A single currency – the magic wand?

One basic feature of the present stage of the capitalist system is that it takes desperate measures to confront the problems that it created in the first place. Such measures are mere reforms, which, even if they appear to work, only do so for short periods and in the interests of only a section of the capitalist class. Society therefore has the appearance of moving but in actual fact it at best, stands still and at worst, moves backwards. Following is an example of one such desperate attempt which is currently plaguing European capitalists but which, ironically, is being blindly contemplated by West African leaders.

An impossible task?
When the Economic Community of West African States (ECOWAS) was created in 1975, the establishment of a single currency was high on its agenda. However, the implementation of the idea has been dogged by delays and inconsistencies one of which is the absence a second monetary zone. At the December 1999 summit in Lome, Togo the ECOWAS decided that the non-CFA Anglophone countries – Gambia, Ghana, Liberia, Nigeria, and Sierra Leone – together with Cape Verde and Guinea (Conakry) should come up with a second unitary currency. This second currency (the Eco) was to be launched by 1st January 2003 as a first step towards the creation of the single West African money.

As a fast-track route to the attainment of this second common currency, the West African Monetary Institute (WAMI) was set up in 2001 with headquarters in Ghana. The WAMI put forward certain economic conditions for the five countries (Cape Verde and Liberia not being fully committed to the project) to meet before further action could be taken. These criteria included reducing budget deficit to not more than four per cent by 2002; limiting inflation to five per cent by 2003; keeping central bank financing of budget deficit at under ten percent of the previous year’s revenue; and maintaining foreign reserves equivalent to at least six months’ imports by 2003.

However, and this was not unexpected, in November 2002 at the end of another summit in the Guinean capital, Conakry, the ECOWAS issued a statement postponing the launch of the Eco from 1 January 2003 to 1 July 2005. They had just realised their inability to meet the unrealistic conditions they had set themselves.

False hopes
The founding fathers of the ECOWAS and their current successors saw the need to create a single currency because in their ignorance of the operation of the capitalist system they hoped such a venture would wipe out all the woes of their people. In the words of the current vice president of Ghana, Alhaj Alieu Mahamam, it “will provide the sub-region with the economies of scale to be derived from a bigger market (and it) underpins all our aspirations of unity captured by the slogan ‘a common currency in a common market in a common country’ ”. These proponents of the single monetary zone also think that it will attract foreign direct investment through a stable macro-economic environment and a larger single market; facilitate free movement of goods, services and labour; and lead to reduced transaction costs. These would, in their view, enhance economic growth and eventually reduce poverty. They also believe that a monetary union will naturally foster unity in their balkanised people who now see themselves in the colonialist terms of Anglophones, Francophones and Lusophones.

The snag
This mission of creating a single currency will be hard to accomplish owning to the near-impossibility of the five countries meeting the ambitious conditions necessary for the creation of the second monetary zone. Then there are other more serious hurdles, which may adversely impede the project. Foremost among these is the local capitalists and their, mostly Western, masters who control the various central banks through their control of the various governments. They may see their petty

profit interests being threatened by the creation of a single West African central bank. It is arguably not unrelated to this fear that some individuals with vested interests have openly voiced concern over the issue. The chairman of Guardian Express Bank Plc, Moses O. Ihonde, for instance gave a banking conference at Enugu,Nigeria a frightening talk on how banks will have to battle with increased operational costs at the introduction of the proposed West African common currency (West Africa magazine, 11 – 17 November 2002).

The reality

But even if the West African leaders are able to stem the tide of these and other unforeseen impediments and are able to create this single currency, the problem of poverty, hunger, disunity, illiteracy, disease, etc will still be the lot of the masses. The reason is that the international economic game, in which West Africa is but a mere pawn, does not work in the interests of the masses. The people here are mostly engaged in farming. They produce raw materials – cocoa, coffee, timber, minerals, etc to feed the factories in the West. Then they buy their food requirements – maize, rice wheat flour, etc from the West. But the system operates such that these West African producers of primary products do not determine the prices of their products just as the prices of what they import are beyond their control. Therefore they sell their exports cheaply and pay through their nose for their imports. But that is the way of capitalism. It ensures that the capitalists take all profits accruing to the economic transactions away from the masses. And that is the cause of the poverty, hunger, disease and all the ills afflicting the masses. This being the case, there is no way that the creation of a single currency can successfully address such problems. This fact can even be gleaned from the situation of the people of the CFA zone that spread over West and Central Africa. Their countries have very little trade links amongst themselves. And in spite of the fact that they use a common currency, the economic situation of the masses is neither better nor worse than their counterparts in the multi-currency non-CFA zone.

Central to the capitalist relations of production is the element of money. Production is organised such that people work to produce goods and services not for the purpose of consumption, but they produce them to sell at a profit. In other words, goods and services are commodities to be sold and bought. But since the means of producing these commodities are owned and controlled by a few individuals, it is they who own the products. They sell them and keep the proceeds. On the other hand, the producers – the working class – who are excluded from the ownership of the means of production are left with little or no money at all to buy what they produce and need! And herein lies the prime source of all the problems of present day society.

The introduction of a common currency will therefore be, to the masses, as irrelevant as was the switch from the British and French money to the present currencies at independence. The fact is that the ordinary person, the working class person will still not have enough of it to buy the necessities of life.

Society can only turn things round when the means of production and distribution of wealth are commonly and democratically owned. When that happens, production of goods and services will be conducted through a harmonious co-operation of all humanity. Under such an arrangement, the products of mankind's collective effort will be freely accessible to all and thus money, as a medium of exchange in all its forms, will completely disappear.

SUHUYINI
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