DURING Muhammadu Buhari’s stint as military ruler of Nigeria in the 1980s, Fela Kuti, a well-known Afrobeat musician, was locked up for the offence of possessing foreign currency, to the tune of £1,600. More than three decades later Mr Buhari is back in office, elected this time, and the issue of who gets access to foreign currency, and what they can do with it, remains as contentious as ever in Nigeria.

Last November officers of the State Security Service (SSS), the main domestic intelligence agency, arrested money-changers in cities across the country, in what was seen as a response
to the tanking value of the naira on Nigeria's foreign-exchange markets. The central bank has for months tried to keep the naira stable at about 315 to the dollar, after supposedly floating it last June, but a shortage of foreign currency combined with high demand for dollars has caused the naira to lose as much as 38% of its value on the black market since then.

The intervention of the secret police has created in Africa's second-largest economy “an even blacker [ie more secretive] market,” says Pabina Yinkere, a director of Vetiva Capital Management in the commercial capital, Lagos. The supply of dollars began drying up when the price of oil, Nigeria’s main export, collapsed in 2014. The problem worsened in 2016 after militants, unhappy with the grinding poverty of Nigeria’s main oil-producing region, started blowing up pipelines.

Nigeria is highly dependent on imports, with everything from the petrol in pumps to the rice in supermarkets coming from abroad. Importers need foreign currency to pay their invoices, but dollars, pounds and euros are hard to find. Banks theoretically sell dollars for around 315 naira each. But few branches have any to sell, or are willing to part with what they have.
Before the intervention of the SSS, dollars could be bought at money-changing bureaus for around 465 naira each. But with the SSS breathing down their necks, money-changers are now forced to accept no more than 400 naira for each of the few dollars they have. Many traders have dropped out of the dollar business entirely, says Abubakar Ruma, a leader of a group of currency-exchange operators in the capital, Abuja. Changers cannot make money if they sell greenbacks at the enforced rate.

The public has reacted similarly. People with foreign currency prefer to hold on to the bills they have in the hope that the rate will improve. That has starved the money-changers of cash, and the weekly dollar sales held by the central bank, says Mr Ruma, are not enough to ease the crunch. The raids by the SSS have not entirely banished the higher rates. Some money-changers will still buy dollars for 490 naira or above, from people they trust.

What to do? Higher interest rates would help attract foreign investors. A negotiated settlement with the militant groups would allow oil production to return to full capacity, bringing Nigeria back to its position as Africa's largest producer of crude. Most important, the central bank could also help by being more transparent about the naira's value. It claims to have floated the currency back in June, but few believe its value is truly free of interference and the persistence of a black market suggests the opposite. If investors could be sure of the naira's stability, they might start bringing in the dollars the country so sorely needs.

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