LaRouches face off against the British in Nigeria

by Lawrence K. Freeman

The contrast in outlooks presented at the Fourth Nigerian Economic Summit, held in Abuja on Nov. 18-20, between Helga Zepp LaRouche, founder of the Schiller Institute, and Prof. Paul Collier of the Centre for the Study of African Economics, Oxford University, reported in the last two issues of *EIR,* expresses the fierce debate going on today over Nigeria's economic policy. The dirigistic "Chinese model" for development of the physical economy, in the tradition of the American System of Political Economy, presented by Mrs. LaRouche, stands in stark contrast to Collier's advocacy of the "free-trade" system applied by the British Commonwealth against its "former" colonies in Asia and Africa. Collier's pedigree places him in the service of the nastiest imperialist faction of the British Empire, especially in view of his six-year involvement in advising Uganda's Yoweri Museveni, the new breed of African dictator so beloved by the International Monetary Fund (IMF) and former British Minister of Overseas Development Lynda Chalker. Museveni's military invasions in Central Africa should not be overlooked by the Nigerian leadership, if they are to understand the British-centered financial elites' intentions for the break-up of Nigeria.

The purpose of the Nigerian Economic Summit, organized by private-sector representatives of the major banks and oil companies that live off Nigeria's huge oil revenue, was to bring back into full implementation, the disastrous IMF Structural Adjustment Program (SAP), which destroyed Nigeria from 1986 to 1993. It was Gen. Sani Abacha's termination of the SAP, when he came to power on Nov. 17, 1993, that earned him the hatred of the British-IMF financial elite, and which the Summit's "free marketeers" were so desperately trying to reverse. However, through the prearranged appearance by international stateswoman Mrs. LaRouche, an alternative to the one-sided brainwashing session was presented, more than disturbing the controlled atmosphere of the conference,

Now, as Nigeria approaches its transition to civilian rule, in the midst of the worse economic crisis that mankind has ever faced, the survival of Nigeria will depend on which policy is adopted: Collier's British free-trade prescription for further destruction, or LaRouche's proposals for Nigeria to participate in a new economic renaissance.

Nigeria's predicament today

To understand the significance of the "debate" between Collier and LaRouche, it is necessary to look at the present conditions of the Nigerian economy. The following interviews with Finance Minister Chief Anthony Ani; Prof. Sam Aluko, chairman of the National Economic Intelligence Committee; and NEIC member Dr. Ode Ojowu, will help the reader to understand the critical juncture at which the Nigerian economy finds itself.

Over the last few years, inflation has been reduced from 72.8% in December 1995 to 15.7% in July 1997, and Nigeria's foreign exchange reserves are reported to be over $7 billion, as capital has been withheld from the economy in an attempt to satisfy the demands of the IMF. During this period of time, Nigeria has not borrowed any additional money from the IMF, and even though the country is behind in payment of debt service, Ani and others claim that Nigeria's debt had been

Nigerian Head of State Gen. Sani Abacha greets Helga Zepp LaRouche at the Nigerian Economic Summit in Abuja on Nov. 19. Mrs. LaRouche spoke on "The Success of the Chinese Economic Reform and Its Significance for Nigeria: Africa's Secret Weapon for Peace!"

reduced from $32 billion to $27 billion. However, Aluko reports that Nigeria's debt is at $32 billion, excluding $11 billion in arrears.

But, has satisfying these "fiscal macro-economic" criteria helped the average citizen? The answer is a resounding "no"! Per-capita income continues to slump, manufacturing capacity utilization is reported to be as low as 29% to 33%, depending on whom you talk to. Official employment has dropped to 12%, which takes on added significance, given the fact that the majority of the population is employed in agriculture, and the inefficient, demoralizing "informal" economy. The informal economy is really a euphemism for large numbers of misemployed, underemployed, pathetically employed youth, who run up to cars at traffic jams and toll booths to sell cheap consumer goods to drivers momentarily stopped or slowed by traffic.

As reported by Aluko, the education system is in a state of decay, the quality of health care is declining, and infrastructure has not significantly improved. Some roads have been improved as a result of the Petroleum Trust Fund (PTF), which was set up by the Abacha government so as to be outside the surveillance of the IMF. The PTF has moved forward with a multibillion-naira (the Nigerian currency) fund for investment and improvement in a variety of infrastructure projects. These projects include: the rehabilitation of 25,000 kilometers of roads; the rehabilitation of 2 schools per local government; 1 secondary school per senatorial district, and 3 secondary schools per state; reconstituting 15 universities; a general hospital for each of Nigeria's 36 states; federal teaching hospitals; and 53 health-care centers to be run by local governments.

With the accomplishments of the PTF noted, even Finance Minister Ani admits that significant real growth has not yet taken place, with the focus instead being to perform according to IMF fiscal "macro-criteria." Aluko candidly reports that Nigerians are poorer and angrier than ever. Wage levels vary according to geographic area, and from urban to rural, but the average monthly wage is 3,500-6,500 naira (with small housing allowances), with the official exchange rate at 83 naira to the dollar. The government is expected to announce a large salary increase in December, which will help, but Nigerian families, which are usually comprised of a minimum of 2-4 children plus adults, are struggling to hold body and soul together.

IMF program destroyed the economy

The description of the Nigerian economy outlined above, is not a criticism by an outsider, but comes from a friend, who recognizes that under stressful economic conditions, an unhappy population can be stirred up by an enemy operation, to be used against the government. This is especially true, during this period of political transition from military to civilian government. In other words, a thoughtful leadership should view the importance of correcting serious economic problems in the same light as one views matters of national security. The welfare, the very existence of the nation, requires that the leadership of Nigeria urgently solve this simmering crisis.

Contrary to various liberal proponents of democracy, who love to hear themselves, at every public opportunity, shouting about the need to return to democracy, one cannot seriously discuss a solution to Nigeria's problems, without looking at the massive damage done to the country during the rule of Gen. Ibrahim Babangida (1985-93), under the IMF-SAP dictatorship. It was in this period, that many of the difficulties associated with the corruption attached to huge flows of oil money, which had already surfaced in the Second Republic under Shehu Shagari (1979-83), became institutionalized. As one experienced leader put it, "The economic system of the IMF became our culture."

As Drs. Aluko and Ojowu emphasize, Nigeria was destroyed, virtually overnight, by the devaluation of the naira in 1986. While Gen. Muhammadu Buhari (1983-85) had rejected the IMF-SAP reforms, after he was overthrown, the currency devaluation started, in 1986. Through the 1970s into the early 1980s, the naira was worth $1.00-1.50. Then, starting with Babangida's acceptance of the IMF "liberal reforms," the naira has steadily been devalued over the succeeding 10 or more years, to the current value of 1/83rd of a dollar. So, 1,000 naira used to be worth about $1,500, but in a little over a decade, the same 1,000 naira are worth a mere $12. Nothing destroys a sovereign economy faster, and more catastrophically, than the depreciation of a nation's currency. During that same period, Nigeria's foreign debt climbed from approximately $10 billion, to over $30 billion.

The "liberalization" of the Nigerian economy included the devaluation of the currency, deregulation of the banks, deregulation of interest rates, lifting restrictions on imports, elimination of domestic subsidies, and shutting down vital industrial infrastructure projects. This resulted in a lower per-capita income, and skyrocketting inflation and interest rates. Whatever the weaknesses of the Nigerian economy were, as it emerged from a long period of British colonialism, and its oil boom and bust, it was the IMF-SAP "reforms" that destroyed the economy, and pauperized the Nigerian people, intentionally.

Choosing the right path for development

The so-called "market-driven" economy during those years was a failure, when measured by the lack of real economic growth, and the Nigerian people have paid the price. This is the legacy that General Abacha inherited, when he became head of state in 1993. It is revealing to note that at the time of independence, in 1960, manufacturing enterprises accounted for only 3.2% of the Gross Domestic Product, and in 1996 these account for a mere 6.2%. This is the result of the IMF-SAP sabotage of absolutely vital industrial projects, which have not been completed in some cases for almost 20 years. These include Ajakuta Iron and Steel, Elme Petro-Chemical, the Iwopin Paper Mill, and the operation of Osogobo Machine Tools.

One way that General Abacha has dealt with problems of the economy, was to establish Aluko's NEIC, as a non-ministerial committee, reporting only and directly to him. This enables the NEIC to independently review, criticize, and offer solutions to the problems of the economy. The just-concluded Fourth Economic Summit, and the Vision 2010 program, are part of an effort to convince the government to reverse General Abacha's resistance to the IMF-SAP, and return the Nigerian economy to the total control of the private sector, by the "free marketers." This would include privatization of the major state-run authorities such as Nigerian Telecommunications (NITEL), the National Electric Power Authority (NEPA), the four oil refineries, and the biggest prize of them all, the multibillion-dollar National Nigerian Petroleum Corporation (NNPC). All these measures, General Abacha has so far wisely rejected.

The arguments put forward by the free-market crowd, are that the public sector is the cause of the problem, that there is too much government involvement in the economy. According to their theories, for the Nigerian economy to prosper, the role of the public sector, that is, the government's involvement, must be reduced, so the country can be turned over to the "invisible hand" of the so-called free market. Yet, the history of Nigeria demonstrates *that it was precisely by following these free-market nostrums that brought Nigeria to its present condition.*

Thus, the face-off between Helga LaRouche and Paul Collier epitomizes the fight within the Nigerian leadership, over which course of action the nation will take in the immediate future, as the meltdown of the world monetary and financial system proceeds. Mrs. LaRouche's presentation of the path navigated by China, in opposition to the free trade dictates of the British, the IMF, and the World Trade Organization, her call for state-directed infrastructure development, resonated loudly in the minds of the nationalist grouping in the Nigerian leadership. It is now up to such leaders to take bold and resolute action to free Nigeria from its "IMF culture," and join with other nations to conspire to bring about a new, just monetary system, one dedicated to the principles of development of the sovereign nation-state, and the economic uplifting of their populations. A system in which every single human being is valued for his creative potential and viewed as an unending source of new wealth for the benefit of the nation as a whole.

The author accompanied Mrs. LaRouche to Abuja, and has been a frequent visitor to Nigeria. For reports and interviews from previous trips there by EIR *correspondents, see* EIR, *July 29, 1994; April 7, 1995; May 19, 1995.*