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Divided commitment: UEMOA, the Franc Zone, and ECOWAS

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GEG WP 2013/77

Divided Commitment:
UEMOA, the Franc Zone, and ECOWAS

Abdourahmane Idrissa

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Divided Commitment: UEMOA, The Franc Zone, and ECOWAS

Abdourahmane Idrissa

Abstract

This paper makes the case for a political theory of African integration through a case study of the *Union économique et monétaire ouest-africaine*, a West African regional integration block based on a currency union and a common market. While economic theories have been widely used to analyze and advise on regional integration, this paper seeks to demonstrate that politics in fact takes precedence over economics in explaining their achievements, and posits the need for a political theory of regional integration in Africa. The case for this argument is made through a historical and technical analysis of the complex position of UEMOA and its commitment to two very different integration contexts, the Franc Zone and West African regional integration. The paper claims that UEMOA is trapped into a detrimental relationship with France through the currency mechanisms of the Franc Zone, but balances this with achievements, in the context of West African integration, that enable the conception of policies that may further advance and strengthen the integration project. Such policies would be best formulated as we develop a comprehensive political understanding of such processes.

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Table of Contents

Introduction	3
Kleinstaaterei	3
African Integration: Colonial, Technical, Liberal…	7
The Awkward UEMOA	11
UEMOA and its Ambiguous Currency	12
Sovereignty for Development	18
Sketch of a Political Theory	21
Policy Pointers: Conceiving Regional Authorities	22
Works Cited	25
List of GEG Working Papers	27

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Introduction

The African continent is cluttered with regional integration projects, which an overarching African Union architecture attempt to organize and rationalize. Some of these are meant to organize common interests over specific geographical resources such as rivers and lakes, but others are full-fledged regional economic and political integration projects. Despite their apparent inefficiencies, most of these register slow, incremental progress, perhaps by sheer dint of persisting in being. A handful of these projects appear more evidently successful in meeting their objectives. As should be expected, the literature is divided on the value of these efforts: while some scholars take them as fait accompli and study technical issues for their improvement (Axline, 1977, Johnson, 1991, NDjanyou, 2008, UNCTAD, 2009), others question their relevance, especially given the landscape of failed or weak states that provide their constituent members (Söderbaum, 2004, Omilola, 2007). Moreover, most of the arguments are based on economic theories, since regional integration is considered by the African states themselves as a development strategy based on collective self-reliance and the quest for global competitiveness. While there are many studies of the politics of regional integration in Africa, none of them can be said to be based on a political theory of regional integration. Rather, they examine the ways in which political actors shape integration processes, generally in quite negative hues. This paper – which I see as just the initial step in an extensive and detailed study of West African regional integration to be undertaken and completed during my participation in the Oxford-Princeton scheme – does not propose such a theory, but wants to make a strong case for it, based on an examination of a specific regional integration organization, the *Union économique et monétaire ouest-africaine* (West African Economic and Monetary Union, UEMOA).

I will first introduce the issue through a re-examination of the integration theory and a presentation of the three – or perhaps four – moments of Africa's integration pursuits. And then I will study UEMOA in a two parts section: currency mechanisms and sovereignty as central integrator. This will be concluded by a set of policy recommendations that will highlight the need for a political theory of integration in Africa.

Kleinstaaterei

An interesting run of arguments on African integration says in essence that African states are just too weak to integrate. Integration needs sound economic infrastructures and sound administration. It requires that the economies of the parts to be integrated complement each other in terms of commercial exchanges, and that a number of economic indicators present optimal conditions for such key functions of integration as a single currency, a common market and common customs tariffs. But in a book on UEMOA and the possibility of a West Africa single currency, Ousmane Ouedraogo, a Burkinabe economist and former vice-governor of the UEMOA central bank, carefully reviews an array of economic theories on the optimum conditions for a single currency before concluding: "But rather than looking for a normative optimality threshold, my approach will be purely pragmatic. It will rest on the existence of UMOA, a currency union with a long history of common currency management…"

Ouedraogo had previously demonstrated that UMOA (the organization that became UEMOA in 1994) violates most of the rules of thumb for a working currency union, but he "pragmatically" recognized that it is a working currency union anyway. My contention is that if economic theories fail to reasonably account for UEMOA's existence, we must look at political will and commitment as an alternative explanation. And we must try to understand just what is covered by the vague phrase ("political will and commitment") I just used, especially since most advocates of African integration are frustrated not by the economic hurdles and limitations in the contexts of interest, but by the "lack of political will" of (in particular) state actors.

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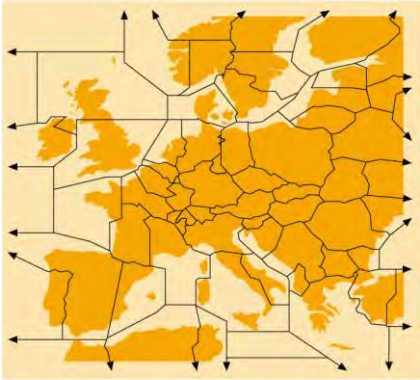
In fact, while integration theories have become very complex and abstract, they all started from a rather simple and politically concrete process, the near century-long process of German unification in the nineteenth century. The technical stages of the process (the progressive customs union, the emergence of a common market and of a dominant, then of a single currency, the diversification and specialization of the economic geography) have been severed from their political stages (the rise of Prussia, the exclusion of Austria, the defeat of France) and offered up as preconditions for integration, and not as consequences of a politics of integration.[1]Yet if truth be said, the German integration process was more function of political necessity than of economic requirements. It succeeded for economic reasons, but largely came about as a result of the rise of Prussia as an industrial power intent on turning its neighbourhood into a free trade area. In this process, Prussia had to engage into complex and at times brutal political dealings, granting generous conditions to attract market actors in other states into its customs union schemes, and ousting (Hanover), pressuring (Bavaria) or defeating (Austria) reluctant or rival leaders. The invention of the German Empire – in fact a centralized Regional Economic Community or REC – in Versailles' Hall of Mirrors in 1871 ended the condition of *Kleinstaaterei* (Scattered Small States) which had consigned the German territories to being the battlefield of Europe for two centuries – including during the devastating Thirty Years War in the seventeenth century which did away with upward to 30% of the population in the 225 German states of the time.[2]

Kleinstaaterei am EU-Himmel

Kostspieliges Vergnügen: Zwischen Brüssel und Rom müssen Flugzeuge neun Kontrollzonen passieren – mit entsprechendem Aufwand bei An- und Abmeldungen.



Quelle: Eurocontrol

Now they lament the *Kleinstaaterei* in Europe's skies…

The German *Kleinstaaterei* experience is resonant with Africa's past and present experience. With a very few exceptions, all of Africa's deadly conflicts during the twentieth century are correlated on the map with areas in which countries in the North have strong strategic investments, chiefly in terms of minerals or oil and gas, but also, during the Cold War, in terms of ideology (Angola, Mozambique, Rhodesia, South Africa). Northern needs and interference promoted high intensity conflicts through incentives (resource plunder) and means (weapons), but also through direct intervention (France in Rwanda, Congo and other places) and political disincentives (pressures, threats and coups). Certainly, Northern countries have given up the idea of taking possession of territories in Africa or elsewhere, but they have instead unleashed the harsh winds of their interests

[1] There is a less studied, but very similar prior process, the integration of England and Scotland in the eighteenth century, which resulted from both economic policy and political processes, and which ended a state of division that was detrimental to both England (insecurity: France often used Scotland to divert English efforts and attentions from its own actions) and Scotland (isolation resulting in poverty and backwardness).

[2] Compare with Italy, which united or integrated during the same period, and which had long been the ground for the military promenades and squabbles of France and Spain, although with less casualties.

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and asymmetrical policies on weaker lands, leading Africans to believe that they need to regroup or perish.

This much is said in the diplomatic lingo of the high level African meetings and conferences which attempted to rationalize integration processes in the 1970s and 1980s: Africans should recognize that "there is an inability of the international community to create the favourable conditions for Africa's development" (Addis Ababa, 1973), they should admit that "if Africa should permanently rid itself of poverty and misery, it must rely on itself alone" (Monrovia, 1979), and as a consequence, Africans must arrange all mechanisms possible and required for autonomy, self-sufficiency and enhanced economic and technical cooperation among their countries.[3] These are ways of taking stock of a hostile international environment and of the requirement for self-reliance, which is a political project before being an economic program.

COUNTRY	High Intensity Conflict (1990-2010)	Low Intensity Conflict (1990-2010)	Highly Valued Portable Resources	Other possible factors
Benin	0	0	0	
Burkina Faso	0	0	0	
Cote d'Ivoire	1	1	0	Land & France
Cape Verde	0	0	0	
The Gambia	0	0	0	
Ghana	0	0	0	
Guinea	0	1	1	Leadership
Guinea Bissau	0	1	0	Leadership
Liberia	1	1	1	Leadership
Mali	0	1	0	Libya
Mauritania	0	1	1	
Niger	0	1	1	Libya
Nigeria	0	1	1	
Senegal	0	1	0	
Sierra Leone	1	0	1	Leadership
Togo	0	0	0	

The West African *Kleinstaaterei*: Highly Valued Portable Resources (oil and minerals) always correlated with high or low intensity conflict in the 1990s. Lack of these mostly correlated with an absence of conflict. But there are other factors (leadership, land and foreign interests) which could arguably be mitigated more easily by things like RECs. After 2000, all conflicts in the region were low intensity, and the Economic Community of West African States Monitoring Group (ECOMOG) as well as its parent organization, the Economic Community of West African States (ECOWAS) are not foreign to the evolution. Author compilation.

In effect, if economic rationality were solely pursued, Africans may follow advices of opening completely their market and become stateless orthodox economic agents (an outcome that structural adjustments programs tried in fact to secure), or they may seek the economic protection of

[3] See Kouassi, 2007.

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prosperous patrons to which they would devolve key levers of their economic life (an outcome that is close to the one extant in UEMOA as we shall see). And perhaps these are viable development strategies under certain ideal circumstances that we may imagine. But it does not look like such is the case in the current state of the international political and economic system.

But if weak, divided countries living under severe external stress may feel the need for regrouping, that is not in itself sufficient to provide the political will for integration. After all, Asia and Latin America came under similar conditions, but consistently relied on an approach that put a premium more on state building and political autonomy than on regional integration. In these areas, regional integration in fact illustrates the economic theories of preconditions and optimum outcomes. It is after individual states have put their house in order and have developed meaningful commercial exchanges between each other that they signed cooperation treaties and trade agreements formalizing their economic relations. And a similar dynamics is certainly at work in Africa as well: the import substitution industrialisation/food self-sufficiency strategies favoured in the 1960s by African states was a state building and state autonomy development strategy, and many African regional organisms are RTAs (Regional Trade Agreements)[4] or common-resources agencies.

However, we must not let the fact of using one word for a variety of phenomena constrain our thinking: Asian and Latin American integrations are very limited, and are in essence made up of RTAs which do not envision things such as common political institutions or a single currency. African integration, on the other hand, projects itself beyond RTAs and displays aims and objectives closest to European integration. This is a curious and paradoxical fact that might inform us much about the political potentials of African integration.

In terms of geographic size and diversity, as well as economic and social indicators, Africa is much more comparable to Asia and Latin America than it is to Europe, but it is closer, in its integration project, to Europe than to Asia and Latin America. It in fact draws a great deal on Europe as a model for its union architecture and for its own efforts. We may consider that there is here a cluster of factors explaining this paradox, and each factor may be true to an extent: mimicry, pressure from Europe to adapt its norms in Africa, the historically motivated pan-African ideology that seems to be more coherent and enduring than anything similar in Asia and Latin America,[5] and so forth. All of these factors have found to varied extents a favourable terrain in Africa, where they have taken roots against all odds.

In fact, though, the paradox may be disassembled through recognition of the fact that there are two divergent integration dynamics in Africa. One dynamics is of the Asia/Latin America cast: individual countries attempting to boost their trade relations and other common interests through limited agreements, in which some heavyweight countries assume light leadership roles; another dynamics is of the European mould: visions of a common market, a single currency, and common political institutions. These differing dynamics often overlap, and at times, the latter one takes over the former – but not the reverse.

The complexity of the African situation may be presented in a simplified manner through a genealogical presentation of the continent's integration pursuits. So I now turn to a concise

[4] Let us note however that intra-African trade is far lower than trade within RTAs in Asia and Latin America, if the parallel market (indifferent to RTAs) is discounted.

[5] Pan-Asianism simply does not exist, given the enormous size and diversity of that continent, while pan-Latin-Americanism does not seem to have the concentrated bases of pan-Africanism, which benefits from having been born in the crucibles of industrial colonization and from the imagination of a "Black race": this latter point is borne out by the fact that it is more consistent in sub-Saharan Africa than in Northern Africa, which does not see itself as "Black". In my region of interest (West Africa), Mauritania, which is conceived by its ruling classes to be a *beydane* ("White") country, removed itself from the Economic Community of West African States in 1999 through a simple fax that gave no reason for withdrawal. Ten years earlier, the Mauritanian state had joined the Union of the Arab Maghreb, where it had stayed. But pan-Arabism, despite apparently greater unity factors (language, religion and culture) compares rather poorly with pan-Africanism in terms of integration achievements.

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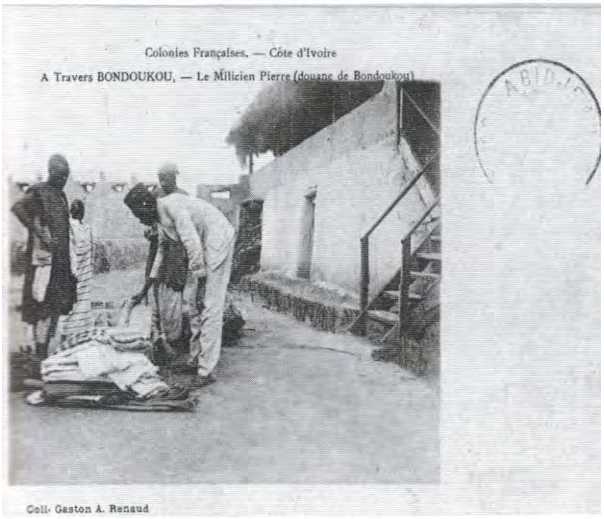
description of the three or four historical moments (the fourth moment is only incipient and cannot be very well characterized at the moment) of African integration.

African integration: colonial, technical, liberal…

The first moment of African integration spans the colonial period, and started at the Berlin Africa Conference (1884), in the recently integrated German empire. The scramble for Africa that ensued destroyed local empire-building enterprises and replaced them with new ensembles based on the new needs of an industrializing Europe. It consists of a dual movement of division and integration: each colonial power took over a chunk of Africa, instituting mercantilist boundaries that separated it from its neighbours, but merging its different communities into a large administrative and commercial block. The defining feature of these blocks were customs borders, and the rivalry between colonial powers (even though they may sometimes struck temporary deals of customs union such as the one between France and Belgium in the Congo River area in the early twentieth century) was defined by customs and tariffs. The French were obsessed about getting to a certain area before the "*douanes anglaises*" (English customs) and vice-versa. Populations should also be controlled in accordance with the imperatives of colonial trade and "*mise en valeur*" (improvement).



Déjà la douane.

The state in action in the colonies: "Already the customs."

Thus, in West Africa, the populations in the barren Sahelian areas in the Northern section of the region had quickly seized the opportunities offered by the colonial empires (better security system, better transport and communication infrastructures) to develop a seasonal migration system to and from the lush and commercially dynamic Southern coastal sections. All Sahelians (with the exception of Northern Nigerians) were in the French block, but they were chiefly drawn toward Nigeria and the Gold Coast, both of which were British colonies. The French engaged in futile attempts at redirecting them toward Cote d'Ivoire or even their territories in North Africa, across the Sahara desert.[6]

[6] This occurred especially in the colony of Niger: In Niger in 1941, the colonial government took the extreme (and impossible) measures of prohibiting the export of cattle to Nigeria, closing the Nigerian border and vainly attempting to replace southwardbound trade with trade with French territories in North Africa. In 1942, governor Toby tried to stop the seasonal migrations to the British territories of Nigeria and Gold Coast. These measures had the reverse effect of provoking mass exodus to Nigeria and Gold Coast of Nigeriens thinking that the "French had gone mad" (Fuglestad, 1975, 119). They may not be explained away by the fact that France was then ruled by the reactionary Vichy government: governor Toby represented policy continuity from the 1930s right into the 1950s and to some extent, beyond, and the colonial regime was by itself reactionary. To date, official French circles view Nigeria in particular as their main "problem" in West Africa. It should be noted that independent Cote d'Ivoire under Felix Houphouet-Boigny was much more successful than the colonial government at attracting Sahelian cheap labour and dry-land exports. But the dynamics revealed by Toby extreme actions is still symptomatic of current issues in West African integration. (Fuglestad, 1975)

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But as time went, notions of a unified colonial Africa started to emerge in Europe. As early as 1923, Albert Sarraut (eight times minister for the Colonies in the French government) suggested European cooperation in Africa to exploit the continent as the "common good of all Europeans." French colonial officials such as Reynaud or Lyautey urged for international cooperation in the exploitation of Africa, and as if listening to them, the German Economy minister, Hjalmar Schacht, came to Paris in 1937 to concretely propose the creation of "international colonial corporations respectful of political rights and prestige.[7]" Instead, Schacht's boss, Adolf Hitler, dragged Europe into a general war which sounded the death knell of colonial integrations in Africa.

Colonial integrations produced some of the beneficial effects expected from regional integrations. For instance, the East Africa High Commission (1948-61), which provided a customs union, and common external tariff, currency and postages for three British possessions (the Kenya Colony, the Uganda Protectorate and the Tanganyika Territory) attracted many foreign firms which could target the regional market, using Kenya as an industrial hub, and spurring a movement of economic modernization (infrastructures, investments). Appreciating those benefits, the members of the organization sought to retain it after independence, transforming it into the East African Common Services Organisation (focused chiefly on transport and communication, research and education) and then into the East African Community. The community collapsed in 1977, mostly for political reasons: Kenya, which bore most of the costs of maintaining it, demanded more seats than Uganda and Tanzania in decision-making organs, incurring the ill-will of its partners. Acute disagreements arose from the divergent ideological orientations of the three concerned governments (Kenya adhered to capitalism, Tanzania to socialism and Uganda, under Idi Amin Dada, devised a disruptive command economy policy). After 1977, Kenya's export market was substantially reduced, firms with large installed capacity to serve the regional market had to curtail activities, many multinational corporations with subsidiaries in Kenya divested from the country, and each former member state had to embark at great expense and lower efficiency, upon the establishment of services that had previously been provided at the community level.

This story enacts a more general scenario, characteristic of the second moment of African integration, which lasted roughly from independence to the early 1980s. While an Organization of African Unity (OAU) was founded in 1963 and a few leaders did their best to promote pan-African solidarities and imagination, most African states followed a strategy of state building that resorted to integration chiefly as a method of common asset management. The *Union monétaire ouest-africaine* (West African Monetary Union, UMOA) which preceded UEMOA fell under that heading. The common asset was the Franc Zone (FZ), which created a technical solidarity between UMOA countries, but left each state to define its development strategy in accordance with its own circumstances, albeit within the strictures of the FZ. Other common assets include natural resources and shared infrastructures.

Apart from these technical inter-governmental cooperation agencies, states were keen on asserting statehood, in the conventional competitive way of separate interests, formal boundaries and national self-sufficiency. The early colonial obsession of fiscal boundaries re-emerged at the level of the smaller state territories, especially given the fact that for most of them, the fiscal basis was so diminutive that its principal portion came from customs duties. The closed fiscal borders went along with the protection of domestic industries, which was a corollary of the import-substitution-industrialization strategy that the states adopted for national development. The results were lacklustre to say the least. For a starter, the *Kleinstaaterei* landscape that this moment created left countries open to manipulations from strategists that had global capabilities.

Since in each region of the continent countries had very similar economies, they competed to attract firms and investments, instead of cooperating and developing economies of scale that would have enabled diversification. Multinational firms devised a so-called market-seeking strategy, that is to say a method of direct access to consumers which strives to defeat the constraints of national tariffs,

[7] Vacquier, 1986, 250.

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borders and institutions by localizing production and performing tactical direct foreign investments in key national economies sectors. Owing to customs and regional compartmentalization, production units catered chiefly to the countries where they were implanted or, in the few cases of certain polar countries, and for a specific kind of consumer goods, also to export schemes targeting regional sets of countries (such polar countries were Nigeria and Cote d'Ivoire in West Africa and, as we have seen, Kenya in East Africa). In general, production space and commercialization space coincided however, and units of production were sized up in accordance to national or sub-regional markets, and were conceived as isolated profit centres, assessed on the sole basis of financial performance. This meant that they were granted considerable autonomy or self-management abilities, and were encouraged notably to capitalize through state participation and resort to local savings, especially when undergoing expansion or retooling. Foreign direct investment was in this way very limited, occurring chiefly at the moment of creation.

In West Africa, production units were created in domains which did not necessitate extremely sophisticated technology and skilled labour, but which could turn out output sellable to a consumer class with relatively low purchasing powers: at the high end, there were car assembly factories (Peugeot in Nigeria for instance, or Renault in Cote d'Ivoire), and at the low end the transformation of farm-produce in breweries or dairy plants through a range of industrial activities including metal industry, cement works, textiles, industrial gases, cosmetic and pharmaceutical products, and so on.

Market-seeking strategies in West Africa, especially in Francophone West Africa, were an adaptation of colonial mercantilism to political independence and the resultant fragmentation of the imperial commercial zone. In most cases, the colonial companies survived and organized series of "*filiales-relais*" ("relaying branches," Michalet and Delapierre, 1973) assigned to each new independent post-colonial territory. The *Société Commerciale de l'Ouest Africain* (West Africa's Commercial Society, SCOA) and the *Compagnie Française d'Afrique Occidentale* (West Africa's French Company, CFAO), initially founded to sell African crops in Europe, while retailing a range of European manufactured goods into Africa, invested their large profits in supermarkets and department store chains in France (SCOA's Monoprix and CFAO's Prisunic) with antenna in each African colony and post-colony and retailing procedures adapted from the organization of colonial trade and integrating formal and informal markets. They became the main network organizers for market-seeking strategies output, gliding easily from colonial mercantilism into neo-colonial mercantilism.

This articulation of localized production units and formal to informal networks was not adverse to the ideology of national development predominant in African and other Third World countries in the 1950-70s. It enabled global capitalist firms to capture small markets by selling at very high prices (consistent with national market protection measures) a range of up-to-date commodities to a very limited upper class of affluent consumers (high state officials, European expatriates, upper tier businessmen) and, at lower prices, a broader range of obsolescent or sub-standard consumer goods to a larger pool of modern consumers. This global mercantilist organization left for local states a space in which to devise import substitution industrialization schemes for the larger population. Such schemes would not attract, in most cases, foreign investment, direct or indirect, and depended largely on bilateral cooperation, debt and extremely vulnerable commercial strategies under heavy and ultimately futile state surveillance.

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The CFAO map of operation: still the "French Empire," plus Congo…They also sell Toyotas.

African leaderships realized the un-sustainability of this situation as early as the late 1960s and entered into discussions which led to the third moment of African integration. In this stage, technical cooperation and common asset management appeared insufficient forms of integration, and self-reliance was re-imagined as collective (continental or at least regional) and not individual (national). Excited concepts and ideas were agitated in high level meetings that dotted the 1970s decade, leading up to the Lagos Plan of Action and Final Lagos Act adopted in April 1980 in the framework of OAU. The program worked out by these texts is a political program with economic footnotes, even though the word "political" is not a keyword in its records. The idea is that states in Africa should commit to "establish by the year 2000, on the basis of a treaty to be concluded, an African Economic Community in order to ensure the economic, cultural and social integration of Africa." The texts in effect postulated that there is a unique "African culture" (defined by the rejection of "exogenous – i.e., European – lifestyles") which would be revealed by "social integration" (based on the notion that Africa is one nation divided in several "balkanizing" states): economic self-reliance would then be an outcome of this African repossession of itself through integration. It cannot be achieved in any other way. Giving itself a very tall order, the Lagos Plan of Action advised resort to all possible economic means to promote intra-African trade, including barter and "state unionization" to gain leverage on the fixing of the prices of raw materials. Concretely, the AEC was to be achieved through RECs, which would be organized as "pillars" hoisting countries up to the AEC itself, as they gradually meet their integration objectives in their own corner of the continent (there were five of these: the Centre, the East, the North, the South and the West, to which a sixth was added afterward, the Diaspora).

It was certainly a heady mix of Africa's dreams and aspirations, at once reactionary by dint of being defensive and revolutionary and innovative in its myriad concepts and strategies for change. But maybe it was too much too early – and in any case, it went against the wind of another type of change blowing through from the United States: globalization as per the Washington consensus.

At the end of the 1970s, the development strategies which the Lagos Plan of Action wanted to dismantle and replace crashed anyway, while the international economic system was entering a phase of fast-tracked liberalization and deregulation. In this phase, market-seeking strategies were displaced by regionalization strategies requesting wide regional markets with little tariff barriers, decentralized infrastructures and minimal state regulations and surveillance. This new framework, based on the imperatives of capitalist expansion, rewarded in its own way countries and regions which were capable to adjust to its performance criteria, notably in terms of (cheap) labour

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mobilization and technological sophistication. Cash-strapped African states laboured to commit to the program established in Lagos, while the decision-makers in the international economic system (Bretton Woods and donors) demanded that they commit to a program that is in fact the exact opposite of the plan to which they had subscribed amongst themselves. By the 1990s, acute financial crises led states in Africa to acquiesce to regional integration projects that were defined by the Washington consensus, chiefly under the influence of the European Union (Nunn and Price, 2004). Collective self-reliance was replaced by collective liberalization, while states were pushed to divest from the economy and social sectors, thus reducing costs and (possibly) corruption, but also control and active power.

The financial crisis and the emergence of the BRIC countries have induced an incipient power shift in the international economic system, sapping the Washington consensus and creating newer opportunities for a fourth moment of African integration, one that would arguably be far less weighed down by the persistent power of Europe and the West which had determined Africa's destinies since the Berlin Africa Conference. It is at this juncture that this study is set. Before then turning to the examination of West African integration through the prism of UEMOA issues, let us draw from this story the lessons for a possible political theory of African integration.

African integration, from 1884 to more recent years, has been an elite affair, while the various communities making up the tapestries of African societies were not at first involved on any level into the projects. During the early colonial period, this was pushed to the extreme, since decision-making was entirely non-African. In the course of the second moment, technical experts – African or foreign cooperation agents – were the key actors, alongside government officials. In the third moment, economic agents (businesspeople, commercial farmers) have taken some prominence, representing the first irruption of local societies into the integration dynamics. Each of these three moments represents, despite the issues which I have stressed, a progress in the integration movement. This shows, I believe, that as a growing number of local actors participate in the integration movement, it will take more substance and will be more transformative. I will return to this key lesson when offering some policy recommendations at the end of this paper. The study of UEMOA will have then prepared the ground for the reflection underpinning the recommendations.

The awkward UEMOA

The UEMOA[8] presents the interesting case of uniting the three moments of African integration as I have just outlined them: it takes its origins in colonial integration, it used to be a purely technical agency (the currency union agency known as UMOA) and it is now one of the liberalized African Union REC pillars for West Africa, alongside the Economic Community of West African States (ECOWAS) whose genealogy is much shorter. As such, UEMOA belongs to two different union architectures and integration strategies. Its original union architecture is the FZ, created by France in the 1930s and still managed at last resort by the Bank of France and the French Treasury. In the FZ, UEMOA is connected to both France and the *Communauté économique et monétaire d'Afrique centrale* (Economic and Monetary Community of Central Africa, or CEMAC) as well as the Comoros. The FZ does not fit into the regionalized integration strategy instituted by the OAU and maintained by the African Union, which divides the continent into five poles of regional integration. The FZ straddles the Centre and the West, creating for UEMOA dual solidarities (with ECOWAS and with CEMAC) and commitments (to West African integration and to the French-led FZ). This awkward position of UEMOA constitutes the central problem of West African integration, and demonstrates in particular that if the challenge of integration is to be met, a rich concept of sovereignty for development should be worked out by state and society actors in any of Africa's RECs. To illustrate this axiom, I will first show how the currency mechanisms of the FZ curtail the sovereignty of UEMOA states in ways that

[8] Currently, UEMOA gathers eight West African countries, Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo. Only Guinea Bissau was not a member colony of the *Afrique occidentale française* (French West Africa) ensemble. UEMOA has a population of 81 million (less than Nigeria and more than France).

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severely constrain their development strategies, before making the case for sovereignty as a central integrator and development agency.

UEMOA and its ambiguous currency

To some extent, the origins of UEMOA are darker than colonial integration, and reach back much earlier than the Berlin Africa Conference of 1884. They take root into the French imperial tradition of colonial banks of issue, which started in the early 1850s to sustain the economy in the French Caribbean and Guyana, shaken by the abolition of African slavery in 1848.

At the time, the debates on banking operations in Europe and North America had evolved two general sets of principle, the *currency principle*, and the *banking principle*. The currency principle held that banks should be permitted to issue notes only and strictly against bullion or coin, while the banking principle saw bank notes as a form of credit that should be issued freely in order to maintain an elastic currency. The United Kingdom adopted the currency principle (Bank Act, 1844), while France and other continental countries followed the banking principle.

As a result, the United Kingdom set in its colonies in Africa the system of the *currency boards*, which were issue institutions wholly dependent on the Bank of England through sterling reserves backed up by the Bank's bullion. France, on the other hand, set up *colonial banks of issue*, tailored to the size and pace of the economy in the colonies, and to an assessment of credit worthiness in the colonies as relevant to colonial trade. Both currency boards and colonial banks of issue underpinned a strategy of colonial mercantilism, and aimed at displacing other types of currency in favour of the ones that protected trade with the metropolis[9]. They were in fact very similar on many levels, but their localization mechanisms differed, and afforded different operational opportunities. The currency board regime could issue local currency only against the purchase of pounds sterling, as theoretical proxy to bullion in the earlier age of the system. It created a colonial version of sterling under a wholly "passive" authority, with no discretionary control over the currency supply, and no claims to being a monetary authority. (Rowan, 2007) Such a system had clearly no chance of surviving political independence. The system of the colonial banks of issue (private but state-backed), on the other hand, was more flexible at an institutional level, and it enabled the French government to expand the coverage of the bank of issue as its imperial territory expanded and as the colonial economy grew. These were investments banks whose board often overlapped with that of colonial trading companies: in this way, they were intimately connected to the colonies' economies and could not be easily discarded at independence.[10]

In the 1930s, following the economic recession, the currency establishment process in the colonies was consolidated by the creation of the FZ (formally instituted in 1939). In 1945, distinct currencies were established for the colonial territories in a protected zone in which French exchange controls do not apply: the *franc des Colonies Françaises d'Afrique* (African French Colonies' franc or CFA franc) and the *franc des Colonies Françaises du Pacifique* (CFP franc). At the same time, the colonial issue banks were progressively nationalized and were replaced, in sub-Saharan Africa, by so-called issue institutes (*instituts d'émission*) by 1955. The issue institutes were an instrument of centralization designed to strengthen the monetary ties between France and the colonies at a time when it was attempting to ward off independence movements through the construction of a Franco-African union. Although the formal project of the Franco-African union ultimately failed, these varied evolutions produced, by 1960 (independence year for most French colonies in Africa) a first image of

[9] See Mwangi's (2001) detailed account of the epic battle between the East Africa's shilling and the Indian silver rupee which actually dominated trade and labour remuneration in East Africa and other sections of the Indian Ocean in the early twentieth century.
[10] More specifically in the case of West Africa, it should be noted that as investment bank, the *Banque de l'Afrique Occidentale* (BOA) was not exactly an impressive success, because the source of French wealth in Africa was capital extraction, not capital investment, i.e., taxes, import/export duties and cash crops. The capital of companies engaged in capital extraction immensely dwarfed that of the BOA. However, BOA buttressed the banking sector that was instrumental in the development of large scale cash crops for export. The independent African states will later find such functions essential for their own national development plans.

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the FZ as we know it today: strong centralization, free convertibility, at par, of colonial and metropolitan currencies; pooling of gold and foreign exchange reserves in a shared Fund for Exchange Stabilization; free movement of capital within the zone and common rules and regulations for foreign commercial and financial transactions. These currency union mechanisms were meant to undergird a trade block dominated by France, and already defended against the Anglophone areas of the West African region.

Changes in the international context led to an update at the end of the 1950s. There were on the one hand the increasing pressures, both within the empire and outside it, to terminate colonization; and on the other hand the fact that the construction of a Western European regional economic integration was taking shape. These two movements led to the following interlinked outcomes:

- The Western European policy of regional integration led to an overhauling of the French monetary regime in 1958-1960, under the Pinay-Rueff plan. Measures of implementing budgetary rigour, spurring low inflation and renovating the economy supported a redenomination of the French franc (FF) as a fully convertible, heavier *nouveau franc* (new franc). There was at the time a general movement of monetary regime changes in Western Europe, in pursuance of integration objectives on that continent.
- With the end of the colonial empires, currency arrangements evolved in opposite directions in the Anglophone and the Francophone areas. While the rigid cast of the British currency boards broke down under the pressure of the claims to sovereignty of the newly independent states in the former British area, in the former French area, the issue institutes were simply transformed into regional banks of issue (the *Banque centrale des Etats d'Afrique de l'Ouest* or BCEAO for West Africa and the *Banque centrale des Etats d'Afrique centrale* or BCEAC for central Africa), undergirded with a system of monetary cooperation with France which transformed them in effect into new kinds of currency boards. The CFA F retained their value and acronym, by merely changing *colonies françaises* into *communauté financière* in West Africa, and *coopération financière* in Central Africa. Unlike the older FF, the new FF could guarantee the convertibility of the CFA F, being itself convertible.

How has this come to pass, and what is the significance of these two evolutions for the region, and in particular for the relationship between France and the UEMOA countries?

Unlike Britain, which headed a very large world empire and found it more realistic to define its post-imperial policy within the framework of a comparatively egalitarian transcontinental organization (the Commonwealth), France in the 1950s was restricted to modest African territories, especially after its post-war setbacks in Southeast Asia and Algeria. The power asymmetry between France and the African states which emerged from its colonial fold at the end of the 1950s enabled the French government to devise a robust post-imperial policy of control, defined in terms of "solidarity" and "cooperation." While the policy certainly did find a modicum of legitimacy in Africa owing to the fact that the new states had very limited operational capabilities and skilled leadership and personnel and would take any help they could get, it is noteworthy that it was developed in only three sectors: the military, education, and finances. This means that not only sectors that are vital from an African point of view (infrastructures and agriculture) were completely neglected, but also France's focus was precisely on those elements of statehood on which the modern idea of national sovereignty is built.

France was thus able to stunt the sovereignty of its former colonies in Africa, in pursuance of the policy of a Franco-African union developed in the 1950s but formally repudiated by the independence events of 1960. Instead of the close-knit union that successive French governments tried to work out after World War II, there emerged a form of unnamed regional integration organization, whereby independent African states transferred key elements of their sovereignty to France, through a series of carefully worded agreements that linked them to each other, and to France. The monetary unions in West Africa and Central Africa are good examples of this strategy.

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They are based on pooled reserves which create monetary solidarity between participant states, and a special mechanism called the operation account opened at the French Treasury, which link them all to France. France oversees the whole system, especially given the continued lack of experience in African central banks at dealing with capital market forces.

Let us look more closely at these monetary mechanisms – although with less details than would have been the case in a longer study.[11] In essence, these mechanisms reproduce the four principles of the colonial FZ: fixed parity between currencies; freedom of internal transfers (transfers from one country to the other are free and transfers from one currency to the other are unlimited); harmonization of exchange regulations of the member states in accordance with the French regulations for all external financial transactions and pooling of foreign exchange reserves of the FZ countries in the operation accounts[12].

The key element here is the mechanism of the operation account. This is a credit and debit account opened at the French Treasury by each FZ country through their central bank. The account is fed by the deposit of 65 %, and now, after recent reforms, of 50 % of the foreign exchange reserves of each central bank. More specifically, the mechanism specifies that the total amount of foreign exchange other than FF (and now Euro) deposited in each central bank's operation account should not exceed 35% (now 50%) of their net foreign reserves, excluding their International Monetary Fund Special Drawing Rights. In other words, 50% of the central banks foreign exchanges reserve must be denominated in Euro. In the British currency board system, local money was backed by sterling purchase: in this arrangement, the convertibility guarantee is backed, in essence, by the purchase of Euros.

The convertibility guarantee is ensured by an unlimited overdraft facility which, in theory, allows member states to draw Euros without regard to the foreign exchange that they earned. But in practice, the facility is surrounded by so-called "safeguard clauses" that make it very difficult for the operation accounts to show a deficit. If an operation account reserve becomes depleted, the concerned central bank must resort to all possible sources of external reserves before requesting the assistance of the French Treasury, and since the principle of pooling of foreign exchange reserves entails an automatic compensation of the accounts of the debtor countries by those of the creditor countries, the convertibility guarantee will be activated only when all the member states accounts would collectively show a debit, a very unlikely occurrence. Moreover, while a debit equal or inferior to 20 % of deposit liabilities triggers corrective measures, it is only when the reserves are totally depleted that the guarantee is activated. Lastly, Pouémi points out the peculiarity of accounts opened at the French Treasury (instead of the Bank of France or the Central European Bank): since the French Treasury does not actually issue any currency, the operation accounts cannot globally show a debit.[13]

The operation account mechanism has a number of practical consequences that underline its political centrality in the relationships between France and the FZ countries: first, while it has clear benefits and little disadvantages for France, it has clear disadvantages and little benefits for the FZ countries. For instance, advocates of the FZ stress its long history of low inflation in comparison with

[11] This paper is a draft of a final version that will be prepared after the colloquium, and that will chart more carefully the key details throughout the paper.
[12] The free convertibility with the FF was abolished in 1993, prior to the currency devaluation of 1994.
[13] Pouemi's exposition clearly explains why I think the FZ is a specie of currency board, and not really a central bank system. Pouemi points out the extraordinary character of the hierarchy in the FZ where the African central banks are under the supervision of the French Treasury: "This is the only case when the central bank, which has the power of issuing the legal, fiduciary currency, to which one could not refuse debt repayment, is actually *below* an institution that has no such power. A treasury, be it French, does not issue a currency (…) It is a *monetary middleman*, through which currency flows without changing in its volumes, and that is the case for all countries. The clause that says that the 'operations account' can be drawn upon indefinitely is therefore an empty clause. The 'operations account' cannot globally show a debit, because the treasury does not make any currency." (Pouemi, 2000, 101. My translation.) The Bank of France, which issues a currency, cannot be drawn upon indefinitely, and in fact that is precisely why the operations account were opened at the French Treasury. Pouemi concludes that the African central banks are themselves mere middlemen between the CFA F and the FF (now the Euro), that is to say they are mere currency boards of a colonial cast.

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similar countries. But since the currency mechanisms of the CFA F in essence make of it a derived fraction of the FF (and now of the Euro), the inflation in France and in the Eurozone is in fact imported into the FZ countries, which have none of the buffers and policy autonomy to adjust for it in accordance with their economic circumstances. Thus, in the 1980s, high rates of inflation in France were reflected in higher prices for imported goods consumed by the local bourgeoisie, and general price increase at the local level as a result of the shock induced. Today, the appreciation of the Euro (and of the CFA F) relative to the US Dollar impairs the profit earning of commercial agriculture[14], the one economic growth sector that directly affects populations in the region, without any of the protections that agriculturalists in the Eurozone receive through the Common Agricultural Policy of the European Union. Moreover, while the pooled foreign exchange reserves of the FZ countries are assets for the French Treasury which may use them to offset any deficit that may occur in the French public accounts, the fact that they are deposited in accounts at the French Treasury and not at the Bank of France also insulates the French economy from fluctuations arising within the FZ countries – while the latter are exposed to the full brunt of fluctuations in France and in the Eurozone.

These details explain why France cannot extend the FZ to large countries outside its sphere of influence. The apparent benefits of the FZ have attracted applications from a variety of states in Africa, but only Guinea Bissau (UEMOA) and Equatorial Guinea (CEMAC), small countries with tiny economies and a Latin legal origin, were accepted. That is so partly because they cannot disturb the balance of regulations and the distribution of power that underpin the FZ. The political limitations entailed by France's desire to control the FZ mean in effect that it cannot be extended to Nigeria and Ghana and that, when push comes to shove, UEMOA states would have to choose between monetary cooperation with France and monetary cooperation with their neighbours in West Africa. It may perhaps be envisioned by France to accept a Ghanaian application, but Nigeria is out of the pale, given the size and complexity of its economy and its own political agenda for West Africa. Moreover, and precisely because of this, Nigeria will exert extensive influence to prevent an entry of Ghana in the FZ.[15]

In this way, the FZ does not appear to be an African integrator. Circumstances may change, and this aspect of the FZ is not written in stone, but in the case of West Africa, the historical rivalry between France and Britain, which has become a rivalry between France and Nigeria, makes it look quite daunting. To understand this, let us apply the "moments of African integration" scenario to West Africa.

Perhaps for geographical reasons (lack of contiguity), the British colonies of West Africa were not commercially integrated, beyond sharing a currency board. By contrast, the French colonies, forming a continuous block from Senegal to Niger and from Cote d'Ivoire to Mauritania, were the furthest integrated in the continent, in the framework of the *Afrique occidentale française* (French West Africa, AOF). At independence, the French colonies, properly rid of radical trouble-makers which questioned French control (Mali's Modibo Keita and Guinea's Sékou Touré), sought to organize the large technical grouping of the *Organisation commune africaine et mauricienne* (African and Mauritian Common Organization, or OCAM) in which the West African block, led by Cote d'Ivoire and Senegal, played a leading role. The OCAM, which would have made sense if its members were still colonies without national policy, proved to be overstretched in an age when – as we have seen – African states wanted to assert their statehood. At the same time, Nigeria emerged as an isolated Anglophone giant in the midst of "small French countries" (as the phrase goes in Nigeria). Its foreign policy was quickly defined in terms of undermining OCAM and assuming clear leadership in the region. (FT) It managed to put a wedge between the "small French countries" that were directly under its influence (namely, Benin and Togo) and their club leaders (Cote d'Ivoire and Senegal) (FT). This strategy was in

[14] This is the case because in an unfavourable competitive environment (agricultural subventions in Western countries, emergence of new global producers such as Brazil for cotton) the agricultural exports of the FZ countries are saddled with an expensive currency, not really compensated by the possibility of strong-currency denominated cheaper imports of fertilizers and other agricultural inputs, since the price of these products have consistently risen in recent years.
[15] In fact, this is rumoured to have happened recently.

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particular enhanced by the winning diplomacy of President Gowon (1966-1975), who used a panoply of concessions and blandishments – and messianic physical presence – to assuage the worries of the Francophone club leaders, while striking bilateral cooperation deals with most states as a way to linking them with Nigeria and its oil bounty.

In this way, Nigeria was able to float the notion of a West African economic community that would ideally promote the collective self-reliance objectives of the OAU while also in practice bestowing on its state the leadership role in the region. The notion frightened the Francophone club leaders, who reacted by creating, in 1973, a purely Francophone *Communauté économique de l'Afrique de l'Ouest* (West African Economic Community, CEAO), on the basis of a barely working organization they had inherited from the AOF.[16] This was clearly directed against Nigeria, and promoted by France whose president, Georges Pompidou, went on record to say that "Francophone states should co-ordinate their efforts in order to counter-balance the heavy weight of Nigeria."[17] Nonetheless, in association with a close Francophone ally (Togo), Nigeria went ahead and pushed for the establishment of an Economic Community of West African States (ECOWAS) two years later, in 1975. All CEAO member states signed the ECOWAS treaty for reasons that range from Gowon activist diplomacy to the fact that ECOWAS was more pertinent to many countries as West African countries than a more limited grouping, especially after Cote d'Ivoire and Senegal balked at the costs of maintaining CEAO. However, CEAO was kept by its members, and functioned better than ECOWAS in terms of regular meetings and progressive coordination, instituting in fact a six states entente cordiale that prepared in common ECOWAS meetings and did balance the weight of Nigeria in that organization. The CEAO entente rested on the legacy of the French empire: common legal origin, common work language, common currency and underlying economic institutions, and a shared Francophone culture organized by common educational curricula and networks.

In 1994, the CFA F was devalued as a result of the deepening financial crisis of UMOA states, and the CEAO and UMOA were merged into the UEMOA, an organization tasked with managing the common currency and integrating the economies of its member states. The UEMOA aimed at harnessing the Washington-consensus based regionalization strategy that had then become prevailing in the liberalized international economic system, by creating "a sub-regional hub comprising the Cote d'Ivoire and Senegal, with a rim comprising the other member states" (Fine and Yeo, 1997, 452). France's support and its endorsement of the monetary union that buttresses the policy meant again that the two larger Anglophone economies of the region were excluded from the integration. It thus also meant that the only full-fledged case of regional integration in Africa, apart from the Southern African Customs Union/Common Monetary Area (SACU/CMA), did not have the elastic boundaries that could accommodate its entire regional setting as defined by the African Union architecture. The SACU/CMA is organized around a regional power and its currency (South Africa), and Nigeria's promotion of ECOWAS is meant to achieve similar results. But the existence of UEMOA, organized around France and the Euro, prevents that from happening.

Now, of course if we disregard the African Union architecture – a political and normative plan without necessarily any anchors into empirical contexts – this would be a problem only for Nigeria. The UEMOA, remarks Ousmane Ouedraogo (op. cit.) "is an established gain (*un acquis*), an accepted fact" for the member states, "to which any new currency union must compare favourably in order to be deemed even better." (Ouedraogo, 2003, 43). In other words, UEMOA countries need not jettison a tool that works perfectly well for the blindly ideological reason of integrating West Africa, especially considering the conditions presented by their would-be partners in their economy (FT). But is UEMOA really such a perfectly working tool? And in particular, if we consider that a fourth moment of African

[16] The *Union douanière des Etats de l'Afrique de l'Ouest*, UDEAO (the Customs union of West African states), founded in 1959 to redistribute the customs duties which the coastal states collected on transit trade with the landlocked members. Illustrating the contradictions between technical groupings and national state building I highlighted when describing the second moment of African integration, UDEAO remained largely inoperative as its members progressively adopted independent customs policies. It also favoured the more industrialised economies of Cote d'Ivoire and Senegal as polar states in the framework of the market-seeking strategy prevalent in the international economic system at the time.
[17] Quoted by Bach, 1983, 606.

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integration is presenting newer constraints and opportunities (ones that need certainly to be better charted, but that are bound to be very different from the situation into which UEMOA was born in 1994), is UEMOA the best setting for navigating them for the concerned countries? We could in fact start to answer the question by comparing the economic and development indicators of UEMOA and of the two other leading African countries, Nigeria and Ghana.[18]

UMOA benefited in the 1970s and 1980s from a currency that was, in comparison with that of Nigeria and Ghana, sound and stable. Inflation was consistently low at a time when the Cedi (Ghana) was ground into dust by hyperinflation and the Naira (Nigeria) was buttressed only by oil exports which turned Nigeria into a highly import-dependent country, thanks to an overvalued currency. Economic agents in both countries hoarded CFA F, despite attempts by Nigeria to control this behaviour through measures taken at the West African Clearing House. Average inflation rates in FZ countries was of 8% in the period 1960-2004 as opposed to 76% for other sub-Saharan countries, and the average variability of the inflation rate was, during the same period, of just 12% in FZ countries as opposed to a whopping 230% in other sub-Saharan countries. The FZ countries have been generally better at controlling budget deficits, in comparison with other sub-Saharan countries, especially in the period prior to structural adjustment and devaluation. They enjoyed higher average economic growth relative to other sub-Saharan countries. More generally, stability and security in the FZ are insured by the French convertibility guarantee, which ideally exonerates beneficiary states from any balance-of-payments and foreign exchange difficulties and should create a favourable climate for foreign private investment and public capital flows.

But not only are all of these favourable comparisons chiefly things of the past, and most non-FZ countries in West Africa are today better off than most UEMOA countries, but despite constituting the furthest integrated region on the continent, UEMOA is also the poorest ensemble of all. Controlling for Zimbabwe, inflation rates have considerably lowered throughout the sub-continent in recent years, and the difference between FZ countries and other sub-Saharan countries is today much less significant. Ghana redenominated its currency in 2007 as the Ghanaian Cedi (at the rate of 1 GHC against 10,000 old Cedis), and Nigeria attempted to launch a redenomination in the same period, and on the basis of a similarly renovated economic and monetary policy.[19] In recent years, the budget deficit situation has deteriorated in particular in the UEMOA area of the FZ (as compared to CEMAC, where almost all states benefit from large oil revenues) while it has improved in other sub-Saharan countries. As regards growth rates, today other sub-Saharan countries now enjoy higher growth rates than UEMOA countries while the better results of CEMAC countries is due chiefly to the volatile effects of oil revenues. And finally, while the investment rates in the oil states of the CEMAC are superior to the sub-Saharan average, they are inferior to it in the UEMOA.

So the key benefits derived from the currency unions of the FZ appear rather mixed in their outcome, and in particular, are assessed in comparison with periods in which other sub-Saharan countries did not manage their monetary policy as well as they now do. In fact, when these theoretical advantages are removed and we look only at practical results, the picture presented by the FZ is rather bleak: the CEMAC is a comparatively wealthier area (in fact, that is true only of some of its oil producing states) but this has probably little to do with the FZ, since the CEMAC economic and monetary institutions and banking infrastructures are far less developed and sophisticated than those of the UEMOA. The UEMOA, on the other hand, which has committed much earlier and in much more consistent and orderly fashions to the monetary union and, since 1994, to economic integration, is however the poorest region of sub-Saharan Africa, and the fact that it enjoys a reliable and stable currency does little to offset its grim development indicators. In fact, it is likely the case that the mechanisms which produce its sound currency are also responsible to a large extent for its poverty.

[18] Liberia and Sierra Leone are post-war countries, while the Gambia has a tiny economy. There remains Guinea, a Francophone country which severed its ties with France and grew isolated in the region after the fall of Kwameh Nkrumah in Ghana, in 1968.
[19] The Nigerian effort ran into political gridlock and petered out, but not without having fostered an ongoing debate on the Naira and the policies that should underpin its health. Moreover, as in Ghana, lower inflations are here invoked alongside the necessity to put the house in order for fulfilling the convergence criteria postulated by the West African Monetary Institute.

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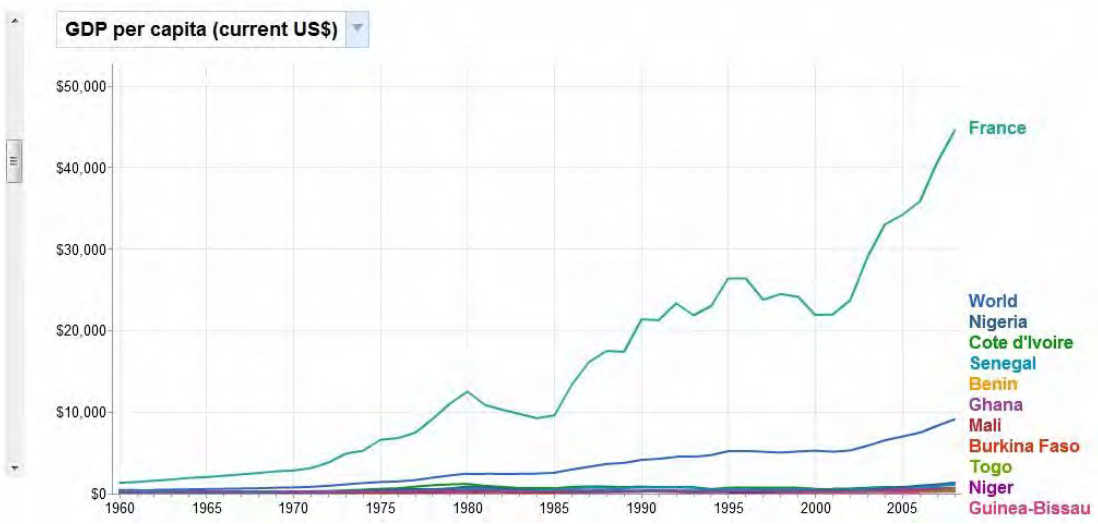

West Africa, the World and France. In 1960, the wealth differential between France and West Africa is not staggering, and the world is exactly as poor as West Africa. In 2005, France is much much wealthier than the world and West Africa still crawls at the bottom, much poorer than the world. However, Nigeria and Ghana fare better than most UEMOA countries, and we know that the advantageous position of Benin owes much to being a satellite of Nigeria. (World Banka data compiled and snapshot on Google Data Explorer).

Sovereignty for Development

The UEMOA area holds some of the most forbidding environments on the planet. Its geographical distribution includes the dry-land ecosystems of the Sahel with large landlocked countries (Niger, Mali) and the barren plateau which makes up most of the territory of Burkina Faso. But poverty is very seldom ascribable only to natural factors. These lands were historically prosperous, and declined only after the development of seaborne trade and of the colonial division of labour put in place in West Africa in the twentieth century. Besides, these countries are paradoxically among the least aided in the world. Niger, which is listed at the bottom of the United Nations Human Development index, is also the country receiving the least aid in the region (and perhaps in the world): $4 per capita, an amount that is typically twice or three times lower than in other West African countries[20]. In recent years, UEMOA, which had been a comparatively peaceful region for decades, was depressed by the civil war and protracted political crisis that engulfed its main economy (Cote d'Ivoire, 40 % of the UEMOA economy) starting in 2000. The loss and disruption for the hinterland economies of the Sahel have been overwhelming on many levels.

Since RECs have become today the preferred development strategy of African countries, we cannot blame the development failure of UEMOA countries only on bad rains, locusts and political crises. As an REC, UEMOA is supposed to curb and quell such issues, and we must take a hard look at it if it does not. Thus for instance, UEMOA advocates point out that despite a civil war and a protracted political crisis, Cote d'Ivoire continued to enjoy a stable currency and comparatively low inflation rates through the 2000 decades. But what needs to be examined also is perhaps just how UEMOA policy was responsible for the political crisis in Cote d'Ivoire to begin with. Transforming Cote d'Ivoire into a minimal-state sub-regional hub, precisely as the landlocked, poorer members of the union were reeling from a steep currency devaluation was admittedly begging for trouble, and it should not be difficult to find the relevant correlations, if such had been the purpose of this paper. Moreover, UEMOA did not break with the logics behind CEAO, UDEAO and AOF, that is to say making of the Sahelian region a labour reservoir for Cote d'Ivoire without meaningful compensations

[20] United Nations Department of Public Information note, 30 March 2010.

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for the Sahel.[21] The measures that should spur economic convergence between member countries, and equalize at the top (the real benefit of being part of a REC for individual countries) were never pressed hard, and in particular, default on them was not sanctioned by the union. For instance, in the years prior to the political crisis, Cote d'Ivoire attempted to control Sahelian migration and settlement by demanding that foreign residents (who mostly came from UEMOA countries) should hold a staying permit on its territory, in full violation of UEMOA's rules on free movement and settlement throughout the union. The behaviour was condoned by union members, however reluctantly, demonstrating the extent to which the union was open to manipulations that defeated its objectives, and revealing its hierarchical, rather than egalitarian ethos.

Less marginal…The map shows market capitalization of listed companies in countries in Africa, an instrument that measures integration in the international economic system. Three West African countries show the bubble, among which only one UEMOA country, Cote d'Ivoire… (World Bank data, mapped by Google Data Explorer for 2008).

The root of the issue is the specific architecture to which UEMOA in fact belongs, that is to say the FZ. If UEMOA were to behave as an optimum REC, it would have also done so in the context of the FZ itself – that is to say, convergence should have been pursued not just with other African economies, but, to the extent possible, with France as well. France, after all, used to be a full member of the FZ[22], and is still its general manager today, as it shields the FZ central banks from any need to manage their currencies through interventions on the financial markets and to acquire the necessary experience that most central banks in the world wield. Unlike the African Union architecture, the FZ architecture is not egalitarian, and it cannot, under existing circumstances, provide the political agency that could promote the most essential elements of an REC. The power asymmetry between France and its African partners or subalterns is reflected in a disciplinary regime that is certainly less messy than what obtains at the African Union or in more egalitarian RECs, but that also freezes countries into roles that are little conducive to their development. The African Union may suffer from sovereignty inflation as most states behave in relation to its rules and norms the way in which Cote d'Ivoire behaves in relation to UEMOA's rules and norms, but UEMOA clearly suffers from sovereignty deficit, even as regards Cote d'Ivoire. Returning to the assertion that the FZ currency mechanisms may be responsible for the development failure of its RECs, I will now give one illustrative example of the problem, before focusing on the issue of sovereignty – and especially of sovereignty for development in an REC context.

[21] I had hinted at the dark origins of UEMOA into the slave trade: in fact, Cote d'Ivoire was a slaving point in the heyday of the "*grande traite*" (the great trade) as a French colonial traders called it as late as 1986 (Vacquier). If Sahelians preferred migration into the British coastal colonies, it was because French planters in Cote d'Ivoire demanded that the colonial government provide African labour for free or at the cheapest cost that they would determine. The future Ivorian president Houphouet-Boigny instead built his personal wealth as a coffee and cocoa planter through paying well and taking care of farm hands – a conduct that he expanded into national policy at independence, and which finally attracted Sahelian labour into Cote d'Ivoire. That this policy eventually led to the crisis in 2000 must be counted as a UEMOA failure.

[22] That was the case at least before 1993, when the free convertibility principle meant that to issue FF was also to issue CFA F.

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The central mechanism of the FZ is the French convertibility guarantee, which France grants on the basis of a number of rules enshrined in the principles of the zone and the treatises of the zone's currency unions. But most importantly for the elaboration of a development strategy, the mechanism is also borne out by the architecture of the FZ. That architecture is pyramidal: at the top, there is the Bank of France, which manages the currency through the operation accounts opened at the French Treasury (of which it is the controlling authority). As the manager of the FZ's central banks foreign exchange reserves, the French Treasury in turn organizes a disciplinary regime that allows it – and this is the important detail here – to actually control the savings and credit policies in the FZ. Then there are the unions' central banks, which have the nominal control of such policies, instead of states, whose Finance ministries constitute the bottom layer of the architecture. The idea in this architecture is to control "the excesses" to which states are prone by taking away their ability at allocating internal capital resources in accordance with self-defined development strategies. Instead, it is the central banks (duly coached by the French Treasury) which have that ability, and the rule is for the bank to impose a cap of 20% of national fiscal revenues to resource allocations to the national treasuries of UEMOA countries.

This cap is a function of the economic theory that the French Treasury applies to its disciplinary governance of the FZ: a strictly orthodox neo-classical conception of development. In this view, the direction of agency is not from needs to theory, but from theory to needs: low level of development and weak financial infrastructures must be paired with specific, rather shabby, types of credit and monetary policies. In particular, given the notion that in Least Developed Countries credit allocation has a direct impact on external reserves, it is not the credit needs of the UEMOA countries (which are nearly all LDCs) that determines their credit allocation, but the level of their external reserves. In effect, the credit cap strengthens the non-egalitarian nature of the zone, since 20% of Nigerien national fiscal revenues are a much scantier sum than 20% of Ivorian national fiscal revenues – while Nigerien development credit needs are much greater than those of Cote d'Ivoire (which is not considered an LDC country anyway). When they are out of credit, countries may borrow from donors, and they are generally encouraged to apply for credit to agencies such as the *Agence Française de Développement*, which act upon their insider knowledge of the state of the public finances of the applicant country, thanks to connections with the Bank of France.

As a result of this architecture and of its implementation rules and habits, credit allocation in the FZ is ultimately decided by French monetary and financial authorities, which will naturally tend to perform it in accordance not of any development strategy that individual countries may have (since without control over credit allocation they have little incentives to have one) but in connection with France's views over the zone's economies. These views in turn were inherited from France's imperial past, and tend to be spectacularly mercantilist and monopolistic – in favour of French state-backed private multinationals.[23]

The FZ architecture may change – and in particular France may withdraw its convertibility guarantee – as the economies of the zone grow and diversify. The former Northern African colonies of France left very early on the FZ, thanks to the level of development of their economies, and the diversity of their economic partners. There were doubts in official French circles over the wisdom of maintaining the convertibility guarantee with regard to Gabon and Cameroon, as these countries appeared to take off. More recently, the opportunities created by the power shift in the international

[23] A good example of such outcome is the monopoly that the Groupe Bolloré has managed to create over the key West African ports in French-speaking countries: Lomé (Togo) and Abidjan (Cote d'Ivoire), the two regional ports located in deep sea waters, and through which must transit the bulk of West Africa's imports and exports. Bolloré lost Dakar to the Dubai-based DP World, but Dakar is a lesser transit port which moreover was important to the group chiefly because of the presence of important French military bases. These are now being handed over to the Senegalese government, in the framework of France's redefinition of its military "cooperation" in Africa. France's monetary "cooperation" in the framework of UEMOA on the other hand was undeniably instrumental in mending fences with Cote d'Ivoire's president Laurent Gbagbo, who was irately hostile to Bolloré at the beginning of the political crisis in that country. Bolloré port monopoly has increased import/export costs in West Africa, hurting a sector that is vital to the region's economic dynamism and, by consequence, to its development. (*Les Afriques*, 15-21 April 2010, "Vincent Bolloré, les limites d'un monopole").

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economic system inspired even at the level of the poorer UEMOA countries notions of loosening the ties with France, and there is certainly here an incipient debate over sovereignty and development in the region that may impact West African integration in unexpected ways. But so far, the UEMOA countries remain in the FZ fold which does not appear to be very much conducive to their development, to say the least. In order for needed reforms to be thought out and implemented, the UEMOA countries need to take off – but to some extent they need these reforms to be thought out and implemented in order to take off. The circularity of this proposition may be punctured by the correction of the sovereignty deficit of UEMOA countries.

Sketch of a Political Theory

RECs – and not only in Africa – usually have the problem of what I would call "sovereignty inflation", rather than "sovereignty deficit." At domestic levels, even in starkly non-democratic countries, internal or domestic sovereignty is shared between the states and organizations anchored into society and the market – with the possible exception of North Korea. When these organizations are weak, informal, or generally disconnected from state organizations, we may say that there is an internal democratic deficit, but the state still has to take account of there existence and activities, especially when (as is often the case in Africa) it is itself rather weak. However, regional integration is often led by state agency, with little (and generally purely sectoral) input from society and market agents. The process then arrives at an inflation of state sovereignty, since faced with an empty field, states will fill the arena with state-like organizations that are impersonal, rules-based, interests-oriented and act through programs and directives. The external democratic deficit that results from this sovereignty inflation can barely be redeemed by the extension of unified rule of law – the solution generally applied to the problem by the European Union. In the absence of a regional society, the only voice heard is that of the region-state, which may be buttressed by its organizations as in Europe, or by attempts at organizing it as in Africa.

UEMOA presents us with a different problem: a compendium of sovereignty and democratic deficits. And it poses the problem of the relationships between sovereignty and democracy (understood as "shared sovereignty", in the sense that other society and market actors meaningfully participate in decision-making processes). If sovereignty inflation (also known as despotism) means democratic deficit, we might imagine that sovereignty deficit means democratic inflation (also known as anarchy). But in the case of UEMOA, we have deficits on both counts, which very likely points to the fact that sovereignty and democracy are not related in the same way in domestic and in regional life. In domestic life, in a "nation", state and society develop concomitantly, in a dialectics of sovereignty and democracy that might burst into periods of state repression or social revolution, but that always aims at a balance, an equilibrium ensured by institutions, political culture and legal norms and texts. In regional life, the state represents its home society with respect to other states with which it enters into purely "stately" relations, and with which it creates managing organizations.

If in such managing organizations, the states assume egalitarian relations through the architecture and the practice of their union, then we arrive at situations of sovereignty inflation, where all decisions are taken by states once they have sorted out their messy interests. But if – as is the case with UEMOA – the managing institutions are arranged in a hierarchical or centralized fashion, then the result is a sovereignty deficit, when decisions are taken by foisted consensus, and are often left unimplemented or even ignored.[24]Since UEMOA member states act in a context where they try to advance their interests while being mindful of the hierarchy in the union, they cannot regain their sovereignty through the rules of the union. We may lament the situation if we love region-states, or we may consider this as an opportunity for expanding inside UEMOA the "shared" notion of sovereignty that usually obtains only within nation-states. After all, if UEMOA states are controlled by the architecture of the FZ, such is not the case of society and market actors – and their intervention may

[24] If they cannot control UEMOA decisions, UEMOA member states can ignore them, a behaviour that greatly accounts for the inefficiencies of an organization that appears to have all it takes to work efficiently.

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well point to the only way left to reform UEMOA under the current circumstances, and to thus achieve a novel model of REC in Africa.

Obviously, what I have just sketched are just a few elements for a possible political theory of regional integration. I could not do much more within the confines of this paper. But I will use these elements, sketchy as they undoubtedly are, to formulate a number of policy recommendations that would improve UEMOA as a constructive West African REC, and possibly connect it better, as a preface and a component part, to ECOWAS.

Policy pointers: conceiving regional authorities

UEMOA and its parent architecture the FZ have, among other peculiarities, that of representing the three moments of African integration. It was, by and large, the AOF in the first half of the twentieth century, UMOA, a technical, common asset managing agency in the second moment of African integration, and a liberalized REC in the third moment of African integration. But throughout its evolutions, not much has changed in its conditions: the colonies that were relatively wealthy under AOF (Cote d'Ivoire and, to a lesser extent, Senegal) are still UEMOA's well off countries, and those that were then poor are still impoverished today. And then as now, the French state remains supreme, caring first for its interests as states must, and essentially offering to some of the poorest countries in the world a rich world currency that constrains, instead of liberating, their potentials. While states such as Cote d'Ivoire love UEMOA because they can take maximum advantage of it while respecting its rules only as they see fit, others, such as Niger, remain in it maybe just by habit, and for fear of being isolated. Sharing a currency with one's neighbour is for instance perceived as an advantage, both economically and symbolically, and the fact of sharing a common legal origin and work language helps into institutionalizing regional policies, especially under France's self-interested but unwavering support for the organization.

But the regional environment of UEMOA has also evolved, both within the union, and outside of it. At the outside, ECOWAS has strengthened on the political level[25], though not so much as an REC.[26]Within the union, the common legacies of member states ensures that measures favourable to beyond-state integration are more easily adopted, and more consistently implemented within UEMOA than within ECOWAS, while also prompting debates on how to extend them to ECOWAS. Judicial integration is for instance well advanced at UEMOA level, through the establishment of the *Organisation pour l'Harmonisation en Afrique du Droit des Affaires* (Organization for the Harmonization of Business Law in Africa, OHADA)[27]and its institutions (a cabinet ministers council, a common justice and arbitration court, a permanent secretariat and a law school). The common market (free circulation of manufactured products and agricultural produce within the union, common external tariffs) is effective at UEMOA level, leading to the possibility of devising common economic policies despite underlying problems of commitment.[28]

[25] In the 1990s, its armed hand, the Economic Community of West African States Monitoring Group (ECOMOG) extinguished fires in Liberia and in Sierra Leone. A much more egalitarian grouping than UEMOA, despite the polar role of Nigeria, it does not foist consensus on common policy, and its strategy of alliance with national civil societies in order to promote democratic norms, as well as that of "shaming" through suspension, ensures that countries look up to ECOWAS for political progress rather than to UEMOA. Last year, ECOWAS suspended both Niger and Guinea to sanction the illegal and undemocratic behaviour of their leaders, while UEMOA (which has Niger as a member state but not Guinea) hushed the issue. It is alleged that the military intervention that removed Niger's leader from his illegally prolonged mandate was partly induced by his decision to cut off Niger from ECOWAS. See *The Economist*, "West Africa's Regional Club: Quietly Impressive", 25 March 2010.

[26] This is certainly the key shortcoming of ECOWAS relative to UEMOA. Yet, while official figures for intra-regional trade are low for the region, structural regional commercial inter-connectedness can be measured by the study, for instance, of food and livestock prices, which are "fabricated" by the Nigerian market not only in neighbouring countries, but in Mali and, by repercussion, in places as far afield as Senegal and Guinea. It is obvious that states in those countries – but especially in Benin, Togo and Niger – need a better functioning ECOWAS to secure a modicum of control and formal take-and-give in the relations between their markets and that of Nigeria. It is also obvious that Nigeria is more structurally central to the regions' markets than the polar country of UEMOA, France.

[27] For a possible extension of OHADA law to common law legal origin, see Ademiluyi, 2004. OHADA includes all FZ countries plus Guinea and the DRC.

[28] Cote d'Ivoire has for instance signed interim agreements with the European Union in the framework of the EU-ACP Economic Partnership Agreements (EPAs). Ghana has also done so despite ECOWAS' rejection of the EPAs under their current form, but Cote d'Ivoire's violation

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However, following perhaps too closely the model of the European Union,[29]UEMOA is barely tapping into the one single advantage that it has inherited from colonial integration, and that could allow it to invent formulas in the arena of social integration, in which Europe is undoubtedly less advanced than West Africa (FT). For instance, the educational system is standardized throughout the union, resting on the same curricula, the same handbooks,[30]and the same examinations at roughly the same dates, and thus creating in practice a common educational market throughout the union. Educational standardization means in particular that a regional identity is a fact of life within UEMOA countries, even though there is no integration policy in this sphere – no common educational policy – to institutionalize and organize that regional identity.

Judicial, market and social integrations form an arena that can transform regional governance within UEMOA by creating new integration publics (union law customers, businesspeople, students, for instance) which may exert pressures over governments, and constrain states to commit more efficiently to the interests of other regional agents than they now do. To consolidate the arena however, UEMOA states must develop a number of policies that can be described, in rather general terms, as follows:

- Expertise establishment: unlike domestic institutions, regional institutions can hardly claim political legitimacy, but they are generally better placed to claim expert legitimacy, insofar as their views and actions are less distorted by political imperatives. This is for instance one of the reasons for which, within the FZ architecture, central banks were made independent from UEMOA and CEMAC governments. Unfortunately, they are not as equally independent relative to the French government. But a genuine legal, operational and financial independence of regional organizations is necessary for them to assume their role in regional governance. UEMOA states can adopt expertise establishment constitutions that would create independent authorities in judicial, market and social integration spheres. These will be needed for framing policies that would develop and consolidate integration in that arena, and for serving as interlocutors to the relevant publics, which are today faced only with state actors who feel that this is not their job.
- Constitutionalism: Expertise establishment constitutions *must be constitutions*, that is to say they must establish accountability (to funding sources as well as to their publics) and checks and balance mechanisms. Otherwise, the established authorities will be open to corruption and political manipulation.
- Public coordination: A central function of such authorities would be to develop public communication over their respective areas of operation, and in particular to strike partnerships with relevant actors, even as their operational strategies might be very different (for instance, UEMOA operational agencies, which may be considered as embryos of such authorities, cannot resort to advocacy as their preferred strategy, as do NGOs, but their own "natural" strategy – harassing state actors into efficient behaviour – is curtailed by their subordinate status).
- Consolidation policy: lastly, states must commit to a consolidation policy of 1. consistently translating decisions into their national legislation and 2. transferring competence to the established authorities for implementation purposes. Unfortunately, the UEMOA's decision-making process is not very efficient, especially at its last stage (confirmation by heads of state) and especially given the lack of sanction for non-implementation. Despite the potential costs of establishing genuine integration authorities, these might be simply indispensable for many agreed-upon measures to become effective. Moreover – and more importantly – such authorities have better chances to be responsive to public needs in their area of operation,

of UEMOA's position is more significant, since UEMOA is an effective common market, unlike ECOWAS. Moreover, UEMOA has embarked in 2001 upon a common agricultural policy, which could potentially be hurt by Cote d'Ivoire's behaviour (however, the interim agreements are not yet being implemented).

[29] UEMOA is for instance in the process of setting up a Schengen-type common visa, which should start being issued in 2011.

[30] Exceptions are related to History and Geography, which are national rather than regional.

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instead of reacting to donors instructions, as is the case with current UEMOA operational agencies.

These policy pointers are based on the current state of UEMOA and the current conditions of regional integration in West Africa. They should help in reforming the REC in accordance with its evolution and the incipient fourth moment of African integration I think should be foreseen. This draft paper hopes to initiate a debate on the relevance and chances of success of these or similar recommendations, grounded in a possible political theory of regional integration.

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