Nigerian head of state reaffirms: 'No turning back' on economy

by Lydia Cherry

Nigerian head of state Gen. Sani Abacha on March 24 reaffirmed the government's determination to continue with its present policy of regulating the economy to a large extent, despite criticisms from the nation's external creditors and international financial bodies. General Abacha made clear that it was not just the opinion of his administration that there can be no turning back: "Most of the economic measures which are now in place were, by and large, what labor and the private sector asked for in the pre-budget meetings between them and the government. . . . There will be no going back on the economic direction which this administration has deliberately taken."

General Abacha made the remarks on the occasion of the launching of the National Housing Program in the capital city, Abuja—an initiative sorely needed, judging by the stark housing statistics released during the ceremony, which showed that 5 million new housing units will be required to meet needs in the next six years in the urban areas and 32 million in rural areas. The Nigerian head of state began his remarks by reiterating the task to which he had first committed his administration on Nov. 27, 1993: "I said on that occasion, 'We must stop the drift immediately and take appropriate measures to arrest the economic hardships our people are made to suffer as a result of our political malaise. There is a limit to human endurance. . . . We have the resources to guarantee every Nigerian a reasonable standard of living if only the resources at our disposal are properly managed.' "

Among the steps taken by the administration in early January were decrees fixing interest and currency exchange rates, imposing controls on foreign exchange trading and imports, and, most important, providing that 60% of all bank credit be directed to agricultural and manufacturing enterprises. In January, the Nigerians announced that, although $4.3 billion is theoretically needed to service external loans in 1994, only $1.8 billion, or 23% of the country's expected foreign exchange income of $8.1 billion, has been set aside for this purpose.

The reform process in Nigeria that was begun by former head of state Ibrahim Babangida in 1986, though modeled on the recommendations of the International Monetary Fund, was initially under Nigerian auspices rather than the IMF's. Yet the results were the same. Between 1980 and 1990, per capita annual income fell from $1,030 (1976 dollars) to $250, while Nigeria paid accumulated interest payments equal to nearly the whole of its 1980 debt; yet as of 1989, its debt stood at $32.5 billion. Any attempt to increase industrial capacity met with howls of rage from the West.

First results of economic policy shift

Clearly it has not been all smooth sailing. According to the government news agency's *Nigeria News Update* over March 27-April 4: "The black market in foreign exchange continues to enjoy an uninhibited boom, with [Nigeria's currency] the naira continuing to fall against major foreign currencies, in spite of the government's renewed efforts to curb it." The president of the Nigeria Labor Congress, Paschal Bafyau, proposed early in March that the federal government enact a law against currency trafficking and "treat traffickers as economic saboteurs in order to eradicate currency trafficking." The government decision that 60% of all bank credit be directed to agricultural and manufacturing enterprises seems to be meeting with some resistance also. In a message to the opening of a trade fair in the state of Enugu on March 7, General Abacha said that the administration "would not take kindly" to the diversion to other sectors of foreign exchange allocated to the industrial sector. According to the *News Update,* General Abacha has urged investors to take advantage of the environment conducive to investment which his administration created, to invest in the agricultural and manufacturing sectors.

In his address on launching the National Housing Program, General Abacha reported that "the economic measures highlighted in that budget are gradually beginning to have the desired effect on the national economy." He noted that the prices of grains and other farm products have substantially fallen, and that the rate of inflation has at least stabilized. He insisted that the overriding concern of his administration is the shift of emphasis from consumption to production. "We cannot continue to depend almost solely on the export of only one commodity—crude petroleum," he said.

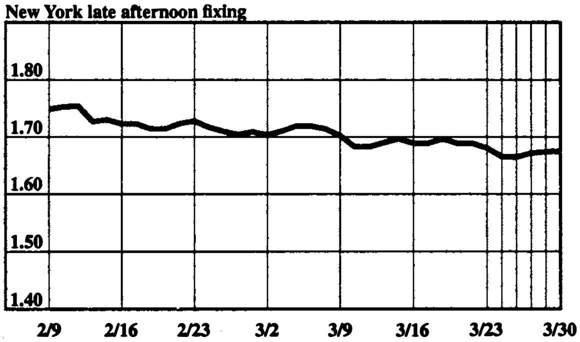
'We are not a colony of the World Bank'

One of the more public admissions of just how upset the financial community is with the Nigerian decision to pull back from applying IMF Structural Adjustment Programs

Currency Rates

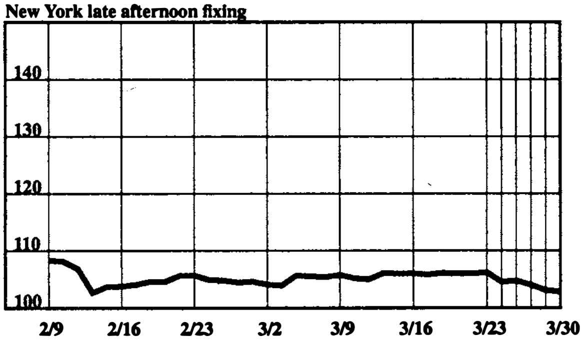
The dollar in deutschemarks

New York late afternoon fixing



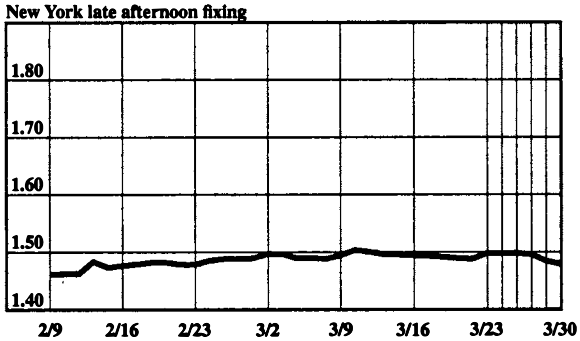
The dollar in yen

New York late afternoon fixing



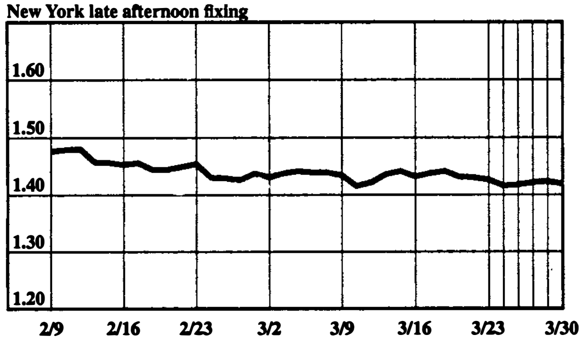
The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



came from World Bank Vice President for Africa Edward Jaycox at a Washington, D.C. press conference on March 10. Jaycox described a study by the bank on economic "reforms" in sub-Saharan Africa, making a convoluted argument that in the countries that had undertaken and sustained major economic "reforms," adjustment is working. One of the bank's moderately successful countries under the reforms was Nigeria, which was studied beginning in 1981. (The other countries were Ghana, Tanzania, Gambia, Burkina Faso, and Zimbabwe.)

When asked about Nigeria's "back-sliding" with respect to the reforms, and the fact that Nigerians say they are "far worse off than when we started," Jaycox began railing against Nigeria. The Abacha economic changes, he said, "are not acceptable ways of managing an economy. . . . There is just no way they are going to succeed, and I think that they have *got* to be reversed. . . . If they were having trouble with reforms, they are going to have *many more* difficulties now! This was more than back-sliding; this was one of the major events of 1994. The Nigerians have done things like this before. Let's don't hear any more questions about Nigeria."

Lateef Jakande, Nigeria's housing and works minister and chairman of the Finance and Economic Committee of the Federal Executive Council, responded to Jaycox, speaking in Lagos on March 16: "I think it is irresponsible for anyone to attempt to dictate to this country. We are not a colony of the World Bank."

Jaycox had explained that one of the purposes of the bank's survey of the impact of Structural Adjustment Programs on sub-Saharan African countries, was to convince the leaders of these countries that by sticking to and deepening the reforms, "they will be the heroes of tomorrow." In the countries surveyed, however, many of the conclusions were laughed at, including by western non-governmental organizations (NGOs) with strong presences in the countries surveyed.

For example, with respect to Zimbabwe, one of the bank's six "success stories," the British charity Oxfam attacked the World Bank's classification as "bordering on outright deception." The chief economist of the 400,000-strong Zimbabwe Congress of Trade Unions, Tapiwa Mashakada, added: "The program has been a dismal failure so far and prospects for its success are very slim. [We] should shelve the program and reintroduce subsidies and social security so that human suffering could be reduced. The program's 'success' can only be measured by human conditions of living. The ordinary people now associate the program with poverty and misery."

A problem for the western destabilizers

There are now built-in problems for the destabilization operations that are in place to force countries such as Nigeria to do the bidding of western financial institutions. First of all, the government's stand against the IMF/World Bank is popular among the citizens.

To respond to World Bank Vice President Jaycox's demand that the Abacha policies "have got to be reversed" is going to take some fancy footwork, as was made clear by a spokesman for one of the premier destabilization operations funded by the U.S. government, the National Endowment for Democracy. Lerner Dies, the NED's African program director, told a reporter in an interview made available to *EIR* that the Abacha government had backed away from the market reforms in order to gain credibility for the military government. Speaking March 23, Dies explained that the NED the day before had hosted Beko Ransome-Kuti, the president of the Campaign for Democracy, the umbrella body for "human rights" groupings in Nigeria, and that Ransome-Kuti had made clear what tack was to be taken in the campaign to oust the military government. "What Ransome-Kuti pointed out was that going off the Structural Adjustment Program is very popular across the board among Nigerians. This was a populist decision. There were no negative ramifications internally in Nigeria for that decision; in fact it was quite the opposite. Folks could say, 'at least they have done one good thing.' This is what Ransome-Kuti was saying. The immediate effect of the rise of the naira has stopped. This was a positive thing, from the standpoint of the man in the street.

"The Campaign for Democracy's position is that it really doesn't make sense to even talk about a Structural Adjustment Program in the context of a military government, because the history of Nigeria has been that it really doesn't matter if a Structural Adjustment Program is in effect because of the corruption of the military regime. . . . You have the military government just blatantly stealing money, so in effect, the real reform you need to take care of has to do with the government's accountability first. You have to get rid of this military government."

In Lagos on Feb. 15, Ransome-Kuti called for the immediate resignation of the Abacha government, announcing, "We shall henceforth mobilize Nigerians against dictatorship." He is a defender of the IMF policies that nearly destroyed Nigeria.

U.S. economist Lyndon LaRouche exposed the mentality of the phony "human rights" crowd run by the U.S. Project Democracy, in a discussion of the crisis in Africa at a Feb. 20 conference in Washington (see *EIR*, March 25, p. 19 for full text): "Freedom and economic development are interdependent; they are the same thing. You can't have freedom in a zero-growth society. You have only dictatorship, the suppression of ideas. Freedom is not libertarianism; not the right to change your sex ten times a day, but the right to use your mind, to assimilate, develop, and apply different choices of ideas to improve human practice. . . . Why [in Nigeria] does a new military regime come in to attack the IMF? Because they are fighting against a force that is trying to obliterate their nation. More power to them!"