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The Franc CFA and the Bank of Central African States: For or against the *Status Quo*?

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Abstract

This article aims to enlighten the general public on the recurring debate generated by the Franc CFA. All the arguments, both scientific and moral, which militate for a profound reform (and not "cosmetic") if not for a definitive abolition of the Franc CFA system are put into perspective: the Franc CFA system is therefore questioned, starting from the origin of the acronym FCFA instead of the manufacture of Franc CFAs, through the transaction accounts and the presence of representatives of the French Treasury in the decision-making bodies of the Central Bank of Central African States (BEAC). However, the Franc CFA system should not be made solely responsible for all the socio-economic problems of African countries in the Franc zone, the governance problems of these countries should not be obscured.

Keywords

Franc CFA, Franc Zone, CEMAC, BEAC, BCEAO

1. Introduction

Today many countries in the world choose to belong to an economic and/or monetary zone. The reasons for this choice can be multiple, but the most obvious comes from a cost-benefit analysis for each of the countries committing to it. Indeed, it is clear that no country would agree, of its own free will, to be part of an economic and/or monetary zone, if it turns out that it has no comparative advantage of a strictly economic or financial point of view.

This article focuses exclusively on the Franc Zone. The latter is made up of 15 countries: eight West African countries (Benin, Burkina Faso, Ivory Coast, Guinea Bissau, Mali, Niger, Senegal, Togo), six Central African countries (Cameroon, Central African Republic, Congo, Gabon, Equatorial Guinea, Chad) and

the Comoros. The Franc Zone presents certain specificities which raise many questions: it is, for example, incomprehensible, if not "aberrant", to note that the Central African Franc CFA (XAF) is not interchangeable with that of Central Africa. The West (XOF), it being specified that both are part of the same Franc Zone with the same parity vis-à-vis the Euro. Likewise, the West African Economic and Monetary Union zones (UEMOA) and Central African Economic and Monetary Community (CEMAC) share the same monetary unit of account (Franc CFA) and the same face value, however, the acronym FCFA does not have the same meaning depending on whether we are talking about the Franc CFA of the CEMAC zone or the Franc CFA of the UEMOA zone. It should be noted that the Franc CFA was created in 1945 to serve as a means of exchange, on the one hand, between France and its African colonies, and on the other hand, between the French colonies in Africa themselves. The Franc CFA originally meant "*the franc of the French colonies in Africa*." Several decades after decolonization, the Franc CFA system has not changed in substance: the Franc CFA is still pegged to the French currency (today the Euro because France belongs to the euro zone); France always offers its guarantee to ensure the unlimited convertibility of Franc CFAs and in return, the countries of the Franc Zone must always deposit at least 50% of their external reserves with the French Public Treasury; French representatives continue to sit on the monetary bodies of the Franc Zone countries; Franc CFAs are still made in France, etc.

It should be noted that the Franc CFA system has no equivalent in the world, so it is no exaggeration to say that "France is, (...), the only country in the world to have achieved the extraordinary feat of circulate its currency, and nothing but its currency, in politically free countries." (Pouemi, 2000: p. 27).

The interest of this article comes from the fact that it aims to shed light on the particularities of the Franc Zone and on the longevity of the latter, despite recurring controversies. Also, this paper is intended to be a plea against the "guilty silence" of the BEAC, given the announced end of the Franc CFA in the UEMOA zone. The Franc CFA is "perceived as one of the vestiges of Françafrique."[1] and accused, by its many opponents, of slowing down the economic development of the African countries of the Franc zone (PAZF). It is in this context that one of the two components of the PAZF, UEMOA in this case, decided to free itself from "French supervision", if not from what some observers describe as *monetary servitude*, to create a new monetary zone with the unit of account: "ECO" (Nubukpo, 2021).

Despite the arguments[2] put forward against the Franc CFA system, as we will see, it is quite curious to note that the process of questioning the Franc CFA system, initiated by the UEMOA countries, does not give rise to any initiative, otherwise no official reaction from the countries of the CEMAC zone. This article,

[1]See the French Press of May 20, 2020 after a bill from the French government putting an end to the Franc CFA (UEMOA zone) was adopted by the Council of Ministers, thus concretizing the agreement of December 21, 2019.

[2]Which are not all necessarily relevant, some being obviously open to criticism.

as part of the dynamic initiated by the countries of the UEMOA zone, will review all the arguments likely to encourage the countries of the CEMAC zone, if not to definitively leave the Franc CFA system, at least to reform it in depth. It will firstly discuss the arguments which militate against the Franc Zone and the CFA (2) franc system, then secondly, it will be a question of understanding the elements and circumstances which contribute to the longevity of the Franc zone to finally manage to bring the CEMAC zone, if not the BEAC, out of its silence (3).

2. The Arguments against the Franc CFA

2.1. The Acronym FCFA: A Permanent Reminder of the Colonial Period

As noted previously, the acronym FCFA originally means "Franc of the French Colonies of Africa". When on April 4, 1959, the French Issue Institute of West Africa and Togo, and the French Equatorial Africa Institute respectively became the Central Bank of West African States (BCEAO) and the Central Bank of the States of Equatorial Africa and Cameroon (BCEAEC), the acronym FCFA in turn becomes "Franc of the French Community of Africa". After the independence of the French colonies in Africa, this same FCFA then became the "Franc of the Financial Community of Africa" for the UEMOA zone and the "Franc of Financial Cooperation in Central Africa" for the CEMAC zone. These changes in the name of the acronym FCFA reveal a clear desire to forget the attachment of the Franc CFA to the colonizing country. However, the original denomination is never far away to undermine all the efforts of this formal enterprise. This is also what Cissé thinks: "the acronym "CFA" may well have been turned around in all directions to make it better accepted, its old name ("French Colonies of Africa") remains an edge stuck in the throat of many young Africans." (Cissé, 2018: p. 34).

Nearly sixty years after the independence of the PAZF, and despite obvious efforts to obscure the original definition of the Franc CFA, the currency of the PAZF is inseparable from the history of colonization. This is likely to provoke the systematic rejection of this currency, and therefore a rejection sometimes even beyond economic, scientific, or even technical arguments. The recurring debates around this currency, which some continue to describe as a colonial currency, do not fundamentally change the positions of each party.

Above all, we must not lose sight of the fact that, for the African collective conscience, the term "colony" which is associated with the original definition of the FCFA has quite "connotations". Indeed, the colony most often evokes, for the former colonized countries of Africa, territories of profit for the metropolitan State[3]. It is not always easy to find, on the economic, social and political levels, positive arguments for colonization, especially since the literature on the

[3]Jules Ferry's speech on 07/28/1885 to convince the deputies of the need to continue colonial expansion remains irrefutable proof.

subject constantly explains that the metropolises were limited to the construction of railways, tracks and ports, in order to evacuate mineral resources or, failing that, tropical products (Coquery-Vidrovitch & Moniot, 2005). Moreover, colonization recalls, for the former colonized countries of Africa, painful periods: forced labor, migratory labor, forced displacement of populations, high mortality rates in mines, on plantations and on construction sites. construction of communications infrastructure.

Considering the after-effects or psychological trauma caused by colonization in the PAZF, without seeking to create counterfactual history, the rejection, even if only of the Franc CFA monetary unit of account, could certainly have mitigated, as much or little, the passions aroused by the recurring debates on this currency. Obviously, this proposal is not of much interest, from a scientific and even technical point of view. However, it could, by hypothesis, have contributed to obscuring to a certain extent the link between the currency of the PAZF and colonization and, consequently, perhaps avoided systematically blaming the colonizing country for all the failures of the PAZF. Above all, there is no question here of considering that changing the name "Franc CFA" would be sufficient to resolve the problems inherent in the Franc CFA system. The interest of such an approach, if indeed there could be one, lies rather in the formal severance of the links symbolizing the continuity of colonization, even if the questions of an economic, social and political order would remain, basically unchanged.

2.2. Monetary Sovereignty: An Admissible Argument

"Some supporters of the Franc CFA think that claiming monetary sovereignty is a matter of subjective feelings, such as the restoration of a lost "certain pride". But this struggle has nothing to do with a feeling of pride." (Dembele, 2016: p. 150). We indeed subscribe to this common-sense reflection, but we believe, despite everything, that beyond its subjective nature, pride helps to increase self-esteem and shape status in the eyes of others. Pride encourages action, everything the PAZF needs, if only to avoid being subjected to injunctions of all kinds from the former colonizing country, or at least, to avoid the status quo in this which concerns the Franc CFA system.

"There is no dignity without freedom: we prefer freedom in poverty to wealth in slavery." Thus expressed the Guinean President, Sékou Touré in a speech delivered on August 25, 1958 before Charles De Gaulle, then President of the French Republic. Guinea Conakry's refusal to join the monetary community is clearly displayed here, and this refusal was based not on economic or financial considerations which could not indisputably be measured at that time, but rather on pride: Guinea did not want to see France interfere in its monetary policy.

Some authors believe that "political arguments with a rather "sovereignist" tendency seem to take over scientific reasoning" (Gueye, Mbaye, & Mballa, 2019), however, they do not question the motivations and sources of this tendency (Pigeaud & Sylla, 2022). There is no doubt about the scientific fragility of argu-

ments with a sovereignist tendency, however, criticism of the Franc zone and the Franc CFA testify, in reality, to a clear desire to fight against, not only, "the omnipresence" of the former colonial and imperialist power, but also, the injunctions not devoid of any interest of the latter. It should be noted that this struggle is one of the forms of expression of Pan-Africanism which ultimately only aspires to emancipate itself from all forms of colonial domination, including therefore domination in the field of monetary management.

What could be more normal than wanting to free yourself from colonial domination and fully benefit from emancipation, by developing your own vision of the world through the creation of institutions separate from those of the colonist! And why would the Franc CFA not obey such an aspiration? Let us nevertheless point out that if this aspiration seems natural, it is still necessary to prove the "monetary servitude" in which the PAZF would find themselves. But, whatever the case, it is difficult to deny a certain form of servitude, if not passivity, when the PAZF must wait for the initiative for any reform on the Franc CFA, which is their own currency, to come from the will of the former colonial power: "it was by hearing your youth that I wanted to initiate this reform. The Franc CFA crystallizes many criticisms of France. I see your youth who reproach us for a relationship that they consider post-colonial. So, let's break the moorings."[4]

For the PAZF, abandoning the Franc CFA system involves a lot of uncertainty and could therefore be a risky bet on the economic and financial levels. However, they would benefit from going through this abandonment for a series of following considerations: first, they would regain their pride and avoid the injunctions of the former colonial power, then, they would claim monetary and economic sovereignty, and finally, they could verify the accuracy or otherwise of the widespread idea that the Franc CFA system slows down their development. Regardless, this abandonment would be a "strong political symbol" towards total and real emancipation, it being specified that "symbols count" (Tinel, 2016: p. 110). Moreover, the operation accounts are often perceived as very representative symbols of the injunctions of the colonial power in the monetary systems of the PAZF.

2.3. Operations Accounts: An Opportunity Cost for PAZF

The operation of the Franc Zone is structured around four principles: the fixed parity of the Franc CFA with the euro, the convertibility of the Franc CFA into the euro in an unlimited manner (through the guarantee provided by France), the freedom current transactions and capital movements within each compartment of the Franc Zone, and finally the pooling of foreign exchange reserves placed with the French Public Treasury (up to 50% of the currencies of each compartment of the Franc Zone). It is precisely this last principle that interests us here, because it is often the subject of what many defenders of the Franc CFA system describe as "fantasies", in order to obscure any discussion on this subject.

[4]French President, Emmanuel MACRON in Abidjan (Ivory Coast), *Le Monde*, 12/21/2019.

It is therefore in the name of the "guarantee" of so-called unlimited convertibility[5] of the Franc CFA provided by France and the preservation of "monetary stability" that the French Public Treasury requires that an operations account be opened within it for deposit 50% of PAZF foreign exchange reserves there. Thus, the BEAC on behalf of the CEMAC countries and the BCEAO on behalf of the UEMOA countries have each opened an account with the French Treasury. The pooling of external assets of the PAZF is therefore done at two levels: the States first pool the currencies which they place with the Central Bank, the latter then places them in the said operations account opened with the French Treasury to his name. Originally, Central Banks were required to deposit 100% of their external assets and this quota increased to 65%, then to 60% and 55% from June 2008 to June 2009 and since 2009 it has been set at 50%. We can, in fact, wonder what is the basis of these different thresholds. Is the consideration for the convertibility guarantee or the risk estimate worth 50% of the foreign exchange reserve deposits? Does France benefit from this mechanism? Moreover, does this mechanism, even if it is precautionary, actually serve any purpose? In the following lines, we will provide answers to all these questions.

It should already be noted that the assets deposited in the operations accounts are effectively remunerated by the French Public Treasury at the ECB's marginal lending rate. This rate has experienced enormous variations since the end of the 1990s, however since July 2022 to September 2023, the European Central Bank (ECB) has made 10 increases in this rate, reaching 4.75% while it has oscillated between 0.25% and 0.75 from March 2016 to July 2022. It should also be noted that this rate could reach 5.75% between October 2000 and May 2001, for the mandatory quota of 50% (**Figures 1-3**).

Beyond the 50% provided for by the texts[6], the remuneration is at the minimum rate of the main refinancing operations of the ECB: this rate remained close to 0% between June 11, 2014 and July 27, 2022. Since then, it has known successive increases until reaching 4.75% (see **Figure 2**).

On May 10, 2020, for example, the BEAC informed that its foreign exchange reserves stood at 5348.8 billion FCFA (or 8.162781 billion euros). Which is equivalent to nearly 5 months of imports of goods and services for CEMAC countries, for an external currency coverage rate of 74.16%. Compared to its reserves as of May 10, 2019 (4113 billion FCFA, or 6.276832 billion euros, with an external currency coverage of 63.55%), the BEAC finally recorded an increase of almost 30%.

Below three months of imports, countries are considered to be at risk, according to the thresholds defined by the International Monetary Fund (IMF), by

[5]"It is in reality the state of the gauge constituted by the operations accounts (…) and by the coverage rate of emissions which has, in fact if not in law, limited convertibility." (Tinel, 2016: pp. 106-107). Moreover, today everyone agrees both theoretically and practically that money is created *ex nihilo*. The guarantee once offered by the quantities of gold in bank safes, like the external reserves for the Franc Zone, is completely outdated.

[6]In reality, beyond this 50% threshold, the Central Banks of the Franc Zone have the possibility of making optional deposits into a "special leveling account". Today this account does not benefit from any remuneration.

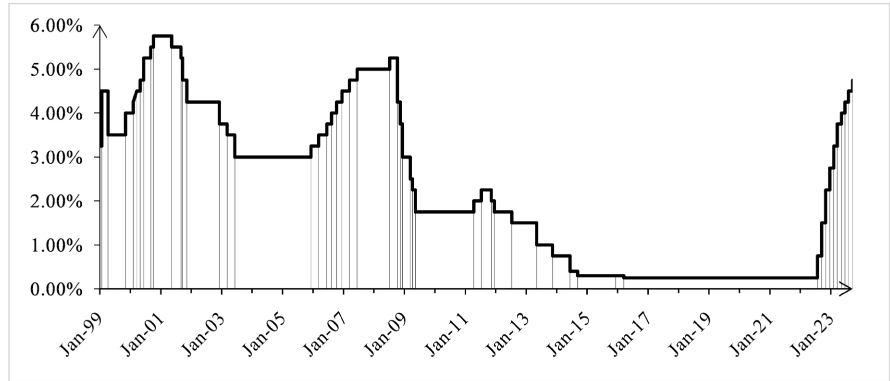

Figure 1. European Central Bank marginal loan rate. Source: Author, based on ECB data.

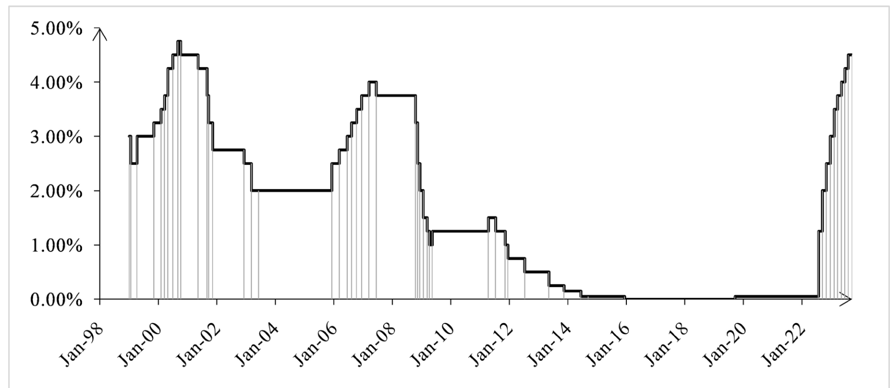

Figure 2. European Central Bank refinancing rate. Source: Author, based on ECB data.

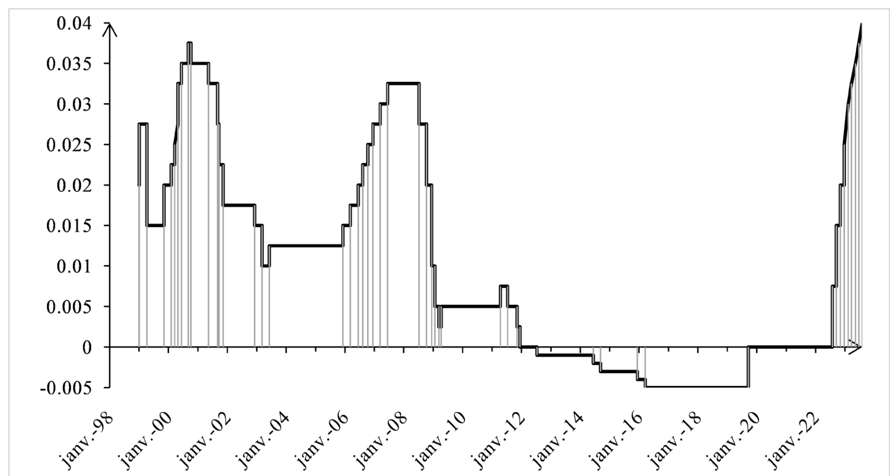

Figure 3. Deposit rate at the European Central Bank. Source: Author, based on ECB data.

relating reserves to gross domestic product (GDP). Examples of countries finding themselves in this situation are quite rare. In any case, the overall balance of net foreign assets is, as a general rule, positive (see Figure 4). The CEMAC zone certainly experienced a period where reserve balances were in deficit (1991 to 1995 and 1998 to 1999), which also gave rise to the devaluation of the Franc CFA

in 1994[7] (**Figure 4**).

By offering its "guarantee" to the PAZF, France is not, in reality, running any risk. In theory, the operations account can be debit, that is to say that the PAZF can "resort to advances"[8] from the French Treasury. "But the system is just designed so that doesn't happen." (Tinel, 2016: p. 109). Indeed, between the credit and debit positions of the operations account, there are several mechanisms that are triggered to emit alert signals. First, "an alert system triggered by French Treasury officials"[9], when the coverage rate approaches the minimum threshold of 20%. Then, there is the "raking clause"[10] when we reach or begin to exceed this minimum threshold of 20%. Finally, the threat of devaluation, if not the devaluation of the Franc CFA when the coverage rate continues below 20%. In any case, this is what happened to the Franc Zone in 1993, leading to the suspension of the convertibility of the Franc CFA, then the devaluation which followed in January 1994. We are right to point out that the France did not respect its commitment as insurer in the event of a "disaster" suffered by the PAZF. In any case, it succeeded in twisting the arm of the Franc Zone States by making them pay for the loss themselves. In this regard, we can exclaim like Mr. Tinel: "What a strange insurer the Treasury is!" (Tinel, 2016: p. 109). It should, however, be noted that none of the PAZF dared to denounce this violation of the French Treasury's commitment.

Considering the average level of the key rates of the European Central Bank and the net foreign assets of the PAZF, everything suggests that the French Treasury benefits from the CFA system, without necessarily assuming its role as insurer when necessary. Whether the French Public Treasury demonstrates "philanthropy" for the benefit of the PAZF leaves many observers in doubt. It takes, in fact, a certain "naivety" to give credit to the unrequited generosity of any country. Didn't General De Gaulle observe that "States have no friends, only interests."? Therefore, by maintaining the Franc CFA system, despite the criticism, we are entitled to think that France should benefit from it in one way or another.

Despite everything, objective arguments should not be overlooked. Indeed, we can agree that "the external assets provided by the Central Banks of African

[7]"The only time reserves declined significantly, in 1993, the process culminated in the devaluation of January 1994" (Tinel, 2016: p. 109). Many elements also seriously suggest that the 1994 devaluation was basically a unilateral decision by France, even if in form, it was the heads of state and government of the CEMAC and UEMOA zones who marked their agreement to modify the parity of the Franc CFA (Claveranne, 2005: p. 91).

[8]These advances are, all the same, conditional on their "exceptional character". "Exceptional character" still needs to be well defined! It is therefore at the discretion of the guarantor.

[9]The Franc Zone Convergence Committee (COCOZOF), a technical body created in 1999, obviously with this in mind. Indeed, COCOZOF, whose secretariat is provided by the Directorate General of the French Public Treasury, has among other missions to report on the evolution of the economic and monetary situation of the Franc Zone, to monitor the functioning of multilateral surveillance in each sub-region, to report on the progress made in this area and to formulate recommendations to consolidate this process.

[10]This is a requirement, for the central banks of the Franc Zone, to drain towards them and by all means, the "smallest currency" found with commercial banks, companies, the IMF, etc., before claiming to advances from the French Treasury.

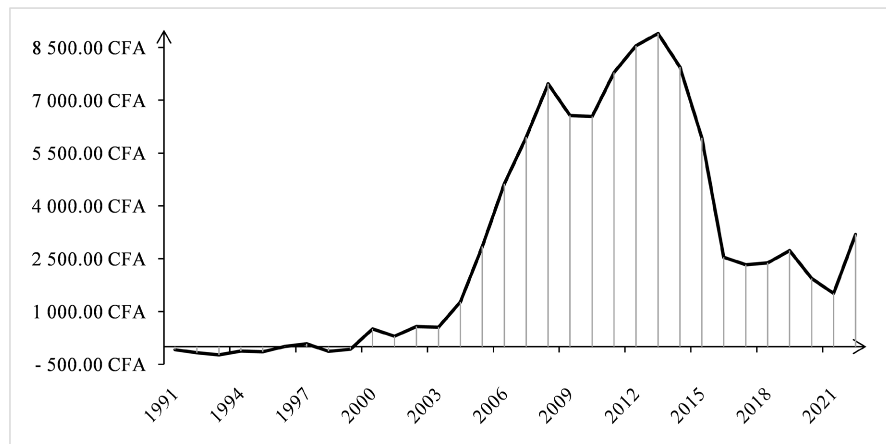

Figure 4. Evolution of net foreign assets CEMAC zone (in billions of FCFA). Source: Author, based on ECB data.

countries are marginal…" (Claveranne, 2005, p. 51). The combined external assets of the CEMAC and UEMOA zones represent barely 0.8% of France's GDP in 2019. The argument sometimes put forward according to which "France builds up its foreign currency reserves to the detriment of much poorer African countries" seems little solid and, therefore, less convincing which implies its abandonment. Also, the argument which consists of putting forward that the external reserves of the PAZF participate in the financing of the French debt is not tenable for at least two considerations. The first, France, whose public debt remains one of the most attractive in the world, has been borrowing for several years on financial markets at rates, if not negative[11], at least very close to zero. The second concerns the PAZF reserves which appear infinitesimal compared to the financing needs of the French debt (less than 1% for a public debt of around 2358 billion euros in the first quarter of 2019).

That France needs the external assets of the PAZF to finance its debt is perhaps a possibility, but if this is true, then this contribution would remain very modest and insignificant. But, as modest or insignificant as it may be for the French economy, this contribution will in any case remain an opportunity cost for the PAZF.

All this in no way means that France does not benefit from any other form of advantage linked to this system. It would still be quite curious if France, which would gain nothing from such a system, crystallized all the criticisms, but continued to *staunchly defend* this system[12]. The Franc Zone system was designed above all to allow France to buy the natural resources of its colonies more cheaply and these should at the same time provide outlets for selling off its surplus manufactured products. Even today, this system allows the risk-free repatr-

[11]"In total, France raised 8.9 billion euros, spread over 4 tranches. On the 8-year rate, the rate even fell into negative territory (−0.08%). *Les Echos* of June 6, 2019 by Isabelle Couet.

[12]The transition to the euro forced France to fiercely defend its agreements with the PAZF before the Council of the European Union. She managed to present the "opportune" nature of these agreements to the Council. Despite the reluctance of certain members, the European Community ended up recognizing these agreements (Decision 98/683/EC). Read about (Claveranne, 2005: p. 52).

iation of income earned in the PAZF by foreigners in general: multinational firms, "businessmen", diplomatic representatives, even the elites and oligarchs of the PAZF, are assured of being able to change into currencies and transfer without exchange risk all the Franc CFAs they have earned in the PAZF[13]. "This freedom of transfer of funds means that all economic operators doing business in the franc zone can transfer or repatriate without limits all the resulting profits." (Avom & Noumba, 2019: p. 4). Also, this freedom of transfer "seems to encourage the development of activities which do not contribute to structural changes in the PAZF. (…), it is a potential source of flight and evasion of capital due to the weak deepening of financial markets."

Some observers believe that "the main interest of the French government in this system is international geopolitics, because it allows it to keep its former colonies within its sphere of influence." (Tinel, 2016: p. 110). There is hardly any need to recall, because it is a truism, that in a hierarchical banking system, the central banks are at the top of the pyramid. It is quite curious to note that in the Franc Zone, the central banks have their own bank: the French Public Treasury! In a hierarchical banking system, the central bank requires second-tier banks to hold required reserves with it in central currency which are a percentage of the deposits they collect (in the majority of industrialized countries the rate of required reserves varies generally between 0% and 2%), in the Franc Zone, it is the central banks which collect the currencies earned by the States and must deposit 50% of these in the French Public Treasury. Are the central banks of the Franc CFA zones incapable of playing the role assigned to the French public treasury? No country or group of countries in the world, outside the Franc Zone, agrees to entrust the management mechanisms of its currency to an external country. This form of "infantilization" borders on the most absolute irresponsibility of the PAZF.

Monetary theories teach that the higher the rate of required reserves, the less room for maneuver banks have to finance the economy, since they have less liquidity to grant more credit. Could it be otherwise for the banks in the Franc Zone? In any case, several observers consider that the Franc CFA was not designed to promote the development of French-speaking Africa (Hammouda et al., 2001).

Pouemi rightly points out, that "the notion of guarantee of convertibility of currencies is the magic word to make Africa swallow the biggest snakes." (Pouemi, 2000: p. 39). Also, "the guarantee given by France to the franc of the African financial community (Franc CFA) has remained illusory insofar as it is constituted by an operations account which the French authorities have always taken great care to ensure was not never a debtor." (Jehan, 2017: p. 2).

[13]Regarding free transferability, that "this provision encourages capital flight. (…). The amount of unrequited transfers from non-African households leaving the PAZF towards France and the RDM (rest of the world) increased from 89 million dollars (in 1970) to 434 million dollars (in 1993). The cumulative amount of these transfers is estimated at $3783.6 million (or 2200 billion Franc CFAs)" (Prao, 2011: p. 154).

2.4. Monetary Decision-Making Bodies in the Franc Zone: A French Presence Sometimes Difficult to Defend

The presence of French representatives in the statutory bodies of the PAZF central banks, that is to say the Boards of Directors (BD) and the Monetary Policy Committees (MPC) of the BEAC and the BCEAO, arouses criticism from the part of the critics of the Franc CFA, while the defenders of the Franc Zone see it only as the counterpart of the guarantee of unlimited convertibility provided by France to the PAZF (**Table 1**).

Obviously, the criticisms made by opponents of the Franc CFA system are not all admissible. Thus, Professor Agbohou explains that "France has a right of veto[14] within each of the central banks, without any African country having a reciprocal view on French monetary policy…" (Agbohou, 2008). If we stick strictly to the statutes and the various official texts which govern the two issuing institutes of the Franc Zone, this criticism from Professor Agbohou, particularly on the form, is rather an "overinterpretation" of the texts., because no provision in the statutes of the BEAC nor in those of the BCEAO grants a right of veto to France. Indeed, articles 71, 72, 73, 81, 82 and 83 of the BCEAO statutes provide that: "each member of the Monetary Policy Committee (as for the Board of Directors) has the right to vote and has the right to vote in this regard. effect of a voice. "Decisions of the Monetary Policy Committee (as for the Board of Directors) are taken by a simple majority of the votes cast by the members. In the event of a tie in the distribution of votes, that of the President is decisive." "The validity of the deliberations of the Monetary Policy Committee (as for the Board of Directors) is subject to the presence of at least two thirds of the members. If this quorum is not reached, the President calls a new meeting on the same agenda."

Should we, however, consider that the presence of France in these bodies does not influence the decisions? It is difficult to answer in the negative on the merits after analyzing the conditions of deliberation in the decision-making bodies of the BEAC. Indeed, article 31 of the BEAC statutes provides that "the Board of Directors deliberates validly when each participating State is represented by at least one administrator." Article 43 follows the same logic, because it indicates that "the Monetary Policy Committee deliberates validly in the presence of at least one national of each Member State concerned. Failing this, the President notes that the quorum is not present and proceeds to another convocation." It is therefore sufficient for a Member State which is not in favor of a potential decision not to come forward to block it. This is also what Professor Agbohou explains: "When the agenda of the meeting of the Board of Directors does not interest it, France simply has to apply the empty chair policy to block the correct functioning of these central banks and that of the States which are members of them." (Agbohou, 2013). Of course, all member states can adopt this attitude,

[14]It is the right held by a person, an authority, etc. to unilaterally oppose a decision taken, in principle, collectively. The use of the right of veto implies the opposition to apply the decision that has been taken.

Table 1. Composition of the MPC and BD of the BEAC and BCEAO.

	Member States		French representatives	
	MPC	BD	MPC	BD
BEAC	14	14	2	2
BCEAO	8	8	1	1

Source: Author, based on the statutes of the BEAC and the BCEAO.

but the particularity of France is that it is not part of CEMAC or UMOA and that it sits on the Boards of Directors of the BEAC and of the BCEAO without holding the slightest share of the capital of these institutions.

In any case, the term "veto right" used by Professor Agbohou is an "abuse of language", since there is no provision in the statutes of the central banks of the Franc Zone which explicitly grants a right of veto. veto any member state. France does indeed participate in decision-making within the Central Banks of the Franc Zone, however this participation cannot be overestimated with regard to the statutory texts. This in no way means that the application of statutory texts is scrupulously respected during the sessions of the decision-making bodies; other parameters can actually influence the final decisions of these bodies. Moreover, "its voice [that of France] counts, at least as much as that of any other statutory member. (…), the balance of power between France and the African countries of the franc zone goes well beyond an arithmetic counting of votes and a facial reading of statutory texts." (Cissé, 2019). And to add that "it is therefore not by the number of representatives that we must assess the stature of each statutory member, but rather by their economic, political and military weight."

If we can indeed speak of France's "right of scrutiny", as a State ensuring the guarantee of the convertibility of the common currency, its statutory participation in the deliberations of the decision-making bodies goes beyond the framework of a simple right of inspection. This seems inquisitive and therefore embarrassing for many observers.

2.5. The Place Where Franc CFAs Are Printed: Some Questions

Since its creation in 1945, the Franc CFA has been printed in Chamalières, a French town near Clermont-Ferrand, by the Banque de France. A question quickly comes to mind: why are Franc CFAs (XOF & XAF), currencies used by 14 African countries, not printed in Africa? During the February 12, 2020 session of the Finance Committee of the French National Assembly, the representative of the Banque de France observed that "The BCEAO is the second client of the Banque de France, after the euro zone, for printing tickets." And to continue: The BCEAO and the BEAC "represent more than 40% and even almost half of its cost plan for the future." And to conclude by noting that these central banks are "important clients for the future of this activity in France".

It is often recalled that "the heads of state of the Franc Zone countries can decide by mutual agreement to change the place of manufacture" (Cissé, 2019) of

the Franc CFA currency. But, it must be observed that everything is in the terms "common agreement". This simply means, basically, that it is enough for only one country in the CEMAC zone or the UEMOA zone, for one reason or another, to refuse to give its agreement, for the *status quo* to remain. In reality, if the decision to change the place of manufacturing does not come from France or even if the latter is not in favor of it, it just needs to succeed in convincing at least one PAZF.

There are numerous examples of countries which do not have a printing press dedicated to printing their currency and which are obliged to do so abroad: the Guinean franc, the Ethiopian birr, the Ugandan shilling or the Botswanan pula are made in England; the Mauritanian ouguiya, the Eritrean nakfa, the Tanzanian shilling or the Zambian kwacha in Germany; the Liberian dollar in the United States… The parallel with the place of printing of Franc CFAs would only be admissible if and only if the euro (currency shared by several European countries) was printed in a country outside the euro zone (in an African country for example). We can understand, due to lack of resources, that a developing country cannot have a printing press dedicated to printing its currency, but it may seem absurd that six countries if not eight, depending on the Franc Zone considered, cannot succeed in pooling financial, technical and human resources to be able to have a bank note printing press.

In short, changing the unit of account would certainly not be enough to break the link between the franc CFA system and colonization, but this approach would contribute somewhat to dispassionate the debate. Also, the elimination of operating accounts would certainly appear as an important symbol in the desire to restore their monetary sovereignty to the PAZF.

3. Arguments Likely to Explain the *Status Quo* of the Franc CFA System

The longevity of the Franc CFA system can be explained in several ways. But here, two essential factors can attract attention: the capacity of a fringe of the African elite to find positive effects in the CFA franc system, on the one hand, and the approximate economic governance in certain PAZF, on the other hand.

3.1. Uncertainty Linked to Change or the "Stockholm Syndrome"

Several observers of the franc zone establish the link between the Franc CFA currency and "servitude". In view of the longevity of this currency, despite the multiple criticisms, we can therefore assume that the fear of change, like that of the slave towards his master, dominates within the countries which have this currency in common: fear of violating agreements, fear of punitive measures that could result from an abortive attempt to escape from servitude. However, this fear seems more exacerbated within the CEMAC zone where a *status quo* is observed, while some changes are announced in the UEMOA zone: after the agreement concluded on December 21, 2019, a bill from the French government putting an end to the Franc CFA was adopted by the Council of Ministers on

May 20, 2020.

Of course, any change has often been a source of some concern, since it is sometimes accompanied by a greater or lesser degree of uncertainty. But the longevity of the Franc CFA system, despite criticism, is in a certain way explained, according to our observation, by a sort of "Stockholm syndrome"[15] of which PAZF decision-makers are victims. Indeed, very often, it is not even France, but a certain elite of the PAZF which finds arguments to explain, in the name of science and certainly not of passion, the importance of otherwise observing the *status quo* about the Franc CFA system, at least to reform this system. In the majority of academic articles which raise the question of exit or maintenance of the Franc CFA system, the hypothesis of a definitive and unconditional exit is generally not considered. The posture adopted by this African elite can be explained through the psychological mechanisms of "*frozen fright*" theorized by Martin Symonds (Symonds, 1980). Indeed, the latter considers that on a psychological level, Stockholm Syndrome is observed as one of the multiple emotional reactions likely to manifest in an individual exposed for a significant period of time to the domination of an aggressor. If in reality France cannot be perceived as being an aggressor and the PAZF as being victims, the fact remains that the period of colonization and its effects could well justify such a relationship.

The parallel between the behavior of the PAZF through part of its elite and the psychological phenomenon, known as "Stockholm Syndrome", may seem less relevant for some observers and exaggerated for others. However, it is difficult to ignore the feeling of mutual sympathy, until now, between France and its former colonies. However, Professor Oliveira (Oliveira, 2005) points out that the manifestation of "Stockholm Syndrome" can be diagnosed based on the observation of two symptoms:

❖ the victim's feeling of sympathy for their attacker;
❖ the feeling of sympathy of the aggressor for his victim.

And to add that to definitively identify the manifestation of this phenomenon, it is necessary to observe the conjunction of three signs:

✓ the victim gradually develops a feeling of understanding, attraction, sympathy, friendship, in the face of the acts and gestures and the speech of the aggressor;
✓ expressions of gratitude continue over time, contributing to the fact that the victim does not complain of any aggression, violence or mistreatment;
✓ the victim, instead of opposing his aggressor, seeks to justify the latter's criminal act, by blaming the cause of his terrorist attitude on the government in place, socio-economic inequalities and injustices.

In short, the psychological approach can, to a certain extent, help explain the

[15]Note that "Stockholm Syndrome" is a strange psychological phenomenon that can occur between a victim and their tormentor. Indeed, some hostages end up developing a certain empathy or even sympathy towards their attacker or jailer.

longevity of the Franc CFA system. Indeed, the fear of change, more or less maintained by both French and African elites, gives rise to this phenomenon which is similar to what psychologists would describe as "Stockholm Syndrome".

3.2. Governance Problems in PAZF: Currency Cannot Justify Everything

In his Keynesian counter-revolution, Milton Friedman considered that "inflation is always and everywhere a monetary phenomenon, in the sense that it is and can only be generated by a more rapid increase in the quantity of money." than that of production (Friedman, 1970). As a result, the currency must therefore be managed rigorously, in order to avoid the risks of inflation: "the growth of the money supply should be aligned with the "natural" growth rate of the economy." (Friedman, 1948). Thus, to avoid recognizing discretionary power to central bankers, Friedman questions the independence of the Central Bank and observes that "money is too serious a thing to entrust to Central Banks".

Certainly, for absolutely different reasons, but on this question of the independence of the Central Bank, Professor Pouemi is in the same line of thought as Friedman. Indeed, he notes that: "it is not reasonable to entrust to a politically irresponsible organization, populated by civil servants not from the vote, the freedom to influence collective life in the direction it desires." (Pouemi, 2000: p. 105). Does this mean that currency management should be entrusted to national governments? It turns out that "(…), whenever this has been the case, governments have abused their monetary power and, by creating inflation, impoverished citizens. (…) The solution of a Central Bank under 100% government control should therefore be ruled out. It is all the more so since the government, transitional by nature, tends to perceive economic life according to electoral deadlines (…)." (Pouemi, 2000: p. 104).

Skepticism about the ability of some PAZFs to rigorously manage a national currency comes from the fact that "many African countries continue to operate within the framework of inadequate institutional structures and processes, a factor which allows corruption to take hold and to prosper." (United Nations, 2016: p. XI) Which means that changing the currency or leaving the Franc Zone would certainly not resolve all the development problems attributed to the Franc CFA system. Some PAZFs have sometimes experienced lean periods, particularly during periods of sharp increases in world prices of raw materials, however, this financial windfall generated by these increases in raw material prices still does not give rise to major structural transformations on the economic plan. For example, between 2008 and 2013, certain oil-exporting countries in the Franc Zone achieved significant budget surpluses: this is the case of the Republic of Congo and Gabon, to name just these two countries. Despite their budget surpluses (**Table 2** and **Table 3**), their development problems have remained at or almost the same stage.

Table 2. Balances of Congo's financial operations (in billions of FCFA).

	2008	2009	2010	2011	2012	2013
Overall balance (basis of commitments, excluding donations)	1210.4	192.5	1275.6	1084.0	430.5	389.8
Overall balance (commitment basis excluding donations/BEAC consolidation excluded)	1210.4	192.5	1275.6	1084.0	430.5	389.8
Overall balance (commitment basis, donations included)	1228.1	207.0	2587.6	1119.4	440.5	417.9
Financial savings on oil resources (EFRP)	1087.4	-381.1	1030.6	885.7	849.6	522.9
Reference budget balance (as a % of GDP)	8.7	15.4	34.0	10.9	−2.5	-0.4

Source: Author, based on BEAC data.

Table 3. Balances of Gabon's financial operations (in billions of FCFA).

	2008	2009	2010	2011	2012	2013
Overall balance excluding donations (ordering basis)	751.1	337.7	5.0	131.0	179.8	153.8
Overall balance including donations (ordering basis)	751.3	338.4	5.0	131.0	179.8	147.8
Financial savings on oil resources (EFRP)	593.9	−52.0	148.6	535.4	674.5	302.1
Reference budget balance (as a % of GDP)	5.4	5.6	0.3	−1.3	−3.1	−0.2

Source: Author, based on BEAC data.

Total financial savings on Congo's oil resources between 2008 and 2013 therefore amount to nearly 4000 billion FCFA (6.1 billion euros). The overall balance stands at more than 6000 billion Franc CFAs (9.145 billion euros). If the PAZF development problems are attributable to the Franc CFA system, we can also ask how many billions of Franc CFAs would a country such as the Republic of Congo need to initiate real development and avoid returning the Franc CFA responsible for all his ills. With a total financial savings of more than 2200 billion Franc CFAs (3.353 billion euros), over the same period, the problem arises in the same terms for Gabon, a small country with an area of 267,667 km^2 and 2.119 million of inhabitants.

In view of the examples which have just been given, we can observe that: "the paradox of abundance continues to strike many resource-rich African countries, with these countries doing less well than resource-deprived countries. This curse manifests itself in different ways, including what is known as Dutch disease and boom-bust cycles due to income volatility." (United Nations, 2016: p. 10) If for many observers, the Franc CFA constitutes a brake on the development of the PAZF, we must, however, not obscure the weakness of the institutions which can be considered as "one of the main determinants of corruption which compromises the prospects success of the structural transformation process." (United Nations, 2016: p. 12). Moreover, several studies establish a "confused dependence of economic growth on the level of good governance." (Pere, 2015: p. 38). In Africa in general, the absence of good governance is indeed a reality, and it

means weak institutions, an ineffective balance of powers, insufficient legal and regulatory frameworks, and ineffective enforcement mechanisms.

Certainly, governance is a difficult concept to define, we can, however, agree with Kaufmann et al. (2010) to note that it relates to "traditions and institutions through which authority is exercised in a country for the common good. Which includes the process by which governments are chosen, controlled and replaced; the capacity of public authorities to effectively manage their resources and implement rational policies, as well as the respect of citizens and the State for the institutions governing their economic and social interactions." (Kaufmann et al., 2010: p. 4). However, "the lack (…) of (credible) democratic institutions is recognized as being one of the most important determinants of corruption." (Anwar & Schacter, 2004). This being considered as a scourge whose "economic costs weigh heavily on developing countries, destroying development programs and plans and diverting resources that could have been invested more rationally, among other things." (United Nations, 2016: p. 12). Furthermore, in an environment ripe for corruption, "a country's real development priorities are often neglected in favor of those that yield the greatest personal profits for decision-makers." Moreover, most often governments end up building "roads that lead nowhere", simply because these activities generate bribes or serve the political interests of decision-makers (Driscol, 1998). Furthermore, if the maintenance of existing infrastructure receives little attention it is partly because new projects generate greater retro-commissions (Mauro, 1995). Thus, instead of improving public infrastructure, corruption therefore contributes to weakening them, due to these behaviors motivated by rent-seeking (Tanzi & Davoodi, 2002). All this to point out that all the development problems of the PAZF cannot find a definitive solution through the monetary system, even if it is the most effective!

4. Conclusion

The recurrence of the debate on the Franc Zone and its monetary system raises the question of the relevance of maintaining or not this system. It is obvious that the acronym FCFA will always be associated with colonization regardless of the "make-up" to which it may be subject. However, colonization most often reminds the populations of the PAZF of a dark and painful period in their history, which is likely to provoke the systematic rejection of this so-called colonial currency even beyond scientific or even technical considerations: dignity, pride and sovereignty become admissible arguments under these conditions.

Banking theories teach that in a hierarchical banking system, the central bank sits at the top of the hierarchy. It is quite curious in the case of PAZF that the central banks must ultimately have above them, the French Public Treasury which, in addition, requires them to deposit with it, through the operations accounts, at least 50% of their external reserves. However modest these external reserves may be in relation to the French economy, they could still be used to finance growth in these PAZFs. It is a unique system in the world which reveals a form of infantilization which borders on the most total irresponsibility of the

PAZF.

The particularities of the Franc Zone and the Franc CFA system raise questions in more than one way. In addition to everything that has just been noted, the relevance of the presence of representatives of France in the deliberation bodies of the BCEAO and the BEAC concerns more than one observer, knowing that apart from the fact of Being the country guarantor of the convertibility of Franc CFAs, France does not own the slightest share of the capital, neither of the BCEAO, nor of the BEAC. So, this presence of France, after more than sixty years, can only be justified within the framework of the preservation of its own interests. Likewise, it is understandable that Franc CFAs are manufactured in France on the grounds that PAZFs are not equipped with the necessary technology. But that no effort has been made, after more than sixty years, for this activity to be carried out in a PAZF, this must seem inconceivable, especially since it is an activity that generates jobs and therefore likely to reduce, somewhat, unemployment in at least one of the PAZFs where this printing plant would be located.

For all these reasons, it becomes urgent for the PAZF to experiment with other monetary systems, failing to fundamentally reform the current system, if only to validate or invalidate the hypothesis according to which: "the Franc CFA slows down the development of Africa" (Nubukpo, 2015). If the approach taken in this direction by the countries of the UEMOA zone must be encouraged, the *status quo* adopted by the countries of the CEMAC zone and the BEAC is incomprehensible and therefore deserves to be blamed.

We must, all the same, not lose sight of the fact that if money is essential to the proper functioning of any modern economy, it must not, here, be considered as the alpha and omega of the development and growth of PAZF. As long as institutional problems, issues related to governance, corruption, productivity and competitiveness are not resolved, no monetary system, however effective it may be, will lead the PAZF on the path of development and sustainable growth.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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