No monetary sovereignty of West Africa through the éco without prior popular sovereignty and political solidarity

Jacques Berthelot (jacques.berthelot4@wanadoo.fr), SOL, 5 September 2021

Outline

Summary

This paper highlights some of the limitations of the roadmap resulting from the Etats généraux de l'éco (replacing the CFA Franc) in Lomé from 26 to 28 May 2021, organised by Kako Nubukpo, Dean of the Faculty of Economics and Management at the University of Lomé and WAEMU Commissioner in charge of agriculture, water resources and the environment since 10 May 2021. While Kako Nubukpo's (KN) commitment to promoting monetary sovereignty in WAEMU, and more broadly in West Africa (WA), cannot be underestimated, he has not sufficiently taken into account the broader policies that influence monetary policy and its specific aspects.

These broader policies relate to four issues: 1) the prior objective of establishing the United States of West Africa; 2) the need to denounce the perpetuation of the neo-colonial domination of France and the EU through the Samoa Agreement, which will succeed the Cotonou Agreement; 3) the priority to be given to food sovereignty, since two-thirds of the working population is engaged in agriculture, livestock, fisheries and forestry; 4) the priority to be given to the fight against climate change.

The first limitation stems from the failure of the euro, which prioritised a European construction based on the liberalisation of intra-EU trade and trade with the rest of the world, whereas the 1957 Treaty of Rome does not mention monetary unification among the 11 policies to be put in place and, paradoxically, it was Winston Churchill, the United States and Konrad Adenauer who advocated beginning by establishing the United States of Europe. In fact, it is the non-Eurozone EU states whose economic performance has been superior to that of the six founding States of the EEC (European Economic Community), due to the lack of common fiscal and social policies, hence the failure of the euro, the increasingly low turnout at European elections, the rise of Europhobic and xenophobic parties and the risk of European disintegration after the Brexit. A lesson to be learned for WA.

Second limitation: the Lomé Etats Généraux did not mention the continued heavy dependence of WAEMU and WA from the neo-colonial domination of France and the EU, as if it would have no effect on the monetary sovereignty of WA. No mention in particular of the Samoa Agreement

which will succeed the Lomé Agreement in January 2022 and will be based on the deepening of the EPAs (Economic Partnership Agreements) and the premature implementation of the AfCFTA (African Continental Free Trade Area).

Third limit: the priority to be given to reducing the WA food deficit by increasing production and profoundly changing eating habits. Without the huge cocoa surplus in WA – not a basic food stapple – its food deficit averaged $7.8 billion from 2016 to 2020. Above all, cocoa is the source of enormous environmental and social damage, since 90% of the forests of Côte d'Ivoire have disappeared since independence in 1960 and the cocoa plantations of Côte d'Ivoire and Ghana survive thanks to a quasi-servile workforce of Sahelian children.

In order to prioritise its long-term food sovereignty over a short-term trade surplus by disconnecting itself from global value chains, WA will have to establish political solidarity between coastal and Sahelian countries, by sharply reducing the area under cocoa in favour of cereals, oilseeds, fodder legumes, roots and tubers, part of which would provide Sahelian livestock with the fodder resources to allow for a strong expansion of livestock production, particularly dairy, part of which would return to coastal countries.

The implementation of a radically different monetary policy, based on the Modern Monetary Theory (MMT), would be particularly appropriate to achieve food sovereignty by financing it through money printing, without raising taxes, but by guaranteeing young people's access to land and the dissemination of agroecological production systems while encouraging consumers to return to the consumption of traditional food products.

The fourth prerequisite is the fight against climate change, since a 2° rise in temperature could cause the disappearance of 10 to 15% of the species in WA, and reduce agricultural production by 30%.

As for the specific strategy for the implementation of the eco, some ambiguities remain between the objectives of a single currency or a common currency, even if the latter is preferred. Contrary to the declared will to promote self-centred development of WA, KN seems to support extraversion based on hard currency debt, which would have to be paid back. It seems that the Central Bank in charge of implementing the ECOWAS ECO would remain independent of the ECOWAS States that will participate in it to enforce the unspecified "minimum convergence criteria". It is doubtful that the Central Bank will be responsible for imposing "fiscal and budgetary convergence", which is the responsibility of governments, as well as for "stimulating regional financial markets", since they are intended to attract investors from all sources, including from outside Africa, which can promote the extraversion of the economy.

*   *
*

Introduction

In an article in Afrique Economie of 3 June 2021, Kako Nubukpo (KN) summarises in 4 points the 24 points of the "roadmap" drawn up at the end of the Etats généraux de l'éco of 26-28 May 2021 in Lomé:
"*1- The parties set themselves the objective of the structural transformation of the economies of the West African Space based on the new currency.*
2- Principle of solidarity to be illustrated by the mutualisation of trade.
3- Preference of a common currency to a single currency given the structural heterogeneities that currently prevail in the ECOWAS region.

4- Implementation modalities of the Eco currency backed by a basket of currencies: dollar, yuan, pound sterling and euro. National currencies will be pegged to the Eco within the framework of a corridor, while all countries adjust their convergence programmes to arrive at a single currency"[1].

There is no doubt that KN's intention is to promote the "*Principle of Solidarity*", reaffirmed in its article of 3 March 2021, where it recommends "*an increase in risk-sharing mechanisms, following asymmetric shocks; a deep and shared conviction of a community of destiny, based on the inescapable character of monetary, economic and commercial integration within ECOWAS, as the only conceivable path to endogenous development in West Africa*"[2]. However, it is doubtful that this "*principle of solidarity*" stems from the simple "*mutualisation of trade*" and that the "*community of destiny*" is "*based on the inescapable character of monetary, economic and commercial integration within ECOWAS*".

In reality, this analysis is too restrictive and overlooks four essential dimensions:
1) No monetary sovereignty by the eco without the prior commitment of the States to popular sovereignty and political solidarity in West Africa (WA).
2) No monetary sovereignty without denouncing the perpetuation of the neo-colonial domination of France, and the EU more broadly, through the Samoa Agreement succeeding the Cotonou Agreement, based on the deepening of EPAs (Economic Partnership Agreements).
and, since KN is the WAEMU Commissioner for Agriculture, Water Resources and the Environment:
3) Priority should be given to a strong policy of food sovereignty since two thirds of the active population are in agriculture, livestock, fisheries and forests.
4) And priority should also be given to the fight against climate change.

Let us review these four points before coming to a more specific analysis of the eco-building strategy.

<u>I – The 4 dimensions prior to the definition of the monetary strategy</u>

I.1 – <u>The prior commitment to popular sovereignty and political solidarity in West Africa (WA)</u>

There can be no monetary sovereignty without popular sovereignty (in the sense of Samir Amin) and broader political solidarity, without the commitment of States to build the United States of West Africa. In this respect, the comparison with the failure of the European construction, and in particular of the euro, is rich in lessons.

KN's assertions on the comparison between WA and the European Union are questionable, whether it is the one "*that the European Union took thirty years to go from the Werner Report to the effective implementation of the euro*", or the one that "*It is clear that with the franc zone, we did the opposite of what we want to do in Europe. In Europe, we started with the real economy and the single currency will be the crowning achievement. In Africa, we did the opposite, we started with monetary cooperation and we are waiting for economic integration at the end of the road, which may or may not come. So it is a reverse transition, and we will have to manage to*

[1] https://akondanews.net/etats-generaux-de-leco-une-feuille-de-route-pour-les-chefs-detats/
[2] https://www.cairn.info/revue-etudes-2021-3-page-19.htm

telescope or articulate these two reverse transition schemes". Or Dela Sorsy's assertion that "*The euro is a fine example: its design takes into account the history, values, culture and evolution of the states of the European Union. Put into circulation on 1 January 2012, the euro has become a symbol of the European Union*"[3].

Before the Werner report of 8 October 1970, we must go back to the Treaty of Rome of 25 March 1957 creating the European Economic Community (EEC). For the Werner report, "*the final objective is to achieve irreversible convertibility of the currencies of the Member States, the total liberalisation of capital movements and the irrevocable fixing of exchange rates, or even the replacement of national currencies by a single currency*"[4].

On the other hand, the Treaty of Rome does not mention monetary unification among the 11 policies to be put in place, and Article 105.2 merely states: "*With a view to promoting coordination of the monetary policies of the Member States to the full extent necessary for the functioning of the common market, a Monetary Committee with advisory status is hereby set up, the task of which shall be*
- to keep under review the monetary and financial situation of the Member States and of the Community, and the general payments system of the Member States, and to report regularly thereon to the Council and to the Commission
- to formulate opinions, either at the request of the Council or the Commission or on its own initiative, for the attention of these institutions"[5].

In fact, it should be noted that, until Brexit in 2020, the eurozone comprised only 19 of the 28 EU Member States, and among the countries that did not join the eurozone, there are notably Denmark, the United Kingdom and Sweden, in addition to the Central and Eastern European countries that joined the EU in 2004. Among the latter, Eric Toussaint quotes: "*A peripheral country in the EU like Poland, which I do not consider to be a model at all, is not part of the euro zone and has a real margin of manoeuvre which enables it to guarantee an increase in salaries and job creation*"[6]. However, economic performance measured by the increase in per capita GDP or household consumption from 1999 (creation of the euro) to 2019 has been higher in these three developed countries outside the euro zone than the average of the six founding countries of the EEC, notably because of the underperformance of Italy, while the performance of Denmark and Sweden has been much better than that of Germany and France. The Central Banks of the non-euro area Member States conduct an autonomous monetary policy but do not participate in the decision-making and implementation of the euro area's monetary policy.

This shows that belonging to a single currency is not a guarantee of greater economic success in a common market. And for good reason, since the EU was built without any real budgetary solidarity – apart from the not inconsiderable impact of the Structural and Cohesion Funds, since the Community budget represents only 1% of GDP, whereas the federal budget of the United States represents 24% (which is not a model in terms of social inequality). This has led to the presence of tax havens within the EU itself, the best example being Ireland, alongside the Netherlands, Luxembourg, the Channel Islands and Malta. Ireland, with a very low corporate tax

---

[3] Dela Sorsy, *Souveraineté étatique et liberté monétaire : le paradoxe des pays de la Zone franc* : https://www.jean-jaures.org/publication/demain-la-souverainete-monetaire-du-franc-cfa-a-leco/

[4] https://www.cvce.eu/collections/unit-content/-/unit/56d70f17-5054-49fc-bb9b-5d90735167d0/bb21c187-02a5-4b9e-b5ba-d14dd24922fe

[5] file:///D:/EUROPE/trait%C3%A9%20de%20Rome%20du%2025%20mars%201957.pdf

[6] Eric Toussaint, *La crise de la politique des banques centrales dans la crise globale*, 20 janvier 2020, https://france.attac.org/nos-publications/les-possibles/numero-22-hiver-2020/dossier-les-politiques-monetaires-des-banques-centrales/article/la-crise-de-la-politique-des-banques-centrales-dans-la-crise-globale

rate (12.5% compared to 30% in Germany and 33.3% in France), is said to have attracted $106 billion and US multinationals are said to have declared more profits in Ireland than in China, Japan, Mexico, Germany and France combined[7]! No wonder then that Ireland's per capita GDP (pcgdp) tripled from 1999 to 2020 while that of the EEC-6 increased by only 10%, with Ireland ranking second in the EU-28 in 2020, at €75,510 pcgdp, behind Luxembourg (€81,949 pcgdp) compared to €31,597 pcgdp for the EEC-6.

Paradoxically, who knows that it was not the "founding fathers" of the Europe of six (Robert Schumann, Jean Monnet, Jacques Delors) who wanted to build a Europe based on the primacy of political unification (United States of Europe) but Churchill[8], the United States[9] and Konrad Adenauer[10], the "founding fathers" having wanted to start with commercial integration. This was perpetuated by subsequent treaties, which were increasingly free-trade – excluding the massive agricultural subsidies that were not notified to the WTO because they were 'decoupled' (green box) or 'capped' (blue box) – without any real budgetary solidarity, due to the lack of common fiscal and social policies. And things got worse with the entry of the UK in 1973, especially with Margaret Thatcher from 1979.

The sole objective of the ECB (European Central Bank), which is totally independent of the Community institutions (Commission, Council and Parliament), has been to prevent inflation (price level) from exceeding 2% per year (as for the BCEAO). Hence the failure of the euro, the increasingly low turnout in European elections, the rise of Europhobic (and xenophobic) parties and the risk of European disintegration after the Brexit.

As a 2012 article in the magazine Projet already said, "*the euro is fighting only one 'enemy', inflation, at the cost of high unemployment and economic policies that are not adapted to the concrete situation of each country. Priority is given to rescuing bank shareholders, despite state budget deficits and austerity for the majority of the population, which is reflected in the extension of the retirement age, the retreat of national solidarity, the privatisation of public services, etc.*"[11].

This European experience leads us to question the relevance of wanting to impose monetary sovereignty encompassing all the member States of the West African region when priority should be given to the political commitment to build the United States of the West African region, even if it means postponing until much later the establishment of a single or at least a common currency.

I.2 – <u>Denouncing the perpetuation of neo-colonial domination by France and the EU</u>

It is distressing to note that the debates of the Etats généraux de Lomé, as reflected in the collective work "*Du franc CFA à l'éco. Demain, la souveraineté monétaire ?*" published on 19

---

[7] https://lactualite.com/lactualite-affaires/paradis-fiscaux-le-pot-aux-roses/
[8] *Winston Churchill: calling for a United Sates of Europe*, https://europa.eu/european-union/sites/default/files/docs/body/winston_churchill_en.pdf
[9] *American Committee on United Europe*: https://en.wikipedia.org/wiki/American_Committee_on_United_Europe
[10] Konrad Adenauer: *It is my deepest belief that the United States of Europe can finally bring peace to this continent*, chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/viewer.html?pdfurl=https%3A%2F%2Fwww.kas.de%2Fc%2Fdocument_library%2Fget_file%3Fuuid%3D90b35710-947e-00bf-9779-bbab91844282%26groupId%3D252038&clen=3598546
[11] https://www.revue-projet.com/articles/2012-3-la-monnaie-commune-contre-l-eclatement-de-la-zone-euro/

August 2021 by Editions Jean Laurès and Editions de l'Aube, did not mention the continued strong multiform dependence of the WAEMU, and more broadly of West Africa (WA), on the neo-colonial domination of France and the EU[12], as if this domination was not going to have any effect on the possibilities for WA to ensure its monetary sovereignty.

In particular, no article in this report has alluded to the Samoa Agreement which will succeed the Lomé Agreement and which will be based on the deepening of the EPAs (Economic Partnership Agreements) and the implementation of the AfCFTA (African Continental Free Trade Area) which will further impoverish the ACP countries, especially in WA, for 20 years from January 2022[13]. However, as the RASA (Alternative Report on Africa) of May 2021 states, "*The authors believe that the AfCFTA should be an instrument of economic decolonisation and can cushion the effects of the economic partnership agreements signed with the European Union, provided that the agreements previously concluded are rendered null and void*"[14]. However, the 'aid' from the European Budget for the period 2021-2027 will be limited to EUR 3.40 per head per year and will be negative if one deducts the sum of the EU's subsidies to its exported food products, the losses of customs duties and VAT (value added tax) on products imported from the EU by WA countries that have implemented EPAs (notably Côte d'Ivoire and Ghana which have implemented interim EPAs since the end of 2016), as well as the flight of capital from both corrupt leaders and multinationals, facilitated in particular in the franc zone by the peg to the euro. Not to mention the breakdown of these funds between development aid and aid to curb migration to the EU and the return to SSA of 'illegal' immigrants whose right to asylum has been denied.

The only very general allusion in the book is Dela Sorsy's article on the concept of sovereignty: "*For a State, a nation or a community, independence is the acquisition of its autonomy marking the end of its submission to another... A sovereign State must no longer be subjugated, and no State must set its mode of governance, its currency and the conditions that govern it to another*".

On what scale then should popular sovereignty and political solidarity be promoted? It is difficult here to follow the RASA's analysis that this should be the pan-African level, which is an unrealistic top-down process, especially if one considers its commercial credibility. While, on average from 2016 to 2020, the share of intra-African trade represented only 15.1% of its global trade (of which 16.6% for exports and 13.9% for imports), and 20.5% of its global food trade (of which 24.1% for exports and 17.8% for imports), by contrast the share of total intra-WA exports was 61.3% of its exports to Africa (63.4% to SSA), including 82.3% of its food exports (89.8% to SSA). And the share of total intra-WA imports in those from Africa was 71% (80.8% from SSA), including 75.1% of its food imports (87.4% from SSA)[15]. Clearly, it is at the level of West Africa that the process of political and then possibly monetary unification must be promoted.

I.3 – <u>The priority to be given to a strong policy of food sovereignty</u>

Since KN is WAEMU Commissioner for Agriculture, Water Resources and the Environment and two-thirds of the working population in WA (slightly more in WAEMU make their living

[12] *Résistance africaines à la domination néocoloniale*, Editions Le Croquant, mars 201, coordonné par Martine Boudet.
[13] *Urgent mobilisation against the signing of the Samoa Agreement to succeed the Cotonou Agreement*, SOL, 26 August 2021, https://www.sol-asso.fr/analyses-politiques-agricoles-jacques-berthelot-2021/
[14] http://www.afrique-gouvernance.net/bdf_document-2322_en.html
[15] *Relocating West African trade to conquer its food sovereignty*, SOL, 12 July 2021, https://www.sol-asso.fr/analyses-politiques-agricoles-jacques-berthelot-2021/

from agriculture, livestock, fisheries and forestry, it is clear that priority must be given to reducing food dependency through increased production and a profound change in eating habits.

WA had a food surplus of $236m on average from 2016 to 2020 but, without its huge cocoa surplus – 99.5% of that of CCTE (coffee+cocoa+tea+spices) which are not food staples and are mostly exported outside Africa – its food deficit was $7.8bn. However, without the interim EPAs of Côte d'Ivoire and Ghana, which allow them to export cocoa products duty-free to the EU, these products would not be competitive with those of countries, particularly in Latin America, with which the EU has established bilateral free trade agreements allowing them to export them to the EU duty-free. Above all, this cocoa is the source of enormous environmental and social damage, since 90% of the forests in Côte d'Ivoire have disappeared since independence in 1960 and the cocoa plantations in Côte d'Ivoire and Ghana survive thanks to a quasi-servile workforce of Sahelian children (mainly from Burkina and Mali).

To prioritise its long-term food sovereignty over a short-term trade surplus by disconnecting from global value chains and bilateral trade agreements, notably with the EU but also with the AfCFTA, supported politically and financially by the EU, WA will have to establish a political solidarity between coastal and Sahelian countries. Moreover, African historians and Africanists (Cheikh Anta Diop, Joseph Ki-Zerbo, Yves Person) have clearly shown that WA had empires covering a large portion of the WA from the Sahel to the coast and that the current States result from a purely colonial division. This would make it possible to drastically reduce the area under cocoa in Côte d'Ivoire, Ghana and Nigeria in favour of cereals, oilseeds, protein crops, fodder legumes, roots and tubers, a large part of which would provide the Sahelian livestock with fodder resources allowing for a strong expansion of livestock production, particularly dairy production, part of which would in turn be returned to coastal countries.

The implementation of a radically different monetary policy, based on Modern Monetary Theory (MMT), would be particularly well suited to achieving food sovereignty. Indeed, this theory shows that, as long as a country does not need to go into foreign currency debt to increase production and create the millions of jobs that only agriculture can provide for the tens of millions of young Africans entering the labour market each year, it can finance it by printing money, without the need to raise taxes. And this by guaranteeing young people's access to land and the dissemination of agro-ecological production systems while encouraging consumers to return to the consumption of traditional food products. Indeed, since the annual increase in wheat imports is 6%, linked to the increase in population and per capita wheat consumption, this trend is unsustainable in the long term since the world price of wheat will rise sharply given the levelling off of yields over the past 15 years in exporting countries and WA will not be able to finance imports, and it is therefore urgent to change eating habits. Projects to introduce local cereal flour into bread are a lesser evil in the short term because the percentage of such flour is limited to 15% (in the World Bank-NCR project in Senegal) or 30% (in the AFD-SOL project in rural areas in Senegal). Latin American food models based on maize tortillas and large cassava pancakes, complemented by local dried beans, should therefore be promoted, and SOL is also promoting 100% millet and maize pancakes in rural Senegal.

I.4 – <u>And priority should also be given to the fight against climate change</u>

According to AfricaInteract, "*a 2° increase in temperature is likely to result in the extinction of 10-15% of species in West Africa, and would affect agricultural production by 30%*"[16].

[16] http://www.hubrural.org/Agriculture-et-changement.html?lang=fr

Just a few days after the Etats généraux de l'éco, the regional forum on resilience and climate ambition organised by the Covenant of Mayors for Sub-Saharan Africa (CoMSSA) was held in Lomé from 9 to 11 June 2021. The main issue was the need for financing to access "climate finance". The latest IPCC climate report of 23 June 2021 stresses that "*Even if we limit climate change to 2°C, up to 80 million more people will be hungry by 2050 and 130 million could fall into extreme poverty within a decade. By 2050, hundreds of millions of people in coastal cities will be at risk more frequent flood waves caused by rising sea levels, which in turn will lead to significant migration. With an increase limited to 1.5°C, 350 million more people in cities will be exposed to water shortages, 400 million above 2°C. And with that extra half degree, 420 million more people will be threatened by extreme heat waves. The costs of adaptation for Africa are expected to increase by tens of billions of dollars per year beyond 2°C,*"[17] the report predicts. But the money has to be found. The G7 climate funding pledges have not been met and several developed countries, including France, have not honoured their commitments. Even if it is the developed countries that are primarily responsible for the accumulation of CO_2 in the atmosphere, each country, including of WA, has an interest in protecting its environment, and to do so, reducing the production and consumption of petroleum products by developing renewable energies and, in particular, agroecological production systems by redirecting subsidies for chemical fertilisers to them.

To the question "*Is the depoliticisation of the monetary tool the main obstacle to financing the ecological transition today?*", François Morin replied on 3 March 2020: "*To simplify, let's stay within the European framework. Making the EIB* [European Investment Bank] *the climate bank is an important first step. But the essential question for this bank will remain the refinancing of its loans with the Central Bank, the ECB. Christine Lagarde recently affirmed her desire to "green" the ECB's interventions. But she is already facing strong opposition from the Germans and, more generally, from all those who want to defend the independence of the ECB and therefore the neutrality of its interventions. This is at the heart of neo-liberal thinking, which wants to prevent monetary creation from being given a political function. However, making the euro a citizen's currency, therefore subject to the control of the European Parliament, seems to me to be the crucial issue of the current period and therefore of a real "change of system*"[18]. This reflection applies a fortiori to the monetary policy to be conducted in WA.

II - The specific strategy for building the eco

Let's now refocus on the strategy for moving to eco. Without questioning Kako Nubukpo's desire to promote the monetary system best suited to long-term self-centred development, it is necessary to underline several ambiguities in his various interventions, particularly with regard to the concepts of a single currency and a common currency.

We can already see, on the 4 points summarised in the éco roadmap presented on page 1 by KN, the contradiction between points 3 (common currency) and 4 (single currency). This contradiction is maintained in an article of 3 March 2021 where KN wonders whether *"the creation of the single currency of ECOWAS could not, on the contrary, promote the convergence of the economies of the region?*" And it adds: "*From a strictly pragmatic point of view, the idea of a single currency of ECOWAS, the eco, pegged to a basket of currencies (dollar, pound*

[17] https://www.lemonde.fr/planete/article/2021/06/23/dereglement-climatique-l-humanite-a-l-aube-de-retombees-cataclysmiques-alerte-le-giec_6085284_3244.html
[18] https://agirpourleclimat.net/fr/entretien-avec-francois-morin/

sterling, euro), rather than to a single currency, seems to be the best option", before opting for the "*Fourth option, the eco, as a common and not a single currency*"[19].

In the article "*From the CFA franc to the eco: a return on a controversial currency conversion*"[20], a chapter of the book resulting from the Etats généraux de l'éco held in Lomé, KN writes that *"the real extraversion of the WAEMU economies renders the fact of sharing the same currency, in this case the CFA franc, almost irrelevant*", even though all its analyses endeavour to demonstrate the interest of the future eco-WAEMU as well as the ECOWAS ECOSOC, admittedly reorganised as a common currency and not as a single one.

This move to a common currency is endorsed by Samba Diop: "*Following the example of what has happened in the euro zone, the heterogeneity of economic situations (economic growth, inflation, public debt) raises questions about the need to implement a single monetary policy for all West African States. Moreover, once one admits that the weakness of intra-regional trade is explained more by the weak complementarity of the countries of the zone, mainly specialised in the export of primary products, than by the uncertainty created by the exchange rate fluctuations between the sub-regional currencies, the benefits linked to the adoption of a single currency seem to be less than the risks associated with it*"[21].

In the Ecofin interview of 18 June 2021, KN writes: "*The new monetary cooperation treaty between France and WAEMU. In December 2020, the French Head of State received the authorisation of his Parliament for the ratification of this new cooperation treaty. You will observe, as I did, that none of the States in the WAEMU space has yet ratified the treaty*", as if this ratification by France, which enshrines the continued subjugation of the WAEMU to France, was favourable to the WAEMU! And he insists: "*What changes philosophically is that we are regaining our monetary sovereignty. That is why, on 21 December 2019, at the time of the announcements made by the French and Ivorian presidents, I was one of the few to welcome the announcement*", even though he added: "*This does not mean that I agreed with what was proposed, but it is clear that the debate had moved beyond the informal*"[22].

Contrary to the stated orientation of promoting self-centred development in WA, KN seems to support extraversion based on hard currency debt: "*With, notably, the African Union's AfroChampions initiative, we have even devised a plan called 'For a coordinated recovery in the WAEMU space'. This is a plan to raise resources amounting to 10 billion euros to finance the real economy. We are counting on the West African Development Bank (BOAD) and other development banks. Also, we hope that the BCEAO will not have a problem of compensation with the stock of foreign currency because central banks are always afraid that there will be more money supply in order to guarantee stability in the external coverage of the currency*". And this indebtedness wants to promote "*mixed financing*" in PPPs (public-private partnerships) – whose disastrous effects on the long-term indebtedness of WA States are well known, for example for the Dakar-Aéroport Blaise Diagne motorway, or the Abidjan metro[23] –, the exact opposite of KN's ambition to promote monetary sovereignty. It is as if he were fascinated by the

[19] https://www.lemonde.fr/planete/article/2021/06/23/dereglement-climatique-l-humanite-a-l-aube-de-retombees-cataclysmiques-alerte-le-giec_6085284_3244.html
[20] https://www.jean-jaures.org/publication/demain-la-souverainete-monetaire-du-franc-cfa-a-leco/
[21] https://france.attac.org/nos-publications/les-possibles/numero-28-ete-2021/dossier-rapports-internationaux-et-geopolitique/article/crise-de-confiance-et-reforme-monetaire-le-difficile-passage-du-franc-cfa-a-l
[22] https://www.agenceecofin.com/interview/1806-89304-interview-exclusive-comment-kako-nubukpo-envisage-la-fin-du-fcfa-et-le-passage-a-l-eco
[23] Ndongo Samba Sylla, https://www.cetri.be/La-doctrine-Macron-en-Afrique-une, 8 janvier 2021; Jean-Christophe Servant, https://www.monde-diplomatique.fr/2020/11/SERVANT/62389, Novembre 2020.

fact that "*it is all the same masses of billions of dollars and euros that are on the international market*", which would translate into a debt to be repaid, thus maintaining an extraversion of the WA economy.

Another ambiguity: according to point 11 of the roadmap resulting from the Etats généraux de l'éco, "*a Central Bank will be responsible for conducting the monetary and exchange rate policy of the member countries of the Eco-Cedeao zone*", confirmed by point 15 ("*The exchange rate of the common currency will be flexible but administered by the Central Bank*") suggests that the Central Bank will remain as it is today, independent of the ECOWAS States which will participate in it (like the ECB, European Central Bank), especially since it will be necessary to ensure compliance with the "*minimum convergence criteria*" (point 19) specified in point 7 ("*prices, debt, deficit*") "*even if the reduction of differentials* as stated in point 7 (prices, debt, deficit) *is not a prerequisite but a medium-term objective*".

If the Central Bank is indeed independent of governments (and of ECOWAS) one wonders how point 22, which appears contradictory to this independence, could be applied since "*During the transition and learning phase of the exchange rate mechanisms, attention will be paid to fiscal and budgetary approximation and the stimulation of regional financial markets, both of which are necessary conditions*". It is obviously not the Central Bank that will be able to impose "*fiscal and budgetary approximation*" but governments and, in the US, the Federal Reserve has the dual mandate from Congress to control inflation and maximise employment[24]. As for the "*stimulation of regional financial markets*", these aim at attracting investors from all origins, including those from outside ECOWAS and Africa, which can promote an extroverted functioning of the economy based on foreign currency indebtedness, another contradiction with the stated objective of economic sovereignty. The IMF points out that the regional financial market depends mainly on regional lenders and especially on government securities: "*Banks have been the main buyers of sovereign issues, holding 81.2 percent of the outstanding amount at the end of 2019, with the remainder held by mutual funds or institutional investors, almost all of them from the WAEMU. The secondary market for WAEMU government securities is relatively shallow, lacking both depth and liquidity. Buy and hold remains the dominant strategy of banks in the context of a narrow investor base*"[25]. In other words, government securities subscribed to mainly by banks increase their profits but do not mobilise the savings of companies and households, which nevertheless have to pay high interest rates to banks. The low participation of individuals in the secondary market seems to be explained by the absence of guarantees for their compensation in case of bank failure.

In "L'Afrique de l'Ouest bloquée" (1971) Samir Amin concluded: "*At the end of this economic analysis, it must be concluded without ambiguity that the fragmentation of the economic space of which West Africa has been the victim forces it ineluctably to maintain the structures and policies of colonial development, which no less ineluctably engender external domination and underdevelopment*". And he concluded in "*Accumulation on a Global Scale*" published in 1970 but corresponding to his thesis written from 1954 to 1956, "*The creation of a national currency does not grant local authorities effective leadership as long as membership of the world market is not questioned. Even exchange and transfer controls do not prevent the transmission to the periphery of fluctuations in the value of the dominant currencies of the centre, nor do they prevent the transmission to the periphery of the price structure of the centre. Money is here the*

[24] https://www.federalreserve.gov/faqs/what-economic-goals-does-federal-reserve-seek-to-achieve-through-monetary-policy.htm
[25] https://www.imf.org/en/Publications/CR/Issues/2021/03/02/West-African-Economic-and-Monetary-Union-Staff-Report-on-Common-Policies-for-Member-50139

apparent form of an essential relationship of domination, but it is not the cause of it. The 'monetary problem' is therefore located elsewhere: in the concrete functioning of the periphery's banking system. The latter is entirely at the service of the development of peripheral capitalism, foreign or domestic, private or public, i.e. it is there to facilitate the extension of a capitalism based in the final analysis on the external market, which is the essence of 'underdevelopment'".

In an April 2020 blog François Morin explains why it is not up to the ECB to dictate the monetary policy of the entire eurozone, an analysis that can be transposed to the future eco: "*Credit is there to meet essential needs that concern households, business investments, but also those related to public services. How can a large-scale project be financed without advances of funds and therefore without money creation? Leaving this type of decision to private actors such as banks, or to central banks that are "independent" of the States, as is currently the case, has caused the chaos that we know. This withdrawal of the State in monetary matters, dictated by neoliberal ideology (whereas money is supposed to be an attribute of sovereignty), is every day in total disconnection with the collective financing needs that we need. It has even become, let's say, intolerable... The capacity to distribute credit by pure monetary creation represents a considerable stake. It implies a real responsibility of a political nature on the part of those who hold the power of issue. This is why we must hope for the multiplication of these real currencies, provided that each time there is a real citizen legitimacy, in a redefined democratic framework, which is the support for the issuance of money*"[26]. If François Morin goes on to talk about local currencies, this applies a fortiori to national currencies in a regional grouping such as the WAEMU and ECOWAS.

In conclusion, without underestimating Kako Nubukpo's determination to establish monetary sovereignty, he should not begrudge me to point out aspects to be clarified, knowing that he had to deal with contradictory visions from policy makers, researchers and civil society.

[26] https://france.attac.org/nos-publications/les-possibles/numero-23-printemps-2020/dossier-la-planification-pour-la-transition-sociale-et-ecologique/article/cycle-financier-et-crise-systemique-le-choix-democratique-d-une-planification