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Book review

Africa's Last Colonial Currency: The CFA Franc Story by Fanny Pigeaud and Ndongo Samba Sylla

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Abstract

Africa's Last Colonial Currency: The CFA Franc Story by Fanny Pigeaud and Ndongo Samba Sylla is contextualised, analysed, and assessed. Overall, this book is a major contribution to African political economy.

Keywords: Fanny Pigeaud; Ndongo Samba Sylla; CFA franc; Africa; Colonialism.

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It is commonly claimed that Africa has not had much to show for its independence. This view is widespread. Even periodicals like *Third World Quarterly*, presumably a decolonial journal, has become a vehicle for spreading it. *Africa's Last Colonial Currency*, an engagingly written, effectively structured, and well-investigated enquiry into the political economy of the CFA franc, joins a number of recent books – like *Farming as Financial Asset* (Ouma, 2020) and *Property, Institutions, and Social Stratification in Africa* (Obeng-Odoom, 2020) – by African political economists to comprehensively demonstrate that this position is fundamentally flawed in fact, logic, and reason.

Focused on dissecting the CFA franc, the questions which the book seeks to answer, stated conspicuously on the cover, are as follows: ‘Why did French colonial authorities create it and how does it work? Why was independence not extended to monetary sovereignty for former French colonies?’ In addition, as Fanny Pigeaud and Ndongo Samba Sylla, the authors, note, “[t]he African citizens who live under the ‘CFA system’, but also the Europeans, and above all the French, who reap the benefits of the system, should know its history, functioning and consequences” (p. 2).

The CFA franc is still actively in use in 14 countries. While the Comorian franc is submitted to the same principles as the CFA franc, the former has a different parity against the euro. In total, some 162 million people who live in the so-called ‘franc zone’ use this colonial currency daily (pp. 1-2). The monetary zones in this area – The West African Economic and Monetary Union (WAEMU) and the Central African Economic and Monetary Community (CEMAC, based on its French name: Communauté Économique et Monétaire de l’Afrique Centrale) – are distinct. WAEMU and CEMAC issue the same franc, but the physical features of the currency differ, as does the meaning of the ‘CFA’ acronym (p.1). As Pigeaud and Samba Sylla, note, “for the CEMAC franc, CFA stands for ‘Financial Cooperation in Central Africa’, while for the WAEMU franc it stands for ‘African Financial Community’” (p.1). WAEMU and CEMAC also have distinct central banks, but the general principles that guide the operation of the CFA franc are similar.

The central contention of the book is that the CFA franc was created and has been maintained largely to serve the interest of France. Economically, the CFA franc helps to stabilise France’s own currency, obtain raw materials at favourable prices through the manipulation of the CFA franc’s exchange rates, cream off interests from reserves from the deposits, obtain preferential access for French companies, French exports, and French products. Politically, the CFA franc system enables the authorities in France to withhold funds from presidents in the CFA zone who are opposed to France, or create destabilising economic conditions for those who are against French interest, while giving board and several decision-making positions and political power to France. Socially, the CFA franc maintains France’s influence, power, and culture, for example through printing currency. Whether economically, politically, socially, or their mosaic, this continuing use of the CFA franc questions the notion that Africa’s ‘independence’ means total freedom.

French authorities usually claim that the currency was coined for the benefit of Africans, that the currency has been Africanised, and that France has no need for the CFA franc currency and its supporting institutions. Yet, as the book under review concretely shows, African opponents of the currency have typically paid a high price for seeking to end the use of the CFA franc. Reforms have been largely cosmetic (e.g., name alterations and personnel change), short of transforming fundamental power structures and rules for the operation of the currency. No doubt the use of the currency gives some benefits to the African states in the franc zone but, as the authors argue, French authorities exaggerate the benefits to Africa, and understate those to France.

The book defends these arguments in seven chapters. Chapter one establishes the background to the story. Several highlights illustrate the story. Before the advent of French colonisation, several currencies were in use in the now, so-called franc zone. French colonisation, instituted with fraud and force, forbade the use of the pre-existing currencies and, instead, imposed French ways of business, the French currency. This process took 50 years (p.7) to congeal structurally. Finally, in 1945, after the Second World War, the CFA franc gained roots primarily to enable France to recover economically. However, after Independence, the currency was maintained to entrench France's monopoly power over its 'ex' colonies. The luxury to flood the market of the colonies with French goods was one of such privileges. Another advantage for France was transacting business with its 'ex'-colonies in its own currency. A third was even more fundamental: engineering a mechanism for manipulating the value of the CFA franc such that it could be devalued or overvalued in such a way that France could reduce its debt, buy cheaply from its neo-colonies, which, in turn, buy more French goods. Clearly, then, independence from France was conditional. The countries in the CFA franc area, Chapter one stresses, remain in monetary servitude.

Chapter two delves into this currency neocolonialism. It is summarised under four fundamental principles. The principle of *Fixed Exchange Rate* leads the way. It means that the value of the CFA franc is linked to an 'anchor currency', which is whatever currency is utilised in France (initially the French franc, now the euro). The principle also means that the determination of the value of the CFA franc is done by French authorities, not by open market conditions. Finally, the fixed exchange rate rule means that the CFA franc always serves the French franc. The CFA franc is manipulated to ensure the superiority of the French currency.

Free Movement of Capital is the second principle. Contingent on the first condition, fixed exchange rate, free movement of capital means that transactions in the franc zone, where the CFA franc is in force, take place free of any other restrictions. So, imports, exports, remittances, purchase of securities and financial investments proceed without limitations. *Free Convertibility*, the third principle, means that this colonial currency can be freely exchanged for the anchor currency (previously the franc, but now the euro), a guarantee offered by the French Treasury within, but not outside, the franc zone. Indeed, even within the zone one CFA franc is not convertible directly to another, except via the anchor currency. The final principle is the *centralisation of the foreign exchange reserves*, a mandatory deposit of CFA franc countries' substantial foreign exchange reserves with the French Treasury. It runs operations accounts on behalf of the African countries. As current accounts denominated in the anchor currency (currently euros) for the various countries, these accounts are debited and credited at various times based on inflows and outflows (pp. 22-26). They also serve as a stability pool in the sense that those countries with less resources can rely on a substantial pool of resources contributed by others for credibility and stability. Yet, even though France also benefits from the pool, it makes no contribution to it: its external reserves are NOT placed in this pool (p. 23), while the African countries are penalised if they deposit less than is required of them and are paid some interest if they deposit even more than is required of them (p. 24). These principles, according to the authors, have worked, overall, to the detriment of the African countries.

Accordingly, as Chapter three shows, many African leaders have tried to break away from the CFA franc system. Alas, they have not succeeded due to various destabilising tactics used by France. Many of such leaders have either been assassinated, been removed from office through coup d'états, or their countries have been destabilised. The essence of chapter three is that when critics point to the lack of intra-African trade, they need to examine the rules which tie African states, in this case, those in the CFA franc system, to 'former' colonists and, hence, thwart the effort of African countries to trade with one another.

While France continues to claim that the entire CFA system is run by Africans, chapter four questions this assertion. The authors provide evidence that shows that France takes a leading role in working with, say, the IMF to control the economies of these CFA countries. France nominates candidates for crucial committee memberships, France influences the process of nominating Governors, and France controls information regarding critical matters. Indeed, France did not consult Africans in any meaningful way on its transition to the euro currency zone. African economists are ignored, if they disagree with France (pp. 79-80) or France exercises veto, more or less, whenever decisions by Africans go against its interests. 'France is in command' is, therefore, an appropriate chapter heading for Chapter four.

Chapter five provides even more evidence of French power, showing how that might is respected by other super powers. The chapter also shows in what ways France uses tied aid to give with one hand, take back with another (pp. 88-90), and entrench its monopoly privileges (pp. 90-91). France is, indeed, in control.

Chapter six challenges the claim, typically made by French authorities and other colonial currency advocates, that the CFA franc system helps, rather than hinders, African development. The central contention of this chapter is that the CFA franc system is, in short, 'a mechanism to drain resources out of Africa' (pp. 116-119). The processes are legion, for example, through free capital movement clauses. Empirically, the establishment of income balance, defined as 'the net income payments made to the rest of the world. In short, … the balance between the income received from abroad and that which is paid to the rest of the world' (p. 117), proves the point. Oil transnational corporations (TNCs), for example, took out about half of what Equatorial Guinea produced every year between 2000 and 2009 (p. 117).

Consequently, the authors see what they call in Chapter seven 'An Unsustainable Status Quo'. There are growing popular protests against the CFA franc. One example is the establishment of an anti-CFA Franc Front in Senegal. Also, an activist, Kemi Seba, publicly burnt a banknote to send a message against the system. Artists and musicians paint and sing against the system. 'We can't stand this damn CFA no more', sang the Senegalese rapper, Didier Awadi, in 2018. In that same year, other African musicians sang *7 minutes against the CFA* (P. 122). Yapsy, an artist in Côte d'Ivoire, according to the authors, summarise the point. That cartoon which, since 2016, has been circulating on social media, depicts two ships. The one on the right carries a famous building in Abidjan…an arch formed by two enormous elephant tusks displaying an Ivorian flag. The one on the left carries the Eiffel Tower flying the French flag. On the latter's bow, a character resembling General de Gaulle holds a pair of scissors in his hand: he has just cut the rope tethering the two ships. 'August 7, 1960, I solemnly declare you independent!', he exclaims. … [yet] another rope – still intact – continues to bind the two ships. It bears the inscription 'FCFA', which stands for 'CFA franc' (p.1).

The political class has been slow, but steady in its discontent. Even in France, members of the Communist Party, La France Insoumise, the New Anti-Capitalist Party and others publicly question this system that has destroyed African economies (p. 124). French authorities push back fiercely, calling critics 'illiterate, emotional, ideological, and unprofessional'. Black economists who call out the system are sacked as incompetent (pp. 123, 125), while the authorities in France continue to use rhetoric and cosmetic changes to save the system for French interests (pp. 125-127).

Still, with the growing popular discontent, the authors are hopeful for a decisive change. The critical question, of course, is how to exit, whether singularly or collectively? Alternatively, could France simply be pushed out of this union? (pp. 128-129, 130-135). The authors prefer more collective approaches and a strengthening of regional alternatives for a single currency, along with visions of continental-wide alternatives, but the details of such strategies need to be worked out by other analysts.

For a book on decolonisation, the opening reference in *Africa's Last Colonial Currency* to 'Ivory Coast', a colonial name, instead of Côte d'Ivoire a post-colonial designation, is ironic, even if Ivory Coast is viewed merely as the English translation of Côte d'Ivoire. More substantially, the story of the CFA franc could have been linked more to critical theories of money, development, black liberation, emancipation, and reconstruction, such contextualisation would have helped to show a much bigger problem of oppressive development of Africa.

Nevertheless, the book largely succeeds. Other students of the political economy of African development can build on the strong foundations provided. Although not the first work on currencies and colonialism, *Africa's Last Colonial Currency* is distinct, at least in three ways. First is problematising the idea that Africa has attained independence and, hence, challenging the notion that Africa has nothing to show for its independence. Second is expanding the existing arguments against the persistence of this colonial weapon by (a) unpacking its architecture (b) showing how the various parts work and (c) demonstrating its wide-ranging destructive effects. Finally, providing the detailed account of how France has (a) sold the idea (b) sealed the idea and (c) saved the idea, despite growing opposition is *sui generis*. These contributions add power to the resurgence in the struggle to decolonise economics, Africa, and the Global South. They also show that, even when technical assessments suggest that CFA Franc itself does not create any negative effects (e.g., Masaki, 2009), the institutions that sustain this currency manifestly do.

Africa's Last Colonial Currency makes it abundantly clear that Europe does not only continue to underdevelop Africa, as Walter Rodney demonstrated convincingly in *How Europe Underdevelops Africa* (1972/2011), but also how Africa keeps developing Europe.

Biographical note

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