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Collection Name AFRICAN AFFAIRS DIRECTORATE, NSC: RECORDS

Withdrawer

LM 3/5/2024

File Folder NIGERIA (DECEMBER 1985-JUNE 1986)

FOIA

F12-045

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
256315	CABLE	LAGOS 13715	7	12/11/1985	B1
256316	CABLE	051651Z JUN 86	5	6/5/1986	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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TELEGRAM

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ACTION EB-08

LAGOS 13764 00 OF 05 121644Z 0753 AF1944

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LONDON FOR FRASURE
PARIS FOR POPE

E.O. 12356: DECL: OADR
TAGS: ECON EFIN PGOV PINS NI
SUBJECT: THE IMF DEBATE: THE BROADER AGENDA

1. (CONFIDENTIAL - ENTIRE TEXT)

2. SUMMARY: PRESIDENT BABANGIDA CLEARLY HAS REASON TO BE PLEASED WITH THE IMF DEBATE. BY ANY STANDARDS, IT HAS BEEN A HIGHLY SUCCESSFUL EXERCISE IN PUBLIC ENLIGHTENMENT. BROAD RECOGNITION HAS DEVELOPED THAT NIGERIA'S ECONOMY IS IN SERIOUS CONDITION; THAT THE PREDICAMENT IS LARGELY OF NIGERIA'S OWN MAKING; AND THAT MAJOR RESTRUCTURING AND SACRIFICE BY NIGERIANS WILL BE REQUIRED TO PUT IT RIGHT. IT REMAINS TO BE SEEN WHETHER HE WILL JUDGE IT TO HAVE GENERATED ADEQUATE SUPPORT TO PERMIT A FORMAL AGREEMENT WITH THE IMF.

3. BY ENGAGING THE NATION, BABANGIDA HAS DEVELOPED A POTENTIAL CONSTITUENCY MUCH BROADER THAN THE MILITARY AND THEREBY ENHANCED THE LEGITIMACY OF HIS REGIME. THIS WILL SERVE HIM WELL AS READJUSTMENT BRINGS DISCONTENT AND INEVITABLE PLOTTING BY IMPATIENT AND AMBITIOUS OFFICERS WHO SEEK TO EXPLOIT THAT DISCONTENT.

4. SINCE BABANGIDA LAUNCHED THE DEBATE, THE DISCUSSION, PUBLIC AND PRIVATE, HAS REVEALED MUCH NOT ONLY ABOUT WHAT NIGERIANS KNOW AND THINK ABOUT ECONOMIC ISSUES BUT HOW THEY THINK ABOUT THEIR LEADERS, EACH OTHER, AND THE STATE OF THEIR SOCIETY. AMONG THESE UNDERLYING THEMES ARE DEEP CYNICISM ABOUT THE INTEGRITY OF NIGERIA'S LEADERS, INCLUDING BABANGIDA HIMSELF; A DESIRE FOR A SELF-GENERATED RENEWAL OF NATIONAL DISCIPLINE; NORTHERN MOSLEM FEAR OF LOSING CONTROL TO A BETTER EDUCATED, MORE ENTERPRISING AND ENTREPRENEURIAL-MINDED CHRISTIAN SOUTH; AND SOUTHERN RESENTMENT OF THE PAST DOMINANCE OF NORTHERN POLITICIANS AND ARMY OFFICERS WHO HAVE THEIR BASE IN THE HIGHLY TRADITIONAL HAUSA-FULANI ELITE AND WHO, IN THE SOUTHERN VIEW, AS WELL AS THAT OF SOME NORTHERNERS, HAVE CONDUCTED THE COUNTRY'S ECONOMIC AFFAIRS FOR REGIONAL AND INDIVIDUAL

5. BABANGIDA IS CONSIDERING CHANGES THAT WILL ALTER THE BALANCE OF ETHNIC, REGIONAL, RELIGIOUS, PUBLIC AND PRIVATE, AND URBAN AND RURAL INTERESTS. THE EMBASSY IS CONVINCED THAT HE IS PERSONALLY COMMITTED TO A MAJOR BREAK WITH THE PAST. THE NEXT SEVERAL WEEKS WILL BE CRUCIAL TO HIS ABILITY TO PERSUADE HIS FELLOW CITIZENS. THE AGENDA IS MUCH MORE FAR REACHING THAN QUESTIONS OF EXCHANGE RATES AND SUBSIDIES. END SUMMARY.

6. IN MID-JANUARY, THE EMBASSY WILL BE SUBMITTING ITS FIRST QUARTERLY ASSESSMENT OF THE STABILITY OF THE FMG SINCE THE CHANGE OF GOVERNMENT IN LATE AUGUST. CENTRAL TO THAT ASSESSMENT WILL BE THE PRESIDENT'S BUDGET SPEECH ON DECEMBER 31. WE FULLY EXPECT THAT SPEECH TO ANNOUNCE POLICIES DIRECTED TOWARDS A MAJOR RESTRUCTURING OF NIGERIA'S ECONOMY REFLECTING THE FMG'S EVALUATION OF THE INTENSE PUBLIC DEBATE WHICH HAS SEIZED THE NATION FOR THE PAST THREE MONTHS. THE KEY ELEMENTS OF THE ECONOMIC DISCUSSION HAVE BEEN REPORTED IN CONSIDERABLE DETAIL ELSEWHERE. THIS REPORT IS AN EFFORT TO DRAW SOME PRELIMINARY CONCLUSIONS CONCERNING WHAT THE DEBATE HAS REVEALED ABOUT THE SOCIAL AND POLITICAL CONTEXT IN WHICH BABANGIDA WILL BE MAKING HIS ECONOMIC POLICY DECISIONS AND SEEKING TO IMPLEMENT THEM.

7. BABANGIDA SHOULD BE EXTREMELY PLEASED WITH THE OVERALL COURSE TAKEN BY THE IMF DEBATE. IN THE EARLY WEEKS MISINFORMATION AND EMOTION DOMINATED. WITH TIME A VERY IMPRESSIVE NATIONAL EDUCATIONAL PROCESS TOOK PLACE. IT REMAINS QUESTIONABLE WHETHER ENOUGH POPULAR SUPPORT HAS BEEN GENERATED TO ALLOW AN IMF ACCORD, BUT THERE IS CLEARLY BROADER RECOGNITION OF THE DEGREE TO WHICH NIGERIA'S ECONOMY IS IN DIFFICULTY. THE DEBATE HAS BUILT ON THE EARLIER EFFORTS OF THE BUHARI REGIME BY FORCING NIGERIANS TO ACCEPT THE FACT THAT THEIR PREDICAMENT IS LARGELY OF THEIR OWN MAKING.

8. THE SEEMING EASE WITH WHICH BABANGIDA IMPOSED PAY CUTS ON THE MILITARY, CIVIL SERVANTS AND THE PRIVATE SECTOR DEMONSTRATES THAT NIGERIANS SEEM PREPARED TO MAKE SIGNIFICANT PERSONAL SACRIFICES TO CONTRIBUTE TO ECONOMIC RESTRUCTURING. THERE IS GREAT NOSTALGIA FOR THE KIND OF NATIONAL COMMITMENT THAT PERMITTED NIGERIA TO GO THROUGH ITS CIVIL WAR WITHOUT INCURRING EXTERNAL DEBT. ONE OF THE STRONGEST CRITICISMS OFFERED OF BABANGIDA IS THAT HIS ADMINISTRATION DOES NOT APPEAR ADEQUATELY DEDICATED TO THE WAR AGAINST INDISCIPLINE (WAI). (THE REGIME FELT CALLED UPON TO ASSESS THAT THE WAI IS "STILL ON.")

9. THE DEBATE HAS BEEN AN IMPORTANT STEP FOR BABANGIDA TOWARDS BUILDING A CONSTITUENCY BROADER THAN THE MILITARY OFFICERS WHO BROUGHT HIM TO POWER. COUP PLOTTING HAS BECOME AN INSTITUTION IN THE NIGERIAN MILITARY. IT IS INEVITABLE THAT WHETHER BABANGIDA OPTS FOR HARD ECONOMIC DECISIONS OR A CONTINUATION OF THE CURRENT DOWNWARD DRIFT, HE WILL BECOME THE OBJECT OF CRITICISM AND CABALS WITHIN THE RANKS. SOME OF THIS IS ALREADY GOING ON. BUT NIGER NIGERIA'S OFFICERS HAVE LEARNED BY EXPERIENCE THAT IN A COUNTRY AS LARGE AND COMPLEX AS THIS, ONE DOES NOT CONDUCT A SUCCESSFUL COUP WITH A HANDFUL OF OFFICERS AND A FEW TANKS. A BROAD SPECTRUM OF SUPPORT MUST BE DEVELOPED AMONG OFFICERS CUTTING ACROSS ETHNIC, REGIONAL AND RELIGIOUS LINES. TO DO THIS ONE MUST BE ABLE TO OFFER A RATIONALE BEYOND PERSONAL AMBITION OR IDEOLOGICAL SLOGANS WHICH WILL FIND ACCEPTANCE AMONG THE GENERAL PUBLIC AND NIGERIA'S NON-MILITARY ELITES. IN 1976, DIMKA LEARNED THIS LESSON THE HARD WAY, AND IN THE PROCESS HELPED MAKE

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Authority: DOS WRITER
BY: NM NARA DATE: 3/5/24

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BABANGIDA A NATIONAL HERO.

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10. MANY FORMER POLITICIANS AND SOME EDITORIAL COMMENT (AND MOST OF OUR DIPLOMATIC COLLEAGUES) CRITICIZE BABANGIDA FOR NOT BEING MORE DECISIVE BY DECLARING HIS ECONOMIC POLICY LINE IMMEDIATELY AFTER THE COUP. SUCH DECISIVENESS IS SEEN HERE AS ONE OF THE POTENTIAL ADVANTAGES OF MILITARY GOVERNMENT. BUT TO DO SO WOULD HAVE LEFT BABANGIDA ALMOST ENTIRELY DEPENDENT ON HIS MILITARY CONSTITUENCY, NOT A GOOD POSITION WHEN THE PAIN INHERENT IN TOUGH DECISIONS IS FELT IN THE COMING MONTHS. PROVIDED THAT HE IS SENSITIVE TO WHAT CAN BE CULLED FROM THE DEBATE, BABANGIDA WILL HAVE GIVEN A BROAD SPECTRUM OF NIGERIANS A PERSONAL STAKE IN WHATEVER DECISIONS ARE MADE, AND WILL HAVE SUCCESSFULLY BROADENED HIS POLITICAL BASE AND THEREBY ENHANCED THE LEGIMACY AND SURVIVABILITY OF HIS REGIME.

11. IT APPEARS INCREASINGLY LIKELY, BUT BY NO MEANS SURE, THAT THE POLICY LINE THAT BABANGIDA WILL PURSUE WILL INCLUDE A PACKAGE OF REFORMS BEARING A VERY CLOSE RESEMBLANCE TO THE CONDITIONS REQUIRED BY THE IMF BUT WITHOUT AN IMF LOAN THAT WOULD BE MADE AVAILABLE BY A FORMAL AGREEMENT. THE DEBATE HAS GENERATED MUCH SHRILL DENUNCIATION OF THE IMF AS AN AGENT OF WESTERN IMPERIALISM AND OF AN IMF AGREEMENT AS AN UNACCEPTABLE SURRENDER OF NATIONAL SOVEREIGNTY. BUT THE MORE MEANINGFUL MESSAGE THAT HAS COME THROUGH IS THAT NIGERIANS DO NOT TRUST THEIR OWN LEADERS TO USE IMF RESOURCES OR ANY OTHER MAJOR INJECTION OF CAPITAL IN AN HONEST AND CONSTRUCTIVE MANNER. THE WEEKLY "NEWSWATCH" PUT IT PARTICULARLY WELL IN ITS DECEMBER 9 ISSUE:

- BEGIN TEXT:

- PRESIDENT IBRAHIM BABANGIDA HAS A PERPLEXING LEGACY WHICH HE HAS BEEN TACKLING IN THE FIRST 100 DAYS THAT HE HAS SPENT AS THE FIRST MILITARY PRESIDENT OF NIGERIA - IT IS NOT THE ECONOMY, WHICH IS BAD ENOUGH; ID IS NOT THE UNFINISHED BUSINESS OF THE CIVILIAN ERA, WHICH IS UNTIDY ENOUGH. IT IS THE LEGACY OF CYNICISM WHICH HAS GRIPPED THE COUNTRY, THE LOSS OF FAITH IN GOVERNMENT AND ITS FUNCTIONARIES; THE BELIEF, EXPRESSED AND UNEXPRESSED, THAT IN EVERY GOVERNMENT ACTION, THERE PROBABLY IS A HIDDEN MOTIVE INCONSISTENT WITH THE COMMON GOOD.

- END TEXT.

12. WHAT WAS LEFT UNSAID BY "NEWSWATCH" IS THAT THE RANKS OF THOSE DISTRUSTED BY NIGERIANS INCLUDE BABANGIDA AND THOSE CLOSEST TO HIM. IT IS WIDELY RECOGNIZED THAT HE HAS BEEN A KEY PLAYER IN SEVERAL OF THE PAST GOVERNMENTS WHICH LED NIGERIA TO ITS CURRENT ECONOMIC PREDICAMENT. HIS OPEN, UNPRETENTIDUS STYLE AS PRESIDENT, HIS OBVIOUS POLITICAL SKILLS OVER MANY YEARS, AND HIS EARLY INITIATIVES FOR MORE HUMANE GOVERNMENT HAVE MADE HIM A POPULAR PRESIDENT BUT THEY HAVE NOT MADE HIM A TRUSTED ONE.

13. WHILE WE CANNOT PRETEND TO UNDERSTAND HIS MOTIVATIONS BABANGIDA'S STATEMENTS, PUBLIC AND PRIVATE, AND ACTIONS TO DATE CONVINCE US THAT HE IS COMMITTED TO A SIGNIFICANT BREAK WITH THE PAST, BOTH PERSONALLY AND FOR NIGERIA. THE EXTENT TO WHICH HE CAN CONVINCE HIS FELLOW CITIZENS AND GET HIS OWN GOVERNMENT TO FOLLOW HIS LEAD REMAINS OPEN TO QUESTION.

14. AMONG THE REASONS IS THAT ETHNIC, REGIONAL, RELIGIOUS AND URBAN/RURAL INTERESTS REMAIN THE ESSENCE OF NIGERIAN POLITICS. THE IMF DEBATE HAS REVEALED A GREAT DEAL ABOUT

THESE AGENDAS, SOMETIMES EXPLICITLY BUT MORE OFTEN ONE HAS HAD TO READ BETWEEN THE LINES. BABANGIDA IS SEEN AS A THREAT OR A PROMISE, DEPENDING ON ONE'S PERSPECTIVE, THAT THERE WILL BE MAJOR SHIFTS IN THE BALANCE BETWEEN THOSE INTERESTS.

15. IN THE WORDS OF ONE RETIRED SENIOR CIVIL SERVANT, "THE BUHARI REGIME WAS THE MOST BLATANTLY NORTHERN GOVERNMENT NIGERIA HAS EVER HAD." THE HAUSA-FULANI ELITE HAS BECOME USED TO HAVING ONE OF ITS OWN AT OR NEAR THE TOP AND HAVING A MAJOR, EVEN PREPONDERANT, ROLE IN NATIONAL DECISION-MAKING. ALTHOUGH THERE IS STILL SOME MYSTERY AS TO THE NATURE OF HIS RELATIONS WITH IT, BABANGIDA CLEARLY IS NOT OF THIS ELITE, AND IT WAS QUICKLY NOTICED THAT THE RANKS OF HAUSA-FULANI OFFICERS ARE THIN IN HIS GOVERNMENT (TWO OF 28 MEMBERS OF THE AFRC).

16. AS THE DESCENDANTS OF UTHMAN DAN FODIO AND SELF-APPOINTED PROTECTORS OF THE FAITH, THE HAUSA-FULANI MAKE CERTAIN ASSUMPTIONS ABOUT THEIR LEADERSHIP ROLE IN NIGERIA. THEIR EFFORTS TO PROTECT THAT ROLE ARE ALSO MOTIVATED BY FEARS ABOUT THEIR ABILITY TO COMPETE IN A MODERNIZING NIGERIA WHICH PREDATE INDEPENDENCE. THEY ARE HIGHLY DEFENSIVE ABOUT THE RELATIVE MERITS OF WESTERN AND ISLAMIC EDUCATION BUT THEY RECOGNIZE THAT THEIR HISTORIC RESISTANCE TO WESTERN EDUCATION, AND ITS CLOSE ALLIES THE CHRISTIAN MISSIONS, HAS LEFT THEM IN A POOR COMPETITIVE POSITION. TO COUNTER THIS, THEY HAVE DEPENDED ON GOVERNMENT (FEDERAL AND STATE) CONTROL OF THE MOST IMPORTANT ELEMENTS OF THE ECONOMY AND NORTHERN POLITICAL CONTROL OF THE GOVERNMENT. OVER THE YEARS, KEY GOVERNMENT AGENCIES AND PARASTATALS HAVE DEPENDED HEAVILY ON SOUTHERN TECHNICAL COMPETENCIES BUT HAVE HAD AN INORDINATE NUMBER OF HAUSA-FULANI IN POLICY-MAKING POSITIONS. REDUCED GOVERNMENT CONTROL AND GREATER RELIANCE ON THE FREE MARKET ARE THREATS TO THIS ARRANGEMENT.

17. THE HAUSA-FULANI ALSO FEAR FOR THEIR SOCIAL/RELIGIOUS INTERESTS BECAUSE A SOCIETY THAT PLACES GREATER EMPHASIS ON THE FRUITS OF WESTERN (READ CHRISTIAN) EDUCATION IS SEEN AS A THREAT TO THEIR FAITH. REGARDLESS OF THE RATIONAL ARGUMENTS SUPPORTING ECONOMIC RESTRUCTURING, THESE ARE POWERFUL REASONS WHY THE HAUSA-FULANI SHOULD OPPOSE IT. WE SUSPECT THAT BABANGIDA HAS COUNTED HIS TROOPS, HAS SOME OF THE SAME DOUBTS ABOUT PAST CENSUS FIGURES THAT OTHERS HAVE EXPRESSED IN THE PAST, AND HAS CONCLUDED THAT THE HAUSA-FULANI ARE NOT AS POWERFUL AS HAS BEEN ASSUMED IN THE PAST. THEY PROBABLY WILL NOT FEEL ABLE TO CHALLENGE BABANGIDA UNLESS THEY CAN FIND IMPORTANT AGGRIEVED ALLIES ELSEWHERE IN THE COUNTRY. HOWEVER, THE HAUSA-FULANI ARE THE MOST COHESIVE POTENTIAL THREAT AND WILL BEAR WATCHING.

18. THE OBTVERSE OF NORTHERN ARROGANCE AND FEARS IS SOUTHERN AND MIDDLE BELT RESENTMENT. THERE IS A STRONG SENSE IN THESE AREAS THAT NIGERIA IS IN ITS CURRENT PREDICAMENT BECAUSE THE ECONOMY HAS BEEN RUN FOR THE BENEFIT OF NORTHERN INDIVIDUAL AND REGIONAL INTERESTS (TO ARGUE THIS IS TO OVERLOOK THE GREAT FORTUNES AMASSED BY MANY SOUTHERNERS AND THE SUBSTANTIAL INVESTMENTS MADE OUTSIDE THE NORTH, BUT THE ARGUMENT IS NOT WITHOUT FOUNDATION), WHILE EXPLOITING THE TALENTS OF BETTER-EDUCATED CHRISTIAN SOUTHERNERS. GOVERNMENT SUPPORT FOR VARIOUS MOSLEM INSTITUTIONS IS A PARTICULARLY EXPLOSIVE ISSUE (WITNESS THE CONTINUING DEBATE OVER THE PROPER PLACE OF SHARIA LAW AND RECENT PROPOSALS THAT THE HADJ BE BANNED FOR TWO YEARS TO SAVE FOREIGN EXCHANGE).

19. NON-NORTHERNERS ARE PLEASED WITH THE EVIDENT SHIFT

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IN THE COMPOSITION OF THE AFRC. THEY HAVE BEEN RELATIVELY
DISCREET, BUT THERE IS CLEARLY ANTICIPATION THAT ECONOMIC
POWER IS ABOUT TO SHIFT SIGNIFICANTLY TO THOSE INDIVIDUAL-
LY BEST EQUIPPED TO COMPETE IN A MODERN FREE MARKET SY-
STEM.

20. IF THE ABOVE DELINEATES A NORTH-SOUTH CLEAVAGE,
THE QUESTIONS OF PUBLIC/PRIVATE SECTOR AND URBAN/RURAL
BALANCE MUDDY THE PICTURE CONSIDERABLY. IF GIVING MORE
PLAY TO THE PRIVATE SECTOR FAVORS THE SOUTH, IT THREATENS
THE POWER AND ECONOMIC WELL-BEING OF CIVIL SERVANTS AT
FEDERAL AND STATE LEVELS, CUTTING ACROSS ETHNIC LINES.
BABANGIDA IS ASKING THE VERY PEOPLE WHO MUST IMPLEMENT
HIS POLICIES TO ACT AGAINST THEIR BASIC SELF-INTEREST.
THIS IS WHERE DEVICES LIKE THE IMF DEBATE AND THE RE-
CENTLY ANNOUNCED FOREIGN POLICY DEBATE (LAGOS 13501)
COULD SERVE HIM WELL. WE ARE LIKELY TO SEE RECURRENT
USE OF THIS LEGITIMATING TECHNIQUE.

21. BABANGIDA IS ALSO PROPOSING TO ENHANCE THE POSITION
OF WHAT IS PERHAPS THE LEAST INFLUENTIAL SEGMENT OF
NIGERIA'S POPULATION, THE SMALL FARMER. THROUGH HIGHER
FARM GATE PRICES AND EXCHANGE RATE ADJUSTMENTS, HE HOPES
TO INCREASE PRODUCTION FOR BOTH INTERNAL CONSUMPTION AND
EXPORT. AT ALL LEVELS OF NIGERIAN SOCIETY ONE FINDS
GREAT SKEPTICISM ABOUT THE CAPACITY OF THE SMALL FARMER
TO RESPOND. IT IS OFTEN ASSUMED THAT ONLY THE IMPORTATION
OF HIGHER TECHNOLOGY WILL LEAD TO SIGNIFICANTLY INCREASED
PRODUCTION. IN SOME QUARTERS, THERE IS DOUBTLESS FEAR
THAT THE SMALL FARMER WILL RESPOND AND THEREBY UNDERCUT
THE RATIONALE FOR CAPITAL INTENSIVE AGRICULTURE CON-
TROLLED BY GOVERNMENT OR MAJOR URBAN-BASED PRIVATE INTER-
ESTS.

22. CONCLUSION: ALL OF THE ABOVE IS BY WAY OF SAYING
THAT BABANGIDA IS TAKING ON MUCH MORE THAN TECHNICAL
ISSUES OF EXCHANGE RATES AND SUBSIDIES. HIS ADMINISTRA-
TION SEEMS TO HAVE DONE A VERY CREDITABLE JOB OF ADDRESS-
ING THESE ISSUES BUT IT IS ONE THING TO CONVINCE PEOPLE
INTELLECTUALLY THAT A GIVEN COURSE IS IN THE BEST INTEREST
OF THE NATION. IT IS ANOTHER TO SUSTAIN THAT CONSENSUS
WHEN INDIVIDUAL INTERESTS ARE SUFFERING, DEEPLY HELD
COMMUNITY VALUES AND SELF-PERCEPTIONS ARE THREATENED,
AND THE RELATIVE POWER OF IMPORTANT GROUPS IS CHANGING IN
FUNDAMENTAL WAYS.

23. BUHARI FELL FROM POWER BECAUSE HE IGNORED THE VIEWS
OF MOST OF HIS FELLOW OFFICERS AND HAD NO OTHER CONSTI-
TUENCY TO WHICH HE COULD TURN. BABANGIDA HAS DEMONSTRATED
FAR MORE POLITICAL SKILL THAN HIS PREDECESSOR. HE HAS
BUILT THE BASIS FOR BECOMING A TRULY NATIONAL LEADER AT A
TIME WHEN NIGERIANS SEEM PREPARED FOR SIGNIFICANT CHANGE.
THE PROBLEMS ARE IMMENSE BUT WE ARE CONVINCED THAT
BABANGIDA INTENDS TO TAKE THEM ON AND TO REMAIN IN POWER
FOR THE CONSIDERABLE PERIOD THAT WILL BE REQUIRED TO SHOW
REAL RESULTS.
GELBER

~~CONFIDENTIAL~~

NATIONAL SECURITY CO



Welan,

Can you handle this?

See me plr.

Phil A

KENNETH A. LAZARUS

ATTORNEY AT LAW

WARD, LAZARUS,
GROW & CIHLAR

1711 N STREET, N. W.
WASHINGTON, D. C. 20036
(202) 331-8180

Welan — ^{3/14} Watson's ^{the 13}
Strong off this?
Should we send him
a letter?

Phil

Handwritten signature/initials

WARD LAZARUS GROW & CIHLAR
1711 N STREET, N.W.
WASHINGTON, D.C. 20036

(202) 331-8160

TELECOPIER (202) 331-9069
TELEX: 64-468
WARD UW

February 21, 1986

Mr. Phillip Ringdahl
Director, African Affairs
National Security Council
The White House
Washington, D.C. 20500

Dear Phil:

Thank you for visiting with us yesterday. As you suggested, I shall call next week on prospects for trade concessions to Nigeria, i.e. the inclusion of wheat to Nigeria under GSM-102, the Export Enhancement Program and Ex-Im short-term insurance cover.

With kind regards, I am.

Sincerely,

Handwritten signature of Kenneth A. Lazarus
Kenneth A. Lazarus

KAL/rgs

WARD LAZARUS GROW & CIHLAR

1711 N STREET, N.W.
WASHINGTON, D.C. 20036

(202) 331-8160

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TELEX: 64-468

WARD UW

February 19, 1986

M E M O R A N D U M

Re: A Crisis in U.S./Nigerian Trade

1. The undersigned represents Mr. George S. Coumantaros, owner of Southern Star Shipping Co., Inc. of New York, Interstate Grain Corporation of Texas and the Flour Mills of Nigeria.
2. The U.S. has a substantial trade interest in Nigeria. Due to the severe economic dislocations underway in Nigeria and the continuing interests of the U.S. in maintaining the Nigerian export market, this paper is to outline the case for prompt, corrective actions by the U.S. Such actions should include (a) the utilization of Agriculture's GSM-102 credit program relative to wheat exports to Nigeria and (b) the expansion of F.C.I.A. insurance protection under the auspices of the Ex-Im Bank to cover short-term, i.e. 365 day, deferred-payment schedules.
3. Historically, Nigeria has been a valuable market for U.S. exports, most importantly wheat. In recent years, Nigeria has accounted for more than 5 percent of total U.S. wheat exports per annum. Recent evidence would indicate that this substantial market will be lost to foreign competitors unless some U.S. concessions are made to assist Nigeria through its current economic difficulties.
4. Nigeria has never defaulted on the terms of its purchase agreements with U.S. exporters. Although the new government of President Babangida did not accept the IMF loan urged upon it in many banking circles, a stringent plan was adopted to deal with its financial responsibilities. The current crisis is prompted by the recent fifty-percent drop in the price of crude oil which generates some 98 percent of the country's foreign exchange.

5. Nigeria has no substantial indigenous production of wheat or other grains. The 100 million population relies upon imported wheat to produce bread and other basic foodstuffs. Due to its precarious financial situation, Nigeria has been unable to authorize the importation of any wheat on a cash basis for approximately one month. Existing raw materials will be depleted in a matter of weeks.

6. Nigeria is also a vital stabilizing force for U.S. interests in West Africa. The strategic significance of possible food riots in the country and resulting disruptions should be of substantial concern to the U.S. This is beyond our purely economic interests in maintaining significant trade.

7. The pressing need for credit and longer-term export insurance for Nigeria is not being coordinated within the U.S. government. Various departments and agencies review their respective parochial interests. Our economic, agricultural, trade, and strategic interests should be approached in a unified and urgent manner.

Kenneth A. Lazarus

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March 11, 1986

Mr. Phillip Ringdahl
Director, African Affairs
National Security Council
The White House
Washington, D.C. 20500

HAND DELIVERED

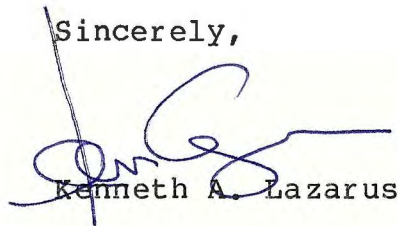
Dear Phil:

Enclosed is a copy of a reprint from last week's New York Times dealing with the wheat situation in Nigeria. You will recall that George Coumantaros and I met with you relative to this subject on February 20. At that time you indicated that the matter would be reviewed shortly. This was later confirmed to me by Helen Soos of your office.

The situation in Nigeria is now becoming quite desperate. Is there any prospect for near-time relief through GSM-102 or the Export Enhancement Program?

With kind regards, I am

Sincerely,



Kenneth A. Lazarus

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Enclosure

LEVEL 1 - 1 OF 1 STORY

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March 4, 1986, Tuesday, Late City Final Edition

SECTION: Section A, Page 2, Column 3; Foreign Desk

LENGTH: 1223 words

HEADLINE: THE TALK OF LAGOS;

IN CHAOTIC NIGERIA, BREAD AND ROADBLOCKS ENDURE

BYLINE: By EDWARD A. GARGAN, Special to the New York Times

DATELINE: LAGOS, Nigeria

BODY:

Toward evening, just before the day's heat begins its reluctant nocturnal retreat, the bread ladies come out.

Along four-lane paved boulevards, at bus depots squeezed onto patches of hard-packed mouse-brown dirt and among squatting cassava and yam sellers at

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little markets, the bread ladies, like a ships gracefully slicing through churning water, glide along with golden brown loaves of bread stacked on their heads like so many blocks of wood.

They are a welcome sight here, reassuring signs that despite economic woes and political maelstroms, there is still something that endures, the certainty of bread.

That constancy shuddered a bit recently with a surge in bread prices that seemed to augur the beginnings of a nationwide bread shortage. Prices began their spurt soon after Flour Mills of Nigeria Ltd., the main flour mill in the country, announced it was shutting down for three weeks because it could not import wheat.

Prices Doubled and Tripled

Flour prices doubled and tripled overnight as bakers frantically tried to buy what was left of a suddenly dwindling supply. Officially, a 110-pound sack of flour should sell for about \$22. But flour merchants were seen hawking bags at anywhere from \$62 to \$80.

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"If this state of affairs continues, there will be no bread anywhere," said J. O. Elijah, the marketing manager of Defacto Bakeries.

Even before the price of flour began its ascent, the bread ladies were raising their prices so that the smallest loaf, which used to cost 30 cents, is now selling for 40 cents. The largest loaves, almost as big as a box of Saltines, shot up to \$2, from about \$1.

A bread lady swayed down Keffi Street on Ikoyi Island and stopped in front of a whitewashed cement chamber large enough to hold the Xerox machine inside, where documents can be copied for 30 cents. The lady stopped to sell a loaf at the new price.

The copy man seemed to sigh a bit. "Nothing to do," he said. Roadblocks, a bane for motorists in Lagos and a headache for the Government, have been sprouting and wilting like dandelions doused in a weak herbicide.

Throughout the city, especially at night, there are groups of policemen, many with automatic pistols or Belgian-made automatic rifles slung over their shoulders, positioned next to battered oil drums blocking all but one lane of traffic.

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As cars push slowly ahead, a police officer looks at the occupants of each car and then, suddenly, usually waves it on. Private cars tend to pass roadblocks quickly, but taxis and the little vans packed with passengers are often pulled aside and questions are asked, papers scrutinized and bundles examined.

"They want a little something," said a Lagos resident of the police. He said the roadblocks were a fact of life as long as the police were underpaid.

Outside the city, on the main roads heading east, the roadblocks increase, manned here by policemen, there by soldiers. In some cases both policemen and soldiers are at the same collection of oil drums and stacked tires, searching vehicles.

A short while ago, the Government issued harsh instructions ordering the dismantlement of roadblocks. For a time, traffic picked up and cars whizzed around the city unmolested.

Then, three lanes of traffic ground to a halt on the Lagos-Ibadan expressway in Ikeja, a northern section of the city. Squeezing into one lane, traffic crawled forward toward a cluster of policemen who were pulling cars over, opening trunks and looking at identity papers. "Why are you doing this?" a

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sergeant was asked.

"We ask the questions," he said, before waving the gray Peugeot on.

Although now part of a buried past, the leader of what used to be Biafra won a territorial skirmish with the Lagos state government recently.

The leader, Chief Chukwuemeka Odumegwu Ojukwu, who as a lieutenant colonel led the Ibo people of eastern Nigeria into a fierce secessionist war in 1967, has successfully battled his way through the courts and into his old house on Queens Drive, on Ikoyi Island here, one of the city's toniest residential areas.

As Biafran troops were finally being crushed in the east, Chief Ojukwu, by then a general, fled to London, where he remained until Nigeria returned to civilian rule in 1979. After the war's end, the Government had enacted legislation designed to restore former property to Biafrans who had fled the north and west of Nigeria. Chief Ojukwu's house dispute is one of the final legacies of that law.

In November 1984, after he and other Nigerians were released by the former military Government, Chief Ojukwu moved into his Queens Drive house, grandly called Villaska Lodge, a two-story white edifice with a red-tile roof and

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hemmed in by a solid stone wall. The Lagos state government, after some time, decided that the lodge belonged not to Chief Ojukwu at all, but a company owned by the chief's father.

Last October, with the help of 100 policemen, 50 armed soldiers and several dump trucks, Chief Ojukwu's household belongings were hauled away and the doors padlocked. Undaunted, the chief pitched tent outside the house, began a hunger strike and took up legal cudgels.

In January, the courts gave in to Chief Ojukwu's legal onslaught; the Lagos state government retreated, and he moved back behind the white walls.

Outside, a wooden sign still reads, "Beware of snakes."

Nigeria's military Government, which took power in a coup in August, has, in a rather pointed departure from the practices of its predecessors, given the country's press free reign.

Intoxicated by the sudden liberty, the country's newspapers and magazines emerged with fists wide, publishing impassioned editorials and showing a noticeably reduced reverence for official authority. Headlines scream of corruption in high places, favoritism and incompetence by Government.

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officials. The press was feeling good. But on Feb. 6, official tolerance seemed to reach its limit.

Six editors of the influential weekly magazine Newswatch were hauled into court by Judge Samson Uwaifo. Judge Uwaifo, the head of a special tribunal that had just ruled that Nigeria's last civilian President, Shugu Shagari, was not guilty of corruption charges and should be released from detention, was angered by Newswatch's editorial reaction.

"The whole thing was a farce, inelegantly contrived much in the manner of a kangaroo court rendered even more kangarooic — permit the coinage — by the abject naïveté of the presiding judge," wrote Ray Ekpu, Newswatch's deputy editor-in-chief.

When Mr. Ekpu and his colleagues appeared before him, Judge Uwaifo lashed out, declaring that Mr. Ekpu's editorial was a calculated attempt to destroy the very basis of the tribunal.

Turning to Mr. Ekpu specifically, the judge said: "If you have enemies to fight, you don't look to this panel. If you want to destroy them, you pray for thunder or rainstorm and that may help you to strike them down."

Judge Uwaifo then fined Mr. Ekpu \$20.

Newswatch said it would appeal. The president of the National Union of Journalists, George Uzoko, ordered a boycott of all tribunals by reporters for a week.

For his part, Mr. Ekpu said he was undeterred. "I will continue to write about this," he said. "No, I am not intimidated. In Nigeria, you cannot use kid gloves. You have to hit them with bare knuckles."

GRAPHIC: photo of women selling bread in Lagos, Nigeria

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NAME: GARGAN, EDWARD A

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