

Applied Economics Professor Hanke: Nigerian Government's Crypto Claims Are 'Misguided and Incorrect'

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Steve H. Hanke, a professor of applied economics at The Johns Hopkins University, has countered the Nigerian government's claim that cryptocurrency is causing harm to the value of the naira. Speaking to the Federal Newswire, Hanke asserted that it is in fact the growth of the naira's money supply that has led to its devaluation.

"The Nigerian government's claim that the collapse of the naira has been caused by crypto speculation is misguided and incorrect," said H. Hanke. "The naira's fall into the abyss is the result of the fact that the naira's money supply growth (measured by M3) has surged to 76.4% per year. As a result, the naira has sunk like a stone, and inflation has surged to 29.9% per year."

Hanke, who also serves as founder and co-director of The Johns Hopkins University's Institute for Applied Economics, Global Health, and the Study of Business Enterprise, has a rich background in economic affairs. According to information from the university's website, he holds senior fellow positions at both the Cato Institute and the Independent Institute. Hanke also has experience as a senior economist on President Reagan's Council of Economic Advisers and as a senior adviser to the Joint Economic Committee of the U.S. Congress.

According to Nairametrics, which cited data from the Central Bank of Nigeria (CBN), the naira's money supply reached an unprecedented high in December. This surge in money supply coincided with rising inflation and pressure on the currency's value, suggesting a likely continued increase in inflation and decrease in Nigerians' purchasing power.

Decrypt reported that inflation for the naira peaked at nearly 30% in January. With skyrocketing inflation and a depreciating currency, many Nigerians have sought refuge in crypto to safeguard their wealth. However, the Nigerian government has blamed crypto for causing harm to the naira's value and restricted access to major crypto platforms like Binance - currently considered as one of world's largest crypto exchanges. Amid this crackdown, two Binance executives were invited to Nigeria for discussions with government officials but are now being held in Abuja - Nigeria's capital city.

Voice of America reported that experts have identified CBN's large-scale printing of currency as one key factor behind Nigeria's economic crisis. Following these developments, Binance has ceased services involving naira on its platform, converting any remaining naira balances to USDT. It is estimated that approximately 13 million Nigerians currently hold cryptocurrency, the highest number in any African nation.

According to Premium Times, Nigerian lawmakers have expressed concerns over President Bola Ahmed Tinubu's approach towards the crypto industry. Policymakers have questioned the assertion that crypto companies are impacting foreign exchange rates and criticized the detention of the two Binance executives, arguing that such actions could portray Nigeria negatively.