In 1971, Barlow left the board of directors of FIC, allowing a venture-capital consortium called Dundee, Perth and London to purchase his shares. A series of embarrassing developments for the British Foreign Office ensued.

Financial maneuvers

Dundee fell into serious financial difficulties, and was soon purchased by Slater Walker, the stock brokerage firm whose mad speculative activity in Singapore and Malaysia was the source of a year-long scandal in the City of London through 1974.

The bankruptcy this month of the 150-year-old Sebag-Carr investment bank in London—which handled Slater Walker's accounts—provides evidence that diverse intelligence networks, ranging from Israel to South America, were linked to Slater Walker's notorious dealings. Not surprisingly then, when Slater Walker started tumbling, a group of private Argentine financiers offered to take the FIC off its hands for a bid. Alarm bells went off at the British Foreign Office.

The Foreign Office activated British intelligence, which pulled together a team of City of London bankers to finance a more suitable change of ownership for FIC. At the same time, Whitehall issued a decree stating that no Argentine citizen, nor any agency representing the Argentine government, would be allowed to gain title to island land.

The banking syndicate found an industrial holding group called Charrington to buy FIC, and financed the takeover. In 1978, Charrington was taken over by Coalite. Coalite today also owns the remnant shipping company of Dundee, Perth and London—the group which bailed the Barlows out in 1970—indicating an unbroken line of control over the company despite these upsets.

It is not known which London banks financed this reorganization. However, a core of British banks has been identified with the islands over time. These are Barclays, through Barlow; Lloyds, which during the early 1970s acted as banker for FIC; and Hill Samuel, which today is represented on the FIC board. Morgan Grenfell, whose chairman is the son of Alex Douglas-Home, is represented on the Coalite board.

Barclays, Lloyds, and Hill Samuel, together with N. M. Rothschild, are the chief members of the Eagle Star Insurance Group syndicate, the bastion of Britain's Canadian-Caribbean financial operations. The Eagle Star Insurance syndicate is the highest-level coordinating body for British strategic operations in the Western Hemisphere. N. M. Rothschild, in turn, is the leading financial interest behind the London Economist Intelligence Unit, which sponsored and wrote Lord Shackleton's 1976 report which resulted in Coalite's takeover of FIC.

Agricultural Strategy

The fight to realize Nigeria's potential

by Cynthia Parsons

Since the time of Britain's Royal Niger Company, and the discovery of palm oil in Nigeria, the rich resources there have been the target of international looters. The two rivers crossing the country, the Niger and the Benue, were used to ship the oil out; consequently, roads, railroads and other infrastructure were not built. Britain divided the north into 13 Muslim factions competing with the Christians and pagans in the south, laying the basis for years of unrest.

The legacy of these colonial days is a heavy one for the new republic. The government of President Shagari, up against some of the largest obstacles ever thrown against a developing nation, is pushing ahead with an extensive industrial development program.

To steer a country as large as Nigeria into the 20th century—it is the eighth largest in the world, with 100 million people—the government decided that industrial centers, cities, and infrastructure were to be the focus of their efforts.

Focusing on heavy industry, Nigeria went ahead and built the first blast furnace at Ajaejuta, and established the Nigerian Steel Development Authority with the help of the Soviets in 1971. In 1975, a decision was made to build some direct reduction electric arc furnace steel plants, and by 1977, the Delta Steel project was begun.

In January 1982, the government launched an expansion of the steel sector so that by 1985 Nigeria can be producing flat steel. A 10-year battle to upgrade the rail system has been won, and at last a unified rail system will be built.

Efforts are being made to increase food production and create centers for disseminating advanced agricultural techniques.

Nigeria has tried to increase the number of state-controlled and large farms, mostly modeled on those of the highly mechanized family farms of the United States. U.S.-Nigerian exchange programs are now under negotiation.

The problem of the peasant farmer has been identified but not adequately tackled yet. The benefits India and

Mexico both attained from the "Green Revolution" clearly need to be replicated in Nigeria. But this cannot occur without infrastructure, as David Walsh of the U.S. Agency for International Development, a Malthusian outpost of the State Department, smugly notes below.

Food production has stagnated, as has commercial crop output. Their prices on the commodity markets have fallen so low that farmers have stopped growing cocoa or palm oils.

Government policy had been to use oil income to import food during this interim period, until they could produce enough on the modern, mechanized farms they planned. However, with the deterioration of the international economic climate, and the heavy pricing attack on Nigeria's oil, export revenues fell. Production dropped to 700,000 barrels per day (bpd) in March-April 1982. Now they are up again to the 1.3 million bpd level, at the OPEC fixed price of $35.50 for bonny light crude.

But the wolves were at the door. In order to finance some of their development projects, help was needed from the World Bank. The Nigerians are meeting the Bank's "conditionalities" by allowing the Bank to write the Fourth Development Plan. The Fourth Development Plan lays heavy stress on agriculture, "appropriate technology," and the small farmer. Some vague words were devoted to energy, irrigation, and industry.

Nigeria launched a National Council for Green Revolution in 1980, to coordinate the work of all the federal and state ministries of agriculture. World Bank activity was under surveillance at all times.

This Green Revolution differs little from the failed World Bank efforts of the 1970s called "Operation Feed the Nation." It could at best be a mere stopgap. The agricultural ministry itself has launched many extension programs to educate farmers in the use of new methods. One research institution exists in Nigeria for tropical agriculture, but three-quarters of Nigeria can be considered arid and this area, which still grows cotton, is receiving little help.

The Moslem north is targeted by the Qaddafi-backed fundamentalists, and was the scene of riots last year in the ancient town of Kano.

Because the population continues to believe that they will benefit by developing industry and technology, and maintain that having children is wealth, this proud country has few friends in advanced-sector governments. The AID has thrown its hands into the air, saying that there is nothing they can do for Nigeria.

That policy of benign neglect was laid out in the 1970s series of New York Council on Foreign Relations publications called the 1980s Project. In the volume on Africa, the following future of Nigeria was outlined: by 2010 Nigerian oil will have run out, and that will make the Nigerians behave like the other poverty-stricken nations of Africa.

Interview: AID's David Walsh

'Nigeria should cut its wages, infrastructure'

David Walsh of the Nigerian desk at the State Department's Agency for International Development (AID) was interviewed by EIR*'s Cynthia Parsons on June 14. Excerpts follow.*

Parsons: What is the Green Revolution and how did it begin?

Walsh: The Green Revolution as an agricultural initiative whereby new, improved seeds are used to increase output, has been successful in only a few countries—some of them being very heavily populated, like India, Taiwan, Mexico, Philippines, and Korea. But it has not been successful in Africa.

Agricultural production in Nigeria has not increased on a per capita level, nor on an absolute basis. Food imports have gone up. Over the past four to five years they have increased by a factor of 7 or 8.

Parsons: Why?

Walsh: There are some fundamental problems. I think the Green Revolution was over-sold initiatially. A high expectation was built up that all you needed was the improved varieties and that would do the trick. Take the case of the improved rice developed in the Philippines, which quickly matures and makes double-cropping possible. What was overlooked was that the discrete quality of those seeds will not work in all places. Special ones in that country have to be bred. Frankly, that needs research facilities in or near that country, yet the quality of research and money is not comparable to that in the U.S. or other places.

Secondly, the high yields require a high concentration of inputs of production. In turn the price of that food has to support the increased costs. In some countries, these costs priced the product out of the market. The cost of producing that extra ton of rice was higher than that of importing it.

Thirdly, management and logistics for ordering fertilizers, distributing them at the right time, not before or after—most African countries tend to have governments that bureaucratically do this. Many are not capable of administering it. Water management is generally a political trick, as it is in the U.S.: who gets it, and how much? All the management has to occur at the right time and at low enough costs to make the benefits available.

The scale of the projects in order to obtain maximum benefit would have to be larger than 10 hectares or so. In Africa, arable land is scarce, yet the government wanted to provide maximum benefits to the small farmer who in Africa has maybe three to four hectares. In that small unit, the large output could not be realized.

The other problem is credit, and they have institutional problems that make credit dispersal difficult. If a farmer is to produce three to four times his family consumption, he needs the incentive of someone to buy it, and transportation. The farmer is not going to get into debt unless he knows his produce will be sold and that he has something to buy with the cash.

The other problem is the overvalued currency and the government's insistence on subsidizing food.

Parsons: How did the Green Revolution work in India, then?
Walsh: The difference in India is that they had many large cities, not just one capital, so there were places to sell the produce. They also had the management capability and were able to resolve political problems. The fundamental difference was that the British, for all their colonialism, left a network of rail and road that provided the infrastructure. Plus the weather, India being oversupplied with water, so to speak, while Africa is a water-short country. It is very difficult for a sub-Saharan country to make a dent in its food deficit. Take India, its food exports are multiple. Take Ghana, which has a trade deficit, exports a single crop and doesn't even control the price of it. This is true for most of Africa.

In Nigeria, since the oil days, they have viewed things differently. They have had foreign-exchange surpluses, which has worked in a negative way on food production. The vast urban population has become used to eating imported wheat, and agricultural prices have been treated indifferently by the government, which has concentrated on public works programs with high wages, wages grossly out of whack with the type of job they perform. This drew people to the already over-crowded cities, creating a labor shortage in the villages, indirectly crippling agricultural production. Now the agricultural sector is in a shambles. Any increased production means hard political decisions.

Parsons: How can Nigeria get out of this mess, as you call it?
Walsh: They need transportation, on-farm storage and off-farm, otherwise food will rot and they will not have any for the bad times.

They have to get a strong grip on imports, which are damaging local production—stop the subsidies of food prices. They are importing food at lower prices than they are producing it. This would be okay if local producers cannot reduce their prices. But it is not the cost of production, but the government policy of not devaluing their currency, which makes imports high. And that ridiculous minimum wage in the towns—to get the farmer back, the rural areas must pay comparable wages.

Parsons: Didn't the Nigerian government launch a Green Revolution? What happened to it?
Walsh: As I said, the Green Revolution means that the correct seeds have to be bred locally, adequate water has to be made available. None of this was done in the case of Nigeria. To encourage exports, they would have to revalue their currency and adapt government policy to maximize the effects.

But the Nigerian government used the term "Green Revolution" for what they wanted—a rapid increase in food production through the small farmer. It was a political statement, not an agricultural policy. And it failed.

Parsons: What about [former Agriculture Secretary] Orville Freeman's Joint Agricultural Consultative Committee [JACC], which wants to encourage private ventures in Nigeria? How is it progressing?
Walsh: JACC talks of wonders for two years, and nothing as far as I know has been done, nothing. It's a naïve idea. You don't have to tell an investor where to make money. Nor do you have to tell him where Nigeria is.

Oh yes, they claim they have projects "ready to go," but no one is putting any money behind the feasibility studies even. Look, if Caterpillar is hesitating to do a few feasibility studies, then I don't want any part in it.

Parsons: But if Mr. Freeman is involved in such a dud, why is he risking his name?
Walsh: Actually, Orville [who is active in the population-reduction lobby—ed.] was asked by the State Department to move back into the public light. There are too many obstacles to investing in Nigeria and clearly JACC has done nothing about them—the infrastructure, bureaucracy, etc. The only function is to exchange information, and why set up another institution for this when banks and embassies do this?

The biggest problem is that it takes such an abominably long time to do anything in Nigeria. You've got to be prepared for three to four years' investment before you get your first customer. With the high price of money, who can afford such an investment? The Japanese and Germans have done this with some success. But the U.S. businessman wants his fast return.

Parsons: Why did the U.S. government suggest the thing and how?

Walsh: It was one means to balance our balance of trade deficit with Nigeria. By encouraging investors, exports would follow. The Nigerians may have been motivated by this. [Former Vice-President Walter] Mondale initiated the whole thing while on his trip to Africa. The U.S. government got it going with the understanding that they would step out of the picture. The U.S. government is not involved in anything in Nigeria, we haven't put any money into it.

U.S. investment could be increased, however, if our anti-corruption laws and the laws on taxable income earned abroad were changed.

Parsons: How do you see Nigeria's future?

Walsh: Since the oil find, Nigeria has been overextending themselves. They did not anticipate a fall off in oil revenues. They invested badly, making heavy commitments two years ago for capital equipment. That takes a long time to arrive and for the order to pay off. Now everything depends on the market firming up. But the next budget will be a problem. They are only just finding out what their foreign commitment was. They did not know how many import licenses they had outstanding, so last year they stopped issuing them.

They must re-order their priorities—knock off their show-window projects, stop worrying about infrastructure, and let the service sector ride for a bit. They also have to find alternative sources of foreign exchange. It may be in the manufacturing-goods sector, but somehow they must diversify their export program.

The Green Revolution didn't go anywhere, and it won't now because of the elections.

Parsons: Does AID have any programs in Nigeria?

Walsh: Not as such. We have some population programs that we fund through U.S. voluntary organizations. But we have no aid programs.

Parsons: What about Stephen Low, the former U.S. Ambassador to Nigeria, who thinks private enterprises can work in Nigeria?

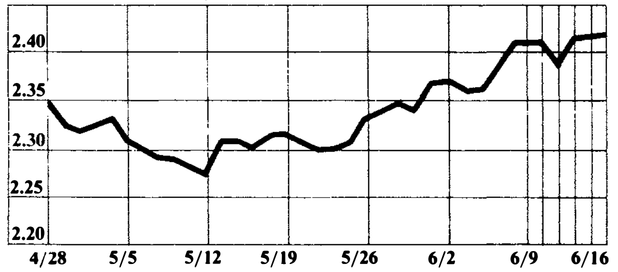
Walsh: Low has a constitutional bias against foreign aid, so he would prefer the self-help programs.

Nigeria has the resources to turn around and get going without concessional assistance. But does it have the political will to use their money to break with the past? Foreign aid is not there—and why? There is one difficulty, which is attitudinal. Nigerians don't make good students. They don't want to be told what to do. Not like Ghana, where they follow advice. Nigerians have visions of their role in Africa. So we just stay out and let them work their own way out of it. They don't want to be partners. They want to own things. That's why the JACC projects for part ownership in projects won't work.

Currency Rates

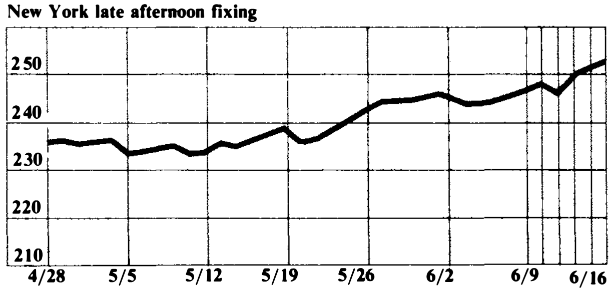
The dollar in deutschemarks

New York late afternoon fixing



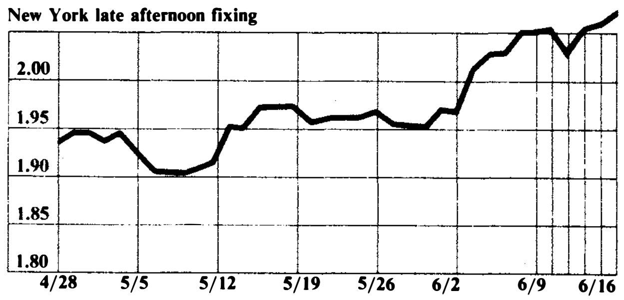
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing