

# Money laundering exposes Nigeria's oppressors

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The recent investigations by the Nigerian government into the laundering of over \$4 billion by the former military regime of General Abacha—using banks in the UK, Switzerland, the US, Germany, Luxembourg and elsewhere—makes clear the vested interests that stood behind the dictatorship.

General Abacha was one of a long succession of military leaders in Nigeria, taking power in 1993. By the time of his death in June 1998, Nigeria had been impoverished, with the economy running at a fraction of its capacity. While the Western countries publicly distanced themselves from the regime, especially following the show trial and execution of the writer Ken Saro-Wiwa and eight others, privately they kept it in power.

The oil multinational Shell is now the defendant facing a jury trial in New York accused of giving direct assistance to the regime's murderous assaults on Ogoni villages in the oil-rich Rivers State. Shell's attempts to have the case thrown out of court have been rejected.

While countries such as the US and the UK berate Nigeria today as “the most corrupt country in the world”, and use this alleged corruption to justify their refusal to ease the country's debt burden, there is no such determination to root out the corruption to be found nearer to home, involving billions of dollars taken from a relatively poor country.

The journal *Africa Confidential* explained in its October 27 edition: “Investigators pursuing some US\$3 billion of funds stolen by the late General Sani Abacha's regime between 1993-98 have established that the cash was deposited in more than 30 major banks in Britain, Germany, Switzerland and the United States without any intervention from those countries' financial regulators...

“None of the banks named so far as accepting deposits from Abacha's family and associates—Australia and New Zealand Banking Group, Bankers Trust, Barclays, Citigroup, Goldman Sachs, HSBC, Merrill Lynch, National Westminster Bank and Paribas—have been formally investigated nor had any disciplinary action taken against them.”

It was not until the end of last month, more than two years after Abacha's death, that Britain's Financial Services Authority announced that it would begin an investigation into the laundering of stolen money from Nigeria through the City of London, several months after this was formally requested by Nigerian government investigators. Similar requests have been made to the German, US and Swiss authorities, but so far only the Swiss have responded by setting up their own investigation. The bulk of the \$3bn. is reckoned to be in Switzerland, some of which has passed through the accounts of the Swiss affiliates of multinational companies.

Even the one country that responded positively, Switzerland, has tried to curtail the investigation before it could reveal too much. *Africa Confidential* notes that, “The 19-page [Swiss] report did not go into much detail, and tried to draw a line under the affair. Worried about the damage to Swiss banking, the federal government and the banking commission wanted to put the matter behind them.”

Far from admitting their role in keeping Abacha in power, or lessening the repayments on the huge debts run up at that time, the world's major banks, with the IMF at their head, have stepped up the pressure on Nigeria to gear its whole economy up to meeting their demands.

The *Financial Times* blithely stated, in its editorial of September 14, that although more than 70 percent of Nigeria's population subsisted on less than a dollar a day, the debt burden was “no longer the top priority” because of increasing oil prices. It claimed that the reason for the country's problems was “mismanagement” which was “crippling Nigeria”. The FT drew the conclusion that “Nigerians—not their creditors—are primarily responsible for the plight of their country.”

The historical record of Nigeria's exploitation, first as a source of slaves, then as a British colony, and finally as a nominally independent country, with military dictatorships kept in power with Western backing, tells a very different story. (The military has ruled Nigeria for 30 of its 40 years of independence). The fact that the billions of dollars taken

by those dictators ended up back in the hands of European and US bankers puts the final piece of the jigsaw into place.

Right from the start, the British rulers set up a system of patronage, so as to keep a section of the African people (especially the elite) on their side, and minimise the need for stationing troops permanently in their colonial possessions. When independence was given in the 1960s, the British ensured that power stayed in the hands of the elite they had nurtured.

The end of the Cold War meant that regimes like Abacha's were no longer needed, and new rulers were sought who could be manipulated to do the bidding of the IMF and their other creditors. From Zaire (now the Democratic Republic of the Congo) to the Ivory Coast, the old regimes have been dislodged, and replaced with new ones charged with privatising and opening up their economies to the world market.

Both the IMF and the *Financial Times* are calling for "faster implementation" of Nigeria's privatisation plans and cuts in social spending (which they refer to with the euphemism of "reforms"), as a precondition for any loans or aid. The changes made so far have lead to severe unemployment and dislocation of the economy.

With a debt of \$30 billion, two thirds of which is to the banks belonging to the 'Paris Club', the Nigerian government is already spending three times the amount on debt service as it does on education. The number of Nigerians living below the poverty line hit the 70 million mark in 1990 and approached 80 million in January, this year. The result of this has been a drastic fall in life expectancy, from 52 to 49 years. This has been the real "democratic dividend" for the Nigerian people.

Due to Nigeria's ongoing crisis, Obasanjo was recently driven to dispensing with the usual protocol, asking US President Clinton and British Prime Minister Blair directly and publicly for funds to ease the debt burden. He was rebuffed equally as directly.

At home, Obasanjo has desperately tried to distance himself from the regimes of the past (in which he had been one of the generals) to counteract the disillusionment caused by his slavishness to the IMF and the banks. Taking a lead from South Africa he set up his own "Truth and Reconciliation Commission" as a means of letting off steam and airing grievances while never threatening to bring the criminals of the past to justice. The commission, set up in June 1999, started sitting in Abuja 23 October, under the chairmanship of a retired judge, Chukwudifu Oputa.

Oputa said the commission was set up to "promote forgiveness, restore harmony to the polity, foster unity and growth and proffer lasting solutions that will address the history of events in the last 30 years of draconian laws."

Though more than 10,000 cases were presented to the commission, Oputa said only 150 would be heard "because they were the only ones adjudged of serious and grievous nature."

Despite this myopic remit, however, which is tailored to suit the interests of those currently in power, the commission has begun to uncover a trail of corruption which has lead back to the real backers of the Abacha regime in the West. Towards the end of October, the *Financial Times* began a series of articles exposing the fact that much of the money stolen by the former military regimes ended up in British banks—without attempting to reconcile this with its earlier statement that Nigerians were to blame for the country's present plight.

On October 19, an article entitled "Money laundering probe targets London" said: "Banks in London played a key role in enabling former Nigerian dictator Sani Abacha to launder more than \$4bn (£2.76bn) looted from the country during his four and a half year rule, according to investigators employed by its civilian president.

"The trail has led to accounts at London offices of 15 banks. The UK government has been asked to help trace the money deposited in London, but has failed to respond more than four months after the request was made. UK officials say they lack the power to freeze accounts and seize documents until charges have been brought in Nigeria." In addition to the banks named by *Africa Confidential*, the *Financial Times* named Standard Chartered, Citibank, and the German bank, Commerzbank as other prominent banks involved in the money-laundering.

The British Treasury was highlighted in *Africa Confidential* as being resistant to the investigation into money-laundering. Summing up the attitude of a sizeable section of the British establishment, another article in the *Financial Times* quoted Rowan Bosworth-Davies, a former Fraud Squad officer and now consultant with Unisys, the information technology group, saying "There are a lot of people in the City who say that if the legislation is applied too strongly, it will be bad for UK plc."



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