

Review Article

Financial Influence in Terms of Currency Production and Management: The Continued Dependency Between France and Her Former Colonies

ABSTRACT: Many Countries in sub-Saharan Africa are still having their currency manufactured and mostly managed by France through Bank of France and this is decades after their access to international sovereignty. Using knowledge from the dependency and new world system theories, this study finds that the aim of France, the former colonial power is to keep controlling and influencing financial flows, trades, economic systems which leads to financial dependency in most countries in sub-Saharan Africa. Through this, African countries have not lost only monetary sovereignty but it has also contributed to intellectual and political dependency of those African countries. This situation is awful for the maintenance of the national independence of these liberated countries from imperialist powers. This article makes some suggestions in order to stop financial dependency in the field of currency transactions and to explore new political attempts to create and manage African countries' own currency. This study also suggests that literatures should not focus only on technical and economic aspects of currency but go beyond for greater contributions to CFA franc zone studies.

Key Words: Financial Influence, CFA Franc Zone, Currency, politico-intellectual dependency, France, African countries, dependency, world system theories,

Comment [DZ1]: Please review

INTRODUCTION

Why are most countries in sub-Saharan Africa still highly dependent on former colonial powers in the financial sector years after independence which took place in the early 1960s? Decades after their access to political independence and international sovereignty, 15 countries¹ in sub-Saharan Africa still have their financial and currency issues managed from Paris (France) through a currency union: the CFA franc zone². Not only is the CFA franc strongly pledged to Euro, currency productions industries are all located in France and are under the control of the Bank of France. This situation leads to paralysis in terms of currency policies in the CFA Franc zone. Singh, Kpodar, and Ghura (2009) observed a gap in financial development between the countries of the CFA franc zone and the rest of Sub-Saharan African countries which they argued is in relation with the differences in institutional quality.

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Indeed, there were many agreements “Accords privilégiés” in military, diplomacy, economic, financial etc. sectors between France and her former colonies during the peaceful process transfer of power in 1960s. These agreements, in the financial sector led to the creation of a currency zone including France and 15 African countries. As a result, this situation strongly linked African countries to France in currency managements, which can be considered as financial dependency a part of dependency theory developed by social scientists such as Andre Gunder Frank and Immanuel Wallerstein (year) in their attempt to explain less development of the Third World in relation with world capitalism. Years after implementing those mentioned agreements, African countries did not get entire access in to the management of their own currency. The Currency is still manufactured from France, French members still sitting on board of directions of central banks with veto power where most important decisions are taken etc., principles of currency operations continue keeping France in the center of the entire system.

This study aims to demonstrate that CFA Franc zone is an abnormal currency union regarding its management system and more importantly the origins and the purposes of its creation. Rather, it's an influence tool for France to keep control on currency transactions over 15 Countries in Sub-Saharan Africa decades after their access to international sovereignty. This paper proposes that those countries should attempt to create new currency completely in order to stop the ongoing financial dependency out of France control since currency plays an important role in the

¹With a few exceptions, they all belong to the "Least Developed Countries" (LDCs) and "Heavily Indebted Poor Countries" (HIPCS). Of the 47 LDCs inventoried by the United Nations in 2017, 33 are African, of which 9 are from the Franc CFA zone. In short, 1 in 5 LDCs in the world are in the franc zone! All countries in the franc zone, with the exception of Gabon and Equatorial Guinea, are included in the heavily indebted poor countries (HIPC) Group, an initiative of the IMF and the World Bank. Of the 39 countries eligible for the HIPC initiative at the end of June 2015, three-quarters are located in sub-Saharan Africa, including all WAEMU countries

² CFA Franc is a currency use in former French Colonies in Africa. The CFA franc area brings together 15 countries in Sub-Saharan Africa. the West African Economic and Monetary Union (WAEMU) where the CFA franc is used by Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, Togo and Guinea Bissau. The Central African Economic and Monetary Union (CEMAC) where the CFA franc is used by Cameroon, Congo, Gabon, Equatorial Guinea, Central African Republic and Chad. And the Comoros with the Comorian franc.

maintenance of National sovereignty. The study also suggests that further literatures or researches on CFA Franc zone not only to focus on specific topics regarding currency union as Optimum Currency Area (OCA/OCR)³, Modern money Theory (MMT) etc., rather they should also consider aspects beyond financial issues such as origins and factors that contributed to the creation of such a currency zone.

The rest of the study is organized as follow. The first part reviewed existing literature with most of the researches focused on the monetary aspect. Literature also shows that CFA zone is being used as an influence tool that France has in order to keep influencing former colonies in Africa. The second part reviewed the works of Andre Gunder Frank and Immanuel Wallerstein in their attempt to explain development issues in Third World in relation with the capitalist system, and observed that the CFA Franc zone through its management keep perpetuating the financial dependency between France the Core area and African countries the periphery. The third part presented and discussed the currency management and transaction in sub-Saharan African francophones which are still under a large influence of France the former colonial power. The last part dealt with the conclusion and some suggestions in order for African countries to recover their monetary sovereignty which can contribute to the maintenance of national independence.

CFA FRANC ZONE and related LITERATURE: CURRENCY UNION ZONE OR DOMINANCE TOOLS IN THE AFTERWARD OF INDEPENDENCE?

This review summarizes some important researches on CFA Franc currency. Most the studies are focused only on some specific and thematic aspect of currency such as currency union or Optimum Currency Area OCA.

Singh, Kpodar, and Ghura (2009) in their paper examined the reasons why the financial sectors in the CFA franc zone countries are shallow and traced them back to a lack of progress in improving the availability of creditor information and protecting investors. they concluded that although Sub-Saharan African countries among which CFA zone countries are, undertook reforms to promote the financial sector, this sector remains among the shallowest in the world. And that the financial depth in the CFA Franc zone is even more limited. For them the lack of financial development in Africa CFA Franc zone countries compared to others is linked to institutional quality. Lee (2016) observed that the CFA franc monetary union had been established earlier than the euro zone, and wondered what could explain the durability of a Monetary Union. He found out that economic factors, political factors, and institutional factors contributed to the durability of the CFA franc monetary union.

³ The theory of optimum currency areas (OCA) is pioneered by Mundell (1961). The important question that Robert Mundell posed is 'when is it advantageous for a number of regions to relinquish their monetary sovereignty in favor of a common currency?' He then argues that an optimum currency area constitutes a geographic region that experiences similar economic shocks and has a free flow of goods, capital and labor.

Also, Kai and Sylla (2019) presented CFA franc as the most neglected case of monetary dependency and argued that the CFA franc is a special arrangement and an external paradigmatic case of a chain of monetary dependency. That this “chain of monetary dependency” makes it extremely unlikely for poor countries in the CFA franc zone at the lower end of the global pecking order to manipulate money, finance, and capital for their long-term aims. They end up wondering how long the anachronistic and paradigmatic CFA monetary status quo will last. For them just as no one should expect the US to stop its privilege of issuing the world's lead currency, France also will not benevolently leave the CFA franc currency Union zone.

Considering the management aspect, Guilaumont and Guilaumont-Jeanneney (2017) after tracing back challenges and opportunities for more than fifty years of the CFA Franc Zone operation concluded that, the CFA Franc zone is an efficient and original international cooperation model. By examining several aspects of the zone, they concluded that it is desirable to make the rate of exchange more flexible, to cancel the “operating accounts” or to change their working modalities and the French participation to the governance of the Central Banks should be stopped. They also suggested geographical enlargement, in particular for WAEMU, without the maintaining of French support, the changing of the currency's name and all initiatives should be taken first by African states themselves.

In an IMF working paper, Galy and Hadjimichael (1997) addressed questions and issues amid the creation of the European Monetary Union (EMU) and focused on the modalities towards the linking of the CFA franc to Euro, the probable economic impact of the European Monetary Union on the CFA franc zone and the implications of the EMU on the economic and monetary integration of the CFA Franc zone countries. They concluded that amid the formation of the EMU, the CFA franc zone would remain substantially more vulnerable to exogenous shocks than the EMU countries, since the CFA zone is highly dependent on the production and export of limited quantities of primary commodities.

Mensah (1979) traced the process of monetary zone creation during the independence in Africa and examined the mechanism of monetary decolonization since those countries got political independence. He concluded that from those colonial monetary zones created during colonization, only the CFA franc continued existing and he explained it by the effortless actions in this zone. He also suggested the creation of continental institutions that can deal with monetary issues. Holger (1973) focused on one of the main points of CFA management: the unlimited convertibility through the operations account system guaranteed by the French treasury. He concluded that the operations account system offers the opportunity to the former colonial power to keep ultimate and effective control over aggregate credit creation and the pooled foreign exchange reserves.

Fielding and Shields (2005) studied the macroeconomic aspect of the monetary union in CFA Franc Zone and argued that it promotes integration among member states. For him there is strong evidence that Franc Zone membership has promoted higher trade volumes in the past than could

otherwise have been. Bayoumi and Ostry (1999) examined both the size and the correlation of real disturbances across countries and the level of intra-regional trade. They argue, on the basis of the stylized facts on trade, diversification, and cross-country correlation of shocks, that there are few grounds for believing that (sub-groupings of) Sub-Saharan African countries including those of the CFA franc zone currently form optimum currency areas. For Zao and Kim (2009), economic growth in the zone has been mediocre and heavily dependent on external shocks such as wide variations in terms of trade. International trade has not grown any faster than countries outside the union, intra-regional trade still remains a small portion and nearly half of the countries remain the poorest in the world. Notwithstanding the remarkable longevity of the monetary union, in this paper we find that there is little convergence in the similarity of economic structure among the members.

Finally, Guy (1995) Found out that France continues to play a dominant role in the formulation and implementation of monetary policies in francophone Africa. Through the arrangements made with her former colonies in sub-Saharan Africa years after their independence in the 1960s. France controls their money supply (i.e., the issue and circulation of their currencies), their monetary and financial regulations, their banking activities, their credit allocation and, ultimately, their budgetary and economic policies.

In general, literature on CFA zone as shown, focused mostly on the technical aspect and specific aspect of what could be called Currency Union Zone. This paper argues that its continued existence fulfils the ultimate aim of France, the actual owner and manager, to keep control over monetary flows and movements in her past colony countries where most of her economic activities, main companies and businesses are still operating. This paper argues that literature on the technical aspect of currency management the monetary union zone will only be superficial since, the main issue with CFA zone is that these countries are using a currency that they don't have any power and control over it and this will lead to financial dependency which will in turn fulfill the desire of France to keep influence on the monetary aspect over her former colonies.

**REVIEW OF DEPENDENCY THEORIES: FRANC ANDRE GUNDER AND
IMMANUEL WALLERSTEIN.**

Franc AG and dependency (world system theory)⁴

Also known as the neo-Marxist dependency theory, this theory rejects the view that the people of LDCs are responsible for the failure of their societies to develop. Instead, Andre Gunder, the leading dependency theorist, suggests that lack of development is because Western nations have deliberately under-developed them. It argues that most Latin American countries have obtained political independence during the nineteenth century, but are still economically subordinate to foreign powers. The lack of development of these countries is mostly attributed to their integration in the capitalist world system and the resulting exploitation by colonial powers, such as Spain, Portugal, Great Britain, and the United States. For Gunder (1972) “... *historical research demonstrates that contemporary underdevelopment is a large part of the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries. Furthermore, these relations are an essential part of the capitalist system on a world scale as a whole*”.

According to dependency theory, the structural position of the Third World in global economic order inhibited economic development, especially industrialization and the formation of a vigorous internal commodities market, and the maturation of its nation-states. For this theory it's important for peripheral states like those of Latin America⁵ to “de-link” from the metropolitan economic centers in order to achieve autonomous national development.

Dependency theory illustrates the economic neo-colonialism which is a system that allows global powers to be in the centre of the economy whilst poor countries are at the periphery. The main proponents of this theory are that poor nations provide natural resources, cheap labour and a destination for markets for developed nations to explore and enjoy. Wealthy nations actively perpetuate a state of dependence by various means. This influence may be involving economics, media control, politics, etc. (Deji, 2011:18-24).

As developed in the underdevelopment of development, Gunder (1972)'s argument is based on the international relation of economic domination and exploitation by the more economically powerful countries over the less economically powerful countries. The case in this study is illustrating the financial influence that France, the former colonial power and core zone; economically and technologically dominant, has over independent 15 African countries former colonies and periphery zone; who are less powerful economically and technologically.

Immanuel Wallerstein: The Modern World System/ Capitalist world system

⁴ According to CHIROT and HALL (1982: 91) the world system theory can be considered as a North American adaption of the dependency theory.

⁵ Frank developed this theory basically from his experience in Latin America countries. He later applied it to African countries as well. Our study itself is focusing on African countries since the underdevelopment is still the main debate in those countries.

The Modern World Systems- theory suggests that there is a world economic system in which some countries benefit while other countries are exploited. For Wallerstein (1974), “a world – system is a social system that has boundaries, structures, member groups, rules of legitimation, and coherence.” He focuses on the economic market and analyses the interdependency within regions for basic necessities like food, fuel and protection. According to Walter Gold frank⁶ the World System Theory allows historians to see states compete for domination in the market in order to gain full control over resources and capital. Wallerstein’s New world system is an observation that refers to the relations between the *core* and the *periphery*. The core is characterized by highly industrialised states with the need to maintain their hegemony and control over the economy. Their aim is to serve the interests of the economically powerful to gaining raw materials for a cheap price and having the technological capacity to manufacture products. According to Wallerstein (1980), there are three criteria that lead a core nation to be dominant over others: 1) *Productivity dominance* which allows for countries to produce products of a greater quality at a cheaper price compared to other countries. 2) *Trade dominance*; which, with regards to liberalism endorses free and open trade, other countries are buying the products of the dominant country and this leads to a favourable balance of trade. 3) *Financial dominance*; here the dominant country is receiving more money than spending it. This allows for bankers and economists to receive more control of the world’s financial resources and to plan economic policies in their own favour.⁷

This study, as mentioned previously sought to explain the issues of financial domination of France in African countries with financial dependency in regards with the Core state behaviours. With regards to the Periphery states, there is a form of neo-colonialism that occurred. Wallerstein infers that decolonisation is not over yet because the core states still maintain power and control over the resources of the periphery states. For him, the abundant flow of capital into periphery states has left a dependency structure to form within the world system.

The dependency theory illustrates the economic neo-colonialism, financial dominance in this article, which is a system that allows for global powers to be in the centre of the economy whilst poor countries are at the periphery. Wealthy nations actively perpetuate a state of dependence by various means. This influence may be involving economics, media control, politics, etc. (Deji, 2011:18-24). The capitalist World system theory, illustrates how the core is set on exploiting resources in order to gain more capital than give capital.

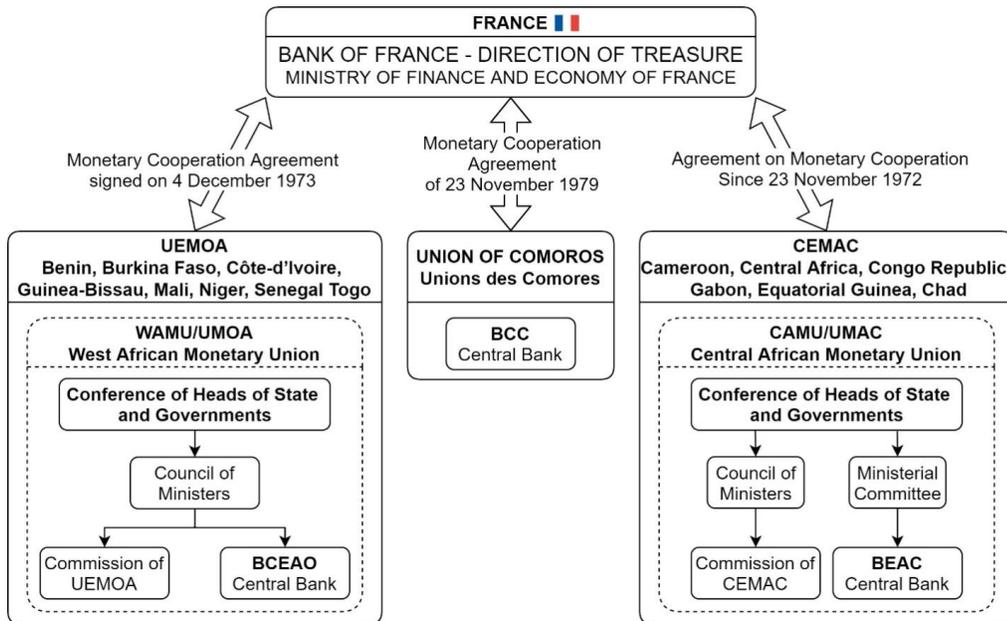
It is important to re-evaluate the role of the state in managing economies with the idea of state intervention in free markets. No state should interfere in another states economy unless a trade agreement has been adhered to. This seems not to be the case with the financial and monetary cooperation between France and her former colonies. The ongoing currency management system

⁶See *Paradigm Regained? The Rules of Wallerstein’s World System Method*,

⁷ The article mostly focused on this criterion in highlighting the core-periphery relations between France and her former colonies in Africa.

in CFA Franc zone is illustrating the image of Gunder Andre dependency theory and Immanuel Wallerstein new world system approaches.

figure 1: Core-Periphery system in CFA Franc zone



Source: By the author with information from Bank of France <http://www.banque-france.fr>

This diagram is the perfect illustration of the Core-Periphery relations described by Immanuel Wallerstein’s Modern World System. It demonstrates how the different monetary agreements have linked France with CFA Franc zone countries through the Bank of France. Also, Central banks in these zones got autonomy from their States and are directly dependent on Bank of France. This shows how African states have lost their monetary sovereignty through this financial dependency.

CFA ZONE CURRENCY MANAGEMENT AND IT'S TRANSACTION IN AFRICAN STATES.

The origin and the evolution of Franc CFA Zone

The CFA Franc zone was officially created in 1939⁸ during the period of World War in order to constitute *a war Treasury* and to anticipate the instability resulting from any conflict situation worldwide (Wago, 1995:23). Previously in the French colonies an "exceptional privilege" was entrusted to private banks allowing them to issue francs with the same parity as the Metropolitan franc. The main concern at the dawn of the World War was to avoid capital flight, which led, explains a document of the Banque de France "to a strict control of exchange rates and the inconvertibility of the franc was then imposed outside a geographical area that included Metropolitan France, its overseas departments and its African and Asian colonies".⁹ During the occupation in France¹⁰, Germans imposed a specific currency of occupation which in many aspects functioned with principles similar to those which would govern the establishment of the CFA Franc in 1945: a local currency dependent on the Deutschemark, an exchange rate between these two currencies fixed in Berlin, the draining of resources to the occupying power, a statutory control of the central bank by a German commissioner, etc. (Blanc, 2008).

According to the Economist Jérôme Blanc (2008:10) "*The way money was transformed during the Second World War in France is an example of the subordination of money to politics. [...] The occupant's purchasing power was artificially more than doubled and enabled them to acquire wealth at a lower cost. This contributed to the policy of draining French resources for the benefit of the Rich*"

At the end of the Second World War, the CFA Franc (the Franc of the French Colonies in West and Central Africa) and the CFP Franc (the Franc of the French Colonies in the Pacific) were created. Just as in May 1940 the Nazis arbitrarily set the value of the mark at 20 French Francs, the decree of 25 December 1945 establishing the CFA Franc and the CFP Franc sets the value of the former at 1.7 Metropolitan Franc and that of the second at 2.4 Francs¹¹. It almost established an environment of currency of occupation and this led Agboh, (1999) to discuss "monetary Nazism" in the book "the CFA Franc and the Euro against Africa". He played an important role in awareness-raising and contemporary anti-CFA mobilizations.

The fear of a radicalization of the struggles for national liberation in the 1960s led General de Gaulle to initiate a decolonization process which will not lead to real independence. In order to do so, the new states had to be corseted into cooperative relations which systematically built economic dependence on Paris. The colonial bond became a neo-colonial bond. In this context,

⁸ The name "zone franc" will be officially used in 1953 with the creation of the "Zone Franc monetary committee".

⁹ Bank of France, *The Zone franc*, August 2015, p. 2.

¹⁰ The Reich imposed an Occupation Regime to France during the WWII.

¹¹ For Jean Suret-Canale, these parities were finally set at 2 F "Métro" for the CFA in 1948 and 5.5 F Métro for the CFP in 1949. They remained unchanged until the devaluation of 1994.

the Franc zone and the CFA Franc are maintained with a fair amount of facade in consideration of independences: Franc of the French Colonies in Africa became Franc of the African financial community for West Africa and the Franc of financial cooperation in Central Africa. The Franc zone before and after independence is governed by the same five mandatory rules which conceded the control of the economic policies in Franc zone countries to Paris.

The first rule is that of *the centralization of foreign exchange reserves* by the Bank of France. Countries have the obligation to deposit an essential part of the foreign currency reserves of the countries of the franc zone (65% until 2005 and 50% since) at the Bank of France. These reserves are officially no longer available to sovereign states. Deposits are invested for the benefit of the French economy and generate interest. The control of half of the revenues of African countries is thus, put at the service of the French economy. The sums taken from the countries of the Franc zone are estimated at 8000 billion CFA Francs (almost 12 billion Euro) in 2014 according to Mambou (2014).

The second rule is that of *the fixed parity between the CFA franc and the Euro*. The value of the CFA Franc in relation to the other currencies (Dollars, Yen, etc.) varies according to percentages equal to those of the variations between the Euro and the other currencies. When the Euro falls or raises against the Dollar, for example, the CFA Franc does the same. This is a real negation of African economies. The countries of the Franc zone are deprived of the possibility to act on the exchange rate of their currency which is an “instrument of economic policy of particular importance for countries that produce and export commodities and need to become competitive on the international market” (Baye; Khan, 2009). Tying in to a strong Euro penalizes exports to destinations other than the European Union.

The third rule is *free transferability*. With this rule, there is no limit to the transfer of money to Europe and France thus, looting is legalized. The profits made in the zone are repatriated to Europe, making Africa a financier of Europe in general and of France in particular. Repatriation becomes the rule and reinvestment on the spot the exception. This systematic African capital transfer to Europe is thus, estimated at \$ 850 billion between 1970 and 2008 (Demba, 2010).

The fourth rule: *the guarantee of unlimited convertibility by the French Treasury* is put forward as the positive counterpart of the previous three. These three rules are set as conditions for "benefiting" from the latter. If a state in the Franc zone is unable to ensure payment in the currency of its imports, French Treasury undertakes to replace it by providing the missing currencies. Anyone with CFA Franc has the guarantee of being able to convert currencies. This convertibility is, to add cynicism, not valid for the different CFA Francs currencies among themselves, and this with a logical effect of discouraging inter-African exchanges.

The last Rule establishes direct dependence through co-management of the two African central banks of the zone: the BEAC (Bank of Central African states) and the BCEAO (Central Bank of West African states). Four French directors sit on the BEAC Board of directors and two on the

BCEAO. Especially, unanimity is required for any important decision¹². Specifically, it is a veto right that prevents decisions that are running against French interests. Africa's first colonial legacy is a monetary and financial neo-colonialism that the historian and geographer Jean Suret-Canale summed up as follows: After independence, the maintenance in the former French colonies of Africa of the CFA Franc became an instrument of French neo-colonialism, giving France control of their economy and *a privileged position for French companies. The African States had virtually no control over their currency, issued by issuing institutes whose headquarters were not transferred from France to Africa until 1972-73. France had the foreign exchange obtained by the sale of African raw materials [...] free convertibility allowed French companies to place their goods preferentially in the Franc zone, and to repatriate freely profits and capital. [...] Most of the external assets of the African states were to be placed in "accounts of operations" of the French Treasury, which were constantly beneficiary until the end of the 1970s* (Suret-Canale 1994: 8).

CFA Franc zone : Institutions and Management.

Whether with the rules or the intuitions that govern the management of CFA franc for the 15 sub-Saharan African countries, the presence of France, the former colonial power is noticeable at every level of the entire system. This confirms the arguments of Andre Frank and Emanuel Wallerstein.

1- The Manufacturing Process.

Currency manufacturing is under strict and complete control of France. Indeed, the process of issuing or printing paper money and coins is the exclusive right of the France treasury department with Bank of France. This has been happening since African countries were still colonies. Even after independence and more than 60 years of nations building process, these African countries still don't have the right to control their currency manufacturing processes. The CFA franc production and printing facilities are all located in Chamalières, a French town in the district of Clermont-Ferrand central France and at Pessac a currency industry¹³ of France in the city of Bordeaux located in the Gironde department in the southwestern France by the Bank of France since the currency was created in 1945.

For French government and monetary authorities, the printing process is centralized to minimize manufacturing and transport costs. Many other African currencies are printed in third world countries, because not all nations have the appropriate printing facilities. For instance, the

¹² When the agreements were renegotiated in 1972 for Central Africa and 1973 for West Africa, the unanimity rule for important decisions was replaced by the two-thirds rule for the Bank of Central African states (BEAC) and the six-seventh rule for the Central Bank of West African states (BCEAO). The power of veto is maintained. In the same order of "change", the new agreements transfer the headquarters of the two African central banks to Africa.

¹³ The currency company of Paris at Pessac in Gironde manufactures currency in use in France and other 40 foreign countries https. Refer to www.lemonde.fr/economie/article/2019/09/10/dans-les-secrets-de-l-usine-fabriquant-nos-euros_5508404_3234.html/12/07/2020-15:35

Guinean franc, the Ethiopian birr, the Ugandan shilling and the Botswanan pula are printed in England; the Mauritanian ouguiya, the Eritrean nakfa, the Tanzanian shilling and the Zambian kwacha are printed in Germany; and the Liberian dollar is printed in the United States. Similarly, the euro is not printed in all 19 countries in the euro area. Notes are printed by 11 presses throughout the European Union¹⁴.

Regarding the importance of currency as a powerful tool in nation building process and national cohesion and so on, the argument about minimizing manufacturing and transport costs is “non-lieu” and hide some other unvoiced reasons¹⁵. Also, countries have the freedom of choosing their partner countries regarding currency production if they are lacking the necessary technologies and this has to be done completely out of any influence and monopoly but a profitable deal for each party. Furthermore, the French authorities’ arguments, in keeping CFA franc being produced in France more than 80 years after reveal how France failed in assisting former colonies in transfer of technologies or their own technology development to address issues in regard to nation building.

2- Main Institutions and currency managements CFA Franc zone

The CFA Franc Zone is defined as an arrangement between France and three independent economic areas, each of which has a central bank and monetary unions involving 15 countries in sub-Saharan Africa countries former French colonies. Its member states are bounded by a monetary cooperation policy.

- The West African Economic and Monetary Union (UEMOA/WAEMU), including Benin, Burkina Faso, Côte d’Ivoire, Guinea-Bissau, Mali, Niger, Togo and Senegal;
- The Central African Economic and Monetary Community (CEMAC), which brings together Cameroon, the Central African Republic, Chad, Equatorial Guinea, Gabon and the Republic of the Congo;
- Comoros Union, which uses the Comorian franc.

Currencies management through these institutions reveal the omnipresence of France and the degree of influence she has on them. Indeed, the main institution of monetary management is the central Bank. And within the CFA Franc zone there is three central Banks.

¹⁴ See France diplomacy <https://www.diplomatie.gouv.fr/fr/dossiers-pays/afrique/le-franc-cfa/> visited 2019/08/23

¹⁵ The main purpose of the creation of the FCFA was to reestablish the French monetary authority on French colonies after the Second World War. This overall strategy has not really changed up to date regardless some attempt to bring some changes in CFA Franc management.

The WAEMU's (West African Economic and Monetary Union) Central Bank: The Central Bank of West African States (BCEAO) is responsible in editing and printing of its own currency the XOF CFA franc (Communauté Financière Africaine, XOF).

The CEMAC's (the Central African Economic and Monetary Union) central bank: The Bank of Central African States (BEAC) is responsible of the XAF CFA franc (Coopération Financière en Afrique Centrale, XAF).

The Comorian Union's Central Bank: the Comorian central Bank (La Banque centrale des Comores BCC) is responsible of Comorian Franc (KMF).

Since the creation of CFA zone during colonization, it's main institutions will continuously operate from Paris where their headquarters were located. Central Banks headquarters will be transferred to Africa only in late 1980s. Thus, the headquarters of the BEAC and the BCEAO were transferred to Yaoundé, Cameroon, for the BEAC and Dakar, Senegal, for the BCEAO in 1977 and 1978 respectively¹⁶, and a large number of managerial posts in each bank's head office and national branches were assigned to African executives.

Even though the purpose of the creation of the Franc CFA Zone was to reestablish the French monetary authority on French colonies after the Second World War, France currency authorities and, moreover political leaders always claim that the CFA Franc zone is an instrument of solidarity and development¹⁷ based on principles of monetary cooperation in order to ensure stability. But the main issue discussed in this article is the automatic loss of national sovereignty through the loss of Currency and financial management and sovereignty to France¹⁸.

Indeed, in the management of the main institutions of CFA Franc Zone, French members are present at every level of important decision. During the governing board of central banks, France is formally represented as other member state and dispose the veto right as other members (Grimm, 1999). Holger (1973) in his explanation of the CFA Zone Operation accounts confirmed France's representation on central bank authorities:

For example, the B.C.E.A.O. in West Africa has a board of directors with two-thirds of its members appointed by the participating African states, and one-third appointed by the French Government... However, if restrictive measures have been introduced, they can be removed only by a three-quarter majority of the directors which, in fact, gives the French Government the power of veto.

French members present in the board of directors of central bank management in CFA Franc Zone with the same rights of decisions and veto power detention proved the degree of French

¹⁶ Banque de France : The franc Zone, ABC de l'économie. See https://abc-economie.banque-france.fr/sites/default/files/media/2016/11/02/the_fact_sheet_n_127_july-2010.pdf

¹⁷ Researches and reports from world institutions always prove that countries in sub-Saharan Africa especially those within CFA Zone are the Poorest worldwide. A great contradiction?

¹⁸ Refer to theoretical discussion with Emanuel Wallerstein's theory of The Modern World System/ capitalist world.

Government currency and financial influence over the regions, even though the number of French representatives decreased recently through some reforms in the west African CFA Franc zone institutions according to the Bank of France. For the two others Central Banks of the CFA Franc zone, French Government designated members are still present in the board of directors. 4 members for the BEAC and 4 others members for BCC¹⁹ without any significant reforms.

France's financial participation in the multinational central banks of the French-speaking African countries and its preponderant representation in their Board of Directors; with these institutions previously located in Paris, justify the fact that these central banks were made to function primarily in accordance with the needs of the imperial power and not necessarily in the interest of the dependent (and later independent) African countries. Indeed, they were and they still are largely ineffective in their African context because of their legal constraints and their orthodox nature (Mensah, 1979).

Another channel of French influence over financial and currency management in African countries is throughout biannual meeting of France Financial authorities and 15 Africans ministries of finance and the Central Banks. Indeed, meetings of the finance ministers of the whole CFA Franc zone including France are held twice a year once in Paris and another one in one of member countries. Common internal and external difficulties of the zone are mostly discussed. The Banque de France participates in the operations of the zone's shared institutions. It notably acts on behalf of the state to provide the secretariat for the half-yearly meetings of the finance ministers and governors of the CFA Franc zone and draft the CFA Franc zone's annual reports. It also produces economic studies of the key issues concerning the region.

The last meeting between ministers of finance, the heads of regional institutions and governors of central Banks of CFA Zone happened at Paris on October 11th 2019 under the leadership of France's Minister of Finance and economy Bruno Le Maire²⁰.

Currency union is a zone where member states are using same currency. In the CFA case, the three different regions of the Union are using currency which are not interconnected to each other, but only connected to France at different rate. The WAEMU CFA (XOF) is totally different from the CEMAC CFA (XAF) and same as Comorian Franc (KMF). West African CFA coins and banknotes are theoretically not accepted in countries using Central African CFA francs, and vice versa. The bad part of the story is that the convertibility is only through the French Treasury. In fact, CFA Franc is not accepted in Euro Zone Countries and not even useable on France territory. The consequence of this structure is that these 15 African countries

¹⁹See Banque de France www.banque-france.fr/economie/relations-internationales/partenariats-afrique-france/cooperations-monetaires-afrique-france/les-institutions 30/10/2020-19:30

²⁰ Banque de France, Communiqué du 11 octobre 2019. <https://www.banque-france.fr/economie/relations-internationales/partenariats-afrique-france/zone-franc-documents-historiques/reunions-des-ministres-des-finances-de-la-zone-franc>

are using same currency but don't have the same and unique market²¹. Which revealed the mega influence of France on these countries' trade because they have difficulties to trade among themselves but they can easily trade with France.

Throughout the CFA Zone currency management system, the 15 States in sub-Saharan Africa lost their currency sovereignty to the Central Banks and those Central Banks, main institutions in the monetary cooperation with France, operate under the direct influence of Bank of France and French ministry of finance. Currency, after all, is a tool of the state, issued by the state and controlled by the state (Xenias, 2007: 83). In this regard, the power of the state dramatically increased with the rise of the modern nation-state in the 19th Century (Helleiner 2003). This reveals how powerful currency is and how important it is for a state to have control over its own money. Unfortunately, African states under CFA Zone, since the first form of state didn't have any control of their money. Moreover, after independence states were automatically integrated to the currency union in which everything is provide by the colonial power.

As earlier mentioned, currency is a tool of sovereignty and a state that give up on its currency management deliberately or not to another country is no more sovereign and has lost any possibility to plan concrete development. And this is the case in the CFA Zone; instead of being a currency union zone, states have just lost their sovereignty to France which has control over them. In this case there is no currency authority and that has impacted the development of lot of states in the zone.

It has been vehemently stated by proponents of the state theory of money that currency is both a symbol of national identity and an important tool of state economic policy., Thus, states will be loath to give it up. Issuance of money provides a state with a source of revenue which strengthens its financial standing and thus its political power.

But money is more than an economic instrument. According to Xenias (2007), national money provides territorial cohesion internally and externally, with important implications for nation-building and state-making through its contribution to the centralization of bureaucracy and state power²²

Moreover, it is a constant reminder of nationality for each and every individual, citizen or tourist, several times a day, and a reaffirmation of the nation-state's authority, its jurisdiction over its citizens and the history that it projects. And for Helleiner (1999), no other symbol can begin to cover such ground. It is astounding then, and wholly irrational for any state to consider eliminating its national currency, regardless of the benefits to trade, or any efficiency externalities to be had by its industry.

²¹Market of 155 million people with 14 percent of Africa's population and 12 percent of its GDP according to the International Monetary Fund (IMF).

²²See Helleiner 1996a 1996b.

African States in CFA Zone have never had currency sovereignty and did not have exclusive responsibility over their currency since, at the early stage of the formations of nation-states (9th and 20th century), their currency was already under the control of France which keep having influence over a lot of institutions in the zone. States in CFA Zone lost their monetary sovereignty in their currency dependency with France. And as this article try to demonstrate it, this situation is a strong candidate to explain the issues facing states in the CFA Zone such as degrowth and much more.

CONCLUSION

Comment [DZ3]: Please review

This paper examined the extent to which 15 sub-Saharan African countries are still depending on France their formal colonial power in many regards; specifically in their currency management and this is still occurring, many decades after independence. As stated by dependency and Capitalist world system theorist, it's important for Core states to develop and keep dependent relations with States in the Periphery. The CFA Franc currency is as a result of financial dependency vis a vis of the former colonial.

Indeed, right after independence, many negotiations and agreements in sectors such as military, defense, diplomacy, economy and finance have allowed former colonial powers to still have some degree of influence over their colonies. These agreements have led France to keep its financial authority over countries in Africa consolidating thus, its control and influence over the entire financial system. The CFA franc, the only remaining colonial currency, is the illustration of currency and financial dependency. This chain of monetary dependency makes it extremely unlikely for these African countries to manipulate money, finance, and capital for their long-term aims.

This influence over financial management is harmful for the maintaining of national independence and state monetary sovereignty of those liberated countries from France imperialism. Furthermore, it automatically leads to political and Elite's dependency. Elites in these countries for important decisions that engage their governance always need to get approval from France.

RECOMMENDATIONS

For LDCs with structural vulnerability to have impactful institutions that can promote competition, build economic and financial resilience and promote sustainable development: institutions in CFA zone countries should be strong as much as possible out of exterior influence to represent the administrative aspects within their economic and financial area. Therefore, Africans should take complete control over CFA Franc and its Management.

The right of currency production and currency manufactures and industries should be transferred to African countries.

All existing contracts and agreements that link African countries with France in the field of financial management should completely be cancelled and attempts to develop and promote new partnership in the currency sector should be taken instead of just renewing and improving existing ones.

In order to promote trade and financial integration in the CFA Franc zone, it's important that financial authorities should try to harmonize the values of the existing currencies.

For the integral development of these countries, it's imperative that economic dependency in the field of currency transaction (manufacturing and managing) must be stopped and a new political attempt to create their own currency should be pursued.

International development cooperation programs, rather than just providing financial assistance should assist these countries in recovering their financial and economic sovereignty.

It's also relevant to notice that cooperation agreements of African countries in the aftermath of independence in many fields where mostly cooperation "de facto". Most of them were in obligation to re-engage with former colonial powers which inevitably led to the so-called neocolonialism. Since then, international relations have evolved in different ways with new actors and new powerful states. Thus, African countries should consider those changes in renewing their cooperation on international stage focusing on national interests.

Finally, researches, in order to make significant contributions to CFA Franc studies should not limit the studies to the simple financial or technical aspect of the currency since CFA franc is abnormal currency Union zone. Other aspects such as origin, evolution, management, social and sovereignty, should be considered in order to make great contribution while researching on CFA Franc issues.

Comment [DZ4]: Please review

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