'We emphasize the function of production in our economy'

Dr. Aluko is a member of Nigeria's newly formed National Economic Intelligence Committee.

EIR: Your committee was set up in February to examine the 1994 budget and to look at the Nigerian economy and report to the commander in chief. Could you tell us exactly what your findings were on the Nigerian economy?

Aluko: We were set up to monitor the 1994 budget, to monitor the economic activities, and advise the head of state every quarter. But we felt that it was not just enough to look at the budget without looking at the economy itself. So, since we were set up, we have produced two reports to the head of state, one in March, the other one just this month [June]. But what we have done, really, has been to interact with various sectors in the economy. As of today we've interviewed about 26 to 28 various organizations: trade unions, manufacturers who sell to Nigeria, bankers, finance houses, manufacturers, motor assembly plants, cement factories, farmers, even colleagues from at home and abroad. This was in order to have an overview of how the economy is functioning. We tell every one of them that we would like to have a dialogue with you on a confidential basis—hide nothing from us; we will hide nothing from you.

As of now, we have become well-informed about the structure and performances of the economy. In fact, at times we know more about an industry than do the operators of that industry. We know more at times about a ministry than the minister himself. We have tried in this venture to make people realize the interconnection of the interim measures and the economy—rather than to look at themselves as an autonomous, separate unit within the economy.

Take the bankers, for example. The bankers were saying that the rate of interest, 21%, was not high enough to generate savings. The rate of exchange, 21-22 naira to the dollar, is too low. We tried to make them aware that they must look at the production section of the economy. The producer that does not make a 20% profit and is borrowing at 22% will not go into production. And as a result, production does not rise; the national income does not rise; savings do not rise. When the rate of exchange is too high, the value of money falls, then of course productivity will fall, consumption will fall, and so on.

Even though we have not achieved homogeneity, we have been able to bridge the gap between what they were thinking before and what they now think should happen. So we report this to the head of state. Even the ministers themselves, some of them, don't believe too much in the workability of the 1994 budget; they don't believe in government regulation; they say they want the market system to function. We try to make them aware that even though the market is very good, they must know that a country like ours is very far away from the world market; that the world market determines the cost of our goods, our exports, and determines the costs of our imports. Therefore each country must try to look at itself—this is what we've tried to do in Nigeria—to see how we can manipulate, manage the resources, so we can increase productivity and grow by this.

Our members have been quite up to the task because we are brought from various backgrounds. Our secretary general is a military officer; we have bankers; we have teachers; we have university professors; we have people from extreme right to extreme left. But we try to look at the thing together.

EIR: When you are looking at the economy of Nigeria, do you see the difference between the productive side of the economy, as opposed to simply the money-creation side?

Aluko: Yes. In fact, this is what we have tried to let people understand. Take the value of the naira—a monetarist approach is not the same thing as a production approach. We emphasize the production function, rather than just manipulating the rate of interest, the rate of exchange, and the value of money and just getting paper money, which is not at all related to production. This is why we have been trying to say that the rate of interest should be regulated; the rate of exchange should be regulated, and not left to a market mechanism over which we have no control. It may even be necessary, in some cases, for government and even the private sector to subsidize production, such as agriculture, small-scale industries, and even exports. We say: "Our aim is really to find out how the massive resources that we have in Nigeria in men, materials, and money can really be garnered and translated into production—of goods and services for the common good. We must also look at the various sectors of the population; we don't want the rich to be getting richer, and the poor to be getting poorer. And this is what has been happening. There seems to be growing antagonism between the rich and the poor. The poor are hungry so they cannot sleep; the rich are not able to sleep because the poor are weak, and so we are all in the system.

EIR: The International Monetary Fund's (IMF) structural adjustment programs represent these type of monetarist policies that have been imposed on Nigeria. What have been the effects on production?

Aluko: We have discovered over the last eight years of structural adjustment in Nigeria that what we have been adjusting has really been the currency, so I call it monetary maladjustment. This sick economic theory talks of economic adjustment in the sense of decreasing the capacity of the economy for the financing of production tools, decreasing production per capita, dependence on foreign imports. . . . This is what traditionally, or technically, we know as economic adjustment. But rather than that, the actual capacity of the economy had been falling since 1986. Many of the industries are producing at very low capacity, because they cannot borrow the money; they cannot import; they cannot even pay wages and salaries. The wages and salaries paid do not even meet the basic needs of the population. All this put together had been having a deleterious effect on the productive capacity of the population. So you have a low naira, but less and less goods and services. So this is why we want to shift away from the structural proponents of the World Bank and IMF and to move into production.

EIR: General Abacha is moving in this direction?

Aluko: I think so. In the two times we've reported to him, he really surprised us by the grasp he had of our reports.

We do have some problems, possibly with the minister of finance and the central bank, who act as if they are still IMF-rented, who talk of appropriate pricing, appropriate rate of interest, appropriate rate of exchange, which is not unusual in economic theory. We used to talk about the natural rate of interest, natural rate of exchange, natural rate of employment, natural rate of growth, but it's nothing like that; you have to manage these things! Things don't happen themselves. So we say: "Look, resources don't manage your mind please; your mind builds resources." That's the way we must look at ourselves, and look inward and see what we can do so as to be able to meet the aspirations of our people, and what they are trying to achieve.

EIR: Could we enlarge our discussion to view the African continent as a whole? Africa has mostly made the news with disasters and human tragedies in the recent period. Do you think the economic conditions could be changed so that real economic development could overcome these disasters?

Aluko: Yes, in fact this is my hope and the hope of everybody. I am one of the so-called consultants to the World Bank and some of its agencies, and I have been to various African countries—South Africa, east Africa. What is happening in Nigeria is not as bad as what is happening in most other countries as a result of the IMF-World Bank adjustment programs. The condition is getting worse and worse; productivity is falling, ethnic rivalries and conflicts are rising. It is much easier today to call workers out on strike, to call workers out in the streets, because they are hungry and they are more dissatisfied than 10 or 15 years ago. So, this is what is happening in Africa: The debt burden is increasing; the ability to pay is diminishing; and even resistance to the West is growing, because they see the local [government] cooperates with these agencies as the oppressors. The debt has increased almost ten times between 1980 and 1994, and the ability to pay is diminishing. So you are right to say that the situation in Africa, in spite of all the resources, both man and material, is getting worse. And if we don't reverse this trend there will be a cataclysm, a collapse.

The same thing is happening in part of eastern Europe. So I think really that the world has to look back at what we used to call the World Economic Order, the distribution of wealth and of production capabilities around the world. We have to look at what are the means of enhancing the growth in the real product of the economy in African countries, particularly in Nigeria.

Nigerian head of state Gen. Sani Abacha

EIR: Do you think the Lagos Plan of Action could be a reference point for such a discussion?

Aluko: Yes. The Lagos Plan of Action has also been modified a little by the Economic Commission for Africa—called the alternative to the structural adjustment program. The Lagos Plan of Action was in fact a real antidote to the World Bank and the IMF conditionalities and systems. But apparently the Lagos Plan of Action has not been sufficiently addressed. My committee is getting a lot of information from various people—various documents, some of which seem to be going along the line that we are thinking, which would now emphasize real development, not just manipulating currency and money.

EIR: Would you say that this can be related back to the original dreams and visions at the time of independence, the time of John F. Kennedy, Martin Luther King, and the founders of the African nations?

Aluko: That's one of the things that has been disastrous; the dreams of the founders of independent African countries don't seem to have been realized, because they were looking forward to a dynamic growth of the economy, growth in human welfare, in education, in health, and the ability to bridge the gap between the developed and the developing countries. But so far, instead, the gap seems to have been widened. And if we are not careful, it will never be breached.

The liberal leaders of the West seem to have lost out. Their places have been taken by the custodians of the West who see themselves as the citadel around which growth in the world revolves. And therefore, they have formulated this idea of "free market," "privatization," "commercialization"—all of which are just unrelated to the needs of the economy here. "Retrenchment of workers," "reduction of the activities of the state in the economy in their country"—the state has taken almost one-third of the resources—you have to say that state should not be in the system. Before 1986, our cocoa in Nigeria was the best in the world, but today the quality has deteriorated, because everybody just does what he likes. And foreigners come and take away the cocoa; export it, and take away the capital. There is a lot of capital flight. So, we've lost out on all fronts, and we are trying to see how we can go back to first principles.

EIR: What would you ask the West to do to help your country in its economic development program?

Aluko: Really, I would not ask them for too much. I would just ask them to leave us to formulate a workable, practical solution to our problems, rather than continue to impose sanctions for debt that was dubiously incurred. I would ask them to do something with the debt, at least reducing or cancelling the interest.

Secondly, I would say that they should stop regarding us as the backyard where they will determine the price of our import, and the price of our export. I would ask them to encourage the local producers to turn around their own materials into finished products, to add value to it, rather than to encourage export of raw materials. And I would want them to assist us in the development of science and technology. My committee has been looking into what India does with foreign aid. All the foreign aid received by India is used exclusively for science and technology. In many African countries, most foreign aid is used to travel to the foreign countries from where the aid comes, so the aid is really recycling from the developed countries *back* to the developed countries in terms of symposia, seminars, receipts and so on. Then the experts, so-called, move around to advise, to make assessments; we have enough assessments of what is going on.

They should let us do as they did in their own time. I remember that when America was developing, for example, they even went into isolationism; they even refused to join the League of Nations; but today they want us to open up all the economy to compete with America. We can't compete with America! We can't compete with the West today. They say we should not subsidize—they should let us look at those areas where subsidy is necessary, where competition is necessary, where free enterprise is necessary; rather than just say we must open up; we must commercialize; we must privatize; we must let market economy function.

EIR: Lyndon LaRouche, the founder of our magazine, has put forth programs for massive infrastructure development, including rail lines from Europe, across Russia into China, and rail lines down through Italy and then over to the continent of Africa. Do you see that Nigeria and Africa could benefit from these kinds of projects?

Aluko: In fact, I think that is one of the *major* areas where we can begin to look for solutions. If you go through Nigeria, for example, you will find that the roads are bad; the electricity is erratic; water does not flow; the infrastructure is *so bad*. In fact, at an economic summit of foreign entrepreneurs and big business in Nigeria, they wanted to talk about the rate of exchange, and I began to talk to them: "Look, we agree entirely that if we could get the infrastructure to work, the water, the roads, the rail, the air, the telephones, the electricity, law and order and peace and tranquility and democracy—we don't need to change the rate of exchange. In fact, changing the rate of exchange is a destabilizing factor to foreign investment. Because people want to be able to calculate."

But infrastructure should be the primary concern of government. This is what I have told the minister of national planning; that in fact we should begin to look less to big projects, like the largest steel plant in the world, the largest dam in the world, and begin to see how we can make our electricity work. We talked to the electricity organization in Nigeria, for example, and we said: Even a small country like Britain, which has a quarter of the land area of Nigeria, has four separate electricity boards. How do you think one single board in Nigeria can cope? Why don't we find out and seek assistance from other countries—how to reorganize our electricity and power structure so that they would be effective, be manageable, and they would deliver?

Even rail. In America, for example, the first thing they did was to open up the country to transportation—railroad and air, so that you can go anywhere. They built highways. It would be a good thing for this country.