Will Nigeria return to the IMF fold?

by Lawrence K. Freeman

With only a few weeks until the Feb. 27 Presidential elections, Nigeria is being pressured to submit to the dictates of the International Monetary Fund (IMF) and the Paris Club. When Gen. Sani Abacha came to power in November 1993, he reversed the subservient relationship that Nigeria had to the IMF under Gen. Ibrahim Babangida's regime (1985-93), during which Babangida destroyed Nigeria by following the IMF's structural adjustment program and "free market reforms," including the massive devaluation of the naira, Nigeria's currency. During the last several years, the IMF has been denied direct control over Nigeria's economy, especially because of Nigeria's 1994 government ban on accepting any additional foreign loans.

It is expected that Gen. Abdulsalam Abubakar will hand over power on May 29 to the newly elected President. While it is unlikely that he will initiate any fundamental shifts in policy during the few remaining months of his transitional government, there are signs of some kind of reconciliation with the IMF, the World Bank, and the Paris Club consortium of foreign banks which account for 70% of Nigeria's approximately $30 billion debt. If some deal with the IMF is in the works, this portends very serious consequences for Nigeria's future, and for the new civilian government.

Government officials confirm that the IMF has never stopped pressuring Nigeria to return to the "good graces" of the international banks, and is now using Nigeria's economic troubles, and the elimination of General Abacha, to break Nigeria's resistance to resume its previous subservience to the IMF. It is most unfortunate that discussion of these life-and-death issues, which are of great concern to Nigeria's 110 million people, has not been conducted by the various parties and candidates scrambling to get elected to office.

Drop in oil prices hit Nigeria's budget

In his January speech on Nigeria's budget for 1999, General Abubakar recognized that the economy is suffering from the global drop in oil prices, Nigeria's weak industrial base, and low productivity of the agricultural sector. With Nigeria's revenue still almost 90% dependent on oil, and with prices for Nigerian oil falling—from $16-17 per barrel in early 1998 to $11 a barrel in January 1999—the government has adopted a $9 per barrel figure for the 1999 budget, leading to a drop in expected revenue of approximately 54% from 1998 to 1999.

Estimates of the expected budget deficit range from as low as $400 million, to as high as several billion dollars, calculated on the basis of 86 naira to $1. It is under these grim economic conditions, coming on top of Nigeria's long-term difficulties in keeping Africa's largest population employed, an underpaid government work force, a lack of adequate oil-refining capacity, and underdeveloped basic infrastructure, that the IMF and the free market fanatics are putting the squeeze on Nigeria's leadership to return to the fold. It is noteworthy that General Abubakar is receiving praise for his conduct in the election process—which is expected to result in a new civilian government—from Nigeria's historical enemy, the British Commonwealth, and its allies in the U.S. State Department such as Assistant Secretary of State for African Affairs Susan Rice. While the British and U.S. press could not heap enough scorn on Abacha and Nigeria in 1993-98 when the IMF could not get its way, their tune has radically changed. Now, they obviously think the government is malleable enough for them to reinsert their fangs back into Nigeria's throat.

Is the IMF moving back in?

According to the Jan. 25 London *Financial Times,* a deal has been struck with the IMF and Paris Club. The *Financial Times* says that Nigeria "has ended a 10-year rift" with the IMF, and that the military government has made an agreement that "should pave the way for a debt rescheduling agreement with the Paris Club." The article suggests that Nigeria's "economic difficulties are so acute that the incoming government would have no choice but to exploit all opportunities to borrow funds. . . . An IMF enhanced structural adjustment facility loan would give Nigeria access to an estimated $1 billion." Whether this is true or not, it indicates what the British and the IMF want to accomplish with the new government. Abubakar in his budget address officially announced the discontinuance of the two-tier currency exchange rate, establishing one official rate of 86 naira to the dollar, which has been demanded by the IMF for years. This represents a 4-5% devaluation compared with last year, with the black market offering 100 naira to the dollar. He also reversed one of Abacha's early anti-IMF decrees, and announced that he would "lift the 1994 embargo placed on external borrowing."

The second opening that allows for the international bankers and cartels to move into Africa's most populous nation, which the IMF et al. have been demanding for years, is the Nigerian government's desire to privatize some of its state holdings.

The December 1998 issue of *Africa Recovery* spells out in detail the plans to privatize Nigeria under the new government. Reflecting the frustrations of the Abacha years, the magazine has a table that shows that in 1990, '91, and '92, Nigeria allowed 58 privatizations; in 1993, only eight; and zero in 1994 and 1995. (There are no figures for 1996-98.) The main targets of the privatization effort are the National

Power Authority and Nigerian Telecommunications, Nigeria's second- and third-largest public corporations, respectively. "Also on offer are the National Fertilizer Company, two hotels, three steel rolling mills, three paper companies, six vehicle assembly firms, a cement company, and a sugar plant." The Nigerians have made clear, thus far, that they will not allow the giant Nigerian National Petroleum Corp. to be sold off, but they are interested in privatizing four oil refineries owned by the firm.

The breakup of these companies is suppose to be apportioned as follows: 40% is to be sold off to foreign investors, which will manage the companies; 20% to Nigerian investors; and the government will retain 40% control. According to *Africa Recovery,* "Resumption of a serious privatization effort has been *one of the preconditions set by the International Monetary Fund* for negotiating an interim program monitored by Fund staff that would open the way for talks on a medium-term economic strategy agreement for Nigeria . . . and to pave the way for debt relief talks with the Paris Club" (emphasis added).

Nigeria needs leaders

The results of the State Assembly and Governorship elections held on Jan. 9 reflect the continued dominance of the People's Democratic Party (PDP), which won 21 of the 36 states, with the All People's Party (APP) taking nine states, and the Alliance for Democracy (AD) winning the six states in the southwest controlled by the Yoruba tribe (see *EIR,* Jan. 15). While there are several well-known political figures vying to become the PDP Presidential candidate, former head of state Gen. Olusegun Obasanjo at the moment appears to be the front-runner. However, Obasanjo has three significant problems that stand in the way of becoming Nigeria's elected President: First, he has very close ties to the Anglo-American establishment. Second, he is a former military head of state (1976-79), which is not appealing to large sections of the population who are looking for a new type of non-military leader. And third, even though he is a Yoruba, his party has failed to carry any of the six Yoruba states in the southwest, including his own, which have thus far voted for the AD. Some think it will be hard for Obasanjo to put himself forward as a viable Presidential candidate if he can't carry his own state. Already there have been reports of illegal contributions to influence the election in favor of Obasanjo. Chief Ekwueme, the former Vice President under President Shagari (1979-83), is considered by some to be more electable than Obasanjo. The equivalent of Presidential primaries will be held Feb. 13-15, followed by National Assembly elections on Feb. 20.

Unfortunately, neither Obasanjo nor any of the other major candidates has put forward a serious economic program to deal with the crisis, and generally they have failed to distinguish their programs from that of the government. The foolish thinking that dominates the capital, Abuja, is, "First we have to conduct the elections, and then we can discuss how to deal with Nigeria's failing economy." Thus far, the Nigerian population has not been engaged in a serious discussion of the real problems, and solutions, facing Nigeria, the African continent, and the world.

The absence of leaders who are willing to tackle the tough problems will contribute to the demoralization of large sections of the Nigerian population, and will further weaken the resistance necessary to stop the return of IMF.

Now is not the time to listen to the IMF

It would be the height of folly for Nigeria to return to the fold of the IMF. Brazil, the second-largest "black" nation in the world after Nigeria, has seen its currency devalued by 40% in January, and more than $8 billion in capital withdrawn so far. The $41 billion agreement with IMF negotiated by the Brazilian government in November has disintegrated, and has left Brazilians standing in line each day to withdraw from the banks what little savings they have. Itamar Franco, the Governor of the state of Minas Gerais, has declared a debt moratorium for his state, with other states threatening to do the same. The economic-financial crisis in Brazil has demonstrated for all to see, that any agreement with the IMF is worthless. Any self-respecting leader has no choice but to put the interest of the people first, over the demands of the banks with their worthless mountains of debt. Should Nigeria do less than Brazil?

Since Nigeria's emergence as an independent nation in the 1960s, the British Commonwealth, i.e., the Empire, has always sought to control Nigeria for the purposes of looting its enormous oil reserves, which are estimated to be the fifth- to eighth-largest in the world and of a very high quality.

Nevertheless, there is a strong anti-IMF grouping in Nigeria that does not want to see their nation lie prostrate to the British and their allied class of financial parasites. This is evident in the fact that Schiller Institute founder Helga Zepp-LaRouche was chosen to address the Fourth Economic Summit in 1997 (see *EIR,* Dec. 12, 1997), and this author, to address the Second Nigerian Economic Summit in 1995. There is an alternative to the worthless, bankrupt policies of the IMF, to free-market dictatorship, and to U.S. Vice President Al Gore's insane globalization policies. Leaders in Nigeria are familiar with Lyndon LaRouche's proposed New Bretton Woods System, which advances the principle of an alliance of sovereign nation-states working together to promote the maximum economic and scientific-technological progress in their nations.

Instead of empty phrases like "democracy first," as if the mere repetition of the word "democracy" will solve all problems, there should be a real debate of ideas, including national, regional, and worldwide solutions to the present meltdown of the global monetary system. In the meantime, Nigerians should not let the most incompetent bankers in the world back into their country.