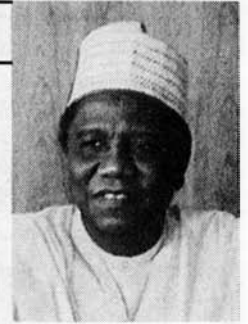

Interview: Alhaji Aminu Saleh

Great disinformation is being spread abroad against Nigeria



Mr. Saleh is Secretary to the Government of the Federation in Nigeria. He was interviewed by Uwe Friesecke on May 5 in Abuja.

EIR: Excellency, about 18 months ago, General Abacha took responsibility for the government of Nigeria. Could you give us your reflections on what has been accomplished, and what the significance of that move was?

Saleh: At the time that General Abacha came into the government, on the advice of his colleagues, the country was on the verge of collapse politically. Virtually every section felt that they should go their own way. We needed a person to come and unite the country, so that it would continue as one united nation. By the time he came in, the threat to our unity was so great, that virtually all of us felt unsafe, and those of us who had hope that the situation could be salvaged, were happy that he took over.

The first thing he did was to give assurances to Nigerians and the world, that they were there, not to stay long, but to prepare for democratic rule. That should be stage by stage. His first step was to have the Constitutional Conference; that was in his first broadcast. But over and above this, was the restoration of stability in the country. By June 1994, we had industrial problems coupled with political problems—the situation was so tense. But by and large, we were able to overcome this and restore normalcy to the system. That, of course, had the best effect on our economy. Soon after, we assessed that we had a situation that was close to normal; we then started to pay attention to economic matters.

We had a review of the first six months' performance in 1994, and then we prepared for the third quarter. By the end of the third quarter, we had another review, and then we started the real economic activation of the country, by having conferences in Kaduna for cereals and legumes, etc., and in Lagos for raw materials for industry, among other areas. Then we started the 1995 budget exercise, integrating what we had accomplished in these seminars into the 1995 budget, as a result of which, the Ministry of Solid Minerals Development and several other ministries were created. In addition, the Petroleum Trust Board was established, in order to utilize the proceeds we collected in addition to the pump price. That, we intend to use in the development of agriculture, education, housing, roads, and security.

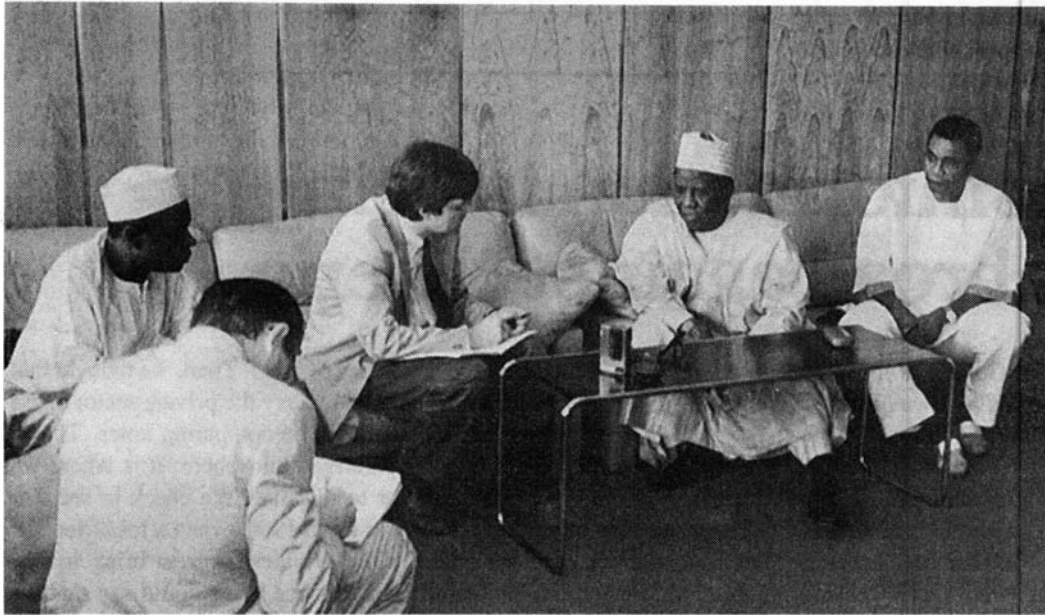
That was at the beginning of 1995. Then, we thought that we should, as we did in 1994, carry the private sector along with us, so that we could keep on comparing notes. This is where we create a cooperative atmosphere; it is where we expect the private sector to respond. We check to see that they do respond. I have in mind 1994, when a lot of foreign exchange was given to the private sector to bring in raw materials, but unfortunately, none of us could say that we have seen an improvement in capacity utilization, despite that allocation of foreign exchange. In fact, some of us who have been in the business for some time knew that though noticeable improvement could be seen in the economic activities, it was due to the informal sector's activities, not to the organized private sector as such.

So, we have at the moment geared ourselves to pick up economic activities, after ensuring that stability and normalcy have been restored. We are looking forward, of course, to receiving the constitutional report, onto which we will then tag our disengagement program, which will be based on the political form which they [the delegates to the Constitutional Conference] want the country to take.

EIR: How do you respond to the recent attacks of Trans-Africa, in America, calling for sanctions against Nigeria?

Saleh: I think this was well explained by the commander-in-chief, when he said he had thrown out an open invitation to all those who are interested in knowing what is going on in Nigeria, to come down and see things for themselves. I think there is misinformation, or disinformation, somewhere, when people sit back at home, assess from what others say, not what they see on the ground. You have been in Nigeria for some time now, and you can assess for yourself whether there is peace and stability, whether people are being harassed or not.

Unfortunately, most of them listen to people who are out to destroy Nigeria. There are Nigerians who, when they get out of their own country, abuse their own government. You don't get an Indian to abuse his own government when he is out; you don't get any other person to do that. But unfortunately for us, we have people who go around, who are internationally known—in fact, one of them is a Nobel Prize winner, he was awarded a prize for telling stories. He creates stories, he dramatizes. This is the kind of person who is



Uwe Friesecke interviews Alhaji Aminu Saleh. Mr. Saleh says, with reference to the International Monetary Fund: "They wanted us, first of all, to open our windows—later to open the doors. In fact, we went ahead even to open the gates. We now open our rooftops, so when it rains, we get wet; when the sun shines, we get hot. We do this, we do that—but still it doesn't satisfy them."

listened to, a person who can make a mountain out of a small stone. They dramatize. They create stories. But, unfortunately, these fellows don't see beyond their noses.

I think one of the respected persons in the United States is Jimmy Carter. He was here, he is a former President, he saw things for himself, and had given us a passing mark. It is left now to the Americans, whether black or white, to assess the report of Carter, against the views of people like Obasanjo, who was openly abusing Carter for giving a passing mark to the Nigerian government.

EIR: The financial press in the City of London has singled out the Petroleum Trust Fund, as an obstacle to any agreement between Nigeria and the International Monetary Fund, and has demanded strict adherence to the IMF's Structural Adjustment Programs. How do you see the experience of Nigeria, over the last 10-15 years, with those programs?

Saleh: Let's look at the time before the Structural Adjustment Programs were brought in. The situation was such that we were operating an umbrella system, in the sense that we had about \$27 billion, and about 7 billion naira in circulation. This \$27 billion gave sufficient cover to the 7 billion naira in circulation. The situation then changed to one more like our current system, where we have few dollars, and more naira in circulation. There is no way that the dollar can give protection to the naira. We have now about \$8 billion and 120 billion naira in circulation.

The government decided to request ideas as to how to solve this. It started very well, because the idea was to think inwards, to develop internally, not to depend on imports. I think that was the essence of it. Secondly, it was to transform the rural sector, to take jobs to the rural areas, at the expense of the urban areas that had been overpopulated. I was not part

of the government at that time; I had the opportunity to see it from outside.

At the beginning, some of us thought that the income of the farmers was going up. At the same time, we realized that this had its side effects, which outweighed the benefits. In the end, we ended up in a negative condition. That is why we decided to stop the Structural Adjustment, and to ask, "What do we do to save our nation?" To open the market too much, is not good. The Structural Adjustment Program insisted on the deregulation of practically everything. They wanted us, first of all, to open our windows—later to open the doors. In fact, we went ahead even to open the gates. We now open our rooftops, so when it rains, we get wet; when the sun shines, we get hot. We do this, we do that—but still it doesn't satisfy them.

Let's go back to the Petroleum Trust Fund. At the beginning, we consulted the IMF and the World Bank, and we told them that we wanted to have a system where we would put some money—coming through the budget, not an extra-budgetary allocation, but coming through the budget, it's what we *earned*. When I was minister of finance in 1993, I was with the World Bank, and I told the World Bank, what we are doing to Nigeria is not your fault, it is our own fault. We will set our house right; we will not be accused by anybody. How we do it, is that we understand what we *earn*. We shall not go into borrowing, whether internal or external.

When we did the 1994 budget, we started with a zero budget, to ensure that only what we collected, would we spend. We would not go beyond that. But unfortunately, an atmosphere was created, some external forces came in to create a problem in Nigeria, and we ended up, for the first half of the year, in trouble—political, industrial, economic. So our hope of limiting our spending to what we earned, was

dashed, deliberately.

This year, when we started to collect the money from the additional pump price, we thought we should keep it aside. Although it would be part and parcel of the budget, it would not come into the total [budget] stream of day-to-day government affairs. Some of it would be set aside, targeted to projects that are aimed at the welfare of our people.

I think what people should understand, is that we know what is best for our own country. We know how to go about it. If you bring in an expert from outside, the first thing he will ask you is, "What do you want?" I know what I want. Then he will ask you, "Why is that what you want?" I know why it is. So I have done half the job. I know what I want, and I know why it is what I want. But somebody will come from outside and say that what I have done is not right, because he thinks he knows better than I do myself, what is going on in Nigeria.

In some countries, they have succeeded in convincing them that what they were doing was right. In our own case now, we do not totally reject what they tell us, but we relate to our own policy. When I was minister of finance, the IMF managing director told us, at a meeting in Washington in 1993, that developing countries should think *inwards*, they should have home-grown solutions. I think this is what we are doing. We are not doing anything outside what their policy is! Home-grown solutions, that we will think globally, but we will act locally. These two policies are the policies of the IMF and the World Bank.

EIR: Now globally, there is growing debate, in light of the dollar crisis, the collapse of Barings Bank, that one needs to think about a "New, Just World Economic Order." Would this debate have the support of your government? Do you think it is a useful debate?

Saleh: This is a new subject that you introduce, and I think that we should have the benefit of our own experts to advise us on this. It is good not to throw away new ideas, but one has to carry along those who know about it. If we find that the ideas are ones that we could officially say we support, we will do it. But I cannot say now that the Nigerian government will give support to this, nor should we say that we totally reject it. But we would want our own experts to study the central bank idea, the Ministry of Finance idea, the national planning idea. We have a Nigerian Institute of Social and Economic Studies, and the Institute of Strategic Studies. We have quite a number of these organizations that we ought to bring under one roof. What are the merits and demerits of what is going on now, and how do we improve on them, or how do we discard them, and what do we put in place of them? It is not something that one person can verbally say, offhand, "Yes, this is acceptable," or "No, this is not acceptable." We need a chance to study whatever it is, and our own personnel will do this, who know about national and international economics.

An alternative to the present bankrupt monetary system

by Lawrence K. Freeman
and Uwe Frieesecke

This speech was delivered by Mr. Freeman on May 4 to the Second Nigerian Economic Summit in Abuja, Nigeria.

For Nigerians to develop the full potentials of this well-endowed nation, it is important to examine the dynamics of the current world economic and financial crisis. I will briefly highlight the most serious systemic deficiencies in the principles guiding our monetary system. Then I will present the outlines of an alternative economic system, premised on an axiomatically different set of principles.

Today we can say with certainty that the global monetary system, dominated by the western banking capitals in the United States, the City of London, and continental Europe, is in a state of collapse. The ongoing dollar crisis is the most serious sign of this. With the prestigious Lloyds of London now sliding into insolvency, even the skeptics should conclude that we are in an unprecedented financial crisis. Unless substantive radical changes are made, which depart from the accepted assumptions underlying current monetary policies, there will be an even more serious phase of financial disintegration in the immediate to near-term period ahead. The twentieth-century model which approximates this disintegration phase is the 1922-23 collapse of the monetary and financial system of Weimar Germany. However, the most important difference is, that unlike the period in Germany from 1922-23, when the United States was still capable, as a strong creditor, of helping to restore Germany with the Dawes Plan, no such super-creditor exists today that can bail out the bankrupt global monetary system. Therefore, we are facing a much more serious and dangerous crisis today than we have faced at any other time in history.

We have documented that the cause for this crisis began after the death of President John Kennedy, and especially after August 1971, when we adopted the wrong-headed policy of "decoupling" the monetary system from the real, goods-producing physical economy. As a result, per capita wealth measured in real tangible goods has been declining, not just in less developed countries, but also in such an advanced-sector country as the United States. Simultaneously, over roughly the same period of the last 30 years, the distinctively