Gazprom and two German firms, Ruhrgas and Wintershall, as well as with the French firm Gaz de France and Italy's Snam. There are two main options for this pipeline: It could run from Belarus, via Poland and Slovakia, into Europe's southwestern regions, or it could run from Belarus via Ukraine, and link up there with the existing pipeline to western Europe. Talks on the implementation of that project will require more time, because it touches upon sensitive, sometimes controversial interests of the countries involved—or the nations by-passed.

Proposals made by Ukrainian Prime Minister Viktor Yushchenko during a visit to Poland on Oct. 27, for a new oil pipeline from the Ukrainian Black Sea port of Odessa, to Brody on the border with Poland, via Lviv, indicate that the third pipeline—which would also connect the two transcontinental gas pipelines in the north and the south of Europe—may be built along the same Ukrainian-Polish route. It would be the least expensive option, and it would benefit all the countries involved, because it would link them to all essential existing pipeline grids. No country would have to be by-passed.

Strategic Issues

The dialogue on strategic issues which was institutionalized at the EU-Russia Summit represents a breakthrough in East-West diplomacy. For 15 months, relations between Russia and Europe had been aggravated by tensions over the NATO air war against Serbia. The military adventure, instigated by the geopoliticians in the foreign policy and defense establishment of the United States and Britain, pulled all of western Europe into a confrontation with Russian interests in the Balkans. Had several of the European governments, notably France, Germany, and Italy, not managed to restore direct contacts with Russia, and build bridges across the chilly silence that emerged between the West and the East, the Balkans air war might have broadened into a strategic confrontation with Russia.

The agreement signed by Putin and the EU is designed to ensure that, whereas future big crises might not be averted, at least they will not lead to conflicts between the Russians and Europeans that cannot be contained. Cooperation between the EU and Russia in the Balkans, after the end of the NATO air war against Serbia, is to be expanded also in the crisis hotspot regions of the Caucasus, the Middle East, and Central Asia.

Specifically, Putin made a clear commitment to reach a political solution to the Northern Caucasus problem, where Russian troops continue to fight Chechen separatists. But, he also made clear that the same must apply to the Middle East and Central Asia—where the Anglo-American alliance prefers military options.

Russia supports economic expansion of the EU eastward, but it expects the Europeans to not support the expansion of NATO. Also, Russia wants to be consulted on the planned EU military task force, its aims and its strengths, because it may in the future cooperate with the three new joint task forces of the Commonwealth of Independent States (CIS) military alliance, which Russia set up in agreements it recently signed with five other CIS member-governments (Belarus, Armenia, Kazakstan, Kyrgyzstan, and Tajikistan) in the Tajik capital of Dushanbe. A peacekeeping alliance covering most of Eurasia, is being portrayed as on the horizon of EU-Russian-CIS relations.

Thus, together with the economic agreements that are in preparation, essential aspects of a new structure for cooperation that will replace the existing, bankrupt monetarist ones among Eurasian nations after the financial crash, are being put into place. This may be bad news for Anglo-American geopoliticians such as Zbigniew Brzezinski, who has worked all his life to prevent this kind of Eurasian cooperation from emerging. But, for Europe and Russia, the Paris agreements are good news.

Under IMF Pressure, Nigeria Stumbles into Disaster

by Uwe Friesecke

During the third week of October, the Nigerian government of President Olusegun Obasanjo experienced a rude awakening to reality from its new romance with the International Monetary Fund (IMF) and World Bank. Since the government came to power 18 months ago, it had campaigned relentlessly for debt relief from the Western creditor banks. President Obasanjo invested all his authority into convincing world leaders, especially U.K. Prime Minister Tony Blair and U.S. President Bill Clinton, that Nigeria was now a democratic country and deserved a dividend in the form of substantial debt relief.

While IMF officials, such as new Managing Director Horst Köhler, repeatedly praised the country for being on the right path of economic reforms, which would favorably affect the willingness of the international community to consider debt relief, neither concrete proposals for debt reduction, nor serious talks about it, were forthcoming. Instead, officials of the IMF, representing the so-called Paris Club, walked into the Ministry of Finance in Abuja, Nigeria's capital, to demand from the surely astonished officials \$1 billion more payment on the debt. In their typical arrogance, they warned the ministry that the proceeds from the oil windfall should not be mismanaged and wasted, and declared, "We are concerned about what you should do with the money. We advise that you increase your debt servicing to \$2 billion or \$2.5 billion." For the moment, the ministry officials rejected that demand, and argued that to pay more than the \$1.5 billion presently allocated would be suicidal for the country. But whether the Nigerian government learns a necessary lesson from this outrageous colonial-style behavior of the IMF's officers, remains to be seen.

Political observers in Abuja are skeptical about it. Because after all, the Nigerian government itself abrogated almost all sovereign decisionmaking and invited the IMF to rigidly oversee the implementation of the new structural adjustment program, which the government submitted to the IMF in July of this year, to obtain a $1 billion stand-by credit from the IMF. In a Letter of Intent on July 20, signed by Central Bank Governor Dr. J.O. Sanusi and Minister of State for Finance Senator Jubril Martins-Kuye, the Nigerian government asks the IMF to come and review the performance of Nigeria's economy in December 2000, March 2001, June 2001, and early August 2001. The government assures the IMF that Abuja's economic and financial policies will achieve the objectives of the program, but that it "stands ready to take additional measures, if necessary, to keep the program on track, consulting regularly with the Fund," and that it "will provide the Fund with information that may be requested for the purpose of monitoring progress under the program." The stand-by credit was approved by the IMF Executive Board on Aug. 4, and in commenting on the decision, the IMF's Köhler found sweet words for the Nigerian government: "The Nigerian authorities are to be commended for the progress made toward restoring macroeconomic stability during their first year in office. . . . The focus of macroeconomic policies in the program on the maintenance of stability, including low inflation, and ensuring the prudent management of temporarily high oil revenues, is to be welcomed."

Growing Opposition

But not everybody is impressed by these nice words. There is strong opposition to the government's pro-IMF policy, for example in the Nigerian Senate and House of Representatives. According to press reports, in July the chairman of Nigeria's House of Representatives committee on banking and currency, Dauda Garba Bundof, strongly opposed taking any new loan from the IMF, arguing that Nigeria had already paid more than three times in interest what it originally borrowed in principal during the 1980s, and still owed more than $30 billion. "We do not need any loan," he declared, "that would put us under more pressure. Instead of seeking fresh loans, the nation ought to make conscious efforts to pay the subsisting debt, so that the huge sums being spent to service it could be channeled to developmental programs." And he added: "It is unpatriotic to collect the loan. Is there any country that borrowed any loan from the IMF that survived? All their economic prescriptions have failed. Our naira [Nigeria's currency] has fallen so low, to attract foreign investors. Yet, are you seeing them?"

In an attempt to quell the rising anger over the new deal with the IMF, Minister of State for Finance Martins-Kuye now argues, that the government will not really draw interest-

Nigerian President Olusegun Obasanjo is trying to toe the IMF line, in hopes of getting debt relief, but no such thing is going to be forthcoming.

bearing money from the stand-by facility, that it is only symbolic. "The facility is not real; it is just nominal," he said on Oct. 23, on a national television program. "It is just an approval by the two institutions of the efforts of the current Administration to reposition the economy. What we are touching, is the positive symbolism that Nigeria's economy is on the path of positive and steady economic growth."

Even friends of President Obasanjo are surprised that he would allow his ministers to make such absurd public statements. Because who has ever heard of a deal with the IMF, that was "not real" and only "symbolic"? Furthermore, already in July, President Obasanjo had his chief economic adviser, Philip Asiodu, tell journalists in Abuja that Nigeria plans to raise a full $3 billion credit facility from the World Bank, which would be interest-bearing, and could hardly be called "symbolic."

The letter of intent to the IMF makes it quite clear that the Nigerian government was not just asking for a 12-month stand-by facility, but for a comprehensive medium-term reform package under IMF guidelines. But such an agreement, which the Nigerian government says is necessary to obtain debt relief, is conditioned on strict adherence to the draconian IMF policy guidelines. In his remarks, Köhler left no doubt about that: "The acceleration of the implementation of structural reforms is urgently needed. In view of the challenges facing Nigeria, firm implementation of the program is needed to begin to lay the basis for sustainable growth. The program supported by the Stand-By Arrangement is also a vital first step toward establishing a framework for reforms in a medium-term program that could be supported by the Fund."

In its letter of intent, the Nigerian government submitted a memorandum on economic and financial policies which embraces in full the typical IMF policy measures: deregulation of the currency, deregulation and privatization of the economy in general, stringent budget balancing, elimination of subsidies and liberalization of trade. It seems that, for the time being, President Obasanjo has thrown all warnings of the numerous critics of IMF policy, including some of his ministers and many of his ambassadors, to the winds, and is listening only to those advisers who are linked to the Nigerian Economic Summit Group and the Vision 2010 group, which are financed by international companies such as Pepsi Cola. In close coordination with their friends in Washington and London, and supported by some ministers in the government, these groups have, over the last five years, been the center of promoting so-called liberal economic reforms for Nigeria, such as recently at the seventh Nigerian Economic Summit in Abuja. There, the IMF representative in Nigeria, Reinhold Van Til, praised the Obasanjo Administration for its boldness in its economic growth perspective, and assured Nigerians that they should be hopeful of good times to come—even though it would take about 18 years for Nigeria's economic and industrialization dreams to be fully actualized.

Ruinous Consequences

For many Nigerians, such comments add insult to injury. Because they look back at the last 18 years, and weep over what has happened to the once-prosperous economy of Nigeria, largely under the influence of the same IMF-directed structural adjustment policies, which are being promoted right now. At the end of the 1970s, one Nigerian naira could buy \$2. Today, \$1 buys more than 100 naira. This depreciation of the currency alone has thrown back Nigeria's economic development by decades. It has made it quite impossible for Nigeria to import necessary industrial goods at affordable prices, goods which would be decisive for the rehabilitation of infrastructure. And the danger is that the currency will drop even further. In IMF/World Bank circles, there has for some time been talk of a naira/dollar ratio of 500 to 1.

So far, the Obasanjo government has not been able to stop the value of the currency from falling. It dropped from 80 to the dollar in May 1999, when the current government came to power, to an official rate of 108 today, and 120 on the black market. Other economic indicators show the same deterioration during the last 18 months. The bankruptcy rate for small and medium-sized industry and shops, in particular, skyrocketed. In this category, the state of Kano had 1,000 and the state of Lagos 2,000 business failures. Consequently, the unemployment rate nationwide went up to over 30%; industrial capacity utilization dropped from 35% to 25%; interest rates for normal business loans increased from 25% to over 30%, making such loans prohibitive for the average entrepreneur.

This adverse climate for industry is compounded by deteriorating infrastructure in all areas. Not a day passes without power breakdowns. On Oct. 26, a power transformer at the nation's premium hydro-power station in Kainji broke down and almost caused a total system collapse nationwide. Because the four refineries still do not function, there are constant shortages of fuel and gasoline. Spending hours to buy ten gallons of gasoline has again become daily routine for many Nigerians. The health and education systems are in complete shambles. A school or university teacher cannot feed and house his family from his salary alone. Therefore, many are more often on strike than in the classroom.

It is true that the Obasanjo government increased the minimum wage from 5,000 to 7,500 naira, which is equivalent to \$50-75, but this increase is eaten up quickly by inflation. How abysmal such wage levels are, becomes clear if one compares them to the costs of a new car, which in Nigeria today sells for no less than 1.5-2 million naira. The disastrous state of health care was highlighted recently by the announcement by the director general of the Nigerian Vaccine Laboratory, that malaria is killing 300,000 people yearly. At the same time, the discrepancy between the small group of super-rich Nigerians and the vast majority of poor and abysmally poor citizens, increases.

Political Tensions Are on the Rise

Many Nigerians who were optimistic when President Obasanjo assumed office last year, are by now disappointed. Many in the political institutions, especially in the legislature, have become disillusioned, because endless infighting and intrigue have replaced serious debate about the future of the country, because the youth, in particular, have no perspective for getting a decent education and promising employment, and because daily life has become a daily fight for survival, while political and social tensions have been rising dangerously.

The nightmares of the past, of ethnic tensions and religious clashes, have come back. Already, thousands have lost their lives in violent clashes. The flight from reality into the fanaticism of ethnic and tribal groups has become a serious danger to the country. The Odua People's Congress (OPC) in the Southwest, the AREWA People's Congress in the North, the Bakassi Boys in the East, the Egbesu Boys in the Delta, and others have all sprung up since last year. Agitation is highly charged, when Christians argue against Muslims and vice-versa, when Yoruba blame Fulani and Haussa over injustices and demand the revival of their own kingdom, when Ibos again agitate against the North for the independence of their own nation (Biafra), and when the Northerners complain about being sidelined by the Obasanjo government.

Western governments, especially the British and the American, are completely irresponsible, to blackmail and push Nigeria further into the arms of the IMF. Their talk about possible debt relief, which they put up as the carrot for President Obasanjo to make one compromise after another, is a fraud, and the height of hypocrisy, because the IMF has no intention of ever granting serious debt relief. If, under the direction of the IMF, Nigeria's economy slides down further, the country might well erupt into another bloody civil war, which could tear all of West Africa apart. Maybe that is exactly what some fanatics in Western policy circles want.