of International Development (DFID). There are several initiatives that were implemented which include:

(1) Strengthening government stewardship in health policy, planning and

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63 Ibid.
financing; (2) improve management in public health, particularly at the local level; (3) raise quality standards of preventative and curative services, particularly in the areas of malaria, TB, reproductive health and sexually transmitted infections, safe motherhood and childhood illnesses; and (4) raises awareness of people’s entitlements to good quality, affordable care and increase their ability to prevent and manage certain health conditions.64

The PATHS2 program commenced in 2008 with the end of the PATHS program. This program works in a similar manner as the initial program implemented in 2002. However, PATHS2 was implemented to focus on five states in Nigeria, which include, Enugu, Jigwa, Lagos, Kaduna, and Kano. The second implementation of PATHS works to achieve:

(1) Better public health care services across the country including rural clinics to support pregnant mothers and provide immunizations to children; (2) emphasis on preventative rather than curative health care to ensure people are better prepared to fight disease and illness; (3) more training of staff and new incentive packages to retain doctors and nurses in the poorest areas; and (4) faster and better managed flow of drugs across all states—at the right place, right time, and right quantity.65

In an examination of OECD figures of the UKs ODA to Nigeria’s health sector, the years 1960-2001 record no data from the OECD. Commencing with the MDGs, the data becomes more available, indicating that the UKs ODA to Nigeria registered at $6.4 million USD in 2002 with eight different project areas being covered. In 2003 official ODA to the health sector continued with an increase of approximately $2 million USD. From 2003 to 2010, the amount of ODA to Nigeria’s health sector continued to increase.


The chart below indicates the increase of assistance in the form of ODA grants to Nigeria's health sector.

Figure 5.1. United Kingdom (UK) Assistance to Nigeria's Healthcare Sector, 1960-2010.

Figure 5.1 illustrates how the UK's investment in Nigeria's economic sector increased with the commencement of the United Nations MDGs and the UK's implementation of the PATHS and PATHS II programs, which were instituted to assist Nigeria in with the achievement of the specific goals set forth by the UN.

In addition to the achievement of the UN MDGs and the PATHS and PATHS II programs, Dr. Fatusi, authored a paper entitled, "Health Sector Reforms in Nigeria and the Potential for Poverty Reduction." In this document he notes that health and poverty are inextricably linked. According to Dr. Fatusi, "poverty has a strong link and two-way
relationship with health: poverty makes people more vulnerable to ill-health, and ill health tends to lead to poverty."66

To add analysis to this statement, research shows that one-third of Nigerians are poor, and this is living in extreme poverty, while 54 percent are relatively poor. These figures show that over half of the population are considered poor. Additionally half live on less than one dollar a day. All of this correlates to the research done in this dissertation, for it shows how the assistance or aid from outside entities affects the various sectors under study and how these sectors are important in Nigeria’s political economic development.

Additional funding provided by the UK in conjunction with other NGO’s include the Federal Government of Nigeria/UNICEF Water and Environmental Sanitation Project, Health Reform Foundation of Nigeria (HERON), HIV/AIDS Continued Institutional Support to National Response, Health Commodities, Strengthening Nigeria’s response to HIV/AIDS, and DFID-Support to Meningitis Outbreak Response in Northern Nigeria.67

UK Commitments to Infrastructure

The UKs investment in Nigeria’s economic infrastructure sector also witnessed marked increases of ODA commencing in 2002. According to the OECD’s official


statistics, there is no data recorded for the years 1960-2001; however commencing in 2002, the UK provided funds in the area of economic infrastructure and services in the amount of $0.250563 USD. Figure 5.2 provides the amount of ODA that has been provided to Nigeria’s economic infrastructure sector for the years under study in USD.

![United Kingdom (UK) Assistance to Nigerian Economic Infrastructure, 1960-2010.](image)

As indicated previously, much of the data that is available from the UK indicates accurate figures commencing approximately in 2002. According to the UK’s Development Tracker, the UK has assisted Nigeria in an area that has been labeled non-attributable, which commenced in May 1988. The major impetus of the development aid has been designated as promotion of development awareness, with the amount being £839.727

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provided by the British government.\textsuperscript{69} Further data will be provided to highlight the economic aid provided to Nigeria to assist with the development of its economic infrastructure. Likewise, the varied projects and sectors that benefited from the economic assistance provided by the UK will provide some substance to the chart provided on the previous page.

There were several areas that benefited in the economic infrastructure sector of Nigeria from development assistance provided by the DFID. The following areas received assistance. Labour relations, service delivery initiative, the Pro-Poor Growth Programme and the Pro-Poor Growth Policy and Knowledge Facility, the Nigerian National Assembly, Bureau of Public Enterprises, the Debt Management Program, Phase II of the Nigerian Extractive Industries Transparency Initiative, forest land rights, country partnership facility, and Strengthening Transportation and Accountability in Core Niger Delta. Each of these areas will receive a brief examination.

The goal of improving labor relations in Nigeria was implemented to foster and “support dialogue between the government, employer’s trade unions, and civil society to support non-oil sector economic growth and strengthen accountability in labor relations.”\textsuperscript{70} The provided funds for this program consisted of £36,888 with 80 percent


allocated to public finance management and 20 percent to privatization. The program commenced in March of 2005 and ended in September 2009.\textsuperscript{71}

The Service Delivery Initiative was implemented with the goal of “refocusing the Nigerian Public Sector on service delivery through effective implementation of service charters, and achieve visible improvements in service delivery through strategic pilots.”\textsuperscript{72}
Several sectors were to assist with this program and received a portion of the allocated funds. The public sector of policy and administration received 50 percent; public finance management, 30 percent; human rights, 15 percent; research and scientific institutions, 5 percent. The total amount allocated was £6,874,619 with a start date of December 2004 and ending in October 2009.\textsuperscript{73}

The Pro-Poor Growth Programme and the Pro-Poor Growth Policy and Knowledge Facility were two programs that received funding due to the collaborative aspects of both, and overlapped each other in their implementation. To begin, the Pro-poor Growth Knowledge Facility began receiving funding in December of 2003. The goal of the program is to implement “improved policy choices that build an enabling environment for pro-poor growth.”\textsuperscript{74} Although £9,430,520 was the intended budget for

\textsuperscript{71} Ibid.


\textsuperscript{73} Ibid.

this program with 99.07 percent allocated to the public policy sector and the additional 0.93 percent allocated to the agricultural policy administration sector, the British government spent £9,160,377 for this project. It ended in May 2010. The Pro-Poor Growth Programme, or Pre-Design began in April 2005, two years after the Knowledge facility phase began. The goal was to “promote private sector-led growth in the non-oil sectors by supporting elements of NEEDS and SEEDS.” Unlike the facility component of this program, small and medium enterprises, financial policy and administration and trade policy were the sectors that received funding to implement this project in the percentage amounts of 45, 30, 15, and 10 percent respectively.

The strengthening of the Nigerian National Assembly was implemented with the goal of “developing the National Assembly’s ability to support pro-poor reform” with an allocated budget of £2,225,150. All of the funds were dispersed to the public finance management sector with a commencement date of May 2005 and ending October 2009. In addition to the impetus placed in strengthening the National Assembly, there were also measures enacted to support privatization and the Bureau of Public Enterprises. The goal of this measure and financing by the DFID was the “creation of an enabling environment for growth through privatization of selected public enterprises, leading to better service

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76 Ibid.

 provision."78 Commencing in December of 2004 and ending in November of 2009, the sectors that benefitted from this £5,824,950 budget were privatization at 70 percent; small and medium enterprises, 15 percent; and energy policy and administration at 15 percent.79

Just as funding was provided by the UK government to help Nigeria with its privatization efforts, there were also funds allocated to support debt management. With a budget of $4,822,039 USD, the goal of the Support for Debt Management Program, which was instituted in August of 2003, was to “strengthen public debt management through a program to build the capacity of the Debt Management Office (DMO) to world class standards and develop stronger relationships with stakeholders, financial institutions and the public.”80 The public finance management sector and public sector policy and administration were responsible for ensuring that this measure was implemented with allocated budget provided. 60 percent was provided to the former and 40 percent to the later to fulfill the goals set forth by the DFID and the Nigerian government in privatization efforts.

Commencing in September 2007, DFID provided Nigeria with funding for the Phase II Support to Nigerian Extractive Industries Transparency Initiative. The budget of


79 Ibid.

£179,961 with the goal of “sustained improvement in transparency and accountability relating to the flow of Nigeria’s extractive industries revenues” provided funding to the public sector policy and administration and public finance management in the percentage amounts of 60 percent and 40 percent respectively.81

The initiative that provided a budget of £361,665 with the goal of empowering selected forest communities in Taraba state to improve their livelihoods through the realization of rights to full participation and benefit from the management of the forests was the Securing of Forest Land Rights Initiative, which was enacted in November 2005 and ended in March 2010. The major goal was to ensure that democratic participation was achieved by those populations that would benefit from the forests in the aforementioned state. Also, 40 percent was allocated to forestry policy and administration.82

Another economic measure that was funded by DFID is the Country Partnership Facility, which commenced in April 2006 with a budget of £444,006. The overall aim was to “strengthen systems and processes for improved donor harmonization in Nigeria.”83 The funding was split between several different sectors. Public sector policy


and administration received 40 percent, social/welfare services received 20 percent, transport policy and administrative received 20 percent, health policy and administrative received 10 percent, and education policy and administration received 10 percent.  

The last economic infrastructure project that received funding from the UK and that fits within the scope of the time frame for this dissertation is the strengthening transportation and accountability in core Niger Delta with a budget allocation of £3,262,780.  

The significance of each of these aforementioned projects and funding received from the UKs Department of International Development helps to inform this study by providing specifics for each of the sectors mentioned for the antecedent and intervening variables under study in this dissertation. This data provides the exact dollar amounts provided to specific sectors in the Nigerian economy. This data will help the researcher and inform the reader of the UKs influence on the development of Nigeria’s political economy.

Soviet Union

Nigeria and the Soviet Union commenced diplomatic relations in April 1961. Although diplomatic relations began at this time, Nigeria was extremely cautious in its dealings with the Soviets. Under the administration of Tafewa Balewa, Nigeria’s elite

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84 Ibid.

were slow to extend the same diplomatic ties to the Soviet Union as it did to the United States and Great Britain. One of the main reasons proffered by theorist as to why Nigeria was slow in the development of these ties is due to the practice of the political ideology of communism in the Soviet Union. Nigeria, being a former colony of Great Britain, remained close with its former colonial power and also began to forge ties with other western political institutions, namely the United States. As indicated previously, many elites within Nigeria's power structure were slow to react to the Soviet's overtures, while other groups within the country were more accepting of the Soviet Union and held the belief that all the major power players, United States, Great Britain, and the Soviet Union should be held on equal footing within the country. Those entities which held these beliefs included the student union organization and the varied workers unions within the country.

Although the Soviet-Nigerian relations began to take some form by the late 1970s to the mid-1980s, the role of the Soviet-Union in most of the third world began to dissipate with the end of the cold war and the domestic economic crises that were plaguing Russia. In the latter part of the 1970s, the relationship between Nigeria and the Soviet Union began to strengthen as a result of the assistance provided by the Soviets to the Federalist during the Biafran conflict. Furthermore, the Soviet Union began to shift its stance of strict ideological communism and exchanged it with a more pragmatic approach. This in and of itself is interesting, for China also undertook the same posturing with Deng Xiaoping as paramount leader. With the commencement of the Soviet's pragmatic approach, several documents and joint communiques were signed. These
included the Agreements on Air Communication signed in 1967; Agreement on Economic and Scientific and Technical Cooperation, 1968; Agreement on Cultural and Scientific Cooperation and Exchanges, 1970; Protocol on the equivalence of scientific degrees, diplomas, and certificates issued and awarded by the educational institutions and the parties, 1973; Agreement on Economic and Technical Cooperation in the Construction of New Metallurgical Enterprises in Nigeria, 1976; Trade Agreement, 1987; Agreement on the Establishment of Intergovernmental Commission on Trade, Economic, and Scientific and Technical Cooperation, 1989; Protocol on Political Consultations, 1990.\textsuperscript{86} It is worth noting that by 1988 trade between the Soviets and Nigeria reached 184 million dollars.\textsuperscript{87}

With the end of the Cold War and Russia's new democratic position in the international arena, the focus shifted to economic and investment interests. Although many new agreements were entered into before the end of the Cold War, there was one of significance that commenced prior to this period. Thereafter, a number of these interests are evidenced in the infrastructural projects commenced in Nigeria and the assistance provided to the education and trade sectors. Each of these shall be examined.

\textsuperscript{86} Bashir Olalekan Obasekola, “Nigerian-Russian Relations: 50 Years of Pragmatic Diplomacy,” 

\textsuperscript{87} Ibid.
Soviet Commitments to Infrastructure

Between the years of 1977 to 1982, the Soviets constructed two oil pipelines of 920 km with the total oil output at 18.7 million tons a year. Additional infrastructural projects were instituted during this time also. Of significance was the Ajaokuta Steel Deal of 1979.

In 1979 the Soviets and Nigerians entered into the very important Ajakuta Steel deal. In an examination of Gbolahan Alli Balogun’s article, “Soviet Technical Assistance and Nigeria’s Steel Complex,” he emphasizes the importance of steel in a nation. He notes that this commodity has strategic and economic significance in economics. It has also at times been used to measure the advancement of a society After twelve years of research, the Soviets were awarded the contract. There are several reasons as to why the Soviets obtained this contract over the Western nation-states. First, it is believed that the United States and the British vacillated on the idea of the construction of a steel mill in Nigeria. The second reason is that of macro-micro linkage. It is believed that the guiding force for the Soviets extension of assistance in Nigeria’s steel correlates to the countries pragmatic approach to development and foreign affairs. Balogun notes, “the motivation in technical assistance policy of the Soviet Union has been the pursuit of national prestige, which is obviously enhanced if a major ‘show-case’ project can be taken away

88 Ibid.
from western entrepreneurs."90 Another reason that the Soviets were awarded the steel contract was due to the earlier geological research and the growth of the Nigerian economy due to oil.

The initial contract between Nigeria and the Soviets was one that was government-government. This contract then moved to government-private, with the project becoming a turn-key project and management eventually being relinquished to the East Indians.91 The significance of the move from government-government to government-private indicates that relationships between nation-states are not just at the official level, but are complex. The Ajaokuta Steel project is an example of complex interdependence at work. Not only did the Indians eventually end with the acquisition of management of the project, but there were additional firms that became involved in this venture.

Other infrastructure projects that were undertaken with Soviet assistance include the acquisition of a 77.5 percent bid with a controlling stake in the Aluminum Smelter Company of Nigeria in Ikot Abasi, Nigeria.92 Also a metallurgical complex was constructed in conjunction with the technical assistance agreement in the geological

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90 Ibid., 623.

91 Ibid., 631.

prospecting works on metallurgical raw material. In tandem, a technical training college for an iron and steel industry was established in 1975 in Warri. After the Russian Federation replaced the former Soviet Union, relations between Nigeria and Russia would rebound. Russia's major aluminum company, the United Company RUSAL won a 77.5 percent bid, controlling a part of Nigeria's Aluminum Smelter Company in Ikot Abasi, Nigeria. Also, in the arena of economic infrastructure, the financial consultancy group Renaissance Capital began work in Nigeria in 2006 where its office is located in Lagos. In 2009, The Russian-Nigerian Business Council (RNBC) was created to fulfill these main objectives:

(1) [E]xpansion and development of business contracts and cooperation between Russian and Nigerian businessmen; (2) protection of the rights and legitimate interests of Russian businessmen in their relations with Russian and Nigerian official and commercial structures; (3) expansion of participation in bilateral cooperation of representatives of small and medium businesses of Russia; (4) cooperation and organization constructive dialogue of Russian and Nigerian business community interested in the progressive development and effectiveness increase of Russian-Nigerian business cooperation.

To examine the Nigerian-Russian relationship from a different perspective, it is relevant to mention BRICs (Brazil, Russia, India, and China). Both Russia and China are BRICs nation-states and it is believed that all four of the countries mentioned will have economies that will surpass most of the developed economies by the year 2050. When examining the relationship that each of these countries have with many African nation-

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93 Ibid.
94 Ibid.
states, there has been some controversy. The disagreement arises on two fronts according
to Abiodun Alao.96 Are the relationships beneficial? What happens to be the long term
consequences of the relationships?97 With these questions being provided, it is necessary
to look at some additional projects and agreements entered into between Russia and
Nigeria after the Cold War.

In March 2001 both countries signed a Declaration on the Principles of Friendly
Relations and Partnerships and Programme on Cultural and Scientific Cooperation. In
2010 Dimitry Medvedev visited Nigeria and signed a deal to co-operate in developing
nuclear energy, especially for the purpose of electricity. In addition, both countries
started discussions pertaining to space, technology, nuclear energy and partnerships in
other technical fields in 2010.98 A nuclear agreement was signed between the Nuclear
Regulatory Authority and the Russian State Atomic Corporation to explore and develop
gas and hydro-carbon related projects. In addition to the infrastructure projects, trade
between both countries has increased since the end of the Cold War and the necessary
agreements and MOUs have been created to ensure that the relationship between both
countries continues to deepen.

96 Abiodun Alao, “Nigeria and the BRICS: Diplomatic, Trade, Cultural and Military Relations,”
South African Institute of International Affairs Occasional Paper No. 101, accessed 7 January, 2014,
dspace.cigilibrary.org/jspui/bitstream/123456789/32503/1/saii%20OP%20101.pdf?1.

97 Ibid.

98 Ibid.
Health

There is very little data available in the way of the Soviet Union’s foreign aid to Nigeria’s health sector. The rationale for the lack of data available will be highlighted further in this document in the Analysis and Findings chapter.

Education

There is very little data that has been extracted from the World Bank or the IMF in dollars and cents. However, some commentary has been provided in regards to the student exchange opportunities afforded to Nigerian students to study abroad in Russia during the period of the Cold War and thereafter. Some individuals and authors have opined that there were indeed students taking advantage of the opportunity to study abroad in the Soviet Union, however, this was done cautiously, specifically in the days of Balewa’s regime. It has been stated that many students who sought to study in the Soviet Union did so by way of entrance through other African countries where relations may have been a bit stronger than they were during the early years of Nigeria’s independence. Also, after the commencement of a more pragmatic relationship with the Soviet Union, Nigeria began to utilize the Soviet Union for its needs and more than it had under the previous administration of the First Republic. Furthermore, after the Biafran conflict and civil war, Nigeria’s federal structure began to warm more to the Soviets, for the Soviets sided with the Nigerian federal government along with the UK during the Biafran conflict. The Chinese and the French sided with the separatists during the civil war of

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Nigeria. This helped to solidify the Soviets place in Nigerian political-economic development, specifically during the period of the Cold War. Furthermore, it gave Nigeria more bargaining power to obtain from the major super-powers what it needed for its own development goals. This also included China.

**Bretton Woods Institutions**

For the purposes of this research, both Bretton Woods Institutions have been examined to ascertain how their financial aid has intersected with China’s foreign aid to Nigeria and the influence on the political economic development of the dependent variable. The International Monetary Fund and the World Bank are two institutions that are serving as antecedent and intervening variables in this research and therefore the relationship that both of these variables holds with the dependent variable, Nigeria are worth discussion.

*The International Monetary Fund*

Nigeria became a member of the International Monetary Fund (IMF) in 1961, upon its independence from Great Britain. In order to fully comprehend the role that the IMF has had in the political economic development of Nigeria, one must understand the purpose and mission of the IMF or the Fund, as it is also called. The IMF was established in 1945 at the end of World War II assist in the rebuilding the world economy. Prior to the end of the gold standard the Fund had the responsibility of “maintaining exchange
rates for international free trade."\textsuperscript{100} However, with the end of the gold standard, the Fund found itself dealing with an identity crisis and therefore had to drop its original purpose and re-focus its mission. The new purpose and mission, although not entirely novel, was to assist members with "correcting maladjustments in their balance of payments without resorting to measures destructive of national or international prosperity."\textsuperscript{101} The IMF was to operate as a "lender of last resort," where members of the IMF would receive assistance from the assets held by the IMF in the form of foreign currency. An organization enters into an agreement with a government of a nation-state, more specifically the executive or agents thereof. There are arrangements that are made between the IMF and the host government. In order for the host country to receive a loan, some portion of the set aside currency available in the Fund, the nation-state must agree to the "arrangements" and adhere to those arrangements in order to receive the loan from the IMF. This is just one of the three major types of arrangements that are available through the IMF, and it is known as the structural adjustment facility or the enhanced structural adjustment facility. This type of agreement is one that Nigeria is familiar with and received from the IMF during the Babangida administration. Although a Structural Arrangement Facility was officially entered into in 1987, which required that Nigeria accept the "conditionalities" imposed by the IMF, there was one arrangement that was entered into prior to the latter part of the 1980s. A return to the Babangida Administration


\textsuperscript{101} Ibid., 8.
will take place following an examination of the arrangements of the Shagari Administration, which will examine this arrangement that was deliberated with the IMF. Under President Shagari, Nigeria entered its first arrangement with the IMF. Unlike the illustration provided earlier about Structural Arrangement Facilities, this arrangement was one that was not hindered with conditions by the IMF. Instead of entering a conditional arrangement, the Shagari Administration instead utilized the funds that it had saved in its unconditioned reserves, at a rate of 25 percent and then tapped into the Oil and Supplementary Financing Facilities, which too were unconditioned.¹⁰²

Vreeland explains the move to conditional agreement talks that were finally placed before the Shagari regime in 1983 after the unconditioned arrangements proved to not satisfy Nigeria’s economic problems. He states:

The IMF offered Nigeria two options: (1) a one-year stand-by arrangement for 810 million SDR or (2) a three-year extended fund facility arrangement for 2.43 billion SDR. Both of these options entailed IMF conditions, however. Negotiations broke down over three main issues: elimination of petroleum subsidies, trade liberalization, and devaluation.¹⁰³

One of the main factors that caused Nigeria not to enter into the agreement with the IMF at that time pertained to Shagari’s bid for re-election. This is important because no Nigerian government had ever entered into any structural adjustment agreements, for the polity viewed these arrangements as a threat to the sovereignty of the nation. The decision made by Shagari helped him garner enough support for re-election. Furthermore,

¹⁰² Ibid. 36.
¹⁰³ Ibid., 36.
Shagari implemented his own brand of austerity measures, and this also possibly sealed his ability to win the presidential re-election because he did not enter into the agreement with the IMF.

After the election, Shagari did move forward with an Extended Fund Facility Agreement. Yet this type of agreement also faced problems of acceptance by the Nigerian people because it would have required Nigeria to devalue the Naira and also adhere to budget restraints set by the IMF. These issues were not the only hindrance. The IMF also had a problem. In 1983, the IMF had the largest number of arrangements made with nation-states that year, according to Vreeland’s research. These arrangements caused a shortage of resources held by the IMF. This shortage led to Nigeria being placed on a waiting list until the Fund was able to increase its currency intake from its member nation states. However, during this hold period, Shagari was overthrown by a military coup d’état in December 1983. With this examination of the Shagari administration’s relationship with the IMF, the Babangida Administration is also due some examination.

Upon Babangida’s control of the Nigerian presidency, the talks for structural adjustment continued. One of the measures taken by Babangida was to hold a public discussion of the merits and demerits of the structural adjustment program and the benefits that it would bring to the Nigerian economy. It is important to note here the role of the IMF in the Nigerian economy. According to the Central Bank of Nigeria, “the IMF focuses mainly on Nigeria’s macroeconomic policies. These are policies that have to do

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104 Ibid., 37.
with public sector budgets, the management of interest rates, money, and credit and exchange rates; and financial sector policies, particularly, the regulation of banks and other financial institutions (as agreed by the BIS-Bessel Agreements).” Although Babangida’s presentation received some criticisms by proletariat groups of society, there were those that welcomed the SAPs. Individuals considered to be middle grounders, according to Tom Forrest, “accepted the conditions but rejected the loan.” Others, who favored both aspects of the IMF agreement (including the conditions and the loan) were those in the private sector, corporate managers and a number of senior civil servants.

The agreement that was forged with the Bretton Woods institutions during the Babangida administration was somewhat different from that deliberated by the Shagari regime. To begin, instead of the IMF offering the loan, the World Bank provided credit to fund the Structural Adjustment Program. One of the main aspects of the program was the devaluation of the naira. Forrest explains that this was done through the implementation of the Second Tier Foreign Exchange Market (SFEM). The program was then endorsed by the IMF once other aspects were included, specifically imports. Furthermore, Forrest notes some particulars of the agreement, such as the fact that Nigeria moved

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107 Ibid., 210.

108 Ibid., 212.
straight to a SAP without the traditional standby agreement or an Extended Fund Facility. Also Nigeria accepted all of the conditionalities of the IMF without taking the loan itself from the IMF. As indicated earlier, the World Bank provided the credits or funding to back the SAP. Forrest notes that there are five elements of the SAP objectives which he concludes are:

1. Strengthen demand management through monetary, fiscal, and wage policies.
2. Stimulate domestic production by encouraging non-oil exports and by reducing dependence on imported goods through changes in relative prices (notably a lower exchange rate) tariff, rationalization, and export incentives.
3. Reduce public regulation and administrative control by the reduction of subsidies, price decontrol, de-regulation, of the financial sector, and trade and payments of liberalization.
4. Rationalise the bureaucracy and public sector projects, and commercialise and privatize public corporations and companies.
5. Reschedule the external debt so as to shift the main burden of debt servicing to 1991 and beyond.109

Table 5.1 illustrates how the devaluation of the Naira was brought about by the SAPs program and more specifically, with the implementation of the SFEM. The importance of Table 5.1, compiled by Forrest, is to show how the SAP programs implemented by the IMF and the World Bank impacted the naira and thereby had a negative effect on the growth of the economy of the country. Furthermore, the funds that were earned from oil receipts had fallen and these funds were to be generated from external accounts that were tied to oil revenue. This in turn caused a decline in infrastructure projects in the country.

109 Ibid. 213.
In summation, there were a number of issues with the SAPs that were not viewed favorably by much of the Nigerian civilian population. Even though the conditions and arrangements that were entered into under both the Shagari regime and also the Babangida Administration were initiated by the home government and not the IMF, the need for funding to correct the maladjustments in the economy called for a loan from the international multilateral organizations of the IMF and the World Bank. With some

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**Table 5.1. Selected Economic Indicators in Nigeria, 1980-1993**

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<td>Nominal Exchange Rate</td>
<td>100</td>
<td>81</td>
<td>72</td>
<td>41</td>
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<td>7</td>
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<td>Real Exchange Rate</td>
<td>100</td>
<td>114</td>
<td>185</td>
<td>91</td>
<td>29</td>
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<td>31</td>
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<tr>
<td>Consumer Price Index</td>
<td>100</td>
<td>130</td>
<td>223</td>
<td>249</td>
<td>274</td>
<td>378</td>
<td>534</td>
<td>573</td>
<td>648</td>
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<td>Exports</td>
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<td>Value</td>
<td>100</td>
<td>55</td>
<td>48</td>
<td>24</td>
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<td>33</td>
<td>52</td>
<td>49</td>
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<td>Unit Val.</td>
<td>100</td>
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<td>83</td>
<td>49</td>
<td>58</td>
<td>50</td>
<td>59</td>
<td>76</td>
<td>68</td>
<td>68</td>
<td>58</td>
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<tr>
<td>Volume</td>
<td>100</td>
<td>56</td>
<td>58</td>
<td>48</td>
<td>51</td>
<td>56</td>
<td>55</td>
<td>68</td>
<td>72</td>
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<td>Imports</td>
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<td>60</td>
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<tr>
<td>Unit Val.</td>
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<td>92</td>
<td>87</td>
<td>96</td>
<td>103</td>
<td>112</td>
<td>120</td>
<td>119</td>
<td>122</td>
<td>122</td>
<td>120</td>
</tr>
<tr>
<td>Volume</td>
<td>100</td>
<td>109</td>
<td>45</td>
<td>28</td>
<td>25</td>
<td>20</td>
<td>24</td>
<td>50</td>
<td>45</td>
<td>45</td>
<td>44</td>
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<tr>
<td>Naira per $ Exchange Rate (year end)</td>
<td>0.54</td>
<td>0.67</td>
<td>0.81</td>
<td>3.32</td>
<td>4.14</td>
<td>5.4</td>
<td>7.7</td>
<td>9.0</td>
<td>9.8</td>
<td>19.6</td>
<td>21.8</td>
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*aExchange rates are period averages.

*bPrice Indicies are a composite of rural and urban for all income groups.

*cAll trade figures are tentative.


Forrest obtained his information from a variety of sources. The exchange rates were obtained from the IMF, *International Financial Statistics* (various years); trade figures are from UNCTAD, *Handbook of International Trade and Development Statistics* (various years).
background discussion provided on the IMF's influence, the World Bank also deserves some analysis.

**The World Bank**

Just as the IMF had SAPs that were used in developing countries, the World Bank too had SAPs to assist countries in tough economic times. The World Bank became a driving force on the African continent during the 1980s when the lack of Balance of Payments (BOPs) presented itself as a problem in the IMF. This is a point that was discussed in the examination of the IMF.

In order to fully understand the World Bank’s mission in Nigeria, it is necessary to clarify the mission of the organization, which is to “end extreme poverty within a generation and boost shared prosperity.” With this statement being clarified, now this research can generally examine how this Bretton Woods institution has worked to fulfill its stated mission in Nigeria. It must be noted that the examination of the World Bank and Nigeria is not meant to be exhaustive in nature, but rather one that is cursory. Therefore, the researcher has highlighted some of the major reports regarding Nigeria’s economic outlook as provided by the World Bank Group.

Upon examination of the Gross Domestic Product of Nigeria, per capita and also in constant dollars for the years 1979-2010, major fluctuations occurred in the GDP. Figure 5.3 illustrates Nigeria’s GDP in both of these areas over the years studied.

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Figure 5.3. Nigeria GDP in Constant and Per Capita Prices (Billions USD).

From the data provided in Figure 5.3, Nigeria's GDP--per capita--remained relatively stable between the years of 1980-1981 (held at 885.24 and 885.27 respectively).\footnote{World Economic Outlook (WEO) Data, IMF, accessed 17 May, 2014, www.econstats.com/weo/v004.htm.} This can be attributed to the wealth that was being generated by oil receipts from the oil boom. However a decline began to occur in the following years of 1982 to 1986 before a slight rebound. This time period, 1982-1986, is also the period in Nigeria's history where internal unrest began to surface due to the widespread nature of prebendalism, a point discussed in chapter three.\footnote{Discussion of the government, prebendalism, and the policies implemented during the 1982-1986 time period is discussed and expounded upon in chapter three of this dissertation. The government of Nigeria, prior to the Second Republic, is examined and the subsequent administrations that followed are discussed.} Furthermore, the end of democratic governance by way of a coup d'état and the commencement of military rule also caused economic volatility.
During the regimes of Buhari, Babangida, and Abacha, 1983-1999 respectively, these were the years of economic austerity and the implementation of structural adjustment programs by the Bretton Woods Institutions. As previously indicated in the discussion of the Bretton Woods Institutions as it relates to the IMF, the World Bank Group provided the necessary capital to ensure that a SAP could be implemented in the country due to the BOP shortages faced by the IMF. Therefore, conditions were put in place, arrangements were made and a loan was secured. However, why did the GDP of the country continue to spiral downwards during the time of these military leaders? There are a number of factors that can be attributed to this lag in the economy. First the reasons provided by the World Bank shall be provided and thereafter, an analysis of the system and the role of complex interdependence.

The World Bank reports that Nigeria’s profile prior to 1998 was one that was stagnated. The figures provided by the IMF report indicate that in 1977 Gross Domestic Product (GDP) per capita stood at $444. Comparing this figure with 2004, the GDP per capita was only at $430. During this twenty-seven year period, Nigeria faced a number of issues that caused its GDP in terms of per capita and also in current prices to plummet. Some of these points have been previously mentioned. Some additional factors, as pointed out by the World Bank Group that caused Nigeria’s decline include:

1. Political instability
2. Lack of clear national identity and commitment
3. The impact of hydrocarbon exports on real exchange rate
4. Weak economic management
5. Rapid population growth
6. Widespread corruption and weak governance.\textsuperscript{114}

On point number one: In the area of political instability, the World Bank concluded that successive military regimes with intermittent democratic governments led to unstable governance. The World Bank notes that the major focus of these authoritarian regimes was access to the country's coffers and natural resource wealth. Point number two: The lack of clear national identity and commitment can be attributed to the prebendal nature of politics which led to ethnic rivalries over the country's wealth and power positions. This in turn exacerbated an already weak national identity crisis. Point three: The impact of hydrocarbon exports on real exchange rates led to a lack of competitiveness with the export of goods. The reliance on oil wealth led to the Dutch Disease and the decline and commitment of resources to the agricultural sector. Point number four: Weak economic management led to high amounts of spending and lack of investments. This in turn has led to weak private and financial sectors. On point number five: Rapid population growth has seen the growth rate much faster than the economic climate. Lack of infrastructure, shallow labor force in the manufacturing and agricultural sectors and more urbanization has caused a drain on the economy. Last, point number six: Widespread corruption and weak governance. There are very few institutions to address the issue of corruption in the country.\textsuperscript{115}


During the Abacha regime from 1993-1998, the World Bank had very little interaction with Nigeria and so did much of the rest of the international community. In 1993, the per capita GDP for the country was at its’ nadir of 160.53. At the end of Abacha’s regime however, there were some moves towards privatization and methods instituted to curb inflation. There was a brief increase of the per capita GDP at this time which reached 431.26. However it was not until the full return to democratic governance did the World Bank Group begin to offer new loans for investment to the country and these loans were provided to assist certain sectors of the economy.

With the return of democratic governance under the administration of Olusegun Obasanjo in 1999, a team that could institute real reform began to put forward some initiatives to correct the Nigerian economy and institute real reform. The World Bank began to once again align itself closely with the government and assist with reform efforts. Some of the strategies implemented according to the Independent Evaluation Group of the World Bank include the following:

The bank made changes in its management of the lending programs to speed disbursements and obtain improved results. An important governing objective was to secure debt relief, and the Bank assisted with analytic work demonstrating to Nigeria’s creditors that the level of debt servicing Nigeria was required to undertake was not consistent with its achievement of the MDGs. This contributed to the decision to write off 60 percent of Nigeria’s debts. The bank also supported the efforts of the reformers with a substantial loan for economic governance that

117 Ibid.
provided support for the budget reforms and the steps being taken to reform the country’s civil service. Disbursements on bank loans began to pick up, and the percentage of the portfolio at risk fell from 79 percent in 2003 to 26 percent in 2006.\textsuperscript{119}

To provide some illustration from the statistics that are illustrated in the last sentence above, one need only examine the GDP of both of those years respectively. In 2003, the World Bank’s publication noted that the portfolio risk during that year was 79 percent. At this point in time, the GDP for the country was 524.26 for per capita and 67.66 for current GDP. In 2006 however the per capita GDP was 1038.76 and the current stood at 145.43.\textsuperscript{120} The rise in the Gross Domestic Product in the country indicates that the reforms that were implemented worked, albeit to a detriment early on. Furthermore, confidence in the Nigerian economy began to rise which led to the loosening of restrictions and more Foreign Direct Investment from the international community. This allows segue to the role of the system and complex interdependence, one of the main theoretical postulations for this dissertation.

The role of complex interdependence as it relates to the role of the Bretton Woods Institutions pertains to the idea that there are many actors in the process; these include state and non-state actors. In addition to the role of the aforementioned groups, the relationships consists of agendas that have compound issues and these issues may or may not be arranged in any specific order. As indicated earlier, during the years of military regimes operating in Nigeria, much of the international community had very little

\textsuperscript{119} Ibid.

dealings with the country. Issues of mismanagement of funds—even those funds provided during the initial structural adjustment program under the Babangida Administration, and other loans that were provided by the international community were believed to have not been not handled properly for the economic prosperity of the country. Furthermore, the lack of development of the country’s agricultural sector, which made it a necessity for the country to import food stuffs while exporting its hydrocarbon resource and becoming almost totally reliant on its revenues became questionable. And not utilizing the revenues from the country’s top export for the betterment of the polity caused the international community to question the economic policies. Other issues such as prebendalism, poor humanitarian record, and lack of infrastructure and the requisite facilities to attract outside investment were also an issue.

The role of the United States, Great Britain, France and other major Western nations in groups such as Club de Paris can play a very important role in many highly indebted countries credit status. For it is groups such as the Paris Club that negotiates with countries to help them to reschedule their debts, and when debts are rescheduled in favorable terms for the borrower, it may increase their creditworthiness. Another aspect of this however, is that many of these same member states of the Paris Club, the G-4 and the G-8 are also the ranking members of the IMF and the World Bank along with additional lending institutions and non-governmental organizations. Therefore, the policies and agenda that have been set by many of these ranking nations can impact the decisions for loans and investments into the developing world, Nigeria notwithstanding. Part and parcel of being offered a loan or even the rescheduling of debt includes the
interference in the domestic economy through policy advice by the major nation-states. This is something that has not been looked on too favorably by Heavily Indebted Poor Countries (HIPC) because it is believed that it is an interference into the sovereignty of that nation-state and a belittling of their political capability. Therefore, the relationship between the HIPC, the Bretton Woods Institutions, and the rest of the world becomes very complex and interdependent.

Conclusions

In conclusion, due to a number of reforms that were implemented in the country after the return to the civilian form of governance, the GDP of the country began to increase. By the year 2008 the country’s GDP per capita stood at 1401.24 with a slight dip in 2009 to rebound again in 2010 at 1261.39. Many of the reforms that occurred and the rise in Nigeria’s GDP can be attributed to a number of factors. The return to civilian governance, the influx of FDI, austerity measures, etc. are just some of the reasons as to why real GDP and nominal per capita GDP increased.

With attention given to the antecedent and intervening variables, all discussed in this current chapter, this research will follow with an analysis and examination of the foreign aid given in the selected sectors. The independent and the intervening and antecedent variables will be examined to provide some context and understanding of the role of foreign aid on Nigeria’s political economic development.

\[\text{121 World Economic Outlook (WEO) Data, IMF.}\]
CHAPTER VI
ANALYSIS AND FINDINGS

Explanation of Analysis and Methods

The major focus of this section utilized the second research design discussed in the methodology, time series. Both approaches, comparative analysis and time series, are considered to be non-experimental designs. These designs were chosen due to the researcher having no control over the events being investigated. The analysis section of this dissertation has a specific focus on the second research question: (2) how has the foreign aid of China impacted the political economy of Nigeria? The time series design was utilized here to examine the impact of China’s aid on Nigeria political economy. Furthermore, this approach will also be used to examine the antecedent and intervening variables foreign aid on Nigeria’s political economy. Therefore, the third question of this research—(3) How has the international community played a role in the relationship between Nigeria and China?—also utilized the time series approach for analysis.

Data Gathering and Use for Analysis

The data that was compiled for all variables was obtained from multilateral institutions, specifically the World Bank, and the International Monetary Fund. An additional database utilized for the compilation of monetary figures committed to Nigeria from China, the United States, Great Britain, Soviet Union, World Bank, and the IMF was AidData: Open Data for International Development. AidData is a research and
innovation lab that was formed in 2009. The organization works to make information on
development finance more accessible. Furthermore, AidData tracks some $6 trillion
dollars from over 90+ donor agencies, and collaborates with the Organization for
Economic Co-operation and Development (OECD) and individual donor agencies.¹

**Process and Method of Analysis**

Data for each variable was added by year and sector. Therefore the dataset
resembled the chart below. Table 6.1 not the complete chart with all data compiled, but is
meant to serve as an illustration of how the variables and years were arranged and coded
in SPSS.

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The data was analyzed using the IBM SPSS 22 statistical software, specifically
running the forecast analysis to ascertain the impact of the independent variable on the
dependent variable. The forecast analysis approach was also utilized for the intervening

and antecedent variables and their relationship with the dependent variable. The analysis charts will be provided in this order: China Foreign Aid to Health, China Foreign Aid to Infrastructure China Foreign Aid to Oil and Mining, and China Foreign Aid to Education. The antecedent and intervening variables will also be examined in this format as well. There will also be some charts comparing the overall aid of China to the various sectors of Nigeria under study and the overall aid of each of the antecedent and intervening variables to the selected sectors under study for this research.

The Soviet Union, although a variable in this research design did not yield any results, therefore this variable was not analyzed. There are a total of 24 areas of examination over a 32 year period. Removing the Soviet Union provided a yield 20 areas and 32 cases.

As indicated in the methodology, the political economy of Nigeria was operationalized as the Gross Domestic Product of the country. The author has found it difficult to control other factors that were not examined in this research study that may also have had an impact on the rise and fall of Nigeria’s GDP (additional confounding variables). However, an examination of the dollar amounts provided by the independent, antecedent, and intervening variables to the various sectors under study (health, infrastructure, oil and mining, and education) along with contextual explanation and analysis provide some insight into the relationship of all variables on the political economy of Nigeria. Furthermore, this time series chart provides visual illustrations on the dollar amounts provided to each of the selected sectors under study during the years 1979-2010.
China's Aid Commitments to Nigeria's Health Sector

Chart 6.1 is a Time Series (TS) plot diagram which depicts China's foreign aid to Nigeria's health sector. This is a compilation of all committed funds to Nigeria's health sector either in basic health, in-kind grants and donation, treatment for disease, or population policies. Along the x axis are the years of study, 1979-2010 and the y axis stipulates the amounts provided in USD amounts.

Figure 6.1. Time Series Plot, China's Aid Commitments to Nigeria's Health Sector, 1979-2010.2

The first figure, 6.1, illustrates the amount of foreign aid to Nigeria's health sector between the years 1979-2010. After research was conducted in various data sets, the

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2 The amounts on the Y axis represent the amounts provided or committed to Nigeria's health sector. The scale starts at 0 and ends at $10,000,000 (ten million), with $9,092,248 being the highest amount provided in 2002.
writer found relevant data to this research study in AidData. To provide some basic explanation, the numbers on the Y axis represent the amounts provided or committed to Nigeria’s health sector. The X axis represents the years that amounts were committed, commencing at zero. A striking note about the chart is that between the years 1979 to 2001 there was no data entered in the data base for this time period. The reasons for the lack of relevant data for this time period pertains to the transparency of records by the Chinese government. Although foreign aid data for China’s assistance has been scanty, an article published by AidData entitled “China’s Foreign Aid White Paper: A Victory for the Aid Transparency Movement?” illustrates how project level data has been virtually non-existent or not shared by the government of China.3 However, post-Tiananmen Square would suggest that China has made attempts to clean up its record of human rights abuses and lack of transparency due to the expansion of its investments abroad and also to denounce the behavior of other states that have recorded human rights abuses. Furthermore, the need to correct the perception of the international community of China’s transparency has also led the country to become more open about its foreign aid.4

The methods that AidData used to extract some of the information about China’s Foreign Aid to other countries was done by “scraping the China Commerce Yearbook

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4 Ibid.
and the Almanac of China’s Foreign Economic Relations and Trade."\(^5\) Samantha Custer noted that a Brigham Young University professor and a team of research students were able to extract information for specific projects between the years 1995-2005. However, one of the limitations was that there was a large amount of project level data that was unaccounted for. To further highlight how AidData collected its figures, Austin Strange, Bradley C. Parks, Michael J. Tierney, et al indicate that the methodological approach that was used applied a media-based data collection (MBDC) approach. This approach was used to track Chinese development assistance to African countries between the years 2000-2011.\(^6\) With the ability to track the data for at least a decade of this study, it allows some analysis to be made as to why the aid to this particular sector peaked between the years 2001 to 2003.

As mentioned, there was a sharp increase of aid to Nigeria in the health sector during the years of 2001 to 2003 followed by a decrease or non-existent data for the year 2004. We then see aid resume to the health sector in the year 2005 to the end of this study, 2010. What were some of the factors that contributed to this increase of aid during the aforementioned years?

To begin, the years that are illustrated in Chart 6.1 indicates the increase of foreign aid to Nigeria’s health sector commencing in 2001. However, the increase of MOUs between the two countries actually commenced in 1999 followed by aid

\(^5\) Ibid.

commitments in the form of funds or in-kind services. Prior to 1999, Nigeria operated under several military regimes, which may have attributed to the lack of funds provided by China and other international donors. However, with the return to civilian power in 1999 by Olusegun Obasanjo, a renewed focus was given to Nigeria by China. To illustrate, anti-malaria medications were provided by Lian Yinzhu, Chinese Ambassador as an in-kind gift. Medical donations were given in the form of an in-kind grant in 2002; funds were provided to train medical staff and to also build medical infrastructure.\footnote{See chapter four.}

Another contributing factor is the adoption of the MDGs for developing countries. MDG goals number four, five, and six all pertain to the health sector. China's role in helping Nigeria fulfill the MDGs can also be seen as a contributor to the marked increase of aid given to Nigeria's health sector.\footnote{For more information on the MDGs please refer to chapter four.}

If we return to the Table 5.3, which provided an illustration of Nigeria's GDP in per capita and also current prices, it is evident that between the years 2001 to 2010 there was a steady increase of the GDP for the country. In 2001, the GDP stood at 44.14 current and 361.11 per capita and it continued to climb steadily during the aforementioned years. However, it must be clarified that this examination between the GDP and the aid provided by China to Nigeria's health sector is not causal. It does indicate that the political environment and policies adopted by the new civilian government of Nigeria and also the new agreements that were forged between Nigeria...
and others in the international community, including China, all played a role in the marked improvement of the country's economic outlook.

China's Aid Commitments to Nigeria's Infrastructure Sector

Figure 6.2. Time Series Plot, China's Aid Commitments to Nigeria's Infrastructure Sector, 1979-2010.9

Chart 6.2 represents the amount of aid committed or provided to Nigeria's infrastructure sector. This aid includes all funds committed to clearly defined infrastructure projects in the AidData database and also the communications sector. As indicated in the previous chart, 6.1, there is very little data available for the years 1979-2001, however, there is a marked increase commencing in the year 2002. The rationale

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9 The amounts on the Y axis are in increments of US billions of dollars. The scaling between each amount is in $10 billion. The highest amount committed or provided was $4,165,498,522 in 2006.
for very little data being available for the years 1979-2001 has been previously discussed in chapter four of this study. To reiterate some of the major points as to why there was little aid to the area of infrastructure pertains to China’s strategy of foreign direct investment (FDI) between the years of 1979-1985, 1986-1991, 1992-1998, and the year 1997. Each of these periods represent specific stages of China’s strategy of FDI. This is a part of the micro-macro linkage model, which was discussed in the theoretical and conceptual framework section of this document. However, commencing in 1999, China instituted its “go global” policy where trade and outside investment increased with very little government interference. Furthermore, in 2001 China joined the WTO and more private firms sought new markets and this strategy became part and parcel of the country’s 11th five year plan.

To examine the amounts of aid that were given during the years indicated on Chart 6.2, the data indicates that there was an amount given to Nigeria for $529,000,000 in 1995. As indicated earlier, for China, this was the time when the country sought to expand and regulate its outward direct investments. What this entails is the government of China incorporating an internalization mechanism into the economic development policies of the state. For Nigeria, this was a period of internal turmoil, however, the Abacha regime sought to increase relationships with the Eastern bloc. This $529,000,000 infrastructure deal that was negotiated between China and Nigeria was for the rehabilitation of the Nigerian railway system. In 1995, the GDP of Nigeria slowly rebounded and increased to 355.76 per capita and 36.95 current price. This was up from 178.95 per capita in 2004 and 18.9 current price point GDP.
A return to the chart will show that the years 1996 to 2001 has a deficit of data. There are two reasons that stands out for the lack of foreign aid. The first reason can be attributed to the Asian financial crisis, which took place in 1997-98, and reverberated throughout the Asian continent. The cause of the shock to the Asian economy was a result of the government of Thailand choosing to “no longer peg the local currency to the United States dollar.”\textsuperscript{10} This decision had an impact on the rest of South Asia including China. The result was a move to protectionism by those affected by the meltdown, to protect their own financial markets. The second reason can be attributed to Nigeria’s political environment during the Abacha regime. During the years of 1997-98 Nigeria’s government was shunned by Western powers due to the country’s heavy involvement in Sierra Leone to overturn a coup d'état, and uncovering plots to overthrow the government in Nigeria. Furthermore, during the years of Abacha’s power, the infrastructure of the country deteriorated, and poverty levels continued to climb. There were reports that billions of dollars were siphoned out of the Nigerian economy by the Abacha regime and the corrupt practices of his leadership are viewed as some of the worst in Nigeria’s history.\textsuperscript{11}

With Nigeria’s return to civilian rule in 1999, the data indicates that there was an increase in Chinese aid commitments to Nigeria. The years 2001-2003 all report aid provided to infrastructure projects. In 2001 aid was given in the sum of $4,780,000;


$682,166,551 in 2002; and $996,646,635 in 2003.\textsuperscript{12} Other projects continued and more aid was provided during the years of 2004 through 2010. During the Obasanjo Administration, Nigeria entered into what may be called a number of “oil for infrastructure” deals with China. These agreements and projects were discussed in great detail in chapter four of this study. It is clearly evident that during the time of 2001 to 2007, the time that Obasanjo was president of Nigeria, the country’s economic outlook seemed to be proceeding along smoothly. An examination of the country’s GDP during the aforementioned time frame shows that between these periods, the per capita continued to rise.\textsuperscript{13}

\textit{China’s Aid Commitments to Nigeria’s Oil and Mining Sector}

Figure 6.3 examines the amount of foreign aid to Nigeria’s oil and mining sector. This is of significance due to the vast amount of oil and natural gas reserves available in the country.

\textsuperscript{12} Dollar amounts are the sum amounts of various infrastructure projects for each year.

\textsuperscript{13} See GDP index in Figure 5.3.
Figure 6.3. Time Series Plot, China’s Aid Commitments to Nigeria’s Oil and Mining Sector, 1979-2010.\textsuperscript{14}

As indicated in the previous section, the Administration of Olusegun Obasanjo entered a number of agreements with China. These agreements were “oil for infrastructure” deals. Commencing in the year 2003, there is an amount of $483,323,317 USD provided. This is the sum total of one investment to the oil and natural gas sector.\textsuperscript{15} In 2004 an additional $3,420,583,596.49 USD was provided to Nigeria for the purposes of oil exploration. There was an additional amount that was set aside for FDI flow in this particular sector. The amount was $3,013,730,040.96 USD. However the amount was cancelled due to China being outbid on this investment. In 2005, Nigeria offered China access to oil bidding in Rights of No Refusal bids (RFR). These oil blocks amounted to

\textsuperscript{14} The amounts on the Y axis are in increments of billions of USD. The highest sum total amount committed or provided was $22,126,295,905 in 2010.

discounted rates and this too was a part of the Obasanjo Administration’s oil for infrastructure deals.\(^{16}\) However, as indicated earlier, these amounts were cancelled and this is due to the mistake of the Chinese to bid on the oil blocs due to the false assumption that the blocs had already been acquired during earlier negotiations.\(^{17}\) The dataset utilized AidData, which yielded no figures for the years 2005 and 2008. Reasons for this may be associated to the reasons described earlier. The years 2006, 2007, 2009, and 2010 provide a different result.

In 2006, four deals were entered into with China. They include $80,748,034, as part of FDI flow class; $4,193,514,580 in FDI flow class with a 45 percent interest in oil exploitation license; $23,887,960.14, also part of FDI flow type and part of the Gulf of Guinea Joint Development Zone for oil exploration; and last, $21,532,809 for oil exploration and four oil blocks, which was also a FDI flow type project. The grand total for the aid and investments in the oil and mining sector during the year 2006 totaled $4,319,683,384.

The year 2007 only witnessed one investment in the amount of $357,997,432 for solid minerals and oil exploration. One of the major reasons as to why there were a lack of MOUs during the year 2007 can be attributed to Yar’Adua becoming the new president of Nigeria and a number of the oil for infrastructure deals that were negotiated between Obasanjo and the Chinese government were put on hold or even cancelled. As Mthembu-Salter notes, Yar’Adua demanded a formal investigation of a number of


\(^{17}\) Ibid
agreements that were entered into by the previous administration at a time that was so close to his inauguration.\textsuperscript{18}

As for the year 2009 one investment was also provided. However, in 2010, $22,126,295,905 was provided for the construction of an oil refinery. Cindy Hurst explains that a number of joint venture operations are relied upon by Nigeria for exploration and development. Furthermore, she indicates that commencing in the 21\textsuperscript{st} century, China was able to make inroads into Nigeria that had long been closed off due to Western markets and firms.\textsuperscript{19} As discussed previously in chapter four, China entered into a number of MOUs with Nigeria for oil mining and exploration rights. For example, in 2004 China received a $3,420,583,596.49 oil exploration deal with Nigeria, although the total invested was well over $5.3 billion dollars.\textsuperscript{20} As Hurst notes, the China Petrochemical Corporation (SINOPEC) and the Nigerian National Petroleum Company (NNPC) signed a deal for an oil mining lease in the Niger Delta. Of the two leases, 64 and 66, both of them together has accounted for 23 exploration wells with 13 of those wells, one in 64 and 12 in 66 having hydrocarbon resources.\textsuperscript{21} Another contract that can elucidate the sharp peak in oil and mining by China is an “$800 million contract that will guarantee China receives 30,000 bpd.”\textsuperscript{22} With the aforementioned contract and the

\textsuperscript{18} Ibid.


\textsuperscript{21} Cindy Hurst, 10.

\textsuperscript{22} Ibid, 10.
agreements that have been forged between the two countries in the oil mining and exploration sector, the amount of 22 billion is not that surprising, for Hurst’s article indicated that Xinhuangnet, the Chinese news agency published a 2004 report indicating “Nigeria would need $10 billion annually in the next five years to meet its target for oil reserves of 40 billion barrels by 2010…”

Further exploration is provided in Appendix B, which highlights the amounts of investments provided by China since 2010. Overall, although the United States is one of Nigeria’s largest importers of oil and natural gas, China has invested a great deal of money into the Nigerian oil and mining sector within a few years, thereby catching up with the United States and other global powers. According to the data provided by AidData’s dashboard of projects, China’s investment in the oil and mining sector surpasses the amounts provided by the United States and other antecedent and intervening variables discussed in this study. It must be noted that this study does not intend to take away from the amounts committed to the oil and mining sector of Nigeria by other countries, however, for the period of study, China’s aid rivals that of the Western industrialized world and the multilateral institutions. Furthermore, it also must be noted that the amounts of aid provided for all sectors are an examination of Nigeria’s political economic development as a result of foreign aid commitments to the sectors that are a part of this study. The time series aspect did not examine the amounts of dollars obtained as a result of oil-receipts for the export of this resource to the United States.

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23 Ibid., 10.
China's Aid Commitments to Nigeria's Education Sector

The last sector that was examined in this study is China's foreign aid commitments and disbursements to Nigeria's education sector. Just as with other sectors, there is little to no data available discussing investment from China in earlier years, however an examination of this sector shall begin at 2006. What is evident however, is the sharp increase between the years 2006 and 2007. In 2006, Obasanjo obtained funds for the provision of yearly scholarships and training for 2000 engineers at the Technical Assistance Center, which opened in 2006. The purpose of the center and the training of the engineers was to address issues affecting the telecommunications sector. Huawei

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24 The amounts on the Y axis are in increments of millions in USD. The highest amount was $139,221,452 in 2006.
Technologies, Ltd. implemented the project. The cost of the project was $135,990,522. Also in 2006, $3,221,929 was provided to the education sector for the development of rural schools. Katsina, Kaduna, and Ogun, and the Federal Capital Territory (FCT) received funds for the development of the schools to assist Nigeria fulfill the MDGs. In 2007 another $1.6 million was provided for teaching equipment at Nnamdi Azikwe University specifically for the teaching of Chinese language.

Although there is a lack of data for China's aid to the education sector for the years under study, this however does not mean that China has not been making strides to increase its funding for education, specifically, Chinese education. As indicated in chapter four, teaching a variation of Chinese in Nigeria has become increasingly more important. For indigenous Nigerians working for Chinese firms or contractors, being able to understand the language is vital for effective communication and strengthening business partnerships.

*The International Community and Aid to Nigeria*

The role of the international community and their foreign aid provided to Nigeria was also examined in this study. Although these variables are not the major independent variable, they do act as intervening and antecedent variables, and therefore, investigated in their own right. Since these variables are not the main points of focus for this research study, separate charts for each variable and the economic aid provided or committed were not provided. Instead, comprehensive charts that examine each sector are provided. These charts will include the major independent variable and each antecedent/intervening variable for each sector under study.
Figure 6.5. Time Series Plot, International Community Aid Commitments to Nigeria’s Health Sector, 1979-2010.25

Figure 6.5 illustrates a time series plot of the amounts of aid given or committed to Nigeria by all variables of this study to Nigeria’s healthcare sector. The purpose of providing this illustration is to show how each of the variables impacted the healthcare sector of Nigeria for the time periods under study. The highest amount provided in this sector was from the United States in 2008. If a comparison were to be made of the amounts provided across the time span studied, China’s impact is very small compared to the major world powers and multilateral institutions of the IMF and the World Bank. Furthermore, the funds provided by China did not commence until 2002 and the data

25 The amounts on the Y axis are in increments of US millions of dollars. The scale numbering starts at 0 and ends at five hundred million USD. The highest amount provided was $443,948,085.
showed no increase in the amount of aid provided to the health sector during the time period studied.

The next major contributor to Nigeria's healthcare sector was the United Kingdom during the year 2000. The amounts provided by AidData and this includes the sum total of calculations for various health projects such as sexual reproductive health, immunizations, strengthening health systems, etc., calculated to a total of $357,365,577. One of the major providers of foreign aid for this sector was the World Bank, a multilateral institution of the Bretton Woods group. What was significant about the funding of the World Bank is that it remained relatively stable for the years that funding was provided, and showed a relative amount of consistency in its funding patterns to Nigeria's health sector. A discussion of the various projects and amounts provided to the health sector of Nigeria was provided in chapter five of this study.

Time series plot 6.6 examines the amount of foreign aid provided to the infrastructure sector of Nigeria by all of the countries and multilateral institutions that were a part of this study.

*International Community’s Aid Commitments to Nigeria’s Infrastructure Sector*

As illustrated in Figure 6.6., the largest amounts of aid provided to this sector were obtained from China. The amount of $4,165,498,522.45 was provided by China to the infrastructure sector of Nigeria in the year 2006. This aid amount dropped to $357,997,432 in 2007 but then rebounded, although not to the same levels as the 2006 figure, to $2,527,816,210. As indicated, the sum totals for these years are very large, including the one billion dollar mark in 2009. In 2006 there were four major projects
funded by China, two of these were related to the oil and mining sector, yet infrastructural in nature. The other two were for transportation in the form of railway construction or rehabilitation.

Figure 6.6. Time Series Plot, International Community Aid Commitments to Nigeria’s Infrastructure Sector, 1979-2010.26

Other major contributors to the infrastructure sector were the Bretton Woods Institutions. Unlike China, the World Bank Group committed funds to the Nigerian infrastructure sector dating from 1979 to 2010. The IMF also committed some funds during the years of 1987, 1989, and 1991 respectively. An explanation for the increase of funding by the IMF and the World Bank specifically during the 1980s and 1990s were the structural adjustment programs implemented in the country of Nigeria. An

26 The amounts on the Y axis are in increments of billions USD. The highest amount was $4,165,498,522 provided in 2006. The years, which are designated on the X axis are placed at two year increments.
examination of the GDP of Nigeria during the mid-1980s throughout the 1990s indicates that the economic performance levels of the country were low as compared to the improvement that was witnessed from 2001 forward. The reasons and rationale for these improvements were discussed earlier in chapter five of this study.

The final analysis will be conducted for foreign aid commitments to Nigeria's education sector by the international community.

*International Community's Aid Commitments to Nigeria's Education Sector*

Figure 6.7. Time Series Plot, International Community Aid Commitments to Nigeria's Education Sector, 1979-2010.27

Figure 6.7 illustrates that the largest amount of aid to the education sector occurred in 2007 and was provided by the World Bank. An important note to the amounts of funding provided by the World Bank Group to Nigeria, is that the data available indicates that funding commenced in 1989 and was relatively consistent, with small areas of no aid provided. China, on the other hand, provides aid to Nigeria, but it has not

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27 The highest amount committed was $269,549,133 in 2007.
historically contributed funding at the levels of the interceding and antecedent variables.

As discussed previously in chapter four, China has indeed provided funding for the education sector, however, to cite Adanma Osakwe, the funding that is being provided to Nigeria from China is to assist with the learning of the Chinese language and also vocational education and distance learning.28

The World Bank, was shown to be one of the leading contributors to Nigeria’s education sector, and much has been written about the history of the World Bank’s funding to Africa in general and more specifically to Nigeria.

The Brookings Institution Manuscript entitled The World Bank: Its First Half Century Vol. 2: Perspectives, examines the role of the Bank as project lender to the area of education, more specifically, Africa’s education sector. Funding to Africa’s education sectors initially occurred in a manner where only educational areas that were strictly correlated to economic productivity of the country received funding. This included “secondary education, vocational education, some tertiary and teacher training.”29

However, commencing in the 1970s better analytical research was conducted on educational funding and the World Bank shifted its agenda from project focus to sector focus. This was implemented due to the correlation between “policy and institutional


context with education.”

A study was conducted on four African nations, Nigeria not being one of them. However, the shift in focus from project to sector was one that was applicable across the board for all of the World Bank’s educational financing.

Conclusions

In closing, this comprehensive examination of the amount of financing provided by China and the international community to selected sectors indicates that some sectors have received more attention than others from China. The infrastructure and oil and mining sectors have been prominent, receiving more foreign aid from China as compared to the Western nations and multilateral institutional funding to Nigeria. Two reasons can be attributed to this phenomenon. First, from the Nigerian economic perspective, the trade of an abundant natural resource, oil and natural gas, in exchange for infrastructure projects has been used to bolster Nigeria’s economy. Second, from the Chinese perspective, as indicated in the introduction of this study, this country also has economic goals that it wishes to fulfill. Reaching out to countries, such as Nigeria and offering opportunities and projects that are lacking in the country is a win for China because there is a commodity that Nigeria has that the other sorely needs in order to continue with its modernization and development, at a level that far surpasses Nigeria’s.

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30 Ibid., 412.

CHAPTER VII

CONCLUSIONS

This research focused on three questions, (1) What were the micro-macro political economy drivers of the relationship between China and Nigeria? (2) How has China’s foreign aid policy between the years 1979-2010 impacted the political economy of Nigeria? And (3) How has the international community played a role in the relationship between Nigeria and China?

Revisiting the Micro-Macro Political Economy Drivers

It can be surmised that the micro-macro political economy drivers between the independent and the dependent variable were based upon first, China’s need to leverage its position in the international community and by reaching out to other nations, specifically developing nations such as Nigeria; this would help bolster its presence and prominence. The second aspect, China’s need to strengthen its’ domestic economy led the country to provide aid packages and enter into numerous MOUs, with Nigeria. These two aforementioned macro drivers were the crux of this research, however there are additional micro-macro drivers, a synopsis of these shall be provided.

One of the major micro drivers that influenced Nigeria’s own policy decisions internally included the drafting of the 1979 constitution. As indicated in Chapter two, there were specific individuals involved in the planning stages for the drafting and
adoption of this new document and form of government. Furthermore, these individuals were considered to be from elite segments of Nigeria’s society. The second micro driver in Nigeria can be attributed to the zoning system, which is believed to have created powerful individuals that would shape policy and institutions for years to come. The growth of unions and nationalists groups is yet another micro driver in the internal politics of Nigeria, coupled with ethnically based political parties. After the end of the Second Republic and the commencement of the military interregnums, the micro drivers that influenced the direction of Nigeria’s political-economic development pertain to a number of public policies implemented by the Babangida, Abacha, and Buhari administrations. These include the Detention of Persons Decree and the Recovery of Public Property Decree. Although these are just two of the measures implemented during this time period, not only did it have internal affects, there were external or international affects as well.

The aforementioned synopsis of the micro drivers of Nigeria’s political economic development leads to the synopsis of the macro drivers that influenced the political-economic development of Nigeria. A few of the major macro drivers are similar to the ones mentioned above as micro drivers and these would include the adoption of a new constitution and form of government in 1979, the implementation of zoning to ensure that there would be equal succession to the presidency, and the implementation of distributive federalism. Additional macro drivers at the country level include the increase of oil and LNG receipts coupled with its rise as a major oil exporter, neglect of the agricultural sector and the latter institution of the Green Revolution to assist the agricultural sector, implementation of the 3rd and 4th National Development Plans, and the decisions made by
the governmental institutions for the distribution of goods and services in society. To add to the macro-micro determinants on the country level, the micro-macro determinants in China are recapped here. To begin, China’s move to a more pragmatic approach in its foreign and domestic policies with Deng Xiaoping becoming the leader of the country helped to open the economic markets to outside influences and investments. Furthermore, the fortunes and situations of particular individual leaders helped to shape foreign policy outputs due to the practice of succession politics. This acted as both a micro and macro factor for China. The commencement of the Third Generation, as it has been called by June Teufel Dreyer, brought Jiang Zemin to power in China and more reforms ensued in the country. These micro level reforms included reforming the bureaucracy, which led to a reduction of jobs, reorganizing the financial, banking and investment institutions, and the privatization of state owned structures (SOEs).¹ The commencement of “Jiang Theory” in 2000 was one modeled after Deng’s, yet with a new 21st century flair. Jiang emphasized this notion of a “most advanced culture” and “most advanced productive forces,” both phrases signifying to the Chinese people and the world that more openness and more inclusion, specifically of the educated and capitalist classes would occur.²

In 2002 Hu Jintao, Zemin’s successor became the preeminent leader, ushering in the fourth generation. Under the Hu Jintao administration, the vision held by the former leader was continued, and all of these points correlate to discussions provided in chapter four regarding China’s loosening the grip of government control over ODI. Each of these

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² Ibid., 136.
aforementioned points highlight China’s micro drivers, which in turn affect its macro drivers. The need for “most advanced culture and most advanced productive forces” as indicated by the Zemin administration, coupled with Jintao’s fulfilling the vision of his predecessor and his own idea of putting people first and keeping the economy in balance leads to outward expansion, and Nigeria and other countries in Africa were just the ideal place to help China quench its thirst for the needed resources and space for its burgeoning population and growth—yet another aspect of both neo-mercantilism and conservative neo-classical realism. Table A.1., located in the Appendix, illustrates the types and numbers of SEZs in Nigeria that are supported by the Chinese Ministry of Commerce.

Additional macro level factors that affected China was the role of the IMF choosing to recognize China over Taiwan and the use of grand strategy/political warfare for influencing the country’s international standing.

The main focus of this research was the foreign aid policies of China and how these policies influence the political-economic development of Nigeria. Utilizing the micro-macro linkage model, there are several macro level events that occurred. The creation of the Nigerian-Chinese Chamber of Commerce, high level ministerial visits made by officials from both Nigeria and China to each of the respective countries, economic austerity measures of the IMF and World Bank, an increase of Chinese foreign direct investment and SPZs/EPZs, and last, oil for infrastructure deals.

These aforementioned micro-macro linkages hearken back to the theory provided earlier by Zhao, which stipulates domestic drivers or determinants can impact the structure and the system and vice versa which all lead to the output of foreign policy. This same theory holds true for Nigeria as well. However, what we find with Nigeria is
more of an examination at the micro-level and the decision-makers having more of an impact on the domestic determinants and also the international structure and system impacting the decision makers and determinants, all leading to the output of foreign policy decisions.

Revisiting the Theory of Complex Interdependence

The theory of complex interdependence has also presented itself throughout this research. One of the main features of complex interdependence is the role of state and non-state actors that use numerous ways to communicate, whether this is done through interstate, trans-governmental or transnational. In an examination of China’s influence on Nigeria’s political economic development, the research has shown that as China’s government relaxed its stringent standards of only state to state relations, more and more private Chinese firms began to conduct business in Nigeria. As indicated in chapter four, China moved into its stage of Government Encouragement of ODI from 1986-1991. From this point forward, the country did more to expand its reach into Nigeria and other developing nations.

Furthermore, it is not only evident that complex interdependence as a theory applies to China-Nigerian relations, but also applies to the antecedent variables. The United States, Great Britain, Soviet Union, World Bank and IMF all have played a role in the political-economic development of Nigeria through their trans-governmental actions. As indicated previously, these state and non-state actors use numerous ways to communicate, and the use of multilateral institutions is just one of the myriad of ways in which economic aid is provided and also major decision-making takes place.
Additionally, the study shows how the second aspect of complex interdependence ties closely to that of the micro-macro linkage model. Huseyin Isikal notes that interstate relationships consist of an agenda comprised of compound issues, which may not be arranged in any specific format or level of hierarchy. In the summary of micro-macro linkage, an outlined synopsis was given as to how domestic determinants influence not only the country internally, but also externally. Likewise, the issues that affected both of the major variables, were not single level analyses, but yet complex in nature.

The second question, the influence of China’s foreign aid on Nigeria’s political economy also posed some interesting findings. As highlighted in chapter six, the major areas that received massive amounts of funding were the oil and mining and the infrastructure sectors. This correlates to the statement made at the very beginning of this chapter in regards to the need of China to bolster its own domestic economy. Therefore reaching out to Nigeria, which provides beneficial resources, has been a driving force for China. This is a clear indication of the practice of neo-mercantilism. This is an area that deserves further research and with the acquisition of earlier records due to the Extractive Industries Transparency Initiative (EITI), it may be possible to conduct further studies in this particular area. Also, the additional sectors besides oil and mining and infrastructure deserve further investigation. Education is an area that deserves further investigatory studies, and in fact can be examined as a stand-alone case study. The amount of funding that has been provided to this sector has only recently began to increase, but what does it mean for the Nigerian people? As indicated, there were agreements and transactions entered into which sought to bring about immersion of the Chinese language in Nigeria.
However beneficial this may be for cross cultural exchanges, it must be noted that Nigeria should not lose sight of its own resources, culturally, physically and in minerals.

**Review of the International Community’s Influence**

The last question pertaining to the international community indicates that the multilateral institutions of the World Bank and the IMF have had a long standing involvement in Nigeria, and this will probably not change. The United States, United Kingdom and the Soviet Union also have long-standing relationships with Nigeria and this too will probably remain. One important difference between China’s influence on the African continent as compared to the global powers is the rule of non-interference, as practiced by China, in the domestic political policies of another country. Many of the global powers have sought to influence the domestic policy of sovereign nation states, particularly when it comes to foreign aid. This practice is especially true of the United States, and its policies of diplomacy, which require the strict regard for human rights and free fair and open competitive elections. These are two practices that have gone amiss in Nigerian politics for quite some time. Also, the United Kingdom follows closely to the principles exhorted by the United States.

One very important institution that was not examined in this study as an antecedent and intervening variable is the United Nations. It is believed that further investigations can be done on its’ influence in Nigeria’s political economic development in the same sectors studied in this research. In addition, as the time series plots indicate in chapter six, much of the international community has provided economic aid to Nigeria on a more consistent basis over the time period studied. Here we find that the actors are
both nation-states and multilateral institutions (Bretton Woods Institutions) involved in
the political economic affairs of a sovereign nation. Also the agendas that are formulated
are typically compounded and this also correlates to the micro-macro linkage theory as
discussed earlier. The association of both theoretical concepts and how they apply to
Nigeria deserve further analysis and research.
## APPENDIX A

**Summary of the Characteristics of Special Economic Zones Supported by the China Ministry of Commerce in Nigeria**

<table>
<thead>
<tr>
<th></th>
<th><strong>LEKKI FREE TRADE ZONE</strong></th>
<th><strong>OGUN-GUANGDONG ZONE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LOCATION</strong></td>
<td>60 km east of Lagos with the Atlantic to the south and Lekki Lagoon to the North</td>
<td>Igbessa Region of Ogun State, 30 km from Lagos International airport</td>
</tr>
<tr>
<td><strong>TYPE OF ZONE</strong></td>
<td>Mixed use: manufacturing, services, commercial and residential property</td>
<td>Mixed use: manufacturing, logistics, commercial and residential property</td>
</tr>
<tr>
<td><strong>LEGAL AND REGULATORY FRAMEWORK</strong></td>
<td>Free Zone Law</td>
<td>Free Zone Law</td>
</tr>
<tr>
<td><strong>LAND AREA AND PHASING</strong></td>
<td>Phase I: 109 ha (year 0-5) Phase II: 45 ha (year 6-10) Total land allocation: 3,000 ha</td>
<td>Phase I: 250 ha Phase II: 1,750 ha Total land allocation: 10,000 ha</td>
</tr>
<tr>
<td><strong>ESTIMATED INVESTMENT COMMITMENTS</strong></td>
<td>Phase I-II: $392 million State Government: $ 67 million</td>
<td>Phase I: $220 million Phase II: $280 million</td>
</tr>
<tr>
<td>INVESTMENT 07/2010</td>
<td>$48 million by zone developer</td>
<td>NA</td>
</tr>
<tr>
<td>PROGRESS IN ATTRACTING INVESTMENT (BY 07/2010)</td>
<td>64 companies with licenses to invest in the zone ($730 million) of which 28 have signed investment agreements</td>
<td>7 companies have some form of presence in the zone</td>
</tr>
<tr>
<td><strong>DOMESTIC INVESTORS</strong></td>
<td>Allowed</td>
<td>Allowed</td>
</tr>
<tr>
<td><strong>OWNERSHIP STRUCTURE</strong></td>
<td>China Africa Lek Industrial Investment Co. Ltd</td>
<td>Consortium of Guangdong Xinguang International</td>
</tr>
</tbody>
</table>
Incentives to SEZ developers

| 100% tax holiday for all Federal, State and Local Government taxes, rates, duties and levies | 100% tax holiday for all Federal, State and Local Government taxes, rates, duties and levies |
| Provision of offsite infrastructure | Provision of offsite infrastructure |

Incentives to SEZ based companies

| Incentives are per the Nigerian FTZ policy: 100% tax holiday from all Federal, State, and Local Government taxes, rates, duties | Incentives as per the Nigerian FTZ policy: 100% tax holiday from all Federal, State, and Local Government taxes, rates, duties |
| One stop approval for permits, operating licenses and incorporation papers | One stop approval for permits, operating licenses and incorporation papers |
| Duty-free and tax free import of raw materials and components for goods destined for re-export | Duty-free and tax free import of raw materials and components for goods destined for re-export |
| Duty-free introduction of capital goods, consumer goods, machinery, equipment, and furniture | Duty-free introduction of capital goods, consumer goods, machinery, equipment, and furniture |
| Permission to sell 100% of manufactured, assembled or imported goods into the domestic Nigerian market with import duty calculated on the basis of the value of the raw materials or components used in assembly not on the finished products. | Permission to sell 100% of manufactured, assembled or imported goods into the domestic Nigerian market with import duty calculated on the basis of the value of the raw materials or components used in assembly not on the finished products. |
| 100% repatriation of capital, profits and dividends | 100% foreign ownership of investments |
| Waiver of all expatriate quotas, and import and export licenses | Waiver of all expatriate quotas, and import and export licenses |
| Prohibition of all expatriate quotas, and import and export licenses | Prohibition of strikes & lockouts (10 years) |
| Prohibition of strikes & lockouts (10 years) | On-site customs office, immigration and police station |
| On-site customs office, immigration and police station | One-stop-shop services through NEPZA |
| One-stop-shop services through NEPZA |  |

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