

THIS is a true story. The country concerned shall remain unnamed, but it is not Nigeria. I would however admit that the recent attempt at currency redenomination in Nigeria brought the story back to me. The country is in the "developing" world, a strategic one in the geopolitical calculations of the new imperialism.

A few years ago, the ruling class of America, in consultation with its allies, decided that the national currency of the country should be re-valued. The decision was then communicated to the White House, the Treasury Department, the State Department and the Pentagon. These state agencies then formulated the decision in an enforceable language and passed it to the World Bank and the International Monetary Fund (IMF).

The World Bank and IMF, the "guard dogs of international capitalism", then communicated the imperial decision to the Governor of the Central Bank of the country in question. The American Embassy in the country was also informed so that it could monitor the execution of the imperial agenda. The Central Bank prepared some papers and passed them to the President of the country for his endorsement. The President endorsed them - without reading through. The following morning, the Governor of the Central Bank announced the re-valuation to the nation. There were protests, but these soon died down. The re-valuation became law.

To understand why and how the decision in Washington became law in the "developing" country we may recall *one*, that the "guard dogs of international capitalism", inspired and directed by Washington (or rather, "Washington Consensus") had been pushing for the "autonomy" of the Central Banks in "developing" countries; *two*, that the "incumbent heads of the Central Banks of developing countries, and their advisers, are usually economists trained in ultra-conservative American University departments of economics, and owe their professional careers to their loyalty to the

big firms or international financial institutions in which they also work from time to time"; and *three*, that "economic reforms", inspired by capitalist neoliberalism, itself inspired by the "Washington consensus", had been going on in the country.

As I said at the beginning, this narrative is a true story about a developing country that is not Nigeria. But I also said that this "going down the memory lane" was inspired by a recent event in Nigeria, the naira re-denomination bombshell. So what is the Nigerian story? Since the story is well known, indeed "over-known", we shall be sketchy - restricting ourselves to the highlights and, unfortunately, missing the juicy details. Should you find a similarity between the story sketched above and our own bombshell, my only suggestion would be that the two incidents were inspired from the same centre and directed by the same hands.

On Tuesday August 14, 2007, the Governor of the Central Bank of Nigeria (CBN) announced, at a press conference in Abuja, Nigeria's capital city, the redenomination of the national currency, the Naira. Under the arrangement to take effect from August 1, 2008, all denominations of the Naira would be divided by 100, or multiplied by a factor of 0.01, but with real values (or purchasing powers) remaining the same, or invariant. Some days later the apex bank, perhaps responding to public queries, announced that there would be a five-month transition period (August 1 - December 31, 2008) during which the New Naira and Old Naira will both be legal tenders.

Predictably, the August 14 bombshell was greeted with loud reactions. The reactions can be classified: incomprehension, apprehension, support for the change, opposition to the change, plead for caution, mild rebuke, indifference, etc. But there were three particular sets of reactions, which deserve to be isolated from the others, and underlined. These were: the set of reactions which imputed ethno-

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By Edwin Madunagu

political motive to the announcement; the reactions of "indifference"; and the reactions from the government of Nigeria. We take them one by one. The reactions in the first set were that the naira re-denomination was aimed at discrediting (and perhaps, ultimately, overthrowing) the government of President Usman Musa Yar'Adua.

To appreciate this particular set of reactions we may take a few steps back in time. Former President, Olusegun Obasanjo, was not completely free to choose his successor. Such a successor must satisfy one particular condition, namely, that he or she must be a Northerner. From the list of eligible Northerners, Obasanjo chose Yar'Adua - for reasons that were debated passionately and exhaustively. The subject now appears to have been transcended, leaving only the fact that President Yar'Adua is a Northern successor to Southern ex-President Obasanjo - under an arrangement alleged to have been agreed to between the shareholders in "Nigeria Incorporated". The imputation of ethno-political motive to the now (temporarily) aborted naira redenomination was a reminder that the question of North-South rotation of the Presidency has not been finally settled by the shareholders.

An explanatory note is necessary for my comment on the reactions of "indifference". Those whose reaction I call "indifferent", among whom I count myself, are not indifferent to the fate of the people of Nigeria. On the contrary, they are very passionate about the well being of the people, especially the exploited, the poor and the weak. What they mean by indifference is that the planned naira re-denomination will at best, leave the fortunes of the masses unchanged and at worst, further depress their fortunes.

Let me elaborate. If the plan is executed as stated, with a success rate of a hundred per cent, the condition of the masses will remain the same. But if the success rate is below 100 per cent - if there is fraud, difficulty in exchanging the old money, extortions, theft, etc - then the conditions of the masses will worsen in proportion to the degree of failure. Personally, I believe that the re-denomination, whenever it comes will in essence, result in a re-distribution of the surplus value created in the Nigerian economy: first, between the centres of globalised capitalism on the one hand and the Nigerian ruling classes on the other; and at lower a level, within the Nigeria ruling classes.

We now come to the reactions of the Federal Government of Nigeria. These reactions constitute a very useful study in the nature, character and mode of operation of the state. We know that the "autonomy" of the Central Banks in the periphery of globalised capitalism has been a major campaign of the World Bank and the IMF for at least two decades. We also know that this campaign is being waged at the instance and in the primary interest of the centres of globalised capitalism.

Autonomy of Central Banks is demanded as a "conditionality" for assistance for two related reasons: First, so that the World Bank and the IMF and of course, their political principals, will be able to deal with the Central Banks directly; and secondly, so that, except in extreme cases, monetary policies will survive changes of government personnel and policies or even of governments. The former President Olusegun Obasanjo, accepted the autonomy *diktat* of the international institutions. But we know or perhaps should know, that no station institution can be autonomous in the sense that we saw displayed in the attempted naira re-denomination.

We know that if, in a free and fair election, a truly radical overturn of the *status quo* is apprehended, the electoral body

may see the need to inform the incumbent Head of State. Similarly, the judiciary may consider it a matter of responsibility - or even patriotism - to inform the incumbent Head of State before delivering a verdict overturning his or her election. This, in themselves, will not derogate from the integrity and relative autonomy of the institutions.

So, did the Governor of the Central Bank of Nigeria (CBN) inform the President of the Republic before making the naira re-denomination announcement? The Presidency said the Governor did not inform the President. A Central Bank functionary said the President was informed. No resolution of this argument should be expected - at least not in the form of "you are right" and "you are wrong". That is how the state works when a corporate error has been committed, or an embarrassment occurs. What the Federal Government did was to suspend the proposed re-denomination.

Later the Presidency denied rumours of impending resignation or dismissal of the Governor. And still later, the President announced that the Governor still enjoyed his confidence. You see now! And we are talking about a state functionary who has been accused by the Government of not informing the President, as the law is alleged to demand, before making an announcement as serious as the one made by the Governor on August 14. You may suspect as I do, that there is more to this "palavar" than we have been able to gather from the media. In particular, you may suspect as I do, that the American government, the American Embassy in Nigeria, the World Bank and the IMF, were all involved in the whole episode but that their roles were at least for now, "blacked out".

You may harbour all such suspicions, but you will not know more from the media. If you want to know more you may have to dig deeper, or pray for a change in the character of the Nigerian state, or wait for 20 or 30 or 50 years when the relevant documents may be declassified in Washington. What a shame!