

Nigerians Still Shun World Bank and IMF, Despite Recent Overtures

by Goddy Ikeh and Lawrence K. Freeman

Despite recent overtures and pledges of \$400 million in assistance by the World Bank to the Nigerian government, some Nigerians, especially university lecturers, labor leaders, and, recently, state governors, have demonstrated their opposition to the International Monetary Fund (IMF) and World Bank, for their “theoretical solutions to practical problems” of the developing economies of the world.

For example, the Governor of southwestern Oyo state, Chief Lam Adesina, has urged the Nigerian central government to jettison IMF conditionalities as an antidote to the dwindling economic growth of Nigeria. The Governor advised the leadership of the country to gain knowledge of how the country is governed economically, rather than relying on the IMF for survival. “Let Nigeria stop being governed by IMF rules and regulations. We need a new economic vision and mission in this country. We should break new ground to liberate the Nigerian economy,” he said. According to the Governor, the activities of the IMF have not contributed to the nation’s economic growth.

Opposition to the IMF program continues in the Parliament as well, where Deputy Whip of the House of Representatives, Mr. Sule Gandhi, attacked the auctioning of critical sectors of the Nigerian economy by the federal government in order to meet IMF and World Bank conditionalities, especially the planned deregulation of the petroleum sector. He said: “Nigerians are facing worse fuel shortages now than what we witnessed during the military era. The value of the naira [Nigeria’s currency] has nose-dived, while the condition of the average citizens is now ten times worse than what it was before May 29, 1999,” when President Olusegun Obasanjo took office.

West African Trade Unions: IMF Policies Are the Problem

The trade unions within the West African sub-region, have resolved to resist the growing trend of a wholesale capitulation to the economic paradigm of the IMF, World Bank, and the World Trade Organization (WTO) by political elites/leaders in the sub-region.

Trade unions from the sub-region, including from Nige-

ria, Ghana, and Sierra Leone, coming out of a five-day workshop on “Trade Unions and Democracy” in Freetown, Liberia, resolved, through adequate coalitions with relevant necessary civil society groups, to pressure their respective governments to “put a stop to the ugly trend of pursuing the interest of multinational organizations over and above national interest of the citizenry.” They noted that over time, the policies of these organizations toward “our governments have had devastating effect on not just the working people of our respective countries, but also on the entire citizenry, especially the poor.” The participants identified the adverse effect of the IMF, World Bank, and WTO-driven economic policies being forced down on the sub-region as: continuous and excessive currency devaluation, and massive job losses due to trade liberalization and globalization. Others include cutbacks in public services, privatization, and the commitment of a high ratio of the national budget to debt servicing.

When the Nigerian government concluded plans to take a \$1 billion standby facility from the IMF, despite clarification by the Nigerian government that it was not a loan, the government in Abuja, as well as the IMF, came under intense attack by some groups in the country over its decision to negotiate and accept the facility from an institution that is greatly disliked in Africa. For instance, the fact that the IMF has been associated with any economic failures in Africa, and its harsh and unworkable Structural Adjustment Programs forced down on many developing economies, contributed to the Fund’s poor image in Africa. Stressing the connection between the loan conditionalities of the agencies and the government’s programs of privatization of public corporations, devaluation of the naira, reduction of government expenditure on social welfare, commercialization of education, and the near takeover of the economy by transnational corporations, one group blamed Nigeria’s ever-increasing socio-economic problems on such policies. “These policies are the root causes of the collapse of many indigenous companies, growing unemployment, increases in price of essential goods and services, and a general decline in the welfare and well-being of the people,” the group said.

Battle over Deregulation of Fuel Prices

On the eve of the call by the Nigerian Labor Congress (NLC) for demonstrations against the government's intention to deregulate fuel prices, thus raising the price again, President Obasanjo, in Kaduna, declared that there was not going to be a reversal of the government's insistence upon deregulation, as the only answer to Nigeria's problem of fuel scarcity. It was last June when the first round of fuel price increases was forced through by the government, but large demonstrations, led by the labor movement with widespread support from the population, reduced the increase to just 10%.

The NLC-led nationwide demonstrations on March 20 brought out thousands of protesters in several major cities across Nigeria. Suspicions were rampant that price deregulation of petrol is being done at the behest of "unwritten" conditionalities put forward by the IMF/World Bank. While Deputy Finance Minister Jubril Martins Kuye denied that such demands were ever discussed, he did admit that the two Bretton Wood institutions felt strongly "that deregulation would enhance economic growth," even though IMF conditionalities have only increased the economic misery for the poor Nigerian population. Despite such denials, most Nigerians rightly believe there is a direct link between the IMF's pressure on the Obasanjo government, and its insistence on deregulation and other privatization schemes.

IMF: New 'Democratic Face,' Same Old Policies

Worried by the worsening image of the Bretton Woods institutions in Africa, the two leading officials of the World Bank and IMF took a trip to some African countries for an image-laundering shuttle. World Bank President James D. Wolfensohn and his IMF counterpart, Horst Köhler, who were recently on a two-day visit to Nigeria after attending a debt summit in the Mali capital of Bamako, cautioned Nigeria that the much-canvassed debt cancellation might not be in Nigeria's long-term interest. The World Bank boss told newsmen after discussions with Nigerian officials, that Nigeria's efforts to have its foreign debt forgiven might scare away foreign investors and creditors, who would want to get a return on their investments. "If you take credit, you have to pay back, yet how far debt relief can go is a matter for Nigeria to decide. But Nigeria needs the trust of investors and will still need a credit line for its economy in future," he said, in a veiled threat.

In a joint statement after talks with President Obasanjo, Wolfensohn and Köhler said that they pledged support for Nigeria's democracy, to enable it to retrace its path toward sustained economic growth and poverty reduction.

On the Nigerian visit, Wolfensohn said: "We are delighted by the progress Nigeria is making since its return to civil governance less than two years ago. We note with satisfaction that President Obasanjo and the Nigerian political and economic leaders are agreed to work together to face Nigeria's many challenges, the greater of which are restoring

economic growth and the reduction of poverty." This, of course, is belied by the worsening poverty and economic deterioration that Nigeria has suffered in the almost two years following the Presidential election.

"We are supporting much-needed reforms in education, health, the battle against HIV/AIDS, and helping to restore power supply," Wolfensohn said, adding that the World Bank portfolio in the country is still limited. "We want to deepen the Bank-Nigeria partnership. We want to give the benefit of our knowledge," he said. Wolfensohn observed that many Nigerians were unaware of the changes which the World Bank had undergone. "Today's World Bank is not the same bank of the '80s. We are now a listening and learning bank. We are learning from past experience and from our clients. We are learning to do better. Our objective to fight poverty can only succeed through a participatory process."

For the IMF boss, "the Fund remains committed to working closely with Nigerian authorities under the standby arrangement that runs through July 2001. This commitment was reaffirmed recently at an Executive Board meeting on Nigeria, and the Fund was also providing technical assistance on treasury operations and budget procedures in support of the government's economic programmers," he said. On the demand for debt relief, Köhler and Wolfensohn pointed out that the primary creditors of Nigeria were not the World Bank and IMF, but the Paris Club of official creditors. They advised that Nigeria needed to regain the trust and confidence of the Paris Club. "Nigeria needs to do its part. Resources must be well managed, Nigeria must show that the additional funds provided through debt relief will be used for productive ventures and the reduction of poverty," a Club spokesman said.

Wolfensohn and Köhler explained that their current joint visit to Africa was a follow-up to their promise at last year's Bank-Fund annual meeting in Prague, that they intended to place Africa on the forefront of the development efforts of their two institutions.

During talks with members of the country's National Assembly, the World Bank and IMF officials promised to ensure that Nigerians reap the dividends of democracy.

As the global financial economic system is racing to its inevitable disintegration, the Nigeria leadership should realize before it's too late, that no matter what the IMF says about future "dividends" to Nigeria for its return to democracy, these institutions will never concede any real relief to Nigeria's almost \$30 billion of debt. Nigerians may ask, "Why?" The answer is simple: They don't want to see Nigeria develop as a strong, economically viable nation-state, for the same reason that the Anglo-American elite want to overthrow the Khartoum government of Sudan. They desire to prevent sovereign nations from existing in Africa, so that there is no resistance to the theft of their natural wealth. The fact that the people running these institutions are also racists, should also not be overlooked.