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Compass for Economic Reform in Africa

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Abstract

The current world monetary system is a fractional reserve central banking system which is anchored to and driven by the inflation growing public sector debt monies of the reserve currency nations of the West. It blights, through the phenomenon of industrial outsourcing, the growth of local content in the reserve currency nations of the West and in the non-convertible currency nations of Sub-Saharan Africa as it grows local content only in the target nations of industrial outsourcing in the Far East because these are fiscally protected developmental States. Thus , the ***compass for economic reform in Africa*** *says that if any Sub-Saharan African economy like Nigeria ,or ,more importantly, any reserve currency economy of the West for that matter, wants to use the market mechanism to grow itself sustainably in local content, then it must work, right from its home-base and with the aid of its own rural industrialization road-map, for the emergence of a new world monetary system which is anchored to and driven, in tandem, by the interest-free and inflation-free private sector commodity monies of each and all the trading and paying nations of the globe. Such is the nature of the full reserve principle of central banking which the emerging global monetary system of justice and peace will use to make citizens all and subjects none of all human beings in time and space. In principle and practice, therefore, no Sub-Saharan African economy can grow sustainably in local content unless it joins every other nation of the globe to trade and pay abroad each with its own gold convertible currency.*

Contents

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1. **Preamble**[1]

The world monetary system became anchorless in December 1958[2] when the US defaulted on the gold convertibility of the US dollar as the fixed rate gold exchange debt standard of 1934, that gave the fixed price of 35 US dollars per one troy ounce of fine gold, could longer hold on account of US financial profligacy. After December 1958, all the now financial convertible currency nations of the West joined in the US inflation binge and this brought about a new pattern in the international division of labour as follows. The reserve currency nations of the West graduated into the casino capitalism of the global services/tertiary sector; the newly industriliasing and developmental States of the East like India, Taiwan, China, Malaysia, South Korea, etc. took charge of the industrial capitalism of global manufacturing/secondary sector; and Africa, with Nigeria in the lead, is, as usual, entrapped in the bottom/peripheral capitalism of the global extractive/primary sector. And with the emergence of this new structure in the global division of labour, the anchorless global monetary system imposed the floating rate and the fixed rate currency board debt standard, otherwise known as the Structural Adjustment Programme, on the primary industry providers of the world like Nigeria, the idea being that after the floating rate SAP would have de-industrialised Nigeria, then the fixed rate SAP would return Nigeria to the colonial monetary regime of a chronic capital exporter[3]. How then can a nation like Nigeria emerge from the SAP entrapment of capital exporting, peripheral and extractive capitalism? This is the question which this paper attempts to answer in concrete and practical terms.

In doing so, this paper canvasses the idea that the West and Africa, with Nigeria in the lead, will presently begin to use the Euro-African banking innovation of *Bank for African Settlements*, BAS, to canalize the steady reverse flow of medium-to-long-term capital from the West to Africa in the aid of the balanced growth of local content in Nigeria, in Homeland Africa as in the Diaspora African nations of Europe and the Americas[4]. BAS is the industrial ruralisation roadmap for Africa and the West, what RIROMAN is the industrial ruralisation roadmap for Nigeria.

Hence this paper flows like this. Section 2 describes the global economic structures of wear and tear which the West's inflation of excessive public sector deficit financing has brought into the global economy. Section 3 addresses how the raging money inflation of the nations of the West has produced a three-tier structure in the international division of labour.

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Then Section 4 describes how the novel and private-sector-led central banking institution, *Bank for African Settlements*, BAS, will create the co-prosperity zone of balanced growth in local content between the West and Africa and thereby give impetus to the emergence of the new and win-win global financial architecture. And Section 5 concludes this paper by sketching how Nigeria will use the commodity naira, within her country-wide network of bottom-to-back stock and commodity exchanges, to implement her own rural industrialization roadmap, RIROMAN.

2. Anchorless World Monetary System

A new multilateral trade and payments system emerged in December 1958 This is the current floating – rate gold exchange debt standard and its satellite floating rate currency board debt standard. The main feature of this new global financial architecture is that it saddles the global economy with as many currency and financial centres of gravity as there are financial convertible and reserve currencies in the West like the Japanese Yen, the Euro of the Eurozone, the Pound Sterling of Britain and the US Dollar. A financial convertible and reserve currency is a vehicle for international trade and payments and an instrument for international reserves management. This is what makes a reserve currency a vehicle for the import of the resources of capital, materials and men from the second – tier non-convertible currency world of the developing nations of the global South and Eastern Europe to the first – tier financial convertible currency world of the developed nations of the West. So, it is this two-tier and floating rate structure of reserve and non-reserve currencies that constitutes the unequal trade and payments platform for the continuing poverty of the developing world and the continuing wealth of the West.

This global multiple currency standard of yesterday and today emerged in December 1958 as a result of the imperial financial greed and recklessness of the US. For remember that the global fixed rate gold exchange debt standard had emerged in 1934 on the condition that the US Dollar, which was its anchor trade and reserve currency, should have a fixed gold parity of 35 UD Dollars to one troy ounce of fine gold. However, in imposing this currency market strait -jacket on USA, the global economy of the 1930s chose to ignore the theoretical and practical fact that a capitalist economy cannot do without money inflation. In fact, a capitalist economy must run a demand-led and public-sector-driven economic model of the Keynesian mould, and the engine of this economic model of usury and ceaseless-taking is the rampant production of *ex-nihilo* public – sector – debt money.

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So, when the US was put in 1934 on the currency and financial driving seat of the global economy, she received the open-ended mandate to go out to the wide-world and inflate herself into global financial and industrial hegemony. And this is what the US managed to do with such a reckless abandon that by December 1958, gold value bottom had fallen off the fixed rate gold exchange debt standard of 1934. One troy once of fine gold could thereafter fetch more than 35 US Dollars in the global markets for gold. This was why President Charles de Gaulle of France and his economic advisor, Jacques Rueff, resisted the imperial financial profligacy of the US from December 1958 onwards by insisting that the other reserve currency nations of the West should revert to the fixed rate gold exchange debt standard which would have enabled them to prevent the US from using their own domestic and imported savings to buy up the whole world.

But, while doing so, de Gaulle and Rueff failed to consider the fair point that what was good for France was also good for the colonial territories of France Overseas in Africa, for example. So, if de Gaulle and Rueff had really wanted the global reign of justice and peace on earth, they would have insisted, as well, that the African territories of France Overseas should conserve and use their own savings as imperial France strove to do. But this could not have been the colonial mind-set of imperial France. For, the brutal reaction in 1958 of de Gaulle's Metropalitan France to the decolonizing efforts of Ahmed Sekou Toure's Guinea, when the latter chose to opt out of the fixed-rate CFA currency board debt standard and chart a home-made course for her financial independence, speaks volumes of the colonial and colonizing nature of the fixed-rate gold exchange debt standard and, of course, of its successor, the floating-rate gold exchange debt standard. In effect, the fixed and floating rate variants of the gold exchange debt standard are the colonial and colonizing multilateral trade and payments systems which enable the financial convertible and reserve currency nations of the West to inflate themselves into global financial and industrial hegemony. These fixed and floating rate variants of the gold exchange debt standard are, therefore, the core capitalist mechanisms for entrenching grinding poverty in the second-tier non-convertible and non-reserve currency world of the global South and Eastern Europe and exponential wealth and affluence in the financial convertible and reserve currency West.

Thus, in the wake of December 1958, the new reserve currency nations of the West began to emulate the US and to go out to buy up the outer and

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second - tier non-convertible currency world with their increasingly goldless and valueless financial convertible currencies. They simply began to export their domestic fiscal and monetary policies to the second-tier and non-convertible currency nations of the global South and Eastern Europe. And, in the particular case of the non-convertible currency nations of Sub-Saharan Africa, they began to use the credit and aid binomial to carve up the Black world, as recommended by the Berlin Conference of 1884-85, into their own imperial financial bailiwicks. No wonder the NEPAD Document of 2001 states quite clearly in its paragraph 3 that the core capitalist mechanism for the continued underdevelopment of the second-tier nations of Sub-Saharan Africa is the credit and aid binomial[5].

3. **The West's money inflation rearranges global division of labour**[6]

The origin and life-wire of the capitalist mechanism of credit and aid binomial becomes clear as we realize that every capitalist economy of the globe today, developed and developing, uses public-sector-debt money to drive its economic policy. And, as a result, the twin fiscalist and inflation-growing phenomena of Public Sector Borrowing Requirement, PSBR, and Interest, emerge in every capitalist economy of yesterday and today to bring about asymmetry in the distribution of the economic opportunities of jobs, goods and services among and between persons of gender, creed and race at home and abroad.

For as soon as the twin fiscalist and inflation-growing phenomena of PSBR and Interest emerge in any public-sector-driven and demand-led economy, so is a gap of resource-unemployment and industrial outsourcing interposed between its money supply market structure, or its financial circulation of money, and its money demand and use market structure, or its industrial circulation of money. The result of this is that the *public gold*[7] of the seed, working and growth capital patrimony of all in society is gradually but irreversibly transformed, through various forms of induced and contrived market imperfections, into the private property and private gold of the few in society. This is how the money inflation of PSBR and Interest robs the many in the service of the few under global capitalism.

It is the twin fiscalist and inflation-growing phenomena of PSBR and Interest which keep on dividing the global economy into the first-tier of the few reserve and financial convertible currency nations of the West, on

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the one hand, and the second-tier of the many non-reserve and non-convertible currency nations of the global South and Eastern Europe, on the other hand. And, as a result of this, the public gold of the seed, working and growth capital patrimony of the many non-reserve and non-convertible currency nations of the globe is always transformed, in the form of non-gold international reserves, into the private gold of the few reserve and financial convertible currency nations of the West. This is what it means to say that the reserve currency nations of the West borrow the liquidity of non-gold international reserves from the non-reserve currency nations of the globe so that quite surprisingly and in conformity with the novel central banking insight of the Italian economist, Marcello de Cecco[8], the latter are always the central bankers to the former.

As the public gold of the second-tier and non-reserve currency nations of the globe is being exported and accumulated, as non-gold international reserves, in the central banking domains of the reserve currency nations of the West, we find that the money supply market structures of the former, in line with the perceptive observations of Professor Robert Triffin, in the Latin American economies of the 1940s[9], are exported to and ensconced within the central banking domains of the latter. It is this yawning and colonial gap of resource unemployment and industrial out-sourcing that peripheral capitalism interposes between the exported money supply market structures and the home-bound, *but decapitated,* money demand and use market structures of these second-tier nations of the globe that is responsible for their resilient economic backwardness. In other words, it is the twin fiscalist and inflation-growing phenomena of PSBR and Interest which starve and deprive the peoples of the second-tier nations of the globe of their seed, working and growth capital patrimonies for their integral human development. Consequently, these economies will not grow in home-made goods, jobs and services unless and until their international reserves are repatriated, kept and managed at home to support and underwrite the deepening of their domestic capital and commodity markets.

Notice in Fig 1 below that the twin fiscalist and inflation-growing phenomena of PSBR and Interest have continued since 1968 to sustain a yearly astronomical rise in the volume of global non-gold international reserves. In 1973, it stood at 300 billion US Dollars but in December 2006,it had escalated to 4.75 trillion US Dollars and of this amount, over 3.5 trillion US Dollars came from the developing world. Accordingly, an increasingly yawning and self- colonising gap of resource unemployment

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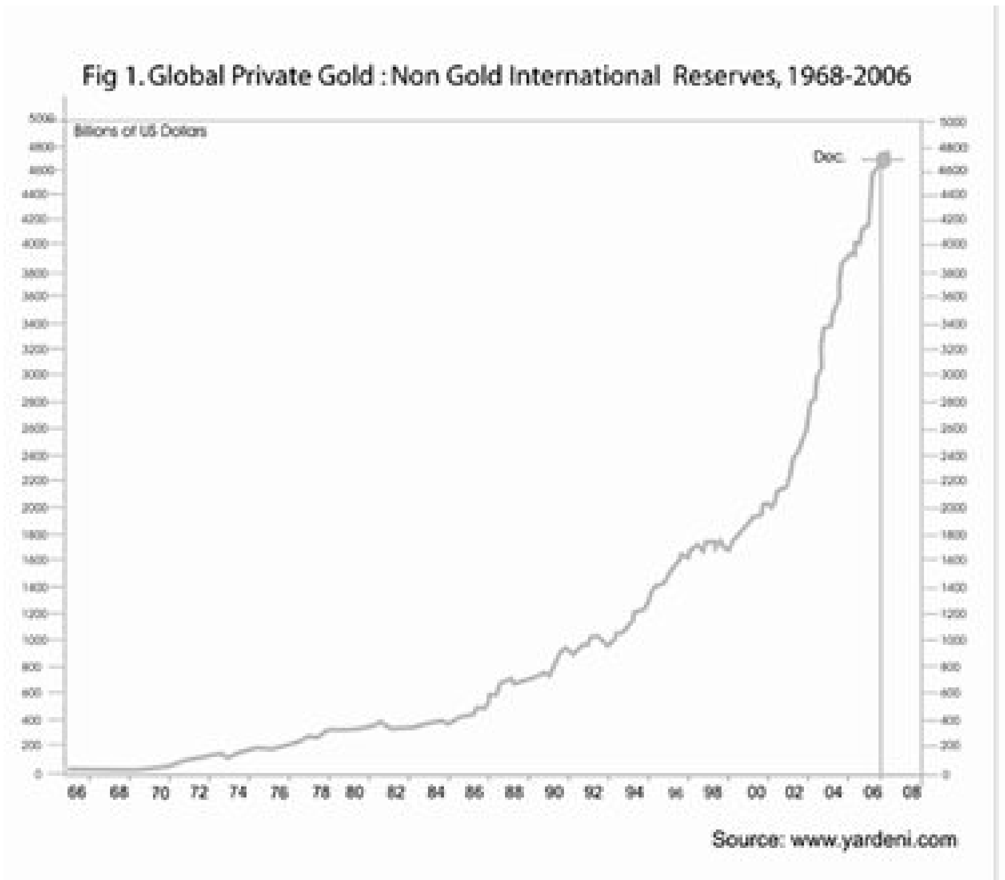
and industrial-outsourcing has emerged since December 1968 between the money supply market structures and the money demand and use market structures of the very first-tier nations of the West. So, in spite of the very rosy newswire statistics that one reads and hears everyday about the economies of the West, the fact remains that their financial and industrial fundamentals do say the stark contrary that there is increasing and inexorable economic distress in the first-tier nations of the West.



For whenever and wherever the twin fiscalist and inflation-growing phenomena of the PSBR and Interest are actively at work, there are then must one expect an economy to decay interminably in home-made goods, jobs and services. Indeed, non-gold international reserves increase by leaps and bounds in the central banking domains of the first-tier nations of the West only because their PSBRs increase by leaps and bounds as their levels of local content must correspondingly fall in leaps and bounds.

The astronomical growth since 1968 in global non-gold international reserves in the central banking domains of the West has no outlets for productive investments in the West and it is not drained or reticulated to

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the second-tier nations of Africa and elsewhere for that purpose either. So, sooner than later, the money inflation pressure that is thus bottled up in the central banking domains of the West will engender the total collapse of the global financial architecture.

In the meanwhile, however, this swamping of the world, through the inflationary credit and aid binomial policy, with the increasingly goldless and valueless currencies of the West, and especially the US Dollar, has, brought the colonizing phenomenon of industrial out-sourcing to destroy the old industrial and manufacturing bases of the West and naturally, of course, the infant industrial and manufacturing bases of the second-tier nations of Sub-Saharan Africa. For what the floating rate fractional reserve market theorem of the credit and aid binomial does in any floating exchange rate economy, with a financial convertible, or a non-convertible, currency, is to generate money inflation in its currency market, asset-inflation in its financial market and price-inflation with shrinkage in the real wealth of jobs, goods and services, or GDP, in its industrial/commodity market. So, the West was in grave error in thinking that the scorched earth industrial policy of the SAP which they used the floating rate fractional reserve market theorem to engender in Sub-Saharan Africa from the 1970s onwards would allow them alone to benefit from the export of their manufactured goods to Africa. They conveniently forgot that the floating rate fractional reserve market theorem is a two-edged sword which would also de-industrialize the West as it de-industrialises Africa. Indeed, the net outcome of the West's inflationary credit and aid binomial policy in the global economy is that both the West and Africa are now dependent on the newly industrializing economies of the East for their consumption of manufactured goods.

For the response of the multinationals of the West to the emergence of the floating rate fractional reserve market theorem in December 1958 was to run away from the home West price-inflation of high-wages to the labour-camp cum slave-wage areas of the economies of the East. So as the multinationals of the West moved their production outfits to China, for example, China with its enclave export processing zones became not only the factory for the West but also for Africa. Thus, the current Chinese industrial invasion of Africa was the outcome of the West-driven and inflationary credit and aid binomial policy in Africa and in the rest of the developing world. This is the driving logic of the so-called *New Scramble for Africa*. Africa is regarded as the reservoir or warehouse for resource pillagers hitherto from the West only and now from the East as well.

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But this new three-legged global economic order of floating-rate usury and capitalism is on the wane. For if the Fifth WTO Ministerial at Cancun, Mexico, in September 2003 is anything to go by, then the new tripartite pattern in the international division of labour among the nations of the globe is a very incomplete work in progress. Why so? Because the global capitalist economic order is being done to death by the excessive accumulation of non-gold international reserves in the central banking domains of the first-tier nations of the West. And as the current global capitalist economy of the floating rate gold exchange debt standard is going up in the smoke of money inflation, the new global communitarian economic order of equity finance, justice and peace will be overtaking the world. At the centre of this emerging fixed rate global gold commodity standard is, for example, the banking innovation of the *Bank for African Settlements* which will weave Homeland Africa and the Diaspora African nations of Europe and the Americas into a dynamic web of balanced growth in local content.

4. BAS: Bank for African Settlements

A co-prosperity economic zone has become an urgent necessity for the West and Africa for two reasons. One, the floating rate currency board debt standard, with the interminable Structural Adjustment Programmes that have come to Africa with it, has sicne the 1970s laid waste the embryonic and import-substituting manufacturing bases of Africa. And, two, the floating rate gold exchange debt standard, with the money inflation spiral of non-gold international reserves that has come to the West with it, see Fig. 1 above, has since the 1970s forced Europe and North America to increasingly out-source their industrial production to the newly industrializing economies of India, Brazil and especially China. This has led to Africa becoming, from the 1980s, the captive markets for China's industrial products since Europe and North America have already become, through their industrial out-sourcing policy to the slave-wage areas of the world, the captive markets for China's industrial products as well. But this is not in the home economic interests of Africa or of Europe and North-America either. So, what to do? Africa and Europe need to use, in equal partnership, the NEPAD initiative to devise and build a deep and resilient monetary and financial bridge between their respective webs of currency, financial and industrial markets and to use this Mandela convertible currency bridge as the corridor for

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developing the exclusive Euro-African co-prosperity market zone of balanced growth in home-made goods, jobs and services. It is BAS: Bank for African Settlements that enables Europe and Africa to do so. For, BAS will drain and reticulate[10] excess seed, working and growth capital of non-gold international reserves from Europe to Africa to support and underwrite the deepening of Africa's capital and commodity markets for Africa's sustainable growth in local content and for the derivative growth in Europe's investment become from, and industrial markets, in Africa.

The economic policy idea and framework of BAS, emerges from the line of reasoning on the ethics of money that proceeds as follows. Any money economy may use the interest-based public-sector debt money or the interest-free private-sector commodity money to distribute work and its rewards among its members. When an economy uses public-sector debt money to drive its economic policy, the twin fiscalist and inflation-growing phenomena of Public Sector Borrowing Requirement, PSBR, and Interest emerge to bring about asymmetry in the distribution of the economic opportunities of jobs, goods and services among and between persons at home and abroad. But when an economy uses private-sector commodity money to run its economic policy, PSBR and Interest disappear with its public sector becoming budget-balancing and this leads to symmetry in the distribution of the economic opportunities of jobs, goods and services among and between persons at home and abroad. What BAS is equipped to do is to transit any African economy from the asymmetry in economic distribution which goes with the economic policy territory of public sector debt money to the symmetry in economic distribution which emerges when an African economy uses private sector commodity money to drive its economic policy. This BAS does by using the interest-free and risk-ready *Mandela private sector commodity money*, the emerging gold convertible African common currency, to support and underwrite the deepening of the capital and commodity markets of the pan-African economy. BAS is, thus, the win-win market development and banking initiative[11] which, under the current floating rate and global two-tier structure of reserve and non-reserve currencies, will steadily grow local content in the reserve currency nations of Europe and North America as well as in the regional pocket of the non-reserve currency nations of the African continent.

BAS is the modern-day version of what the Peréire brothers, Isaac and Emile, of 19th century France called crédit mobilier, which they used to carry out great undertakings of infra-structural development in the

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France, Switzerland, Spain and Russia of that century[12]. Thus, BAS, like crédit mobilier, is on the market scene of Africa to develop and manage development corridors of deep capital and commodity markets and the accompanying land, air and sea support structures that would not only bring sustainable growth in local content to this beleaguered cradle of human civilization but also take development to the very door-steps of the African in his rural and cultural surroundings. BAS is, therefore, synonymous with an African industrial location policy which will bring about a permanent reversal in the current post-colonial and massive rural ruban drift of Africans in the working age bracket of 20-65 years. And so BAS will use the market mechanism to decongest the urban and sprawling ghettoes of Africa's unkempt mega-cities like Nairobi, Lagos, Kinshasa etc. and ruralize Africa's working population in aid of agro-allied growth in local content all over the continent. The market content of such an industrial location policy of balanced population spread all over the continent of Africa is the continent-wide ICT network of back-to-back stock and commodity exchanges which is the electronic heart of the BAS economic agenda for a renascent Africa[13].

FIG. 2

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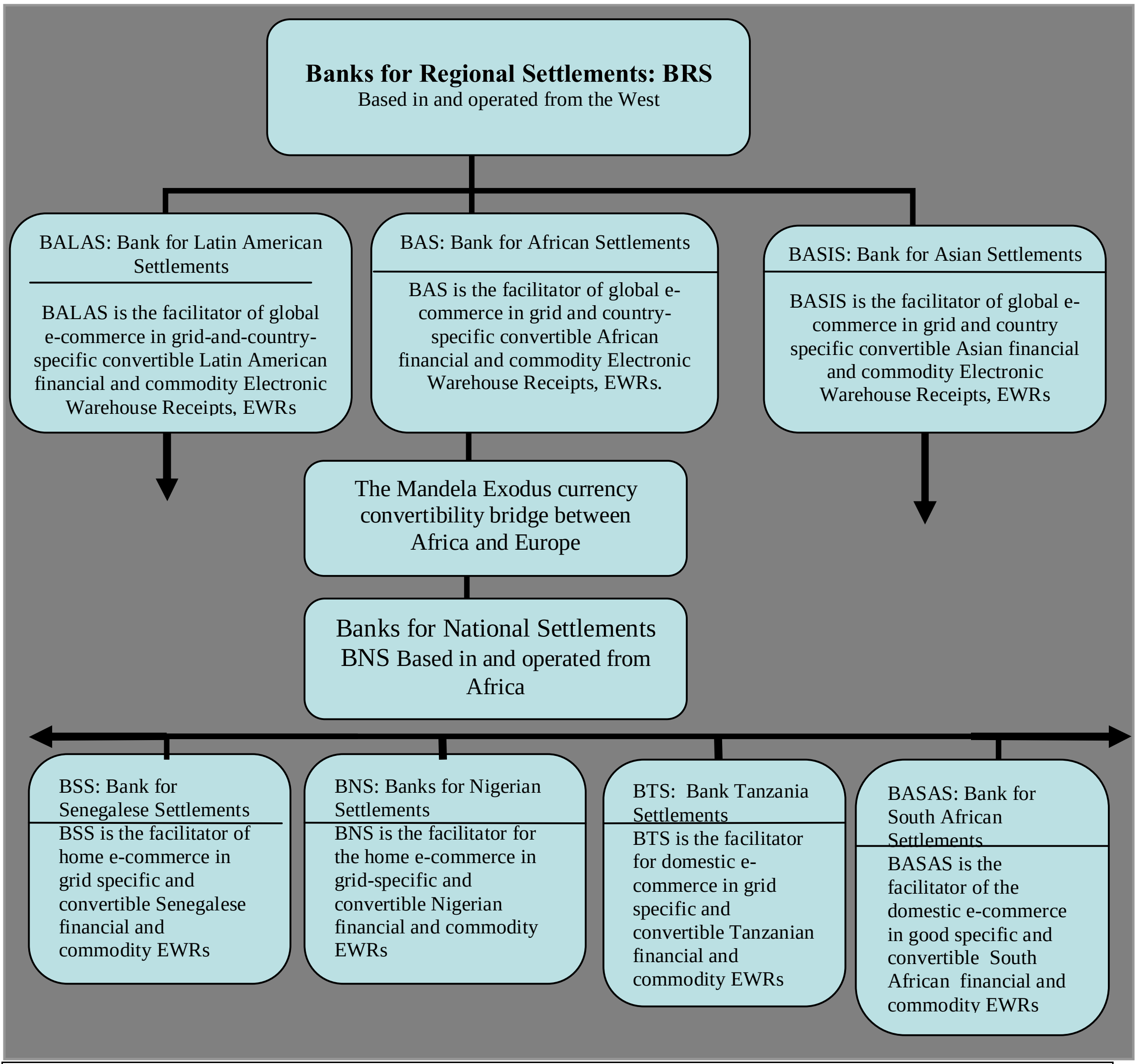
Banks for Regional & National Settlements: BRS & BNS[14]



The Mandela currency convertibility bridge of Appendix 1 below between the Europe-based BAS and the Africa-based BNS, eliminates, within the BAS global electronic market network for e-commerce in convertible grid-and-country-specific financial and commodity EWRs of the non-reserve currency nations of Africa, the existing and asymmetric currency non-convertibility gulf between Europe nd Africa. This is how BAS builds the Mandela/Exodus currency convertibility ramp or bridge between the reserve currency nations of the West and the non-reserve currency nations of Sub-Saharan Africa in the main.

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Registered and headquartered in a strategic reserve currency nation of Europe, BAS has the two-fold task of.

•*Building and operating the global risk-averting and risk-controlling electronic market infrastructure for international trade and payments in convertible African capital and commodity market instruments.*

•*Attracting and encouraging, with the aid of appropriate and convertible financial and commodity market instruments, the steady inflow of risk-ready reserve currency funds into the emerging reserve currency capital, and commodity markets of Africa.*

BAS performs this two-fold task of capital and commodity market development in the emerging reserve currency nations of Africa in three steps as follows:

•*Develops and manages the electronic market networks for on-line trade in the grid and country-specific financial and commodity Electronic Warehouse Receipts, EWRs, of the emerging reserve currency nations of Africa.*

•*Facilitates the on-line trade in the grid and country-specific financial and commodity EWRs of the emerging reserve currency nations of Africa.*

•*Trains and partners with up-and-coming African entrepreneurs to establish and operate national clusters of specialized warehousing and electronic marketing sites for on-line trade in grid and country-specific financial and commodity EWRs of the emerging reserve currency nations of Africa.*

5. **RIROMAN: Rural Industrialization Road-Map for Nigeria**

Apart from the period of the 1970s, when the Nigerian government established the infant industry foundation and protective walls to enable Nigeria's emerging industrial culture to sink root and flourish, the story of industrial Nigeria since the 1980s has been one of the *offensive economic warfare* which the West has waged and is waging to make and keep Nigeria as the industrial thrash- can of the globe. In fact, ever since September 26, 1986 ,when the floating rate regime of the currency board debt standard replaced the fiscal walls of the emerging developmental Nigerian State, the Nigerian economy has increasingly neglected its own material and human resources in local production. And as her industries have been closing shop so has Nigeria become a *giant import-as-can* economy where any bric-a-brac from anywhere in the world finds a ready market. Thus what one can say for certain is that, in much of the past two

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decades, Nigeria, has become so de-industrialised that she has reverted to her previous colonial status when she imported finished goods and exported raw materials. It would, indeed, appear that the West wants Nigeria to sink deeper into the colonial industrial *tabula rasa* so that the West may continue to remain as the commercial, financial, industrial and technological middleman in Nigeria's domestic and foreign economic transactions. So think of the mega-industrial projects like VON, Ajaokuta, Itakpe, PAN, Aladja, Oshogbo, Iwopin,etc, that have fizzled out over the years and the de-industrialising and colonizing import of the floating-rate currency board debt standard in Nigeria will become crystal clear.

In fact, the current floating-rate non-convertibility of the naira has made and kept Nigeria a chronic capital exporting nation with the following trade mark financial and industrial statistics. Of the over 700 billion naira currency notes and coins currently in circulation only some 10% of this lordly amount circulates within the Nigerian banking system; the Nigerian public sector spends 60-70 of its annual budget on the recurrent item instead of the standard 35% for a growing, capital conserving and commercial convertible currency economy; the ratio of commercial to industrial savings in the Nigerian financial market is 9:1when the corresponding threshold savings ratio for a growth-bound Nigeria is 1:3; and the ratio between local content and foreign content in Nigeria's industrial market is 2:8 when a growing and self-respecting Nigeria should have a local content/foreign content benchmark ratio of 8:2.

No wonder the Central Bank of Nigeria, is a glorified *Central Bureau de Change* in Nigeria when one expects the CBN to be the developer and manager of the deep currency, financial and industrial markets of Nigeria ;and no wonder the capital-fat and urban-based mega-Nigerian commercial banks pride themselves over their market reach in foreign currency accounts when they are not physically present and active in every LGA of Nigeria. Of a truth, the Nigerian money supply market structure which is made up of the Nigerian currency and financial markets is so taken up with foreign exchange matters that the Nigerian money demand and use market structure or Nigeria's industrial market must pine away for want of risk-ready naira funds.

So, if Nigeria must grow, then she must find and work a currency policy and payments standard that should enable her to conserve her savings and grow apace. Such a currency policy would make and keep the naira endogenous and gold or commercial convertible. For, it is, of course, out

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of the question for anyone to suggest that Nigeria should endeavour to grow apace through capital import. Capital import is the prerogative of nations with financial convertible currencies. And since the naira belongs to Black Nigeria and not to a Caucasian nation of the West or to an *honorary- Caucasian* nation like Japan, then race and history bar the naira of Nigeria from ever becoming financial convertible and capital importing. Nigeria can only, therefore, rely on her own capital for her self-sustaining growth and this can only be so when the naira becomes commercial convertible and endogenous.

Indeed, a Nigeria which wants to grow in home-made jobs, goods and services, must deepen her markets for savings. And the Nigerian market for savings cannot be deepened unless the Nigerian public sector ceases to crowd out the Nigerian private sector from accessing risk-ready medium-long-term funds in the Nigerian market for savings. However, the current floating rate non-convertibility of the naira shortens the average tenor of Nigeria's savings contracts and this is why there is a rush for the funding of the short-term borrowing requirements of the Nigerian public sector. So, a currency policy which Nigeria needs to grow in home-made jobs, goods and services is that which lengthens the average tenor of Nigerian savings contracts and makes Nigeria's savings extremely partial to the medium-long-term capital needs of the Nigerian private sector. Such a currency policy will work for the global gold or commercial convertibility of the naira and for the Nigerian public sector to become budget-balancing and self-financing.

And the most important first step in this direction is the consolidation and phased liquidation of Nigeria's domestic public sector debt stock. For it is through the total elimination of the Nigerian PSBR that the Interest phenomenon will disappear from Nigeria. This is what *deflation-targeting monetary policy* entails. And as soon as deflation targeting monetary policy makes the twin fiscalist phenomena of PSBR and Interest to disappear from the Nigerian market structure of money supply, the *centre of gravity* of the Nigerian monetary system is as good as already in Nigeria. For money supply management in Nigeria will cease, on this account, to be *exogenously-induced* through the Nigerian public sector for the benefit of the Nigerian public sector and its deficit-financing private banks, but will become *endogenously driven* by the Nigerian private sector for the benefit of the Nigerian private sector of citizens all and subjects none. Thus, managing the naira for the common good of all Nigerians begins with the elimination of public sector debt naira from the Nigerian currency market.

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It is this that will make the naira a work-happy, a rural-friendly, a resource-conserving, an international and a commercial convertible currency. And in the wake of this, the Nigerian monetary system will take on a medium-long-term view, become production prone all over the rural land-mass of Nigeria and, inevitably, will lead Nigerians to use the naira to trade jobs, goods and services aplenty among themselves. This is the métier of the common good ethic and practice of central banking as depicted in Fig. 3 below.

FIG 3

Common Good Central Banking Model for **Nigeria**[15]

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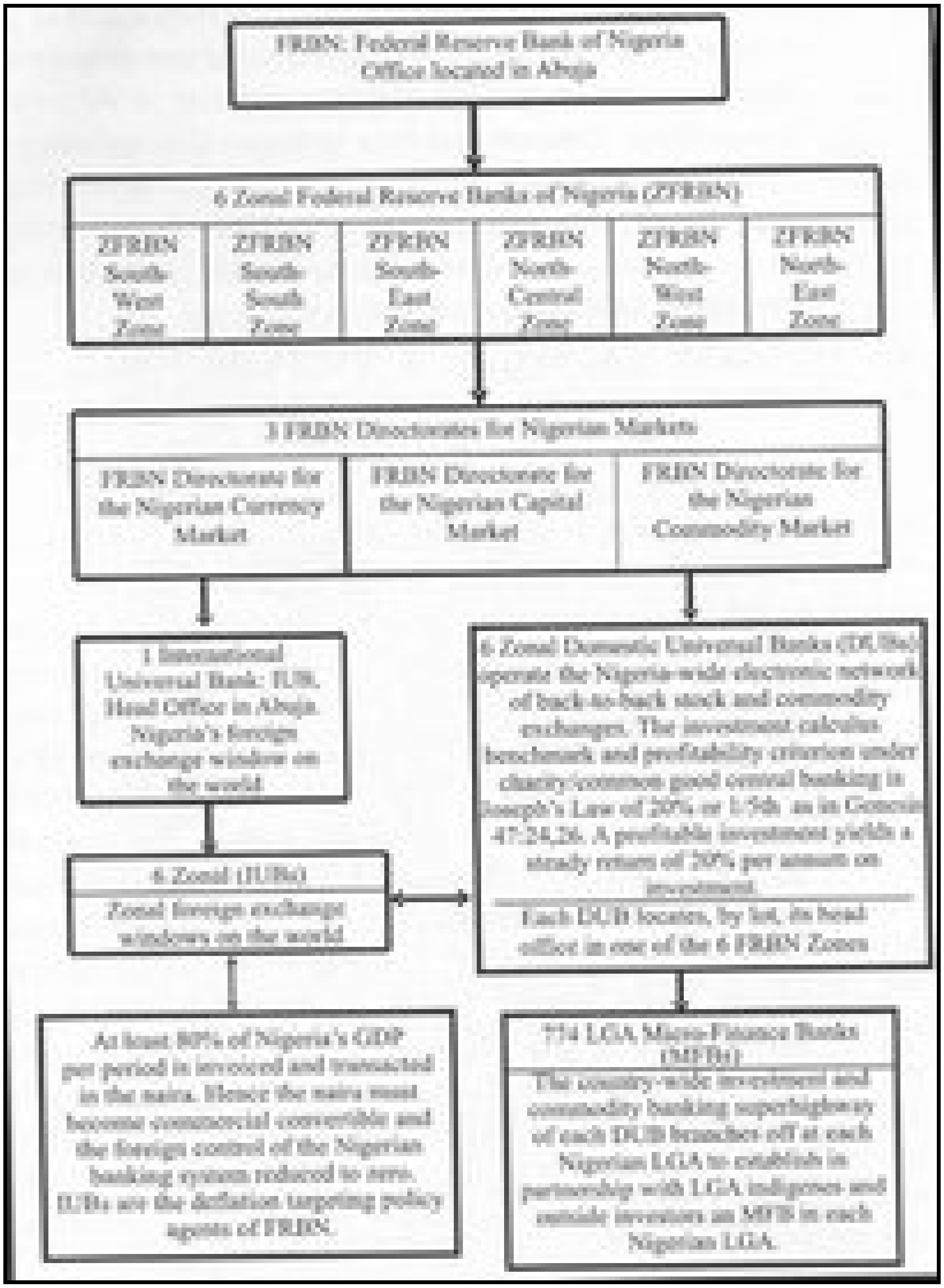

For what happens when the Nigerian monetary system takes on the medium-long-term view and becomes robust, work-happy and production-prone across the length and breadth of Nigeria is that gung-ho and ambulant Nigerian investment and commodity banking establishments arise everywhere to mobilize every enterprising Nigerian

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to use the naira to trade jobs, goods and services with other Nigerians without having to shift his base of business operations from his village or LGA as shown in Fig 3 above. Development is, as it were, brought to his very door-steps in his native rural and cultural surroundings by what the Peréire brothers (Isaac and Emile) of 19th century France called *crédit mobilier*. And this is precisely what the balanced growth of *resource control* means and entails for the Nigerian. He is enabled by the country-wide Nigerian network of ambulant investment and commodity banks to get reasonably well-off and comfortable in social and material circumstances by trading his local resources of jobs, goods and services for the naira from his own rural catchment area. It is such an industrial location policy that will bring about a permanent reversal to the massive rural-urban drift of Nigeria's population. For, Nigeria cannot grow in social and material plenty unless economic policy reform uses the market mechanism to decongest Lagos and the other Nigerian urban centres and to ruralise Nigeria's population. The market content of such an industrial location policy of balanced population spread all over Nigeria is the nation-wide electronic network of back-to-back stock and commodity exchanges of Fig. 3 above.

And, the core money supply management message of Fig. 3 above is that the more actively present a Nigerian commercial bank becomes in facilitating the day-to-day economic life of rural Nigeria, the more it is qualified to manage Nigeria's international reserves at home and abroad. Therefore the sole criterion which a Nigerian commercial bank must fully satisfy in order to become one of the emerging *big six* of the commercial/universal banks, which are going to be, as per Fig. 1 above, the custodians of Nigeria's international reserves at home and abroad, is that it has physical and active *micro-finance banking* presence in each of the 774 LGAS of Nigeria.

Thus, whereas the current world monetary system of fractional reserve central banking makes a capital exporting and an industrial outsourcing dual economy of any non-convertible currency African economy like Nigeria, the emerging world monetary system of full reserve central banking will make a capital conserving and industrial in-sourcing unitary economy of any non-convertible currency African economy like Nigeria. This is the core developmental programme of the compass for economic reform in Africa as canvassed by this paper.

Appendix I

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Mandela Currency Convertibility Bridge

BAS, *the private-sector-led and international* Credit Mobilier & Charity Bank, develops and manages global electronic trade and investments in convertible grid- and country-specific financial and commodity *Electronic Warehouse Receipts* EWRs, of the non-reserve currency nations of Africa.

BAS, *the African trade developer and manager,* attracts and encourages, *with the aid of appropriate and convertible financial market instruments,* the steady in-flow of risk-ready reserve currency funds from all over the world into the convertible grid-and country-specific financial EWRS of the non-reserve currency nations of Africa.

BAS, *the grower of African entrepreneurs*, trains and partners with up-and-coming African entrepreneurs to establish and operate national clusters of specialized *warehousing-cum-electronic marketing sites* for the on-line trade and investments in convertible grid-and-country-specific financial and commodity EWRs of the non-reserve currency nations of Africa.

The grid-and country-specific financial and commodity EWRs of the non-reserve currency nations of Africa, which are sold and bought within the BAS global electronic market network, are denominated and quoted, *but not paid for*, in the *Mandela unit of account or numeraire.* The *Mandela* is a *virtual currency* which has the nominal and putative unit gold value of 29 grams of fine gold. Thus, the Mandela is the nominal and putative equivalent of the defunct *gold franc of the* Bank for International Settlements, *BIS,* of Basle which, from its introduction in 1930 to its replacement with the SDR on April 1, 2003, had the nominal, constant and putative unit gold value of 29 grams of fine gold. So, every financial or commodity EWR of Africa, which circulates within the BAS global electronic market network, has, by virtue of its market value and price being quoted and denominated in multiples and fractions of the Mandela, a *nominal and putative convertibility* into a specific measure of grams of fine gold. This is how and why the grid-and country-specific financial and commodity EWRs, which circulate in the BAS global electronic market network, are said to be *nominally and putatively convertible.*

G.F. Knapp, 1905: *The State Theory of Money*, and Ludwig von Mies, 1912, *The Thoery of Money and Credit*, have conclusively shown in their respective works on money that every national currency in time and space must have an *introductory unit gold parity and concurrent unit gold parities: real or*

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nominal or putative. For without these introductory and concurrent unit gold parities; real or nominal or putative, all national currencies would be without any comparable real or nominal or putative unit commodity values in time and space; and the thus ensuing absence of a *universal numeraire or unit of account*, in the form of the nominal and putative unit value of 29 grams of fine gold that is ascribed to the *virtual Mandela* for example, would render utterly meaningless the whole idea of exchange rates between currencies in time and space. So, what BAS does in regard to the crucial issue of the *transactional unit of payments* within its global electronic market network is three-fold and is as follows: One, BAS establishes the introductory and concurrent real or nominal or putative unit gold parities of the currencies of the BAS-relevant reserve and non-reserve currency nations. Two BAS uses the introductory and concurrent real or nominal or putative unit gold parities of the currencies of the non-reserve currency nations of Africa to determine the current Mandela prices of their grid- and country-specific financial and commodity EWRs on offer within the BAS global electronic market network. And three, BAS uses the introductory and concurrent real or nominal or putative unit gold parities of the currencies of the relevant non-reserve and reserve currency nations *outside of Africa* to determine what the Mandela market values and prices of the African financial and commodity EWRs, on offer within the BAS global electronic market network, translate to in their local currencies. In effect, BAS ensures in this way that buyers and sellers of the grid-and country-specific financial and commodity EWRs of Africa, which are circulating within its global electronic market network, *get to pay, and to receive payments, in own local currencies only.* The *Mandela* becomes, thus, the main supporting pillar of the *Exodus currency convertibility bridge* that the NEPAD initiative must now erect, via BAS, between Africa and the Europe.

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5 Adione-Egom, Luke, 2004, "Globalisation at the Crossroads: Capitalism or Comunalism?" passim; Egom Peter Alexander, 2004, "NEPA and the Common Good", passim.

6 The post 2nd World War, 1939-45, non-convertible currencies of Europe attained financial convertibility in December 1958 and crashed in the process the fixity of the value peg of the gold exchange debt standard. Overnight, the global US Dollar shortage became the global US Dollar glut. Thus did the current global monetary system of fractional reserve principle of central banking begin its current journey down the path of implosion.

7 Ghana began its own SAP-induced St. Vitus Dance of economic death in 1984. At this time the Ghanaian Cedi exchanged at the rate of 2.75 for one US Dollar. But by July 2007 many thousands of the Cedi exchanged for one US Dollar. And we glean from the experience of Ghana the cast-iron procedure which the IMF and the World Bank adopt in worsting the

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currencies of African economies into the total subjecthood of colonial convertibility. First, they get African economic quislings to use the floating-rate currency board debt standard to de-industrialize the African nation completely. And, second, they get African economic quislings to use the fixed rate currency board debt standard to return the African nation back to the colonial convertibility of a CFA Franc. Ghana completed this procedure in July 2007. And Nigeria was billed to conclude it come August 1, 2008 with the CBN's Naira Redenomination Plan of August 14, 2007 which was officially torpedoed with dispatch on August 24, 2007.

8 BAS is an international private sector banking innovation in investment and commodity banking. Its objective is to build an Exodus convertible currency bridge or ramp between the reserve currency nations of the West and the non-reserve currency nations of Sub-Saharan Africa.

9 Egom, Peter Alexander, 2004, "NEPAD and the Common Good" passim.

10 Egom, Peter Alexander, 2007, "Economics of Justice & Peace". See especially chapters 2, 3, and 4.

11 Public gold is a metaphor for the common good national financial structure of the solidary and medium-to-long view which emerges when private sector commodity money is used to drive a nation's economic policy. It is only the endogenous and interest-free private sector-commodity money that can generate sustainable growth in local content in any economy in time and space.

12 "Money and Empire: The International Gold Standard", 1984.

13 Flandreau, "Marc, 2003, ed, "The Money Doctors: The Experience of International Advising, 1850-2000", Triffin Robert, 1947". International Money verus Domestic Money", in R. Triffin, 1966, "The World Money Maze: National Currencies in International Payments".

14 It was Amir Jamal, the grand and wise old man of Tanzania's Ujamaa aristocracy who introduced me in 1974-75 to the idea that the reticulation of surpluses from the global North to the global South is a precondition for the survival, in a humane form, of the Western economic order. This is really the idea behind BAS. Such an arrangement through a Global Commodity Fund was the target objective of the then protagonists of the

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concept of Organic Link and the NIEO like Jamal at the UN global economic forum of 1976 in Nairobi. But Henry Kissinger and his likes botched this splendid idea and in so doing the West invited China into the African industrial scene.

15 The West needs BAS as much as Sub-Saharan Africa needs BAS. BAS graduates the centuries of contacts between the West and Sub-Saharan Africa to a level of partnership in mutual respect.

16 www.jewishencyclopedia.com.

17 Whereas public sector debt money supports an urbanization model of national and global economic policy, private sector commodity money generates a villagisation model of national and global economic policy. Thus, BAS is the *Rural Industrialization Road-Map for Sub-Saharan Africa*, RIROMASSA.

18 Egom, P.A., 2007b, "Economic Mind of God", p. 40.

19 Egom, P.A., 2007b, "Economic Mind of God", p. 49.

20 Egom, P.A., 2007a, "Economics of Justice & Peace", pp. 224-225.