

# Will Nigeria Become A Tsunami for Africa?

by Lawrence K. Freeman

Jan. 28—An African friend recently told me that if the “Arab Spring” comes to Nigeria; it will create a tsunami for the rest of Africa. I believe he is right, and it may be coming sooner than we think, unless Nigeria makes an abrupt change in policy.

In the Arab countries where demonstrations erupted last year, there were legitimate reasons for popular dissatisfaction with their governments, and the same is true in Nigeria. But the break-up of Nigeria has long been desired by the British financial empire, to carry out its policy of genocide throughout the African continent, which continues unabated today through food shortages that are killing millions, and will kill millions more in the months ahead.

Nigeria’s prominent place in Africa, due to its size, its abundance of natural resources, fertile land, and the ingenuity of its people, makes it a target for destruction, which is being carried out through the combined effects of the Salafist-led insurgency known as Boko Haram,<sup>1</sup> and the deteriorating economic conditions exacerbated by Jan. 1, 2012 doubling of the price of fuel through the removal of government subsidies. As in the case of the Horn of Africa, and Sudan in particular, the enemy that countries must unite to defeat is the British Empire, in its modern incarnation as the City of London. If the Nigerian nation with its 160 million people disintegrates, the consequences will be catastrophic, resulting in even higher rates of genocide across the African continent.

The rise in the fuel price triggered a week of demonstrations in Nigeria’s major cities starting early in January, and a Jan. 2-6 national strike paralyzed the country. Tens of thousands turned out to demonstrate. And the Boko Haram moved in with bombing attacks, such as those on Jan. 20 that killed some 200 people.

The unprecedented response by the Nigerian population in opposition to President Goodluck Jonathan’s

outrageous and economically incompetent removal of subsidies for refined fuel, and the escalation of deadly attacks by Boko Haram, a nebulous group fueled by nation’s failed economic policies, is threatening the very existence of Nigeria as a nation, in a way not seen since the events leading up to the Biafra War of 1967. President Jonathan’s remaining three years in office are in jeopardy, with calls for his impeachment, and the reappearance of the military in various parts of Nigeria on Jan. 9, in reaction to the demonstrations and strikes.

The increase of the price of gasoline from Naira65 (about \$.43) to Naira140-150 per liter, which is over \$3.50 a gallon, is what propelled the Nigerian people into action in this period of revolutionary uprisings. The government was forced to back down, and has restored 50% of the subsidy, thus reducing the price per liter to less than Naira100. The demonstrations were called off, but the future is ominous, not just for Nigeria, but for the whole African continent.

In the midst of the collapse of the global financial system, led by the demise of the Eurozone, any significant decrease in Nigeria’s daily export of almost 2.5 million barrels of oil would drive up the world price, leading to a further ratcheting down of the world economy.

## Why Did Nigerians Revolt?

With approximately 125 million Nigerians, or 80% of the population, living on \$1-2 per day, and salaried workers earning an average of \$110 per month, all but the wealthy are affected by the fuel price increase. Since Nigeria only generates a ridiculously low 4,000 megawatts of power at best (the size of one large power plant), everyone has to have a private generator, and buy fuel for it at the cost of thousands of dollars per year. Also, Nigerians buy fuel to power their private water pumps, and for agriculture. Then, of course, there is the fuel for transportation, plus the prices of all other consumer goods affected by the increase of fuel prices. A subsidized price for fuel is the only minimal tangible benefit Nigerians enjoy, which is why there was and still is so much anger over the attempted doubling of prices by the removal of the subsidy.

This anger has intersected the people’s deep-seated frustration with this and earlier governments’ failure to provide minimal services, jobs, energy, and food. With

1. The Salafists are a fundamentalist sect of Sunni Islam. A non-literal translation of Boko Haram is: “Western education is sinful.”



Protests broke out around Nigeria in response to the government's economically incompetent removal of subsidies on fuel prices. Shown here is Indian TV coverage of a demonstration on Jan. 10, headlined "Uprising in Nigeria."

Nigeria's high poverty level,<sup>2</sup> social desperation has worsened, especially over the last four years, and is more severe in the Northern states, where Boko Haram thrives. The spontaneous demonstrations in key cities in Nigeria by Christians and Muslims joining together reflected the attitude of the average Nigerian that "enough is enough." This uncharacteristic rebellious action by the people, who are expected to passively accept the unacceptable living conditions of the country, has shown that the political and financial elites inside and outside Nigeria miscalculated badly in foisting this dramatic increase in the price of fuel on the people.

### Who Really Runs Nigeria?

In the Dec. 31, 2011 issue of the *Economist*, the flagship publication of the City of London's financial oligarchy, demanded that President Jonathan take action in regard to the subsidies: "End Them at Once," they ordered. Following the partial restoring of subsi-

2. Nigeria ranked number 159 out of 177 countries as of the *UNDP Human Development Index*, 2007-08.

dies, the *Economist's* headline was: "Let them have fuel," echoing the words of the decadent Marie Antoinette on the eve of the French Revolution, and further scolding the country's leader: "the president loses his nerve and brings back a controversial subsidy."

Knowledgeable Nigerian sources report that there are likely 20 former employees of the IMF and World Bank operating in Abuja, Nigeria's capital. Additionally, Finance Minister Dr. Ngozi Okonjo-Iweala, the head of Jonathan's Economic Team, had a 21-year career at the World Bank, and was a managing director before taking charge of Nigeria's economic-financial policy. She has been a driving force to end the subsidies, and for privatization of state-run industries.

Okonjo-Iweala had held the same position in the first administration of President Olusegun Obasanjo, as well as serving as his Minister of Foreign Affairs briefly in 2006, and is infamous for handing over \$12 billion of Nigeria's reserves to the Paris Club of creditors in 2005.

She is the "bankers' girl," definitely not an advocate for the people. Nor are the oil companies, which dug into Nigeria in 1956, and have been operating there as an unofficial branch of government ever since. This was confirmed when Wikileaks produced a cable revealing that Royal Dutch Shell had operatives in every major ministry of the government.

### Oil Wealth Is Used To Destroy the Country

Nigeria's oil exports account for 95% of its foreign exchange and 80% of its budget. Although Nigeria pumps out over 2 million barrels of oil a day, and has between the 8th and 10th largest reserves in the world, it imports almost 85% of its fuel from the spot oil market.

There are four refineries, which are either shut down or operating at considerably less than 50% of capacity. This deliberately creates a huge market for oil import-

FIGURE 1



ers to buy and sell fuel, which is in large part responsible for the massive fraud and corruption that dominate sections of the government and the elites. This class of oil importers, forming a cabal with government officials, is allowed to operate with agreement from, and in parallel to, the oil companies' production of millions of barrels per day of crude. The financial predators operating in the City of London have used this arrangement to prevent Nigeria from using its enormous oil resources to realize its true economic potential.

Here is how the fraud works:

First, a fuel importer arranges with government officials to sell 500,000 metric tons (mts) of refined oil (fuel) and receives a subsidy of Naira70 per metric ton, or 50% of the market price, in advance. This payment is made before the fuel ever reaches Nigeria; it's paid up front, not on delivery. The importer delivers 300,000 mts instead of 500,000. He has thus stolen from Nigeria Naira70 x 200,000 mts. Now he may sell the 300,000 mts inside Nigeria, receiving an additional Naira70 per mt at the pump.

But there is at least a second level to the fraud. After the importer loads the fuel into smaller tankers, he may also ship it to neighboring countries, possibly Niger or Benin, where it is sold at a higher price. Thus the im-

porter is selling those same 300,000 mts at an unsubsidized higher price in Benin or Niger, even though he has already been paid a subsidy of Naira70 by Nigerian officials for that same fuel. It is easy to see how this nefarious operation, which has been tolerated for decades, has created a huge slush fund to be disbursed by this cabal, spreading corruption that dominates large sections of the country.

Committees in both the Nigerian House of Representative and the Senate have recently launched investigations into exactly this type of fuel subsidy fraud, amounts to several billion dollars yearly. Reports are that out of 59 million liters of fuel subsidized by the government, each day, only 35 million liters are being consumed, leaving 24 million liters per day unaccounted for. The cabal has received subsidies for this fuel, but it has not been delivered to the population. On a yearly basis, it is estimated that this fraud amounts to Naira669 billion, or \$4.14 billion, per year.

It is the refusal by each succeeding government, both military and civilian, to build functioning refineries, that makes the corruption and the existence of this cabal possible; hence the easy manipulation by the monetarist financial system. The perpetuation of this arrangement around oil and the lack of fuel, run by a cabal, has been the killer for Nigeria and has greatly contributed to the country's lack of a real, functioning economy.

The fallacious rationale for removing the subsidy demanded by the financial oligarchy is that it will save government \$7-8 billion, which will then be used for infrastructure, maybe even refineries, and this will benefit the country in the long term, even though the people have to endure more pain and suffering in the short term. This is simply not credible. If the government ever intended to build working refineries, it would have done so over the last several decades.

Estimates are that the Nigerian economy lost over \$3 billion from the week of strike action Jan. 2-6, which is almost half of what the government claimed it intended to save from the removal of the subsidies. Those strong-arming President Jonathan to take this action, have no interest in the welfare of the Nigerian people.

The oil importers and their cabal are useful to the City of London in controlling the direction of Nigeria, fostering corruption, stymieing growth, and possibly





*An oil refinery in Nigeria. Nigeria has between the 8th and 10th largest oil reserves in the world, but only four refineries, as part of a deliberate policy. The result is that the country imports most of its fuel, and massive corruption is part of the picture.*

bringing Nigeria to the point of disintegration into several entities, not unlike what was done to Sudan; but the consequences will be far worse.

### **Whose Interests Does Boko Haram Serve?**

Whatever Boko Haram is, or is not, it could not exist 1) without the British colonial division of Nigeria into North versus South, with Muslims and Christians killing each other (Look familiar to another former British colony, Sudan?); and 2) without the abject poverty that is pervasive throughout Northern Nigeria, and which provides a fertile recruiting ground for their deadly attacks.

Studies show that while economic conditions across Nigeria are horrible, they are significantly worse in the North, which also does not have the “oil economy” of the South. The textiles industry based in Kaduna and Kano has collapsed, as well as the food-processing business; urban unemployment is sky-high (49.9% as of July 2010), creating a marginalized population that feels abandoned by the government.

The only area of growth is in crime. A bulging youth population with no opportunities for employment, and no expectation that under current conditions there will be the means to provide for themselves and their fami-

lies, creates the conditions for deep pessimism. Young men graduating from the madrasas (Islamic schools), seeing no future, create a combustible mixture suitable for recruitment by Boko Haram.

Fertility rates in the North are 7.4 births per woman, which is 30% higher than the national average of 5.7. But the numbers of children stunted from malnutrition are higher in the North. Literacy and education are lower than in the rest of the country, with 57% of Northerners having no formal education, and less than 18% of the women being literate—one-fourth the rate of those living elsewhere in the country. Less than 10% of women give birth in a health facility, compared to 55% in the rest of the country. Only 62%

has access to “improved water,” and three-quarters of Nigerians living in the North exist on less than \$200 per year—that is, less than \$1 per day, which, if the figure is accurate, should shock our sensibilities and morality.<sup>3</sup>

One cannot exaggerate the profound psychological effects on the Hausa (Muslim) population of the murder of nearly 200 people in Kano state on Jan. 20. Kano is seen by most Hausas as the premier city and state of the North, very dear to their hearts. With its 9 million people, Kano is second to Lagos in size, and is the most cosmopolitan. Of all the Northern states, it has the most economic activity, providing a total number of jobs equal to the other 11 Northern states. With the possible exception of Kaduna, there is no other location in the North in which such a deadly attack could evoke more anger on the part of Muslims, than Kano.

Yet Boko Haram, which claims to be the true followers of the Koran and the teachings of the Prophet Mohammad revered by all Muslims, is deliberately

3. Statistics are from Paul Lubcek’s draft report, “The Challenge of Global Islam for American Security: Explaining the Enigma of Radical Islamism in Nigeria.”

exploiting the fault lines of Nigeria's historic colonial religious divisions, for the purpose of destroying the Nigerian state itself. Therefore, let us re-think what Boko Haram is, by examining its actions and foreseeable, thus intended, consequences of those actions.

Urgently and seriously addressing these underlying economic conditions is essential to drying out the support base for Boko Haram, and is more important than searching for links to al-Qaeda in the Maghreb. Not only are security measures alone insufficient, but unless the deteriorating conditions of life in Nigeria are dealt with, there is the potential for more insurgencies to rise up against the government.

### **Understand Nigeria's History**

It is impossible to fully understand the crisis threatening the existence of Nigeria today, without appreciating its history. So-called Western experts who pooh-pooh the enduring effects of the legacy of Nigeria's colonial status under Great Britain, to its independence, the threatened division of the country in the Biafra Civil War, its years of military rule, and its recent 13 years of "democracy," demonstrate only their own foolishness.

Briefly:

After being looted for several decades by various British companies, which eventually became the Royal Niger Company, headed by Sir George Goldie in 1886, one year after the infamous Berlin Conference which carved up the African continent, the North and the South were kept as separate entities, under the rule of British Governor General Lord Frederick Lugard.

Nigeria achieved independence from British rule on Oct. 1, 1960, formed a coalition government, and became a republic in 1963. This First Republic represented all the geographic regions of the country: Ahmadu Bello represented the North; Nnamdi Azikiwe, who became President, represented the East; Chief S.L. Akintola, the West; and Abubakar Tafawa Belewa, the Prime Minister, also from the North. Despite enormous problems created by the British strategy of divide and conquer, the leaders of First Republic had the potential to lead Nigeria to become a viable nation; this was arguably the most promising and optimistic period in Nigeria's history.

All this came to an abrupt end in a 1966 coup, with the assassination of these new leaders, less than six years after forming the new nation. Those killed on that

darkest of days for Nigeria included: Ahmadu Bello, the Sardauna of Sokoto; Chief Akintola, Premier of the West; and Balewa, the Prime Minister, along with his Finance Minister. President Azikiwe, who was out of the country at the time, was overthrown, and Maj.-Gen. Aguiyi-Ironsi took over as head of the Federal Military Government, initiating military rule in Nigeria, which lasted, with one brief interruption, for 33 years. Nigeria never recovered from this coup and its aftermath, and its promising potential for the future was shattered, never to be achieved again.

Following deadly riots and thousands of Igbo-Christians being murdered in the aftermath of the coup, a new military leader, Col. Yakubu Gwon, had to deploy the military to prevent the break-up of Nigeria when Col. Odumegwu-Ojukwu declared the Biafra region independent on May 30, 1967. What became known as the Biafra War, which lasted until Jan. 15, 1970, tore the country apart, killed millions, and left a lingering fear of the separation of Nigeria into "ethnic divisions." The damage to the country and people of Nigeria during its first ten years, after being ruled and manipulated by the British for decades prior, has not been overcome to this day.

Gen. Muhammadu Buhari, who was installed on Dec. 31, 1983, after replacing the civilian government of Shehu Shagari, himself was removed after 18 months on Aug. 27, 1985, because of his refusal to accept the dictates of the International Monetary Fund, Henry Kissinger, and the British. The next nail in Nigeria's coffin was delivered by the new military leader, Gen. Ibrahim Babangida, who, despite verbal protestations, implemented the IMF's structural adjustment program, which killed any potential for economic life in Nigeria.

Under Babangida, all infrastructure projects came to an end; the currency was dramatically devaluated to \$1 to 25 naira, after being on par with the dollar; agriculture collapsed because farmers could no longer afford imported farm equipment. As a result, Lagos became flooded with people from the countryside looking for jobs; the economy was destroyed, and has never recovered. All this has occurred in the context of the relentless downward spiral of the global financial system, which is today in all-but-official bankruptcy.

From the reign of Babangida, which ended in 1993, through all the twists and turns of four elected civilian governments beginning in 1999, there has been no reversal in the downward direction of Nigeria's economy.

Some idiotically point to the rise of Nigeria's stock market, the expansion of the financial sector, inflated housing prices, and the purchase of tens of millions of cell phones by Nigerians as proof of economic growth, but that only conclusively demonstrates that they know absolutely nothing about the science of physical economy.

## What Has To Be Done

With the very existence of Nigeria at stake, and the imminent disintegration of the global monetarist financial system, we cannot beat around the bush.

The City of London, with all its many tentacles that control the policies in Abuja, must be severed, and the British kicked out of Nigeria. President Jonathan should stop listening to the advice coming from the monetarist faction of his government.

Nigeria should support the effort by many political forces around the world to implement a Glass-Steagall two-tier banking system, which would lead to the cancellation of the trillions of dollars of worthless debt that have become a cancer in the global banking system. Emulating the accomplishments of the first Secretary of

the Treasury of the United States, Alexander Hamilton, Nigeria has to move towards establishing a *National Bank* with the power to create credit for investment in desperately needed development of the country's infrastructure, especially in: energy, especially nuclear power; high-speed rail connecting Nigeria to the rest of the continent; and water management for human consumption and agricultural production.

Finally, to end the fraud of the oil-government cabal, functioning refineries must be built immediately, without excuses. It is not necessary to end the subsidies to build refineries. Rather, what is required are patriotic leaders, who are more dedicated to fulfilling the needs of their people, than getting along within this dead and bankrupt monetarist system.

In the long term, the only durable assurance Nigeria has to guarantee a real, meaningful future for its rapidly expanding population is to invest in the productive powers and creativity of its own people. Nigeria, long seen as one the pillars of Africa, should form alliances with other nations that are committed to promote the common aims of mankind and provide for the general welfare of their citizens.

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1. FORCED RESIGNATION OF BARACK OBAMA & IMMEDIATE PASSAGE OF GLASS-STEAGALL



3. FOR LACK OF REAL ASSETS REMAINING, ISSUE HAMILTONIAN CREDIT FOR NATIONAL PROJECTS



6. ENGAGE LATENT LABOR FORCE FOR SUBSIDIARY PROJECTS SUCH AS TRANSPORT AND NUCLEAR



2. DIVISION OF FICTITIOUS FROM REAL LIABILITIES ACCORDING TO GLASS-STEAGALL STANDARD



4. THE ONLY BAILOUTS WILL BE HONEST BAILOUTS FOR THE BANKRUPT CITIES AND THE STATES



7. EXTEND COOPERATION INTERNATIONALLY TO MEXICO, CANADA, RUSSIA, CHINA AND OTHERS