Monetary Politics in Franc Zone Africa: The Wolf-Sheep Game

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RESUME. La politique monétaire française en zone franc africaine sert à la France d'instrument de contrôle et d'exploitation capitalistes des économies africaines. Ce contrôle et cette exploitation monétaires des pays de la zone par la France se poursuit plus de vingt-ans après "l'Indépendance" en raison de la communauté d'intérêts qui lie les capitalistes français à leurs commissionaires africains - les classes dirigeantes locales. Avec le développement des forces révolutionnaires dans les enclaves qui aspirent au désengagement, la collusion des intérêts exploiteurs franco-africains ne peut survivre longtemps aux agents locaux du gaullisme en Afrique. L'éviction de ces agents locaux et le désengagement consécutif vis-à-vis de l'impérialisme monétaire français peut préparer la voie à la création d'un système monétaire continental équitable, visant à l'épanouissement des masses africaines deshéritées.

Introduction

The rules and convention governing financial relations between states is a crucial component of international relations. Monetary relations tend to have a pervasive influence in international relations at both the domestic and international levels. When international monetary relations fare well other relations have better chances of faring well too. But when they fare badly, other areas are bound to suffer as well. Turmoils in international monetary relations inevitably lead to economic and political earthquakes. The dollar crisis in the early 1970s is a case in point.

The ghost of semantics haunts any analysis of international monetary relations as a result of the pervasive influence of monetary politics. Some analysts opt for the term "international order". But, any "system" is expected to be at least systematic. And, any "order" in itself is similarly expected to be orderly. These conventional words - "system" and "order" - are misleading in terms of international monetary arrangements. Since Bretton Woods, international monetary arrangements have proved to be all but systematic and orderly. This chaotic international monetary situation consequently focuses analytical attention on the semantic problem of choice of a conventional term.

The term *regime* is used here to represent any particular set of rules or conventions governing monetary and financial relations between states as actors in the international system. A monetary regime, therefore, specifies which instruments of policy may be used and which targets of policy are regarded as legitimate. This includes the militing cases in which there are no restrictions on either policy instruments or policy targets. In fact, each

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monetary regime has many variants that may either mitigate or aggravate the disadvantages[1] to its adherents.

This analysis is confined to three, though by no means exhaustive, broad dimensions of a monetary regime. The choice of these dimensions and possible stopping points along each dimension is influenced by their prominence in current discussions of reform of international monetary regimes. These dimensions are: the role of exchange rates (convertibilities) within the monetary regime; the nature of the reserve assets (liquidity); and, the degree of control of international capital movements.

The dimensions can be viewed as varying along a continuum. But, for analytical purposes, it is perhaps more useful to pin-point specific co-ordinates in each of these dimensions. The quest for these particular points of departure or co-ordinates in this study is obvious. It is a truism that every international monetary regime claims that its ultimate purpose is to improve the economic well-being and security of all mankind. Beset with these claims and counter-claims what criteria can therefore be used to judge the claims of any international monetary regimes. These dimensions are : the role of exchange rates (convertibility) within the monetary regime; the degree of control of international capital movements.

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Richard N. Cooper's four criteria readily come to mind[2]. He theorizes in terms of: a) economic efficiency enhanced by the monetary regime; b) its scope for accommodating local diversity in objectives; c) its contribution to harmony in international relations beyond monetary relations; and, d) its ability to achieve a desired distribution of the gains, both between countries and within countries.

The choice of Cooper's criteria is intended to reinforce the argument of this paper which is that international monetary relations within the Franc Zone are politically calculated to maintain total French control, domination and exploitation of the economies of African members. And, no matter the

1 A. J. P. Taylor, *English History 1914-1945* (New York: Oxford.

2 Richard N. Cooper, "Prolegomena to the Choice of an International Monetary System", in C. Fred Bergstein and Lawrence B. Krause (eds.), *World Politics and International Economies*, (Washington D.C., 1975), p.68.

clothing put on the monetary regime, Franco-African monetary relations are like relations between a wolf and a sheep. Of course, relations between a wolf and a sheep are never those of the law of the jungle: eat or be eaten. Nor can the relations ever be those sweet-heartening types of husband and wife. They are always relations of the herbivorous sheep at the mercy of the carnivorous wolf. The wolf feasts on the sheep but never *vice-versa.* The sheep is therefore the condemned loser in the *wolf-sheep power relations.* To understand the operations of the Franco-African monetary relations, therefore, one must seek to understand the historical evolutions and calculations of those who conceive and operate the Franc Zone in terms of the **wolf-sheep power game.**

History of Franc Zone

The French Franc (FF) was created as a war weapon against German militarism in 1929. It was a measure of imposing exchange control on FF for any resident of France or of the French Empire. These regulations were maintained after World War II. By analogy with the franc area, a parallel currency was then established in 1948. This franc area was between France, its colonies and protectorates. The parallel currency in French Africa was the Colonies Françaises d'Afrique (CFA) franc. The CFA franc is, *sui generis*, a "rallonge" of the FF. That is, a "rallonge" can be taken to combine the meanings of the phrases "stretch out" and "add to", as when one puts another piece into a dining room table to accommodate more guests. The CFA Franc was thus established as a kind of walking stick of the FF.

There were three initial arrangements for consolidating the Franc Zone: a) there was singleness of treasury services. The French Treasury centralized all resources from zonal treasuries and met up with all treasury requirements; b) there was guaranteed inter-convertibility of currencies of the zone with fixed exchange rates. This currency inter-convertibility had to be free and without limit; and, c) there was singleness of system of exchange. The French exchange office administered all the currency resources in common circulation within the Franc Zone.

These three rules are rather confusing when passed under the heading of "rules" of an international monetary regime. In the case of the Franc Zone, experience shows that the rules are interpreted differently when discussed by different member governments. It may be analytically clarifying to bear in mind three different types of rules typified by the Franc Zone : 1) rules for making rules; 2) rules for behaviour; and, 3) rules for resolving disputes about the rules of behaviours. All three types of rules are under the tight control of France which has a veto-power in rule-making, rule-implementation and rule-adjudication in the monetary regime.

However, Franco-African monetary integration was shocked by African Independence. The independence of French Africa had repercussions on the monetary regulations. Some Afro-Gaullist states realized, on jumping onto the independence bandwagon, that economic decolonization was a much

harder process than political decolonization. They (especially Guinea) saw the Franc Zone, perhaps, as the monetary pillar on which France was to rest its political structure of economic neo-colonialism.

These states left the Franc Zone. But they still benefited from the monetary assistance of the Bank of France. This was typical of the Maghreb states. Mali was also out between 1962 and 1968. By means of a loan account the *defectors* could be indebted to France within previously defined limits. The administration of currency notes and the system of exchange rates became a business for each of the states.

The rest of French African states including Madagascar - all captive states with little respect for monetary initiatives at the time - remained in the Franc Zone to enjoy the grand privilege of protection by the Gaullist monetary umbrella. Their local currencies had a guaranteed "international support". And there were also monetary arrangements allowing for the "free" convertibility of their local currencies into the FF. The control regulations were gradually relaxed. By the French law of December 28, 1966, exchange control within the Franc Zone was abrogated. Mali reintegrated itself into the Zone in 1968, while Mauritania and Madagascar left it in 1973.

Toward the end of 1972, some Afro-Gaullist states started to agitate for a revision of Franco-African co-operation agreements signed shortly after independence. Once President Gnassingbe Eyadema of Togo broke ranks in 1972, it became *de rigueur* for all other captive Chiefs of State in the African periphery to claim equal political maturity by condemning the infamous agreements. From loyal Senghor of Senegal (at the time) to "rebellious" Eyadema of Togo, they tabled propositions to transform the agreements into instruments of development.

The Franco-African agreements laid down the monetary, trade and investment interests of French nationals, the safe-guarding of French culture in teaching and the maintenance of French strategic interests and military presence in several African states. The late President Pompidou confirmed French interests in Africa in a ministerial meeting shortly before his visit to Chad and Niger at the beginning of 1972. Pompidou said the maintenance of clear-cut bilateral policies with Francophones African states was because:

> *France occupies in this part of the African continent a privileged position which has to be defended as a moral obligation, as its economic and political interests never to be allowed to be degraded*[3].

The franc Zone in this context was to be one of the instruments of the Franco-African dominance-dependence relations. As an act of French "mag-

3 *Revue Française d'Etudes Politiques Africaines*, No.90, Juin, 1973, p.98. "Franc Zone Africa" refers to African states which are members of the Franc Zone dominated by France.

nanimity" he announced the cancellation of debts" owed by the former federated African states totalling 50,000 CFA francs (about U.S. $200m). In his address to the Ouagadougou, Niger, National Assembly on November 22, Pompidou said the cancellation of the "debts" was is order to relieve the burden of debts incurred by the countries with which France was linked by co-operation agreements. He claimed that the decision to forgo recovery of yearly repayments of capital and interest on the loans granted by the French Fund for Investment and Economic and Social Development showed that co-operation offered by France was "straight-forward and uncalculating".

This debt corresponds in fact to money owed by colonies before independence. In this way, France wanted to recover some of its expenses (incurred 30 years before African independence) for providing its former colonies - which it milked mindlessly - with railways, roads, hospitals, schools, etc.[4]. In effect, African states were using all their foreign exchange in repaying "loans" at the expense of the required rate at which their development plans ought to proceed. The Ghanaian *Daily Graphic* insisted rightly that:

> *So far the logic of the French action is concerned it is only part of the truth.... the other part of the truth is that in varying degrees all nations that once scrambled for Africa have honest debts to pay to their former colonial rule*[5].

The *Daily Graphic* editorial fingered two things. First, France felt a sense of guilt for its exploitation without redress of Francophone states in the past. Pompidou's cancellation of "debts" was an admonition of this sense of guilt. Secondly, France was intent on continuing its exploitation on a more extensive scale in Africa. This intent was later confirmed by Pompidou during his press conference. He said that relaxation in Franc Zone regulations should be aimed at encouraging trade between Francophone and Anglophone African states. The President, however, warned that any changes should not affect the parity or strength of the CFA franc[6]. This statement announced long-range French intentions to sink deep roots into Anglophone Africa while maintaining structures in Francophone African for raw materials and markets. The Franc Zone then underwent deconcentration as one of the deceitful French calculations to grab wealth and markets in Anglophone Africa which the "scramble" had deprived her of. France's frantic but futile moves to dismember Nigeria and share Biafra's wealth left her unrepentant.

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4 *Le Monde*, 26-27, November, 1972.
5 Radio Accra 23/11/72 quoted in *Africa Research Bulletin*, November 15 - December 14, 1972, p.2551.
6 *The Times* (London), 23/11/72.

Liberalization of African trade between French and English-speaking states was judged in Paris to be a better strategy than guns and men.

Monetary Deconcentration

The Franco-African co-operation agreements signed on the verge of independence were renewed in 1972 for Central Africa and in 1973 for West Africa. The hot potato in the negotiations was the future of the Franc Zone. African states wanted the monetary regime to become an instrument of their economic development rather than one of decapitalization, exploitation, underdevelopment, dependence and denationalization.

In *tune* with this newly found spirit of economic nationalism, the bargaining position and capacity of members could constitute the crucial factor in an integrative scheme's ability to achieve a linked expansive-distributive monetary strategy. The concerned African states have shown neither the capacity nor the necessary strong common front in negotiations with France. These centrifugal tendencies are due to the lack of commitment to regional integration to overcome splintered nationalistic and personal interests. These interests tempt each member government to pursue the lower risk cost-free "opting out" or acquiescent strategies rather than bargaining as a single unit compensatory and corrective mechanisms in exchange for continuation in the Franc Zone. In the face of feeble and splintered African efforts to win any substantive monetary concessions, the French argument weighed in quite in step with the mottoes of vintage Gaullism:

Swim with us or sink! Moi ou le chaos! take it or leave it[7].

The Gaullist stand-point won out. And, the Franc Zone in Africa - Communauté Financière Africaine - is based on several institution. At the pinnacle of which is the Bank of France. The Bank of France accepts the responsibility for the free convertibility to FF of the CFA franc and that of Mali (since 1968) issued by three African subsidiaries of the French Bank, namely: BEAC, and BCEAO[8]. This exchange guarantee followed the mechanism of operational accounts, which these states had to have at the French Treasury.

Each African state had to deposit 100% of its foreign currency earnings with the French Treasury before the 1972/73 agreements. After the renewal of the Franco-African agreements, each African state within BEAC and BCEAO had to deposit 80% and 65% respectively of its foreign currency earnings with French Treasury which had to supply the depositer's oper-

7 For details of President Pompidou's verbal tussle with Eyadema, see "La Crise de la Coopération Franco-africaine", in *Revue Française d'Etudes Politiques Africaines*, op.cit., p.106.

8 *BEAC* represents "Banque Centrale des Etats de l'Afrique Centrale et du Cameroun"; *BCEAO* represents "Banque Centrale des Etats de l'Afrique de l'Ouest"; and, *UMOA* represents "Union Monétaire Ouest-africaine".

ational account with money in case of a deficit. As a *quid pro quo*, France guaranteed the value of the CFA and Malian franc using the fixed exchange rates in relation to the FF of 1CFA = 0.02FF and 1·Malian franc = 0.01FF.

Besides control over exchange rates, French control over the monetary policies of Afro-Gaullist states is supervised by its official representatives. For instance, a third of the members of the board of directors of the BCEAO and half of those of the BEAC and of the Institut d'Emission Malgache are French government officials. France, therefore, shoulders the responsibility for monetary decisions by ensuring currency stability, support for the African franc sub-regime and prevention of imbalances in external finances.

Despite this deconcentration of financial institutions since 1972 and 1973, control financial agencies in Paris maintain final authority and veto-power in the hands of its own personnel[9]. The bureaucratic control from Paris is complemented by the high-level French advisers in the financial ministries of the African client states. In effect, the deconcentration of financial institutions within the Franc Zone presents no substantive economic salvation to Afro-Gaullist states.

First of all, there is the requirement that a certain percentage of foreign currency earning, loans, aid, etc., Of dependent African states must be converted into FF and deposited into the French Treasury. This gives enough scope for France to use them effectively as its own foreign currency reserves. Hypothetically, France could give Gabon's earnings, for instance, as loans to Gabon or to another African state.

Secondly, the fact that Central Banks in the African states are always in credit in the "fonds de stabilization" (stabilization fund) in the French Treasury either limits or prevents France's global deficit. This is one aspect of the colonial hang-over of regarding France and Africa as integral parts of a single economy[10].

Finally, France's control of management and exclusive *information* on monetary *issues* enables it to be always ahead of balance-of-payments difficulties in African appendages of the France Zone. As a measure of control, France corners the Afro-Gaullist states into re-orienting their import programmes to avoid entering into deficit with countries outside the Zone. Yet, France, by depriving African states from importing from the cheapest markets, presents these archaic and uneconomic fiscal policies to its client states as an act of national "magnanimity".

9 "Les Relations Monétaires Franco-africaines", in *Révolution Africaine*, No.478, 13-19 Avril, 1973, p.27.

10 J. F. Spero, "Dominance-Dependence Relationships: The Case of France and Gabon", quoted in J. F. Spero, *The Politics of International Economic Relations* (London. George Allen and Unwin, 1978), pp.144-150.

This tripod of control, dominance and exploitation brought the French monetary regime in Africa to its severest test in terms of economic independence. Former Mauritanian President Maître Ould Daddah saw Franco-African monetary relations as a ruse to circumvent African independence.

Our obsession is that of independence. We want to regain our total sovereignty end we are ready to pay the price. Gamal Abdel Nasser said the only condition to be attached to aid was that there was no string attached to it... We do not accept the idea that France, because she feels that we need her imposes her views on us[11].

This declaration is a fairly accurate measure of the range of feeling and thinking between France and some African states. Madagascar, while pointing out to France that it wanted to pilot its affairs without foreign interference, went ahead to control movements of capital within its territory as of November 1972[12]. Whether by way of reasoned argument or actual practice, the sudden rebellion against French monetary hegemony emanated from two sources: the too much rigidity in the functioning of the regime; and the inconsequential rump for any independent national monetary policy in Africa.

The resentment of French monetary hegemony came at a period when France was in an economic crisis. The United States had floated its dollar which was the pillar of the international monetary regime. This "clean floating" of the dollar threw the economies of capitalist Europe into disarray. The founding members of the European Economic Community decided in March 1973 to maintain among themselves the grouping of currencies known as the "snake". It was agreed that fluctuations of these currencies with respect to each other would be kept within fixed limits by means of concerted interventions in the market, while, with respect to the dollar, they would move as a group.

From the autumn of 1973 onward, the problems between the parity of the German *mark* and the French franc was *aggravated* owing to the fact that the French balance of payments was severely damaged by the repercussions of the oil crisis than that of Germany. In the event, up to the summer of 1976 the destiny of the FF lay between that of the *mark* and that of the floating currencies. France left the "snake" in February 1974, returned in July, and got out again in March 1976. After July 1976 th FF began to depreciate vis-a-vis both the "snake" and the dollar. France was thus incapable of preserving the internal purchasing power of its currency. And its client economies in Africa were hit hard by the fall in the value of the FF.

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11 *Revue Française d'Etudes Politiques Africaines*, op.cit., p.99.
12 *Ibid.*

This phenomenon had to be reflected automatically in the prices of their imports - mainly from France - which stimulated the genéral rise in prices.

France was incensed by the new wave of anti-French thinking in Africa. President Pompidou's reply to the Africans was that France

> *was open to all possible developments and facilities, but with one reservation, namely: that the independence, the sovereignty that some may claim, limit the guarantee that the French state can give. The one is linked to the other. There is a necessary link between personal freedom and the guarantee to this effect, far from what you say, it is obvious that the CFA franc would collapse within twenty four-hours if it did not have the guarantee of the French State*[13]

Pompidou's statement totally ignored the fact that stability and rigidity are two different economic concepts. His argument thus lends weight to the feeling that the provisions for the regulation of exchange rates within the monetary regime were intended to impose, in the name of stability, exchange rates that have lost touch with economic realities in Africa. However, the trading of hot air between the center and periphery raised serious questions on the apparent crack on Franco-African monetary relations

How could deficits arising from capital exports be handled? Could exchange controls eliminate such deficits? Once it was "accepted" that the French Treasury should be discouraged from allowing its resources to be substantially diverted from their fundamental objective in order to cover capital movements, would it not be desirable to find other methods for equilibrating the capital element in Franco-African balances of payments? What methods could these be? Would it not be necessary to organize *compensatory* credit operations? In what form and in what framework could they best be arranged? French finance experts certainly had answers to these questions, most of which played down on African economic interests. The answers to these questions were based on the principles of convertibility, capital movements and reserve assets within the Franc Zone.

Parity and Convertibility

The coherence of the Franc regime is based on some principles. Firstly, the currencies within the Zone are convertible among themselves according to the 1948 parity. It is noteworthy that any currency zone ruled by fixed parities can only be viable if it is under international authority. This authority, in the Franc Zone, has always been guaranteed by France *vis-à-vis* the rest of the world. The bulk of the criticism is never on the guarantee of the FF but on the parity between all the currencies within the regime.

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13 *Le Monde*, 24-25 November, 1972.

Relations between industrialized France and over-exploited African economies are unequal and asymmetrical. And France's international trade with Africa must witness a remarkable growth, encouraged, no doubt, by a large reduction in tariff barriers, and also by a structure of stable and, on the whole, French-controlled exchange rates. Exports of Franc Zone African states to France since 1960 on the average cover 3.7% of French imports, but account for 38.7% of African exports. African imports from France cover 7.1% of French exports, but account for 52.2% of their total imports. From this import-export asymmetry, a rise in price in FF is dangerous to African economies in view of the unequal trade relations. This phenomenon arises from the fact that the operational accounts of African states, when running at a deficit, are pressured down to restrain credit facilities to limit their imports so that currency should not go out. That it, the concerned African states are henceforth condemned to import only from France. And, therefore, considering the wide inequality between France and African member states and the restrictions imposed by the French Treasury, it is doubtful that an equal division of power on currency matters would be possible without giving up the rigid principle of parities.

Furthermore, the devaluation of the FF in 1969 by 12.5% automatically meant the devaluation of the CFA and Malagasy francs vis-à-vis foreign currencies without the consent of the Africans. The fact that the bulk of their imports comes from France has meant the automatic importation of French inflation due to the devaluations[14]. This French imposition of inflation on its African partners can be identified in two types of causal explanations of inflation that do not fit well with the categories of analysis used by economists and sociologists[15]. These causes are a deliberate centralized decision to trigger off inflation in pursuit of some high priority political objective. This is exemplified by the fact that while France can devalue its currency at will it cannot tolerate any step by African states to devalue their own currencies to reverse large deficits in their balances of trade.

There is also the imposition of inflation by France on African states by a weakening of the power structure underpinning the Franco-African market, so that sectional conflicts of interest in Africa can no longer be peacefully resolved except by tolerating inflation. The lengthy speeches by French African Chiefs of State on the "conjuncture internationale" bear witness to their inability to evolve any self-reliant policies against French-generated inflation. These two causes of inflation (centralized decision-making and subordination of peripheral structures) are so highly political in character that the

14 J. Suret-Canale, "Difficultés de Néo-colonialisme français en Afrique Tropicale", *Révolution Africaine*, op. cit., p.29.

15 Laurence Whitehead, "The Political Causes of Inflation", in *Political Studies*, Oxford, Vol. XXVIII, No. 4, Dec. 1979.

political and institutional bases of marked relationships are shifting and insecure for captive African states. Both causes of inflation estrange economists and sociologists.

In addition, the principle of currency convertibility is a farce. From an external viewpoint of the Franc Zone, there seem to be a common currency - the Franc. From within the Franc Zone, the autonomy of the national financial policy of African states is restrained, because of the way in which France uses its veto-power on financial policy and on the organization of the French Central Bank and Treasury. The fact that operational accounts of the African Central Banks must be credited constitutes an enormous advantage for France.

The international liquidities of Franc Zone members contribute to the maintenance of the parity of the FF and swell France's capacity to intervene into the exchange markets. Whenever France has an unfavourable balance of payments, the liquidities from African Franc Zone states are automatically used to reverse the deficits. These African liquidities give resources to the French Treasury for financing its public debts. The African resources are obtained at cheap rates since the interest rate paid to the creditor's operational account, if any, is usually inferior to that of current bonds of the French Treasury. The painful case for Africa was put forth by Togo's General Eyadema to Pompidou in Lome in 1972. His opinion is worth quoting in its entirety:

> *Within the Franc Zone, we do not feel that this parity, which is currently two old French Francs to 1 CFA franc, is any longer realistic... We feel that the CFA franc must acquire more personality in the Franc Zone in order to inspire confidence abroad.*
>
> *Even within our currency zone, the convertibility of the CFA franc is not fully assured.*
>
> *Finally, more serious and still more embarrassing is the fact that despite the French Treasury guarantee of the CFA franc, it is not accepted in Europe - not to mention America - on an equal footing with the French franc. The traveller or the businessman going to Brussels, the Hague, Luxembourg, Bonn, or Rome must, before he leaves, (buy) French francs or other foreign currencies. As a result, most operations of state or individuals undertaken outside the Franc Zone, are affected in foreign currency, and we have the right to know where is the guarantee of convertibility*[16]

Put differently, African members have a highly restricted right to other markets in the international system.

Reserves and Capital Movements

16 *Le Monde*, 24-25 Novembre 1972 (my emphasis).

The legacy of Gaullist economic policy in Africa has been in three main areas, namely: that Franco-African trade should be controlled and monopolized by Paris; that African states should specialize in primary production; and, that all shipping with Africa should be under the French flag. Consequent to this legacy, French firms are vehemently opposed to African primary production on any lines in which their interests might be endangered by competition.

This behaviour of French firms is better explained as a by-product of a policy of economic production in the hands of a few French firms. Thus, the few French firms in Africa benefit from the absolutely free transfer of capital. This is a great economic asset for French private interests because incomes and surpluses can be transferred and capital shifted at will. The total freedom of capital transfers, promotes French incentives for private capital to take investment risks in African economies. In compliance with Franco-African co-operation agreements, the CFA Zone cannot dictate investment terms to French firms. In effect, the African economies are at the mercy of French entrepreneurs.

One of the first steps taken by the dependent regimes of the African and Malagasy states in their campaign against the Franco-African co-operation agreements was to control capital movements between France and Africa[17]. It is estimated that these capital transfers back to France exceeded French public and private investments in its African peripheries. The reason for these massive transfers is that the freedom of exchange and capital flows have benefitted French firms enormously. This licence to repatriate their local profits is compounded with the "elites africains françaises" (Frenchified African elites) chuttling between Paris and their African capitals transferring their dubiously acquired wealth. Hence, the Franco-African trade union of shifter of capital from Africa to France is a negation of all the sonorous creeds for self-reliant development in the African periphery.

The impact of this free circulation of capital within the Franc Zone is most conspicuous in the unhealthy African economies. Savings in Africa are low and transfers of important sums of money diminish investment possibilities. Within the first ten years of independence, all revenue transferred out of Africa by French and African Chiefs of state and their lieutenants was estimated to be much larger than the value of investments[18]. Yet the so-called industrialization programmes of African countries envisage: increasing the GNP as a whole and on a per capita basis; increasing consumption; ensuring a more just distribution of incomes and *total* employment (or at least consid-

17 *"La crise..."*, op. cit., pp.100-112.
18 *Revue Française d'Etudes Politiques Africaines*, op. cit., p.106.

erably augmenting employment); improving living conditions; ending inflation and improving the balance of payments[19].

These lofty objectives can be no better than mere pipe-dreams in economies battered to the ground by unchallenged decapitalization. For example, branches of multinationals operating in Franc Zone client states occupy a special place. They, in effect, are components of the industrial structure of the industrialized capitalist nations. And they must hinder substantive industrialization in the periphery.

For one thing, the profits of the multinationals must be transmitted to the metropole under an official inflated rate of exchange. This decapitalization strikes a body blow at African economies. French entrepreneurs use imported raw materials, since they are little interested in native resources except those serving as the mainstay of their capital industries in France. Oil, uranium, etc., are some of these native resources. Rather, the purchases which the entrepreneurs make locally constitute a sort of internal export for African states although French firms do not bring convertible currency to Africa.

On the other hand, multinationals drive a wedge under the development of national industry which must be too weak to compete with them. That is, the French firms cannot play the role of an active factor fostering the development of local production through investment. This is because the French multinationals sell their products in the local market and only manufacture goods for export in exceptional cases. They thus further reduce the small reserves of convertible currency available to the underdeveloped African periphery.

In view of capital shortages for development, African states are forced to resort to international investment capital to supplement national savings which are mainly in the French Treasury. Thus, the Franc Zone demonstrates that foreign capital can take more assured risks in a country which has a guaranteed fixed parity rate within that international monetary regime. This is more the reason why 85% of investments and about 85% of trade in Malagasy was in the hands of French and Lebanese entrepreneurs by 1973[20].

The situation was not brighter in other Afro-Gaullist states. In the case of Mali, its currency would have been devalued since 1968 were it not for the operational account which it had with the French Treasury. This was due to the bankruptcy of the Malian Central Bank to the French Treasury as a result of low savings and control of the economy by French entrepreneurs with

19 U.N. Summaries of the Industrial Development Plans of Thirty Countries, New York, 1970.
20 *Revue Française d'Etudes Politiques Africaines*, op.cit., p.106.

its attendant massive decapitalization. Thus, France gave Mali some stabilization loans with which to settle its balance of payments deficits[21]. This stabilization of Malian deficits is a rare example. And, it goes without saying that France cannot readily afford the luxury of stabilizing interventions in other states merely because they belong to the Franc Zone. At least, capitalism thrives on exploitation and not on "humanitarian assistance" to the needy.

It is within the logic of capitalist exploitation that the Franco-African monetary regime has a toe-hold on African client economies. The French state has succeeded immensely in mediating its citizens' capitalist interests in Africa. This mediation effort is by way of ensuring minimum domestic causes of inflation in Africa. With its financial experts strewn around all financial institutions in the African Franc Zone, the French state makes sure that the currency issuing Central Banks of the CFA and Malagasy franc areas show exemplary rigour in creating money.

The ratio of projected foreign earnings is maintained at about 40%. Otherwise, according to Article 16 of the Statute of the African Central Banks, advances to national treasuries in member states must not exceed 20% of national resources in the previous fiscal year. The strictness with which this monetary policy is pursued reduces domestic causes of inflation. The main causes of inflation become external - those imposed from Paris as a tactical political decision to give loans and grants to African states in the name of French "magnanimity" in saving their economies. Gabon, for instance, encountered serious inflation due to excessive external debts during the 1976-77 fiscal year because of its 300% expenditure on investment. This large-scale borrowing for investment was contracted with France which controls 80% of Gabon's trade. And what is meant by large-scale investment was mainly the construction of infrastructure enabling foreign investors (surely French) to cart away Gabon's oil, manganese, timber, etc., etc., at paltry prices.

Conclusion

This analysis demonstrates that the Franc Zone as an international monetary regime is not a neutral factor in client clusters. To state it more succinctly, the economic efficiency enhanced by the Franc Zone benefits French entrepreneurs and its African accessories to the detriment of decapitalized African masses; the regimentation of the dominance-dependence structures undercut all efforts toward local diversity and industrialization in denationalized and dependent African economies; the Franc Zone is a pillar of disharmony in African international economic relations since intra-Afri-

21 *Revue Française d'Etudes Politiques Africaines*, Nos. 170-171, Février-Mars, 1980, p.27.

can trade even within the Economic Community of West African States (ECOWAS) is 2.5% for Senegal, 4.5% for Ivory Coast, 4% for Togo and only 1% for Nigeria[22] because it is sealed off from other African states by the French monetary Berlin wall; and, the Franc Zone is the corner-stone of internationally structured Franco-African wolff-sheep system of interactions instead of being an instrument for smashing economic inequalities among members.

Unfortunately, there is, as yet, no international monetary regime that is neutral. But, events have shown that the Franc Zone, as the monetary pillar of France's neo-colonial politics in Africa, is tenuous in the eyes of most informed African member states. What prevents the monetary regime from crumbling is perhaps the Franco-African trade union of financial wolves. In France, the capitalist sharks are prisoners of this international robbery. But, since the basic feature of the world community is currently the struggle of the oppressed and exploited against this burden, it is likely that the Franc Zone may not long outlive the generation of its commission agents and profiteers - Senghors, Ahidjos, Dioufs, Kolingbas, Bongos, Houphouet-Boignys and the like - all of whom are African replicas of Gaullism. Once this generation of the Franco-African trade union of looters and oppressors is gone, merely to reorganize, deconcentrate, change the names of institutions and shunt in African will not suffice.

Efforts should therefore be directed towards evolving an African international monetary regime that at a minimum is development-oriented as regards the domestic objectives of macro-economic policy and preferably provides some help in reconciling these continental objectives. In other words, a monetary regime for African states must reduce the following extant controversies: (a) different preferences over the various distributional implications, actual or perceived, of alternative monetary regimes; (b) different weights attached to various criteria when necessary compromises must be made between them; (c) different national economic circumstances, even when preferences regarding the criteria are similar; and (d) disagreement over the effectiveness of alternative trustworthiness of other African countries withe regard to their behaviour within any chosen monetary regime.

22 Ibid., p.34.