Nigerian Leaders Challenge IMF's Policies of Death for Africa

by Lawrence K. Freeman

During May, three Nigerian statesmen have spoken out against the policies of the International Monetary Fund (IMF) and the World Bank toward Nigeria. Whether these statements reflect a genuine shift by the Nigerian government remains to be seen, but the import of the density of such remarks should not be overlooked.

Prof. Sam Aluko, the well-known economist and former chairman of the National Economic Intelligence Committee, told the Nigerian government not to work with the IMF, and specifically, not to take an $80 million loan from the World Bank. He is quoted in *Vanguard* newspaper saying: "I don't support the dictation of the IMF and the World Bank in our budget. They want to control all governments in the developing world. I think we should wash our hands of any deal with them. Let them keep their money, let us organize ourselves. We are not a poor nation. In fact we should be a creditor nation if we are serious."

Dr. Chuba Okadigbo, president of the newly elected Nigerian Senate, also made some strong remarks regarding the behavior of the IMF and the World Bank toward Nigeria. In response to comments by the IMF that it is not happy with the budget of Nigeria's National Assembly, Dr. Okadigbo is reported in the May 8 edition of *This Day,* to have told the World Bank and IMF to go to hell. Discussing the predicament that Nigeria and the rest of the Third World finds itself in today, Dr. Okadigbo said: "The Third World is trapped in huge unpayable debts. Capital flow from the world's poorest nations in the West is more than is received. Much noise is made of grants and aid to developing nations. But, quietly, huge wealth gets transferred to the West from poor nations through relentless capital flight: looted monies, lucrative procurement contracts for development projects which Western contractors win anyway because of their technical superiority. Add these to the astounding profits grossed by the Western multinationals like Shell from the developing countries."

Debt Cancellation Needed

Most significant, is a speech by President Olusegun Obasanjo in Montreal, Canada on May 14 (which is excerpted below). Since coming into office almost one year ago, President Obasanjo has been learning the harsh realities of "globalization" and the impossibility of moving Nigeria's stagnant economy forward while the IMF and World Bank are strangling the nation with a huge unpayable debt. Earlier governments have made requests for the rescheduling of Nigeria's debt, but President Obasanjo is asking the Western banking consortiums for debt cancellation.

In his Montreal speech, President Obasanjo went beyond his previous criticisms of the West, and launched into a more thorough discussion of the underlying problems responsible for Africa's poor condition. He laid bare, that the effects of colonialism on Africa are "simply incalculable." He discussed how African nations have become marginalized by "global market forces" at the expense of the state. He also highlighted the shrinking, minuscule amount of foreign investment into the manufacturing and agricultural sectors of developing nations, down to a mere 1.2%.

Using 1998 figures, he showed how Africa has been transferring more money to its Western creditors in interest payments than new money received, as arrears have accounted for two-thirds of the increase in debt stock during 1988-98, *not* new loans. Facing reality, the Nigerian President confronted those who sit by complacently watching Africa descend into a Dark Age under the demands of "shareholder" profits. "For us, it is a matter of life and death! We certainly cannot afford the intellectual luxury of writing off our continent," he said.

Most striking in President Obasanjo's remarks, which may indicate a new direction of thinking for the leadership of Nigeria and Africa, is the echo of statements by Lyndon LaRouche. In the section of his speech on "speculation," President Obasanjo discusses the "imperative for developing countries to participate in the design of the new financial architecture." He concludes his speech by suggesting that we "can attain a quantum leap for mankind" if we understand "the factors that differentiate humans from beasts of the wild."

Nigerians have always been unhappy about the conditions imposed on them by the IMF and the World Bank, but, except for the outspoken Professor Aluko, they have always sought to work within the framework of these institutions. As Obasanjo enters the second year of his five-year Presidency, with Nigeria's economy at its lowest depths, and the African continent suffering from the combined effects of multiple wars, horrendous economic conditions, and an out-of-control AIDS epidemic, one can be optimistic that the substance of President Obasanjo's remarks may portend a change in the axioms of thinking by African leaders.

Documentation

President Obasanjo's Speech

The following are excerpts from Nigerian President Olusegun Obasanjo's speech at the sixth Montreal Conference, May 14, 2000. The title of the speech is "Africa Now: Challenges and Perspectives for the 21st Century."

On Colonialism

We need the lessons of the past to inform and strengthen our resolve and determination to win back some of the losses, as we surely must do, if we are to survive.

Africa entered the last century with the hands of colonialism round its throat. The grip would tighten into a stranglehold that was maintained through two-thirds of the 20th century. During that period, Africans had no say in the way they were governed, nor did they have any say in the development and progress of their societies. Until the 1970s, most Africans were subjected to governance of exploitation, designed to extract the maximum out of their continent for the sole benefit of those who could not care less about the destiny of African societies.

The losses directly attributable to the wholesale colonization of our continent are simply incalculable. First we lost through exploitation, namely illegitimate profit from the use of our human and natural resources. And the fight against colonialism cost us tens of thousands of lives, as well as draining our intellectual, human, and material resources. Then, to top it all, when we thought we had regained control of our destiny, and when we believed that we had earned our rights to join the rest of the world as equal partners and discuss mutual cooperation on the basis of equitability, we discovered that the position of our continent in the world order had been disadvantageously fixed and pre-determined by numerous factors which, for want of a better description, we call colonial legacies.

On Globalization

. . . Market forces now determine the allocation of resources, and the state is fast becoming irrelevant in economic planning. . . . Our experience so far clearly indicates that globalization has brought mixed blessings. The prosperity it engenders is unevenly shared among countries and regions of the world. While the industrialized countries remain its major beneficiaries, hardly any African nation has been able to take advantage of the opportunities presented by this phenomenon. We have been consigned to the periphery of the global economy, with the risk of further marginalization and possible de-linkage.

Nigerian President Olusegun Obasanjo: It is "imperative for developing countries to participate in the design of the new financial architecture."

These adverse consequences of globalization have led us in Nigeria to conclude that a troubled relationship has emerged between globalization and the imperatives of development. This disturbing reality is more than amply demonstrated by the failure of globalization to spur economic recovery, faster growth, greater employment opportunities and poverty eradication. Rather, it has exhibited a tendency to accentuate the income and welfare gaps between the rich and the poor, among and within countries and regions. Never has the world witnessed such massive disparities in international economic and social activities. And nowhere is this trend more glaring than with African countries.

In the quest for a better management of a globalized world economy, it is incumbent on us to direct our searchlight on the unsatisfactory evolution of the multilateral trading system. . . .

The vast majority of developing countries, particularly in Africa, have so far been unable to reap the benefits arising from their membership of the WTO [World Trade Organization]. . . . The paucity of technical and financial assistance that would have enabled us to take advantage of the limited market access opportunities that exist, continues to deepen Africa's marginalization in the globalized world economy.

Regrettably, the major trading nations are bent on advancing the process of globalization and liberalization by introducing, on the global trade agenda, new issues with additional obligations for developing countries.

It is sad to note that Africa, the least developed of all the regions and the least able to cope with external shocks, has been the principal victim of the dark side of globalization and liberalization of the world economy. The continent's continuing marginalization is increasingly defined by its low level of exports and decreasing share in world trade, during the past four decades. The consequence has been import compression, weak productivity, and low output.

Manufacturing, Agriculture

Similarly, Africa's share in the manufacturing value added has fallen to an all-time low. Its share in total Foreign Direct Investment (FDI) inflows to developing countries, for instance, dropped significantly, to less than 5% in the second half of the 1990s, and a meager 1.2% of world FDI flows in 1997. This trend has continued despite the efforts of African countries to implement far-reaching economic reforms and maintain macro-economic stability, particularly the introduction of a more open and business-friendly investment regime and the provision of incentives to attract foreign investment.

Agricultural performance and commodity export, upon which the African economy's overall growth depends, have even faired worse. The traditional internal structural difficulties, aggravated by external systemic constraints, have rendered African agriculture unable to respond to the opportunities presented by globalization and liberalization. As a result, low agricultural productivity and competitiveness, and the dramatic collapse of commodity prices, continue to dim the prospects of agriculture as a pillar of Africa's efforts at poverty alleviation and sustainable development.

Debts

The heavy external debt burden and large, unsustainable debt service obligations of African countries constitute a major impediment to their quest for social and economic development. Debts undermine the capacity of our countries to make positive adjustments. They also create the greatest obstacle in our determined efforts to move our people out of poverty. It is clearly unacceptable that the external debt burden should continue to constrain our ability to channel public investment into physical and social infrastructures and human resources development. Furthermore, the debt burden continues to deter new foreign investments and erode the ability of our countries to participate meaningfully in a globalized world economy.

For us in the African region, the persisting external debt burden has a paralyzing effect on social and economic development, as illustrated by the following grim statistics:

- By the end of 1998, total debt, as a percentage of GDP, reached 65.5%;
- The debt stock represented 303% of exports of goods and services in 1998;
- Debt service, as a percentage of exports of goods and services, rose to 30.9% in 1998;
- Some countries spend up to 40% of their national budget on debt servicing;
- Accumulated arrears on interest and principal payments reached $64 billion in 1996, representing 27.4% of total debt;
- Two-thirds of the increase in total debt stock since 1988 has been due to arrears, and not new loans—Africa has indeed been making net negative transfers to creditors as interest payments exceeding new lending;
- The debt per capita, standing at $357, far exceeds the per-capita income of the average African, which is $100.

There is no better time than now, at the dawn of a new millennium, to give African countries a fresh start to enable them to meet the challenges of providing the basic necessities of life for their citizens. To facilitate such a fresh start, it is imperative for our development partners to take imemdiate steps to relieve us of our crippling debt burden by outright cancellation of these debts, much of which are known be be spurious.

Speculation

There is an urgent need for decisive international actions to reduce the incidence of financial volatility, especially with short-term speculative capital flows, which have grave social and economic consequences for developing countries. In this regard, we welcome the ongoing debate on the reform of the international financial institutions and the imperative for developing countries to participate fully and effectively in the design and management of the new financial architecture, which should be structured and sufficiently funded to respond to the needs of developing countries. A central element of this new international financial architecture must include such definitive resolution of the external debt problems of developing countries. Similarly, it must include measures to arrest the growing phenomenon of illegal capital flight and the repatriation of illicit wealth, siphoned abroad by corrupt political leaders and their collaborators, back to their countries of origin. . . .

Conflict

Without stable political conditions and good governance, poverty alleviation will remain a pipe dream. Yet, today as many as 19 of Sub-Saharan countries are engaged in armed conflict. This is about half of Black African countries. If the 1980s was Africa's lost decade economically, the 1990s has turned out to be the decade when conflicts have reached an ominous proportion. In the interest of Africa, and indeed in the interest of the whole world, the trend has to be halted and reversed.

As I speak, one of our neighboring countries [Sierra Leone] in the West African sub-region is burning. This has been a conflict for which Nigeria has made enormous sacrifices. And we are prepared to make more. . . .

Our failure to fully comprehend the fundamental long-term historical causes of conflicts in Africa has prevented us from their mastery. Poverty and conflicts feed on each other while both go hand-in-hand with bad governance, whose hallmarks are the marginalization and social exclusion of the majority of the population, the neglect of the social services and infrastructure, and the failure to maintain law and order. Invariably, the remote as well as immediate causes of conflicts in Africa are real and perceived political, social, and economic injustice and inequality. . . . Mastery of conflict is more than mere cessation of hostilities. We must address their fundamental causes in order to prevent their recurrence.

Ladies and Gentlemen, I began this address by referring to how much our continent and our people have suffered in the hands of non-Africans. It was by no means an attempt to defend Africa against such labels as "The Hopeless Continent," as proclaimed on the cover of the latest edition of *The Economist,* which I have no doubt many members of this audience would have seen. Needless to say that, for us, Africans living in Africa, development and progress is not an idle debate. For us, it is a matter of life and death! We certainly cannot afford the intellectual luxury of writing off our continent. Nor can we even begin to weigh the possible validity of the rather racist connotation that underdevelopment is innate to the character of Africans and African societies. . . .

The Economist, as authoritative as it might be, conspicuously omitted reference to one-quarter of Black Africa, that is to say Nigeria, where we have been devoting all our energy to rebuilding our nation. . . .

Ladies and Gentlemen, Africa's internal efforts are currently circumscribed by the mostly disadvantageous and inequitable status within the international order. Our situation is like that of a man in a wet pit: He needs a lifeline to make his climbing efforts a success. The history of humankind is replete with such complementarity of efforts. Our vision for this coming century cannot exclude the trend of the world becoming a global village. . . . Let it be a village in which a burst pipe in one compound makes all neighbors sit up with genuine concern and desire to help. It is not—and cannot be—a meaningful village if certain compounds are, for whatever reasons, de-linked, as it is now happening to Africa.

We are struggling and asking for Africa to be re-linked equitably into the international order, politically, economically, socially, and technologically. This demand is predicated on humanity and morality, which are two essential factors that differentiate humans from beasts of the wild. If we can attain this, it will be a quantum leap for humankind in the 21st century.

A 'Core' Europe of, or Against the Europeans?

by Rainer Apel

The miserable performance in recent weeks of the euro, the single European Union (EU) currency that was introduced in January 1999, has done much to decrease popular support for the project of European integration. And it is not the case that the average European buys the established politicians' stories about the reasons why the euro is hovering around 0.90 against the dollar. The average European may not know much about the details behind this development, but he or she does at least know enough from the leaks by the media, to know that a U.S.-European economic war is raging, and that neither the EU governments nor the European Central Bank are doing much to defend the European economies in this conflict.

Faced with their growing unpopularity, the EU governments had to come up with some device to breathe new life into the European vision, and they seized upon the 50th anniversary celebration of the first genuine design for an integrated Europe, which was presented on May 9, 1950, by French Foreign Minister Robert Schuman (see *EIR,* May 12). Schuman's initiative provided the platform from which Franco-German cooperation, and with it, the core of what in 1957 became the European Economic Community, could develop.

Schuman's Design vs. Monetarism

The irony now is, that the EU politicians of today decided to borrow from Schuman's reputation, while carefully avoiding any substantial aspects of his economic design—which, because it was oriented toward strong industrial growth and full employment, contributed a lot to the postwar recovery of the economies on the western part of the European continent. The "Europe" which the leading politicians have in mind today, is built on monetarist designs: Its concept and its institutions are an enemy of industrial development. The billions of dollars of bonuses paid by the EU for industrial foreclosures and set-aside programs for the farming sector, are what has transformed the "spirit" of Europe into its "ghost."

As if that were not enough destruction, the EU politicians added the Treaty of Maastricht (1992), which made budget-balancing the economic doctrine of the 15 member-states of the Union, and they transferred sovereignty on monetary affairs from the nation-states and their national central banks to the newly created European Central Bank. The new clauses went into effect on Jan. 1, 1999, and, because a majority of Europeans remained skeptical of the project, they were told