A post-colonial examination of the CFA Franc

Alexane Deslandes

IE University, Madrid, Spain

E-mail: adeslandes.ieu2017@student.ie.edu

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Abstract

A study into the Franc CFA, its emergence and continued link to the Francafrique relationship which has existed for centuries, predominantly focusing on the relationship between France and its former colonies post-independence in 1960. How does the Franc CFA affect the countries using it, their monetary policies and ability for growth. The debate over the use of the currency has returned in force in recent years, with one side defending the currency as a monetary stabilizer and conduct for economic growth, while others see it as a continued neocolonial policy maker which keeps the states controlled and unable to fully develop to the limit of their potential. If the Franc were to be kept or changed, what could be the policies used to change the relationship as it stands and look towards a different possibility for growth within the region.

Keywords: Franc CFA, Francafrique

Introduction

"La Françafrique, c'est fini" repeats Macron, fourth amongst a line of predecessors to repeat this statement, yet its very existence continues in the Franc CFA and the monetary policies tied to it. Ndongo Samba Sylla, a Senegalese economist who has spent his career researching and publishing on the topic of the Franc CFA, argues that it is "the last colonial currency in activity". For France, unlike the separation from Indochine and Algeria, the transition to independence of Sub-Saharan African colonies was relatively peaceful[1]. This 'easy' transition meant no extreme rupture of relations between France and its former colonies, a continuation in many ways of their prior relationship under new methods of neocolonialism. The close relationship between France and its former colonies came to be known as Francafrique. Parallel to it emerged the Franc CFA, two currencies used primarily by former colonies with continued ties to the French treasury. The Franc has always been a subject for debate, but has particularly re-emerged in recent discussion due to the election of Macron and due to Italian ministers' critiques of what they deemed to be neocolonial policies by France in the Franc CFA[2]. It is important to reflect on this currency, first by considering its creation and the relationship associated to it, and then by looking at potential changes for the future.

La Francafrique

The term was originally used positively by President Félix Houphouët-Boigny of the Ivory Coast to describe the relationship between his country and France and the positive effect it had had on the Ivory Coast. It has since been more critically used as a synonym for France's neocolonialist behaviours in Africa, particularly by Francois-Xavier Verschave who wrote a book entitled *La Françafrique, le plus long scandale de la République* in which he denounces and critiques the visible and hidden bonds between France and Africa. This book, now widely recognized in popular culture as anti-colonialism and Neo-colonial attitudes has helped solidify the negative aspects of Francafrique in the popular psyche. Francafrique was at its peak from the 1960s to the end of the Cold War but has re-emerged in mainstream talks recently, particularly in relation to its link to the Franc CFA. It emerged for political, economic and diplomatic reasons. It was first political, in an effort for France to retain colonial powers and have close ties with other francophone countries, while deterring communism in Africa and maintaining themselves as an important power, as well as ensuring continued military presence on the continent[3]. The US saw France's presence in a region it had little ties to as a good way for allies to stop the flow of communism coming from the east, while France saw this 'backyard' or "pré carré" (an expression widely used in France even by politicians to refer to the old colonies) of theirs as a way to compete with the US as a major power. Behind the economic rationale were the many trade deals that gave France exclusive or at least preferential trading rights, limiting exports for these countries but putting France in a beneficial position to help boost its economy. It also led to the creation of the Franc CFA to place France in an advantageous position vis-à-vis its former colonies. Finally, the diplomatic reasons were that it helped keep France as a key player on the international field, with a number of international votes likely to back France in its views or proposals in inter-

[1] Chafer, Tony. "Chirac and 'La Françafrique': No Longer a Family Affair."

[2] Nubukpo, Kako. "« La Zone Franc Et Le Franc CFA Méritent Un Sérieux Dépoussiérage »

[3] Chafer, Tony. "Chirac and 'La Françafrique': No Longer a Family Affair."

governmental organizations because of the linked interests and a familial relationship with all of them due to shared history and language.

Some say the old colonies, with Franc CFA users in particular, were able to develop through Francafrique with France as a potential guiding force, aiding them in developing their democracies and teaching economic tools needed for this to happen slowly but surely. Critiques however use the term Francafrique derogatively, using it to encompass all the negative and underhanded neocolonial policies which have been put in place by France since the 60s to keep Sub-Saharan Africa and their economic interests underhand. Otherwise said, “France a fric” (fric being slang for money) is used to say how France has been buying up African resources to keep for itself, at the detriment of those countries who should truly be benefiting from it.[4]

Regardless of the position taken, Francafrique as an expression of vested interests in Africa by the French has been clear for years in France’s policies. First and most importantly by the explicit diplomatic, political and economic reasons mentioned above. We also consider the military presence in Africa which in recent years has either grown or remained the same, with 10,000 specialized soldiers on the continent. Military interventions by France have generally been unilateral, an effort to keep the peace as suits their interests. Mali for example[5].

With the tying of the Franc CFA to whatever currency France was using, they have been able to maintain preferential trade agreements while, economists would say, making it harder to trade with others due to the strength of the currency relative to that of the countries (discussed later in France CFA). France has kept favorable leaders[6] in place since the independence surge in the 60s in an effort to better their interests in the region. Of these leaders many have not been particularly representative of the democratic ideal France theoretically stands for.

Social/Cultural Aspects

Throughout its colonial history France has always strived to create a social stratification within the colonized people whereby some would be educated in the french way to become ‘french’ themselves[7]. Per Frantz Fanon in *The wretched of the Earth* this illusion of equality shatters easily once you join a truly french community, showing that even with the same level of education you will remain apart simply because you are other. Nevertheless this middle ground was acceptable by many as it was a way to ensure -if not equal status in the eyes of the French- at least a certain level of respect for their education. This system has in many ways continued since the fall of colonialism, with those educated ‘in the French way’ much more likely to emerge successful and be backed by France for their policies in their native states. At the beginning of Sub-Saharan Africa’s independences, a power vacuum emerged from the removal of French officers who had previously been in power led it to willingly accept continued French intervention and guidance, with those who were put in place being leaders educated by the French and willing to act as puppets to the French regime. As time went on this influence continued and those allowed to ascend to power or put in place by French influence were all leaders who had either been educated in this way and would

[4] “The Sarkozy-Obama Epic African Adventure.”
[5] Sharife, Khadija. “Françafrique: Propping Up Africa's Dictators.”
[6] Chafer, Tony. “Chirac and 'La Françafrique': No Longer a Family Affair.”
[7] Clignet, Remi P., and Philip J. Foster. “French and British Colonial Education in Africa.”

understand/embody French ideals and goals or simply be willing to follow them regardless, all to benefit of France[8]. Leaders who fit the patriotic goals of the French state. Many dictators, for example Gnassingbé Eyadema who came to power in Togo through a military coup and lead a repressive regime, had full support from France or was aided in his ascension because he furthered French interests. Eyadema was described by President de la République Jacques Chirac as "a close personal friend of mine and of France". He ruled for 40 years but really was helped by Foccart (chief advisor for France on African policy[9]) through phone calls meant to facilitate French interests[10]. This same familiar and friendly attitude can be felt between France and many other African leaders, as exemplified at the annual Africa-France summits which come across more as friendly annual gatherings than summits with any true political goals since no conclusions or statements are ever released post summit[11]. Dictators could be put in place with the sole purpose of allowing France easy access to resources, for example oil (the Elf scandal[12]), at the detriment of locals. There is even evidence of French participation in support of the Hutu government just before (and perhaps slightly during) the Rwandan genocide[13]. This specific example has even entered into popular knowledge through shows such as *Black Earth Rising* or the Rwandan report from 2017 on the subject. It means that rather than true independence, Africa has in the eyes of many simply shifted from outright imperialism to shadowy neocolonialism with no true independence in either case.

This has changed, however Eyadema only died and left power in 2005 and some leaders hand picked by Foccart and his successors are still in power today. Now the influence seems to come more through foreign aid. Some say the aid facilitates corruption and prevents growth throughout the continent since it is given without accountability or follow up[14]. The same few who have always kept power and money continue to do so. The people however seem to receive nothing.

The Franc CFA

The Franc CFA actually refers to two currencies: the Western African Franc CFA (used by eight countries) and the Central African Franc CFA (used by six countries). Of these fourteen users, twelve countries are former French colonies. Established in 1945, it has always been pegged to whichever currency France is using, first the French Franc and, since 1999, the Euro. For supporters of the currency, it is argued that it has helped stabilize the region monetarily, giving these countries a dependable currency with which to trade since the Franc and the euro have always stayed relatively strong and both currencies have guaranteed convertibility. This has allowed easier and preferential trade towards Europe, and France specifically. It has also been claimed that it has helped the user countries grow economically due to inter-region trade from a shared currency and trade with more developed Western countries, allowing them to have a certainty in their trade as they developed post independence. Now after 73 years of use, and almost 60 since most of these countries gained independence, this growth is debatable. When placed next to other concerns

[8] "The Sarkozy-Obama Epic African Adventure."
[9] "Jacques Foccart." *The Economist*
[10] Sharife, Khadija. "Françafrique: Propping Up Africa's Dictators."
[11] Chafer, Tony. "Chirac and 'La Françafrique': No Longer a Family Affair."
[12] Gibert, Marie. "France Is Forging New Relations with Its Former Colonies, but Old Habits Die Hard."
[13] Moore, Jina. "Rwanda Accuses France of Complicity in 1994 Genocide."
[14] Moyo, Dambisa. "Why Foreign Aid Is Hurting Africa."

regarding the use of the currency in general, it creates doubts as to its viable future.

Economic Issues

Inflation has overall been kept down due to the links with such strong currencies. One of the main goals of any bank linked to either Franc CFA currency is to keep the monetary value perpetually close to that of the Euro, dependent on Europe's decisions on how the euro and subsequently the Franc CFA will perform. This means constantly worrying about inflation and trying to follow European policies rather than being able to take the money coming in to develop the local economies. This stifles the flow of currency and prevents positive change. Inflation in the Ivory Coast has only risen 6% over the last fifty years compared to 29% in neighboring Ghana, which does not use the Franc CFA. Some see this as positive, a monetary stability which in turn stabilizes the region and aids its trade and growth. Others see this same figure as limiting. Only 6% inflation is little for any region if we consider 50 years have gone by. When we link this to other figures which show only an average growth of 1.4% a year for CFA users compared to a 2.5% average growth for all of Sub-Saharan Africa since the CFA was pegged to the Euro, we see a limit in the arguments that the currency encourages growth[15]. This is not only linked to the currency, but to the nature of the exports themselves. Since colonial times, most exports from this region have been raw materials, mainly imported by France. If demand for these materials were to shift, or supply one year to fall due to production issues, this too would greatly impact economic growth. A strong and non-fluctuating currency, one on which the automatic stabilizers of currency can have no effect, mean less attractive goods to countries which -unlike France- do not already have preferential trade agreements. This strong currency also makes imports more expensive locally as it changes the purchasing power parity, continuing the dependence on raw materials. It limits the possibilities for trade for the very reason which makes it strong.

Similarly, because of this dependence on the pegged currency and the need to limit inflation, very little credit is ever offered as it is considered too risky. With little credit to offer, few small businesses can hope to fund and develop themselves and people cannot afford to grow and create additional wealth for the country. This is not an issue of exchange rate, regardless of the strength of the euro, but rather a need for a "regime of change"[16]. If the currency where allowed to flow more, less time and capital would be spent on maintaining inflation levels and ensuring the exchange rate. Rather, more effort could be given to growth policies to encourage the local economy. With this would come increased credit for small loans, allowing a greater number of small businesses to develop and eventually grow. With a fluctuating Franc CFA, the currency would be able to encourage more growth, following the hopes which supporters of the currency have always had for it.

Historical Issues

Another major source of debate is the specific link of the currencies to France. Per the agreements necessary for the peg, 50% of all pooled foreign reserves from the participating countries are to be kept in the French treasury, governed and controlled by French officials. Some claim this

[15] "Francophone Africa's CFA Franc Is under Fire." *The Economist*
[16] Nubukpo, Kako. "Franc CFA : Les Propos De M. Macron Sont « Déshonorants Pour Les Dirigeants Africains »."

money is used for France's own use, taking the money as payment for the continuance of the peg to the euro and never returning it to its rightful owners. Most would argue against this, as it represents so small a sum compared to French reserves as to be a drop in the ocean.[17] Regardless, concerns grow out of the fact that a foreign state controls such an important part of the currency. It is held at a low interest rate, in no way aiding the countries which were forced to place it. Further concerns emerge when we consider that the currency is printed in France, solidifying the idea that the French control it more than the states actually using the currency do, and leaving them with few tangible powers over the currency. French officials are on boards governing both CFA currencies[18], and Italian ministers have recently gone so far as to accuse France of using these same reserves to further their own neocolonial agendas, pushing people to flee the countries because of the limited development[19]. Though few believe there is truth to these statements, it shows how the concerns over the colonial nature of this currency spread even to Europe (though mainly as a political tool). Though the currency is pegged to the Euro, and so major changes in policy must be passed through the EU before they can be implemented, France remains a major influencer in these currencies when it claims to no longer engage in Francafrique and supposes that it has no undue influence in the former colonies. Is it any wonder that these colonial links, obvious in both the location of those controlling the currency and in the name itself, are enough for some to demand a change?

Concerns over the currency emerge over its use locally within the region. Though it was meant to inspire intra-regional trade, it has only truly helped France-region trade. To see very little growth in trade when they share a currency and most share a language is troubling. There is a group however which has benefitted from the use of this currency. Not the middle and lower class, for whom the high currency is a hindrance to exports and a limit to their credit. Rather it has served the elites. With a currency pegged to such a European one, first the Franc and now the Euro, it has always been easy for money to leave the African countries and remain in Europe. Money can be exported and stored in banks within Europe with a guarantee of a fixed exchange rate, guaranteed convertibility and liberty of circulation, thereby keeping the value of these sums stable. This also aids foreign companies, who can profit from the monetary stability and cheap labour to produce at lower costs in the CFA nations, but send all profits back to their home state with no benefits for the host country. Whatever money is able to come into the country, large percentages of it are sent immediately back out, either by corrupt politicians who keep this money in their European pocket or from foreign companies sending the profits home. Kako Nubukpo, who was head of the Francophonie organization until he was let go following his Oped on the Franc CFA, names this relationship between African elites and the Western world the "route de la servitude volontaire"(way of voluntary servitude)[20]. Those who can afford to trade, or who are in power and receive money through various means for this position go first through France for funds and trade and then through the Bretton Woods institutions, continuing the route of former colonialism through Europe and the Americas. He argues that they chose to follow this route as it benefits them rather than the people of their

[17] Nubukpo, Kako. "« La Zone Franc Et Le Franc CFA Méritent Un Sérieux Dépoussiérage ».
[18] Specia, Megan. "The African Currency at the Center of a European Dispute."
[19] Nubukpo, Kako. "« La Zone Franc Et Le Franc CFA Méritent Un Sérieux Dépoussiérage ».
[20] Mbog, Raoul. "« Le Franc CFA Freine Le Développement De L'Afrique ».

countries, furthering their economic interests at the cost of economic development. Those who have power, who could distance themselves from this neocolonial and profiteering status-quo are the same people who have the least interest in changing things as it benefits them. Perhaps it is time for change, either in the currency itself to benefit everyone or in the currency as a whole

A Change

Are these states truly sovereign if they do not control their own currency and are governed in part by foreign self interests? Dependence on former colonial powers when the currency benefits mainly the elites sits badly with the local majority. A change then must be made. If the Franc CFA is to depend on the Euro for its policies why not have closer ties to Frankfurt, where the European Central Bank is located and where Euro monetary policies are decided? Why then have it mainly with Paris? Perhaps a range within which the currency could fluctuate around the euro would allow the CFA countries to develop more of their own policies, or at least greater communication with Europe on coming European policies or negotiations regarding policies for the Franc. Going through France however no longer seems like the proper solution for the countries using the Franc, though it may still seem positive for France.

On the other hand, a switch of currencies could be done. Perhaps the Franc CFA could be pegged to a series of currencies or an alternative weaker one to the Euro. The yuan has been proposed due to the increased FDI coming from China. This however would likely become another system of peg currency over which they have no control and not solve the current problems vis a vis the Euro. Otherwise, it has been proposed for CFA countries to switch to the Nigerian currency, the strongest in the region due to the success of oil but also considered unstable because of tension over this resource. This switch could help bring the currency closer to home, help create a true region trade system based on a shared currency. Historical tension however means the leaders on both sides would need to agree on a plan of action and potential resources for monetary policies[21]. As it stands this is unlikely to happen soon. The current situation however, with the inflexibility of the currency and its negative effects on local economies outweighing the positive ones coupled with the continued dependence on France cannot continue. So long as the currency remains entrenched in these neocolonial ideas and favors more the producers of the currency and the elites of the countries using it rather than its locals, there will always be widespread dissatisfaction with the use of the Franc CFA.

The Future

France has been saying they are disassembling Francafrique since the 90s, under Mitterrand, Sarkozy, Hollande and now Macron. Macron, hoped to be a fresh new start with his progressive ideals, instead showed himself to be closed off to negotiation[22]. Francafrique was supposedly "over" and had been for years, though recent evident suggests otherwise. The Franc CFA was a non-subject, unavailable for discussion (and therefore change). Though there has been a lessened dependance on France in recent years, due to increasing FDI from other countries, the link remains.

Regardless of France's claim to be gone, it is clear they are not. This situation cannot proceed as is. As France becomes more and more a middle power country, focused particularly in recent years on Brexit and maintaining the integrity of Europe

[21] "Francophone Africa's CFA Franc Is under Fire." *The Economist*

[22] Libération. "En Finir Avec La Françafrique."

alongside Germany, it no longer has the power or the time to put pressure on this relationship. There is no doubt that the relationship will continue, it has after all been developed over centuries and this idea of a Francophone "family" has flourished in the decades since independence. Neither side would benefit in disregarding that history entirely. But the time for dependance on France or its exploitation of the colonies is over. The general populace seems to no longer want it, and with changing governments and greater international scrutiny change seems on the horizon. Not through Macron, who likely along with his peers will attempt to hold on as long as possible, but from the people of the colonies themselves who want better, those whom -unlike their elite ruling class- the currency does not favor. With this distancing will likely come a departure from the Franc CFA. Seeped in colonial history and a reliance on the French, the CFA as it exists cannot hope to continue for long for the many reasons explained above. Rather it should either float around the euro and work more with Frankfurt on its policies, or change currencies entirely. This will require big changes, and a certain uncertainty for a few years but will ultimately return monetary power to the locals, with decisions which are made by them and for them.

This is unlikely to happen for a few years yet. Nevertheless the relationship is likely to deteriorate in coming years, or at least experience change. No longer in a uniquely close relationship to France, perhaps one will develop with Asia, or Britain as it figures out where to turn post Brexit.

Conclusion

The Franc CFA was created as an extension to Francafrique, and remains a symbol of this relationship. Though it no longer has the hold it once had, evidence remains of this relationship, its heavy history and the effects it has to this day on former colonies. The use of the Franc CFA, regarded by some as a great tool for growth for its users and by others as a colonial restraint, has long been debated. It is the opinion of many that this debate should end and a solution be found. Be it a fluctuating peg, greater communication with the EU or a change in currency entirely, the status quo of this currency seems on the verge of change. "The last colonial currency in activity", this cannot be disputed regardless of the side of the debate, one need only look at the name to determine its origins. The end of its use or simply a change in its ties would represent a major shift away from colonialism. Though to most in the newer generations this history seems long over, we must remember that for most of these countries independence was gained a little less than 60 years ago, well within human memory. A separation from this past through a change in currency would signify a new development in the history of this region, one which now seeks to develop itself on its own terms.

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