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## The Drive to Economic Integration in Africa

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# **The Drive to Economic Integration in Africa**

## **ABSTRACT**

In Africa there has been an immense effort in the past, continuing into the present, to unite politically and to build numerous economic integration areas. In this paper we discuss the reasons for the existence of this phenomenon in Africa which we call the drive to political and economic integration. Some conventional explanations are discussed. Our own explanation is based on the theory of bureaucracy and the imbalances emerging in the process of development. If Africa is ready for regional economic integration, it has to follow another path to this end: The path of centric integration.

**Key Words:** Economic Integration, Union, Bureaucracy, Centric Integration

**JEL-Classification:** F15, P16, O18, O55

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## **Introduction**

One of the striking facts of African political and economical life is the high propensity of the continent towards integration. We discuss the diverse institutional patterns of this phenomenon in part one. One of the distinctive results of this drive to integration on the continent is the phenomenon of overlapping regional integration areas. We analyse the extent of overlapping and the problems it creates for the development of the individual regional integration scheme in part two. In part three some conventional explanations for the drive to integration in Africa are discussed and in part four an alternative explanation is presented. In the last part of the paper (part six) we analyse how far there exist opportunities to initiate processes of centric integration in Africa.

### **1 Institutional Patterns of Economic Integration in Africa**

The drive towards political and economic integration in Africa began in 1963 with the establishment of the Organisation of African Unity (OAU). The purposes of the organisation were primarily political. The objectives stated in the Article II of the Charter included the promotion of unity, intensifying co-operation, defence of territorial integrity and eradication of all forms of colonialism. The OAU entered the realm of economic integration in 1991 with the signing of the Treaty establishing the African Economic Community (AEC) by the OAU Heads of State and Government. The way for this treaty was prepared by the Lagos Plan of Action and the Final Act of Lagos, both of 1980. While the Lagos Plan described in detail how Africa would achieve development and contained a long list of measures for this purpose, the Final Act envisaged the establishment of an African Economic Community by the year 2000 and the necessary steps to this effect. The AEC treaty was ratified in May 1994. The AEC envisages an economically integrated area covering whole Africa. The mean to realise this objective is to gear the activities of all regional economic communities to this purpose.

Regional economic communities were established in Africa as early as the beginnings of the 1960s without any working relations to OAU, which was focusing on the political unity of Africa. With the AEC treaty the OAU decided to establish working relations with all existing regional economic communities and to promote the establishment of new regional communities for the purpose of the finalisation of the AEC. The AEC with

its many organs has already established direct working relations with some of the existing regional economic communities in Africa. A transition period of 40 years is provided in six stages. Each of the stages consists of activities to be implemented at the level of regional economic communities until the establishment of an African Common Market and its consolidation into the AEC.

The experience with integration in Africa is very different from that in other continents. It began with a drive to political integration put into action by an Africa-wide UN-like organisation with many organ and committees. The economic integration of the continent is not realised by the way of the enlargement of an existing regional economic community but by using such regional communities to grow into a continent-wide economic community.

The drive to integration still continues. In 1999 an OAU initiative led to the birth of the African Union. After four Summits the African Union (AU) was officially launched in 2002 as the successor organisation of the OAU. It has a long list of objectives. The main objective is to create unity and solidarity among African nations. Other Objectives are the promotion of political stability, peace, development and human rights. It is a full-fledged organisation with many organs and committees. Acceleration of regional and continental integration is also one of the principles of The New Partnership for Africa's Development (NEPAD). NEPAD, originating from a mandate by the OAU is an integrated socio-economic development framework for Africa. It is designed to address challenges like the high level of poverty and the underdevelopment of the African continent. The member countries of African Union accepted also The African Peer Review Mechanism (APRM) with the purpose of fostering the adoption of policies that lead to political stability and sustainable development. APRM has also a long list of principles and aims at an accelerated sub-regional and continental economic integration.

Since the 1960s Africa has produced a rich assortment of institutions and initiatives for Pan-African integration. The result of all this endeavour is not encouraging. Today Africa is neither politically a unitary region nor economically integrated. The many regional integration schemes do not have contributed significantly to the economic integration of the continent. The intra-regional trade remains further on low. All this demands for an explanation why a drive for integration still exists without observable successes.

## 2 Overlapping Regional Integration

Regional integration schemes in Africa were created without bearing any direct relation to Pan-African integration schemes. One of the most interesting features of regional integration in Africa is overlapping. Almost every country on the continent is the member of at least two regional integration schemes. Some of them belong even to more than two regional schemes. It looks if it is economically a good behaviour to be the member of any existing or newly-created regional scheme in the neighbourhood.

There exists at least 14 regional economic communities of varying design and scope in Africa. Many of them are simple co-operation schemes with the objective of becoming an economic community in the future. Of the 53 African countries only seven belong to only one regional economic community. One country is a member of four regional institutions (Economic Commission for Africa, 2002, P. 5) There are many examples for overlapping:

- The eight members of the West African Economic and Monetary Union (UEMOA) are also members of the Economic Community of West African States (ECOWAS)
- The three members of The Mano River Union (MRU) belong also to ECOWAS
- The six members of the Central African Economic and Monetary Union (CEMAG) are also members of the Economic Community of Central African States (ECCAS)
- To ECCAS belong also the three members of the Economic Community of Great Lake Countries (CEPGL)
- From the three member countries of EAC belong two to The Common Market for Eastern Southern Africa (COMESA), one to The Southern African Development Community (SADC). One of the first mentioned two is also a member of the Inter-Governmental Authority on Development (IGAD)
- The Indian Ocean Commission has five members. While one of them belong to SADC, the other four belong to COMESA
- The five members of the Southern African Custom Union are all the member of SADC, two belong also to COMESA

Regional community schemes consequently cover in a overlapping structure the whole Africa. Overlapping creates problems already by being a member of two different free trade areas. Every member country has to produce certificates of origin in spite of exporting to the FTA. This problem could be solved only if all participating countries were ready not to demand certificates of origin. In this case all member countries of the



two blocs build one free trade area without any commitment confirmed in a treaty. This would mean that any country already being the member of one FTA by entering a new FTA could initiate an informal process of enlargement.

Again problems arise by the passage to a customs union. Building a custom union means to set a Common External Tariff (CET) for the FTA as a whole. If one of the member countries is at the same time the member of another FTA, it can not apply the CET against these FTA members. Again, both FTAs must become a unique customs union or the country has to leave one or other of the two FTA.

Overlapping means also that the country has to participate in several international organisations and to provide personnel and backup facilities. Since human and other resources are scarce this would be a real burden for the country. The country needs experts to staff these organisations and complicate procedures are necessary to co-ordinate policies of the country in the different organisations.

But it looks as if the overlapping has not still become a serious problem in Africa. This is due to the very slow process of integration where most of the schemes persist in a process of removing the intra-regional trade barriers in order to become a full-fledged FTA. The question remains why countries are ready to participate in as many as possible regional schemes and are apparently satisfied with this slow process of integration.

### **3 Underdevelopment and Bureaucratical Expansion**

In many official documents the unity of Africa as a vision is emphasised as a reason for integration of all countries of the continent. Other reasons, why to integrate, are to boost the transformation and growth of African economies, to unleash industry and business, to become part of the world economy and promote multilateralism and to address common political problems (Economic Commission for Africa 2002, pp. 2-3).

But in spite of constant efforts, Africa is today neither politically nor economically integrated. Integration has not served therefore as a means to growth and industrialisation as it was expected. In the absence of any clear progress in the integration progress it is not easy to understand the high number of integration schemes

in Africa and the plans for the establishment of the AEC. It is also remarkable that in opposite to other regions the integration of the whole continent should not be the result of a time-consuming process of enlargement but of efforts of a continent-wide organisation (OAU, AU, AEC) to establish working relations with existing regional integration schemes.

There exist already some explanations for the failure of the integration policy in Africa. Ndulo (1992, P. 2) mentions as a reason " that there is a lack of political will in the member countries that is necessary to see integration succeed, expressed in the chronic non-observance of commitments undertaken within the respective agreements and in the insufficient use of the instruments set up by these agreements"

There are some other more technical explanations for the failure of regional integration schemes in Africa. It is argued for example that "in some cases the existing mechanism is too loosely defined or insufficiently equipped with human, material, and financial resources to do its work" (Economic Commission for Africa 2002, P. 7). The result will be the failure of governments to bring about substantial changes in policies, rules and regulations, the unwillingness to subordinate national political interests to long-term regional economic goals and the absence of monitoring and enforcement mechanisms to adhere to timetables for the realisation of the different steps of the integration process.

As one of the major weaknesses of the integration process counts the lack of appropriate funding for regional integration policies and programmes. Contributions barely cover the operating costs and the regional integration organisation are therefore overdependent on external assistance (Economic Commission for Africa 2002, P. 7). Another problem is the existence of many other regional and subregional actors besides regional integration organisations which are formed around narrower sets of activities like transport and energy and notwithstanding pursue integration goals and create co-ordination problems.

The above explanations for the failure of regional integration in Africa are not quite convincing. It is not clear why such a drive for regional integration exist given the lack of commitment and funding. Regional integration schemes in Africa are flourishing as institutions at the political and societal level. But they progress very slowly considering their ambitious goals of integrating the whole African continent politically and economically. Any theoretical statement therefore should explain the drive to

integration in Africa but at the same time the apparent failure of the existing regional integration schemes.

We hypothesise that the real reason for the drive to integration in Africa lies in the demand for bureaucratic structures to solve the problem of excessive production of skilled workers (educated in universities, high schools, and similar institutions) due to inelasticity of the occupational system. A discrepancy between the number of those who have accomplished higher education and those who can be employed under the existing conditions can easily arise in the process of development. Formal education is easier and less expensive than getting seriously involved in a time-consuming process of industrialisation. To be educated gives also the impression of being developed. Therefore developing countries easily fall into the trap of identifying development with formal education under circumstances where the industrialisation process is slow and can not therefore absorb the growing number of skilled workers. A seemingly easy way to get rid of the growing problem of unemployed educated persons, who otherwise would be discontented and a risk for political stability of the country, would be to create bureaucratic jobs of seemingly demanding character which could be filled with the potentially jobless persons.

Bureaucracies are specially appropriate to get rid of people who otherwise would remain unemployed and could be therefore source for political unrest. Downs (1965, P. 440) defines a bureaucrat "as any person who works for a large organisation; receives a money income from that organisation which constitutes a major part of his total income; is hired, promoted, and retained primarily on the basis of his role performance; and produces outputs which can not be evaluated on a market". Bureaucrats are rational utility-maximisers, and act partly or solely in their own self-interest, even when acting in a purely official capacity (Dunleavy 1991, P.148 based on Downs 1967). Examples for self-interest motives are power inside and outside the bureau, money income, prestige, minimising personal effort, security. For Tullock and many others the basic public choice answer has been that officials maximise the size of the agency (Tullock 1976 as cited by Dunleavy 1991, P. 154).

Based on this hypothesis we can explain the specific patterns of integration in Africa much better than on the basis of official reasons for integration mentioned above. The drive to integration is accordingly a printout of a surplus of educated personnel in African countries, which would have come to the fore if this drive did not exist. Overlapping regional integration schemes are then explained by the fact that it creates a

greater demand for bureaucratic jobs than smaller, and regionally delimited integration areas. Bureaucratisation explains also the "chronic non-observance of commitments undertaken within the respective agreements and the insufficient use of the instruments set up by these agreements" (Ndulo 1992, P. 2), which is usually given as an explanation for the failure of regional integration in Africa.

The slow process of regional integration and the lack of progress in realisation of further steps of integration, which are announced in official documents, are therefore fully understandable. Bureaucrats are not dynamic personalities to push for realisation of new concepts and planning new ones as far as the existing institutional structure serves their self-interest motives properly. National politicians may also not be ready to let the emergence of a group of powerful regionally oriented competitors in a partly or wholly united Africa in the political arena of the continent. Besides these two points it would be quite demanding to find any other reasonable explanation for the fact that a great number of regional and continental institutions are created with the explicit goal of progressing towards higher stages of development, but in reality are developing very slowly or are even stagnating. Demand for bureaucratic positions seems to be a clear explanation for such an institutional pattern.

The failure of regional integration in Africa is only a failure if measured against the text-book concept of regional integration. It is but a success if measured against the exigency of the placement of a surplus of educated personnel. In political terms it reaches its goal of pacifying the political landscape. But in economic terms it is a waste of resources which could be used somewhere else more efficiently.

#### **4 Possibilities of Centric Integration in Africa**

The traditional regional integration approach is based on political motivations (Shams 2002, P. 11). The specific form this comes to the fore in the African context is the provision of bureaucratic positions. Other motivations like growth and industrialisation serve as justifications for creating and adhering to such institutions. To overcome bureaucratisation in the international arena in Africa the countries have to reduce the discrepancy between educated persons who seek employment and the number of productive employment possibilities. For this purpose a dynamic development process has to be initiated in Africa. Regional integration should therefore focus at the

promotion of the growth process. The remedy is not simply to recommend an end to bureaucratisation. The whole approach has to be changed. For those countries in Africa, which are ready to integrate regionally to foster their development process another route is open: that of centric integration.

The strategy of centric integration is based on the dynamic of the World Economy. Presently in terms of per capita income and technology standards the world economy is characterised by a wide development differentiation among the developing countries. Taking these differences in the level of development of these group of countries as the starting point, a step by step strategy can be developed for the integration of the developing countries into the world economy. For this purpose we assume that in the regional context the countries concerned involve a larger country - measured according to per capita income and population- (central country) and several smaller countries adjoining the larger country. The larger country is also superior to its smaller neighbouring countries with regard to production technology and the availability and level of training of human capital. Based on this structure we assume now a hierarchy of products, production of which requires varying factor intensities. A catching-up process among these countries at different levels of development presupposes that the more highly developed country would constantly have to relinquish certain segments of its production lower down the hierarchy in favour of less developed neighbouring countries. This would enable the higher developed central country to switch to the next higher segment of the hierarchy of products. This would induce a process of growth and development in all participating countries of the region (Shams 1998 a).

In a regional context the relatively advanced developing country must therefore view its prospects of growth as closely correlated to the growth process in the adjoining smaller, less developed countries, and vice versa. The smaller countries would find in the central country a market with the capacity to absorb such products, which they produce with the aid of direct investment from the central country. At the same time, by raising its technological standards and developing its human capital, the central country will produce new products which it can sell to the smaller countries. For the central country an intra-industrial exchange with the industrialised countries will also occur based on direct investment attracted from those countries, which could promote structural change in the central country (Shams 1998 b).

Possibilities for such a process of centric integration necessarily exist in Africa. Without any hesitation three group of countries could be mentioned as qualified to initiate such a

process. In southern Africa the country qualified to overtake the role of an engine of growth for the region is South Africa. Other smaller countries in the region like Namibia, Botswana, Zimbabwe, Mozambique, Lesoto, and Zambia could the periphery and get therefore in a mutual division of labour with South Africa. The present situation in this respect by no means satisfactory. The countries are members of the South African Development Community (SADC). But the developmental approach in this community is not even appropriate to promote a process of regional integration (shams 2003a, pp. 22-31). The initiation of a process of centric integration would ask for a much better regional policy in terms of regional trade liberalisation and readiness to structural adjustment than it is presently the case.

In East Africa Kenya is the country which could be able to play the role of a central country for Tanzania, Uganda, Rwanda and Burundi. Kenya has the largest and most diversified economy in the region. But it confronts multiple challenges which dampen a dynamic development (Shams 2003b, pp. 12-15). If Kenya could succeed in establishing a politically and economically liberalised economy in the region, the East African Community (EAC), consisting of Kenya and its two neighbours Tanzania and Uganda, could be able to initiate a process of centric integration.

The West African region is another candidate for initiation of centric integration processes. Two countries could assume the role of central countries, Nigeria and Côte d'Ivoire. The group of francophone countries organised in *Économique et Monétaire Ouest Africaine* (UEMOA), including Côte d'Ivoire could build an independent region appropriate for centric integration while smaller anglophone countries could build another region for this purpose around Nigeria. Presently both groups are organised in the Economic Community of West African States (ECOWAS). Political instability and chronic economic problems characterise the region. Partitioning into two regions and initiating processes of centric integration in both of them around the two potential central countries would bring many instabilities dominating the region to an end. In the long run, at a higher level of development a unification of both regions into one would be of course possible (Shams 2003a, pp.19-21).

## **5 Conclusions**

Studying regional integration policies in Africa something which easily catches one's eye is what we called the drive to integration. One after another attempt is started to unite the continent politically and economically. A great number of regional integration schemes are existing with different goals and scope. Overlapping is a general phenomenon and it is envisioned that regional schemes bound together to form a continental integration scheme. But at the same time in the literature regional integration in Africa is characterised as unsuccessful, especially due to low growth of intra-regional trade. There are some divers explanations for the drive to integration in Africa and its lack of success. Our explanation is that the real reason for this phenomenon lies in the demand for bureaucratic structures to solve the problem of excessive production of skilled workers due to inelasticity of the occupational system. The way to a dynamic integration policy opens if the participating countries are ready to get involved in a process of centric integration. Due to the differentiation in development levels at least for three regions in Africa the possibilities of such a process exist.

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