

rica, is the plain truth: *Genocide* is the policy towards Africa. Millions of Africans are murdered each year in unspeakable ways, while their nations are looted of their valuable natural resources, with little resistance offered by weakened and almost non-existent governments.

Conditions in Nigeria have reached such a crisis level that rumors of military coup are being heard once again. Are the financial elites who control Nigeria from outside its borders preparing another military government, or to replace Obasanjo with a new President? Are not the fears of a breakup of Nigeria justified? Or is it not also possible that in a global strategic-economic crisis, a radical break from failed policies, for a positive alternative such as Lyndon LaRouche's "New Bretton Woods" could be implemented?

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## Interview: Sam Aluko

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# The Oil Price Is Not Improving Nigeria

*Professor Sam Aluko, M.Sc., Ph.D., of Nigeria, is an economics professor and former chairman (1994-99) of the country's National Economic Intelligence Committee. He was interviewed by Larry Freeman on May 14.*

**EIR:** Professor Aluko, it's very good to have you here in the United States, and we'd like to take this opportunity to ask you a few questions about the situation in Nigeria. First of all, could you give us a report on the conditions in Nigeria, and where you think they're going at the moment?

**Aluko:** Well, since the democratic system began in 1999—May 1999—with President Obasanjo in power, and the Peoples Democratic Party with the majority of seats in the Muslim states, everybody expected at least improvement in the economy. At that time the rate of exchange was about—officially, was 21 naira to the dollar—and on the black market was about 64 to the dollar.

But today, the official rate of exchange is about 141 naira to the dollar, the black market is about 155. So it's become very, very difficult for the industries, for trade, for agriculture, to flourish.

In 1999, the official rate of interest was 21%, and the difference between the lending rate and the commercial rate was 4%. In other words, if you deposited your money in 1999, you got 17 percent, and if you borrowed, you will pay 21%. Today, the lending rate is about 35%, between 35% and 40%, and the deposit rate is less than 4%. So, it is not attractive to save, it is not attractive to borrow, and therefore you find the

situation where very many industries have closed down. Very many businesses and enterprises have closed down, and there's large volume of unemployment.

So, there is great despondency, economic despondency, an increasing crime rate which is a result of lack of jobs. There is great under-employment. There is tension in the civil service, because, although the salaries have increased, so have costs increased. So, the standard of living of the civil servant has not increased either, and the general depression of the economy is very great.

So, there is little or no change in the system, except that it has deteriorated further, and that is why, today in Nigeria, you have a lot of riots, and killings, and religious intolerance. The fight between Christians and Muslims, between youth and elders, between the oil-producing areas and the non-oil producing areas, among political parties. And a lot of real national crises.

## Devil's Work for Idle Hands

**EIR:** So, you're saying, Professor Aluko, that the so-called ethnic fighting—and again, over the last week, we have Muslims being killed in the Plateau state, and then Christians being killed in Kano, there's massive crimes—you're saying that these ethnic clashes, and this crime wave, are directly due to the economic conditions of the country, rather than, *per se*, due to any kind of religious or tribal problems. Can you say more about that?

**Aluko:** You know, it's generally said that the devil finds jobs for idle hands. We generally find that most of these crimes take place at 10 o'clock, 11 o'clock, 12 o'clock. Now if the people were on duty, if they were in their places of work, they would not be rioting at this time of day. It is not after office hours that these riots take place; it's when people should be working. And that is why we generally say that the *main* cause of the crisis is economic depression; because people have no jobs, and if they have no hope of any job, and they have no money to eat, and any small crisis will pick up. And because of the general downturn of the economy, even the leaders, the main leaders, who have been thriving before, who had been making good before, are now depressed. And so they incite the youth to violence.

The oil-producing areas say that they have not seen any improvement in their standard of living, and yet the price of oil has been going up.

So, this is the main cause of the crisis. The government has been trying, but the government itself seems to be trying in the wrong direction.

**EIR:** I'd like to ask you about that question. You just brought up the oil price. Now, the price has just gone up to over \$41 a barrel. It's the highest in the history of keeping track of the oil records. What is Nigeria doing with this increased oil wealth, given the fact that the country is, I think, the fifth- or sixth-largest oil-producing country? I believe they're export-

ing over—pumping out over 2 million barrels of oil per day. Where is this extra revenue going?

**Aluko:** That is the problem. That is what has been causing a lot of trouble in the oil-producing areas. That in spite of the increase in the price of oil, there seems to be no welfare package, no improvement in the life of the people in the oil-producing areas, nor in the general working conditions in the country. Before the present government took over in 1999, the price of oil, when we were in government, was about \$13, 15, 16 dollars per barrel. Today it's almost two and a half times that, and yet, there's not much improvement.

Much of this money has gone into political appointments. For example, when we were in government, you had 22 ministers in the Federal government. When the President took over in 1999, he appointed 49 ministers, and about 102 advisors. Now he appointed about 102 ambassadors, whereas we had only about 42 embassies. So, in the United States alone, we have about 5 ambassadors today. We have one in Washington, D.C., we have one in New York, we have one at the United Nations, we have one in Atlanta, Georgia, we have one in California. In Britain, we have three. And the British government has one in Nigeria. The American government had one ambassador in Nigeria. And this is how political appointments have been multiplied.

And so you find that, with parliament in the 36 states, and the Federal parliament, with 774 local governments—I was chairman of local government before, and had no salary, no allowance, we were doing it free. But today we have full-time chairmen, full-time councilors, full-time supervising councilors who supervise nothing. So there are a few political drawbacks. But this drained a lot of money, but they were very few. And yet they spend almost all the money. And of course the governors travel around the world. Our President has been accused most of the time of junketing around the world. So, much of the effort being made back home, by the government, is neutralized by the extravagance in government.

And so there's not much to show for all the increase in oil. Oil produces about 90% of the revenue of government. But there's nothing to show for it!

**EIR:** What about Nigeria's relationship to the International Monetary Fund (IMF) and the debt? I assume a large portion of these oil revenues is also going to pay off the IMF and banks?

**Aluko:** Yes, that is the fact. Because we pay about \$2.5-3 billion in debt every year, but even after paying that much, the penalty for not paying off, and the interest on the debt, neutralizes what we pay. So that you find that in 1999, the government inherited an external debt of \$28 billion. Today it is near \$32 billion, in spite of what we pay annually.

So, even though we pay a lot of debt, there is no significant change in our debt structure, debt profile. The IMF itself is becoming, and the World Bank, they are becoming worried about their policies in Nigeria. They are beginning to say that

government must do something to reduce the poverty rate, to reduce the interest rate, to reduce the inflation rate! That what they are doing, what they are preaching is not what the government was doing! So there seems to be a sort of small conflict now between the IMF and the World Bank, and the Federal government of Nigeria.

In the recent months, the President seemed to be reacting to that by now putting a lot of restriction on importation, on traveling abroad, and so on, and changing the economic policies from being market-determined, to a little regulation by government. Because part of the problem is that the government has misdirected its policy by saying they wanted to deal in a free market.

### **Even IMF Tells Government To Regulate**

**EIR:** So you're saying that the IMF and World Bank are actually suggesting to President Obasanjo to have more government intervention, to relieve some of the economic stress on the population?

**Aluko:** Yes. They are directly saying that. While they still call it a market economy, they are beginning to say that the market still needs to be developed, that a market has to be developed before you can operate in the market, and therefore the government in recent months has been trying to ask the Central Bank to do something about the rate of interest, and asked the bank to do something about the rate of interest and the rate of exchange. There was a time that the economic adviser said that the naira was still overvalued, and President Obasanjo said, "No," that is not the policy of government. The naira should be strengthened. In other words the rate of exchange should reduce and the rate of interest should also reduce.

So, apparently, government is beginning to react to this problem in the country, and they have recently put out a policy which they call NEEDS—National Economic Empowerment and Development Strategy. Of course, it is only a policy statement; it had no plan, it had no prioritization, it has no time dimension; but it is a document which they feel, if they follow, they might be able to revise the situation and improve the economic system.

**EIR:** People estimate about 130 million Nigerians today. That's a large population. How do people work, how do people live, how many people employed? Could you give our readers a graphic picture of the conditions in Nigeria today? The big turn in Nigeria was supposed to be the 1999 election, where "a democratic President," Obasanjo, took office. And then there was another election in 2003, where President Obasanjo was re-elected. Everybody said this would change Nigeria, this would end corruption, and we would have the "democracy dividends." Have there been any real democracy dividends for the Nigerian population at large?

**Aluko:** This is what very many middle class and upper middle class people have been asking. There has seemed to be no

“democratic dividend.” Rather, there is democratic shortage. Because despite all the votings, and more government, and more democracy, so to speak, the economic situation has not improved. The political situations have not improved!

In 1999 the election was allegedly rigged by the ruling party, but the 2003 election was more rigged! In fact, the last local government election was a farce. So, really, we seem not to be democratically improving, in the system of government, and yet, we are running a democracy. And you find that in recent months there has been a fear of an attempted coup, which shows a sort of declining confidence in the democratic norm, which many of us don’t like. We don’t like coups, don’t want military rule again, but the democratic system has to operate!

One of the problems that the system has: It has too much centralization of both political and economic power in the Federal government. Even though we have 36 state governments and the Federal government, the Federal government alone controls about 52% of the resources. And the state governments have not much money to live upon, and so they have been asking for a true federal system, whereby the states would have more money, to care of the people, the local governments will have more money to take care of the local people. But again, the state governments and local governments are not better than the Federal government either. Because they’re equally corrupt. They’re equally wasteful, but at least people feel that if you devolve more financial power on the states and local government it’s easier to control them, and make them function more effectively than the Federal government, which is a distant government.

The Federal government has not reacted to that positively. The Federal government seems to be more interested in what it can get for the Federal system, whereas the civil service as a whole in Nigeria is presently about 5-6% percent of the population! And almost 60% of the financial resources is spent on this minority of people. So you have a large number of people, they’re having big cars, they’re using cell phones, but the general population is in jeopardy, economic jeopardy.

**EIR:** When I was Nigeria last time in 2001, the conditions were poor. Has there been any improvement in infrastructure, and hospitals, in schools, in clean water, in electricity, for the population?

**Aluko:** The government has put a lot of money into infrastructure, particularly electricity, but not much has changed, and that is why people are saying that, in spite of all this amount of money being spent, allegedly spent, not much improvement has come, particularly into the rural areas, and the urban areas. Even in Abuja, which is the Federal capital, you have a lot of water shortage, a lot of electricity outage, and so people are questioning the amount of money being spent by government, without much to show for it.

On roads, for example, a lot has been spent—at least on the budget, and that is why people are very unhappy that there



*Professor Aluko spoke to an EIR conference on North Africa’s development in January 2001. He has long been interested in Franklin Roosevelt’s economic approach, and in Democratic Party politics in the United States.*

is a tendency for increased corruption in the system. Even though this money is allegedly spent, much of it is going to private pockets—not only within Nigeria, but also outside Nigeria. And the President has been trying as much as possible to fight corruption. But he appears to be the lone person who is shouting about corruption—I mean, the system is corrupt! In fact, when you have a government that comes to power by corruption, it is very difficult for that government to fight corruption.

So, the President has been trying his best about corruption, but the system of infrastructural development—not much has changed since you left in 2001.

## **No Support for Iraq War**

**EIR:** Is there a significant national opposition or alternative to the policies of President Obasanjo? Are there individuals, and do those individuals have alternative policies, to reverse this process you have described? Nigeria is one of wealthiest countries in Africa, has enormous resources, as well as its population is a resource: Has anyone taken up the fight for the general welfare of the population, or is there no alternative to President Obasanjo until the next election?

**Aluko:** In fact, in 1999, there was greater opposition after the election, than [after] the election in 2003. Because in 1999 the ruling party ruled about 22 states, out of 36. Last year, they won 28 out of 36. So, really the opposition is declining in terms of voiced opposition, effective opposition, a lot of political opposition. But there is no doubt about it, that in the population itself, there are a lot of people who are speaking out, at the universities. Even some of the parties that are not represented in parliament—there is what you call now a coalition of other parties against the ruling parties, and this is part of the thing that is giving tension in the country.

Because people believe that the party in power is becoming more and more dictatorial, and in the next election, they will so overwhelming as to be a one-party state, which is not

good for democracy.

But, it's not a bad thing to have a dominant party, if you have good policy. Because then you can carry that out. For example, the present party has two-thirds of the majority in Parliament, they have two-thirds of state governments, so if they want to follow a very good policy, they can carry it out, without any molestation. But that hasn't happened. And that is what we want to see happen.

I mean, if you can find a party that can be, like in India, Congress, for a number of years, really made the country economically grow. Rather than a scuffle for all sort of scrambling and inability to govern: But that has not happened in Nigeria. We hope it will happen. We don't see an alternative in the horizon, because the All Nigeria Peoples Party, which is the opposition to the Peoples Democratic Party, itself is losing steam.

**EIR:** Which party is that, and who leads that?

**Aluko:** The Presidential candidate is General Buhari—and that is one problem that the Nigerians also face. That the political system is dominated by ex-military officers, who have no democratic credentials. Both Obasanjo and Buhari are generals, and many people are saying that we want civilian Presidents, and civilian opposition party leaders. But be that as it may, at present it doesn't appear that there's any alternative to the Peoples Democratic Party.

**EIR:** Let me just step outside Nigeria for a second. Nigeria has a very large Muslim population, and obviously the war in Iraq has to be something that people are concerned about in Nigeria. What are your views about this war, which has now gone on for over a year, and has this diminished the esteem that Nigerians held the United States in previously?

**Aluko:** Well, there is no doubt that the Muslim population in Nigeria does not support the war in Iraq—the way America is pursuing the war in Iraq. Not only that. Even the non-Muslim population, myself inclusive, have not supported the type of policy being pursued by America in Iraq. While one might not have supported Saddam Hussein, we felt that there were other ways of really making a country change its policy, than military action; because the military doesn't solve anything. It only worsens it. So, there is general disquiet in Nigeria about the American policy in Iraq. Not only in the Muslim population, but the general population.

Although, at the government level, because of the pro-Western system, there has not been an official pronouncement against the American policy; but generally, inside and outside government, the policy of America in Iraq has not been very much welcomed in Nigeria.

### **A Real Policy Alternative?**

**EIR:** You are familiar with the policies of Lyndon LaRouche, who is actively pursuing the nomination for the Democratic Party here in the United States. He has forecast,

for many years, that this financial system would be coming down at this point—and that is now the case. How do you view his analysis relative to what is happening in the world, and also the alternatives that he's put forward?

**Aluko:** I've always felt that Dr. LaRouche has been very much right in his analysis and forecasts about the financial system. And he is being proved right day after day. The problems are not simple, and anybody who's an economic analyst, will know that. The tendency will be what it is now, because if we have the developing countries getting poorer and poorer, then they will be bad customers to the developed countries. They won't be able to import, they won't be able to export, and therefore the world itself will become more depressed. And therefore the economic situation is likely to continue to be what it is now.

So, I've always admired LaRouche in his analysis, and in his prognostications about the financial system. And he's right. And I support it.

**EIR:** Now, I'm not trying to draw you into electoral politics here in the United States, but we do have the incumbent President Bush, whose policies are failing at this point, in terms of foreign policy and economic policy. One of the leading candidates in the Democratic Party is John Kerry, and then, of course, Mr. LaRouche is running in the Democratic Party for President. Do you have any suggestions for the candidates running in the United States, from the standpoint of an elder Nigerian statesman?

**Aluko:** I've always supported the Democratic Party in the United States, even from the first time I came here in 1962, when Kennedy was in power. I visited him and I shook hands with him. I, in fact, campaigned for him in Massachusetts. I went to his hometown—at that time his brother was also running as Senator—so I always supported the Democratic Party, and I'm still supporting the present Democratic party.

But what worries me is that Democratic Party candidate, Kerry, with all the advantages that he has—I think he should take the opportunity of what LaRouche is saying! I mean, if I were he, LaRouche would be one of my right-hand men! So that I would gain from him, and take care of the growing poverty in America. Because there is a growing poverty even underneath in America, which LaRouche is pointing to, and which the upper levels don't seem to realize. So, I feel that, if I were to advise John Kerry, I would say that he should look at LaRouche, draw him as close as possible, and possibly, if he wins election, make him one of his key ministers, or secretaries, or advisors.

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