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Introduction

By the editors

In the face of the largest global pandemic in at least a century, the bifurcations of the world between the Global South and the Global North have become more visible than ever. 'Vaccine apartheid' separates the world into Europe and North America on one side, and most of Latin America, Asia, and, particularly, Africa – with a fraction of the available vaccines – on the other. At the same time, the ability to dole out massive fiscal stimuli is a staple of the North, with the United States taking the lead. The Global South, by contrast, and the African continent in particular, has run into a deeper looming debt crisis, while high public health expenditures are needed to combat the virus. This is illustrated by South Africa which witnessed the highest decline in GDP growth, -6 per cent, in 2020, followed by the North Africa region at -3.4 per cent.[1]

The meagre debt rescheduling initiatives pursued by the International Monetary Fund (IMF) and the G20 have been of little help. The need for Africa to increase its monetary and economic sovereignty in order to powerfully face the unequal international division of labour has rarely been more urgent, as being dependent on the 'benevolence' of foreign creditors, both public and private, is neither sustainable and beneficial. This book opens the discussion on how this could be done, which historical structures have to be faced and what has already been tried since independence.

To contribute to these urgent debates, this book delves into both the history and the present of African self-determination, and the particular roles monetary and financial systems have played in achieving or preventing it. Money and finance are no neutral instruments, but an integral part of the reproduction of unequal capitalist social relations. The international monetary system and the global and domestic financial markets partake in the regulation of social struggles and the distribution of profit. Yet, how exactly can money and finance work to constrain and

empower has rarely been studied on the African continent. Because of this, there are few 'shoulders of giants' we can build on for this quest. Samir Amin, Joseph Pouemi, and Dani Nabudere have been among the few authors taking monetary and financial affairs seriously as part of Pan-African analysis.[2] The unique and singularly colonial currency arrangement, the CFA Franc, has received some attention over the decades,[3] but few attempts have been made to think about the question of monetary and financial sovereignty across the entire continent. This book partakes in the movement to make their analyses fruitful for today.[4]

We respond to three ongoing problems that have made the study of money and finance more urgent: first, the problem of debt denominated in foreign currency: The looming debt crises, and obvious differences in fiscal space between the North and the South have shown that debt crises are a structural problem of global capitalism since at least the debt crisis of the 1980s and the Asian financial crises. Second, the problem of capital flows: The North Atlantic financial crisis from 2007 to 2008 and the Eurozone crisis have shown that financial flows have multiplied and that no one is immune to the volatilities of global capital flows and the havoc they can wreak. Third, the problem of progressive policy: discussions about Modern Monetary Theory (MMT), which has animated policy debates on how best to make money and finance work for all and to use our resources to their full potential. The analytical perspectives adopted in this book speaks of three processes from the point of view of the African continent.

THE IMMEDIATE CRISIS: COVID-19

In April 2020, at the beginning of the Covid-19 pandemic, while the world was experiencing the greatest health and subsequent economic crisis, the G20 announced an initiative to suspend the repayment of bilateral loans owed by a number of countries (most of them in Africa). These were faced with revenue losses stemming from a sharp decline in economic activity and, for many commodity exporter countries, a concurrent drop in commodity prices, trade, tourism revenues, and remittances that exacerbated their balance of payment crisis.

This was not a debt cancellation, however. The Debt Service Suspension Initiative (DSSI) only allowed 46 from 77 eligible countries

to ask for a debt moratorium with their public, bilateral G20 creditors. The bulk of these countries' debt is held by multilateral institutions and private holders. For example, the Republic of Congo, Ethiopia, Senegal, and Zambia owed more than 50 per cent of their debt to commercial creditors during the period May 2020 to December 2020. Moreover, a report by Eurodad[5] found that DSSI-eligible countries were already scheduled to repay $115 billion of debt between 2022 and 2024, just at the time when their suspended 2020 payments are due.

In late 2020, the G20 extended this initiative to the 17 African governments who would have been eligible, but only three countries requested debt treatments: Ethiopia is seeking a flow rescheduling, while Chad and Zambia have requested debt restructurings.[6] The US- or UK-based credit rating agencies have made these initiatives costly for countries willing to ask for assistance. As soon as Ethiopia announced its willingness to take the G20 up on its offer, it was downgraded by Fitch ratings to the default risk zone 'CCC' and placed by Moody's under review for downgrade. Fitch's head of Middle East and Africa sovereign ratings stated quite openly to Reuters that 'it would be likely that any other countries applying under the G20 Common Framework would be considered along the same lines as Ethiopia'. The Eurobond contracts held by these countries already included a default clause that 'non-payment of external debt, including seeking a moratorium, would be considered as defaulting'. In the process, not only Ethiopia was downgraded, but all countries that responded to the G20's offer were punished for having attempted to use this poisoned gift.

Downgraded by credit rating agencies, they will have to pay higher interest rates on the same amount of existing debt, and access to capital markets will be more difficult. Additionally, during the programme, they will be not allowed to incur debt from any other creditors. Although they will benefit from a debt moratorium, the amount initially planned for debt service could only be used to address critical spending caused by the pandemic (such as spending on the prevention, containment, and management of pandemic) and not for their much needed economic recovery. Finally they will be forced to follow the usual austerity-based policy framework that was already imposed by the Bretton Woods institutions in charge of the implementation of the G20 programme.[7]

Across the Global South and the small and weakened internationalist left in the North some raised their voice to cancel Third World debt,[8]

or to support the issuance and allocation of $3 trillion (US) special drawing rights (SDRs) by the IMF to permit countries in debt distress to tackle the health crisis, strengthen their health systems, and allow a long-term fiscal response for their economic recovery. Yet, in line with the prevailing constellations of forces, the Global North governments, the IMF, and the World Bank continue to promote the same conditions of fiscal tightening and further trade and capital account liberalisation.[9]

Waiting for international financial institutions or the Global North to show more solidarity seemed to be a losing strategy. There is no way around Africa taking its structural position in the international division of labour into its own hands, and to increase its monetary and economic sovereignty. While monetarily sovereign countries like the US, China, Russia, Japan and, to a lesser extent, the EU had the tools, and the means to limit the disastrous effects of the pandemic on their economies by combining monetary measures to avert the worst of the panic in financial markets, fiscal stimulus, and regulatory frameworks to preserve their productive capacity, the African continent had little of these; they wanted to refrain from asking their 'partners' in the North for help, but did not have the clout to do so.

THE LONG-STANDING CRISIS: AFRICA AND THE QUEST FOR FINANCING DEVELOPMENT

Kwame Nkrumah's dictum that political sovereignty has not meant economic sovereignty was true in the early 1960s, and is true today.[10] There has been progress, but setbacks are frequent and, as this book will show, much remains to be fought for.

Most African countries gained political independence during the 1950s and early 1960s, with the Portuguese and Southern African colonies joining the fray later in the 1970s to 1990s. While the early decades were characterised by socio-economic reconstruction where many African countries successfully expanded their basic infrastructure, public expenditures, and social services, it did not succeed in delinking the continent from structural economic dependency on the European colonisers, or moving beyond existing capitalist relations of production and exploitation. Indeed, most of the infrastructure built by

the colonisers was built for surplus extraction and capital accumulation, as we will see later in this book. Thus, the second oil price shock, falling commodity prices, and a succession of events in the 1980s[11] caused African economies, most of them exporters of unprocessed commodities and minerals, to incur external debts they could no longer afford to service. This outstanding debt crisis led to decades of growing multilateral debts and the famous Structural Adjustment Plans. The latter deepened intensive, extractive export-oriented development models. Moreover, by joining GATTS and EU Association agreements in the 1990s, African countries entered a vicious circle of opening borders to foreign investors that deepened their trade imbalances. Consequently, they are thus facing a continuous need for foreign currencies to service their accumulated foreign debt and to pay for imports of essential goods and energy, while continuing to export low value-added industrial products and raw materials.

Since the onset of the Global Financial Crisis in 2007, more than 15 African governments decided to sell US dollar denominated government bonds to Western banks for the first time since the debt crisis in the 1980s. Contrary to what the BRICS and particularly China did, which began to create alternative financial institutions and sought to internationalise the use of its currency, African countries further increased their dependency on Northern and Western capital markets, instead of decreasing it.[12]

Excess liquidity caused by quantitative easing and the search for yield in a low-interest environment pushed Northern banks towards African governments. The latter were interested because the interest rates of these bonds seemed low at first sight, and were thus a self-determined and promising way to finance their infrastructure investments. The Bretton Woods institutions' role in tightening fiscal space and pushing for conditions of financial and capital liberalisation were enabling conditions. Not being bound to the IMF, the World Bank, or other donors' conditions, appeared like an opportunity for policy space and more autonomy. However, with rising interest rates since 2015, and the slump in some export commodity prices, numerous countries have begun to face a debt trap. For Ghana, Kenya, Angola, and South Africa, debt levels have increased threefold between 2005 and 2015. For Mozambique, the situation is worse; its debt/GDP ratio increased from 38 per cent to 130 per cent between 2011 and 2016. In 2017,

Mozambique was forced to default on its debt. The situation faced by these countries shows a general trend throughout the continent. The future prospects, darkened by the Covid-19 crisis, look challenging as plenty of African sovereign Eurobonds, issued between 2016 and 2019, will come to maturity during the decade 2022–2032.[13] For most of the countries in distress, this represents a threatening wall of repayment which will be hard to confront.

At the same time, in countries where the debt to GDP ratio seems moderate, the real situation is sometimes masked by accounting tricks. Public Private Partnerships (PPPs) are often associated with 'hidden debts' which are not accounted for in standard evaluations of public debt.[14] Another disturbing trend is the increasing level of illicit financial flows exiting the African continent. This financial bleeding results mainly from accounting practices of multinationals (through what is called 'trade mispricing') and various criminal activities. It is responsible for the following paradox: while Africa is increasingly more indebted towards the rest of the world, Africa is nonetheless a net exporter of capital.[15]

FROM STRUCTURAL CRISIS TOWARDS SOLUTIONS: FROM MONETARY DEPENDENCY TO MONETARY SOVEREIGNTY

Formal monetary sovereignty is defined in legal terms as the right of a state to issue its own currency, the right to determine and change the value of that currency, and the right to regulate the use of that currency or any other currency within its territory. But these principles are often challenged by international private law,[16] unequal power structures between reserve currency nations and developing countries, or by surplus/deficit positions in the global economy. Depending on their position in the currency hierarchy, countries in the centre are benefitting from more privileges and have more policy space than those in the periphery.[17] Monetary sovereignty is thus not only a question of rights and duties, it's a concept that indicates the ability to conduct the adequate monetary and fiscal policies, the degree of autonomy in choosing its objectives, and the legal and institutional capacity to implement them.

A lack of real monetary sovereignty, and thus a state of relative monetary dependency, is largely the result of a country's insertion into the international division of labour, and the status of a country in the global financial architecture. Several factors shape a country's monetary sovereignty: the degree of openness of a country to foreign capital, the degree of its integration into global value chains, and the institutional financial framework adopted; that is, whether the country has a central bank, the monetary policy of the central bank, an eventual integration into a monetary union, the government's chosen prerogatives in regulating domestic prices, and the shape of the banking and financial sectors. International conventions and binding IMF articles are key elements that shape the contours of monetary sovereignty. In the age of financial openness and the abolition of capital controls, the volatility of the financial cycle and exposure to it are important limiting factors, too.[18]

Monetary dependency in Africa has been a cause and an effect of the subordinate status of the continent in economic, political, and military domains. Monetary dependency remains a structural condition of the African continent as a whole, despite the great diversity of contexts, as will become clear in this book. All contributors agree that it is, to a great degree, a legacy of European colonialism.

Despite post-independence 'Africanisation' of monetary signs, and central bank staff in francophone West Africa's two monetary and economic unions – the West African Economic and Monetary Union (WAEMU) and the Central African Economic and Monetary Union (CEMAC) – the monetary mechanisms that were set up in the colonial period still operate without major changes. What is more, neoliberal ideology is solidly entrenched among African bureaucrats responsible for economic and monetary policy.[19] France, as their former colonial metropolis, continues to co-manage part of the foreign exchange reserves of these two blocs as well as their monetary and exchange rate policies. This lack of formal monetary sovereignty translates into a lack of an autonomous monetary policy and a situation of financial dependency. Over time, the economic and financial dependency of country members of the WAEMU and the CEMAC towards France has broadened and diversified to assume a more global character by including actors like the IMF, the European Union, and China.

The situation is not very different for the North African countries of Tunisia, Morocco, and Algeria. After independence they established

their own central banks and began issuing their own currencies. Despite enjoying nominal monetary sovereignty, they face numerous facets of monetary, economic, and financial dependency.

Being a formally monetary sovereign does not mean that real economic sovereignty and self-determination have arrived. Nigeria's policy space has improved massively since becoming a substantial oil exporter, which came with the means to defend the currency and deal with its volatility. Debt crises could be averted for the recent decades; however, the exposure to global capital flows creates problems. How to delink as much as possible, and pursue policies tailored to the majority of the population, remains a riddle not yet solved by those countries with more policy space.

Economic problems have always been at the heart of African struggles for emancipation and liberation. Yet monetary and financial questions were for a long time monopolised by mainstream neoliberal discourse; presented as complex issues and abstract calculations, the experts' exclusive domain. This has facilitated the transfer of exclusive monetary powers to regional bodies (as in monetary unions) or to institutions like the IMF, with the objective of achieving 'financial stability'. Thus, little criticism has been raised against the 'central bank independence' principle, the 'monetary unions' model, or the 'inflation target' objective, and their effects on wages, labour and, most importantly, their role in removing government control over monetary policies, thus easily eluding political accountability. All these policy options work to facilitate the pillage of the resources of the continent as well as the super-exploitation of its workers, which are the fuel of what Samir Amin describes as the 'imperialist rent'.[20] A rent that can only be secured through militarised globalisation, protected technological innovation, and greater financial integration. Yet, more economic and monetary sovereignty is required to counter the structures that perpetuate the export of domestic economic surplus.

It is only recently that social movements and activists in Africa took up these important issues as a battlefield for a more socially just and autonomous economic development. Vocal anti-CFA Franc movements in Senegal and in the rest of the African franc zone, mobilisations against central bank domestic policies in Tunisia and Egypt, and protests in Mozambique against odious government debt are just a selection of recent popular movements.

There are lessons to be learnt from the debate on the future of Africa's decolonial struggle from the 2008 North Atlantic financial crisis, the Covid-19 virus pandemic and the monetary and fiscal response packages that were used to save financial capital at the expense of people and labour. The pandemic has raised fundamental questions about the way we should organise our society and the values that structure our lives. This book aims to be part of this urgent conversation.

THE ORIGINS OF THIS BOOK AND ITS CONTRIBUTIONS

This book is the fruit of a collective effort to gather economists, scholars, journalists and activists from Africa, and the rest of the World in Tunis for a large international conference in in November 2019. Funded and hosted by the Rosa-Luxemburg Foundation's North Africa Office, the conference was organised in cooperation with the Politics of Money network from Germany and the Global Institute for Sustainable Prosperity from the US. We offer our thanks to the inspiring speakers who could not contribute a chapter to this book: Anthony Victor Obeng, Accra; Chibuike Uche, Leiden; Cédric Mbeng Mezui, Abidjan; Andrew Fisher, The Hague; Jan Kregel, New York; Jerome Roos, Amsterdam; Daniela Gabor, Bristol; Peter Doyle, Washington D.C.; Riaz Tayob, Johannesburg; Mehdi Ben Guirat, Tunis; Arndt Hopfman, Brussels; Enrique Martino, Berlin; Mokhtar Ftouh, Algiers; Rohan Grey, New York City; Patrick Bond, Cape Town; Ingrid Kvangraven, York; Okoli Chukwuma, Ibadan; Myriam Amri, Tunis; and Rym Kosi, Tunis.

Our collaboration began just before the Covid 19 outbreak, in November 2019. The pandemic has confirmed the diagnoses present at the conference and in the book: export-led development is vulnerable, banking on sectors like tourism can be uniquely volatile, and foreign denominated debt puts you at the mercy of investors not interested in the prosperity of your society. Finding alternatives to Africa's current development path is now widely debated among progressive thinkers, researchers, Pan-Africanists, and policymakers. Our book seeks to join this conversation with a particular focus on monetary and financial relations, giving serious attention to

the historical structures and institutions so far preventing radical transformation.[21]

PART I: THE CONTEMPORARY GLOBAL ECONOMIC AND MONETARY ORDER

As fears of a new Third World debt crisis mounted amid the pandemic, the G20 Debt Service Suspension Initiative (DSSI) postponed debt service on bilateral debt owed by more than 70 of the poorest countries.[22] As it did so, Third World and African debt became a new battleground between China and the West. How will the battle unfold? Will it land Africa in a new, even more ravaging debt crisis? Radhika Desai argues in Chapter 1 that China's presence on this scene means that the Third World debt crisis of the 2020s may unfold much less threateningly for Third World and African prospects. To understand this potential, we need to grasp the substantial differences between the Western dollar-denominated financial system and the Chinese one. Desai provides the historical background to this argument and shows how wrong it is to judge China's financial system by the standards of the dominant Western one, how both financial systems emerged through the uneven and combined development of capitalism, how the Western system is actually the more archaic and backward (and hence also the predatory and speculative one) and why, despite these liabilities, it has persisted until now.

PART II: CHALLENGES TO MONETARY SOVEREIGNTY IN THE POSTCOLONIAL PERIPHERY

Governments that issue their own currency possess nominal monetary sovereignty. However, their degree of real monetary sovereignty is contested by commercial banks that create most of the means of payment through the loans they extend. In the postcolonial setting, governments' nominal monetary sovereignty is further eroded by their peripheral integration in the global economy as exporters of raw materials and users of hegemonic currencies they critically need, and which they do not issue. The history of banking and finance in Sudan,

from independence in 1956 to the 2019 popular uprising, is an eloquent example of the gap between nominal and real monetary sovereignty. In Chapter 2, Harry Cross offers an account of successive forms of banking in Sudan – European multinationals, state-owned commercial banks, and private Islamic banks – as each sought to capture local and external flows of funds in a shifting international economy. He analyses how governments and political movements turned to the banking sector at particular historical moments in search of alliances. At the same time, he shows how the earlier efforts at building a nationally-controlled banking system were aborted due to the need to compensate nationalised foreign banks in foreign currency, and because of economic sanctions imposed by core countries. While the development of private Islamic banks and the forced 'delinking' of Sudan from the international payments system somehow constrained the country to follow a more endogenous development path, this proved unsustainable and ultimately resulted in a 're-integration' in the global economy, conditioned on the implementation of IMF-style austerity and liberalisation policies. Based on this case study, Harry Cross argues that the possibilities open to postcolonial states through their sovereign powers of local monetary creation are systematically disciplined by crises and imbalances produced by an international capitalist economy, in which states on the global periphery are 'rule takers' rather than 'rule makers'. According to him, this leaves two options for postcolonial states: Collective action to challenge the institutional structure of the international capitalist economy, or a strategy of 'delinking'/revolutionary exit from it.

Given the difficulties of such a collective action, most African states have suffered, alternately, the evils of deflation and inflation, and in very rare occurrences hyperinflation. Zimbabwe's record hyperinflation in 2008, and its subsequent issuance of the largest denomination in the history of money, has acquired legendary status, although most analyses so far have been rather superficial. Zimbabwe does not demonstrate the perils of monetary sovereignty and the so-called 'printing' of money, as most analysis insinuate. Rather, it shows that the monetary possibilities of nations are shaped and constrained by the nature of their insertion in the global economy, as well as their domestic economic structure.

In Chapter 3, Francis Garikayi provides us with a more profound understanding of the structural basis of Zimbabwean hyperinflation,

which goes against the grain of mainstream accounts of economic mismanagement and corruption. He argues that Zimbabwe's monetary system has to be studied historically in relationship with how capital accumulation has tended to take place in the country. During the early colonial era, the monetary system served to facilitate the extraction of gold to the metropolis. With the transition from 'Chartered Company' rule to the white settlers' so-called 'Responsible Government', monetary relations shifted towards facilitating the 'draining off of surplus' – the export of local savings. As global conditions changed and the country started to industrialise, the monetary system transitioned towards facilitating trade. Since Zimbabwe's independence, money has mainly served to promote export-led growth in line with Washington Consensus policies. For Francis Garikayi, currency collapse and hyperinflation in Zimbabwe are not the result of mismanagement or fiscal indiscipline. They are an outcome of its particular economic structure. According to his account, the monetary system worked to maintain afloat extraverted sectors – mining, agricultural exports, and manufacturing – which would have collapsed without such support. With declining domestic capacity and export income, international sanctions compounded the economic and financial woes of a country where the consumption of critical goods are imported, while local production is mainly oriented towards the export market. To escape from this predicament, Francis Garikayi recommends a shift towards 'labour-centred industrial development', which presupposes the mobilisation of the monetary system for that purpose and a retreat from Washington Consensus policies that promote the reproduction of capital at the expense of labour.

In contrast to Zimbabwe, Algeria has done its best to limit its exposure to debt in foreign currencies, thanks to lavish hydrocarbon income receipts. However, given the limited diversification of its export base, government finance and monetary policy have been highly dependent on these proceeds from gas and oil. In Chapter 4, Fatiha Talahite analyses Algeria's monetary policy during the rule of long-standing president Bouteflika, from 1999 to 2018. Most of this period has been characterised by a boom in external revenues thanks to high hydrocarbon prices, which ended in 2014 with a large downward shock. The influx of hydrocarbon export revenues not absorbed by the economy has led, since 2002, to a situation of chronic

excess liquidity of the banking system. Faced with this situation, the Bank of Algeria's policy, whose principal objective was to target inflation, consisted mainly in recovering liquidity from primary banks. The absence of any real credit market deprived the economy of the instruments needed to translate monetary policy measures into growth. The Revenue Regulation Fund, created in 2000 to cushion the effects of erratic oil price fluctuations on the economy, was used to freeze excess export revenues, fuelling idle savings in the context of structural underfinancing of the economy. Used since 2006 to finance growing budget deficits, the fund has contributed to the opaque leakage of public spending, leading to resource waste and widespread corruption. The economic downturn in 2014, following the drop in oil prices, caused a liquidity crisis that the Bank of Algeria tried to curb through an 'accommodating' monetary policy which proved ineffective due to the rigidity of the banking system. This impasse led the authorities to resort to quantitative easing, in a situation of political crisis that paralysed government initiatives. The two other solutions envisaged to curb the crisis in public revenues and the balance of payments were the devaluation of the dinar and external debt, thus reopening the nagging question of financial sovereignty, which the regime believed it had exorcised since the end of the structural adjustment programmes in 1999. Overall, even if Algeria managed to obtain more external stability than other hydrocarbon-rich countries, such as Venezuela, Nigeria, or Angola, this has not created the conditions for shared prosperity, given the lack of adequate policy tools and a clear development orientation in the context of weak political legitimacy, as exposed by the popular uprising of February 2019.

PART III: INCREASING SOVEREIGNTY THROUGH MONETARY UNIONS?

In their quest for economic transformation conducive to shared prosperity, a favoured route is via regional integration at the continental level through the African Continental Free Trade Area (AfCFTA), as well as via Regional Economic Communities (RECs) that promote deeper integration through future monetary unions. The African Union envisions a single currency for the continent that will connect these

RECs into a larger monetary union. In this scenario, formal monetary sovereignty will progressively move from the national to the continental level of governance. Are monetary unions the way to go in order to help the African continent achieve more economic and monetary sovereignty?

The four following chapters caution against excessive optimism. Monetary unions, even as they epitomise the ideal of pan-African unity, can become straightjackets that are detrimental to both economic development and democracy. What is more, although they may be desirable, feasibility is often in question. As a matter of fact, current global financial trends do not seem to favour the move towards monetary unions beyond the two existing ones in the African continent – the West African Economic and Monetary Union (WAEMU) and the Central African Economic and Monetary Community (WAEMU). Both currency areas are a vestige of French colonialism and are still under French control.

Chapter 5, by Carla Coburger, shows how the WAEMU has still not broken from its colonial origins, and continues to be a constraint for the prosperity of its members. This currency area has the particularity of being a 'double monetary union' – a monetary union between its currently eight member countries and also a 'monetary union' with the Eurozone through the CFA franc peg to the euro, and the WAEMU special institutional and financial relationships with the French treasury. Coburger explores the three key promises of a fixed currency regime in this context: (i) lower inflation and higher economic growth, (ii) decreased coordination costs via one monetary policy and increased solidarity and trade integration, and (iii) higher economic attractiveness and long-term development. Using a mechanism-based analysis, she demonstrates that all three theoretical promises do not offset the loss in monetary sovereignty for the WAEMU and its member countries individually. Her evidence suggests that the peg to the euro should be replaced with a more flexible peg, similar to the SDR (Standard Drawing Rights) peg. To move beyond the status quo and avoid a simple rebranding of the CFA franc, she also contemplates an alternative regional integration project of mutually supportive national currencies to foster regional trade, develop regional financial systems, and diversify regional production pattern with the help of radical industrial policy.

The WAEMU is also the focus of Chapter 6 by Hannah Cross who examines its monetary policy from the perspective of labour struggles.

As elsewhere, the development during the last four decades of a neoliberal monetary regime based on inflation targeting and central bank independence brought new dynamics to economic and political dominance in the WAEMU. Within the framework of this so-called 'new monetary policy consensus', employment and the regulation of labour are removed from government responsibility and political control. They instead became factors that must adjust to the imperatives of the market. For Hannah Cross, the CFA franc has long been linked with the losses and gains of the labouring classes, while the introduction of a macroeconomic framework that ideologically seeks to suppress labour has reinforced the significance of monetary policy to the wider project of social transformation. A labour-centred development is therefore needed as an alternative to the neoliberal macroeconomic paradigm. However, it should be embedded in a political project that goes beyond traditional Keynesianism.

In Chapter 7, Thomas Fazi makes the point that current discussions on how to strengthen the economic and monetary sovereignty of African countries cannot afford to ignore the dramatic consequences that monetary unification has had on the countries of Europe. According to him, monetary unions are no panacea. This observation matters to Africa as their monetary integration projects at regional and continental levels try to emulate the Eurozone 'model'. For him, African countries would be well-advised to learn from the shortcomings of the Eurozone rather than uncritically drawing inspiration from it. A Eurozone type of monetary integration, he argues, would not enlarge their policy space and would not be tailored to their specific challenges. More worryingly, it could compromise national independence and democratic self-determination, including the capacity by national authorities to implement coherent development policies that have lasting effects for their populations. Indeed, in the case of Europe, monetary unification, according to Thomas Fazi, has cemented the unchecked power of neoliberal unelected bureaucrats over elected governments and national constituencies.

The issue of the desirability of monetary unions in Africa has to be distinguished from their feasibility. Granted they are desirable, the political will might be lacking. The single currency project for the 15 countries of West Africa is a good example of this predicament. While Nigeria, which represents two-thirds of the regional GDP and half of

its population, is not interested in a monetary union in which it would not have the last say, other countries, such as those using the CFA franc, fear the might of the oil giant and have until now preferred to integrate monetarily with France and the Eurozone. Beyond political rivalries and leadership contests, there is another reason why the creation of new monetary unions seems highly unlikely.

In Chapter 8, Elisabeth Cobbett argues, with the help of an analysis of the shifting geography of global finance, that formal monetary sovereignty will most likely remain at the domestic level of governance in Africa. This is because powerful African states are reaching out to embed financial networks within their economic hubs as they establish international financial centres (IFCs). And to do this, they need to hold on to their monetary sovereignty instead of delegating it to a sub-regional or continental level of public authority. Therefore, according to her, Africa's financial geography will likely replicate that of the current global financial structure organised through a hierarchy of IFCs, where formal monetary sovereignty is retained at the domestic level, rather than a European Union model where formal monetary sovereignty is transferred to the supranational level of governance through the creation of a single currency. She predicts the development of financial centres or hubs instead of monetary unions.

PART IV: ALTERNATIVES

How to increase the economic and monetary sovereignty of African countries? Various answers were offered during the Tunis conference in 2019. The current volume focuses on four avenues: rejecting the Washington Consensus policies and the neoclassical paradigm on which they are grounded; promoting a peasant path to peripheral development; reforming the international financial system; and being cautious about the agenda of global finance, especially the likely illusory promise of local currency bond markets.

During the last four decades, under the aegis of the international financial institutions, developing countries have been applying the 'Washington Consensus' as a recipe for 'catching-up' with rich countries. For Heiner Flassbeck (Chapter 9), these neoliberal, ideology-driven approaches have failed bitterly wherever they have been implemented.

Africa, with its extremely restrictive monetary conditions, has been suffering more than most other developing regions. While under the Bretton Woods regime, inclusive growth had been the rule rather than the exception in the North and in the South; the neoliberal counter-revolution had decoupled economic growth from welfare gains for the masses. Although based on flimsy theoretical grounds, the neoclassical economic doctrine became mainstream and dominated economic policymaking in the North and in the South for the last four decades.

For Flassbeck, only emancipation from these flawed ideas will allow Africa to prosper and achieve significant economic progress. A new paradigm for macroeconomic policy is indeed urgently needed for Africa. According to him, the neoclassical dogma, grounded in the idea of comparative advantage, flexible labour markets, and efficient capital markets, has to be replaced by an approach based on stability of wages, rising domestic demand, and control of the monetary conditions. Furthermore, the sectoral financial balances have to guide government policies and make sure that governments provide demand stimuli in case the private sector fails to provide enough investment to close demand gaps.

According to Max Ajl, in Chapter 10, progress in terms of economic sovereignty implies the gradual elimination of structures of dependency; that is, the mechanisms of value transfer from peripheral countries to centres of capitalist accumulation. The value transfer operates mainly through the super exploitation of workers at the periphery, namely the peasantry, which represents the bulk of the labour force in Africa in particular, and in the Global South in general. Capitalist development in this context is manifested in the lack of control by peripheral governments over the reproduction of their labour force, lack of food sovereignty, a disarticulation between manufacturing and agriculture, declining terms of trade, unequal ecological exchange, and a reliance on imported technologies – to the detriment of local systems of knowledge and agro-ecological practices. As an epiphenomenon of this overall structure, balance of payment crises and resulting political blackmailing by international financial institutions and imperialist countries further weakens the socio-economic status of peripheral workers in an unending vicious circle. To break this pattern of dependency, Max Ajl advocates a peasant path to peripheral development. According to him, it's the only environmentally and socially sustainable, yet untried, model that can

deliver prosperity for the many in Africa and the rest of the Global South. He makes his case by unearthing the towering work of dependency scholars like Tunisian agronomist, Slaheddine el-Amami, who argued for a self-centred development strategy based on agroecology, food sovereignty, and the valorisation of local technological creativity and innovation. As a key foundation for economic and financial sovereignty, food sovereignty is, for Max Ajl, a constitutive element of a politics of national and popular liberation.

Economic and monetary sovereignty is not a national affair. Its global underpinnings have to be factored in, especially in the current context marked by highly mobile and volatile capital flows. Peripheral countries, including many African ones, face a number of macroeconomic challenges, such as balance of payment difficulties, high external indebtedness, volatile exchange rates, and high interest rates. The consequences include domestic boom and bust cycles, recessions, high unemployment and limited policy space. Because these challenges are connected to the current international monetary system, the plethora of calls for reforms can be understood against this background.

In Chapter 11, Anne Löscher gives an overview of variously radical reform proposals focusing on the current international payment system. While some want to reform the management of external debt, and call for reparation funds and the reintroduction or normalisation of capital controls, others aim to decouple their domestic economy from the macroeconomic implications of a country's balance of payments by improving its position in the international currency hierarchy, or by applying extensive public work programmes under import-substituting industrial policies financed in domestic currency. A third set of reforms targets the financial cycle itself by tightening financial regulation in centre countries, and by introducing a truly international currency not subject to any national monetary policy decisions or a central bank of central banks which administers cross-border transactions at fixed exchange rates. After presenting these reform proposals, Anne Löscher discusses them with regard to the issue of monetary sovereignty.

Bonds in local currencies are seen by some critical minds as an important element for achieving economic sovereignty in Africa. In principle, they can help reduce dependency on foreign currencies and hence avoid the risks of currency devaluation for debt servicing. In Chapter 12, Frauke Banse examines this claim and situates the push for

local currency bond markets (LCBMs) in Africa in a broad geopolitical and geo-economic perspective. She shows that bonds in domestic currency have a commodity character and have become a critical instrument that allows the worldwide deployment of speculative and globalised finance in peripheral countries. In the myriad of external interests in establishing Local Currency Bond Markets (LCBMs) in Africa, Frauke Banse takes a closer look at the outstanding activities of diverse German state institutions and discusses to what extent the recycling of Germany's economic surplus, and an increased economic footprint in Africa, might have played a role. While underlining the class character of German surplus recycling, Frauke Banse argues that LCBMs, when scrutinised in relation to the global context, are not conducive to greater policy space. Instead, they are more likely to create renewed patterns of economic dependency and to aggravate social inequalities. She concludes by identifying some entry points for international solidarity.

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