Neo-Colonial Economics in Central Africa: A Very Short History

Word War Two as the death-knell for colonial empires is a well-trodden and essentially erroneous narrative. Empires' relationships with their colonies were uprooted, modified and given the gloss of 'independence' but retained injustice and exploitation at their core. In Central Africa, neo-colonialism is abundant in its forms. This article will explore a particular system of neo-imperial economic exploitation known as the CEMAC zone.

After World War Two, people throughout Africa fought for national independence. Unable to quell the uprisings in their colonies, France eventually accepted that the era of direct colonial stewardship had come to an end. However, reluctant to lose a fruitful source of labour and material, President Charles de Gaulle sought to formulate a strategy that would benefit French military and business interests in Africa throughout the modern era.

To achieve this, France accepted independence, but with certain conditions. France would be allowed to station military units in their former colonies and would retain a monopoly on key industries. France would also have control over her former colonies' exports and imports. Finally, all former colonies would continue to use the CFA Franc (Franc of the French Colonies of Africa). In the Central African colonies, this would be known as the Central African CFA Franc. Those countries comprising West Africa would use the

West African CFA Franc.

Since 1964, Central African membership of this monetary union has taken place within the framework of the CEMAC (The Economic and Monetary Committee of Central Africa). This article’s focus is primarily on how this monetary committee problematizes economic development for its member-states. In particular, it will draw on Cameroon, a useful case-study for understanding exactly how colonial economic rule permeates all levels of society.

The CFA Franc as a Colonial Weapon

Those countries comprising the CEMAC still use the CFA Franc today. This includes Cameroon, Chad, the Central African Republic, Equatorial Guinea, Gabon and the Republic of Congo. Described by economist Martial Ze Belinga as a ‘predatory relationship’, it is a colonial economic system cloaked beneath a veil of co-operation.

The CFA Franc harms Central African economies in two main ways. Firstly, it denies these countries of their capacity for economic development and industrialisation. Secondly, it eliminates the possibility of a sovereign monetary policy.

The CFA Franc achieves these effects in two main ways. Firstly, under the terms of the CEMAC, African nations are obliged to place two-thirds of their foreign exchange reserves in a special French treasury ‘operating account’. Foreign exchange reserves are a country’s way of stockpiling foreign currency so that their own currency can remain competitive. The benefits this incurs for France is clear. By building up their foreign currency reserves, Paris is able to protect the value of the Euro, thereby ensuring that other countries remain accessible markets for French exports. However, this has a devastating impact on Central African economies.

Due to CEMAC stipulations, two-thirds of Central African wealth sit in European banks. This makes it very difficult for

Central African businesses to obtain the credit loans they need for further development. Every time they want to access their own money, they must borrow it at crippling interest rates. Furthermore, France holds a de facto veto on the boards of the two central banks within the CFA franc zone. Consequently, Central African nations can only invest in their own economy if France allows it.

France is a beneficiary of this economic stagnation. Without the industrial capacity to convert raw materials into valuable secondary commodities (clothes, televisions, cars, etc), Central African nations are forced to sell their primary products to France for desperately low prices.

France promotes this deeply unjust relationship another way – by pegging the CFA to the Euro. This means that the conversion rate of Euro to CFA is always kept within a certain range. Consequently, the European Central Bank has de facto control of the CFA Franc. Any economic policy devised in Brussels will have a direct impact on the CFA. The problem is that CEMAC nations have no representation in Europe. The people of Central Africa therefore find themselves at the mercy of European bureaucrats who devise monetary policy with no regard to Central African interests. The most notable example of this came in 1994 when the CFA Franc was devalued overnight. Vital imports such as medication and sanitary products doubled leading to protests throughout the region.

Moreover, the competitiveness of CEMAC products is severely penalized. Exchange rates between the Euro and CFA are structurally overvalued meaning that local producers pay an additional form of tax for the export of their products. By pooling Central African wealth and selling it back to them at extortionate rates, France constrains the development of African enterprises, thereby ensuring that it remains a fruitful producer of cheap raw materials for French business.

Arguments in Favour of the CFA Franc

In an article written for *American Express,* Frances Coppola, a respected economic journalist, comes out in favour of the CFA Franc. She summarizes that the nations of the CEMAC enjoy relative stability and low inflation. Economists also often claim that they benefit from close trade-links with France. Unfortunately, these claims are at best falsifications, and at worst outright lies.

Take for example the first statement – 'countries in the CFA zone enjoy relative stability'. This initially seems like a fair statement. According to *the IMF*, countries in the CEMAC tend to experience lower inflation rates than their non-CEMAC neighbours. In the last year, no CEMAC member endured an annual inflation rate greater than 3%.

However, a stable economy does not necessarily entail prosperity. In fact, the CEMAC region is a case-study in how 'stagnation' can be re-packaged and marketed as 'stability'. By the logic of Coppola, low inflation is a self-evidently positive thing. If that was the case, Cameroonians who benefit from a low inflation rate of 2.1% should be experiencing far better standards of living than those living in Sudan, where the inflation rate is at 50.4% and has been above 10% since 2007. In reality, according to the *World Bank*, in Sudan 14.9% of people live beneath the poverty line while that figure is at 23.8% for Cameroon. This demonstrates that the stability of a currency is no guarantee of better living standards.

Not only does Cameroon's fantastically 'stable economy' act as a fertile breeding ground for abject poverty, but it also appears incapable of long-term development. In Cameroon, real per capita GDP is less than it was 40 years ago. In fact, during the last two decades, the CEMAC's economic growth has been, on average, slower than that for the rest of sub-Saharan Africa. It's become increasingly unclear what exactly economic 'stability' has achieved.

Effects in Cameroon

I currently live in Yaoundé, the capital of Cameroon. I have, therefore, experienced the effects of this economic system first-hand. However, for an expat like myself, the impact is minimal. For example, buying a 700CFA (£1) beer with even a 5000CFA (£6.50) note is practically impossible because there simply isn't enough money in circulation to give out that much change. An inconvenience – but not a tragedy. For the people of Cameroon, however, the implications of the imperial stranglehold find themselves crudely etched into the lived reality of everyday life.

With such little domestic investment, unemployment is rife. The stated minimum wage in Cameroon is 36,720CFA (£47) per month but many people are forced to work for far less than that. The work which is available tends to be extremely underpaid. Furthermore, because Cameroon is so reliant on agriculture, much of the work is seasonal. Consequently, countless families are forced to live-by-day, hand-to-mouth. For the majority, vagrancy is the inescapable reality.

What does this 'inescapable reality' look like? Well, it looks like emaciated figures picking their way through seething piles of rubbish. It looks likes skinny, jaundiced young men huddled together in the darkness of derelict buildings. It looks like children fetching water from malarial swamps when the shop next door sells it for 250CFA (35p) per bottle. We must be careful not to victimize these people too excessively. Cameroonians are breathtakingly industrious. From the crack of dawn, everyone from the twelve-year-old boy to the old woman is out on the streets hustling, carrying and bartering. There is an astonishing drive to better one's circumstances regardless of the adversity. However, one cannot help but feel that they're swimming against the tide.

Why Does it Persist?

If CEMAC nations are so perilously aggrieved by this system, why do they continue to participate in it? The reasons pertinent to Cameroon are the same throughout Central Africa. For Paul Biya, President of Cameroon, his support for this French-dominated system hinges on two things; his need for power and his fear of losing it.

Let’s first address the ‘need for power’. The Cameroonian government has long relied on French military assistance for legitimacy. France provide the Cameroonian army with both materiel and training and has done so since independence. The vitality of French military assistance was evidenced when, in 1984, they were instrumental in suppressing a coup against the Cameroonian leadership. Although Cameroon’s military is relatively strong, they rely on the French army as much as ever. With Ambazonian rebels in the West and Al Shabaab fighters in the north, there is no shortage of threats to Biya’s position, even as his reign enters its twilight years.

Biya has proved that, for him, power is everything. Whether it means manipulating his nation’s constitution, sanctioning police atrocities or submitting his nation to a state of French economic vassalage, he will do anything to remain in power. French military assistance will only continue if the CEMAC system remains in place. Biya is thus unlikely to bite the hand that feeds.

Lust for power isn’t the only vice the French government seeks to exploit. Fear has proved an equally effective weapon. France has a long and proud history of murdering leaders who don’t toe the economic line. In 1963, President of Togo Sylvanus Olympio was assassinated after he had tried to set up a Togolese currency. In 1987, President of Burkina Faso Thomas Sankara met the same fate under similar circumstances.

The most recent victim of French power was Laurent Gbagbo President of Ivory Coast. For years he had spoken out against the fallacy that was Ivorian independence and after three decades of non-violent struggle, was elected President in 2000. France responded to this by bombing both the military barracks and the presidential palace for several days. In April 2011, the French army station in Abidjan launched a full-scale assault against the Ivorian army. Alassane Ouattara was soon installed as France’s puppet of choice.

France rules over Central Africa with the indignant insolence of a spoilt child, but one which wields the power of an Empire. The leaders of Central African nations know this all too well and behave appropriately. In a toast to then-president Francois Hollande, Biya reiterated “the strong true friendship existing between France and Cameroon”. In reality, this is no declaration of affinity or co-operation, but rather the trembling utterances of a fearful subject.

Conclusion

Recently, Macron said he was in favour of the gradual phasing out of the CFA Franc suggesting that there is perhaps light at the end of this tunnel. Such declarations are, however, best taken with a substantial dose of salt. Macron is a master of the ‘non-concession’ concession. Recently, to quell domestic unrest, he said that he’d give up his state pension of *€600 per month.* Bear in mind, this man with an estimated net worth of $31.5 million. The gesture is so hollow as to be almost laughable.

His talk of phasing out CFA Franc is similarly vapid. Central Africa is one of the world’s most volatile regions. Consequently, ruling regimes need French military assistance to exist and are thus willing to pay the crushing economic price. Macron knows this. For the time being, French colonial rule in Central Africa remains strong, just as it has done for over one hundred years.