GLOBALISATION
AND THE WAR IN IVORY COAST

The civil war in the West African country of Ivory Coast is a standard instance, illustrating the interconnections existing between globalisation and contemporary wars on the African continent. The war erupted in the later part of 2002, after an aborted coup attempt directed against the country's president. It has led to the *de facto* partition of the country into two separate sections. The Northern part, well endowed with tropical forests, is controlled by rebel troops known as the New Forces (NF). The country's Southern portion where production of Ivory Coast's main export commodity, cocoa, is largely concentrated, remains under control of the government of president Gbagbo and the National Armed Forces of Ivory Coast (FANCI). Under a mandate provided by the United Nations, France, the former colonial power, has been granted permission to station a force of 'interposition' in the war-torn country. The outbreak of civil war in 2002 was preceded by two decennia of structural adjustment programs, and by a sweeping liberalisation of the country's cocoa trade. In consequence of the war, cocoa has been transformed from an export product which earlier offered the population some degree of welfare - into an export-product used to finance military campaigns. In order to understand the interconnections existing between Ivory Coast's civil war and globalisation it is necessary to both discuss the disastrous consequences which World Bank/IMF policies have had, and reflect on the mechanism of the exchange of raw materials against arms, which structures the country's present crisis.

Ivory Coast for many years was cited as an example of successful post-colonial development, based largely on the expansion in cultivation of a single agricultural crop, i.e. cocoa beans. On the eve of the country's formal independence in 1960, the size of cocoa production stood at around 60 thousand ton. By the early nineties, production had risen to some 850 thousand ton, implying a *fifteen* fold increase (1). During the decade of the 1990s, Ivory Coast's production and export of cocoa have continued to expand, even though the state was increasingly faced with income losses due to the fact that the international price of cocoa fell. According to the international organisation of cocoa producers, ICCO, Ivory Coast's cocoa exports in the year 2002-2003 amounted to 1 million 36 thousand ton (2). The agricultural crop around this time provided 90 procent of the country's export earnings, netting a reported 2.3 Billion US Dollars (2003). In consequence, the country holds the position of being the principal cocoa producer in the world - with a much larger volume of exports than Brazil, Ghana and other cocoa-exporters. Ever since its formal independence from colonialism, the growth strategy of the country has overwhelmingly been axed on the production and export of cocoa.

The golden age of cocoa production lies in the second half of the seventies, when the international price of cocoa had reached a historic peak. In the year 1977, the price stood at 3.500 British pound per ton (3). Just as is true for many other raw materials which are primarily produced by Southern economies, the cocoa price rise was, at least indirectly, connected to the price rise in crude oil, decided upon by the cartel of oil producers, OPEC, in 1973. However, whereas the international price of crude oil, although fluctuating, has never returned to its pre-1973 level, - the price rises of many other raw materials have only been very temporary in nature. In the case of cocoa, the tide turned already by the late seventies. Since then, the international price of the agricultural raw material has steadily declined. Thus, in the year 1989-1990, the price was only 670-770 British Pound, i.e. merely *a quarter* of its 1977 price (4). From then onwards Ivory Coast's dependence on cocoa as predominant agricultural export crop has had major negative implications for the country's international position. Although the country had incurred some foreign debts in the mid-seventies, the problem of external indebtedness increased rapidly after the country's fiscal-monetary crisis of the early 1980s. It has haunted the country ever since (5).

Before describing the way the international financial institutions have reacted to Ivory Coast's crisis, we need to briefly record the manner in which the trade and export in cocoa were structured by Ivory Coast in the country´s post-independence period. A very central role was assigned to a state corporation known as the *Caisse de Stabilisation*, or more briefly the *Caisse*. This corporation did not itself purchase cocoa beans from the cocoa producers, but it nevertheless exerted a crucial influence over the domestic trade in, and the exports of, cocoa. Thus, the *Caisse* issued licences to local traders, enabling them to purchase cocoa beans, and it also fixed the price that traders needed to pay to the producers. Again, it was the *Caisse* which determined against what price cocoa could be shipped abroad by the country's exporters, and corporation officials also had to be approached to get permission for individual shipments. While the *Caisse* exerted predominant power over the cocoa sector, it also bore the main financial risks. In periods when the international price of cocoa was high, the *Caisse* was in a position to build up financial reserves. But in periods when prices fell, the *Caisse* was obliged to take the losses, by borrowing money from banking institutions, so as to shore up the cocoa price (6).

The World Bank and the International Monetary Fund have repeatedly and unscrupulously misused the fact that the *Caisse de Stabilisation* faced financial deficits, in order to impose their standard structural adjustment programs and market liberalisation on Ivory Coast. The first time this happened was in the beginning of the 1980s, when Ivory Coast as stated faced the detrimental consequences of a fall in the international cocoa price. Although privatisation of state corporations could still be avoided, the then president Houphouet-Boigny, was forced to agree to salary cuts for state employees, and had to lay off a part of the corporation's workforce. A second round of WB/IMF impositions followed a decade later, in 1990, when the *Caisse* once more faced severe deficits. At this time, the government, encouraged by the WB/IMF, endeavoured to push through salary cuts amounting to no less than 40 percent! The government, however, was compelled to rethink the proposed measure, under the pressure of massive protests by disgruntled state employees. (7) Once again, the government succeeded in averting the privatisation of the *Caisse,* and of other state corporations that formed the backbone of Ivory Coast's economy.

In the late 1990s, however, Ivory Coast's government faced its next crisis, and this time it had to give in. Pressed once again by the World Bank and the IMF, it in 1999/2000 agreed to *dismantle* the *Caisse*. As Ekoue Amaizo and other observers have noted, the breaking up of the state corporation implied that a small group of multinational companies, controlling the international cocoa trade, took over. Private monopoly companies with a powerful position in the international economy replaced the state monopolies (8)! They started imposing their price decisions onto Ivory Coast's producers, the overwhelming majority of whom are small farmers. According to Amaizo, the income of the small farmers in just a few years on average was cut in *half*! Thus, not only did the WB/IMF imposed dismantlement serve to weaken the position of the state, it also served to weaken the position of Ivory Coast's cocoa farmers. And although it would be wrong to belittle the real problems which the *Caisse* faced in 1990 and in 1999/2000, the forced liberalisation of Ivory Coast's domestic and international cocoa trade - far from having helped to solve the country's crisis - instead has worsened it. Journalists writing for France's respectable daily *Le Monde,* and for the monthly *Le Monde Diplomatique*, since the start of the civil war have argued insistently that trade liberalisation decisively contributed to the collapse of the Ivory Coast state.

Separate attention needs to be devoted to the role of French companies in the economy of Ivory Coast, and to their possible role in the civil war. As the befamed Egyptian economist, Samir Amin, explained in his classical study of Ivory Coast published fourty years back, - the former colonial power, France, managed to prolong its dominance over the country's economy in the post-independence period (9). An indigenous bourgeoisie did arise, in particular in the country's agricultural sector. Yet French companies continued to control the country's import- and export business, and also shaped Ivory Coast's industrial development. According to reports published in *Le Monde* in early 2003, shortly after the start of the civil war, direct French investments amounted to around 3 Billion Euros (10). Much speculation has since centred on the question as to the position of French and American multinational companies vis-à-vis Ivory Coast´s warring sides, the FN and the FANCI. The list of multinationals with major interests in the country today includes both companies such as Bollore (France´s principal operator of maritime transport) and France Telecom (main shareholder of Cote d´Ivoire Telecom), but also well known agribusiness corporations such as the US company Cargill (11). According to persistent rumours, some French companies have sought to destabilise the state, and have financed rebel activity in order to regain influence (12).

What is clear in any case is that the civil war besetting Ivory Coast today, just like the civil war which previously has raged in the West African country of Sierra Leone, was preceded by the weakening of the state under the impact of structural adjustment programs implemented at the behest of the World Bank and the IMF. However, there exists a second interconnection between globalisation and the civil war, namely in the shape of the new type of international trade that has arisen as a part of the civil war. Thus, a report which UN experts have drafted towards the Security Council in September of last year argues that state income from cocoa is being used to finance the government´s war campaigns. On the one hand, the report refers to the taxes which have been levied from cocoa farmers, in connection with a specific offensive staged against rebels of the FN in the country´s North. On the other hand, UN experts also believe that money from regular state taxes on cocoa production is quietly being skimmed off, and used for the purchase of foreign arms (13). In this connection, the report refers amongst others to fighter planes, to unmanned aerial vehicles and to helicopters which the Ivory Coast government has purchased from foreign sources since the start of civil war. And although the report´s findings are not entirely conclusive, it is plausible that the government would use a part of its income from cocoa exports for buying arms abroad.

Further, it should be noted in passing that taxation of cocoa production for war ends has not gone unopposed, but has led to substantial evasion of tax payments. An article published in *Le Monde,* for instance, details the smuggling of cocoa beans to and via neighbouring countries of Ivory Coast, including to the port of Accra in Ghana, and via Burkina Faso to Togo´s port of Lome. The total figure of cocoa smuggled abroad is stated to be perhaps 200 thousand ton, i.e. almost *one sixth* of Ivory Coast´s cocoa exports (14). Smuggling on such a grand scale would not be possible without the payment of substantial bribes. Yet the price which farmers reap when smuggling cocoa abroad, apparently is so high as to make smuggling profitable. Presumably, a part of the illegal income from coca smuggling in turn is being used to buy arms, in reaction to the insecurity prevailing everywhere in Ivory Coast. According to *Le Monde,* in the ´cocoa belt´, the central production area in the South-Western part of the country, many people have taken to arming themselves with machetes and rifles (12). The militarisation of the country´s economy under the impact of civil war thus affects cocoa production in multiple ways, one of them being the growth of the mechanism of *disparate exchange*.

Lastly, the growth of disparate exchange, being the international exchange of raw materials (wealth) against arms (social waste), is not only taking hold of the economy in the government controlled part of Ivory Coast, but also appears to have started affecting the economy in rebel controlled terrority. Here, Ivory Coast´s experience seems to echo the experiences which have earlier been gathered by other African countries at war, such as Angola and the DRC (Congo/Kinshasa). The UN experts´ report for instance refers to the artisanal production of rough diamonds, which is concentrated in localities in the Northern part of Ivory Coast, - income from which is stated to amount to many millions of Dollars per year. These rough diamonds are exported illegally. The UN experts group believes such production is an important source of income for the rebel forces, the FN (15). Again the same report suggests that as much as 55 per cent of Ivory Coast´s cotton production, much of which is cultivated in FN controlled areas, is diverted to Mali and Burkina Faso (16). Surely, it would not be surprising, if Ivory Coast´s rebel forces, just like the state government, diverted a part of production income gathered under its command, towards war purposes. If these facts are confirmed, the implications for the country are dramatic indeed. For it would mean that the country´s economy, which has for decades been oriented overwhelmingly towards exports, now is being drained of valuable resources, in the context of a destructive internal war.

In conclusion: not all facts regarding the prehistory of Ivory Coast´s civil and regarding the financial structure of the war campaigns by the government and the rebel forces have been unearthed. Yet there is sufficient evidence available indicating that the war in the West African country is very closely related to processes of globalisation. The international financial institutions, WB and IMF, in 2005 continue to tirelessly propagate liberalisation and privatisation, as part of the program elaborated as the so called ´Washington consensus´. Yet precisely these policies have severely weakened African states, a striking case being the dismantlement of the *Caisse* in 1999, which dismantlement constituted a close precursor to the eruption of Ivory Coast´s civil war. Moreover, the export oriented strategies of ´development´ which the WB-IMF have propagated for decades, tend to result in further debacles, in the form of the international exchange of raw materials against arms. (Under this mechanism, valuable natural resources are squandered so as to purchase means of destruction. The UN experts´ report on Ivory Coast drafted towards the Security Council has pinpointed the functioning of this mechanism, in particular in relation to the diversion of income from cocoa production and cocoa exports. As elsewhere in Africa, decades of export-led ’development’ for Ivory Coast’s people have had a disastrous result.)

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March 9, 2006

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(2) see ICCO (International Cocoa Organisation), ‘Information on the Effects of Liberalisation on Ivory Coast’s Cocoa Market’ (September, 2003 – www.icco.org); compare *Africa Confidential*, ‘Cote d’Ívoire. The Nightmare Scenario’ (27 september, 2002 – www.africa-confidential.com);

(3) Richard Crook, ‘Politics, the Cocoa Crisis, and Administration in Cote d’Ívoire’ (*The Journal of Modern African Studies*, 28.4, 1990, p.49);

(4) ibid;

(5) for Ivory Coast´s foreign debt, see eg. www.jubileeplus.org ;

(6) for the history of the *Caisse de Stabilisation,* see amongst others. Richard Crook (199), op.cit., p.655-656, ‘The Marketing System’; en Robin Dand (1995), op.cit., p.89-90;

(7) see Richard Crook (1995), op.cit., p.666-669;

(8) Yves Ekoue Amaizo, ‘Ce Qui Paralyse Le Pouvoir Ivoirien’ (*Le Monde Diplomatique*, Januari, 2003, p.20);

(9) Samir Amin*, Le Developpement du Capitalisme en Cote d’Ívoire* (Paris, France, 1967); Other sources for the role of foreign capital in the economy of Ivory Coast : Lynn Krieger Mytelka, ’Foreign Business and Economic Development‘ (in William Zartman en Christopher Delgado (1984), op.cit.; and ICCO (2003), op.cit.;

(10) *Le Monde*, editorial, ‘Pour la Cote d’Ívoire’ (*Le Monde*, 26-27 januari, 2003, p.11);

(11) see Jean Nanga, A ´Civil War´ That is French and Neocolonial´ (*International Viewpoint*, February 2005);

(12) see Yves Ekoue Amaizo (2003), op.cit.;

(13) see Jean-Philippe Remy, ‘Cote d’Ívoire. Le Sang du Cacao’ (*Le Monde,* 22 october, 2005, p.13);

(14) ibid.

(15) see ´Report of the Group of Experts submitted pursuant to paragraph 7 of Security Council resolution 1584 (2005) concerning Cote d´Ívoire´ (UN Security Council,. 7 November, 2005), p.18/19;

(16) ibid, p.17.