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4 February 1994

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CFA Countries Trying To Blunt Devaluation Impact

Despite sporadic disturbances, public backlash against the recent devaluation of the Francophone African (CFA) franc has so far been subdued because of efforts to cushion the impact on consumers and prompt action by France and the IMF to increase aid. [redacted] governments in the region have imposed temporary price controls on staples, and Senegal and Cote d'Ivoire have retreated from public-sector wage cuts, which will lessen the cost of the devaluation for urban elites. Some leaders—notably Senegal's President Diouf, a longtime devaluation opponent—have launched campaigns to educate the public on the benefits of the adjustment.

— Senegal and Cote d'Ivoire have reached agreements with the IMF for three-year programs that restore aid flows and qualify them for official debt relief from the Paris Club; France has forgiven some $4.3 billion in CFA countries' debt. [redacted]

Devaluation has contributed to labor unrest in those countries already beset with labor disorders. A six-week-old public-sector strike in Cameroon, for example, has widened since devaluation to include most service-sector unions. Unions in Mali are calling for 50-percent wage increases and for Bamako to leave the CFA. Chad narrowly averted widespread civil service unrest when France stepped in with $10 million to pay government salary arrears. [redacted]

In the months ahead, CFA governments will face difficult economic choices. Implementation of followup austerity measures and IMF pressures to relax current price controls will again force many countries to choose between angering urban elites or failing to meet international donor conditionality.

— *If retailers reduce supplies to wait out the price controls, consumer discontent could precipitate government intervention.* [redacted]