Chapter Four

Challenges involved in forming a monetary Union in West Africa

This chapter attempts to investigate the challenges of forming a monetary union in the West African community. Aside from technical factors, the formation of a monetary union in the region may be affected by the nature of political instability, the Anglophone/Francophone divide as well as the proliferation of sub regional organizations in the community, which have competing objectives. The democratic transition in Nigeria and her role as a regional leader increased prospects for the formation of a monetary union and efforts are made in this section to find out if such a union in the community may revolve around Nigeria. Economic analysis forms part of the story but political motivation usually dominates economic analysis.

The Nature of Political Instability in the Region.

Apart from technical factors, there are political issues that play for or against the formation of a monetary union in West Africa. All regional organizations regardless of whether their purpose is of economic well-being or monetary cooperation are political in nature. Not only do political objectives motivate the establishment of these organizations; political actions also bring them into being and it is politics that characterizes their functioning too. As ongoing entities, these organizations are marked by conflict among participant actors, over goals and over the distribution of costs and benefits just as is politics at the national level. "It is not going too far then to say that regional organizations are in reality political systems."[1]

In so far as economic integration schemes set up institutions, or arrangements that are meant to render a service or create rules or norms of behaviour, or adjudicate,

[1] James Cochrane, *The Politics of Regional Integration: The Central American Case* (New Orleans: Tulane University Press, 1969), 7.

conciliate or in any way settle disputes, one cannot avoid talking about politics. Organizations that are predominantly economic have significant political dimensions, if anything, for the simple reason that such organizations are political in their inception, termination and basic arrangements even if the conflict factor is minimized in their daily operations. It has been aptly said that economic integration in Africa must be sufficiently elastic to accommodate political aspirations.[2] This is essential because in Africa, it is difficult to consider economic development problems without considering political realities. In West Africa, in particular, political issues have obstructed implementation of joint development proposals no matter how plausible.

Almost every detail and degree of African economic integration envisaged in the Lagos Treaty requires a bold political decision and the coordination of economic and political policies. In West Africa perhaps more than anywhere else, economic integration means more than merely refurbishing an old house. It means jointly building a new and larger house for millions of West Africans. Such a larger regional house can only be realized by the cooperation and sacrifices of all participating governments. Indeed all structural and regional levels required for its growth will in the final analysis, take place only through the decisions and actions of governments.[3]

Political Instability

This situation in the first place demands a long-term and steadily increasing commitment to cooperation from each member state of the community and second, political stability is required to enable ECOWAS members to withstand the pressures generated by the reforms envisaged by the African Union and the New Partnership for

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[2] Donald Rothchild, "The Political Implications of the Treaty," *East African Economic Review* vol 3 No 2, New Series, 1967, 14.
[3] S.K.B. Asante, *The Political Economy of Regionalism in Africa: A Decade of the Economic Community of West African States* (New York: Praeger Publishers, 1986), 139.

Africa's Development. Even the ability to plan both at the national and regional levels require some element of political stability. Political instability should be stressed as one of the major problems that militate against the formation of a monetary union. It is common knowledge that the West African sub region ranks high in political instability and perhaps ideological differences. The internal insecurity of member states has been reinforced by the epidemic of military coups, counter coups and threats of coups.[4]

Since the early 1960s, there have been more than a dozen coups and countercoups in the sub region. Nigeria, the most populous and economically viable country in the community, had its government under Shehu Shagari changed in a bloodless coup in 1983. And in 1984, the Guinean armed forces announced that they had seized power, only a few days after the burial of President Sekou Toure, the then ECOWAS chairman. It is imperative to point out that of the sixteen member states of ECOWAS, eleven were under military rule by 1987. The point we intend to advance here is that under such an atmosphere West African heads of state and government whether military or civilian, progressive or conservative all feel unsafe.

One feature to note is that unlike in the European community where public opinion plays a crucial role in determining the pace and scope of European integration, in Africa, integration efforts are generally sustained by the actions of political elite.[5] Thus whenever coups or revolutions topple a government belonging to an integration scheme, the scheme's future is jeopardized. Military takeovers tend to reinforce the feeling of insecurity of political leaders and make them more inward looking and less likely to regard any increased integration with favour, despite their

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[4] Ibid., 144.
[5] S.K.B. Asante, *The Political Economy of Regionalism in Africa: A Decade of the Economic Community of West African States* (New York: Praeger Publishers, 1986), 141.

rhetoric to the contrary.[6] The overthrow of a government belonging to a regional grouping may cause one or more of the other members to treat the new regime as pariah, especially in a situation where close personal links had been maintained with the former leader. The Liberian coup of 1980 for example, precipitated a series of events that not only estranged Liberia from ECOWAS, but also strained the relations between that country and other ECOWAS members. Treating the new regime as a pariah, the ECOWAS heads of state and government summarily excluded the new Liberian leader, Samuel Doe, from their summit meeting at Lome in May 1980, even though he was already in the Togolese capital. In retaliation, Doe announced the suspension of Liberia's membership in ECOWAS, as he interpreted the measures against him "as an unfriendly act, detrimental to the goals of the community." In a series of actions that stopped short of a diplomatic hiatus, the Liberian leader recalled the country's envoys to Nigeria, Senegal and Sierra Leone.[7] Thus the change of regime in Liberia which is not an irregular occurrence in the region affected a not insignificant jolt to the solidarity of the member states.

A similar situation occurred in Togo in February of 2005 when the military in that country installed Faure Gnassingbe following the death of his father, Gnassingbe Eyadema who had ruled that country since April 1967. Parliamentary speaker Fambara Natcha had been next in line, but the army and the ruling party did not want him to take over, so they closed the borders while he was abroad and installed Faure. The Togolese constitution stated that elections be held within two months of a president's death but the parliament, dominated by the Togo People's Rally (RPT) voted to amend that article and allowed Faure to inherit his father's term of office which runs until 2008. Amid protests by opposition groups, several people were killed

[6]S.K.B Asante, *The Political Economy of Regionalism in West Africa: A Decade of the Economic Community of West African States* (New York: Praeger Publications, 1986),145.
[7] Ibid., 146.

while others were injured. Fellow ECOWAS members called the incident "a coup" and advised the regime to retrace its steps to the position of the constitution and hold free, fair and transparent elections. This was followed by the imposition of an arms embargo and a regional travel ban on Togolese officials as well as the suspension of Togo from ECOWAS. With pressure mounting from regional leaders, Faure resigned and was replaced by an interim leader, Abass Bonfoh.

Furthermore, political instability in one country in the region has the tendency of spilling across national borders. In some cases sub regional leaders support dissident factions to destabilize neighbouring regimes. For example Burkina Faso and Cote d'Ivoire assisted the NPFL in Liberia, Liberia and Burkina Faso assisted the RUF in Sierra Leone, and Nigeria, Sierra Leone and Guinea also backed anti-NPFL factions in Liberia. In the conflict in Cote d'Ivoire for example, the leaders of the main rebel group, *Mouvement Patriotique de la Cote d'Ivoire* (MPCI) planned the September 2002 coup from exile in Burkina Faso, whose President Blaise Campaore` was aware of at least the outlines of their plans. Liberia's then President Charles Taylor was directly implicated in the creation of two rebel groups in the West of the country, composed of Liberians and Sierra Leoneans. President Laurent Gbagbo of Cote d' Ivoire in turn armed other Liberians, thus assisting the creation of a new anti-Taylor insurgency, the Movement for Democracy in Liberia (MODEL).[8]

There is a long-standing history between Gbagbo and the fighters and political personalities associated with the Liberian rebels. The Liberians received support from the Gbagbo government from 2002, particularly the Krahn wing, which split from the predominantly Mandingo Liberia United for Reconciliation and Democracy (LURD), based in Guinea. Many of these Liberians were previously associated with the former

[8]"Cote d'Ivoire," The War is Not Over Yet (Freetown: International Crisis Group, 2002), 2.

Liberian President, Samuel Doe and many were part of the militia known as ULIMO-J (United Liberation Movement for Liberia).[9] Those from the Krahn ethnic group are ethnic "cousins" of the Ivorian Guere` people. Many Ivorian Gueres` claim that Samuel Doe was in fact Ivorian, and connections between the two groups are longstanding, especially since the Liberian war caused tens of thousands to seek refuge in western Cote d' Ivoire in the early 1990s. Many Guere` support Gbagbo's FPI, whereas the Yacouba are more faithful to the late General Guei and his UDPI. The Ivorian Yacouba and the Liberian Gio thus formed a block within the MPIGO, fighting against the Guere-Krahn alliance, in what became an inter-ethnic conflict across national borders.[10]

The Western front of the war in Cote d' Ivoire fundamentally changed the nature of the war. Until the arrival of Liberian and Sierra Leonean fighters, relatively few civilians had been victims of violence in rebel zones. By December 2002, the number of civilian victims of the "death squads" in Abidjan and loyalist security forces in Daloa was reportedly higher than those civilians killed by the MPCI. Uncontrolled by their respective Ivorian allies, Liberian and Sierra Leonean fighters spread death and destruction among the local Guere, Yacouba and Dioula populations.[11] The prevalence of political instability in West Africa adversely affects regional integration initiatives. Even though most conflicts in the region are intrastate, they have a tendency of spilling across national boundaries thus affecting the stability in the entire region. In most cases, financial resources that could be used to pursue economic and monetary integration are diverted towards peacemaking initiatives.

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[9] Ibid., 3.
[10] "Cote d' Ivoire: Tensions Still Run High in the Wild West," *http://dehai.org/archives/aw-news-archive/0237.htm.*
[11] Ibid.

The Anglophone/Francophone Divide

Another factor that may work against the formation of a monetary union in West Africa is the division between the former French colonies and their counterparts who were under British colonial rule. All sixteen states of ECOWAS were the creation of colonialism born out of the rivalries and geopolitical strategies of European imperial powers. Their artificiality has constituted the greatest obstacle to the achievement of more stable and dynamic statehood. Independent West African countries are effectively states that have struggled to transform themselves into more coherent nations.

The dismantling at independence of regional political integration processes removed all the relics of countervailing power that could have moderated the ambitions of West Africa's militaries. The French started the process of dismantling *Afrique Occidential Francaise* (French West Africa) in 1956.[12] Without consulting with African leaders, not even with Africans who were members of the French National Assembly, Gaston Deffere, the Minister of "Overseas France" completely reversed the long-standing policy of successive French governments in centralizing power at the federal level under the high commissioner. Arguing that the French West African Federation was too large economically, administratively and politically, Deffere pushed forward the *Loi Cadre* that launched the process of the balkanization of West Africa. When in 1958, Guinea under Sekou Toure rejected by over 90 per cent of the votes cast, the constitutional proposals granting membership to colonies in a French community instead of outright independence, the death knell of the

[12] Adebayo Adedeji, *ECOWAS: A Retrospective journey,* in Adekeye Adebajo and Ismail Rashid's *West Africa's Security Challenges: Building Peace in A Troubled Region,* (Boulder: Lynee Reinne Publishers, 2004), 23.

community was sounded.[13] In retaliation, President Charles De Gaulle abolished West Africa as a political entity.

The different countries within the former French federation reacted differently to De Gaulle's action. The richest country within the former federation, Cote d'Ivoire, welcomed the move since Abidjan had always felt that Senegal and other states benefited more from the federation. Senegal and Mali (then French Sudan) made attempts to oppose the balkanization of French West Africa by creating the federation of Mali which initially included Upper Volta (now Burkina Faso) and Dahomey (now Benin). But this new federation could not be sustained once independence had been granted separately to each of the constituent parts of French West Africa. Thus by 1960, instead of a viable independent nation emerging from French West Africa, appropriately renamed, there emerged eight independent states in addition to Togo.[14]

Britain in contrast to France entertained no illusions of a British community or union. London granted independence to its four West African states separately. Ghana became independent first in 1957, followed by Nigeria in 1960, Sierra Lone in 1961 and Gambia in 1965. This staggered pace of decolonization had a negative impact on the maintenance and sustenance of joint institutions established by the colonial authority. Ghana, which was the first West African state to become independent, insisted on the disbandment of these joint institutions. The common Anglophone West African currency, the West African Pound as mention in chapter one and two was replaced by the Cedi in Ghana, the Pound and later the Naira in Nigeria, the Leone in Sierra Leone and the Dalasi in Gambia.

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[13] Adebayo Adedeji, *ECOWAS: a retrospective Journey,* in Adekeye Adebajo and Ismail Rashid's *West Africa's Security Challenges: Building Peace in A Troubled Region,* (Boulder: Lynne Rienner Publishers, 2004), 24.
[14] Ibid., 24.

The approach of the countries that emerged from the disintegrated French West Africa was the opposite of the situation in British West Africa. With strong encouragement from France, they quickly recognized the need to overcome, or at least minimize the restrictions and constrains that fragmentation had imposed on their development through the various and relentless promotion of cooperation and integration.[15] Some of these initiatives predated independence and France breaking up the federation maintained close political, economic, and military ties with its former colonies after independence. The UDAO *Union Douanniere de L' Afrique de L' Ouest* (West African Customs Union) consisting of Cote d'Ivoire, Senegal, Niger, Mali and Burkina Faso was created in June 1959. The UDAO was replaced seven years later by the UDEAO *Union Douanniere et Economique de L'Afrique de L'Ouest* (West African Customs and Economic Union). Both organizations failed to achieve their integrationist goals and the CEAO was created in 1973 with strong French encouragements.[16]

Perhaps because of their colonial histories, it is not surprising that there were little economic relationships at least in the formal sense between the Anglophone and Francophone West African countries. Early post independence private sector attempts to promote regional cooperation in the region could only strive along colonial lines. In 1963 for instance, the Chamber of Commerce of Sierra Leone and the Lagos Chamber of Commerce and industry championed the formation of the Federation of the West African Chamber of Commerce. One of the objectives of this organization was to promote the establishment of an economic community and a common market in the West African region to encourage the speedy reestablishment of supra-national

[15] Adebayo Adedeji, *ECOWAS: A Retrospective Journey* in Adekeye Adebajo and Ismail Rashid's West *Africa's Security Challenges: Building Peace in a Troubled Region* (Boulder: Lynee Reinner, 2004), 25.
[16] Victor Adetula, *Regional Integration in Africa: Prospects for Closer Cooperation Between West, East and Southern Africa,* (Jos: Centre For Development Studies, 2004), 9.

commercial institutions.[17] Despite good intentions, this association could not break the colonial barrier within the confines of British West Africa.

One striking feature of all the attempts at regional integration was the perpetuation of the divide between Francophone and Anglophone West Africa. This divide remained virtually intact and preserved the colonial legacy. Thus in spite of having achieved independence, West African states particularly the French speaking ones, continued to depend on their former colonial ruler for trade, investment, aid and security. The few attempts to break this neo-colonial dependence occurred at the bilateral and trilateral levels involving the important experiments by Nigeria/Niger, Ghana/Guinea/Mali and Senegal/Gambia (SeneGambian Confederation).[18] All these initiatives however failed to achieve their goals due to problems of political will and economic balkanization. At the multilateral level, such initiatives as the River Niger Commission and the West African Free Trade Area initiated by Cote d' Ivoire, Guinea, Liberia and Sierra Leone were ineffective or failed to take off at all.

The shadow of France has loomed large in the region, through the relationship maintained with its former colonies. The "Cooperation Agreements" found expression not only in the conventional sense of development cooperation, but also included defence agreements by which the African states that are signatories could call upon France for direct security assistance and military materials for their armies. Since British presence, though not insignificant in the economic domain in its former colonies was nevertheless less obtrusive and practically uncoordinated, the French

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[17] Uche Chibuike, "The Politics of Monetary Sector Cooperation among the Economic Community of West African States Members," *World Bank: Policy Research Writing Paper, 2001*, 1-3.

[18] Senegal and Gambia for example reached an Agreement in November 1981, and pledged to integrate their military and security force and form an economic union.

shadow has proved very decisive in the postcolonial pattern of cooperation in West Africa.[19]

The Proliferation of Intergovernmental Organizations

A major obstacle to economic and monetary cooperation and integration in Africa is the existence of a large number of intergovernmental organizations. The proliferation of such organizations is more pronounced in West Africa than elsewhere in the continent. The most frustrating aspect of this phenomenon is that while all ECOWAS governments recognize the need to rationalize these organizations, very little progress has been achieved in this area. West African countries have contravened article 88(4) of the 1991 Treaty establishing the African Economic Community, which stipulates that "member states undertake through their respective regional economic communities to coordinate and harmonize their sub regional organizations, with a view to rationalizing the integration process at the level of each region."[20]

It looked as if a breakthrough was possible when at the beginning of 1990, policymakers talked more openly than ever about making ECOWAS the only intergovernmental body in West Africa, thus absorbing the CEAO and the Mano River Union (MRU).[21] The revised ECOWAS treaty prepared by the committee of eminent persons, which conducted a review of the Lagos Treaty in 1992, envisaged such a provision in the revised ECOWAS treaty. Unfortunately, within fifteen months of the adoption of the revised ECOWAS treaty in Cotonou in January 1993, the UMOA was transformed into the UEMOA, while the ailing CEAO was dissolved in

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[19] Olu Adeniji, "Mechanisms for Conflict Management in West Africa: Politics of Harmonization," *The Journal of Humanitarian Assistance,* 2000, 6.

[20] "Organization of African Unity: Treaty Establishing the African Economic Community, Abuja, June 1991."

[21] The MANO River Union is composed of Sierra Leone, Liberia and Guinea, See Abdul Lamin "The Politics of Reconciliation in the MANO River Union: Challenges and Prospects for Peace Building," *Institute for Global Dialogue,* Occasional Paper, No 45, 2004, 6.

1994. The timing of this change was in the words of Adebayo Adedeji "exquisite."[22] He contends further that the UMOA was doubtless transformed into the UEMOA to get rid of the ailing CEAO, but also as a way of checkmating ECOWAS in a pernicious chess game.[23] UEMOA has succeeded brilliantly in its mission. The Francophone-dominated organization has thrown ECOWAS and the Anglophone states into a state a paralysis. ECOWAS now spends a great deal of time trying to harmonize its programmes with those of the UEMOA. Whereas such groupings as the Mano River Union composed of Anglophone and Francophone states was regarded as building blocks towards a more integrated ECOWAS, UEMOA is in many respects a miniature ECOWAS and may thus be less easy to accommodate within the organization.[24]

In contrast to ECOWAS, UEMOA whose eight members it must be recalled are also members of ECOWAS became a single market in January 2000. As such, all tariffs and goods produced within the eight member states have been abolished, a single external tariff has been adopted and there are ongoing efforts to standardize business laws and the registration of companies.[25] Given the fact that these eight countries belong to the CFA zone, it is not surprising that the UEMOA has been hailed in the West as the most impressive cooperation entity, yet many African governments and institutions have been particularly suspicious of UEMOA and its equivalent in Central Africa, CEMAC. The African Development Bank's (ADB) 1993 development report expressed "grave concerns" about the implications for the future

[22] Adebayo Adedeji, *ECOWAS: A Retrospective Journey* (Boulder: Lynee Reinner Publishers, 2004), 25.
[23] Ibid.,26.
[24] Ibid., 27.
[25] S.K.B. Asante, *The Travails of Integration,* in Adekeye Adebajo and Ismail Rashid's *West African Security Challenges: Building Peace in a Troubled Region* (Boulder: Lynee Reinner, 2004), 2.

of the Abuja Treaty of 1991 as well as the existing economic communities in West Africa. As A. London asserts;

> If the more advanced member states of an economic community proceed along a decision in which the remaining member states of an economic community have not taken part, the variable geometry strategy can become a disintegrative strategy, splitting the community in two ways as the remaining member states in the community have only two options; implementing the decision taken by the "core community" or taking a direction more consistent with their joint interests. The variable geometry strategy becomes an especially important concern when the pace of progress of the core countries depends on the impetus carried into the community from outside the region. Indeed, an integrative strategy is unlikely to succeed if the steam for the locomotive is not generated by member states forming the very community.[26]

This is precisely the case in the West African region and may therefore be one of the reasons why Anglophone states decided to form the West African Monetary Zone as a starting point for a merger with the Francophone UEMOA.

Nigeria's Position in West Africa: Leader or Hegemon?

Can the formation of a monetary union in West Africa revolve around Nigeria?

Since Independence in 1960, Nigeria has been noted as Africa's largest country; the size of its territory and its population and the diversity of its people and resources

[26] A, London, "Promoting Regional Economic Cooperation and Integration in Africa," Paper prepared for the Global Coalition for Africa Ministerial Meeting: Cotonou Benin, June 1993.

distinguish it from most of the continent's other 52 states. But under the initial Balewa government, Nigeria was both conservative and cautious, and was logically referred to as "Africa's sleeping giant." If the first civilian administration failed to mobilize Nigeria's potential in international affairs, the first military regimes were preoccupied with civil strife and then the civil war. General Yakubo Gowon for example had little time for foreign policy when it affected the outcome of the national conflict.

The post independence political history of Nigeria has largely been one of military intervention in politics as well as the modes and consequences of intervention: coups, counter coups, a civil war and military governance. It is such that the military phenomenon has been central to the analysis of Nigerian politics. But in spite of the fact that it was deeply embedded in the country's political process, military intervention and rule was regarded even by leaders from the barracks, as both an aberration and a key indicator of political instability.[27]

In Nigeria, apart from specific calls for military intervention, the politicization of the institution made an apolitical military intervention unlikely. There were two major sources of politicization. First was the concern with the representativeness of the institution whose initial composition was lopsided, due largely to the "warrior tribe" policy pursued by colonial authorities and disparities in the socio-economic opportunities available to different groups.[28] By 1966 for example, middle belt minorities –Angas, Biron, Idoma, Igbirra and Tiv accounted for 60 per cent of the soldiers and officers from the north and 40 per cent of the entire Nigerian army.[29] Increasing concerns among members of the political class over the potential political

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[27] Eghosa Osaghae, *Nigeria Since Independence, Crippled Giant* (London: Hurst and Co, 1998), 34.
[28] Miners N.J, *The Nigerian Army:1958-1966* (London: Methuen, 1971), 327.
[29] Adekanye Adekson, "Army Recruitment in a Colonial Plural Society," *Ethnic and Race Studies*, Vol2, No2, 1979, 432.

roles of the military led to the introduction of the quota system of recruitment to the non-commissioned ranks in 1958 and the officer corps in 1961. This had the tendency of dragging the soldiers into the acute political controversies or conflicts ranging in the wider society. The second source of politicization was the political uses to which the military was put in times of peace, which gave the soldiers a measure of political effectiveness.[30]

From 1966-1979, the country was under the first phase of military rule characterized by coups and countercoups. In 1966, the lingering crisis which followed the violent elections of 1964-65 provided the grounds for military intervention by a group of army officers who claimed they wanted to "stamp out tribalism, nepotism and regionalism"[31] Following the assassinations of leaders in the Federal, Northern and Western regional governments, the country was further plunged into crisis and General Aguiyi Ironso took power. In 1967, in an operation code named "Araba," General Ironsi was assassinated and the reins of power were taken over by General Yakubu Gowon.[32]

With the country on the brink of disintegration, leaders of the Northern and Eastern regions, called for the introduction of a confederal system in which among other things, the central government would function as determined by the regions. In the midst of disagreements, a decision of the Eastern Regional Consultative Assembly mandated Lt Colonel Odumegwu to declare an independent state called "the Republic of Biafra."[33] The Federal government declared this act a rebellion and promised to crush it. Fighting broke out between Federal and Biafran forces in July 1967, with

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[30] Adekanye Adekson, "Politics in A Military Context, in P.P. Ekeh et al eds, *Nigeria* Since Independence: The First Twenty Five Years, Vol 5; *Politics and Constitutions* (Ibadan; Heineman, 1989), 319.
[31] Eghosa Osaghae, *Nigeria Since Independence: Crippled Giant* (London: Hurst & Co, 1998),5.
[32] Ibid.,6.
[33] Ibid., 6.

Gowon declaring police action in a war which he and other top military officers believed would not last long. The civil war turned out to be protracted and ranged on for thirty months largely because of foreign involvement and support for Biafra. On 12 January 1970, the civil war ended following the surrender of Biafran Lt Colonel Philip Effiong to whom Ojukwo handed over a vanquished republic when he fled to Cote d' Ivoire.[34]

In economic terms, approximately 230.8 million Pounds in local currency and 70.8 million Pounds in foreign currency was spent on the war. Between 1 and 3 million Nigerians mostly easterners lost their lives while 3 million were displaced.[35] The civil war was followed by another bloodless coup which saw the accession to power of General Murtala Mohammed (July1975-February 1976) who was subsequently assassinated and was replaced by General Olusegun Obasanjo (February 1976-October 1979). In 1979 there was the introduction of the Second Republic and power was transferred to a civilian regime.[36] From the early 1970s, and especially after the coup that saw the accession to power of the Mohammed/Obasanjo administration, Nigerian leaders made attempts to take a prominent position in African politics and be the "guardian" and "champion" of the continent in its relations with external powers. The first sign of this changed attitude came in 1979, when a Nigerian initiative in the OAU led to the African declaration of cooperation development and economic independence, which forged a united African approach for the negotiation of the Lome convention.[37]

Within West Africa, and by means of successive diplomacy, Nigeria and Togo were able to get other countries in the region to form ECOWAS, an organization that

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[34] Eghosa E. Osaghae, *Nigeria Since Independence: Crippled Giant* (London: Hurst & Co, 1998), 7.
[35] Ibid.,8.
[36] Ibid,.9
[37] Dennis Austin, *Politics in Africa* (Manchester: Manchester University Press, 1978), 48-49.

cut across linguistic and cultural barriers left by colonialism. As a mark of its strength and size, relative to its partners, Lagos was chosen as the headquarters for ECOWAS and Nigeria provided 30 per cent of the budget and had a GNP roughly equivalent to those of all the members combined.

It was however increasingly evident that the country was beginning to use its power openly in the implementation of its foreign policy. For example, the use of its “oil weapon” was seen in the military government’s opposition to the 1979 coup in Ghana led by Flt Lt Colonel Jerry Rawlings. The Nigerian head of state at the time, Olusegun Obasanjo, appealed to the Ghanaian government for an end to the blood bath, which eventually saw the execution of three former Ghanaian leaders. When Rawlings ignored the request while publicly accepting them, Nigeria cut off oil supplies to the country with the aim of forcing Rawlings to modify his policies. The action backfired to some extent because it made Ghanaians more resolute to continue their “Clean up” operation and not to be bullied in to submission by their stronger neighbour, which was itself under military rule.[38]

Furthermore, a post civil war Nigeria pursued an “interventionist” foreign policy. Its foreign policy pronouncements assumed a more radical tone. Section 19 of the 1979 Constitution reflected Nigeria’s aspirations to regional leadership.

> The state shall promote African unity as well as total political, economic, social and cultural liberation of Africa and all other forms of international cooperation conducive to the consolidation of universal peace and mutual respect and friendship among all people and states, and shall combat racial discrimination in all its

[38] Nigeria’s 1979 constitution under civilian ruler Olusegun Obasanjo which was re-invoked during the transition to Democracy in 1999.

manifestations.[39]

Nigeria could not sustain this foreign policy posture for so long. The reason for this is not unconnected with one of the fundamental assumptions in foreign policy analysis, namely that a state's domestic circumstances will often determine its foreign policy posture and ability to pursue a credible foreign policy. The poor economic situation that was experienced in the country in the late 1980s and early 90s after the oil boom was made worse by human rights abuses. Nigeria assumed an international pariah status in 1995 when Ken Saro Wiwa and eight other environmental campaigners were hanged despite appeals from the international community.[40] Prior to that, the winner of an apparently free and fair election held in 1993, Moshood Abiola was jailed in 1994 and died in prison in 1998.

Many journalists, politicians and members of the opposition were imprisoned without trial. The hopes of many Nigerians for a meaningful transition to civil rule through democratic elections were dashed by the adoption of General Sani Abacha as the consensus presidential candidate by the country's five political parties, despite an outcry from opposition movements. Sanctions (though limited) were impose on Nigeria, by international organizations, the US and UK, and in 1995 she was suspended from the Commonwealth of Nations. The human rights abuses perpetuated by Abacha's regime and his refusal to yield to international pressure portrayed him as a ruthless dictator. This coupled with the fact that military rule was no longer acceptable in the post-Cold War era, tarnished the country's image.[41] In effect,

[39] "Nigerian Case File: The Ken Saro Wiwa Ogoni Hand Book," *http://www.hartford.hwp.com/ Archives/34a/030html.*

[40] Funmi Olonisakin, "Nigeria's Foreign Policy: Past Blunders and New Realities, *Institute for Security Studies, 1.*

[41] "The History of Nigeria Under General Sani Abacha (November 1993-June 1999)" *http://hartford.hwp. Com/archives/34a/index.bc.html.*

Nigeria's prominence in peacemaking operations in Liberia and Sierra Leone were overshadowed by the conduct of the regime at home. Some West African observers found it ironic that a regime which was itself an offender against the principles of democratic governance sought to restore some form of democracy to other countries.

In 1998 following the death of dictator General Sani Abacha, a new era began for the country. The renewed process of transition to civilian rule progressed during 1998 with strong indications from most Northern political leaders that they would accede to demands from Southern activists that the next president should be from the south of the country.[42] During the transition period, sanctions imposed by the US and UK were lifted and Nigeria automatically assumed membership in the Commonwealth of Nations. She was welcomed into the community of nations with elected governments. The transition made it possible for a new and more open society in which people no longer lived with the fear of the military.[43]

The outgoing administration approved a new constitutional framework based on the 1979 constitution and issued decrees designed to reinforce economic liberalisation. Olusegun Obasanjo was inaugurated as President on May 29, 1999 when the constitution came into effect.[44] The country continued in its peacemaking initiatives in the region. Following the re-escalation of conflict in Liberia, approximately 15,000 Nigerian troops were deployed to the country under an ECOWAS mandate and at the end of August 2003, the Liberian President Charles Taylor accepted an offer of asylum from Obasanjo and took up residence in Calabar in South-Eastern Nigeria.

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[42] Boomie O, "Motherland Nigeria Back to Democracy," *www.motherlandnigeria.com/transition.html.*
[43] Ibid.
[44] "The History in general of Nigeria, World History Archives," *http://www.hartford.hwp.com/archives/34a index-b.html.*

President Olusegun Obasanjo has shown determination in regional and continental initiatives. He played a predominant role in the promotion of the innovative "made in Africa" development strategy, the New Partnership for Africa's Development. The AU adopted an action plan of the NEPAD as the continent's framework for promoting economic development and strengthening partnerships with the international community. NEPAD incorporates principles such as conflict reduction and measures to improve political governance.[45] In addition, attention is focused on policies to promote, competition, trade and foreign investment underpinned by measures to strengthen macroeconomic and structural policy frameworks.[46]

Furthermore, the Sirte Declaration calls for the shortening of implementation periods in order to speed up the process for creating institutions such as the African Central Bank. It therefore complements the objectives of the 1991 Abuja Treaty which equally called for the formation of a single monetary zone in Africa. These objectives have in recent years been backed by the enthusiasm and commitment of the Nigerian leadership. The political transition in Nigeria and her engagements in regional and continental initiatives meant she could take a lead and be at the center stage of the formation of a monetary union.

While acknowledging the tremendous efforts by Nigeria in promoting regional integration, the country has not been spared by numerous ethnic, fratricidal and economic problems and that clouds her role as a devout leader in the region. Chiekh Diarra expressed this dilemma eloquently by stating that "Nigeria is the problem and

[45] "World Economic and Financial Surveys, Growth and Institutions," *World Economic Outlook* (Washington: International Monetary Fund, 2003), 115.
[46] "World Economic and Financial Surveys, Public Debt and Emerging Markets," *World Economic and Financial Surveys*, (Washington: International Monetary Fund, 2003), 52.

the solution to the problem."[47] This brings to light the issue that a state's domestic circumstances will often determine its foreign posture and ability to pursue a credible foreign policy. Another issue that clouds her role as a regional leader around which a monetary union could be formed is the heightened religious divisions in the country.

Heightened Religious and Ethnic Divisions

The anticipated adoption of sharia law in a number of northern states including Sokoto, Kebbi, Katsina, Kano and Yobe caused increasing religious tensions from December 1999. In Ilorin, in Kwara state, fourteen churches were burnt by suspected Islamic fundamentalists, prompting Christian leaders to demand the arrest of those responsible. After information spread that the application of sharia had commenced in Zamfara state in February 2000, Christians in the town of Kaduna staged a demonstration against the possible introduction of Islamic law in their state but skirmishes with Muslims rapidly escalated into widespread violence in which more than a thousand people were killed and property destroyed.[48] Revenge attacks against Muslims also occurred in Southern cities notably Aba, Abia state. There was equally a recurrence of religious clashes in Kaduna in May 2000 in which an estimated 150 people were killed.[49]

Violent conflict followed between Christians and Muslims in the principal middle belt city of Jos, in Plateau state (a state that had not adopted sharia law and where

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[47] Chiekh Diarra, quoted in Adekeye Adebayo, "The ECOWAS Security Mechanism: Toward a Pax West Africana," Paper Presented at the CODESRIA General Assembly Meeting, Kampala, December, 2002.
[48] Johannes Harnischfeger, "Sharia and Control Over Territory: Conflict Between "Settlers" and "Indigenes" in Nigeria," *African Affairs* vol 103, No 412 2004, 434.
[49] Ibid., 436.

large numbers of people had chosen to take refuge from the anticipated imposition of the Islamic code). During the violence, at least two hundred people were killed while hundreds more were injured and many houses, churches and mosques destroyed. The sharia issue not only dominated after 2001, but also greatly complicated the relationship between the presidency and the divided national assembly, while causing wide differences between individual states and the exacerbating relations between the states and the federal government.[50]

The most intense security problems have arisen in the vicinity of Warri, Delta State and other petroleum producing locations of the Delta region. The profit driven collusion between multinational companies and successive Nigerian governments, has resulted in the loss of numerous lives over the years and continues to threaten the stability of the Niger Delta region. Militants engage in regular theft and sale of crude petroleum and use the proceeds to arm themselves with increasingly sophisticated weapons.

These political uncertainties have lowered prospects for improving macroeconomic stability and promoting reforms, and the country's debt prices have fallen sharply as a result of heightened uncertainties regarding the status of debt repayments. Excessive government expenditure and monetary expansion continue to feed inflation and along with a drop in exports, are leading to an unsustainable increase in current account deficit and a sizeable decline in international reserves.[51] More so, the West African region faces a major problem because Nigeria has both asymmetric terms of trade shocks, it is a large oil exporter while its potential partners are oil importers and also has large fiscal imbalances that would not bode well for

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[50] Wumi Raji, *Boiling Point: The Crisis in the Oil Producing Communities in Nigeria* (Lagos: Frankard Publishers, 2000), 70.
[51] "World Economic and Financial Surveys: Trade and Finance," *World Economic Outlook*, Washington: International Monetary Fund, 2002, 55.

effective independence or monetary discipline of the regional central bank. Any sustainable monetary union among these countries would have to be accompanied by reinforced fiscal discipline through effective regional surveillance and control.

The democratic transition in Nigeria and the role her leader has played in regional and continental affairs may be synonymous to the role played by South Africa in the Common Monetary Area. However domestic political instability, heightened ethnic and religious struggles as well as the asymmetric nature of the Nigerian economy in relation to those of other West African states make it difficult for a monetary union to revolve around Nigeria. This paradox creates uncertainty among most of the member states of the West Africa particularly those of the CFA zone who increasingly view Nigeria as a regional hegemon or "a bull in a community China Shop."

Finally, even though the transition to the Euro in the EU improved prospects for monetary cooperation in West Africa, several challenges remain in this regard. The fourteen CFA zone countries are pegged to the Euro instead of the French Franc to which the CFA was linked since 1945, 65 per cent of these countries' external reserves are kept in an operations account in the French Treasury. Trade links between the Euro and CFA zone are tight. Exchange rate stability promoted by the CFA-Euro link has lead to greater inflows of direct investment from Euro land countries. The advantages of fixed exchange rate have over the years outweighed the disadvantages, the only real shock was the 1994 devaluation. Described at the time as "brutal and painful" by Benin's then President Nicephore Soglo, the devaluation was followed by a series of economic policy changes.[52] But many economists now give credit to the devaluation together with associated policy changes for the region's strong economic performance in recent years.

[52] Jacqueline Irving, "Varied Impact on Africa Expected From New European Currency. For Better or For Worse: The Euro, The Euro and the CFA," *African Recovery Vol 12, No 14 199, 1.*

Reviewing the history of economic relations and monetary systems between France and its former colonies, it goes without saying that these systems took various forms but were always designed to enhance France's development as a colonial power. But the fixed exchange rate regime has remained an essential factor in determining the economic performance of the CFA zone. It was predicted that the shift in the currency peg from the French Franc to the Euro could weaken French influence in the CFA region. But it has become increasingly evident that France remains the main country within the Euro zone that caters for the interests of the CFA zone countries. It will therefore be difficult for the CFA zone states to cut off the relations with France and for France to allow Anglophone states into an expanded CFA zone, the story may however be different were the UK to join the Euro arrangement.

In sum, negotiations for cooperation among ECOWAS member states have a much better monetary cooperation and integration programme mainly because of France's active support and participation in negotiations, mediation and consensus building. Unfortunately, Nigeria which has been the main force behind bilingual regional integration in the region has a different agenda from France. Its promotion of a bilingual economic grouping in West Africa was in part an attempt to reduce France's influence in West Africa, so France is unlikely to allow economic and monetary cooperation and integration along Nigerian lines.[53]

The fact that Nigeria is plagued by political, ethnic, religious and economic problems does not help. The choice for francophone West Africa is therefore between closer ties with France which has provided development aid, ensured currency convertibility and guaranteed monetary stability in those Francophone countries, and

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[53] Uche Chibuike, "The Politics of Monetary Sector Cooperation Among the Economic Community of West African States Members," *World Bank, Policy Research Working Paper,* 2001, 3

closer ties with Nigeria which has done little of the above for itself much less for its neighbours.[54]

Conclusion

This Research sought to identify the prospects and challenges involved in forming a monetary union in West Africa. The history of monetary cooperation in the sub region can be traced to the colonial era during which member states in the region were integrated into the world economic system through regional links with the currencies of their respective colonial powers. A distinction was made between countries which were under British rule otherwise known as Anglophone states and those under the authority of France known as Francophone states. In British colonies, the British West African Currency Board was mandated to provide for and control the supply of currencies to the colonies. The currency board was based on the West African Pound which in turn was linked at par to the British Pound Sterling. The West African Pound was in the years of its existence backed by the Sterling on a one hundred per cent sterling exchange system. This characteristic ruled out an independent monetary policy in the respective countries in the region during the colonial era. In French West Africa, France orchestrated the policy of issuing currencies in each of her colonies which were linked to the French Franc. Most of the colonies were consolidated into

[54] Ibid.

the French Union. The French union remained a unified economic zone, with a common external customs duty which later became a monetary union in 1945 and gave birth to the CFA Franc. The CFA was initially issued by the French Central Bank but this responsibility was subsequently transferred to the Central Bank of West African states in West Africa, and her sister bank the Central Bank of Central African States in Central Africa. At independence, the British West African Currency Board was dissolved and the various countries took up different currencies, established national central banks and to an extent severed monetary links with Britain. French West Africa on the other hand retained monetary links with France after independence through the CFA which was linked to the French Franc. They consolidated themselves into the West African Monetary Union and undertook to keep external reserves in an operations account at the French Treasury. After the devaluation of the CFA in 1994, the West African Monetary Union was transformed to the West African Economic and Monetary Union and following the introduction of the Euro in the European Union, the CFA became pegged to the Euro. Monetary integration was however envisaged in the community when the ECOWAS came into existence in 1975. Renewed interest in monetary cooperation became evident in the community with the introduction of the of the Euro which weakened the symbolic link of the Franc zone to France, thereby reducing the French stigma that had hitherto discouraged Anglophone countries from participating in an expanded monetary zone with their francophone counterparts.

The democratization of Nigeria equally improved cooperation among ECOWAS states in working towards implementing ECOWAS principles on monetary cooperation. This initiative was bolstered by the country's economic strength and the election of a leader who is committed to regional and continental integration. The establishment of NEPAD and its vision for the development of the continent based on the promotion of peace security and economic growth increased the prospects for greater integration in the region. Based on the above, Anglophone West Africa states set up two technical committees in 1999, one on trade and the other on monetary issues to identify ways of accelerating programmes in each sector. Following consultations with the governments of Gambia, Guinea, Liberia and Sierra Leone, the governments of the six Anglophone countries endorsed what became known as the Accra Declaration establishing the second monetary zone. The countries agreed on stringent primary and secondary convergence criteria aimed at reducing the negative externalities that come with monetary integration and thus create the enabling economic conditions for macro economic stability in the union.

One of the most significant towards the realisation of the monetary union was the creation of the West African Monetary Institute in Ghana in March 2001. The Institute undertakes technical preparations for the establishment of the West African Central Bank and has over the years carried out surveillance missions in the countries concerned, aimed at analysing their economic performances.

In spite of positive these steps, several factors have impeded the realisation of this initiative. The transition to the Euro in the EU improved prospects for greater integration in West Africa, but reviewing the history of economic relations and monetary systems between France and her former colonies has made it difficult for the Francophone states, let alone France to allow the inclusion of Anglophone states in an expanded monetary zone. This problem has been compounded by the ideological differences between Francophone states with explicit support from France and Anglophone states in the region. The proliferation of intergovernmental organisations in the region with competing objectives does not bode well for effective integration in the community.

Political instability in the region is equally a major obstacle to monetary and economic cooperation. Political instability creates the fear of insecurity among member states and civil wars in one country has had the tendency of spilling across national borders, as has been the case in Liberia, Sierra Leone and Cote d'Ivoire. With political instability, even the objectives of the AU and the NEPAD can hardly be realised since the NEPAD envisages peace security and good governance as preconditions for economic growth. Most importantly, the position of Nigeria as a regional leader has been clouded by political instability, ethnic and religious differences, thus making it difficult for Francophone states particular to break their longstanding ties with France and align themselves with a "troubled giant." These problems have been compounded by the asymmetric nature of the economies in the region. None of the countries met all of the convergence criteria set during the transition period. While the Gambia and Guinea satisfied one criteria each in 2003, Ghana and Nigeria satisfied three each and Sierra Leone none. There is equally the need to harmonise accounting systems, banking regulations.

Based on the above factors as illustrated by this study, it may be impossible for ECOWAS to meet the July 2005 deadline, for launching a new currency. From the lessons learned by member states of the community, which have been highlighted, the dream of a common currency in the region will be realised if efforts are increased in overcoming such challenges.

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