RE-APPRAISING THE FRAMEWORK FOR REGIONAL ECONOMIC INTEGRATION IN AFRICA

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The European Union is a product of regional economic integration. Today, there are twenty five countries that make up the European Union. The integration is an alliance of sovereign states, which are discrete political units. Can this European example be imitated and replicated in Africa. Could not the techniques of international and supranational cooperation developed in Luxembourg, Paris and Brussels and Maastricht, not be developed in Pretoria, Nairobi, Harare or Lusaka?

The process, which yielded European integration, exists at a lower scale in Africa. This means that Africa, with diverse background factors is unlikely to successfully imitate the European example. It is not however clear that slightly different background cannot result to integration.

The history of integration testifies that few integrations are created by aggregation of previously independent units, except under the influence of some external and powerful force. For Africa to expect a prospect of an eventual customs union, unless there is sufficient will on the part of the leaders and the people, this goal cannot be achieved. The creation of a union requires a process of education and bargaining and even compromise both between the would be union members and as well as between groups within each state.

Axline and Mytelka provide one analytical framework of integration among the developing countries. Three principal types of integration arrangements are envisaged. The first is a *laissez faire* integration scheme based on the neoclassical economic theory. This model is constructed on the European pattern of free trade areas and customs unions whose purpose is to expand intra regional trade. The second type grows out of the need to rectify problems, which appear in the operations of the first model. This model aims at the advantages of trade expansion and includes attempts to distribute the gains of integration more equitably. It has measures of redistributive effects to solve the problems of polarization and unequal gains.[1] The third type responds to the problem of unequal distribution and polarization and provides compensatory and corrective mechanism. In addition, it has measures to overcome or reduce the pattern of dependency on highly developed industrialised countries.

Bela Balassa and Ardy Stoutjesdijk provide another analytical approach to economic integration.[2] They suggest that in cases where the market is small, use of project or resource-bunch approach may be used in place of or in conjunction with a trade liberalization scheme.[3]

George Abangwu clasifies economic co-operation as being homogamic, anabatic, satellitic or stochastic.[4] Homogamic integration occurs among neighbouring states. Anabatic integration takes place among non-neighbouring states but homogamically related by proxy or through a third neighbouring state. Satellitic integration takes place among developed central and peripheral states. Stochastic integration describes a random residual system of relations among states.

Although integration schemes in Africa are generally homogamic-anabatic, and are based on functional project resource approach, integration policies and discussions are erroneously based on conventional customs union policy. The viable stratagem should be based on a system of multinational programming of investment based on viable economic spaces, functional linkage projects and development of transfrontier resource area.[5]

The Sub-Sahara-African experience with integration efforts has not yielded the desired effects. It is important to analyse why this is so. To do this, it is necessary to draw from the European experience to find out the causes of integration in Europe and investigate if these causes are available and can operate in Africa. This involves tracing the progress towards a terminal condition called political community.[6] Secondly, it will be necessary to draw lessons from the collapse of the East African Community in order to understand what pitfalls should be avoided in future.

Integration proceeds most rapidly and drastically when it responds to socio economic demands emanating from an industrial-urban environment and security born by the growth of a new type of society.[7] Such a society can either be plural or monoculture and be able to compete with each other more or less rationally for political power and social status. Mobilization of the population to participates in this process is essential.

Countries dominated by non pluralistic structures are poor candidates for integration. Even if their governments do partake at the official level, the consequences of their participation are unlikely to be felt elsewhere in the social structure.

Further, sufficient ideological homogeneity for value sharing among important national elite groups is essential for integration.[8] Successful integration also requires institutional supranational bodies most readily lending themselves to accommodation on the basis of upgrading common interest. There must be a common basic denominator whereby equal partners gradually reduce their antagonistic demands by exchanging concession of roughly equal value. The United Nations ECA notes that the smooth functioning of an integration scheme requires the creation of appropriate supporting institutions to ensure that all member countries will derive maximum benefits from the co-operative arrangement.[9] Institutions in Africa contain no trace of such supranationality. The African organs are inter-governmental conferences with either weak secretariats or non at all. While their deliberations refer to lofty aims, they do not accommodate needs based on the minimum common denominator.

The African institutions have functional tasks similar to the European prototype and cover wide areas such as economic integration, transport coordination and regional investment. The only functions that have been successfully carried out are of negative character. None of the tasks show a tendency to have spill over effects into new areas of common concern, and many show evidence of periodic atrophy. Nothing of consequence has occurred towards economic or legal integration.

There are few ideological links of unity in Africa. Each modernizing elite in power, whether an intellectual's independence movement or the army, acts and thinks of being a king in the state. Each traditional-feudal oligarchical elite is intent on preserving its position and rejects cooperation with others. They cannot meaningfully work together on common integrative matters. Even in economic matters, it is the maximization of national resources that motivates elites, not a pooling of resources.

The social and economic under-development of Africa may give it the required regional ideological affinities. The desire to defend against the export prowess and possible protectionism of a united Europe is another factor that should push Africa to integration.

The popularity of integration is not because it is an ideal in itself, but because it is a device through which other ideals can be achieved. The fact that most of the African states have within the last few years taken a rapid step towards the issue of agreeing on the text of a treaty and signing such a treaty is bold a step in the right direction. The fact that fifty-one states are involved is a big obstacle. The size of the continent invariably covers different political and cultural set-ups, which may endanger many conflicting national interest to be reconciled and may therefore delay the harmonization of policies. It may well seem that member states are ready to break this. These problems can, however, be overcome with a resolve, determination and cooperation of the states involved. There is this myth that differences in language, culture, and economic level as well as political orientation may well render impossible the achievement of a meaningful cooperation. There are precedents to guide Africa in this endeavour; bitter enemies such as Germany and France are sitting together in the EEC umbrella while Luxembourg is under the same cover with economic giants like Germany. In the EEC, with as many languages, which are heterogeneous and not culturally uniform, Africa too must be able to take a leaf of hope and get going. There surely is light at the end of the tunnel.

There is no doubt that the Treaty of African Economic Community contains some shortcomings, but it should be given a kick-start and a chance.

If Africa has to achieve any meaningful economic integration, it must fulfil the minimum fundamental conditions necessary for economic integration. In the absence of any of these it is less likely that integration will be attained. K. C. Wheare's outlines factors crucial to integration. These factors are:

(i) The geographical neighbourhood of the territorie,
(ii) Some previous political association, either in a loose confederation or as parts of the same empire
(iii) Similarity of political institutions
(iv) Representative institutions.

The inducing factors that lead to the desire for integration are listed as,

(v) Military insecurity
(vi) The desire for independence
(vii) The hope of economic advantage
(viii) Economy in staffing of some public services and
(ix) The hope of achieving greater influence in inter national affairs.

Penaherrera states that what is involved, is not a preference for industrialization in general, as a purely quantitative change, but a desire to create a different industrial structure, which will provide a greater stimulus to technical progress.[10]

Other motivating factors cited by Penaherrera are the urge to expand trade and better use of existing facilities, increasing the capacity to negotiate with third parties and improvement of political relations among states.[11]

Let us examine to what extent Africa fulfils some of these requirements. Of these inducements, the hope of achieving economic advantage is the most important.[12] The desire of all African states is to attain the advantages of economic integration. A reading of the preamble to all the regional instruments of co-operation indicates, without any reservation, that the inducement to attain economic advantages is there. In this regard, the African countries fulfil this condition. The importance of economic advantage as an inducement to integration derives from the free trade and large market thereby created, freedom of movement of goods and persons, and the greater possibility of attraction of foreign capital.

Previous political association is not logically necessary but may be psychologically relevant. Communities, which have a history of independent nationhood, are apt to have adopted separate nationalism. The experience of African countries in relation to this requirement is wanting. The past colonial history and the division of Africa into Francophone and Anglophobe Africa has tended to permeate the continental relationships to this date. Evidence seems to suggest that economic relationship between countries under a common previous colonial master, tend easily to forge a workable framework for economic integration. This seems to derive from the similarity in institutions, which is another important condition necessary for a successful integration. The importance of the similarity in institutions stems from the fact that this is a condition upon which the smooth operation of the integrated economy can work.

The establishment of an integrated economic unit is one thing, maintaining it is another. If ingenious politicians succeed in the creation of an integrated unit without any or a good number of the above conditions, then the unit will collapse. For instance, in the former East African Community, not all states felt that they were getting economic advantage through integration.

Certain questions arise from the East African experience about integration. These are stipulated by Hazelwood inter alia as whether it is necessary only that all members of the scheme benefit or must they benefit equally or must the poorer gain most or must there be an even distribution of wealth and development over time to narrow the gap? In addition, Hazelwood poses whether there a limit to the difference in levels of development and economic size of members of a grouping beyond which integration can not work, in other words, are giants incompatible cohabitants with pygmies?, and would functionally specific arrangements be better than comprehensive schemes? and would a less comprehensive scheme in which potential areas of conflict are excluded be more viable?.[13]

Africa should learn a lesson from these questions and put the answers to good use for future integration efforts. One question that is posed is whether there is a limit to the difference in the levels of development and economic size of the members beyond which integration cannot work.

The answer is in the affirmative. It must be noted that size herein refers to economic size and not geographical size. A large area, equal to or larger than that required for the most highly industrialised country in the group will encourage and motivate integration for all participants. An area smaller than that required by one or more of the participating countries will reduce motivation towards integration. A large area of integration will have the effect of attenuating the difference in motivations attributable to the degree of industrial development, while a smaller area will have the effect of making the differences more acute.[14] Even when the countries are small in economic size, the integration area may be sufficiently large if the group contains a large number of countries. This might indicate a different kind of problem, administration, not motivation.[15]

The essence of any area, which forms a free market, is that certain areas will develop faster than others. In a unitary state, the resulting diversity of wealth is modified by the fact that the richer regions will contribute proportionately more to government income in taxation while all regions will benefit from public services like education, and the poorer regions will get proportionately more benefit from welfare services and payments.

In an integrated unit, since welfare services are normally in the hands of the individual states, unless provision is made for some fiscal redistribution of this kind, the poorer regions will not be able to afford the services at the same level as the richer states. In this regard, it is noted that distribution of benefits is crucial to the survival of an integration scheme. Left to the forces of unregulated market, an acceptable outcome will not materialize. There has been a tendency to resort to various preferential treatment involving tariffs or taxes and to grant income redistribution and capital flows to the advantage of the weaker states. These have been known as compensatory mechanism but still, they have failed.[16]

It would seem that one avenue of making integration among heterogeneous countries is to divide the allocation of industry directly among the member countries, so that the allocation of industry is not a factor to be felt to the play of market forces. The main problem with this approach is the issue of sovereignty and the reluctance of the more powerful countries to accept limitations of this type.

The other crucial factor in integration is the question of leadership. There should be an emergence of leaders who are integration oriented, those with good relations with their parties and good standing with other leaders of the other states. This question is closely affected by history and the social structure of the various states. Some regions cannot produce leaders of a national character and posture other than of local influence. Africa seems to lack integration oriented leaders. All that is available in Africa is lip service to integration. There is an absolute non-committal attitude on the part of the African leadership and this fact plays a great role in the massive failure of attempts at regional co-operation and integration in Africa. Higgots states that the root cause of Africa's dismal performance may well lie in the softness of most African states. Whereas development theory requires hard governments able to carry out reforming and revitalizing tasks, this softness is the dominant single cause of the African crisis. The leadership has lacked both the will and the power to carry through the desired economic and social strategy.

The issue of sovereignty is another crucial factor contributing to Africa's failures in attempts at integration. There are certain areas of trade that each state should also be willing to forfeit its sovereignty and give the customs union a free hand in determining what regulations shall be imposed. This stipulates that there should be minimum requirements for economic integration in terms of common policy formulation. The areas, which require this, relate to external tariff policy, coverage arrangement, internal free trade and tariff elimination and the removal of non-tariff barriers.[17]

It is essential that in an integrating area, there should be reduced or eliminated tariffs. Partial or total preferences and decalage techniques can be used. This is a technique whereby some countries are allowed to delay tariff cuts on sensitive items. This is referred to as a get out of step technique. Decalage implies that some members are willing to grant their partners temporary one way preferences, either on a product-by-product basis or across the board. It alters the technical balance of trade advantages in a temporary, hence mutually acceptable manner. African countries must be ready to implement these notions.

In addition, disequilibria in a country's overall balance of payment and receipts are problems, which extend beyond regional context as it affects all trading partners. There is therefore need for co-ordination of economic policies while at the same time it is advisable that members of an integration area should allow their currencies to float freely in relation to each other. All these matters eat into the sovereignty of a nation and compromises are essential for successful integration efforts. The experience of the East African Community illustrates how the question of sovereignty partly contributed to the untimely demise of this Community.

Administrative co-ordination is a real danger in integration efforts. The East African experience demonstrates this. There used to be a phrase "the Nairobi Mentality" which signified the feeling of superiority of Kenya and the willingness to make common decisions without consultation. Administratively the physical divorce that arises from integrating such a huge continent is real. One official can be located in Cairo while the other is in a remote corner of Africa. How are efficient and effective decisions to be undertaken without undue delay?

Distribution of the gains of integration poses a complex problem for economies at different levels of economic development. What is decisive in this case is not only a country's own degree of industrial development, but also of other countries in as much as it indicates a different capacity to profit from integration.[18] It must be recalled that there is no presumption whatever in economic theory that a common market will necessarily operate to the net benefit of each of its members. The proposition that each country will benefit form the common external tariff is one that needs to be demonstrated in each particular case, especially when the union is between developing countries. It is reasonable to suppose that the more highly industrialised countries in the region are in a more favourable position than the less industrialised to benefit from the opportunities brought by integration, both for industrialisation and expansion of trade. The reason for this is not only because of their existing industrial base, but also because of their ability to outdistance the less industrialised countries in developing new industries stimulated by integration.[19] It would seem that the more heterogeneous the countries are in their levels of economic development, the more differences in intensity and motivations for integration. These differences are made acute by an awareness of a country's relative position within the area of integration.[20] Homogeneity in these circumstances would produce a closer agreement on the selection of integration objectives and the methods to be used in the process.

The attempt to form common market in Africa may run into the problem that some regions or states are relatively developed than others. How is it to be ensured that there are no negative effects on the less developed regions? When trade barriers are dismantled in Africa, the effects of comparative advantage may be felt in one country than the other. For instance, one region may have to relinquish the production of certain goods to another region and this relinquishing region may find it difficult to adopt a new set of activity because of factor immobility of its resources, and so factor returns shrink considerably in some parts of the country. More investment from overseas will also tend to go to the developed regions and this polarisation effect will lead to one region gaining more than others. How does one counter balance these adverse effects by trickling down benefits to all?

A policy to close the gap between the regions of the Union would need the use of instruments that would ordinarily be thought to be disruptive of the very integration that they are designed to achieve. While the instruments are to be used to cut down the polarization effects, care should be taken to ensure that trickling down benefits are not affected. A viable option would be to undertake a policy that would allow the poorer regions of the union to be insulated and undertake industrial and export activities in competition with the richer developed regions but at the same time complementary relationship that make one region a supplier of the other must be maintained and intensified.[21] An examination of the distribution of costs and benefits during the days of the East African community show that some regions or states experienced negative net gains.[22]

The East African experience poses the question whether a less comprehensive scheme in which potential areas of conflict are excluded is a more viable option. The answer to this question lies in the structure of industrial development in Africa. Where the participating countries each as a group has a low degree of industrial development and their economies are small, the motivations for integration are high. This is because integration will give them a relatively large market and the relative homogeneity of their countries degree of industrial development would facilitate agreement on the objectives of the integration scheme, and therefore on the methods for implementing it. In such a case, the integration of the markets would be deep and broad as regards the objectives. The relative homogeneity of the countries would create circumstances both objectively and psychologically favourable to the functioning of automatic machinery for trade liberalisation. This would simplify the integration machinery and institutional organization.

Africa has heterogeneous countries with varying levels of economic development geographically placed side by side. The effect of heterogeneity in the degree of industrial development in such a situation is very striking. Any country less developed industrially than one or more of the others would be reluctant to move towards a deep and broad integration. Each would be prepared to move towards such integration with less developed countries even though not with more developed ones.[23] If such countries are integrated together, the motivations for integration would be minimal, patterns of attitude ambivalent and the only outcome of this will be a superficial and loose integration either by express intention of the treaties or by the tacit method of non-compliance - not to mention that the system may break down completely.[24]

Unfortunately, this is the situation in Africa today. Most of the regional integration units are superficial in nature. the mere fact that countries are heterogeneous is sufficient to ensure that the methods of integration adopted will be superficial and loose.

If the differences among the countries are very great, (as it is in Africa) not even far reaching community programming mechanism will be able to ensure a satisfactory distribution of activities, because many of the opportunities which integration would offer to the smaller countries will already have been seized by the larger countries by reason of development. On this account what Africa should need is not a comprehensive integration programme enshrined in the Lagos Plan of Action, but a less comprehensive scheme.

Critique of Regional Trade Arrangements in Africa

The African experience at regional cooperation efforts leaves a lot to be desired. Most of the Treaties of cooperation have shortcomings in dealing with important development variables. For instance, the countries forming the membership of UDEAC have a total area of 1,200,000 square miles, which is equivalent to the whole of Western Europe yet its total population as at 1963 was about ten million people.[25] This union is more or less a continuation of the old colonial set up for the region. The UDEAC Treaty can be regarded as providing the loosest form of cooperation. The main defect of all the Treaties of economic cooperation in Sub-Sahara-Africa, is the concentration of the most important decision-making powers to the Council of the Heads of States. The progressive way would be to delegate most of the major powers to organs lower than the Council of the Heads of State, thereby creating a cadre of dedicated officials devoted to the cause of the institution.

The Treaties of cooperation have provisions regarding free movement of labour. Generally while labour migration is not formally prevented, it is not generally encouraged. The Treaties do not adequately address the question of economic disparities among the members and different foreign exchange regulations.[26]

None of the Treaties addresses itself to the role of South Africa in economic co-operation of Africa. This is even more appalling under the PTA some of whose members rely heavily on South Africa. For instance, when Zimbabwe attained independence, its economy heavily relied on South Africa as a market, supplier, carrier and middleman.[27] The same applies to Botswana, Lesotho and Swaziland. The exclusion of South Africa in the PTA greatly affects these countries since they cannot adequately survive without South African economic support.

Further, these treaties do not adequately deal with agricultural imbalance in the region. Whatever trade in agricultural commodities that occur is largely a matter of surplus and deficits between the various countries rather than a specialisation in production by the countries. The problem with this approach is that food production is still subject to the vagaries of nature. In case of crop failure, the whole region will be without the crop.[28]

These treaties in no way lead to specialization between the countries. What is needed is a comprehensive strategy for an efficient and cheaper transport means, minimization of duplication and greater possibilities of technological advancement. Bowden states that integration will develop at a slower, more incremental rate because many of the basic pre-conditions for extensive integration viz. interconnecting infrastructure, a minimal level of complimentary economic development and relatively uniform economic and legal structures have yet to be developed.[29]

The South Africa Customs Union (SACU) is more of a question of pygmies cohabiting with a giant. It makes a number of critical provisions on extra union trade. Article IV provides that, with some exceptions, South Africa sets tariffs and rebates, refunds and drawbacks. Thus member states apply a common external tariff set up by South Africa. Article V does stipulate that South Africa must consult the BLS prior to any duty changes, but elsewhere in the Agreement, consultation does not require that consent must be obtained. This means that the BLS have limited influence in the fiscal matters and duty levels. The only exception is in so far as they can be able to persuade South Africa of the merits of their case.

The SACU agreement has makes it difficult for the smooth creation and operation of the Preferential Trade Area Agreement of Eastern and Southern African States. South Africa agreed to the BLS membership of the PTA in 1981, provided the BLS gave no tariff concessions. The other PTA states agreed to this as a transitional stage and Lesotho and Swaziland agreed to endeavour for the removal of the obstacle.

It has been argued that the SACU does not encourage development of the less advanced members of the Union and the diversification of their economies. The blame is placed on insufficiently assertive use by the BLS of the protection allowed to them and inadequacy of the compensating arrangements.

From a BLS perspective, accessibility of the South African market for BLS production have been quite negative. According to Cobbe, " South Africa will only tolerate such projects if they fit into the minor interstices in the South African industrial market... and South Africa ... is unlikely to allow large scale production in BLS for South African market.[30]

Kumar states that " South Africa is completely free to enact any kind of import control legislation it likes and pursue such economic objectives as are best suited to its economy at any time. There is no machinery for coordination and no requirement of even rudimentary consultation.[31]

Static Effects of Integration Efforts in Africa

Despite the huge difficulties, it is possible to measure the effects of integration on the economies of the member states. One way to do this is to measure the import trends of the member states and the export trends both as regards intra-trade arrangements and with the non-member states. The trends of trade creation and diversion can also be examined. This is the traditional approach.

As trade diversion shifts trade from one source to another, the sources of imports and exports is important for evaluation of the effects of integration. One would expect that all members of a preferential trade group to increase their value of trade relative to the GNP as a result of trade creation and consumption effect. Examination of commodity composition in terms of exports and imports and the positive and or negative changes in the share of an exporting area in the market of a regional grouping due to the operation of factors other than integration should also be evaluated. An easier way to measure effects of trade creation is to use a three pronged approach of examining: (i) imports/exports from member states, viz (intra-state trade), (ii) imports/exports from third parties, and (iii) domestic production consumed at home. These three variables added together constitute the apparent consumption.

If the share of intra-trade imports in consumption is above trend, while that of domestic production is below, with that of third countries remaining equal, one assumes the existence of trade creation. Conversely, if the share of intra-state imports is above trend, while that of domestic production is equal to it and that of third parties is below, one assumes trade diversion to be present. An examination should also be made of changes in production patterns within the area, whether there was increased specialization, efficiency, competition and productivity. One should also separate the effects of integration form the effect of other intervening factors.

In orthodox theory, the static gains from regional economic integration arise if trade creation exceeds trade diversion. In general, room for trade creation will be large if foreign trade of customs union members is small in relation to domestic trade, and if a high proportion of external trade is already taking place with customs union partners. Since foreign trade is small relative to domestic production, more scope thus exists for the replacement of high cost domestic production by less expensive imports from customs union members. Similarly, since trade with non-members is small, the likelihood of diverting trade from low cost non-union production to high cost union production is less.

However, such a trade pattern is not characteristic of the African countries. In a typical African economy, foreign trade is large relative to domestic trade and the range of manufactured goods is dissimilar among the African countries. The African economies are complementary and lack the competitiveness that creates trade creation.

The *raison detre* of integration among the developing economies is to change these structures of production through diversifying industrial growth. The focus shifts from the static effects of integration to the dynamic effects found in a larger market.[32] In this regard, the rationale of regional economic integration among developing economies differs significantly from the theory that applies when developed economies integrate. For the developing economies, the focus is on industrialization.[33]

Viewed from this perspective, the customs union becomes an instrument of industrial growth and manufacturing is regarded as the driving force and the larger market is seen as an opportunity to stimulate industrial growth in an environment which is neither autarkic nor free trade, but decidedly protectionist.[34]

It seems that Africa is moving from the problematic to what is in danger of becoming the unattainable goal of intra-state trade. The reasons for low intra trade are stipulated by General Obasanjo as:

(i) the fact that all member countries are producers and exporters of primary commodities and therefore having little margin for intra regional trade,
(ii) the marked disparities in the levels of economic development as between the member states,
(iii) the fact that for most of the African countries, the major source of government revenue is tax, and consequently the reluctance to accept a reduction in tax revenues arising form lowering tariff barriers,
(iv) to the structural problems have been added those of contingent nature associated with the fall in commodity prices and the debt overhang,
(v) the legacy of colonial partition and all its overhangs.

This traditional method of assessing the costs and benefits of economic co-operation is static and hence of little relevance in analysing benefits and costs of cooperation between poor countries. For poor countries, any analysis on benefits must be undertaken on the basis of what form of economic cooperation established would contribute to initiating and sustaining development efforts in individual countries and the area as whole, and how it would do so.[35] In the African context, taking into account that there is very little intra African trade, costly excess-capacities, growing dependence on non-African sources for food, increasing unemployment and so on, it then becomes clear that economic cooperation will not only lead to trade diversion, but that trade diversion is in fact desirable.[36] Though polarization will take place in economic integration, in designing frameworks for cooperation, African countries should include deliberate measures for dealing with the effects of polarization.

Greene and Seidman observe that economic development in Africa requires a total reconstruction of African territorial economies, not to eliminate overseas trade, but to create a flexible, integrated, balanced economic structure. Seidman further observes that the only way to attain such reconstruction is through a sustained shift to continental planning, so as to unite increasingly the resources, markets and capital of Africa in a single and substantial economic unit.

Main Obstacles to Co-operation

African attempts at regional economic integration have been greatly hindered by the same post colonial dynamics that compelled them towards integration efforts. These dynamics include redundancies among cooperating countries' economies and a complete lack of interconnecting infrastructure.[37] The economic dependence of these countries on the market economy countries has discouraged the accumulation of experience and information on the potential of markets in the developing countries and on the procedures of trade and financing.

The reason for the failure of intra regional trade may be surmised as the nature of the African economies, the limited transport and communications facilities in and among the member states, currency problems, competition from other sub regional economic unions and administrative problems.

One structural factor that inhibits expansion of trade is the insufficient capacity of the production structures of developing countries to respond to new demands from other developing countries. Inadequate finance, lack of storage facilities and poor transport facilities has been a major hindrance. The absence of infrastructural links among African countries frustrates trade and wider forms of cooperation. Throughout Africa, economic activity is heavily concentrated in primary production, extractive industries and agriculture for export. If industrial progress is indicated by the contribution of a country's manufacturing sector to total output, then the African situation is deplorable. The Sub-Sahara economies are structurally competitive rather than complimentary. Individual states do not therefore gain any comparative advantage within the community. Consequently, the potential of trade liberalization to generate greater intra regional trade will depend to a large measure on the extent to which trade liberalization will make products imported from other states significantly cheaper than similar products from non-member states and the ability to move into production of goods which are obtained outside the regional group.[38] As regards the ability of African countries to manufacture the products they need which would fall under the trade liberalization programme, there is little doubt that their industrial and technological underdevelopment limits such production.

The primary nature of products has caused intra regional trade to be dominated by food items and handicrafts while member states compete with each other for external markets for the sale of their raw materials and agricultural products. Thus intra regional and international trade patterns show little horizontal interaction among the member states and a comparatively high vertical relationship between them and the industrialised countries. These factors prevent producer developing countries from building up commercial stocks that would allow commodities to be supplied readily.

Lack of overland transport, lack of regular shipping facilities, telecommunications and direct air transport also hamper intra-regional trade. The utility of the railway transport in promoting regional trade is negligible. The rail lines are characteristically isolated from one another. They run to the coastal towns and do not connect with lines outside each country. The line gauges, weight of rail, load per axle, equipment and standards differ in most countries, which makes any attempt to link them a Herculean task. Air transport provides a major problem. It is often easier to travel to and from outside the region than within the region. Intra regional air links are concentrated on the coastal airports. Flight patterns show more interaction among the francophone states and anglophobe states than between the two regions.[39] The national airlines run mostly to Europe and their various colonial capitals, because they cannot compete effectively with the better-established foreign airlines, they make loses on international routes. The handling of cargo is very rudimentary. Most of the African airlines handle passengers. Air cargo and equipment for its handling is rudimentary. The poor air transport links thus hampers intra regional trade.

Although there are fine harbours and free ports, the potential of maritime transport has not been harnessed for the promotion of intra regional trade. Sea transport is still monopolised by foreign firms. The few local shipping lines are small and inefficient to compete with the established foreign lines.

These structural weaknesses can only be overcome by organizational and institutional innovations that would augment the production and bargaining capacity of Africa. From the East Africa experience, integration efforts encounter four major problems. These are (i) the unequal industrial development of the partner states and the consequent barrier to the balanced economic growth of the region, (ii) the loss of import revenue to several of the partner states and the consequent problem of financing territorial government, (iii) the equitable distribution of cost and benefits of the common services and (iv) the loss of sovereignty of the partner states as a result of economic integration.[40]

The problem with unequal industrial development has been stated that the basic difficulty lies in the tendency of new enterprises to gravitate to those areas where an industrial base with all the requisite facilities already exists. In the long run, this problem of unequal development tends to create rich states and poor states in the union. As a measure to counteract this, transfer taxes, may be adopted.

A caveat should be added that transfer tax could potentially destroy the economic benefits from a common market. The less developed partner states may find that they experience a net increase in imports from the developed community members while the most developed partners will experience a net increase in exports to the poorer members. In the process, the less developed states may find that they are not able to cover up and offset their reduction in import duty revenues through increased income tax revenue. This can create a short term financial problem and thus the less developed members will be subsidizing the developed members. On this score, for a viable integration effort, appropriate instruments and arrangements for industrial cooperation should be developed. Limited and flexible arrangements than have been hitherto envisaged should be carried out. This could perhaps involve two or even three states and if necessary overlapping arrangements.[41]

The problem of sovereignty arises because it creates the inability of the member states to pursue totally independent economic policies. This problem seems to have a long term solution in the enlightenment of the leaders and the peoples of the region in question.

A particularly strong inhibitor of regional trade is the multiplicity of currencies in Africa. Some of these currencies are not convertible and the few that can are converted after considerable delay and difficulties. The multiplicity of currencies, further compounded by exchange rate problems has negative effects; it encourages underground trade in the form of smuggling. Africa may need a complete currency union involving a common currency and a regional monetary union, a partial currency union involving the maintenance of individual currencies and the establishment of permanent fixed exchange rates or an agreement by which the currencies of all member states are to be exchanged at rates to be determined by the cross rates between the currencies of all member states and the rate prevailing between each currency and that of its reference currency.[42]

Regional integration has been proposed as a strategy for development and escape from the problems of underdevelopment. The creation of trade within African regions means that integration has a different goal and impact from cooperation with the EEC. Uneven regional organizations in Africa have led to institutional decay and tensions. This unevenness is associated with the interests of extra-African actors in the growth of middle powers on the continent. This small group of leading African states is expected to maintain and be permissive towards foreign interests. [43]

Because of the intractable problems of uneven development and politicisation of functions, the establishment of regional organizations in Africa is often no more than a declaration of intent and an indication of continental alignments. Regionalism in Africa is largely an aspiration. Regional groupings produce cooperative external economic policies towards say the EEC but these organizations do not have sophisticated bargaining package deals and integrative potential.

Policy oriented research is what is necessary for Africa. A realistic appraisal of the assets of the sub-region and the comparative strengths of individual member states should be done and a broad agreement on the level and structure of protection towards which it would be reasonable for the region to work out should be mapped out. This may entail that sub-regional institutions should be remodelled. [44]

Need for Reform of Africa Integration Efforts

The advantage of integration and economic cooperation is to get rid of the problems of a small market. Small markets create problems of scale. These are monopoly, imperfect factor markets and dualistic economies, which coupled with poor information flows, result in low elasticities of supply. [45]

The other reality of world economics that makes integration a viable option is the trend towards the creation of a single European market. In order to take advantage of this huge market, developing countries must get to act together, must move actively instead of complaining passively. They too must form themselves into regional economic blocks. There is nothing of substance going on in Africa. Numerous attempts have been made in the past but they have all failed and it is therefore time to muster the necessary political and economic clout in order to intervene more as equals that ever before.

Africa should try and achieve diversification of their export patterns. This will go towards increasing the economic clout of Africa. Africa must warn itself that the proliferation of regional organizations, however, may act as obstacles to progress toward integration. It is important to avoid tackling large, visible projects as part of the process of integration. A step-by-step approach involving practical actions would be most effective. A regional approach to structural adjustment might make sense; at least, natural structural adjustment programs should be compatible with regional cooperation.

The African states in their attempts to regional or continental integration should not just come up with a connection among leadership at the top, they should build an Africa of citizens. A new type of relationship of people should be built. The Lagos Plan of Action advocates for the creation and development of institutions by creating more of them and developing and strengthening existing ones. At present, what is clear is that there already exist a large number of multinational institutions in Africa than the governments can support. Most of the governments are unable to pay for the subscription shares in the existing institutions. The number of these institutions tax the resources and the patience of the African states. Further, most of these institutions are trade diversion in effect rather than trade creation.

In the realm of economic integration, the challenge for Africa is how to build a participatory, permanent threat making institutions. In the developed countries, various rounds of bargaining with the EEC and GATT have yielded periodic trade liberalization among the Developed nations. These gains have been maintained because the reciprocal threats of trade restrictions have inhibited countries from re-imposing them. Participatory supranational agencies are more functional than the alien one.

An international bargaining system should be harnessed for Africa. This institution should be participatory, small, regional and include developed countries. Membership in this body should carry clear requirements, which are adhered to because the loss of membership due to expulsion will mean loss of benefits, which are high and permanent. Internal institutions to lead African economic policies to fiscal conservatism, currency convertibility and free trade should be created.

As we look into the future, the role of a new South Africa should be defined.[46] With its isolation over, the role of South Africa takes a new relevance and meaning. There is the expectation in Africa that South Africa will act as the economic locomotive and that South Africa's presumed abundant resources will assist in developing the continent.

The absence of regular communication, a history of tensions and the brittleness of new institutions all reduce the prospects of compatible structures in Africa. Extra- African interests and associations may increase the competitiveness and the incompatibility of regional organizations in Africa.

Regional integration in Africa cannot produce self-reliance and integrated economies when its major actors are foreign. For regionalism to attain its objectives, it must disengage itself from the international capitalism and involve regional planning of demand and supply. It should avoid reflecting national interest rather than a concern for continental development and unity.

There are many reasons why the movement for African unity seems to be in the reverse rather than making progress. The reasons are historical, cultural, economic and sociological. The concern for African unity has always been a concern for the elite. It has never been a mass movement. At present, it would seem that tribalism is a much more potent force than Pan Africanism. The tribe is here and now for the great majority of the continent. The long-term goal of bringing unity to Africa appears to have been forgotten. The main way of achieving this is through Education. Most of the education patterns in Africa are rooted on the concept of education as an investment. This is not enough, the value of education can be obsolete if the anthropological problems are ignored. Education can help solve cultural differences between the communities. A common body of stories, legends, maxims, hero tales, spelling and language can do wonders in cementing a people threatened with division. African countries have done little to use education as a means of promoting unity.

In political terms, the gains of integration are favourable. Politically, speaking with one voice with the backing of one integrated consumer market, bolsters bargaining power in international fora. In the contemporary economic world, what Africa prefers is a good partner rather than a creditor.[47]

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Notes

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3. W.A.Axline, Underdevelopment, Dependence and Integration: The Politics of Regionalism in the Third World (1977) 31 *Int'l Organization* 83,85. *see* L.K. Mytelka, *Regional Integration in the Third World: Some Internal factors,* in Proceedings of the Fifith International Conference of the institute for International Cooperation: International Dimensions of Regional Integration in the Third World (1975) p.15-39.
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6. Bruce zagairs, *supra* note 4 at 97.
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13. K.C.Wheare, Federal Government ,Oxford,1946.
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Problems. (Oxford University Press, Nairobi, 1965), p.15.

17. *Federation in East Africa; Opportunities and Problems*,p.22.
18. A.Hazelwood, The End of the East African Community: What are the Lessons for Regional integration Schemes? (1979/80) Vol.18 *Journal of Common Market Studies*, p.40 at 50.
19. Arthur Hazelwood, "The End of the East African Community: What are the Lessons for Regional Integration Schemes? (1979/80) Vol 18 *Journal of Common Market Studies*, p.40-58. Other questions asked are: Are members willing to take a long term view and see benefits of co-operation grow with the growth of trade between them or do they take a short term view within which transactions between them and benefits are likely to be small?. Are members prepared to agree on common fiscal incentives to encourage an acceptable distribution of investment between them and prevent competitive offering of concessions to investors? Is it possible for the operation of the scheme to be insulated from the effects of foreign exchange scarcity in the member countries? Provision should be made for net indebtedness to be paid either in local currency or credit period be given to the net debtor. Would provisions for a common Agricultural policy give more cohesion to the members? Can the scheme be protected from wavering commitment to integration at the highest levels in one or more of the member states? What is the balance of influence of each country, and what external influences are at work which favour or oppose integration?
20. Penaherrera, Germanica Salgado, Viable Integration and the Economic Co-operation Problems of the Developing World, (1980) Vol 19 *Journal of Common Market Studies*, 175 at 178.
21. Penaherrera, ibid, at 178.
22. Penaherrera, ibid, at 180.
23. Colins McCarthy, The Southern African Customs Union in a Changing Political and Economic Environment (1992 August) vol.24 no.4 *Journal of World Trade*, at p.9.
24. Penaherrera, G. Salgado Viable Integration and the Economic Co-operation Problems of the Developing World (1980) Vol.19 *Journal of Common Market Studies* 175 at 184.
25. Penaherrera, ibid at 184.
26. Higgot, Continent Adrift, inJohn Ravenhill (ed.) *Africa in Economic Crisis*, (Macmillan, London 1986.)
27. External tariff policy; although the members of a free trade area are not obliged to harmonize their external tariffs, they do not enjoy unrestricted autonomy in this respect. Thus there should be a limitation of sovereignty in this regard. Thus when members of a free trade area engage in multilateral trade negotiations, they are not obliged to coordinate their positions but they must nevertheless submit their respective policies to their partners for clearance
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29. *Ibid*.
30. *Ibid*.
31. *Supra* note 14 at 179.
32. *Ibid*.
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34. For a critical appraisal of the East African Community Benefits, *see*.P.K.Omas, The Report of the East African Economic and Fiscal Commission, (June 1961) Vol.8 *The East African Economic Review*, p.14-23. and I.G.Stewart, Customs Union in East and Central Africa (February 1962) Vol.9, *Scottish Journal of Political Economy,* pp.65 -72.
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36. Penaherrera, Germanico Salgado, (1980) Vol19 *Journal of Common Market Studies*, 175 at 180.
37. *Ibid.*.
38. *Ibid.*
39. *Ibid.*
40. *Ibid.*
41. *Ibid* at 184 -185.
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