ASHESI UNIVERSITY

THE PROS AND CONS OF THE IMPLEMENTATION OF THE ECO—A DISCUSSION OF THE VIEWS OF ANGLOPHONE AND FRANCOPHONE STUDENTS

Undergraduate Thesis Report submitted to the Department of Business Administration, Ashesi University in partial fulfilment of the requirement for the award of Bachelor of Science degree in Business

B. Sc. Business Administration

DECLARATION

I hereby declare that this thesis is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature: ………………………………………………

Candidate's Name: Kokouvi Jacques Wemegan

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I hereby declare that the preparation and presentation of the thesis were supervised in accordance with the guidelines on the supervision of the thesis laid down by Ashesi University.

Supervisor's Signature: …………………………………………………………

Supervisor's Name: Dr. Stephen E. Armah

Date:

ACKNOWLEDGMENT

I am grateful to God for giving me the strength to complete my undergraduate degree and this thesis. I appreciate all the support and encouragement I received from my parents, friends, lecturers, and the staff of Ashesi University.

I would like to thank my supervisor, Dr. Armah, who has been there always to provide guidance and encouragement, which helped to write this paper. Finally, my heartfelt appreciation goes to the students of Ashesi University that shared their views with me, allowing me to complete this thesis.

ABSTRACT

In 2019, ECOWAS member countries made up of countries in the WAEMU and the WAMZ, decided that they would create and implement the Eco, a common currency for the subregion by the horizon 2020. In December 2019, the WAEMU, with the project in mind, decided that it would stop using the CFA Franc. This decision, although applauded by the international community, created turmoil between countries in the WAEMU and the WAMZ because WAEMU countries want to keep a peg to the Euro. This study's objective is to assess the view of students, a subgroup of the ECOWAS region about the Eco and its implications for the countries' economy and individuals' identity. The study uncovered three significant themes: performance, uncertainty, and united identity.

LIST OF ACRONYMS

CEMAC: Economic and Monetary Community of Central Africa

CMA: Common Monetary Area

COMESA: Common Market for Eastern and Southern Africa

ECOWAS: Economic Community of West African States

OCA: Optimum Currency Area

SADC: Southern African Development Community

WAEMU: West African Economic and Monetary Union

WAMZ: West African Monetary Zone

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CHAPTER ONE

INTRODUCTION

Monetary integration has long been a crucial issue in Africa's history. To illustrate, France created colonial monetary unions that use the CFA Franc, one of the most durable currencies to date, in 1946. The currency is still in use at the beginning of the year 2020, despite name alterations and devaluations (Gurtner, 1999).

Similarly, the African Union has had the goal of creating a common African currency since 1961(Masson & Pattillo, 2004). According to Masson (2006), the creation of monetary unions targets improvement in the cooperation between member states through trade, institutions, and regional integration. The potential of common African currency is vast; it can potentially expand market access, reduce transaction costs, improve the adverse effects of the economic size of a country, and improve the clout of individual African nations. A common currency is also an enforcer of African identity.

Politicians associate an African currency to an integral part of African identity. In that vein, Masson declared that the creation of an African common currency "is viewed as a motherhood issue by politicians, and they at least pay lip service to it" (P. R. Masson, 2006). We can, therefore, say that monetary integration creates an identity, as well as an economic discussion. The aim of monetary unification drove the creation of various bodies that have as one of their goals, complete integration in Africa. However, the continent has waited for the completion of the project for decades. To reach the objective of regional integration can act as a steppingstone to continental integration.

Regional monetary integration plays a significant role in the journey toward continental monetary unification (P. R. Masson, 2006). West Africa is often considered as a leader in the domain with Institutions such as the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (WAEMU)— better known as the West African CFA Francs Zone — and the West African Monetary Zone (WAMZ). Nonetheless, the continent has also seen the creation of other regional integration initiatives. Some of these initiatives are the Southern African Development Community (SADC), and the Common Monetary Area (CMA) in Southern Africa; the Common Market for Eastern and Southern Africa (COMESA) in Eastern and Southern Africa; and the Economic and Monetary Community of Central Africa (CEMAC) in Central Africa.

The topic of Monetary integration is even more significant in the year 2020 because presidents of all ECOWAS member states have established, in 2019, a 2020 deadline for the adoption of a common currency for the member countries (Dewast, 2019). Further, WAEMU member states have declared their decision to disassociate themselves from the CFA Franc during the same year (Smith, 2019). The African community sees the initiative as a get out of jail card from poverty. Dewast stipulated that experts “are divided on the impact” the creation of a common currency has on the subregion’s economy (2019). In addition to the divisions between economists, further issues arise in the political spheres, concerning the terms of the agreement that will create the ECOWAS currency (Van Vuuren, 2020). As we dawn a new era, one needs to know how the concerned parties perceive from the change and what their expectations are concerning the changes.

1.1 Background and Problem Statement

West African countries have different views concerning the implementation of the Eco. The colonial past of francophone countries mostly explains the differences in opinion that ECOWAS member states must resolve. In a nutshell, francophone countries of the WAEMU have always maintained strong ties with France, their former colonial masters. These ties entertained with France in terms of monetary policies and currency ensure the CFA's smooth sailing. The terms of the agreement provide a fixed exchange rate with the currency used by France and guaranteed convertibility with the said currency. The consideration Zone agreement requires from the countries in the Zone is housing part of their external reserve with the French treasury and the acceptance of French representative in the monetary policy boardrooms of the union (BCEAO, 2017; Gurtner, 1999). The Literature Review discusses the agreement at length. What then, are the requirements that other member states of ECOWAS want to be respected?

The announcement made late in December 2019 by the Ivorian President, eliminated two significant clauses of the agreement, and changed the name of the currency to Eco. Ghana, one of the behemoths in the subregion, a member of the WAMZ, does not want a peg to the Euro guaranteed by France to continue. Instead, it sees a floating currency free of all anchoring as a better solution for an ECOWAS common currency (Van Vuuren, 2020). These differences in opinion beg the question: What do economists think regarding the Eco, the new currency of ECOWAS?

The literature makes it clear that there is a difference between the way CFA Franc countries generally respond to idiosyncratic shocks compared to the way countries with their currency do (Mati et al., 2019). The literature also acknowledges that despite the exhaustive list of benefits that countries may enjoy by adhering to a Monetary Union, a certain level of convergence must be present otherwise, individual states could profoundly be affected by the monetary policies implemented by the central bank (P. Masson & Pattillo, 2001). These issues are seen in the region when the literature suggests that there could be a certain level of reluctance from CFA Franc Zone countries due to the nature of their economies compared to that of their counterparts that have their currencies, especially Nigeria (P. R. Masson & Pattillo, 2005). Another problem that resonates in the region is the lack of current data on the effects of a currency union on intraregional trade relations. The last study that examined it dates from 2008, the results of which dismissed the benefits from creating a regional monetary union because the trade relations were insignificant at the time (P. R. Masson, 2008). Therefore, it is imperative to study the potential users' views on the creation of the Eco.

1.2 Research Objectives

This thesis objective is to:

- Explore and contrast the viewpoints of Anglophone and Francophone students on the reception of the currency when the change occurs in the WAEMU and how it affects the ECOWAS dreams of a common currency
- Explore the impact of the implementation of the Eco on African identity in West Africa.

Scope of the Study

The scope of this study takes into account students from ECOWAS member nations at Ashesi.

1.3 Research Method

This research paper will use a qualitative approach to the research. The goal is to conduct semi-structured interviews and group our responses into themes to analyze the data.

1.4 Justification

The adoption of the "Ghana beyond aid agenda" based on the Sustainable Development Goals by the United Nations (UN) for Africa, the decision of the ECOWAS member states to start the adoption process of a common currency by 2020, and the decision of francophone in the WAEMU zone to replace the CFA Franc with the Eco, help justify this thesis subject (Dewast, 2019; Sindreu, 2019; Smith, 2019; Starrfmonline, 2019)

1.5 Impact

This thesis will help policymakers and other readers, identify how primary users of the currency on both sides perceive the changes and what they can do to make the transition seamless.

1.6 Thesis Outline

The outline of the present thesis goes as follows: The first chapter introduces the topic. It includes the background to the study, problem statement, objectives, the scope of the research, and the outline of the thesis. The second chapter, the literature review, examines existing literature on the valuable theories that underpin this research, lessons that we can learn from other currency unions in the world, researchers view in the feasibility of a currency area in West Africa, and a brief history of the CFA Franc. The third chapter of the study, the methodology, describes the steps used to achieve the objectives of the thesis, including the type of research, data collection methods, and methods of data analysis. The fourth chapter focuses on processing, analyzing, and presenting the results of the study. Finally, the fifth chapter provides conclusions and recommendations.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The following chapter reviews the contributions relevant to the topic available in the literature. This chapter looks at four major themes. In the first section, the chapter discusses the theory of Optimum Currency Area that will serve to scrutinize the currency union. The second section addresses the history of a few Optimum Currency Areas in the world and lessons ECOWAS can learn from them. The third section examines the views of various authors about Optimum Currency Areas in West Africa. The fourth section discusses how the CFA Franc works, the fifth section talks about the link between identity and currency, and finally, the sixth section concludes the chapter

2.2 Theoretical Framework

The Optimum Currency Area Theory underpins the study.

2.2.1 Optimum Currency Area Theory

The Optimum Currency Area (OCA) theory, first coined by Robert Mundell (1961), examines the criteria that a group of countries should attain to make the use of a common currency worthwhile. Notable economists that contributed to that theory were Kenen (1969), McKinnon (1963), De Grauwe (1992), Corden (1972) and Eichengreen (1992). Supporters of the theory are in two camps; the Traditional school of thought that enumerates specific criteria such as, “mobility of factors of production, the openness of trade, flexibility of prices and wages, product diversification and financial integration”(Kenen, 1969; Manga, 2014; McKinnon, 1963; Mundell, 1961). The new school of thought, on the other hand, contrasts the pros and cons of entering into a monetary union. The following paragraphs discuss both schools of thought.

In his paper, “A Theory of Optimum Currency Areas,” Robert Mundell introduced the subject of the traditional approach of thinking about Optimum Currency Areas (1961). His view on the subject demanded only one thing, high “mobility of factors of production,” the labor market being the most critical component discussed (Mundell, 1961). Mundell’s argument meant that zones that enjoyed high mobility of factors of production should have a common currency. Following Mundell’s publication, other researchers quickly followed suit because his paper was at the center of the debate opposing fixed and floating exchange rate regimes (Karras, 1996). Two years later, Ronald McKinnon also published a paper on the subject. McKinnon viewed openness of trade, which he defined as “the ratio of tradable to non-tradable goods.” as a superior criterion (McKinnon, 1963). The following statement can summarize his argument: As countries increase the quantum of trade between each other, the attractiveness of fixed prices between them grows, making adhering to a Monetary Union a better decision than standing alone as a trade partner. The last precursor to today's views on the Optimum Currency Area, Peter B. Kenen, wrote his paper in 1969. The emphasis of Kenen's article was instead, product diversification(Kenen, 1969). The argument of Kenen was well summarized by Ishiyama when he says, "the criterion of product diversification suggests that small areas with less diversification are optimum currency area" (Ishiyama, 1975). Economists examined other criteria that influence OCAs. The degree of financial, policy, and budgetary integration, the homogeneity of preferences, shock responses all affect the creation of a monetary union (Bangake et al., 2007; Frankel & Rose, 1996; Ishiyama, 1975; Tavlas, 1993). The second school of thought identifies an OCA using a cost-benefit analysis. Let us examine what some authors have said about this approach.

The commonly termed traditional approach advocates started the discussion around optimum currency areas. However, the debate around the various views made it increasingly apparent that the criteria restricted countries in their choices and were sometimes conflicting in their quest to help states decide whether entering a monetary union is beneficial to them. Ishiyama (1975) mentioned how little of a case the early literature made of the benefits countries would reap in entering a monetary union. Researchers, therefore, dove into a multidimensional and more comprehensive way to evaluate the viability of a currency area, costs, and benefits.

Ishiyama (1975), in his complete survey of the literature, enumerates and examines the costs and benefits of adhering to a common currency area. Four main costs emerge from the research: Loss of autonomy in monetary policy, restrictions on fiscal policy, loss of seigniorage, and the possible deterioration of regional economies. He enumerates the elimination of conversion costs and forward cover, the removal of speculative cash flows, increased savings on exchange reserves following increased cooperation, risk pooling benefits, and the potential of fiscal integration. Other authors mention further benefits and costs (Karras, 1996; P. R. Masson, 2006).

History of Monetary Unions and Lessons Learned

With any new reform comes growing pains. The Eco will not spare ECOWAS member countries of such growing pains. However, there are ways to prepare. One way is to learn from past and current monetary unions to see what works and what does not. Various authors expanded on the topic. This section examines lessons gathered from past and present currency unions. Bangake et al. (2007), points to various lessons that we can draw from history. He believes that based on history, the following are essential to sustain a monetary union:

1) Centralization of monetary power,

2) the importance of political involvement,

3) the importance of financial regulation and

4) bipolarity.

With these points, he derives lessons that can benefit the West African efforts to create a regional monetary union.

First, the existence of a monetary union means that there must be an authority in charge of monetary policies that has enough power to enforce the commitment of the member states; otherwise, the creation of the union is an unachievable goal. This criterion usually makes monetary unions stronger, although it costs them a certain amount of liberty. The demise of the Scandinavian Currency Union (SCU) post World War I (WWI), exemplifies this assertion and shows the need for a centralized union. The union comprised of Sweden, Denmark, and Norway, did not have a central bank. The guarantor of a common monetary policy was the "Gold Standard" (Bangake et al., 2007; Talia, 2004, pp. 25–27). The countries dismantled the union primarily because of the convertibility of gold. They suspended gold exports to protect the gold reserves of the countries involved in the wake of the war. These suspensions destroyed the link that made the member countries a union and allowed them to enact policies that were in line with their specific needs. They were precursors of the demise of the bloc.

Secondly, Bangake et al. (2007) point out that the political bond between the countries in the union must be robust for the union to survive. According to him, political unity is the most critical factor of all. The examples of the Euro and the Franc zones show that to achieve a sustainable currency union, it is imperative to let go of single country benefits and pursue a "community membership feeling." The ties that the WAEMU countries kept with their colonizer France helped the CFA Franc subsist (Bangake et al., 2007). The preservation of the CFA Franc would not have been possible if the countries of the WAEMU, did not want to keep their political and trade relationships stable with each other as well as with France. The existence of the Euro Monetary Union (EMU) also shows that the political will to create a single currency despite economic objections helps put together and maintain a monetary union (Karras, 1996).

Bangake et al., thirdly point out that there is not necessarily a need to harmonize fiscal policies in a union “as long as the governments of the union do not often turn to excessive debt” (2007). He relied on the example of the EMU and the WAEMU to show that independent fiscal policies foster better responses to asymmetric shocks when the various nations lose their autonomy. In the EMU, countries conduct their fiscal policies; however, there are rules to follow. The member countries of the EMU follow the Stability and Growth Pact regulations to handle their fiscal policies. The WAEMU countries also follow their pact, convergence, stability, growth, and solidarity pact. These pacts enforce preliminary criteria in terms of budgetary deficits and debt to regulate entry into the Zone and to ensure a better response to asymmetric shocks.

The final lesson that he extracted from history was that countries in currency unions must make a definite choice between a fixed exchange regime or a floating exchange regime. In a case where the union failed to make a clear choice between a fixed or a floating exchange regime—in other words, if they use an intermediate system—they are subject to speculative attacks, a phenomenon known as bipolarity (Bangake et al., 2007).

Eichengreen, Obstfeld, & Spaventa (1990) viewed total capital and labor mobility as an asset. This asset would generate specific costs such as a potential rise in the “costs of debt,” that the EU could face with fiscal federalism. The idea of fiscal federalism is explained by Bangake et al. (2007), as a way to allow the various countries in the union to conduct their fiscal policies. Fiscal federalism is a lesson that could be relevant for the West African States in their quest for a Monetary Union. The goal of ECOWAS to uphold principles such as "equality and inter-dependence of Member States; solidarity and collective self-reliance; inter-State cooperation, harmonization of policies and integration of programs;[…] and equitable and just distribution of the costs and benefits of economic cooperation, and integration" among others (ECOWAS, 2019), could make fiscal federalism the desired policy in the region.

2.3 Would OCAs Work in West Africa?

According to various authors that have given their opinion on the feasibility of an OCA in the ECOWAS region, there is little to no chance that West Africa fulfills the requirements necessary to adhere to an OCA by the year 2020. Most sources do not recommend an Optimum Currency area for the region. One of the main reasons for their disapproval is the response to asymmetric shocks. Another issue is the lack of intraregional trade. An example of such a stance is that of Mati, S., Civcir, I., & Ozdeser, H. (2019). They estimated the preparedness of the subregion using measures of output and inflation of its countries, with ECOWAS convergence criteria, impulse responses, correlation of shocks, and variance decomposition. The study uses data from the World Bank and International Financial Statistics and specific regression models to identify responses to regional and domestic shocks. In the end, the study points to the asymmetric reactions to regional and global shocks in the region as a whole as a reason to avoid a fully-fledged ECOWAS monetary union, even though various countries exhibit similarities. The same conclusion emanates from Masson & Pattillo study of the matter(P. R. Masson & Pattillo, 2005, Chapter 6). The authors concluded that the creation of an ECOWAS monetary union makes little economic sense. Significant asymmetries informed their conclusion in the region, and small trade links between countries in the area.

Rather than completely give up on the project, economists proposed alternative policy measures to help ECOWAS to achieve their goal. They proposed delaying the project to focus on various improvements in the subregion. The proposed plan of action required improving factor and labor mobilities, infrastructure, harmonized shocks, and an incremental convergence plan (Ekong & Onye, 2012; P. R. Masson, 2008; P. R. Masson & Pattillo, 2005; Mati et al., 2019; Ogunkola, 2005).

2.4 The CFA Franc: How it Works

Used as legal tender in two Franc CFA zones, the currency is at the heart of an ongoing debate. How does the Franc CFA work? That is the question this section will discuss. Currently, countries under the WAEMU and the CEMAC jurisdictions use the Franc CFA (Gurtner, 1999). These two monetary unions operate in the same way. AZoneding to Gurtner (1999), being a member of the Zone implies a fixed parity against the Euro between the currencies of the members, unrestricted capital movement in the area, collective credit and monetary policies, and a limit imposed on government borrowings set to 20% of the previous year's budget revenue. The major bone of contention is the guarantee by France of the currency's convertibility with regards to the Euro in exchange for 50-60% of the countries' external reserves in the so-called Operation Accounts in the French Treasury. (BCEAO, 2017; Gurtner, 1999; International Monetary Fund, 1963; Ministère de l'Europe et des Affaires étrangères, 2019).

The currency's goal is to provide stability and competitiveness to the member countries of WAEMU and CEMAC (Ministère de l'Europe et des Affaires étrangères, 2019). The goal of stability has been attained. For example, the 2018 annual average inflation in the WAEMU was 1.1 percent. Conversely, Nigeria, and Ghana, other countries in West Africa, experienced an "inflation differential [that] reached 11 and 8.8 percentage points respectively" vis-à-vis WAEMU countries (BCEAO, 2018). However, there are vaZones cries concerning the competitiveness of the Zone.

Authors blame various factors for the lack of competitiveness of the CFA. One such factor is a bad business environment. In an IMF working paper titled "Competitiveness in the CFA Franc ZonZoneRamirez and Tsangarides, explain how much the Zone lacks competitiveness in comparison with other African countries. The authors analyzed the "environment and policy components of competitiveness and their quantifiable determinants including […] productivity, prices, costs, macroeconomic performance, business environment, governance, and technology and infrastructure" (Tsangarides & Ramirez, 2007). The researchers suggested, "structural reforms to improve productivity, reduce factor costs, and create the right business, legal, and political environment to attract economic activity" (Tsangarides & Ramirez, 2007). These recommendations suggest a weak economic activity, and a bad business climate is to blame despite the use of a stable currency. For example, they found that in the WAEMU in 2006, it took on average 67.1 days to go through the procedures enforcing a contract (Tsangarides & Ramirez, 2007). Other authors also found that in 2014, most WAEMU countries' business environment was appalling. Burkina Faso, the best country of the region, ranked on the Doing Business Report that year was 157th (Zougbede & Vilela, 2016). However, the business climate is not the only thing to blame. A lack of diversification, the overvaluation of the CFA Franc and a

Some attribute the lack of competitiveness to the Zone's lack of diversification and the currency's overvaluation. The competitiveness of a country or a region is often measured using its Real Effective Exchange Rate (REER), an increase in which means a reduction in competitiveness. According to an IMF CountrZoneport on the WAEMU, between 2008 and 2017, the Zone experienced a 0.4 percent decline on the REER compared to an appreciation of 1.2 percent of other African countries (Balima etZone, 2019). However, this same report deemed the Zone uncompetitive due to relative prices in the WAEMU being higher than those of comparators despite having lower income levels (Balima et al., 2019). Further, the report suggests that in comparison to other comparable African countries, the WAEMU's institutions are less competitive.

We can, therefore, say that the CFA Zone is both good and bad. The Zone both helps but also holds back its member countries. It provides stability in terms of inflation and purchasing power. However, it makes it is impossible to ignore how far it lags in terms of competitiveness. Will the Eco change that?

2.5 The Eco and Identity

The creation of a new common currency will create a debate around the identity of the citizens of the countries concerned. The virulent debate that ensued the announcement of the creation of the Euro proves it (Berezin, 2000). The circumstances and the views of Africa indeed vary, at least in words (P. R. Masson, 2006), but this issue is worth exploring. What views were those in Europe during that time? Let us find out.

Currencies and identity are often tied in the mind of the citizen of a country. The currency creates a feeling of belonging for the indigenous and allows foreigners to identify to some extent, the country they visit. In the words of Simon Hawkins: “In a very material sense, currency marks the uniqueness of its nation, both for tourists who view it as a souvenir and local citizens who see it as an emblem of their nation” (Hawkins, 2010). As the Eurozone was created, this link between currency and identity was made clear, when a virulent debate ensued. The implementation of the Euro sparked various feelings; enthusiasm in Italy, ambivalence in Germany, and finally complete opposition in Great Britain (Risse, 2003). Risse further asserted that the “existing collective identities pertaining to the nation-state explain to a large degree how comfortable people feel using and dealing with the Euro” (Risse, 2003). In other words, the degree to which individuals identify to their country affects how European they feel. He also found that data supported that the implementation of the Euro, fostered the “entitativity of the EU for its citizens” (Risse, 2003). For example, to the 2002 Eurobarometer question, “what [does] the EU mean personally for [you]?” 49 percent said the Euro (Risse, 2003). In other words, one year after the implementation of the Euro, the EU was considered as a more credible entity with authority.

Risse’s findings seem to suggest that the Eco may influence the identity of West African citizens by enhancing the credibility of the ECOWAS as an authoritative body. However, the effect the implementation of the Eco will have on identity will be a subject of how much people identify with their country. A strong affinity with one’s country will not significantly impact the identity of the person. On the other hand, the identity of someone with a weaker affinity to his/her country will be more impacted.

CHAPTER 3

METHODOLOGY

3.1 Introduction

The present study seeks to investigate the perception of Ashesi students about the change of currency in ECOWAS, and their views on how the change will affect their identity as citizens of their nation. The study allows us to gauge the population’s sentiment toward the Eco, in terms of economic perspective, and national identity. To be able to find an answer to the research questions, the researcher will use a qualitative method research approach. This chapter explains the research methods and tools that the researcher used to collect and analyze data to achieve the objective of the thesis. The chapter consists of the following subsections: research design, research scope and sampling, and limitations.

3.2 Research Design

The research design helps validate a research conclusion as it is the “blueprint within which the research is conducted” (Akhtar, 2016). Therefore, we can affirm that the research design helps answer the research question of a study so that it achieves the researcher’s objectives at the end of the paper. It is a strategy that justifies the methods employed in a research exercise and how those methods relate to the research questions and objectives. The current case study uses a qualitative research approach to attempt to answer the research question. The researcher used interviews as a primary tool for the study.

3.3 Research Scope and Sampling

The population for this study is all individuals under the ECOWAS jurisdiction. However, due to time and resource constraints, the researcher instead focused on some Anglophone and Francophone students of Ashesi University to gain insight into their thought process.

The decision's basis is that students are a big part of the economy of our continent, a substantial amount of whom lives in countries other than theirs. According to the World Education Service organization, 12,978 tertiary international students were in Ghana as of 2017 (World Education Services, 2020). This number of people has influenced the economy of the countries they live in and has experienced differences between economies, having lived in more than one country. Also, the decision to use Ashesi Students stems from the fact that the school is one that offers a diverse pool of students "currently from 21 countries mostly in Africa" (Langmia & Lando, 2020). The researcher used purposeful sampling in his endeavor to gain insight into the research question.

To find the appropriate sample, as mentioned above, the study relied on purposive sampling to obtain the sample for the research. The study uses semi-structured interviews to explore the research question. The population of sixteen (16) students sampled for the interviews was the West African Anglophone and the Francophone community at Ashesi

University. They all could desist when they wanted to. The researcher, however, could not get in touch with all students sampled.

3.4 Limitation

The current study was limited by the unwillingness of prospected participants to contribute to the research. Often, the reason raised was how little knowledge the students had on the matter. Also, due to the coronavirus outbreak, the internet connectivity of some of the respondents was irregular. The issue drastically reduced the number of respondents that took part in the study, answering questions. In total, out of the 16 students contacted, only five (5) chose to partake in the study.

Further, it is essential to indicate that the current study is limited in various ways. In no way is this study an accurate representation of the population of ECOWAS member countries, nor does it represent the Ashesi community as a whole. To precisely answer the question, a study would take samples from each state of the ECOWAS region, which would require more funds and time. Despite its lack of accurate representation of the intended population, this research serves to start the discussion concerning what the community may think about the decisions its leaders take on their behalf. Also, it establishes hypotheses for future research on the subject.

CHAPTER 4

DISCUSSING FINDINGS

4.1 Introduction

The following chapter presents and discusses the findings of this study obtained through the analysis of data collected to achieve the study's objectives. The Goals of the study are:

1) Explore and contrast Anglophone and Francophone students' viewpoints on the reception of the currency when the change occurs in the WAEMU and how it affects the ECOWAS dreams of a common currency; and
2) Explore the impact of the implementation of the Eco on African identity in West Africa.

The interviews allowed the researcher to attain his goals. Interviews helped contrast some of the francophone and Anglophone students' views with regards to the Eco as it is seen in the WAEMU and the WAMZ. Further, the interviewees gave their views on the impact of the eco on identity. The findings are presented using themes to create a foundation for the discussion of the results. These findings help attain the objectives of this study. The study developed three recurring themes. The themes were (1) performance, (2) uncertainty, and (3) a United identity. To gather data from students, the researcher used semi-structured interviews. In total, the researcher conducted five interviews. Three Anglophone and Two Francophone students from Ashesi University accepted the requests for interviews.

4.2 Performance

The discussion on performance is broken down into 2 phases; first, the performance of the CFA Franc, and second, the performance of the Eco the currency proposed by ECOWAS. The researcher hypothesized that the students would find the CFA Franc performance quite mediocre. Further, the hypothesis concerning the students' thoughts about the Eco's future performance was that uncertainty would prevail. It is fair to say that the answers were mixed.

About the CFA Franc, students generally thought that the currency, despite its colonial roots, performed well overall. One, for example, said, " With its ties to the Euro, the CFA is a very well-performing currency compared to Anglophone countries in the region like Ghana and Nigeria in terms of inflation," emphasizing the Zone's low inflation metrics in comparison to other countries. Another said that "the currency gives citizens of the WAEMU good purchasing power." The view about performance in terms of inflationary stability follows the facts, as shown by the 2018 BCEAO annual report. The report showed a 1.1 percent average inflation in the WAEMU region, as stated in the literature review (BCEAO, 2018). However, although the currency performs well in terms of inflation, the purchasing power in the member countries is lower than that of other countries in Sub-Saharan Africa. Balima et al. (2019), in an IMF report, pointed out that "relative prices are higher in the WAEMU than in comparators, even though the WAEMU income level falls below its comparators," some of which are Ghana, Kenya, and Rwanda. The performance of the upcoming Eco was another subject that the interviewees discussed.

The Eco's future performance, on the other hand, was guesswork for the students. Nevertheless, the students interviewed had an overall optimistic view of the future performance of the currency with a few gloomy points. The interview questions asked their view on the performance countries that will use the Eco will exhibit in terms of inflation, trade, and employment.

Concerning inflation, the interviewees, both anglophone and francophone, believed that the level of inflation would rise in all countries more so in WAEMU countries. An anglophone interviewee said, "inflation will rise all around, especially in the WAEMU countries because they will have to adjust to a new currency." Their views concord with that of experts in the domain.

With regards to trade, interviewees, francophone and anglophone, anticipated an increase in trade within and outside ECOWAS' boundaries. One Francophone student said, "I believe trade will improve in the region." When asked about intraregional trade, they also believed it would improve. Their views are the same renowned economist, Paul R. Masson shares. In a paper published in 2008, he acknowledged that the creation of a monetary union might improve intraregional trade by a "factor of two or more"(P. R. Masson, 2008). However, they did not seem to share his warning against the risk of a premature monetary union would be for the economies of the region because ECOWAS's convergence criteria were not met by most countries in the region, which is still the case for the most part (P. Masson & Pattillo, 2001; Mati et al., 2019). Then they guessed the future performance of the Eco-adopting countries.

Concerning employment, opinions differed. However, there was no possible distinction between francophone or anglophone. One of anglophone thought the employment thought the rise in inflation would make it hard for firms to hire. Another Anglophone saw the Eco as a window for more employment opportunities in the subregion. Same thing in the interviews with francophone students. Both comments, according to economists, have some truth to them. In 2012, economists Ekong and Onye anticipated an increase in labor mobility; however, they said: “we do not expect [a] very high level of labor and factor mobility given the prevailing state of the economy”(Ekong & Onye, 2012). Their reasoning was based on the “unskilled” nature of the labor that should navigate the region since the dominant activity in West Africa is Agriculture (Ekong & Onye, 2012).

4.3 Uncertainty

The discussion on uncertainty revolves around the implementation of the Eco. The researcher hypothesized that students would not welcome the implementation of the Eco is. However, francophone and anglophone students, approached the currency’s implementation as uncertain, because of the controversy between WAEMU and WAMZ.

The emergence of the WAEMU countries’ preferred terms for the Eco made its implementation a farther concept to the interviewed students. Speaking about the request of the WAEMU countries to keep a peg to the Euro an anglophone interviewee said “I do not see how it ties in with the goal at the end of the day,” indicating uncertainty in the project’s completion in the near future, or at least lengthy negotiations concerning the best terms for West Africa.

Similarly, journalists expressed their certainty that the treaty between France and the WAEMU would slow down the Eco's implementation (Van Vuuren, 2020).

4.4 United Identity

The identity theme was raised in the interviews. The initial hypothesis of the researcher regarding this theme was that the Eco would create a sentiment of unity among the students, both Francophone and Anglophone. Generally, interviewees viewed it as a steppingstone toward African unity. One of the interviewees said, the Eco will give " a greater sense of unity. It will be a step toward completely unifying West Africa," implying allegiance to West Africa if the Eco works. However, a francophone interviewee did not think that the Eco would have any impact on their identity. The interviewee said, "I do not think the Eco will impact my identity; granted it would improve our trade relationships with our neighbors, but it will not change who we are at heart, citizens of our countries." These words may imply a deep sense of nationalism. If so, they emphasize the claims made by Risse that the degree of collective identity has an impact on the feeling of identity toward a larger group (Risse, 2003).

CHAPTER 5

CONCLUSION

5.1 Conclusion

This study explored the views of West African students at Ashesi University about the Eco, the currency proposed by ECOWAS. Further, the research explored the views of the same subjects on their view on identity. The research uncovered that there are three things that all West African students at Ashesi University, regardless of ethnicity found relevant: performance, uncertainty, and united identity.

Performance-wise, students on both sides were skeptical about the future of the Eco. They viewed the performance of the low-inflation CFA Franc as a roadblock to the creation of the Eco. However, they were optimistic about the future Eco's performance after its implementation, in terms of its effect on trade. They were ambiguous when speaking about its effects on employment, and they saw the inflation rates of the ECOWAS countries increase dramatically.

Because of the proposition of the WAEMU, anglophone students more than francophone deemed the implementation of the Eco as an uncertain endeavor. Francophone students did not often comment on the possibility of Eco's implementation. They, however, saw its impact on their identity.

Identity-wise, students, both francophone and anglophone, saw an improvement in unity. They viewed the Eco as a vessel to the unification of West Africa. However, views differed as to how much the Eco will affect the identity of citizens after its implementation.

Some thought it would improve it a great deal, some that it will only improve trade relationships.

5.2 Recommendations

This study uncovered differences between anglophone and francophone students at Ashesi University in terms of their views on the Eco. Their views were mostly similar to one another, baring a few differences. Because this study is not representative of the population, the following recommendations must be followed to make the findings accurate.

1. Conduct a regional study about the views on the implementation of the Eco, relating the views of a significant part of the ECOWAS member states populations.
2. Objectively teach the ECOWAS population about the actual pros and cons of a common currency under the current socio-economic circumstances in the region for them to prepare for the implementation of the currency.
3. When the Eco is implemented, conduct a study on its impact on the identity of the citizens of the various member states, answering the hypothesis revealed in the literature concerning one's currency and one's identity.

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APPENDIX A: Consent Form

CONSENT FORM

I would kindly like to request your permission to be part of my research study for my final Capstone (Thesis). Your participation is encouraged and would be much appreciated. You are free to be part of this activity; likewise, you are also free to withdraw at any time. To be part of this study, there are no risks. However, an advantage you will gain from being part of the study is that through your participation, you will share your thoughts on the ECOWAS' efforts toward the creation of a new currency in a 30 minutes recorded interview. The information will be collected to identify the differences in the thought processes of Francophone and Anglophone economic experts and students on the matter. The data obtained from this study will be strictly used for academic purposes and not commercial during the second semester of the 2019-2020 academic year. As such, it will be treated with the utmost confidentiality. At the end of the study, the information would be used to generate themes in the thesis, and the recordings will be destroyed after transcription. If there are any questions, please reach out to Kokouvi Jacques Wemegan. If you agree to take part in this study, you will be contacted and interviewed by myself. For further information, my supervisor, Dr. Stephen Armah, can be contacted.

This research has been reviewed and approved by the Ashesi University Human Subject Review Committee. If you have questions about the approval process, please contact irb@ashesi.edu.gh

Participant: ______________________________ Date: ______________________________

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APPENDIX B: Interview Guide

1. Are you a Francophone or an anglophone?
2. What do you think about the role the WAEMU plays in Francophone African countries?
3. What are your thoughts on the performance of the CFA Franc since 1994?
4. What do you think about the proposed change of currency in the WAEMU?
5. How, in your opinion, will the proposed ECOWAS new currency affect the economy of its member countries?
    a. In terms of inflation
    b. In terms of employment
    c. Trade with other countries
        i. Eco countries
        ii. Non-Eco countries
    d. Money printing revenue (Seignorage)
6. How would the adoption of the Eco affect you in the following areas:
    e. Your day to day activities?
    f. The management of a business?
    g. Your vacation plans?
7. How does the implementation of the Eco affect your identity as a country-man?