

How vested interests are killing Nigeria – Sanusi Lamido Sanusi (Ex-Governor, Central Bank of Nigeria)

Hello everyone and good morning.

I'm very happy to be here with you. Just to tell you that I am a rather outdated person. I never really knew what the TEDeX event was, and when my daughter spoke to me about it, she said something about youth and development. I thought I'd just come here and talk about young people and job creation and the usual stuff we talk about until a group of young ladies came to me to explain that I was actually expected to speak in 16 to 18 minutes about one idea that can change the world. I thought that was crazy because don't have any idea that can change the world. And the thing with young people is that they are the most difficult audience to address. I have found myself in situations to address people of your generation and frankly the questions I get are more incisive, more intelligent, more thought-provoking than the questions I get from people of my generation. At all levels, I am actually just beginning to understand how difficult it is for those of us who were in the analog generation to have a conversation with our children.

I have an eight to nine-year-old daughter that I always see in the morning and she goes to school, she comes back... I've never really had serious conversation with her. Two days ago we were at the table with her sister who is about 15 or 16 who then said to me you know dad it's time for us to start talking about boys. Before I could answer this younger one who's eight or nine looks up and said 'you want to talk to dad about boys? He won't understand. He is a man. He's a big boy.' Now, you can imagine for me I mean this wasn't the kind of conversation I had with my mother or my father. So for me, having ... and of course the next day I had my son who's in form one talking about chromosomes and X&Y cells on the table. So this is a completely different world for me. I am going to speak to you today about overcoming the fear of vested interests.

It's a topic that I have come to be engaged in mentally because I have learnt in the four years also that I have been in Abuja that if we understand, we may begin to unlock the key to change our world. The world of the country in which we live. And what is this country? It's a country of 167 million people, as you know. Largest population in Africa. Second-biggest economy on the African continent. In 1960 with the per capita income that was better than higher than per capita income of South Korea. 1960 Nigeria was the preferred investment destination - preferred to Japan according to US investment advisory - which has always had potential but which has never been able to realize that potential. A country that specializes in exporting what it does not produce and importing that which it produces. One of the world's largest producers of crude oil that does not refine its own petroleum products and has to import petroleum products. The world's largest producer of cassava but does not produce starch or ethanol. A large tomato belt, yet the world's largest importer of tomato paste.

A country that from my childhood I have heard, had the potentials for being a world power, but every day we talk about potentials! Everyday we talk about potentials! Today we still talk about the potentials

of Nigeria. And yet China, Indonesia, Malaysia, Japan, Korea, Vietnam, Brazil... all of those countries have turned the potential that they had into reality. What are these? What's the one thing that if I were to ask, what is the one thing that we need to do to break this barrier that faces us? In four years in Abuja, I've come to the conclusion that we need to overcome the fear of vested interests. I'll talk to you through a little bit of my own experiences and as governor of Central Bank and use that as a basis or as a template for what I think we need to do if change this country.

I became governor of the Central Bank of Nigeria in 2009 and this was in the middle of a global financial crisis. I came to the central bank knowing that banks have problems and believing that these problems were caused by a global crisis, by the collapse in the capital market, the collapse in the price of oil, and that they would be fixed by simply addressing the normal risk management issues in banks. Shortly after I came in and when we went through investigations, I discovered that the Nigerian banking system was infested with the same corruption of the renter system in this country. That a number of bank chief executives have taken their banks and fleeced those banks and literally taken away depositors' money to buy property all over the country, all over the world. And just like people in ministries or in government agencies or whenever they have opportunities in all companies, the bank's were themselves a site for rent seeking.

The fundamental character of the Nigerian state is that for decades since we found oil, it has existed, not to serve the people but as a site for rent extraction by a very small minority that controls political power. It doesn't matter where this group comes from. Whether it's north or South or muslim or christian or military or civilian, the State has always being the sites for the extraction of rent with the exception of a few years that we can think of, when we've had development. This is at the heart of the problems of this country. Now when we discovered this - and I'll give a few examples, these are well known now, they've been published.

You know there was one chief executive officer that took away from her bank over 200 billion naira. Okay that was over a billion dollars. And where was this money taken to? Purchase of property. We recovered from one CEO 200 pieces of real estate in Dubai. Real estate in Johannesburg. Real estate in Potomac in Washington apart from shares in over 100 companies. And all of those were purchased with depositors' funds. We went to the court in UK on the case of another CEO, we got a judgment against that CEO for \$142 billion naira stolen from the bank, taken to buy shares while manipulating the shares of his own institution and also transferred outside to purchase property. Now the first CEO we were able to convict, we recovered these assets and got a six-month sentence and sorted it out. The second CEO, we finished our case, established in Nigeria - we had a civil case in the UK, we had a criminal case in Nigeria - established the case... two weeks before the closing statements were made the judge was miraculously promoted to the Federal Court of Appeal. After three years of trial at the very end of trial! Because someone, a very popular religious leader with hundreds of thousands of supporters, carried into political authorities, and the system that was supposed to protect depositors and handle criminals was used and manipulated to promote a judge so that he would not convict a thief.

Now this is an example and an instance of the kinds of things that happen in a country that stop a country from reaching its full potentials. But my experience with the banking reforms and how it affects the fear of vested interest is as the following. After we discovered the things that happened in the banks, the critical thing we had to do was to take a decision that would pitch us against powerful political and economic forces. We were dealing with chief executives that in 2009 had become invincible. They were in the seat of power. They had economic power and they had bought political protection. They were into political parties, they had financed elections of officers and they believed that nobody could touch them.

And every time I said it was time for us to take action, people said to me you can't touch these people, you'll be sacked. Or you can't touch these people they will kill you. Or you can't touch these people, you can't do that. And I said you know what? We are going to take them on. And we took the decision. We're going to remove them. You know what? We removed them and nothing happened. We're going to prosecute them; we're going to put them in jail. And we put one of them in jail. And were going to recover these assets. Because the way the central bank operated in the past, these guys take all this money and the central bank says "the bank has failed".

The banks that we saved had 4.4 trillion naira in deposits. They had eight to ten million customers. But the government and the system has always berthed on the side of the rich people. Because these eight million customers, the old woman in Gboko or in Yenagoa, or Maiduguri, who has been told to save her money and who's saved money for 40-50 years wakes up one day and all her savings are gone. The civil servants whose saved for 35-40 years, kept his pension money in the bank, the school fees of his children, their medical bills, wakes up one day and he finds that his bank is barricaded because the bank has failed.

Banks do not fail.

When people say banks have failed, it's like saying a man whose throat has been slit and you say the man died. He did not die, he was killed. And those that murder the banks, those that destroy these deposits have always walked away. They become senators. They become governors. They become captains of industry. They set up new banks and they continue. And the millions of poor people who don't have a voice. That's it! Nobody knows the number of Nigerians who have died from failed banks because they were sick and could no longer pay their medical bills because the money was locked up in a bank that has failed. Nobody knows the number of children whose parents could very well afford to pay their school fees who had to drop out of school because banks were mismanaged. So we use this as one instance, as one example of what you can do if you are ready to confront these vested interests. And deal with them and protect the poor for the very first time. But the banking industry is just one part of Nigeria. What is happening in other areas?

Take the oil industry. We are talking about fuel subsidy.

In 2009 this country paid \$291 billion naira as subsidy for petroleum products. By 2011, this number had jumped to 2.7 trillion naira. Did we start consuming 10 times as much petrol? Do we have 10 times as many cars? Did the population of Nigeria multiply 10 times? I did not believe those numbers. I screamed against those numbers, and more people screamed, of course we tried to remove subsidy, there was occupy Nigeria. There have been investigations, and what did we discover? That a lot of that money never went to fuel subsidy that was consumed by Nigerians. There are people in this country that produced pieces of paper and brought to PPPRA and somebody stamped those pieces of paper and said they brought in petroleum products and actually paid them subsidy. And those pieces of paper said I brought 30,000 metric tons on so so ship, and we discovered that the said ship was nowhere near the coast of Nigeria on that date.

We have seen vessels that did not even exist - that had been retired - on bills of landing and money has been paid. And you know what? None of them as I speak to you has gone to jail. This is the only country in the world where you have something called oil theft. Where vessels can simply come and take crude oil and literally just drive out of the country. You see the numbers every day 100,000 200,000 400,000 barrels a day, nobody even knows. 7.3 billion naira. How does anybody take oil in a vessel and leave the country? We've got the Navy, we've got NIMASA, we've got security services, you've got the oil companies themselves.

And every day we complain about the lack of development. We don't have development because Vested Interests continue to rape this country and continue to take the money out. And the only way you're going to move from potential to reality it is stop preaching and start asking yourself how can we overcome the fear of Vested Interest and how can we confronts them? And if there's one thing I learned from banking, it is that they are not to be feared. They stand on quicksand. They've got only two tools. They are not very intelligent people. It doesn't take much intelligence to steal. If they were smart, they probably will not be stealing. They'd find other things to do. They have two weapons and two weapons only. First is how much do you want? And if you don't want anything, then I'm going to destroy you. If you don't want their money and if you are not afraid of them you'll destroy them. There's nothing else in there.

You're more intelligent!

And we've got to ask ourselves as a country, how have we allowed ourselves to be reduced to a level that is so far below our potential. A few weeks ago, I was in Lagos, at Tinubu's birthday, at the colloquium and I spoke to young people. I said we have 65 million young people in Nigeria; I'll give you one idea. You have 65 million youth in Nigeria, what does it take for one of you to get your votes be the president of this country? What does it take for you to say you're tired of my generation. I'm going to

get one 40-year-old intelligent, committed, patriotic Nigerian and we are going to ask all the youth to vote for him. What does it take for you to address this issue sector by sector? Identify these interests one by one and confront them. Why does it have to take fuel subsidy removal for us to come out and challenge the rot that is in our country? What are we afraid of? We are afraid of losing the security that we have today. We may not lose it today, we will lose it tomorrow.

So there is one thing I have, one message I have for every Nigerian: is to remember that the problems of this country are enormous, the solution is simple and that solution is we must overcome. We must recognize that at the heart of the problem of Nigeria, at the heart of ninety percent of our issues - from Boko Haram, to religious crisis, to ethnic crisis to unemployment, to the lack of education, to the lack of health care - is that there are people who profit from the poverty and underdevelopment of this country.

And these people are called Vested Interests.

And so long as they remain entrenched, and so long as we do not overcome our fear of them and dislodge them, we are not going to find a solution to this problem and we are not going to reach true potentials.

My time is up.

Thank you very much.

Source: Premium Times.

Note:

This speech was delivered by Sanusi Lamido Sanusi at TEDx, Abuja in 2012; the video was uploaded in August 2013, but went viral a few days ago.