

conflict resolution, be it in southern Sudan, in the Arusha negotiations for Burundi, or the Lusaka Accords for the Congo—is to confront the demoralization and the sense of hopelessness of the people involved. To overcome this, such an ambitious vision for the development of Africa is needed, which will guarantee that Africa reaches an equal place in the community of nations within the first part of the 21st Century, and that its people, 40 years after the end of colonialism, can live in peace, justice, and prosperity.

Ode Ojuwo

Nigeria's Struggle To Survive Globalization

Professor Ojuwo is from the Centre of Developmental Studies at Jus University, Nigeria. He addressed the conference on Jan. 15, following Lyndon LaRouche's keynote presentation on "The New Bretton Woods System as the Framework for a New, Just World Economic Order." Mr. LaRouche's speech was published in EIR on Feb. 23.

Chairman, and presenter, ladies and gentlemen, I do hope that I'm not going to produce an anticlimax after such an eloquent presentation. We read, we heard from Mr. LaRouche several times, and I'm not really sure whether I'm in a position to comment directly on the presentation he has made. But let me make a few comments, one by way of a joke; I hope it will make you laugh.

This Y2K scare: In Nigeria, the government spent \$10 million to prevent a collapse of the computer system, even though we have no electricity. On one of those committees, I met a friend who was chairman of the committee, a graduate of MIT in the U.S., preparing his report on the Y2K crisis, using a kerosene lamp. And I asked him, "Why are you writing this report, using a kerosene lamp? You know that you don't have electricity in this part of the state!" He said to me that his state government appointed him to write it, because it's a directive from the federal government to do so, and he was to go to get his allowance writing it. In the new year, most of the country was in darkness, because there was no electricity. So, the absence of electricity solved the problem of Y2K in Nigeria.

A number of colleagues put forward this doom scenario yesterday, and I think there was a reaction to it, which was that we should also blame the internal structures for the crisis that we face. But sometimes we have to identify primary problems, as distinct from secondary problems, which are derivative of the primary ones. And, as I got a good expression

from a colleague yesterday, if you want to kill an octopus, you hit it on the head, not once but ten times.

You will recall that Nigeria is a big country in Africa. Nigeria is the largest borrower of World Bank funds in Africa. Nigeria is also the largest producer of crude oil in Africa, the sixth in the world. In the last two years, Nigeria has been earning, from about 2 million barrels of crude every day, about \$30 to \$35 a barrel, which gives it an income of between \$60 and \$70 million a day, gross.

In 1985 there was General Gowon's administration, and the government launched the structural adjustment program, after a debate in which Nigeria overwhelmingly rejected the International Monetary Fund loan. The government at the time said that since the IMF loan was rejected, the alternative was the World Bank structural adjustment program, without a debate. And so, we launched the structural adjustment program, under the military regime. I'm making this point because of the series of steps that were outlined by the presenter, and the crisis that it represents.

We have a similar process in Nigeria; that's why I'm trying to outline what is going on there for you, to link it up with the overall global process that has been presented to us today.

The Structural Adjustment Program

The immediate intention of the structural adjustment program [SAP] was to determine the exchange rate of the naira [Nigerian currency], according to the market forces. Before the program was launched, the naira, between 1980 and '81, was exchanging for about 50 kobo—that's just half a naira—to one dollar. On the launching of the program in July 1986, the naira immediately dropped to 4 naira to the dollar; and then to 7 naira to the dollar; 10 naira to the dollar; 11 naira to the dollar. Today, it is 100-105 naira to a dollar.

We're told that the principal reason for allowing the depreciation of the exchange rate, was so as to expand our exports. From the time that the naira depreciated, until today, all exports have virtually ceased, except crude oil. We advised the government at the time, that you don't export because you depreciate your currency; you export because you have the technology to produce, and once you are in the export market, the relative values of your currencies can determine the volume of sales. But depreciation itself cannot put you on the export market. We were told that that was wrong. And it looks like the more the naira depreciates, the greater the volume of *imports* to Nigeria.

Today we are importing chicken, fried frozen chicken from the U.S., frozen turkeys from the U.S., orange drink from Britain, just as our own oranges lie and get rotten by roadside, because the infrastructure has collapsed.

Now, we have, during this period, expanded our financial sector tremendously. By 1985, when the SAP was introduced, and into 1986, we had only two merchant banks, only in Lagos. By 1992, we had over 52 merchant banks, and the number of commercial banks rose from under 40 to over 130,



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between 1986 and 1992.

The World Bank held this up as an expansion of the Nigerian economy, and an improvement. Alongside it, however, all the present infrastructure, including electricity, collapsed.

During the structural adjustment program, the rate of interest, which was about 5% in 1985, rose to about 120% in 1992. And the foreign exchange speculation increased—we call it “round-tripping.” People would buy the foreign exchange at an official rate, round-trip it, and sell it at a higher rate. So, all the banks expanded, precisely because they were in debt in order to trade in foreign exchange, and as a result, all sorts of production ceased.

So by 1993, the bubble had burst. The banks collapsed. Many banks simply went out of existence by 1993, 1994. Industries had collapsed. The capacity utilization of industry dropped from about 70% in 1985, to 34% in 1992. And funnily enough, in spite of the drop in capacity utilization, the remaining industries could not sell what they produced. So by 1994, 1995, the industrial sector claimed that it had \$60 million of goods produced locally that it could not sell—\$60 million worth.

At the same time, massive importation was on the increase.

So, we had this side by side: expansion of the financial sector, and decline of the real, productive sectors, because finance was no longer funding production. So, the economy

of the financial sector collapsed.

The World Bank did a study, and showed that the poverty level had increased tremendously, and tried to show that poverty was higher before the SAP, decreased starting with the SAP period, and rose immediately after the SAP ended. So, presenting it as if it’s a stop-watch: You click on the program, something stops; you click it off, it comes on. So, poverty decreased from 1985 to 1992, and rose tremendously in 1993, because the SAP was suspended. That’s the kind of picture that the World Bank presented.

And funnily enough, it also segmented poverty, showed various areas of the continent that are poor. In 1994, the northern states were said to be the area that was poorest, in order to attract World Bank funding. And recently, we heard from the World Bank that the poverty distribution has changed. The poorest part of the country now is where [President Olusegun] Obasanjo comes from!

So, apparently, the area moves with the leadership.

Now, a number of things really, on a serious note.

World Bank Calls the Shots

When Obasanjo came into power, he identified unemployment, poverty, and armed robbery as critical problems, and as a sickness. And in every attempt made by the government, the World Bank takes the initiative—I think is important to note. The government is trying a poverty alleviation program, it’s called PAP in Nigeria. Government set aside 10 billion naira to solve the problem in the first year, and has agreed to borrow \$16 million from the World Bank, for this poverty alleviation program.

Many segments of Nigerian society, including at the university level, are opposed to the borrowing of this money. Sixteen million dollars to be disposed of, over four or five years, is not money that is worth borrowing, by a government that has between \$60 and \$70 million a day gross. But the government is going ahead with the borrowing of the funds, precisely because the World Bank says so, and it is believed that unless Nigeria concedes to the World Bank, it will not get the appropriate clean bill of health that’s necessary for foreign investment.

Online, too, is a billion-dollar standby facility, provided by the IMF. Each segment of Nigerian society will bitterly resist, except perhaps the financial sector, that’s supposed to benefit from the deposits arising from these loans. So government, although elected by the people, usually listens more to the World Bank/IMF in matters like this. From the university that I come from, the academic staff outlined a program to rehabilitate universities after the crisis between 1985 and 1993. And they had several negotiations with government. The World Bank/IMF have promised a loan of about \$120 million to support the program. The universities feel that they don’t need a World Bank loan to support an area like education, and that there are enough resources to fund the program locally.

I want to say that people are not just sentimentally objecting to IMF or World Bank loans. Our position in the university is that the level of corruption in the country is so much, that if we can reduce corruption by as much as 10%, the resulting revenue is not enough to fund a lot of the programs in Nigeria. So, we really don't need to add more money that will enter the corruption mechanism, that cannot be put right. That is one reason for resisting.

The other is that we think that we must be able to define our priorities, our projects, as established clearly, as the resource comes, for which we need a loan. That has not been established. And the World Bank has put in place a project, that Nigerians themselves feel is wrong; the poverty alleviation program is taking so much money. We don't have enough time to go into it, but I will just give you a brief on what the government is doing with the poverty alleviation program.

The government supposedly identifies people who are poor, and have no jobs. And then, on a monthly basis, gives each one of them about \$35 to add, to earn a living, just to pay them. And the government at the state and local level is now supposed to identify these people, and get them to clean the streets, clean the schools, clean the roads, and collect this money.

What you know, is that our problem in Nigeria is that there is no clear documentation of people and individuals. So it is possible, and it's true, that many governments at the local and state level, are collecting this money, and not really paying it to anybody, but identifying ghost workers, and paying them in their offices. This is the kind of program that the World Bank wants to support! And yet the World Bank is supposed to be against corruption in the system.

The other areas of government attention is in respect of the key institutions of government, like the Central Bank of Nigeria, the Ministry of Finance, and National Planning Commission. We, when we were working with the previous administration [see speech, in this section], identified that if Nigeria could handle the National Planning Commission, the Central Bank of Nigeria, the Ministry of Finance, and the National Oil Company, called NNPC—if we could get hold of those four or five institutions and clean them up, Nigeria could develop, almost instantaneously.

These five areas that have been identified, have now been taken over by the IMF/World Bank. They now have their staff to run those places, and guide them as to what to do, or what not to do. And their staff has managed the program.

The Central Bank—the World Bank insists that the staff strength in the federal establishment is too large, and that is why too much money is wasted on labor. And it wants rationalization of the labor force.

Our plan then was, that if we're going to identify, at the redundant level, we must first of all specify the job description for each person, and see whether, in fact, there's no need for more labor. There was a particular case in immigration, customs, where the government was going to retrench about

600 employees, who were deemed to be unnecessary. We identified all the customs personnel in Nigeria . . . and found that there was need for more employment, rather than a reduction in the labor force.

So, each time, the government, along with the World Bank, was confusing concentration of people in particular locations, as different from the need to employ functionally. Because, you see, what happens in Nigeria is that everybody wants to be in and around areas that generate a lot of money: Lagos, Port Harcourt, Calabar, all the coastal areas where there's a lot of competition. That's where everybody wants to be employed. So, the World Bank comes in, and sees a lot of concentration of employees in Lagos, and concludes that the customs is overemployed, and we should remove people.

Incidentally, the attention that the government pays to the IMF/World Bank, is the result of the long isolation that the government has had, and its eagerness to try and get linked up to the world again, and its attempt to get a clean bill of health. So, it tends to listen and pay more attention to what the World Bank says, than to what is said in Nigeria.

There are a lot of skilled people within, but they are used very little, if at all.

The Privatization of Infrastructure

Now, the Nigerian budget, federal government budget, is concentrated, mainly, in areas wanting to privatize infrastructure. And as a result, over many years, as I said before, various infrastructures have collapsed. And because infrastructures have collapsed, the economy has collapsed around them. And because the economy has collapsed, there's over-concentration of people in areas which are minimally functioning. That is why, if you come to Nigeria through the airport, you'll be shocked at the number of touts who will greet you, wanting to be "assistants" to you.

I was surprised when I came to the airport here [in Khartoum], and found it quiet, and empty. In Nigeria, it's not like that. The number of people who are not working at the airport, but hovering around the airport, is about three to four times the number of employees at the airport, attempting to extract what little funds they can from unsuspecting travellers.

And that is true of the customs as well. It's true of everything, down to private motorists, and motorparks. Anything that works is like a honeypot: That's where everybody goes.

So, talking about collapse, it is also with us, even in Nigeria, and Nigeria should play a very dominant role in Africa, because we have resources. But the problem is that of management. And I think that these issues need more than just one country, as I've been saying. We need a collective. African countries will need to come together to work on these issues. Otherwise, Nigeria is almost losing its fight. There is need for cooperation to coordinate the activities of African countries. I would have said more on the IMF/World Bank, but I think that, as time goes on, I will make more points on these issues.

Thank you very much.