EIR Strategic Studies

Nigeria's confrontation with the IMF escalates

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This is the third installment of a report based on a visit to Nigeria at the end of June and early July.

As groups within Nigeria's trade union movement were trying to organize a countrywide general strike to topple the government of Gen. Sani Abacha, the voices of the international banking community were raised in London and Zürich to make clear that the fight in Nigeria has really nothing to do with democracy, but everything to do with the future of the International Monetary Fund/World Bank monetary system. The daily *Neue Zürcher Zeitung*, usually reflecting the views of a majority grouping of the senior Swiss banking community, on Aug. 4 used its lead article, under the headline, "Hour of Truth for Nigeria's Generals," to demand action by anti-Abacha groups within the Nigerian military. The newspaper's editors leave no doubt that it is the government's economic policy they don't like, by calling the anti-IMF measures "adventurous and primitive dirigism." The fear in Zürich and other banking centers apparently is that just such dirigism might become the example for other debtor countries to follow. Therefore, those bankers simply want to see the Abacha government fall.

The City of London's *Financial Times* on Aug. 3 blatantly displayed 19th-century-style "concern" for Britain's former colony, and under the title "Time to Help Nigeria," called for the formation of a coalition government between Chief Moshood Abiola and possibly General Abacha, or another senior officer. But, just as in the "good old days" of the Empire, there are strings attached to the "help." Writes the *Financial Times:* "Mr. Abiola should limit the transition to no more than two years. At the end of that period Mr. Abiola should stand down, and agree not to run for reelection. Key portfolios—finance, the central bank, the state-owned Nigerian National Petroleum Corporation—should go to technocrats. As a condition for debt relief, the accounts of these institutions must be monitored by resident officials from the World Bank and the IMF who would assist Nigeria to implement the country's lapsed economic reform program."

Political sources in Nigeria were very thankful for such clear and unmistakable words from the City of London. The City demands a return to the structural adjustment program of the IMF, which was just ended by General Abacha's 1994 budget, and for this purpose sees Chief Abiola as the best available choice for a government of stooges who would be controlled by resident IMF/World Bank officials. In line with their 19th-century colonial methods, the *Financial Times* editorialists offer the carrot and stick to enforce such a solution. They reject the threat of increased sanctions, as simplistically demanded by certain American figures such as Jesse Jackson, as "unwise," and instead threaten to embargo Nigeria's oil exports on the one side, while on the other, they offer a "debt write-off and rescheduling which reduces Nigeria's annual servicing commitments to no more than 20% of export earnings." Ironically, the *Financial Times* leaves no doubt that Chief Abiola has only "dubious qualifications for the job," and that the presidential poll he claimes to have won "was deeply flawed." Thus, a "democratic" Abiola government would be weak enough to be controlled from the outside.

The Nigerian government stopped servicing its debt to the Paris Club of creditors more than two years ago, in early 1992. By now, arrears on the more than $30 billion debt have risen to $7 billion. Given the shakiness of the world monetary system, this creates headaches in banking circles, and some bankers would rather compromise and agree to a ceiling of 20% of export earnings as debt payment, than to receive no payments at all. Yet, these bankers also know very well, that the current government has not repudiated the debt that it inherited from its predecessors, and that it would eventually start paying on its debt obligations, but only after a fundamental shift in economic policy is effected, which would break Nigeria out of the IMF/World Bank-dictated constraints of underdevelopment.

What really gives them headaches, is the work of the National Economic Intelligence Committee (NEIC), which is committed to designing an economic policy that would send Nigeria on a path of rapid development in infrastructure, industrialization, and agriculture. It is that direction of sovereign national development of the country, as potentially an economic and political giant of the continent of Africa, which constitutes the basis for real fear in establishment circles in New York and London. That would end their imperial dreams of recolonization of Africa. Therefore, they reason, Nigeria must either get a government which is easily manipulable—the Abiola option; or it must be destroyed, leading to ethnic clashes and civil war.

The fraud of the 'democracy' campaign

By the end of July, the National Democratic Coalition (Nadeco), which many suspect is financed by Anglo-American money, had convinced the Central Working Committee of the Nigerian Labor Congress (NLC), over the objections of its president, Pascal Bafyau, to call the union's 3.5 million members out on a general strike in support of the four-week-old oil workers' strike. All the noble rhetoric about the aim being "to restore democracy now" collapsed on Aug. 2, when President Wariebe Agamene, of the blue-collar union Nupeng, threatened to kill workers who would not obey union orders: "If they don't stop their treacherous activities, the next option will involve body-bags. A few people will be caught up in the melodrama. We are prepared to deal with these people violently." Two days later, when the strike led to violent clashes in Lagos, marauding youths were seen swinging their machetes Rwanda-style, in support of "democracy."

The call for a general strike was not followed in all parts of the country. The strike concentrated in Lagos and Chief Abiola's stronghold among the Yoruba in the southwest. The Haussa/Fulani in the north and the Ibo in the east did not comply with the strike order, while the city of Kano in the north saw pro-government demonstrations instead. One way of paralyzing the country is obviously to bring back the ghosts of the past and throw the country into ethnic conflicts and civil war. Already in Lagos, shopkeepers who are mostly members of the Ibo have been targeted by violent youth gangs. Exploiting those traditional divisions would be a way of breaking the fragile fabric upon which the government of General Abacha rests.

As the interviews in this *EIR* series show, the trade union movement of Nigeria has the chance to be part of establishing solid foundations for transition to an elected civilian government, within the context of restored economic growth and stability. But instead, the trade union leaders have chosen to confront the government blindly, at the moment that it is in a fight against the IMF over the future course of Nigeria's economy. Neither they nor Chief Abiola have refuted the bankers' demands.

The trade union leaders could also be part of the process to chart out a new framework for elections, which is now going on at the constitutional convention, but instead some of them have announced terrorism as their way of bringing about "democracy." There are probably a number of trade union leaders and many among the rank and file who are genuinely concerned with the establishment of a true democratic system for Nigeria, and with the economic well-being of the country. They should exert their influence now, and, for the sake of Nigeria's survival, stop the process by which some trade unions are spearheading the descent into further chaos and violent ethnic conflicts.

While the NLC leadership is continuing discussions with the government, the leadership of Nupeng and Pengassan, the white-color union of senior staff in the oil industry, is on a confrontation-only line. This has raised suspicions of another kind: Rumors are circulating in London, that some oil interests may actually be playing a double game vis-à-vis Nigeria, because the lack of Nigerian oil on the international markets tends to drive up the demand for Britain's North Sea oil, and thereby prop up the British pound.

Nigeria's oil, a strategic issue

As the strike of Nigerian oil workers moved into the fifth week, it began to affect oil production, and fear of a drop in exports sent the price of North Sea crude, which closely resembles Nigerian crude, to above $19 a barrel. Nigeria occupies a key place in the world oil market, because almost all of its oil is very high quality; the North Sea is the only place that produces a near equivalent. Royal Dutch Shell, which produces almost 1 million barrels a day and thereby half of Nigeria's total, has announced a drop of one-third in output.

Oil is the key to Nigeria's development. As Chief Don Etiebet, the minister for petroleum, explains in the interview below, the Nigerian government intends to increase its production significantly. But with this, the government is not just planning to earn more export revenues. It has a long-term strategy to develop the petrochemical industry, to become independent of the world market and to supply neighboring states. Furthermore, the government is planning to utilize the huge amount of natural gas, which right now is being burned away. If one takes into account that Nigeria's oil reserves are much bigger than believed up until recently, it becomes clear that the right government could use this enormous natural wealth for a buildup of the country's strength, by which Nigeria would become a key strategic factor that would fundamentally change the existing geopolitical map of the world. Such a perspective gives certain circles in London and New York even more headaches.