THE DYNAMICS OF REGIONAL INTEGRATION IN AFRICA: A CASE STUDY OF THE EAST AFRICAN COMMUNITY, 1967 – 1977

BY

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DECLARATION

This thesis is my original work and has not been submitted for a degree in any other University.

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DEDICATION

To Mrs. Selah Wando, who through God's authority struggled single handedly to bring me up and to Mr. Hezron Odhiambo Muga who through God's will struggled for many years to build me up.

Many thanks for your having been the best.

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ABSTRACT

The research and preparation of this thesis was prompted by the popularity of the concept of regional integration despite evidence of failure to witness any positive successes in the integration initiatives in Africa. The thesis examines the dynamics of regional integration in Sub-Saharan Africa. It focuses on the defunct East African Community as a historical experience in sub-regional integration during the ten years, 1967 to 1977 of its existence.

The study shows that socio-economic and political forces interact simultaneously, either collectively or singularly to influence international relations hence integration process. The economic factors namely transactions related to trade investments, labour issues, etc, and political factors such as geopolitics, ideological rivalries, security and general state interest are at the heart of the study. The major research question is: what is the significance of these factors in the regional integration process. Specifically, therefore, the study seeks to analyze and explain the significance of these factors in a cooperation scheme.

We have further established that integration process proceeded rather smoothly during the colonial era because of the absence of conflicts in terms of national interests related to economic and political rivalries. After the three states became independent and each claimed her sovereignty, national interest factor emerged to become a major force that influenced both integration and disintegration processes. The issue of equitable distribution of costs and benefits was closely associated with national interests.

The study demonstrates how these forces reacted to influence integration and disintegration of the East African Community. Such forces have been explored from theoretical, ideological, economic and policy perspectives.

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CHAPTER ONE

1.0 A STUDY OF THE DYNAMICS OF REGIONAL INTEGRATION PROCESS

1.1. Introduction

Initiatives to integrate East Africa were started by the British Colonialists almost as soon as they settled in the three Countries early in the 20th Century. The colonial strategy was based on the assumption that successful development of the region would best be achieved through the process of integration. A number of factors favoured co-operation in the region. First, the East African area enjoyed certain facilities necessary for the promotion of regional unity. Among these facilities was the geographical contiquity of the three countries. They all share common borders. In many places, these boundaries are in terms of human interactions quite fluid indeed. The Hayas of Tanzania and the Baganda of Uganda are very closely related culturally and linguistically, and carry on a very high degree of interaction at the unofficial level. Similarly, the Maasai are divided between Kenya and Tanzania but nevertheless maintain a very high degree of transactions with their kind and kin in the other country while the Luos in Kenya and their counterparts in Tanzania conduct a large volume of transactions among themselves.

This high degree of transactions across state boundaries by cultural groups was strengthened by the common British colonial experience of the three states. Apart from these interactions, the fact of common colonial master encouraged a general interaction among the various people of the region including groups which were not culturally or historically related. There has been an uninhibited movement of the people across boùndaries in search of jobs and trade or simply to settle and farm. This vast inter-human network which encompassed the region without regard to state boundaries was a tremendous asset to the aspirations of the area for unity.

In addition, as a result of their common colonial heritage the three member-states of the East African region operated within the same politico-legal and socio-economic framework based on British values. The structures and institutions which they inherited from the British were essentially similar as well as the rules and procedures under which they operated. Furthermore, at independence, the three states inherited a network of common services which linked their economies and which provided a foundation upon which closer co-operation could be built. Common membership in the Commonwealth also facilitated their greater unity.

The unity was further facilitated by the ease of communications among the people of the area. Among the members of the elites of the three states, English was a common language for business, higher education and official discourse. In addition, Swahili acted as a great unifying force for the people of the area at both the levels of elite and the masses. Although it was only sparingly spoken in Uganda and not as widely spoken in Kenya as in Tanzania, it nevertheless, served as a valuable medium of social communication among both the elites and the masses, and even commercial intercourse among the people of the area. Its closeness to the different Bantu languages, as well as the fairly common Arab influence in the area made the language more easily understandable to all the people than any other African language in the region.

1.2 Statement of the Problem

The central focus of this study is to ascertain historical factors and individual member nations' domestic policies contribution and influence on the forces of integration and disintegration of the East African Community (1967 – 1977). Most observers have been left with no option but to believe that the evolutionary strong economic position of Kenya noted from pre-independence period, would remain a major constraining factor in the implementation of the treaty agreement, while the divergent domestic policies adopted by the partner states after independence would not be conducive to the smooth flow of cross border transactions and therefore enhance conflict among the states.

A major thrust of the study is then to evaluate the historical and operational forces of the integration and disintegration of the community. Such a perspective should throw light in the socio-economic and political dynamics of the East African regional integration process. The three governments appeared to quite agree on the objectives of the community and its survival. However, the approach to making the cooperation successful seems to have been the problem. To others like Malecela (1971)[1] the event of forming a federation would be the answer while others insisted that integration could only be achieved through a carefully planned and implementation process, according thorough examination to the foreseeable conflicts likely to arise from the structure and operations of the treaty

This then raises the following questions which the study has set out to answer: Why was Kenya in such a strong economic position as to cause constant fear and suspicion among the other partner states? Could the leaders of Uganda and Tanzania continue to accept such an imbalance for the sake of regional unity What were the operational problems arising either from the structure of the cooperation treaty or the internal domestic policies of the member states that could promote or disrupt the integration process. A response to these questions invariably examines the various dynamics of integration process

1.3. Objectives of the Research

The study seeks to investigate the role played by geographical and historical factors and operational forces in the integration and disintegration of the community. In other words, it is an assessment of the suitability of the treaty agreement in responding to the geographical and historical realities while addressing foreseeable implementation problems. Specifically, the study will look at the issues of imbalanced levels of development among member states as a factor in their integration process.

It seeks to establish the role played by the concept of national interest in both the integration and disintegration of the community. It seeks to evaluate the divergent domestic policies pursued by each of the three countries and the effect they had on the management of the cooperation agreement and the general interstate relations. It is known for example, that this was the height of the cold-war period and therefore ideological rivalry. What could such realities suggest for the potential contribution to overcoming the regions growth crisis and attaining the policy objectives set out in the treaty?

Tanzania pursued socialist policies, while, Kenya, although declaring to pursue its own brand of socialism, the African socialism, had a mixture of socialism and capitalism. Uganda, on the other hand appeared to be in agreement with Tanzania and was on the move to the left when the first Obote Regime was deposed in 1971. The study will examine whether such an atmosphere of ideological rivalry would be conducive to the integration process.

1.4 Justification of the Study

Policy makers and scholars agree on the potential benefits of regional political and economic integration as a strategy for speeding up development. The desire for the East African countries to maintain and develop such a co-operation among themselves has once more been recently demonstrated when yet again a new co-operation treaty was signed in November 1999. This study is equally optimistic about the viability of the regional integration initiative as a strategy for counteracting its economic weakness. We believe therefore, that the study will provide policy makers with insights and valuable information useful as reference material in their policy making process.

Secondly and which is related to the first one is that the African landscape is today littered with a number of failed regional cooperation initiatives. The East African Community, the West African Customs Union and the Central African Federation being the most conspicuous examples. Several other regional schemes in Africa never moved an inch beyond the written agreements. Yet Africa today still abounds with Customs Unions, common markets, preferential trade areas, etc, most of which have very little to show for their existence. The conclusion is that regionalism in Africa is taken for granted as a good thing. No one will argue with attempts to forge greater African brotherhood in every sphere. The findings of this study will in the circumstances be useful as a contribution to

African Social Scientists and politicians involved in designing African regional integration policies.

Finally, with the end of the cold war, and the resultant advent of monopolarity, regionalism has emerged as one of the major trends, which is likely to fashion the international order for some time to come. Some scholars have already visualized global regionalisation centered around the three major world currencies; the Yen for the Asian countries, The Euro for the western European countries and the dollar for the Americas. A study of regional integration will go a long way in helping scholars analyze this new development in the international plain.

1.5. Literature Review

The proliferation of the small nations after the end of the Second World War aroused the policy debate on cooperation among these nations as a means of promoting their economic development. This debate intensified in the mid 1960s but the general conclusion has always been that while integration process has been successful in Western European countries with democratic systems of government, for various reasons, integration efforts among developing countries are unlikely to be successful. For Etzioni[1] there is a lack of administrative and political skills in these countries, horizons are limited and there is too great a pre-occupation with problems of development locally. For Hoffman (1969)[2], fully integrated and pluralistic social structures are prerequisites for successful regional integration. However, these are often absent in developing regions. In the case of Karl Deusch (1971)[3], an important consideration is that in such environments, domestic "loads" overweigh "capabilities". Therefore, the capacity for responsiveness will lag behind the demands created by integration schemes.

Nye (1965)[5] on African integration, emphasized the relevance and impact of domestic political development on the changing positions of local actors, on the determination of national approaches to integration, and on the scope of governmental actions in the establishment of strategy. There are built in limits of pragmatic politics at the national level which condition action at the international level. Strong similarities in the background variables at the bilateral or sub regional level, may encourage the initiation of cooperation along the functional lines. However, there is evidence that a highly homogenous area does not proceed to the making of integrative decisions when issues viewed as most critical are perceived in terms of national interests. Local political issues tend to be of predominant concern to political leaders who also concentrate on more immediate priorities directly related to national economic development. And yet at the various forums, policy documents and even the election manifestos, literature on regional integration as a strategy for development abound.

Green and Seidman (1981) in their comments on the fragmented, retarded and underdeveloped nature of African economy, that is characterized by a relationship of dependency with industrialized world, argued that radical changes in the structure of these economies is absolutely necessary in order to sustain development and raise standards of living in the continent. They further observed that an attempt at economic reconstruction by individual African States can only meet with partial if not complete frustration.

Ake (1989) pointed, out that while several strategies towards sustained development in Africa have been suggested over the years (such as the increase and diversification of export commodities and integrated rural development) the strategy of regional cooperation through self – reliance has gained much popularity.

Thus he asserts:

"In the past, regional integration was regarded more as a supportive measure rather than a development strategy. What is new now is that regional integration is being talked about as a grand strategy for breaking out of trade under – development and dependence."

It was this awareness that finally led to the adaptation of the Lagos plan of action as a framework for approaching integration in Africa. The plan, which Hall (1987) referred to as "Africa's own domestic brainchild," is an organization of African Unity (O.A.U.) strategy of integration aimed at ensuring economic, social and cultural integration in the continent, by promoting collective accelerated self – reliant and self – sustaining development among member states.

Berg (1988) observed that almost all politically aware Africans favour closer economic ties within the region. He argued that the continents' need for more economic and political unity was undoubtedly the single most shared idea in circulation presently in Africa. In fact, report after report on the economic scenario of Sub-Saharan Africa have emphasized the urgent need for economic integration.

Regardless of all the intellectual appeal for integration in the region however, there appears to be less of it going on compared to the period before independence. Most commentators on this subject have argued that judging from the past, the future of regionalism in Africa does not look particularly promising. There are however, optimists and pessimists on the debate.

Scholars in the School of Mazzeo (1984) and Hazlewod (1975) are quite optimistic about the success, the benefits and the future of regionalism in Africa. While admitting the presence of many unforeseen factors which make outright prognosis about the present and future state of regionalism in Africa difficult, there was reason to argue for its precariousness in future.

Hazlewood asserted that one reason for this optimism was that much more was known about the problems of African economic cooperation than had been in the past and most of the issues had been clarified even though such experiences may have not been used in the implementation of their existing schemes. There is for example a general awareness that the simple removal of barriers to intra – group trade and the establishment of preferences is not in itself a recipe for success. Positive measures to make an integrated market work and to offset dis-equalizing influence are accepted as essential.

These optimists agree that a realistic approach to regional economic cooperation must start with the recognition that cooperation is an instrument for the realization of the desired goals rather than an end in itself. Regional integration must start from the premise of identifying the necessary prerequisites for cooperation and exploiting those that already exists. Those that are relevant but missing must be created. Some of these prerequisites are now known to be: a similar political culture, good communication links, elite complimentary and similar levels of economic development.

Other scholars remain quite pessimistic on the subject of African economic integration. In particular, the Lagos plan of Action is seen as already behind its own schedule and is unlikely to even start off. Hill (1986) observed that there is little sympathy with the demands of the Lagos plan, which appears to be already stuck. He dismissed it as a utopian document largely lacking in practicable prescriptions.

Most of these pessimists place the blame of failure of most regional integrative initiatives in developing countries on the geographic attempt to integrate the large and small economies. Nye (1981) asserted that the diversity among integrating states in developing Countries seems to produce not a process of gradual politicization but over politicization. This assertion is related to the low level of development in partner states in African regional organizations. Most studies on the East African Community experience have concluded that some of the courses leading to its disintegration were mal-distribution of benefits, institutional weaknesses and inter – country political fights. All these had a common origin, the low level of development in partner states.

Nnoli (1971) took the position that regional integration increases the power base for a nations' diplomatic negotiations with the advanced countries. Thus the successful coordination of the activities of the poor states in their relations with the advanced states yields benefits to the former. The 1967 agreement between the East African Community and the European Economic Community was an example of where the coordination of the activities of the members of the former and the resultant increase in their power led to greater benefits to them from their association than would have been the case if they acted individually. They were thus able to overcome France's preference for the entrance of Morocco and Tunisia, and its concern over the misgivings of the French African states regarding the probable losses to them consequent on the participation of the East African States in the European Economic Community. They were also able to minimize the adverse effects of the hostility of the African participants of the

Yaoundé Convention associating eighteen former French Colonies with the European Economic Community. Although each East African country benefited differently from this association with some receiving greater benefits than others, they presented a common front during the negotiations.

Seidman (1970), took the position that integration in the East African Community failed because the partners had not undertaken to plan together. There was no harmony in the approach to planning as the individual partner states concentrated in preparation of plans within their boarders resulting only in short term gains. Seidman further observed glaring lack of political good will as a major constraining factor in the operations of the East African Community. It was apparent that the Partner States had left investment decisions, which are critical for the attainment of the goals of regional economic integration, to private interests, both domestic and foreign, whose aim would obviously be to capture short-term gains.

Reventil (1980), argued that the Community collapsed mainly because of the failure of the partner states to achieve full federation status.

Fredland (1980), related the economic tensions in the community to the existence of divergent ideological orientations. His conclusion was that the different economic paths taken by both Kenya and Tanzania, let alone, Uganda were the main causes of ailments within the East African Community during its last days.

Heinman (1975), maintained that the strategic geographical position occupied by Kenya heightened tensions between the Partner States in that Kenya was able to attract investors while her partners were unable.

Mazzero (1976), brought out the issue of similar structures necessary for the promotion of regional integration among the partner states. He identified the factor of common colonial heritage having left similar institutions such as schooling system and common language – English.

Garba (1978), observed that the Amin takeover in Kampala led to skirmishes and even temporary border closures between the Partner States.

Mwase (1977), presented that Tanzania had been suspicious of Kenya's free enterprise and capitalist development. It was also suspicious of Kenya's economic planning system. Above all, Kenya appeared to be the main beneficiary of the common market arrangements. Apart from that, the different levels of economic development had exacerbated the tensions between the partner states.

Langdom S. and Godfrey M. in 'Partners in Underdevelopment. The Trans-nationalization. Thesis in a Kenyan Context' in the Journal of Commonwealth and comparative politics. Vol 14,1976, attribute the difficulties of the East African Community to Kenyans failure to share its wealth equitably.

Mohiddin A. in Socialism in Two countries, Croom Helm Publishes, 1981,. Presented that inequalities in Kenya were viewed as a natural order of societies while the other partner states strongly rejected that notion of social structures.

Makinda, S.M. in From Quiet Diplomacy to Cold War Politics in the Third Worlds Quarterly, Vol 14, No.2 April 1983, bought out the fact that massive capital inflow from foreign investors to Kenya ended up alienating the other two partner states of the East African Community.

Gertzel, C. in Politics of independent Kenya (EAPH 1970) maintained that the leadership in Kenya was diverted from the wider East African region because of initiations in the nations political set up. The squabbles concentrated on ethnic entrenchment in the system through mass corruption.

The review reveals that scholars of African regional organizations connect conflict over costs and benefits with the problem of national objectives tending to over ride regional ones. Orwa has observed that governments of states preoccupied with nation building are usually poor partners for economic co-operations, as they cannot be relied upon to make vital decisions, because they are afraid of undermining control at home. For such governments ceding power to regional institutions may mean sacrificing domestic economic growth and foregoing certain industries for the sake of regional partnership.

Although nation building and diversification of national economies has made significant progress in Africa during the last half, of the twentieth century, the realization of its objectives will continue to be a major concern for African states for sometime to come. Mazzeo observed that even if national concern and regional co-operation aim at alleviating the twin evils of under development and external dependency; the national concern seems to militate against the regional concern. Thus regional co-operation appears to be impeded by the very evils it is supposed to cure.

1.6 Definition of Key Concepts

1.6.1 Regional Integration

Generally, regional integration is both a political and economic process: According to Haas (1985)[6] it is a process of combining separate economies into larger political communities. To the extent that political and economic forces are inextricably intertwined, any discussion of integration will of necessity encompass both economic and political variables. Deutsch (1971)[7] on his part noted that authentic regional integration can also be social or cultural, especially since it encompasses the whole "system".

Thus Deutsch defines integration as:-

> "A process of peacefully creating a larger coherent political system out of previously separate units, each of which voluntarily cedes some parts of its sovereignty to a central authority and renounces the use of force for resolving conflicts among members"

For Laffan (1992)[8], regional integration is a process in which presumably participating countries inexorably seek, inter-alia, economies of scale, increased commercial activities, and uninhibited factor mobility via "institutional integration" and "policy interaction" both of which refer to the growth of collective decision making and sharing of responsibility.

Since integration is a conscious process, nations and governments must have explicit motives for seeking it. Historically, the largest single motive has been the desire to maximize economic potential at the regional rather than at the national level. In terms of economies of scale, the small nations would be unable to compete with the large nations and their salvation is in merging to acquire stronger bargaining power.

1.6.2 Regional Economic Integration

Conceptually regional economic integration is an intra-state functional arrangement for selective economic activities. The group of sovereign states thus agree to integrate or co-operate in certain functions for the prospective development of each of them and of the whole economic region. The best example of this form of integration is creating a "free – trade area or a common market."

The need to coordinate production activities in order to enhance efficiency and economies of scale was realized even by classical economists. Thus economic cooperation is an age-old institution and not the creation of modern day economists. A recent World Bank Study; Sub-Saharan Africa, from crisis to sustainable growth laid a lot of emphasis on Regional Integration and cooperation and accepted it as an objective still worth pursuing if Africa is to benefit from economies of scale in her industrialization process. For example, few countries have domestic markets large enough to justify the establishment of "core" industries such as steel, chemical and fertilizer industries. Other countries cannot embark on export-led growth through import substitution given levels of income warranting the initial growth of domestic market in preparation of future exports. In both cases, if Africa is viewed as an emerging single market, successful import substitution as well as "core" industries development would serve to build a large industrial base capable of exporting competitively. Regional economic cooperation is indeed a prerequisite in this regard.

1.6.3 Regional Political Integration

Regional economic integration may be conceived to differ from regional political integration. The latter is a supra-state arrangement that involves the transfer of sovereignty to the larger whole for which the partner units are represented. It includes Haas area of "high" politics such as (defense, security, etc) of the integrating units. Of course like any concepts in social science, the term integration has many conceptual difficulties. Weiner (1965)[9] for example has a number of meanings attached: Creating plural society from discrete units, establishing central authority, linking elite mass gap, creating minimal value consensus to maintain the new integrated system and the capacity of people to organize for some common purpose.

The difficulties inherent in this sort of conceptualization are many. First, the "whole" may easily crumble; secondly, the idea of persistence is also implied, thirdly there is the feeling that units can be aggregated. Perhaps it is more useful to conceive integration as an open-ended process which encompasses different wholes from different types of related situations attempting to solve problems with a goal of attaining certain objectives. With such conception in mind, it is possible to accept that the different countries with different economic and political systems and different stages of development can integrate for specific objectives.

The strength of such a union, would be measured among other things by the vicissitudes it undergoes in its stage of evolution.

Some theorists have however argued that back wash effects would work at the disadvantages of the smaller countries. Larger and more developed states such as South Africa in southern Africa, Nigeria in West Africa and Kenya in Eastern Africa would exploit the smaller states. Hence, for the smaller state, political integration would not be the only answer. Instead, the smaller countries may benefit by avoiding integration.

Some of the common arguments advanced in favour of avoidance were: avoiding awareness in development; population was normally uniform ethnically in a small unit and integration with the larger units would only bring about ethnic tensions; the smaller state would usually be more elastic, adaptable to changes and devoid of administrative bottlenecks which face larger units.

But these arrangements may be countered by equally strong arguments in favour of political integration. Historically comparative analysis of attempted integrations has acquired on issues as diverse as value compatibility, goals of the units; institutionalized common securities; elite - orientation etc. It could for example mean consensus of ideological values not identified in indifference to the primacy of integration and agreement that political values are not to interfere with the whole unit.

Some economists have argued that in less developed countries, backwash effects i.e. concentration of benefits and resources towards the richer units would predominate due to over-politicization of issues. Spread effects i.e. diffusion of benefits from this center to other units would be the rule in industrially developed societies but not in the poor countries. In Vinerian (1950)[10] conceptions, there is a shift from high-cost domestic production to low-cost partner production in the case of trade creation. Trade diversion, on the other hand, implies shifting from the lowest cost foreign production to higher-cost partner production. In other words, for poor countries like those of East Africa, there must be maximum efficiency in the utilization of resources.

The common conclusion from these arguments is that developing countries are in a position of disadvantages if they attempt regional integration. Those pessimistic views are known to arise from a number of sources. Most of the analysts only assess the static effects of integration failing to pay attention to the possible dynamic long-term advantage, which may accrue, to the integrating units and the region as a whole.

1.7 Theoretical Framework

Theories are empirical generalizations which help us to describe and predict phenomena of interest to us. Previous scholarships has discerned three broad approaches to regional integration; Federalist strategy, the functionalist strategy and more recently, the neo functionalist strategy. But other theories which inform integrative process and which are relevant to this study are those of dependency and realism.

The choice of our theoretical framework is mainly to illustrate the dynamics underlying the East African Countries integrative process. Consequently, we shall analyze this problem from the perspective of interests and transactions theories. However before justifying those models, it is useful that we emphasize the reasons for which sovereign states participate in regional integration schemes.

More often than not, when states participate in such arrangements, it is because they expect certain tangible benefits, which may be political, economic, social and so on. Politically, a country may participate in a regional scheme in order to bolster its military prowess, augment its political stature, and deter or wade off aggression from hostile neighbors. Economically, countries may integrate so as to achieve economies of scale, optimally allocate scarce resources, and execute projects on a regional scale which might have not been undertaken. These activities will increase trade volumes and accelerate growth. Moreover, the removal of trade barriers creates the possibility of coordinated industrial planning among member states, particularly in those industries where economies of scale are likely to exist. Socially, countries may participate in regional integration for socio economic reasons, either to facilitate factor mobility or to stem the influx of immigrants from less affluent neighboring Countries. In any case, participants in regional endeavors can plausibly reduce extraneous pressure on the domestic economy. It is also conventionally believed and widely reported in the literature on economic integration that countries are likely to remain in regional economic arrangements, as long as the resultant "trade creation" from the scheme outweighs it's "trade diversion" (Viner 1950). One of the questions that arise therefore is whether the East Africa Community succeeded in yielding the anticipated results, that is, a net trade creation for participating states, improved allocation of scarce resources and generally enhanced their position in the global political economy. The likelihood of such successes would depend on the structure, goals and implementation of the cooperation treaty.

1.7.1. The Realist Theory: The concept of National Interest

The intellectual roots of realist theory may be traced in the older political philosophy of the West and the works of ancient, western authors such as Mencious, the legalists in China and Kantilya of India. Machiaveli (1514) also derived a theory of politics from studying the political, practice of his time in which he emphasized the need for a ruler to adapt a different set of moral standards from those of the individuals in order to ascertain the survival of the state. Machiavellis gloomy view of human nature, his pre-occupation with power and his assumption that politics is characterized by a conflict of interests, place him in the confines of realism.

Traces of realist thought in the writings of such scholars as Thomas Hobbs who saw power as crucial in human behaviour and in Hegel's works, which reveal a belief that the states highest duty is its own survival. In the twentieth century, a number of theorists have contributed to the realist school. These include Hans Morgenthau (1951) and Carr (1946). Although it was Carr who called for a realist interpretation of world events in his critique of idealism, Morganthau attempted the most explicit reformation of principles upon which international relations is studied.

Among the principles is the meaning of the concept "interest defined as power". That is in the process of nations vying for power, the foreign policies of all nations must consider survival as their immediate requirement. All nations are compelled to protect their physical, political and cultural identity against encroachment by other nations. Thus national interest is identified with national survival.

This study adopts Hans Morgenthau's definition of national interests, which is the outer most limit of choice beyond which responsible statesmen must not trespass because to do so risks the security and, perhaps, even the survival of the state. Each member nation has national interests to pursue even if they are grouped together in an integrative initiative. When such interests are not being achieved, the member will become stack in commitment to the co-operative goals and where these interests are being realized, the member will be committed.

1.7.2. Dependency theory

The dependency school emphasizes the historical origins and subsequent growth of under development. Its basic tenet is that all contemporary societies are integrated into a single world economic system – the capitalist system, and that international relations can only be understood in the context of the world system. Thus, dependency has sometimes been referred to as a world system theory.

Dependency theory arose as an attempt to conceptualize the relationship between developing countries and the existing world order. Dependency theorists assert that some economies are conditioned in the development by their dependence on other countries. This dependency is viewed to be structural and deeper than the relationship between societies differing in size but not in the level of socio-economic development. Usually it is a relationship between developing nations and developed ones for example; East African countries and their former colonial powers.

The concept of unequal exchange is central to the dependency theory. The world capitalist centers are, it is argued, linked to the national economies of developing countries in unequal relationship. In this linkage, the center siphons surplus from the periphery (developing countries). Under development is here seen as a direct result of this linkage and the way out is only through delinkage.

The relevance of the dependence theory to regional co-operation rests on the premise that South-South trade in general, and intra-regional trade in particular, can occur on an equal exchange basis rather than the unequal exchange perceived to characterize contemporary North-South commercial interactions. However, this argument has been foulted by Raven Hill (1986) with the argument that trade is not necessarily equal when an impoverished African state imports from wealthier neighbor.

1.7.3 National Interest

Furthermore, national interest can be defined in terms of development and is thus well captured by the development approach which stresses that economic co-operation in developing countries should be examined within the context of development economics rather than as a branch of tariff theory. This approach grew out of dissatisfaction with the then prevailing theory and practice of regional co-operation in the third world. Theorists in this school argue that the needs of developing countries must be distinguished from those of developed countries.

The development approach emphases structural transformation as a critical factor in increasing material output in changing the structure of production and trade and eventually evolving a new trade and mechanism based on regional specialization. The gains of interactions are here viewed to be derived from the change in economic structure rather than from the fashion of markets.

The origins of this school are in the teachings of classical Western theorists such as Ricardo (1983) and Keynes. They argued that the removal of certain deficiencies, which account for economic underdevelopment would be adequate in securing development. Such deficiencies include: lack of savings and inadequate capital formation, lack of technical know-how and insufficient infrastructure. The socio-economic concerns of developing countries are however; more complex than those of developed countries. They concern basic development and necessary creation of previously non-resisting conditions and capacity for growth and distribution of wealth. Such different concerns call for different orientations, objectives and methods of regional co-operation. The main concerns for developing states are still nation building and satisfaction of basic needs.

In Africa, the state of priorities viewed as basic needs would be development in agriculture, infrastructures and appropriate technology. Generally, a strategy for such objectives tend to concentrate on national planning as opposed to regional approach. Therefore, if regional co-operation is to be seen as serving as an instrument of development, it must, of necessity, conform to these priorities. Thus, we are led to view national interest defined in terms of development priorities becoming a major threat to the regional objectives of integration. In the circumstances, the development school, questions the appropriateness of the market approach to regional integration. Indeed, the effectiveness of any regional integration initiatives is its ability to demonstrate that it facilitates efficient production and exchange within the member countries and thus contributes its development. It is in this relation that national interest defined in terms of development, illustrates the concurrence of the realist and dependency theories.

1.8. Hypotheses

Our review of the literature on the dynamics of regional integration raises a number of questions pertinent to this study. The more salient question pertain to the conception, policy formulation, implementation and disintegration of the regional integration process. Some of these questions can be summarized as follows:-

- What assumptions would we make about the economy of a region in order to recommend a certain model of regional and economic cooperation.

- Within what political context can certain models of regional integration and economic cooperation work?
- Given the selective development of the individual East African Nations by the colonial powers, are there meaningful and sustainable areas in which their economies can be smoothly integrated.

- Does regional economic cooperation present a way out of the current crisis for the three countries, and if so, how would this be related in the development plans of each of the countries?

From the questions raised above, three key hypotheses can be formulated.

(i) Countries with a common geographical proximity, with greater inter-dependence activities, and which pursue the same principles of market driven economy, social and political policies that adhere to the universally accepted principles of good governance, democracy, the rule of law, observance of human rights and social justice have higher potential for regional integration among themselves.

(ii) Countries with a common geographical proximity but with less inter-dependence activities, and which pursue different types of economic management approaches, policies and differing views on the universally accepted issues of good governance, democracy, the rule of law, human rights and social justice have lower potential for regional integration among themselves.

(Iii) Political, economic, social and even legal systems prevailing in countries within a common geographical proximity have no effect on their capacity for regional integration.

1.9 Methodology

The study has been conducted through the analysis of secondary data. The secondary data was obtained from collection of published works and researches on E.A. integration process, unpublished papers and reports researched and written by students of regional integration and the various regional cooperation reports, journals, articles and supplements.

Furthermore, secondary data was generated from annual reports and evaluation kept by the community secretariat and copied to the relevant coordinating ministries of each member state. In Kenya, we relied on the records of the Ministries of Foreign Affairs, Ministry of Regional Cooperation and the Ministry of Planning. Raw data was mainly sourced from different yearbooks which included the Kenya Bureau of Statistics, Statistical Abstracts and Economic Surveys. Other relevant information documents were readily available in various libraries within Nairobi and at the former community headquarters in Arusha..

The data has mainly been analyzed by using tables to present trends and rank the member state in terms of their shares for participation in intra-East African Community transactions.

1.10 Chapter outline

Chapter one introduces the research problem, that is the dynamics of regional integration process. The review of the literature on regional integration process is as diverse as the view of Scholars on the subject. Key concepts as well as theories on regional integration have been elucidated in this chapter.

In Chapters two and three, we have the background information both historical and current against which the dynamics of integration and disintegration process in East African Community is studied. Historical origins of integration initiatives in sub-Saharan Africa has been covered together with a survey of selected integration initiatives. Evolution of the East African common market has been accorded greater coverage and some critical integrational factors highlighted.

The fourth Chapter presents EAC as an economic co-operation scheme. We have captured the intra-EAC trade, the general operations of the institution and identified possible causes of the projects failure. The chapter forms the core of information which is repeatedly referred to throughout the rest of the thesis.

Chapter Five deals with the assessment of the dynamics of integration and disintegration process. It covers the central issue of costs and benefits as a main force in the activity and further states that there are many other forces.

The last Chapter has the summary and conclusions. It also presents our views as regards further researches on the subject and policy recommendations.

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CHAPTER TWO

2.0 REGIONAL INTEGRATION – EXPERIENCES FROM SUB-SAHARAN AFRICA

2.1 Introduction

This chapter seeks to provide background information against which the rest of the study is presented. We shall review sub-Saharan Africa's political, economic and social crises in order to identify the dynamics of the regional initiatives process. Generally, this region has mere intellectual appeals for cooperation for most of the period since independence. Progress towards integration has been slow as recorded achievements are very limited. There is no tangible impact in the way of realization of the anticipated objectives of regional integration

2.1.1 The Setting: Africa in Socio – economic and Political Crisis

Previous scholarship has distinguished Africa from the rest of the international system by a number of characteristics. Firstly, statehood was imposed on African Societies, resulting in artificial borders that in many cases separated communities and even created new ethnic groups. The so newly created African states have remained underdeveloped and weak, a condition related to the artificiality of these states. This is to a large extent, the legacy of colonial rule.

Secondly, Africa is the least developed continent of earth, suffering the highest levels of human insecurity, deprivation and poverty. It is recorded to have the highest percentage of absolute poverty in the world with 60% of its population living in this condition, compared with 25% of Asia's population and 35% of Latin America (Todaro 1997)[1].

Thirdly, in the aftermath of the cold war, Africa is suffering from a number of intra-state civil wars and from other forms of violent social upheavals and conflict. Some of these conflicts have their origins in the cold war era and have persisted or intensified throughout the 1990s. Lastly and which is directly related to our subject of study is that since the early years of independence, the distinguishable feature of African international relations has been the endeavor by the new states to pursue and manage African politics on a continental scale. This objective found its ultimate expression in the idea of Pan-Africanism and is institutionally embodied in the Organization of African Unity (O.A.U)

Taking the dependency approach, the O.A.U. has argued that these adverse characteristics have been largely brought about by an exploitative economic system based on unequal terms of exchange in the industrial world. Thus, the main causes are exogenous and hence beyond the control of the African governments. Of late however, the Bretton Woods institutions have argued to the contrary and asserted that the poor economic performance in these nations is related to poor governance.

African leaders appear unanimous on the subject of joint action for eradication of the situation. Self-reliance has been seen as a major step in the direction of solving these problems and a number of suggestions, as to its attainment have been suggested. Approaches such as diversification of export commodities, import substitution and integrated rural development, have all been recognized. The OAU has in the Lagos Plan of Action (LPA) proposed a strategy of regional integration through self-reliance while the World Bank is currently pursuing a strategy of accelerated development.

The characteristics itemized above are at the center of most of the integration initiatives in Africa as they help to describe and explain how the states and societies interact. But more importantly, they could guide policy makers on the nature of priorities necessary for salvaging the situation. Such priorities will entail giving plausible utilization levels for basic productive sectors (industry, agriculture and transport) together with other basic services (health, education, water, etc). However, the consolidation of African economies seems to follow a strategy of day-to-day crisis management, an element that leaves no room for commitment to long-term goals postulated by most of the regional organizations. Benefits commensurate with integration must cater for the immediate need, or they risk loosing attraction for the individual nations and become irrelevant in the face of urgent priority issues.

2.2 The Case for Regional Integration in Sub-Saharan Africa

2.2.1 General case

From our conclusions in chapter one, we can now state that the case for integration of the Sub–Saharan Countries is based on a number of grounds. One, that the extremely small size of most of the national markets constitutes a serious constrain on industrial development and economic growth. Thus the argument is that the resources for industrial development exist, but that the fragmentation of the region into narrow domestic markets inhibits their development and use. Owing to technological and economic considerations, many of the region's resources can be exploited only on the basis of large-scale production. Existing small national markets would allow only the establishment of sub optional industries, and the adaptation of the technology to small markets, where possible would be costly.

Enlargement of a national market and the enhancement of investment opportunities are expected to have two major effects. They would allow the utilization of unexploited resources and a better use of existing resources and capacity by making possible economies of scale, a better division of labour, and thus more efficient production. Selling to a greatly enlarged market means that the existing industries could operate close to capacity, and the danger of future duplication of industries and of excess capacity in the region would be lessened appreciably. Besides these possible benefits of economic integration, the other advantage acknowledged is that the countries involved are strengthened politically and as a group, are in a stronger position to negotiate with other countries and groups.

2.2.2 The weak Economic structure and resources

The general economic structure of the countries of Sub- Saharan Africa is similar to that of many other less developed countries. Agriculture, much of it comprising subsistence farming predominates the region, although in some countries, mining, accounts for an equal or larger portion of the estimated national product, and in some other countries its relative importance is growing. The industrial sectors are small and a substantial part of existing manufacturing activities are concerned with food processing. Commerce is generally the second or third most important sector, while other services constitute a relatively small sector.

Studies by the United Nations Economic commission for Africa indicate that the region is endowed with sufficient resources to make possible a considerable industrial development. The establishment of many industries of strategic importance to economic development is technically feasible. However, although in some instances small- scale industries could be established within the national markets of individual countries, many of the more important industries are large- scale, with maximum size which would be considerably beyond the scope of national markets and which would therefore be feasible only if the output could be sold to other markets.

2.2.3 Adverse Foreign Trade

Foreign trade plays an important role in the economies of the Sub-Saharan African countries. However, because of colonial legacy, certain adverse features are noticeable. One is that exports are predominantly composed of a limited range of agricultural and mineral products, while imports comprise a wide range of consumer goods, capital equipment and food. Another feature is the highly skewed direction of trade. In most cases, the major source imports and the main market for exports continue to be the former metropolitan country, mostly France or the United Kingdom. A further related feature of the region's trade structure is the contrast between the strong trade links with these former metropolitan countries on the one hand and the weak intraregional trade links on the other. Thus integration is the Sub- Sahara Africa would be starting from what might almost be described as a position of non-trade. It is to be noted, however, that intraregional trade could probably be flourishing without it being recorded. It is common knowledge that a combination of uncontrollable frontiers and import taxes encourages contraband trade.

A case for integration in the region for which various attempts are highlighted in this chapter is that the formation of customs unions would contribute to a better utilization of resources and an increase in intraregional trade.

2.3 The Colonial and Post Colonial Initiatives

Even classical economists had realized the necessity for coordination of productive activities for the enhancement of efficiency and economies of scale. In Africa, such efforts for cooperation goes back to the eighteenth century. For the purposes of this study, African experience both within Africa and the diaspora, may be broadly categorized into two faces; one, the efforts of colonial powers before independence and two, the search for African Unity before and after independence. Generally, the former had the initiatives that were limited to the respective colonial powers in their areas of jurisdiction while the latter initiatives by the Africans took a more continental framework. This was merely a matter of convenience not a rule.

2.3.1 The Colonialists Initiative

In settling the scramble for Africa, the Berlin Conference of 1884-85 created a number of small colonies and territories most of whose domestic markets were so limited in size as to be incapable of self-sustenance. Their political boundaries having been established in disregard for factors such as geography, ethnicity, economic and social realities. Divided resources resulted in unrealistic resource usage and this in turn led to duplication, inefficiency and weakened bargaining power. Because of differences in geographical size and dissimilarities in distribution of natural resources, disparities in the levels of development resulted between the colonies, both within the same ones or between two different administrations. The situation was made worse by the differences in the economic, political, social and other objectives of the colonial power.

Previous studies have confirmed that colonial policy was such that development of the colonies was designed primarily to boost up economic activities in the metropolitan countries. Hence, events taking place from the early days of European settlement and subsequent colonization of Africa, until the time of independence affected, profoundly, the development of the current political, social and economic institutions of the African countries. External influences throughout the colonial period not only hindered the rate of development of African economies but also resulted in disparities in economic thinking, political ideologies and cultural outlook among the Africans.

Most of the Sub-Saharan African nations gained independence during 1960s but in practice remained economically closely linked to their former colonial powers for sometime. During the colonial period, these colonial powers had been involved in some limited form of economic cooperation between groups of African colonies under their control. Their aim was to ease the problem of administration and financing of colonial budgets. Where the predominant motive was economic, the development of economies was geared mainly towards the production of primary commodities and other raw materials to be exported to the metropolitan countries.

It is therefore essential to examine the limited colonial initiatives at regional integration in Sub-saharan Africa. Some of these initiatives took a macro continental approach while others were contained to the respective colonial spheres of influence. That is our next task.

2.3.2 The Commission for Technical Cooperation in Africa South of Sahara

Following the end of the Second World War in 1945, independence movements broke out spontaneously in the whole of Africa. In apparent readjustment in readiness for the eventuality, the colonial powers took some steps which could encourage the would be newly independent African states to continue maintaining significant economic, military and cultural relationships with their former metropolitan powers voluntarily.

The most comprehensive international arrangement initiated for this purpose was the commission for Technical cooperation in Africa South of Sahara. The original members of this organization were the four main African colonial powers – the United Kingdom, France, Belgium and Portugal together with South Africa and the federation of Rhodesia and Nyasaland. The territorial scope of the commission comprised all the territories for which member governments were responsible in continental and insular Africa South of the Sahara.

Although it conducted its functions informally, institutionally and procedurally, it was in all respects a traditional international organization, on which each member is represented. The commission met annually in different territories. Its decisions took the form of recommendations to governments and had to be reached unanimously. Frequent conferences considered various matters in the fields of agriculture, health and nutrition, forestry, labour, statistics, education and community development.

In 1958 the organization established a foundation for mutual assistance, with headquarters in Lagos. Under commission direction, it acted as a clearing house for information concerning requests for and offer of technical assistance in the territories concerned. It also facilitated the conclusion of the bilateral agreements between donors and recipients.

As and when member territories became independent, they opted to continue their membership of the organization, which operated successfully for about ten years. However, with the many newly independent states taking other initiatives at forming other smaller regional groupings the functions of the commission became less and less until the whole concept became irrelevant.

2.3.3 The French Sphere of Influence

The main initiatives were the federation of the French West Africa and the Equatorial Africa Federation. They were developed to a level at which each of them would manage its own budget. They also had separate monetary systems. These federations collapsed with the coming of independence mainly due to the fact that independence was granted to individual countries separately rather than to the federation.

For some strange reasons, the break-up was supported by especially the wealthier countries who were naturally the major contributors to the federal funds and who now felt unwilling to continue this role. Later on, the countries did begin to consider the re-establishment of the old economic links in order to safeguard trading and other interests that had developed between them. Thus, by 1964, links such as those establishing the monetary systems were restored and two central banks backed by French resources were established.

2.3.4 Post Colonial Francophone Sphere Early Initiatives

From the methods by which France formerly administered her West African territories, three groupings emerged since the 1958 constitution opened the way to independence. All are looser arrangements than the West African Federation that existed during the third and fourth Republic, but they retained all the influence of that experience.

(i) Council of the Entente

It was formed by an agreement concluded on May 29, 1959 by the heads of government of the Ivory Cost, Upper Volta, Dahomey and Niger. The council was composed of those officials together with the presidents and Vice Presidents of the respective legislative assemblies and ministers concerned with the agenda of particular sessions. Its activities covered establishment of a customs union and a solidarity fund for mutual financial assistance as well as for the secretariat.

Through the council of the Entente, development plans of the four countries were coordinated, as were the policies concerning taxation, public administration, labour legislation, public health, transportation and communications. In order to enhance collaboration, Presidents and Deputies were to be simultaneously elected to serve identical terms of office while in certain foreign states, one Entente member represented all. All the four members maintained very close relations with France.

(ii) Union of the Republics of Central Africa

Three former French colonies of Chad, Congo (Brazaville) and the Central African Republic attempted to overcome the economic and political disadvantages of independence by coordinating economic, defense and foreign policies through this arrangement which was projected formally on May 17, 1960 although each member was to remain independent, common nationality, common diplomatic representation, and common external defense system were envisaged.

In June, 1961, the three members together with Gabon, agreed on a joint defense system with French cooperation and formed the Defense Council of Central Africa. A customs union existed among the four while Cameroon was expected join. The union of Central African Republic however, never came into being.

(iii) Union of African States and Malagasy

At meetings in Abidjan and Brazzaville in October and December, 1960, respectively, and at Yaoundé and Tananarive in March and July, 1961, twelve, of the former French territories joined to form the union of African states and Malagasy. Although this new grouping originated in common interest concerning the problems of Algeria, the Congo and Mauritania, cooperation on economic issues also became its immediate preoccupation. One of its main organs was the African and Malagasy organisation of economic cooperation, created at the Yaoundé Conference and modeled in many respects on the organisation for European Economic Cooperation.

The organisation had a permanent secretariat based in Yaoundé and functioned through various committees each focusing on specific functions of foreign commence, concerned with cooperation and ultimate harmonization of customs and possible establishment of a free trade area, other committees looked after harmonization of development plans and transportation. Generated by independence, which brought about a realization that responsibilities for economic development and security cannot be unilaterally discharged, the organisation was also rooted in the common culture that remained a principle legacy of France to her former territories. Indeed its nature and perception likewise reflected the desirability, perhaps even necessity, of grounding political forms in technical realities.

2.3.5 The British Sphere of influence

The British had a different approach to the administration of the colonies from that of the French. In West Africa, the British established various types of integrated economic systems amongst groups of her colonies, with joint administration being confined to limited areas. These common systems covered areas such as the monetary policy, income tax policy, administration and education programs. However, like in the Francophone states, the former British Colonies chose to follow individual policies. No incentives apparently existed for these states to seriously consider continued economic integration. The federation of Rhodesia and Nyasaland is an example in this category.

The initiative was largely that of the minority settler community based in Southern Rhodesia. Their main objective was really entrenchment for the purposes of maximum exploitation of the abounding mineral and agricultural wealth of that region of Zambezi basins.

At a conference in London in January 1951, it was observed and resolved that the development of the largely untapped resources of the potentially wealthy area demanded the combined effort of the three territories acting together. For example, there was a need to develop infrastructure such as building the railways, developing the water ways, increase food production and develop the energy sector. That all these required a well balanced and coordinated economic unit that could attract necessary external capital.

Among the African communities however, this was a very unpopular initiative. It was generally viewed as associated with Southern Rhodesia, which was a white man's country. Racial discrimination, while generally felt everywhere within the federation was particularly felt in Southern Rhodesia. Furthermore, the Africans felt that the federation was harmful to their interests. The number of Europeans in both Southern and Northern Rhodesia continued to increase as the economies of the territories expanded.

The real Africans fear was that continued increase of the European settlers would keep them out of jobs, not to mention the intended extension of the apartheid policies from South African to the Rhodesia. The federation finally broke after Nyasaland and Northern Rhodesia become independent.

2.3.6 Post Colonial Later Initiatives

Almost every writer on modern African affairs has emphasized the need for cooperation among the countries as an effective means for consolidating the continent's stand as well as facilitating development and self-reliance in the region vis-à-vis advanced nations of the world. Evidence regarding the movement towards African Unity can be traced to as far back as early 19th Century in the black diaspora. Two movements; Pan-Negroism and Pan-Africanism developed in the West Indies and North America, respectively.

When it was originally conceived, Pan-Negroism initially was a cultural and political movement meant to unite blacks both in the diaspora and in Africa against white domination, oppression and racial discrimination. The objective was to create a united black world. The first Pan-African conference was held in London on 23rd July 1900. Pan-Africanism nurtured the concept of African brotherhood and solidarity. It puts in place the foundation for African macro nationalism and inspired the struggle for independence while at the same time inspiring the quest for African unity.

Things took a new turn at the Manchester Congress of 1945, when the leaders' attitudes begun to shift from the radical Pan-Africanist idea of an African state, to favouring, in general, some form of inter-African integration. In their varied views, such integration would take either a federalist or a functionalist framework. The late President Kwame Nkurumah of Ghana was until 1965 the most vocal proponent of federalism. He, however, stood in minority against a host of other African leaders to whom the federalist strategy presented un-acceptable constitutional or legal obligations. For the majority of the leaders, functionalism was the best option as it called only for moral commitment on non-political issues.

Thus, in the early 1960's, Africa was polarized into two political camps; the Brazzaville – Monrovia camp and the Casablanca camp. The Brazzaville – Monrovia group consisted of twenty conservative and moderate African states.

They rejected the idea of a continental political union and endorsed intra-African functional cooperation. This group had its first meeting in Brazzaville in 1960, followed by Monrovia in 1961. The Casablanca group, comprising of seven states, arose in the opposition to the Brazzaville group. In 1961, they met in Casablanca and drew up a charter, which they called "The African Charter of Casablanca."

2.3.7 The African Charter of Casablanca

The Casablanca Group sought the same economic and social goals as the union of African states and Malagasy, but was more explicitly "anti-imperialist" less western oriented, and more neutralist. Considering political links indispensable to the achievement of unity, the Casablanca Group began by projecting international political institutions, whereas the other organizations took essentially a functional approach to unity, expecting it to develop gradually from collaboration on economic and social matters.

Ghana, Guinea, Mali, Morocco and the United Arab Republic constituted the Casablanca Group, whose meeting in January 1961, invited association on the part of all independent African states and concluded with adoption of the "Casablanca Charter" and pronouncements on Algerian and Congo development, among other political questions. Institutionally, the Casablanca Group projected plans for an African consultative Assembly with a permanent seat and meeting periodically, a joint African High Command and Committees on economic and cultural affairs.

In June 1962, Heads of state agreed on closer economic collaboration. These included plans for the establishment of an African common market as well as the establishment of an African Economic Development Bank, and economic council to coordinate planning.

The militant stand of this organization was demonstrated at the September 1961 Heads of state meeting in Casablanca. The session denounced Portuguese activities in Angola and French policy regarding Bizerte, expressed support for the Algerian rebellion and the Belgrade conference of Neutralists. The Casablanca session followed the lead of President Kwame Nkrumah, of Ghana in Viewing the European Common market as a danger to African development through participation of Africa as a raw material producer for European markets. It agreed that the Casablanca power should therefore forge a common economic policy.

2.3.8 Charter for the Union of African States

Comprised of Ghana, Guinea and Mali, it was established on July 1, 1961, with a fairly well developed constitution. Implementation however, still proved slow. Inspired by the pan African aspirations that animated Ghana's President, Kwame Nkrumah, the union was intended to constitute the nucleus of the united states of Africa. Membership was open to all African states or groups of states accepting its aims and sharing the policy objectives of the Casablanca conference.

Although potentially far reaching, the charter appeared to still go less far than expected. It did not for example settle the much anticipated surrender of soveignty to the union, as well as national citizenship. It should, more over not be overlooked that while the union has bridged the gap which existed between Francophone and Anglophone groupings, the members, significantly, remained defined differently oriented with regard to certain economic policies. For example, Mali favoured continued affiliation with the European Economic Community, whereas both Guinea and Ghana did not. President Nkrumah was particularly explicit in viewing the European Economic community as a means of not only continuing economic discrimination against independent African states but also of perpetuating economically many artificial barriers imposed on African territories by metropolitan European powers and therefore, the industrializing and economic advancement of African states.

It would appear the aim of the leaders was the idea of an African state, although it was realised that development of a constitution for an African union was a difficult objective as it had a number of not easy to resolve legal obligations. For example, the issues of sovereignty of individual states would be and will always remain a difficult one to solve. This debate was indeed revived in 1991 when OAU met in the town of Sirte, Libya under the chairmanship of Ghadafi. At the meeting, the Libyan leader proposed a new initiative for a pan-African grouping in a federation style. Again, the majority of the leaders have opted for the gradual approach through the various organs of the African Union.

It is, evident that whereas Pan-Africanism may have been well conceived, it failed to bring the African states together as originally envisaged. Indeed, the very original moving spirit continued only up to the time of acquisition of independence. Thereafter, that spirit was unable to override the new African nation's passionate desire to protect its national sovereignty and the right to self-determination. Pan-Africanism was therefore a good political instrument rather than a tool for economic cooperation. However, it still constitutes the first continent- wide effort by Africans to cooperate.

In 1963, 31 African Heads of state and governments met in Addis Ababa, Ethiopia and signed a charter establishing an all-African continental organization – the Organization of African Unity. Its charter reflected the politics of compromise, catering for the diverse views on African unity. Although hope for economic integration remained, the spirit of cooperation did not surface practically again until the adoption in 1980 of the Lagos Plan of Action. The plan represented the growing acceptance of regional economic cooperation as the most effective method of ensuring economic development in the region.

These cooperative initiatives among developing countries in general and African states in particular have been motivated by three major factors. One, the necessity of establishing multinational industries so as to avoid the luxury of wasting the meager resources when individual countries establish un-economic industries. Secondly, so that the African states are able to expand their exports of manufactured goods to the developed countries, industries which are competitive with those in the developed and developing world need to be established. Lastly, the concrete measures to increase intra-African trade need to be taken in order to expand external trade for individual African countries.

The section that follows presents a survey of a number of integration initiatives from the Sub-Saharan Africa. The examples will bring out the various aspects of the dynamics of integration. Generally, most of regional groupings identified are economic cooperation initiatives and are therefore economic communities or intended to be so even when referred to otherwise. Because of the varying levels of development, management of these integration initiatives has been problematic and have very limited achievements of the objectives.

2.4. Lessons and Experiences from the Rest of Sub-Saharan Africa

Although the notion of co-operation has gained ground worldwide, doubts still exist among African states regarding whether or not such co-operation is appropriate enough to meet the goals of individual states. This is especially so due to differences in the level and rate of economic development. These differences result in a number of problems in the search for economic co-operation. In most cases, individual countries depend on only certain limited sectors, which may often be unique to a particular country. Some depend on agriculture while others depend on mining and still others depend on industry. Naturally, their priority schedules will be different

A conflict may then arise as to whether the priority would be on the short-term or long-term priorities of regional co-operation. The planners then have a problem in endeavoring to harmonize the different sets of priorities. Furthermore, due to the fact that some countries are more industrialized than others, they have better opportunities to develop new industries. This is because they already will have developed external economies such as better financial institutions, transport facilities and the availability of by-products. Such countries will normally tend to benefit more than their poorer partners in any economic co-operation scheme.

Difference in factor endowment, availability of financial resources, and productivity of labour and capital, mean that some partners will be able to implement co-operation plans faster than others. This then results in disparities in costs and benefits distribution, a state of affairs that tends to make further agreements difficult to make. Disparities in the levels of economic development result in disparities in the accrual of benefits from co-operations. The issue of the distribution of costs and benefits has therefore become a common root of contention among African regional co-operation schemes, all of which bring together nations at different levels of economic development. The socio-economic and political dynamics of integration can be complex and uncertain. Indeed, there are a number of regional integration initiatives within Sub-Saharan Africa. Most of them deal with the economic relations among the newly independent countries. These regional organizations are the product of an inspiration and desire for cooperation on regional or sub regional basis. In other instances, the organizations have also made some cooperation agreements with certain groups of countries which are former colonial powers. Examples are given in the following paragraphs.

2.4.1 C.E.A.O. La Communauté économique de L'Afrique de L'ouest

CEAO was established in 1973 under the treaty of Abidjan, by Cote D'lvore, Niger, Burkina Faso Mali, Mauritania and Senegal, it is known for its very well grounded procedures. These states came into being as a result of the collapse in 1959 of the French West African Federation and the main objective of the community was to maintain and develop important economic aspects of their earlier co-operation. C.E.A.O's main objective of establishing a customs union was not realized, rather it has remained more like a preferential trade area.

An important feature of the agreement is that all the member-states retain their policy flexibility with respect to the tariff incentives needed for the establishment of new industries. The integration of product markets and trade liberalization is a central feature of this initiative. There is a provision of a scheme which provides compensation for loses arising from the inevitable diversion of certain exports and imports together with at least initially, a small measure of redistribution towards the less developed members. Compensation is not provided for any loss that might arise from the creation of trade, but this is immaterial since each state can effectively divert the loss of its high-cost industries by limiting the tariff preference it accords to manufactured goods from partner states. Consequently, even before the industrial harmonization envisaged by the Treaty is attained, a participating country's interests should not be damaged by the operation of the community. This is a workable basis for limited economic cooperation, and it certainly minimizes distribution difficulties and harmonization problems. But a corollary is that the opportunities it affords for generating economic gains are correspondingly modest.

2.4.2 The Mano River Union

Inaugurated in 1973. It initially comprised of only Liberia and Sierra Leone. The two countries had been involved in 1964, together with Guinea and Cote D'Ivore, in an earlier attempt to establish a West African free trade area which failed mainly because of the conflict between Abidjan and Conakry. They were later in 1980 joined by Guinea.

The conception and strategy of this organization are different from the CEAO in that no attempt was made to promote trade liberalization before agreement had been reached on the issue of common external tariffs. Economic disparities among these member states are less wider than in the other grouping and this partly explains the absence of compensation for trade liberalization. Like in the other case, no radical policy appears to be in place regarding common investment code governing the incentives which could be offered to the foreign investors.

2.4.3 The Economic Community of West African States

The articles of agreement for the establishment of this community were signed in May 1967 by Dahome, Ghana, Ivory coast, Liberia, Mali Mauritania, Niger, Nigeria, Senegal, Siarra Leone, Togo, and Upper Volta. An interim council of ministers and provisional secretariat were set up, and a first draft treaty was considered by the council in November 1967. The ultimate objective of the community was to bring about a common market among members and in that spirit, the interim council immediately developed position papers for the harmonization and coordination of policies concerning agricultural production, industrialization, development planning, trade liberalization, the definition and financing of joint projects and education.

A new treaty was signed in 1975 bringing together these widely desperate states in to the ECOWAS regional economic grouping. It now included all the Anglophone states of West Africa as well as Francophone and Lusophone states to make a geographically integrated grouping with the main objective of fostering economic integration and development.

Major provisions of the 1975 treaty establishing the economic community of West Africa states include free movement of individuals among the member countries, a customs union, establishment of a common external tariff, a coordinated transportation and communications infrastructure, common monetary policies and unified development fund. The treaty proclaims the objectives of raising its people's standard of living, increasing and maintaining economic stability and fostering closer relations.

One of the major impediments to international success is hostility between Siera Leone and Liberia, Ghana and Nigeria, Senegal, and Mali, Cote d'ivoire and Nigeria. In 1980, Hundreds of thousands of aliens were expelled from one and another of ECOWAS states to their homes within the region, a reflection of both economic and social strains. As with most regional groupings, there are ideological differences among the sixteen members, which are periodically changing with changing regimes. This exacerbates cooperation. Poverty also impedes achievement of goals. It is common to find a number of member states failing to meet their financial obligation in full.

It is not surprising for observers to note that whereas ECOWAS has now been in existence for over thirty years, there does not appear to be any evidence suggesting that the organization has been able to overcome institutional, environmental and economical impediments which have, in effect, condemned that whole region to unpromising future in terms of economic development. In other words, the integration process has not been as successful as originally anticipated.

2.4.4 The Central African Customs and Economic Union

The UDEAC was created by a treaty signed in December 1964 at Brazzaville and became effective on January 1966. the origins go back to June 1959 when the central African republic, Chad, Congo (Brazzaville) and Gabon signed a treaty establishing the Equatorial customs Union (UDE)

The purpose of the treaty was to maintain and strengthen ties among the four countries all previous part of the Federation of French Equatorial Africa. The treaty provided for the free movement of goods and capital among member countries, the establishment of a common external tariff, the coordination of fiscal and investment policies, the introduction of the single tax system and the creation of a solidarity fund.

In mid 1961, the Republic of Cameroon became an associate member of the UDE by signing a Convention of Association. While the convention provided for the adoption by Cameroon of most integration measures in effect among the original members, it did not call for a total harmonization of customs duties between Cameroon and the other members.

With the coming in of Cameroon, the way was opened for a broader economic union. A new treaty was signed in January 1966 providing for the unification of all import taxation and the customs nomenclature, the unification of investment codes, a further harmonization of development plans, industrial projects and transport policies.

The integration initiative was to suffer a major set back in April 1968 when its two landlocked members, the Central African Republic and Chad, announced their premature intention to leave the union and join the Democratic Republic of Congo to form the Union of Central African States. It is reported that this move was prompted by dissatisfaction over the distribution of benefits; in particular, the distribution of industrial projects- the establishment of a refinery in Gabon and favouring of Cameroon as a likely site for the location of a bottle factory. This led the authorities in the Central African Republic and Chad to believe that Coastal countries would reap most of the benefits in terms of industrial projects.

2.4.5 The West African Customs Union

The UDEAO was established by a treaty signed in June 1966, which became effective in mid – December of that year. This new agreement was meant to replace an earlier customs union established in 1959 by Dahome, Ivory cost, Mali, Mauritania, Niger, Senegal and Upper Volta. As in the UDEAC, the aim of the treaty was to preserve the intraregional links existing prior to independence. The original treaty called for an abolition of duties on intraregional trade and the distribution of the proceeds from common duties levied on imports from third countries.

The 1959 treaty was never fully implemented. Disagreements arose regarding the redistribution scheme, and customs barriers on regional trade were established by most member countries. Unilateral action in other fields, in addition to the disagreements already mentioned, slowly jeopardized the union. The treaty provided for a common external tariff with intraregional trade being subjected to a duty equivalent to 50 per cent of the duties and taxes on imports from third countries.

It is evident that while the countries of the UDEAO may have made a positive step towards moving together in some good number of spheres, their efforts at establishing a customs union must be judged as relatively ineffective. In trade, there is no free movement of goods among the member countries and there are no provisions for a harmonization of investment decision and industrial plans.

2.4.6 The Union of Central African States

A protocol for the United States of Central Africa was signed in Bangui in February 1968 by the governments of the Central African Republic, Chad and the Democratic Republic of Congo. In April 1968, a charter was signed in Fort Lamy, and the name of the organization was changed to the Union of Central African States. It was then anticipated that membership of the organisation would soon increase by the joining of Congo, Brazzaville, Rwanda and Burundi.

The charter called for the gradual establishment of a common market, and stressed the "equitable distribution of industrialization projects". In addition it called for harmonization of other development projects particularly the infrastructure ones such as transport and telecommunications. It was the spirit of promoting a balanced growth and the diversification of the economies of the members' countries.

Integration process was however disrupted with the unilateral decision of one member, the Central African Republic to join another new organisation, the UDEAC and no much progress has been made since then.

2.4.7 European Community Relations: Pacific- African Caribbean States

After most of the countries in the Sub-Saharan Africa became independent, members of the European Community went into negotiations with their former colonies, primarily, those within the commonwealth and the French Community, which culminated in the treaty of Yaunde in July 1963.The Younde convection established special arrangements between the two groups. Eighteen Sub- Saharan African countries, including French West Africa, French Equatorial Africa, Madagasca, French Cameroon and Togo land, Belgium Congo, Ruanda-

Burundi and Italian Somaliland. The Yaunde convention has since been renewed several times at Lome and presently, almost all the countries of the Sub- Sahara African have become signatories to the agreement.

The European fund for overseas Development was the primary development assistance effort transferring funds from the European nations to the African nations. The primary characteristics of the arrangement however, related to trading preferences. The European states agreed at Lome to provide in effect, a common market for the African primary exports ranging from food stuffs to timber and minerals while the Africans agreed to provide more favourable conditions of trade for manufactured exports from the EC.

Later, it was established that trade with European countries was not growing first enough while EC sales to Africa had been showing impressive increases. Improvements in the treaty were made including clauses guaranteeing European purchases of African sugar production at fixed levels and at European prices.

Broadly the advantage of special links among a group of developing countries and a number of developed countries may embrace the preferential treatment accorded to the exports of the less developed group in the markets of the developed group; the provision of financial aid and technical assistance; and other less direct advantages that result from close cooperation between the two groups on a range of other matters.

But there could also be some disadvantages: the more obvious ones being the diversion of imports from possible sources to producers within the associated group arising from mutual preferential treatment; the discrimination against other developing countries and the obstacles which such special arrangements present with regard to developing countries that wishes to cooperate or to establish a union with other developing countries. Indeed, the results of EC-APC have not been impressive: during the 1973-78 term the APC states provided only about 6% of the non-EC imports into the community.

2.4.8 SADCC: The Southern Africa Development Coordination Conference

The impetus for the formation of SADCC in 1979 was the provocative external enemy of the apartheid South Africa. Headquartered in Gabererone, its instruments of association become effective on! April 1980. it was an expansion of, and concrete manifestation of the concept embodied by the Front Line States of Angola, Botswana, Mozambique, Tanzania, Zambia and Zimbabwe.

For some years previously, the front Line had assumed the role of articulating Africans displeasure with the remaining minority regimes in South African and Namibia. Rather than allow discussions of the south African government, a process which had resulted in no satisfactory solution, SADCC became the initiative taken on behalf of majoritarian interests.

It was the institution to enable sympathetic states in the West to assist in developing infrastructure components which would strengthen the member states in finding alternatives to dependence upon South Africa, particularly as regards overland transportation and imports. The founding agreement provides for a regionally integrated economy as well. The primary infrastructure activity is the rehabilitation of the 200 mile Beira corridor consisting of rail, highway, and pipe line links between the Mozambique port of Beira and the interior.

At inception, SADCC had two essentially divergent variables which gave rise to its being; on the one hand, there was the anti-South African sentiment which had both political as well as economic aspects. The member states wanted to see South Africa liberated but they also wanted to minimize dependences upon her. Apart from South Africa, they proposed strengthening their element of regional cooperation with the hope of enhancing their economic development. The former has since been eliminated and certainly by focusing the available resources on the latten goal, they continue to move along their intended path although the issue of overlapping with other initiatives such as the PTA has arisen.

2.4.9. The Senegambia Confederation

Formed in 1981, following the attempted coup d' tat in Banjul. The area coverage includes not only some of the richest and most populous countries in Sub-Saharan Africa, a number of which posses immense mineral resources but also a number of the poorest in Africa. It aimed at establishing a confederation in stages, initially by means of a customs and monetary union. Integration problems of the initiative concerns the issue of sharing benefits and the issue concerning rules of origin for the goods arising from massive clandestine re-exports from the Gambia to Senegal. If there is to be a full customs union, it would be impossible to overcome its prospective disadvantage for the Gambia, in the shape of trade diversion, let alone for that country to drive any positive net benefits, unless these were to be especially negotiated in relation to the allocation of revenue, and developments in industry, transport and services. But the confederations now appear to have been submerged in ECOWAS and new strategies must be adopted to enable integration process to continue.

2.4.10. The Preferential Trade Area (P.T.A)

This was a creation of the UN/ECA strategy for regional groupings in Sub-Saharan Africa. The treaty establishing the organization was signed by the member states in Lusaka on 21st December 1981 but did not come into force until September 1983.

The main objectives were that customs duties and non-tariffs barriers to trade be speedily reduced to elimination among member states, evolution of a common external tariff in respect of all goods imported from third countries with a view to finally establishing a customs union; adoption of policies that facilitate free movement of factors of production, eventually evolving into an economic community. Indeed the projection was that the organization would rapidly move beyond the stage of a mere free trade area to become a genuine common market by 1992

The general aim was therefore the promotion/co-operation and development in all fields of economic activity particularly in the field of trade, customs, industry, transport, communication, agriculture, natural resources and monetary affairs with the main goal of raising the standards of living of its people, of fostering closer relations among its member states, and to contribute to the progress and development of the whole continent.

The guiding principal was that countries of the eastern and southern Africa should, acting on a self-help basis and in unison, generate a process of sub-regional economic integration in all sectors, not just in trade alone. The designers of the treaty therefore, carefully incorporated built in mechanisms which would promote sectoral and inter-sectoral coordination processes aimed at gradual integration of all sectors among the member states.

2.5. Conclusion

Evidently, the argument for some kind of integration among these countries appears to be generally supportable. Individually, each one of them has fairly narrow domestic market which inhibits the establishment of new industries and indeed many of the existing industries operate below capacity. Moreover, there appears to be an implicit assumption that the economic gains from integration cannot in present circumstances bé derived through other means such as a general liberalisation in the access to the markets alone.

Clear as the case may be for steps to integrate the economies, the process has been elusive mainly because of selfish national interest.

Endnotes

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CHAPTER THREE

3.0. THE EXPERIENCE OF REGIONAL INTEGRATION IN EAST AFRICA

3.1 Introduction

This chapter focuses on the evolutionary process of the East African Cooperative Scheme. Some of the significant determinants of the economy and institutional framework are identified to enable analysis of the problems which may have led to the disintegration of the community. Furthermore, the historical perspective will help placement of the cooperative initiatives in a suitable context to enable elaboration on the propositions made in the first chapter.

3.1.1 Unutilized Integration Opportunities

East Africa has in abundance those elements, which should make for unity but which have not brought about the logical conclusion coming from long standing shared economic, social, and political interests. In the contemporary Africa, we have become more familiar with the spectacle of bitter enemies like the Northern and southern Sudan, Rwanda and Burundi conflicts etc. In East Africa too, federation has sometimes been put forward as a solution to irreconcilable differences. It has been suggested for example that the dispute, which at various times have threatened relations between Kenya and Uganda, Tanzania and Uganda, and between Kenya and Tanzania as well as the constitutional differences between Buganda and Uganda could all be more readily solved within the embrace of East African Federation. Fortunately, however, East Africa has more in common than its difficulties and disputes. The national boundaries have not blocked the various tribes from living across the borders. The Masaai, the Luos, and the Ateso for example, all overlap. They and many others have been enabled to do so not only by the well known colonial propensity for drawing artificial borders through the middle of tribal areas, but by a policy of "free flow" which has long allowed Africans of the region to move unhindered throughout British Africa.

An equally significant identification is to be found in economic planning. All the three countries have strikingly similar economies and economic potential, despite few dissimilarities occasioned by the cluster of the white settlers in a part of Kenya. All the three countries have agriculture as the main stay of the economy. Few crops, coffee, tea and cotton dominate the sector and have comparatively a heavy share of the export earning.

However, the similarity of economic development did not prevent the growth of economic rivalry among the three nations. Indeed the three economies to a large extent triplicate rather than compliment each other, they would tend to compete for capital and market of the world, and have relatively less to offer one another. The similarity of the three economies made a unified approach possible; their potential for disastrous rivalry added the urgency of necessity. Maintaining a common approach to such problems as may arise, for example, negotiations of an international coffee agreement and the taxation of foreign investment would yield good dividends to all the three states, although not necessarily in equal shares.

Socially, too, the region has much in common. Tribalism, while indirectly serving the cause of regional unity by blurring national boundaries, is no less introspective and divisive in East Africa than elsewhere on the continent. Its negative quality has, indeed, been strengthened by the application of "indirect rule" which rested colonial authority on a base of enhanced tribal authority. The status of chieftaincy among the Kikuyu of Kenya, for example, probably owed more to colonial administrative policy than to African tradition. Where, as in Buganda, strong traditional hierarchies were found, they were coopted and entrenched because the existence of autocratic rulers with their chain of territorial subordinates made a convenient and moderately efficient basis of administration. On the whole, the hierarchy of political units set up by the government was accepted with very little opposition, especially in a kingdom like Buganda where the leading chief had much to gain from it.

On the other hand, there is much, socially, that unites the people. A common use of English language of officialdom is complemented by the widespread use of Swahili as a lingua franca through out the region, particularly in Tanzania and Kenya but also increasingly in Uganda. Swahili is now being actively encouraged even in official circles and indeed has so been adopted in Tanzania, while in Kenya, it is an important second language.

Politically, too, the region was closely woven with strands of commonalities. The Pan-African freedom movement of East, Central and South Africa (PAFMECSIA) was formed in 1958, after Ghanaian independence had opened the new decolonization chapter in African history, by a coming together of the like-minded political parties fighting for independence, for example, Kenya, Uganda, Tanganyika, Northern Rhodesia and Nyasaland. Later, it extended its sphere to associate the governments of Ethiopia and Somalia and the apartheid threatened regions of Southern Rhodesia, South West Africa and even South Africa.

It provided a unified forum for the leaders of political movements in these territories and particularly the political elite of the Uganda People's Congress, the Kenya African National Union and Tanganyika National Union. These leaders openly helped each other to attain power, not only against British colonial rule but against other, usually more moderate " multi – racialist" or more tribal oriented rival movements.

Although East African federation was not one of the original purposes of PAFMECSA, the habit of working together for common objectives had the functional effect which early visionary proponents of federation such as Julius Nyerere of Tanzania had expected. It was at the PAFNECSA meeting in Nairobi in January 1961 that it was formally decided that an East African federation be an objective goal soon after independence.

3.1.2 The Colonial Approach

The early colonial efforts at integration may essentially be divided into two classes. First, like all economies of developing countries, it represented an economic integration of the developing countries (the periphery). It presented a relationship whereby the modern sector of the developing countries was created as an integral part of the economies of the mother countries. As the modern sector in East Africa was and still is largely controlled by foreign countries, such an integration represented also an economic integration between the British economy on the one hand, and the white settler and British investors in manufacturing industries in East Africa on the other.

The second form of this economic integration was that one within the periphery itself - that is to say within the East Africa region. This type of integration was in reality an integration of the British investors and settlers in East Africa or expressed in other forms, this integration was the process of creating a homogeneous market for private British investment (already present in East Africa) and the British settlers. It was not meant to be an economic co-operation among the African economies of these three territories as these economies were still essentially at the subsistence level. At such levels, there can hardly exists any co-operation in the sense of division of labor and specialization.

By the turn of the 20th century, Britain was already nudging Kenya, Tanganyika, Uganda and to some extent Zanzibar toward supranational and eventually, federal institutions. This policy of structural integration was to continue and intensified during and after the First World War. In 1911, Kenya and Uganda were united in a postal union, followed in 1917 by a customs union. On January 1, 1923, soon after the mandate agreement, the Kenya, Uganda, and Tanganyika external tariffs were voluntarily synchronized and customs charges on local produce moving between the three territories were eliminated. It is important to note that Tanganyika did not pledge herself to follow the Kenya tariff. She instead kept her fiscal independence, although of course, it was very desirable that there should be as few variations as possible between the levels.

By 1927, all imported goods, as well as local produce, were being allowed to circulate freely within the three territories. In this connection, it should be remembered that the 1885 general Act of the Berlin conference provided that "the trade of all nations shall enjoy complete freedom" in the zone stretching eastward from the Congo Basin to the Indian Ocean from 5 degrees of north latitude to the mouth of the Zambezi in the south. Among the territories affected was that which later became Kenya, Tanganyika and Uganda. In effect, this clause imposed some sort of rudimentary customs union. These developments of a customs and tariff union between Tanganyika, Kenya and Uganda, as well as other measures of integration were subject to the terms of the mandate agreement between Britain, the administering power, and the League of Nations.

In addition to the establishment of a customs and tariffs union, other administrative and governmental functions were integrated at a comparatively early period. A court of Appeal for East Africa was set up as early as 1902. The East African currency board assumed control over issuances of East African money in 1920.

In 1925, a joint East African office for trade and information was opened in London by the governments of Kenya, Uganda, Tanganyika, Zanzibar, Nyasaland and Northern Rhodesia, whose interests were jointly represented by a Trade commissioner. That same year, an advisory conference was convened at Tukuyu in Tanganyika to which representative European settlers were invited from Tanganyika, Kenya, Nyasaland and Northern Rhodesia, Postal services between Kenya, Uganda and Tanganyika were amalgamated on January 1, 1933.

These early efforts at a measure of East African integration were basically economic. Measured on the political yardstick however, there was massive indifference and even vigorous opposition to further amalgamation and also to the integration, which had already occurred. This came from Africans, Indians and even from some of the East African white communities. Functional association had been imposed on the region without any attempt to create for it a basis in the political sentiment of the majority, in the face of colonial policy, which encouraged a purely tribal polity. Even more important, the idea of an East

African Federation soon tended to become, or appear to become, the personal priority project of Kenyan whites, for the same unfortunate reasons as the central African Federation, slightly later became the patented project of the white settlers of Rhodesia.

3.1.3. The Kenya White Settlers

Even more important, the idea of an East African Federation soon tended to become, or appear to become, the personal priority project of the Kenyan whites, for the same unfortunate reasons as the central African Federation, slightly later became the patented project of the white settlers.

With the amalgamation of the Kenya/Uganda customs authorities in 1917, free trade in both local and imported commodities was established between the two countries. Tanganyika joined the union after the First World War. An important feature of this early period were the attempts of the European Settlers in Kenya to secure both political and financial dominance in East Africa. Their position was largely consolidated in 1924 when they were instrumented in securing highly protective tariff on the import of butter and ghee, timber, sugar and wheat. The tariff was no longer solely a means of providing revenue but was protective in intent, designed to stimulate local (Kenyan) agriculture and industrial development. These duties proved highly successful in encouraging a number of industries in Kenya, at a time when world economic condition were far from being conducive to agricultural development.

A specific scheme was provided to cater for the least developed member states which would be compensated for the impact of the national income losses which may arise as the result of trade diversion.

Uganda and Tanganyika reacted with indignation to the imposition of protective import duties and made accusations against Kenya for manipulating economic policies to her direct benefit and at the expense of the other two countries. However, the Kenyan Settler influence dominated economic policies, even though politically, they failed to achieve their ambition of a federation or "closer union" of the British Territories of the Eastern and Central Africa.

In 1948, the East African High Commission was formed with the main objective of providing specific inter-territorial services and to some extent coordinates the economic activities. The commission had no legislative powers on issues such as the customs and excise, tariff rate, industrial licensing or general commercial regulations. It can be argued in this regard that an important opportunity was lost for further strengthening and developing the common markets.

During the mid 1950's, increasing concern was being voiced on the issue of distribution of costs and benefits among the member countries of the common market. Furthermore, uncertainty was mounting over the future of economic cooperation and hence the appointment of the Raisman Commission in 1960 with the mandate of looking into and recommending necessary adjustments. The commission's findings was that there was no loss on income to either Tanganyika or Uganda from the workings of the common market because of the spill-over effect of Kenya's faster rate of economic growth. However, on revenue account, the two countries were loosing through the more rapid development of import substituting industries in Kenya and therefore the formulation of a distributable pool of revenue was proposed. The importance of this report is that it was so far the first attempt to assess the overall importance of the common market to East Africa as a whole and to the individual member countries.

Given the timing of the commission, just before Tanganyika became independent and therefore difficulty in predicting the nature of her policy after independence, its mild position is understandable. The commission was unable to go to the root of the common market problems. For example, it failed to address the issue of the different rates of growth of the three countries rather than attempting to alleviate the fiscal effects of uneven growth. This would of necessity have led to a consideration of the distribution of industry between the member countries and policies for the allocation and location of new industrial enterprises. Admittedly, these are problems for which no straightforward solution may be availed but this does not justify their neglect as they obviously become thorny issues in an evolutionary process of the community.

Indeed, this question of the unequal distribution of industrial activity between the three countries came up immediately all the three countries became independent. Early 1964, Tanganyika raised the issue of varying impact, which the Customs Union had on the distribution of development among the partner states. A fairer distribution system was necessary to assist Tanganyika in the reduction of her deficit, noticeable in her balance of trade with the rest of East Africa. This was the problem addressed by the Kampala Agreement of 1964.

This agreement among other things recommended imposition of quotas against imports of manufactured goods from Kenya. The interference was the loss of potential economies of large-scale production and miss allocation of scarce resources. While it may be argued that the agreement led to a re-assessment of Tanganyika's market and industrial potential, it was certainly not in the interest of smooth operations in the community. It became clear that the distribution of industry could not be determined by either the operation of market forces working in isolation from government policy and social welfare or of overall economic and social welfare or by cumulative impact of arbitrarily imposed and adhoc administrative measures. This clearly exposed the needs for a rational approach and comprehensive program in the distribution of major industries on an East African basis.

3.2. The Federation Issue

3.2.1. The Federalist Strategy

One theoretical school of thought claims that the best path to regional integration is to create a higher supranational authority to which participating states surrender part of their sovereignty. This is the federalist strategy and the approach calls for a federal structure whereby political power is shared between national and supranational authorities. Thus, national government will have to surrender part of their sovereignty to the newly created supranational institutions. The strategy is however considered to be too ambitious because it requires member countries to part with some autonomy almost right away.

Federalist theories, therefore are concerned with importance of institutions and institution building, the merits of rival methods of representation and elections, the proper division of powers between federal and national authorities and checks and balances between organs of government. There is general agreement that federalism connotes an association of states which has been formed for political purposes, but in which the member states retain a large measure of their original independence.

The modern idea of what a federal government is has been based on the model of the United States of America whose system is characterized by a fairly clear division of powers between one central and several authorities, each of which has its own legislative and executive powers.

Federation, it is argued has the advantages of a political union and economic integration and thus, if countries can secure the benefits of diplomatic and military co-operation without sanctions, their own social schemes and domestic laws, then federation is the constitutional device which may enable them do so. Societies are replete with bonds of patriotism, loyalty, historical mythology and a sense of national difference, federalism which aims not only to eliminate national governments but also to offer their control over specific functions, should be adopted.

When stated in such simple terms, it makes it appear an over-simplification of an otherwise complicated process. Political integration is much more difficult to achieve than economic integration, mainly because the latter is expected to strengthen the national economy, thus encouraging dual loyalty between national and regional community.

Political integration in contrast, directly affects the state sovereignty over decision making in respect to its nationals. Its institutional effects are more visible and the assault upon nationalism is frontal. Thus, the driving force of federalism is soon spent when it clashes with deeper and older myth and loyalties of national states interest.

3.2.2 The Federation Debate in East Africa (1961- 1966

Soon after independence and capitalizing on the cooperative achievements made before independence, the leaders of the three countries of Tanganyika, Kenya and Uganda met in Nairobi on 5th June, 1963 and pledged themselves to the political federation of East Africa. This was a shining spirit of Pan-Africanism.

The declaration triggered animated debate within the respective countries. For Kenya, the Kenya Africa National Union (KANU) and the Kenya African Democratic Union (KADU) accepted the idea of federation in principle. However, KADU inscribed in its policy position the idea that "the regions must maintain their own powers". Regionalism as advocated by KADU emphasized the need for autonomy of the different regions within Kenya. KADU carried this policy position into the federation debate, and in so doing came much closer to Buganda's position on the matter. KADU's ethnic – oriented policy position was based on the belief that a federal constitution is the best available means of enhancing personal liberty where traditions would be maintained. KANU having been elected on the pledge of East African Federation emphasized the need for a unified Kenya. Its leadership argued that personal ambitions and territorial constitutions must not hamper the vital step towards the unity of East Africa.

Uganda had mixed positions on the issue. Initially, the Uganda government had supported the idea as pronounced in the Nairobi Declaration. The Kingdom of Buganda not only opposed the idea of Uganda's independence as a unified states but also the federation of East Africa. The autonomous positions of the Kingdom in Uganda were enshrined in Uganda's federal constitution. Because of the mounting internal opposition, the government of Uganda later clarified its policy that the Nairobi declaration did not commit

Uganda to federation and that the question of relationship and powers were still in the exploratory stage. It can be argued that Uganda's policy position was against the immediate federation of East Africa. These conflicting signals prompted Kenya to state that Kenya and Tanganyika could form a federation with Uganda possibly joining it later on.

Tanganyika had been largely supportive of the federation issue. They viewed closer political federation between the three East African countries as a means to alter the then existing economic disparities. In other words, economic equality could best be attained within the framework of a federation. However, the three countries did not achieve the desired federation.

The period up to 1966 thus witnessed conflicting interests on the issue of integration in East Africa. Between 1920's – 1948, politics of integration was mainly centered on how to harmonize the common services in the East African colonies, an objective achieved with the formation of the E.A.H.C. Lack of consensus on the question of federation made the leaders sign the treaty for cooperation in 1967, focusing mainly on the issue of economic integration in the region. The treaty was signed on 6th June 1967 and became effective on 1st December 1967. However, it lasted only for 10 years and collapsed revealing failure of the designers to observe a number of essential critical issues, some of which are discussed in the later part of this chapter.

The treaty established a transfer tax system which was designed to protect certain industries in Tanzania and Uganda against similar ones in Kenya. For these industries, the encouragement of duplication was the main purpose of the system. Thus, it was assumed that such a system would allow Tanzania and

Uganda temporarily to be protected from Kenyan competitive industries, which could operate efficiently on a scale provided by their national markets.

The East African Development Bank was also provided for in the treaty. It was designed to enhance the distribution of E.A.C. initiated investments within East Africa. Its major role was to act as a catalyst for complimentary industrial development other than to undertake a major part of industrial investment itself.

The treaty also directed the relocation of the common services from Nairobi. Railways corporation and Airways remained in Nairobi. Harbors Corporation was moved to Dar-es-salaam, the Posts and Telecommunication Corporation and the Development Bank went to Kampala while Community Headquarters was established at Arusha, Tanzania. It was argued that shifting of some of the headquarters out of Nairobi would in the process lead to equitable distribution of the gains. The fear of Kenya's economic dominance, which was echoed in the-1961 – 1966 federation debate, featured also in the 1967 Phillip Commission, which recommended establishment of the East African Community.

The treaty also made provision for the authority comprising of the three heads of state. The control of the community as well as ensuring its efficient and effective operations were bestowed on the authority. The success of the system was therefore, dependent on the harmonious relationship among the Presidents. This situation in a way also limited the capacity of the lower levels of the community. National interests were therefore protected within the framework of the authority. It can be argued, however, that centralization of power within the framework of the authority which ensured that only decisions acceptable to all the member states were made, turned out to be a major bottleneck in the operation of the community. Whenever any two members failed to get along with each other. It was also a clear indication of how the member states had intended to protect their national interests.

3.3. Critical Issues and Problems of Integration

From the foregoing paragraphs, the inspiration and desire for economic integration in the various regions of the sub-Saharan Africa in general and East Africa in particular is fully demonstrated. In this section, we highlight some of the related main integration issues and problems. The issues that arise from and the difficulties that beset, the creation and operation of a viable regional economic community appear to be numerous and in varying degree, confront all developing countries attempting integration. The issues are local to and related to particular countries, policies and institutions in question in the light of prevailing conditions and the choices and resources available to the region.

3.3.1 Commitment to the agreements

Integration inevitably involves difficult issues in harmonizing sectional and domestic interest with those of the regional community. For these issues t o be resolved and for action that signals some merging of the prerogatives of national sovereignty, steady political support is a necessity.

The existence, prior to the creation of an integrated community, of some common institutions for cooperation and for harmonisation of economic policies may tend to mitigate some of the difficulties. Most of the countries of sub-Saharan Africa have a common past, and they already have several common institutions, and common languages such as English, French and Kiswahili.

Moreover, most of these countries have a common interest in their relationship with the EEC.

Thus although the rational conclusion is that the habit of cooperation in this region has been established and joint efforts towards an economic community consequently made easier, it remained to be seen whether the countries in question, having achieved political independence, would be ready to give up their national authorities to the extent necessary for successful and lasting integrated regional organisations.

3.3.2 Size and membership

Given the propensity to cooperate, the size and composition of the union to be created must be determined. Any consideration of the size of a union must take into account the fact that the larger the size, the greater will be some of the problems arising from integration. In particular, the risk of certain areas of the union remaining relatively underdeveloped will be higher. In the Sub- Saharan Africa, the present divisions and groupings are based on pre-independence links which in turn were a result of historical factors. The economic and social culture of these new states is heavily related to those of their former colonial powers. The problem that has faced integration process is then that of choosing between the existing institutions as a basis for further integration, with the prospect of expanding their current bases or of establishing new organisational institutions on the grounds that the current ones are not necessarily based on rational economic, social or even political consideration.

3.3.3 Scope and Strategy

Scope and strategy concerns the various aspects to be considered for integration and how the process should proceed. A number are discussed in the following paragraphs.

a) Trade Liberalization

Agreement has to be reached concerning commodities to be liberalized, speed of liberalization, the basis for liberalization, that is whether a selective commodity by commodity approaches or a comprehensive one, and finally the level of the common external tariff. Trade liberalization is likely to help to raise the volume of trade in presently traded commodities and may also encourage trade in some new commodities. This may stimulate the development of new industries and lead to a better utilization of present industrial capacity.

b) Harmonization of development policies

Cooperation in development planning implies the coordination of national economic plans or planning on a regional level. This form of cooperation at the general policy level is concerned with such questions at the basic objectives of development, the broad breakdown of expenditures, and the sources of funds.

Most of the countries in the Sub-Saharan African do not have funds. Further more, countries have since independence prepared development plans which are essentially no more than general guides for desirable projects. Of even greater importance is the harmonization at the industrial and project level. Such cooperation involves the choice and location of industries, taking into account inputs, markets, transport facilities, etc. The major aim of integration at this stage would be to achieve the best utilization of available resources, given the general objectives of economic policy, by providing a better base for justifying industries, by encouraging new and complimentary industries and by avoiding industrial duplication in a region.

c) Infrastructural development

Development in the infrastructural sectors such as energy, transport and communications is critical for integration without which the attainment of some of the goals may be frustrated. Transport for example, will facilitate the intraregional transfer of goods and labour, thereby enhancing the profitability of existing industries and aid the creation of larger and more economic industrial units producing for the region as a whole.

d) Monetary and fiscal policies

Harmonization of monetary and fiscal policies would be imperative for a full economic union with free movement of goods, services, capital and labour, but even before that stage is reached, such cooperation is necessary for facilitating the achievement of the objectives of integration.

e) External assistance

Technical assistance would be necessary in numerous industrial, administrative and educational areas and with particular regard to integration, in the creation of the administrative machinery at the national and regional levels. In Sub- Saharan Africa, close cooperation with technical assistance from abroad has existed since independence, and many domestic civil servants have had considerable experience in this field at the national level. The main problem might be to increase the amount of technical assistance, widen its scope, and channel it on a regional basis.

Closely related to the provisions of technical assistance in general is the role to be played by private expatriate companies, which may consider their investments in terms of their world-wide and metropolitan activities. Often, these may entail some conflict of interest for their operations in an individual country. Difficulties may arise in a wide variety of field, such as the activities into which foreign enterprise should be admitted, the level of profits and their repatriation or reinvestment, and safeguards against the control of the economy, or large segments of it passing to non-residents. In sub-Saharan Africa, foreign enterprises are already firmly established in many sectors of several countries.

3.3.4 Distribution of Gains

One of the most serious and potentially most disruptive difficulties that have a risen in economic integration schemes is the distribution of expected gains from integration. Disagreements on this issue have time and again prevented union from being implemented and in some cases weakened and destroyed the union at a later date. Differences in the level and the rate of economic development and the tendency, in an integrative community for investment to gravitate to center where the existence of previously established industries provide the advantages of external economies constitute the root of this problem. This process of polarization may exacerbate the diversity in the stages of development existing before integration. A similar process of polarization may also result among a group of countries at approximately the same level of economic development on account of other factors, such as geographic situation or the existence or absence of infrastructure.

Difficulties regarding the distribution of gains maybe especially serious where industrial programs and investments policies are also to be integrated. Where a central agency influences or takes the decisions regarding the priority of the industries to be established, the location of these industries, the number of plants that may be established, the problems of determining an equitable distribution of profits may be difficult to resolve.

Related to the problem of the distribution of gains is that of the distribution of losses. For instance, one country may depend more heavily than others on customs duties as a source of fiscal revenue, prior to integration; or following integration and the establishment of preferential duties, a country that depends heavily on imports may change the source of its imports to a higher cost producer within the community. In the fist instance, the country in question would be likely to experience a decline in fiscal revenue, in the second, as a result of trade diversion, import costs would rise, and this would affect domestic costs and prices.

One of the difficulties in attempting to mitigate such problems is the lack of mutually acceptable objective criteria regarding the equitable sharing and gains and losses within a regional community; One criterion could possibly be a reduction in the differences in the levels of development of the member countries, but this criterion would present difficult problems of measurement and might conflict with other objectives of economic integration of industries on the basis of technological and economic considerations of efficiency.

Not withstanding these difficulties, various ways may be derived to deal with the problem. The provision of special quotes, exceptions, and tariffs, the establishment of a common fund for compensating, countries that are losing more than others and the creation of a development bank for investments in the relative poorer countries are among the means of bringing about more equitable distribution of gains and loses. However, once such instruments have been established, other disagreements may still occur over their application:

(i) Fiscal Effect

The fiscal impact of integration may bring about some financial difficulties. For many developing countries, import duties constitute an important, and in some the major source of revenue for the government, reflecting the fact that they are relatively easy to impose and collect. However, while this problem may not be serious in the early stages of integration in the region because of the low level of intraregional trade, to the extent that integration increases intraregional trade at the expense of trade with third countries, alternate sources of taxed revenue may have to be developed.

(ii) Interregional payments

Establishment of special regional payment mechanisms among developing countries is an important precondition for establishment a regional customs union or free trade area. It is realised that it promotes integration by facilitating trade liberalization. It helps to accommodate the balance of payments difficulties that would result from unpredictable flows of trade released by the abolition of barriers. The implication is that the payments union would have a common fund to extend balance of payment assistance.

(iii) **Special preferential links**

A feature peculiar to most of the Sub-Sahara African nations is the existence of special links between these countries and the European former colonial powers. The countries of the region belonging to France by virtue of special financial arrangements reflected through operations accounts with the French Treasury while those that are former British dependencies are members of the sterling areas. Although the existing regional arrangements may not have an immediate conflict with these links, it is foreseen that establishment of a regional community cutting across these links may have some obstacles.

3.4. Two Approaches to Economic Integration

We have earlier discussed that the term economic integration is an imprecise one and may be used to connote a number of scenarios from general agreement to cooperate in certain spheres of economic endeavour or policy to a full economic union. Between these two extreme connotations, are the preferential trade organisations, the free trade areas and the customs union However, most references to economic integration especially with regard to the developing countries relate to a customs union, supplemented perhaps by arrangements in other political fields. In this study, economic integration refers to customs unions.

Theoretical discussions on the benefits of economic integration and of the necessary conditions for moving toward it may conveniently be divided into two categories reflecting a basic difference between the hypotheses used in the analysis. One is based on a static view of economic conditions and the analysis proceeds from a rearrangement of policies and a reallocation of resources within that framework, whereas the other approach bases its analysis on dynamic factors such as economic growth. A further basic difference between the two approaches is that the first takes a world view of the process of economic integration and assess the benefits and draw backs on that basis, whereas the dynamic approach discrimination is toward an asymmetrical view of international, looking at the question from the vantage point of developing countries and sometimes justifying this view with reference to the historical importance of heavy protection in the relationship of the colonies and the metropolises.

i) The Static Approach

The static approach takes the prime goal of integration as more of rational and efficient use of resources, namely a shift of resources of supply. That the elimination of barriers within the union, and the establishment of a common external barrier, will cause a trade creation and a trade diversion effect. The former, which will lead to an increase in the real income of the people of the union, will take place as demand shifts to the more efficient suppliers within the union. The enhanced efficiency is the result of greater degree of competition, a higher degree of specialization and greater economies of scale made possible by the enlargement of the market. The trade diversion effect results from a shift of demand from low- cost producer within the union, brought about by the common external tariff barriers.

In this postulation, whether or not integration is worthwhile depends on the relative importance of the trade creation and trade diversion effects. If the trade creation effect is greater than the trade diversion effect, then integration is worthwhile, if the opposite is true, integration is not beneficial. However, there can be instances where a balance of disadvantage may be compensated for by the external growth effects of integration, high economic growth in the union may induce an import demand from third countries that will more than offset the reduced demand resulting from the trade diversion effect.

(ii) The dynamic approach

The dynamic approach considers the static one irrelevant as far as the developing countries are concerned, maintains that for developing countries, allocation of existing resources alone is not enough: an acceleration of the rate of growth is more critical. Both schools however, share most of the arguments about trade creation, for example the benefits of an enlarged market. A major exception would appear to be about competition. In the static formulation, increased competition is one of the benefits of economic integration because of its effects on efficiency. In the dynamic version, one of the aims should be to avoid creating excessive competition, as many of the industries in the developing countries are relatively young.

This approach further more takes the position that there are no harmful effects of trade diversion. That one of the principle goals of integration in less developed countries should be maximization of trade diversion. The view is based on the premise that in less developed countries, there is wide spread underemployment or unemployment of resources, thus the opportunity cost of labour is near zero, and trade diversion would bring about higher level of employment and a better resource utilization.

It appears however, that the two approaches agree on the general activities in an integration process, the difference in merely that of emphasis rather than a choice between the two. In what flows, the various activities that aid and or mitigate for integration are taken as the dynamics.

3.5. Conclusion

Apart from the various evolutionary stages highlighted in this chapter, we have also highlighted a number of critical determinants of the economy and institutional framework which will be essential for the assessment of integration process.

Generally, the integration appeared to proceed more smoothly during the colonial period as compared to the post -colonial era.

CHAPTER FOUR

4.0 THE 1967 CO-OPERATION TREATY: AN ECONOMIC INTEGRATION EFFORT

4.1. Introduction

In the previous chapter, we have reviewed the discussion on the evolution of regional integration process in East Africa, whose effort appeared to receive no consensus among the member states. However, the efforts led to the signing of the 1967 treaty for East African Co-operation; The signing parties having resolved to co-operate with one another and with other African Countries in the economic, political and cultural fields. This chapter focuses on the functioning of the community and examines how it promoted both integration and disintegration.

4.2. The 1967 Cooperation Treaty

Practically, the treaty conferred legal personality on the organization which had been evolving over quite a period of time. The concept of international legal personality has special importance attached, as it is indicative that the E.A.C. could enter into agreement or contracts with other international entities on behalf of the three states.

Uganda and Tanzania, both of whom shared a history of discontent about the way the common market and common services consistently operated in favor of Kenya and at their relative cost, during the Treaty negotiations joined hands to get the most out of it. The treaty in the end established a Transfer Tax System, the East Africa Development Bank (E.A.D.B.) and a provision for the harmonization of fiscal incentives. In addition, there was the clause for decentralization of the various service organization headquarters.

The treaty therefore, was an attempt to regulate the East African Common market in-order to strengthen and regulate relations of the partner states to the end that there shall be accelerated, harmonious, and balanced development and sustained expansion of economic activities the benefits where of shall be equitably shared. Implicit in the treaty, was a recognition that if the common market were to operate on a completely *laissez faire* basis, Kenya's historical lead over the others would promote continued polarization of economic activities as had been the case before. That could be the major reason for the provision of such regulatory measures as the transfer tax, harmonization of fiscal incentives and the EADB. If these measures were to break down, the community would fall back to a *laissez faire* system. This would work to Kenya's advantage if Uganda and Tanzania do not counter-act by taking unilateral measures to protect themselves against Kenya. These regulatory devises, were, therefore, deliberately designed to reduce Kenya's historical advantages over Uganda and Tanzania.

The "Transfer Tax" system was to be applied by a deficit country unilaterally unlike the harmonization of fiscal incentives and the operation of the EADB, which were to be applied by a cooperative effort of the three partner states. This system was essentially designed to permit the deficit countries for only a limited period of time within which, to remain behind protective tariffs against the supplies countries. They had then to demonstrate their ability to manufacture a certain product and sell it competitively in the East African market. The maximum period permitted was eight years for each product liable to transfer tax, and fifteen years for the whole system. The intention, therefore, was to develop a completely free trade area by the year 1982. By that date, Uganda and Tanzania should have caught up, with Kenya. If however, they were not able to catch up then they would have to accept Kenya's industrial lead position till such time that the treaty was revised.

4.2.1 Main Features of the Treaty

Some of the basic aims of the E.A.C. were to establish and maintain the common services. All the common services concerning communications were placed under management of statutory boards. The East African Railways, The East African Harbors, the East African Posts and Telecommunication and the East African Airways Corporation, all having been established as institutions of the community.

The treaty made provisions for these corporations to be managed according to commercial principles so that their incomes cover the expenditure but with a fixed deposit on the investment as determined by the authority. The corporations were expected to take into account their revenues in the territories of the partner states such as a whole and so to regulate the distribution of their physical investments as to ensure an equitable contribution of foreign exchange resources of each of the partner states. It was further necessary to ensure an equitable distribution of their benefits to each of the partner states.

Article 21 of the treaty, established the East African Development Bank, whose objectives were to provide financial and Technical assistance to promote the industrial development of the region, but with a bias in favor of the less industrially developed Tanzania and Uganda in its lending policies. Although each member state made equal contribution to the funds, only about 22% would go to Kenya while Tanzania and Uganda would both qualify for up to 33% each. The treaty also provided for the harmonization of fiscal incentives. However, there was no agreement on the formula that would enable Uganda and Tanzania to attract more industries than Kenya. The two countries had earlier interpreted "harmonization' of fiscal incentives to mean according preferential terms to potential investors to invest in their countries in order to rectify past imbalance against them. Kenya on her part had equated "harmony" with uniformity of legislation in the three countries with regard to fiscal incentives, with full knowledge that such a system would be advantageous to her.

Both Tanzania and Uganda, were persuaded that implementation of these provisions would go along way towards meeting their aspirations for industrial development.

Kenya had wanted to maintain outlets for its manufactured goods and services; it had also wished to reduce its contribution on costs of joint institutions. The treaty appeared to meet these objectives. Kenya viewed the transfer taxes disruptions on her inter-state exports far less than the quantitative restrictions they replaced. Uganda had wanted to achieve more balanced intra-East African trade and freer access to the Kenyan market for her agricultural products. Secondly, Uganda sought to have more institution headquarters established there as a symbol of equality. Thirdly, and more importantly, they sought to avoid being left alone in an unequal relationship with Kenya merely because of their being land locked.

In this regard, the Treaty made provisions for the relocation of the headquarters of the common services. In the previous arrangements made before independence, most of the common services had their headquarters in Kenya, thus enforcing the fear of Kenya's domination. In the frame work of the co-operation Treaty, Kenya became the headquarter of East African Railways and East African Airways. Tanzania was allocated the harbors corporation and the community headquarters, itself to be located at Arusha. The East African Development Bank and the East African Posts and Telecommunications were located in Uganda. However, these noted practical efforts did not appear to erode Kenya's advantage. Most of the economic activities relating to the common services continued to be in Kenya.

Additionally, a provision was made for the Authority comprising of the three heads of state. The control of the community as well as ensuring its efficient and effective operations were bestowed on the Authority. The success of the system was therefore dependant on harmonious relationship among the three presidents. A situation which in away limited the capacity of the lower levels of the administration to initiate certain functions of the community. National interests appeared to have been protected within the framework of the Authority.

Tanzania, on its part, was determined to end what it gave as an over all net loss through co-operation on trade and common services, and to start a process of change towards more balanced division of gains through planned productions, trade and common services expansion on a regional basis in selected sectors especially manufacturing. The transfer tax, the EADB, possible evolution of joint planning under the economic consultation and planning council, appeared to respond to the long-term aim of Tanzania and general achievement of equity in the common market. Tanzania also related the expected evolution to broader, closer, more planned market as a sure route towards political economic and social integration.

In all, the three heads of state each viewed the treaty arrangements as a successful package and a good beginning point for future co-operation. The first three years of its operation were quite successful and even appeared to attract the interest of other states such as Zambia, Ethiopia and Somalia, leading them to express their will to join the community.

4.3. Intra – EAC Trade: General Observations

In looking at the intra-EAC trade, it is necessary to clarify the relationship between trade and political conflict in a regional integration process. There have been arguments that regional co-operation can only survive in the long run if all partners make net gains from the scheme in question and if such gains are equitably distributed. For example if one assumes that the benefits commensurate with trade for a reward structure in a scheme are such that the structure has certain positions attached to it; different member states of the scheme will most likely occupy different positions in this structure. Some will occupy position of preponderance, because of their domination of trade while those with low benefits of trade will remain in inferior position due to their levels of trade in the scheme.

Thus for example, Kenya enjoyed huge surpluses in their inter-country trade with Tanzania in the years just before independence. Such trade imbalances in themselves reflected the differential economic growth of the countries. In 1966, Kenya accounted for 68% of the total manufactured goods for the whole area, Uganda had 23% and Tanzania only 9%. Since wealth creates wealth and manufacturing leads to more manufacturing, a combination of the two would lead to increased economic growth. It was then evident that unless a particular pressure was exerted to correct the situation, Kenya would continue to benefit disproportionately in the use of facilities of the areas common market for its development to the detriment of the others.

Nairobi is more suitably located than any of the other two capitals for serving the whole of the East African Market. Its greater development of infrastructure, better concentration of population and higher industrialization were some of the main factors, which continued to attract investors to Kenya rather than to the other partner states. This would perpetuate the imbalance within the community. In addition, all the headquarters of the common services / organizations were allocated in Nairobi, thus increasing Kenya's influence over their activities and its use of the same as sources of employment for Kenyans.

The main objective of the 1967 E.A.C Treaty was the promotion of co-operation in all fields of economic activity. The case being that this would help member states overcome the limitation of the market size. The market size of a given area depends on its population, GDP and the general pattern of income distribution.

Benefits from co-operation are expected to emerge overtime as a result of exploitation of dynamic economies of scale. These anticipated dynamic benefits are however, not automatic and member states need to work actively to get them. It was expected that in the EAC, increased volume of intra-community trade would create possibilities for exploiting complementaries among production units in all different member states and for promoting inter-country specializations on the basis of comparative advantage. It will also contribute to increase in volume between the member states, thus making the rehabilitation, upgrading and harmonization of services facilities more feasible.

Two consequences follow from the imbalanced trade relations that had evolved between Kenya, Uganda and Tanzania historically. The first is that Uganda and Tanzania are natural allies in any moves to rectify the historical imbalances within the East African setting. This would be true irrespective of what government is in power in these two countries.

The second is that since Uganda/Tanzania trade relations form a very small segment of the total East African trade, a disruption of general relations between them is not so damaging to the community as would the disruption of relations between either Kenya and Uganda or Kenya and Tanzania.

The alliance between Tanzania and Uganda, a natural consequence of Kenya's dominance in the community was aimed at modifying the common market in their favour and at Kenya's inevitable cost. Since a completely lesser affair common market which allows total factors mobility as well as free movement of goods between partner states would, given the historical background, work almost exclusively to Kenya's advantage, the modification of the system would necessarily require introducing physical controls once the free mobility of factors and or finished products between the three countries.

The nature of nation states is quest for power and therefore having any nation in the inferior position in power relation results in a struggle for a common level relations. Thus a political conflicts develops with the root cause being in the uneven trade gains. With this established relationship between trade and political conflicts in regional integration schemes, we now proceed to discuss some general aspects of EAC trade.

4.3.1 EAC Trade

Trade in the EAC was confined to basically two bilateral flows: One between Kenya and Uganda and the other between Kenya and Tanzania. Trade between Tanzania and Uganda was generally very minimal. See table 1

TABLE 1: Direction of Trade in the EAC (annual averages 1969 – 1977) (Value in US & M.)

Country	KENYA	UGANDA	TANZANIA	TOTAL TRADE
KENYA				
Exports		70.0	43.2	113.2
Imports		13.4	17.6	31.0
Balance		+56.6	+25.6	+82.2
UGANDA				
Exports	13.24		1.4	4.64
Imports	72.21		2.3	74.50
Balance	-58.97		0.9	-59.87
TOTAL EXPORTS				147.7
TOTAL IMPORTS				149.21
TOTAL TRADE				296.91

SOURCE: Compiled from Direction of Trade Statistics.

Year Books (Washington DC. IMF, 1974, 1977.

The implication is that a substantial part of intra-EAC imports went to both Uganda and Tanzania. Uganda infact received close to 50% of total imports from the EAC while Tanzania received close to 29% of the same. By and large, a substantial percentage of these imports originated from Kenya. Which control up to 48.7%. see table 2.

TABLE 2: Member States Percentage Share of Intra-EAC Trade (Annual Averages 1969 – 1977 (Values in us & m)

COUNTRY	TOTAL INTRA EAC	TOTAL INTRA EAC	TOTAL INTRA EAC	INDIVIDUAL COUNTR'S INTR EAC TRADE %
KENYA	113.2	31.0	144.2	48.7%
UGANDA	14.64	74.51	89.15	30.0%
TANZANIA	19.9	43.7	62.6	21.4%
TOTALS	147.74	149.21	296.95	100%

SOURCE: Compiled from Direction of Trade Statistics

Year Books (Washington DC: IMF 1974 and 1977.)

4.3.2. Trends in EAC Trade (1969 – 1977)

Prior to 1971 when General Idi Amin took over power in Uganda, trade flows in EAC grew progressively, in the post 1971 era however; these trade flows were largely interfered with. While Kenya's trade with Uganda grew in inverse proportion, Uganda's trade with Tanzania continued to fall. Kenya's trade with Tanzania on the other hand grew at relatively slow space. See table 3.

Table 3: **Uganda's Trade in EAC 1969 – 1977 (value in US and m)**

	Kenya		Tanzania	
Year	Export	Import	Export	Import
1969	21.85	43.83	4.80	3.30
1970	28.13	46.80	5.60	4.03
1971	22.50	53.60	2.30	5.31
1972	21.20	46.20	0.80	2.15
1973	13.70	77.30	0.30	2:50
1974	10.60	66.50	0.03	3.67
1975	5.13	79.35	0.04	0.86
1976	1.81	140.0	-	0.76
1977	2.60	-	0.10	0.26

SOURCE: Compiled from direction of Trade Statistics
Year Books (Washington DC. IMF 1974 and 1977.

Tanzania's export trade with Uganda had a major slow down following the 1971 coup in Uganda. In 1971 for example, Tanzania's export to Uganda amounted to $ 5.3 million but this had fallen to $ 0.76 by 1975. Table 4

Tables 4: Tanzania's Trade in the EAC 1969 – 1977 value in US and m)

	Kenya		Uganda	
Year	**Export**	**Import**	**Export**	**Import**
1969	11.30	-	3.30	4.80
1970	16.60	-	4.03	5.60
1971	22.20	-	5.30	2.30
1972	16.50	-	2.15	0.82
1973	21.40	-	2.25	0.03
1974	27.02	-	3.67	-
1975	22.97	-	0.76	-
1976	30.20	-	0.90	-
1977	3.30	-	0.20	-

SOURCE: Compiled from Direction of Trade Statistics.
Year Books (Washington DC. IMF 1974 and 1977)

Trade between Kenya and Tanzania had grown very positively during the community and particularly since the fall of the Obote government in Uganda. It appears however that the collapse of the community in 1977 affected this positive trend. Table 5

Table 5: Kenyan's Trade in the EAC 1969 – 1977 (value in US & m)

	Uganda		Tanzania	
Year	**Export**	**Import**	**Export**	**Import**
1969	43.80	21.80	25.94	21.90
1970	46.70	28.10	41.30	28.10
1971	53.60	22.50	41.20	22.50
1972	46.20	21.20	45.60	21.20
1973	58.50	14.70	46.60	14.70
1974	77.30	10.60	53.70	10.60
1975	73.60	7.30	56.90	7.30
1976	79.40	1.80	80.00	1.80
1977	125.60	1.00	23.60	3.90

SOURCE: Compiled from Direction of Trade Statistics:
Year Books (Washington D. IMF 1974 and 1977.

4.4 The Collapse of the EAC

An attempt is made in this section to account for the factors responsible for the collapse of the EAC. Five factors are delineated and include an ideological rift between member states in the scheme, uneven levels of development, political trends in Uganda, lack of political commitment to the scheme, and the fragility of the EAC Authority. It is necessary to observe however, that none of these factors alone would account for the collapse of the scheme, rather a combination of them and several others would probably explain the collapse best. We take the view that the failure of the member states to approve the 1977/78 budget in mid 1977 meant the actual collapse of the community although earlier on in the same year, a number of common services had decentralized signaling the collapse.

4.4.1 Ideological Rift

For most of the first decade of independence, ideological rift between Kenya and Tanzania continued to widen. A number of nations within the East African region including Uganda, Somalia and the Sudan also appeared sympathetic to the socialist polices and therefore enjoyed the confidence of Tanzania. Kenya started feeling a bit isolated in the region and appeared to settle for continued invigoration of her strong economic position and maintaining her strong economic relations with her land locked neighbors.

When however, in January 1971, Idi Amin took power in Uganda in a military coup, the political arrangement changed as Tanzania, accorded political asylum to Milton Obote and at the same time refusing to recognize the Amin regime. Kenya stood to benefit from these developments; they gave a tacit recognition to the new Uganda regime merely contending that it is her policy to recognize states and not governments.

The move appeared calculated to isolate Tanzania whose socialist leaning ideology remained incongruent to Kenya's moderate position under African socialism. A policy which in practice, a number of analysts had referred to as "African Capitalism." Finally, the breaking of this ideological axis between Tanzania, Kenya and Uganda and reaction to Amin's take over in Uganda, saw Tanzanian's interest in the community dwindle. Her interest now shifted to the south with more and more association with the Front Line States culmination in the construction of the Chinese funded Tanzania – Zambia railway (TAZARA)

The real differences in ideology between Kenya and Tanzania appeared to be pronounced on the role of foreign investment in development. Kenya's Sessional Paper No.10 of 1965 on African Socialism and its application to planning, which became her main development guide together with other associated government documents had placed a major emphasis on the role of foreign investments in her development. To the contrary, Tanzania's Arusha Declaration of 1967 explicitly de- emphasized the role of foreign capital in that country's development. The result was that capital influx especially in the manufacturing sector grew asymmetrically in the two EAC member-state. The flow of foreign capital in Uganda had remained insignificant in the EAC days before the Amin regime. Nevertheless, during Amin's regime, capital flight from Uganda became overwhelming. This was particularly so following his nationalization of foreign investments, the expulsion of the Asian community in Uganda and the following political unrest in the country.

Seen in another way, Tanzania conceived the idea of self-reliance as an important factor of regional integration, because as it was then argued, it is a day-to-day pointer to the purpose of the latter. Among other things, regional integration seeks to increase the effective size of the areas of interaction among the people of participating states. The E.A. Community for example would increase the effective size of the market of the three states and consequently maximize their economic benefits from it.

But the participation on a large scale by foreign interests tends to defeat this purpose because it frustrated the efforts of the indigenous population to benefit from the increased size of the market. The foreign enterprises, as branches of more powerful international business concerns, are more powerful than their local counterparts and would therefore enjoy unfair advantages over them in competitions within the market of the community.

Consequently, the community would end up serving better, the desires of external powers to maximize external resources than the interests of the partner states to maximize their local and regional resources.

As early as 1962, Kenya produced close to 60% of East Africa's gross product in manufactured goods. This percentage increased with capital influx in to the sector because of her enabling policies. By the time of the collapse of the community in mid 1977, a substantial percentage of the manufacturing concerns in Kenya were foreign controlled. The trade in the EAC was basically in manufactured and semi-manufactured products and therefore the foreign firms operating in Kenya by inference controlled substantial part of intra-EAC trade. Obviously, Tanzania would not view the situation with satisfaction as they saw intra-EAC trade as basically flooded with foreign owned goods.

Tanzania developed a feeling that the intra-EAC trade appeared to benefit only the foreign investor community in Kenya and which appeared to gain unduly from the community markets in Uganda and Tanzania. The feeling of mistrust intensified with Tanzania and Kenya engaging in bitter press war ending up at one time in the closure of the two countries boarders.

4.4.2 Uneven levels of development

For various historical reasons, development among member states of the EAC was unevenly distributed not only in the industrial sector but also in the service sector and trade. This asymmetry in levels of development posited a problem that predates political independence in the three member states. At the time of signing of the treaty establishing the EAC, the issue remained unresolved although it appears the leaders chose to slow it down during the negotiation with the hope that the newly established institutions would find a solution to it. Unfortunately, an answer was not forthcoming and instead the situation deteriorated.

The result of this asymmetry has been a back-wash effect where gain from co-operations are concentrated in only one member state, instead of the spread effects in which gains from co-operation are spread evenly among the members-states of a scheme. While such a state would have been re-addressed by instituting certain corrective measures, this attempt was reduced to becoming ineffective because political capital was insufficient. In the ultimate end, the political will required to give the scheme a float was soon to be exhausted by the controversy of gains from co-operation.

Indeed all through the evolutionary period of integration during the colonial period, the main issue hindering smooth integration process had been that of distribution of benefits within the community. The main problem being the question of the inequitable distribution of the benefits of the community and at the same time strike a balance between the interests of the three sovereign states and those of the regional entity. The economic community of the area during the colonial times was unplanned, and blind market forces were unable to bring an equitable distribution of industries and other benefits. There was no attempt to use the instrument of economic policy to ensure justice for the partner states.

The emphasis was not on mutually rewarding interdependent relations among the participating countries. Infact, the motive force of the colonial arrangements was to create a larger market for the benefit of the economic activities of the white settlers in Kenya. Consequently, the community acted as a free trade area in a situation of great inequalities among the partners without any provisions for redressing the imbalance of the unequal benefits that might accrue to the members because of their different economic strengths. Such lack of concern for the benefit of the different countries was possible during the colonial times because the colonial regimes were not accountable to the peoples of the different countries. As soon, therefore, as regimes emerged which took the interests of their people into account, it was obvious that the question of differential benefits would be significant. Otherwise, Kenya would have continued to use the association as an instrument of its development to the detriment of developments in the other states.

Many observers now agree that the community could have probably survived should adequate mechanisms for addressing the problems of mal-distribution of gains from the scheme been instituted. Generally, they could have been mechanisms of political nature, which again for various reasons were difficult to initiate.

4.4.3 The Internal Political Problems in Uganda

On January 25, 1971, a military coup took place in Uganda. The causes appeared to concern questions of internal military organizations and relations between those concerned with military policy and decision-making. The coup brought General Idi Amin to power and Obote moved to Tanzania, where with diplomatic support of President Nyerere, he appeared to mount an endeavour to make a come back to power in Kampala.

Tanzania therefore snubbed the new regime in Kampala, humiliated her diplomatically and finally refused to recognize the new government's appointees to the East African Community. Relations between Uganda and Tanzania deteriorated fast culminating in the closure of their borders, baring of Minister Malecela from Uganda and finally, the refusal by authority to ratify. the Appropriations Bill of the East African Community.

Relations between Uganda and Tanzania changed soon after Idi Amin came to power in Uganda. The change of relations had direct effect on inter-country trade as already discussed elsewhere. It indeed affected the entire configuration in the general transactions in the community, as the success of the scheme had been pegged on the stability of the relationships of the co-operating heads of state. Any change in the relationships between the member states would normally affect the country configuration of the scheme. The Dar-e-salaam/Kampala fall out therefore resulted in the slow disintegration not only of the relationships between the countries but on a major alteration in the general EAC relationship framework. Because of the limited number of the membership, any such desegregation meant a major disruption of almost the entire authority.

Trends in Uganda in the early days of Idi Amin did not appear to have noticeable effects on the countries relationship with Kenya. However it did not last long before the Kenyan nationals working in the various community institutions including students at the famous Makerere University started disappearing mysteriously. The situation was further aggravated when the Uganda government nationalized the assets of the various Kenyan industrial concerns located in that country. This affected various subsidiaries of Kenyan based companies operations in Uganda such as Car and General and the Uganda Breweries.

In 1976, Amin laid claim to large chunks of Kenyan land asserting that the Kenya/Uganda boundary lay somewhere nears Naivasha. Kenya responded by mobilizing troops along the border with Uganda, declaring it closed several times. The famous Entebbe raid followed when the Israelis rescued their nationals involved in a hijacked plane. Kampala believed the successful rescue operation had been facilitated by Nairobi. But Uganda being a land locked nation and still depended a lot on the Mombasa Port even though they made efforts to use some other expensive routes.

These incidents not withstanding general relations between Kenya and Uganda during most of Amin's period inhibited a move towards greater co-operation, on the other hand, these trends in Uganda affected their relations with Tanzania more. Indeed, Tanzania out rightly indicated that she would have nothing to do with Uganda under Idi Amin hence by 1977 when it became evident that the community would collapse, inter-state relations between member states of the scheme were literally sour. Commitment to the community was at the low ebbs and no necessary political capital to keep the scheme afloat was left.

4.4.4. Lack of political commitment

By the time of signing the 1967 co-operation treaty, economic integration in the region had been progressively improving and community was regarded as one of the most sophisticated integration scheme in the whole of sub-Saharan Africa. It already had a common transport system, communication and research services, a common currency, a common university and a common external tariff system. However, after the treaty was signed, most of these institutions and concepts began to disintegrate one after the other.

Analysts attribute this phenomenon to two broad reasons; one, that economic integration before political independence in East Africa was a colonial creation given to the East Africa economies almost at zero-option. Hence, what most likely kept the co-operation going on then were the machinations of the colonial government as the creation was theirs. After political independence, East Africa leaders found it increasingly difficult to nature it. The enthusiasm for federation displayed during the first few years of independence remained a mere desire probably fuelled by the Pan-Africanism euphoria. In other words, there was no political commitment to keep the integration process they had inherited. Secondly, and more importantly, there existed evidence showing that the other EAC member states were envious of Kenya's dominant position even before the scheme was established. The issue of fair distribution of benefits from co-operation had featured in the Philip Commission which formed the basic recommendations for the EAC treaty. The failure of the community institutions to effectively redistribute the benefits as envisaged by the treaty gave Uganda and Tanzania clear signals that the shortcomings noted during the pre-independence days appeared to have been carried on to the new organization. This situation heavily undermined their political commitment to the initiative.

Perhaps the role of the authority as the supreme decision making body in the EAC accentuated this problem of dwindling political will more. The centralization of decision-making scheme was hazy and posed a fundamental problem for the organization. A strong secretariat charged with an aspect of decision-making in the organization would probably have been more immune to the political problems, which gravely affected it.

4.4.5 The Authority

The treaty established an authority to be known as the East African Authority, consisting of the Presidents of Tanzania, Uganda and Kenya. If any of these three members was to be unable to attend its meeting for any reason, he had to after consultation with the other two members, appoint a person holding office as a Minister to represent him at the meeting.

The authority as the principal executive body of the community had a number of functions such as general executive functions, formulation and implementation of policies and conflict resolution. The implication was that the authority was vested with the powers to have the final decision whenever there was no unanimity in any of the other subordinate executive institution.

Article 3(a) of Annex XI of the treaty provided that a member of the authority could object to a proposal tabled by another member and such a proposal would not be deliberated on or passed until such an objection is withdrawn. In practice this clause necessitated consensus of the members on all issues under discussion. But since the coming of Idi Amin as the leader of Uganda government and subsequent refusal of Tanzania to recognize the Amin government, the authority literally grounded to a halt, as there were no meeting for quite sometime. Nyerere had a decided dislike for military regimes. In the Ugandan case, it was even worst, as Nyerere appeared to have personal liking for the Obote policies under the banner of moving to the left. With the central decision-making organ, the Authority almost paralyzed; the scheme had no way of continued survival.

4.4.6. The Authority and the Uganda Problem

An interesting aspect of the problem was that while a financial crisis existed, it was not funds that the community lacked but an authorization to spend the funds. Unlike the United Nations which depends on its finances on the regular contributions made to it by Member States according to an agreed formula, the East African Community was the collecting agency for the income tax and the customs and excise duties of the three partner states. The community retained a portion of the collection while the rest distributed to the constituting states.

In a sense therefore, the U.N. and the E.A.C. could be seen as in exactly a reverse dilemma: the former for example in a number of cases where a large peace keeping force is required in a country area, would have the right to authorize expenditure in a peace – keeping operation, but there would be no funds available, while the latter on the other hand had funds but no authorization would be possible. In other words, before the E.A.C. could appropriate its budgetary allocations, the appropriations bill had to be passed by the East African Legislative Assembly, and signed by the three heads of states constituting the E.A. Authority.

The issue of the Uganda official appointments to the community which became a sore point was as follows; The Nairobi session of the E.A.L.A. in May 1971, had passed the 1970/71 estimates of expenditure of the General Fund Services of the Community amounting to over £ 15 Million, but the bill had not yet secured the signature of President Amin of Uganda. The new Uganda Government then made several appointments to the various community institutions including those of Dan Nabudere to replace Okello – Ojok as Chairman of the East African Railways Corporation Board and Justin Okot to replace Wilson Lutara as the Director General of the East African Airways Corporation.

Uganda took the position that these appointments, according to convention, were a prerogative of the appointing state, and once they were made, they had to be accepted by the other partner states without questions provided they were informed about such appointments either directly or through the Secretary General. Tanzania on her part refused to accept this interpretation of the procedure of appointments, and argued that since such appointments were to be made according to the treaty by the authority, convention required prior consultation among the three governments even before the appointments were announced. Tanzania consequently regarded these appointments as irregular. This incident really illustrates the lack of conflict resolving institution within the community.

4.5 Conclusion

This chapter has considered the dynamics of integration with specific reference to the three countries of East, Africa, i.e Tanzania, Kenya and Uganda.

Clear as the case may be for steps to integrate the economies, integration has not been a panacea for the development problems of these countries, as evidenced in Post-Amin Uganda. In the circumstances, integration should not constitute the only or overriding objective of economic policy in the area. There does not appear to be a full substitute, for the trade of the countries of the region with the advanced markets of the world, especially given the commodity structure of their exports and the need for imports of capital goods and some raw materials for industries established on a regional basis.

Available data indicate that a number of consumer industries based in Kenya have their other main market in Uganda and Tanzania. The region has a variety for natural resources and the production of many consumer and intermediate goods appear feasible. Therefore, movement of goods within the region would be a spur to the establishment of new industries and to the expansion of the existing ones.

But this by itself may not be quite sufficient. Perhaps of utmost importance is the creation of an environment in which industrial investments, both domestic and foreign, are attracted and coordinated. The implications are a mechanism that makes possible a region-wide investment plan, avoiding duplication and encouraging complimentary industries. This will serve to make the best of the regions resources. The role of such a mechanism would be enhanced if economic aid could also be geared to the development needs of the whole region.

The obstacles and difficulties of integration cannot be under estimated. We have concentrated mostly on policies of economic, financial and administrative nature. It is also clear that political factors, namely, the political will to cooperate, is of cardinal importance. The creation and successful implementation of any regional economic community will ultimately be a function of political decisions. Economic nationalism and policies of national self-sufficiency could thwart moves toward integration and cooperation. As to economic factors, it is established that all sectors ranging from industry to agriculture are critical. However, the development of agricultural sector has the role to support the enlargement of the market for industrial products, as well as providing funds for the establishment of new industries.

With regard to the other preconditions, the three partner states may be considered on balance. The habits of cooperation is already well established; the countries have a common past; several common institutions with varying degrees of cooperative success already exists, have common languages, all the countries are associated with the EEC and above all, they are all at a relatively early stages of development when the problems of integration are still easier to solve. Admittedly however, the countries vary in size and in some instances, in the level of their economic development.

CHAPTER FIVE

5.0 ASSESSMENT OF THE DYNAMICS OF REGIONAL INTEGRATION AND DISINTEGRATION

5.1. Introduction

The objective of this chapter is to present an assessment of the dynamics of integration and disintegration in the East African regional cooperative scheme. Having defined integration as the process of uniting nations in terms of economic, political and social interactions, we shall now concentrate on forces that militate for or against the process.

More specifically, we shall focus our assessment on geopolitical factors and others related to costs and benefits of an integration initiative. This will enable us to bring out the factor of commitment as discussed in the previous chapters and have national interests a highlighted. Costs include government revenue loss as a result of implementation of the tariff – reduction programme, and secondly, the member states direct contributions to the organization's budget. Expected benefits on the other hand include those from intra-community trade as well as developments in the service and productive sectors.

We start by presenting the various stages of integration and an overview of a number of functional activities common in such processes particularly in developing countries.

5.2. Stages of Integration

There are various levels of integration and the gains from it will depend to a large extent on the degree so far achieved. The simplest and beginning point is the most-favored nation arrangement, which typically stipulates that any reduction in tariff on products which is granted to other countries subsequent to the granting of most-favored nation status to a country will also automatically apply to the most favored country.

The next is free trade area sometimes referred to as preferential trade area, a number of neighbouring nations go into a mutual agreement to reduce or eliminate tariffs among them, but each one of them still maintains separate tariffs for non-members (third countries). The most common problem with this arrangement is that relatively low-tariff member countries would be tempted to import goods from outside the agreement zone for re-export to member countries. Even with strict rules for the origin of goods, this problem persists and begins to become a major cause of conflict in the management of the agreement.

A customs union differs from a free trade area because the member countries agree to a common tariff wall for non-members while, the next level, a common market possesses all the attributes of a customs union - common external tariff and free internal trade plus the free movement of labour and capital among partner states. The final and most advanced level of integration is the economic and political union. It is also regarded as the ultimate goal of regional integration, as it goes beyond the elimination of real and perceived barriers to factor mobility and the movement of goods and services. Economic and political union is usually accompanied by monetary union among member states, whereby they yield their control over fiscal policies to a supranational institution. The erection of common external tariffs facilitates import substitution on a regional scale, bringing into employment otherwise idle factors of production. An enlarged regional market is expected to facilitate the realization of economies of scale through the utilization of full productive capacity of firms or industries leading to decrease in the cost of production per unit of output. The E.A.C. had a common market as a major component though it turned out to be more of customs union because it did not provide for free movement of labour and capital between the partner states.

Sometimes, these regional integration frameworks have also been categorized, on the basis of whether or not it entails the removal of trade barriers or the adoption of common policies. Thus most-favored nation arrangement, free trade area, and customs union, which involve the elimination of trade barriers, are manifestations of "negative integration" while common market and economic union denotes "positive integration" because they usually require institutional edification and policy co-ordination. In general, the more advanced the level of integration, the greater the incidence of positive integration.

5.2.1 Functionalist Strategy

This approach refers to a mere functional cooperation by participating countries. Conceivably, this road to regional integration does not require member states to part with any of their autonomy. It merely entails and encourages inter-governmental cooperation. Two strands are distinguishable in the functionalist thinking both at the populist and academic levels. The first strand of functionalism aims at the eventual creation of some form of international state, but places its faith in slow pragmatic growth and shuns all formalism, blue prints for the future, or constitutional mongering. This strand of functionalism differs from federalism only over means and not ends. It is "federalism without fears."

The second and more sophisticated strand of functionalism differs from federalism over both ends and means. The goal of functionalism as understood in this school of thought is not a world in which communities are held together by a means of interlocking, overlapping cross-knitting loyalties based on specific shared interests. In this functionalist view, the nation-state is not so much sublimed into a larger unit, as the federalist would wish, but dissolved into a network of international loyalties. Mitrany 1942) believes that the state can gradually be emptied of its welfare function so that it is left to exercise only purely political functions of security and defense.

However, the two strands of functionalism share much in common. They both hold that the most desirable route to international community cooperation is in solution of common problems. That the course of events begins with the modest institution of functional programs concerned with specific needs and develop by means of technical self-determination and organizational mitosis. They both submit that existing needs give rise to appropriate tasks, which by virtue of the distinction between "welfare-oriented" tasks, are expected to give rise to a new and more wholesome international configuration of relationships. But, the approach is beset with a number of major weaknesses. First, the suggestion that the state can eventually be reduced to its security and defense function, in effect to the old liberal "night watchman" state of early 19th Century, is unrealistic[3]. All the states functions are linked ultimately to security and defense functions, and try to separate the two sets of functions, one becoming international while the other remains national, is fruitless in that national concern with generality and defense will always cut across the attempts to internationalism.

5.2.2. Neo- Functionalism

The proponents of this strategy contend that while the federalist approach may be ambitious by asking for too much too soon, the functionalist approach appears to be non-committal and lackadaisical. Hence, a common ground is proposed which is a hybrid of the aforementioned strategies. The Neo-functionalist strategy posits that regional integration can best be achieved via a creation of specialized administrative institutions at the trans-national level, which shall endeavor to demonstrate the relevance and worthiness of regional integration to member states. If they are successful with their modest tasks, the argument goes, the supranational entities would be accorded more competencies by member states. (Lodge, 1983, Haas 1970)

Whereas functionalism was primarily a response to concern with how to order international relations after the catastrophic wars, neo-functionalism was a response to the need to relate and apply functionalist ideas to the integration experiences in Western Europe and other regions. This response resulted in a reformation of functionalism in several important areas. Neo-functionalism has, in common with functionalism, an acceptance of the determining nature of economic, social and technological environment. In other words, it has an emphasis on economic welfare and technical cooperation which, stress on utilitarian factors in community-building. In all these areas, neo-functionalists elaborated and expanded on functionalist thinking. Because of its success in Western Europe Neo-functionalism is now gaining popularity for application in other regional integration initiatives.

5.2.3 Structural Functional Interactions

Gabriel Almond and G.B Powel in the work, comparative policies. Developmental approach have explained the various processes of political interactions that are continuously in action within a nation state. The processes identified and which inform integration are; interest articulation and aggregation, socialization, rule making and rule adjudication.

The functional approach is based on the concept of human society as a system of behaviour. That a given political unit, whether it be a district, province, country or an international organization is viewed as an organic entity having certain structures that order of limit the social, economic and political institutions. These structures are related to each other in a web of interactions which, taken together forms the social system of behaviour. To maintain the existence of the system as a whole, the structural mechanism of the system, of necessity, performs certain functions through some mode of division of labour.

A socio-political system must react to the pressures generated within its population and must formulate public policies that respond to these pressures if it is to maintain itself in a state of equilibrium. It is recognized however, that each different system has its style of governing. A democratic political system may more often respond to pressures by granting, within limits, the demands that are pressed. A totalitarian society may more often respond in a repressive manner in order to maintain the status quo. In general however, no totalitarian system is totally repressive and no democratic system is totally permissive. Between these two extremes, there are various gradations, yet every system must perform the same functional steps; the different methods of doing so however, result in the diversity of governing styles.

(i) Interest articulation and aggregation

A political system has been viewed as the authoritative source of the allocation of values for a society. It is the focal point for the distribution of wealth, power, and status for members of the society. But men are not all alike, different groups tend to prefer different patterns of distribution and hence, the various competing groups.

Interest articulation and aggregation is a phrase that has been used to refer to the general process by which demands of various groups are formulated and transmitted to the political system for action. The most common such groups are trade unions, professional associations, non-governmental organizations and the individuals. The governing structures of the political system are made up of individuals who may belong to these groups and its common to find that in Africa these interest groups are often allied with political parties. In regional governmental organizations, interest articulation and aggregation units may be made up of blocks of nations, which share certain common value positions.

The function of interest articulation and aggregation is performed through a complex network of communications between the members of interest groups and the formal governmental institutions. By means of these networks, the governing officials can manipulate important slogans and symbols to mobilize support for the general maintenance of the system.

In a social system, the interest group structures and activities may provide information about the nature of the system and the governing authority will reveal something about the extent of democratic participation. The scope, nature and intensity of interest group activities may serve as indicators of the degree of private identification with and support for the government. In this regard, these groups can be a pointer as to the nature of support for integration process.

Three factors facilitate the development of sustainable interest group structure in regional organizations. First it that each member state of the organization should have a number of well-organized interest associations of the same type as each domestic group. Thirdly and most important, the interests representing a wider range of fairly specialized business, labour, agricultural and professional interests. Secondly, these associations should be able to search out and combine with their exact counterparts in the other states of the organization in order to form transnational interests represented by the various domestic groups should not be too similar; there should be some diversity in interests and activities between members of the same transactional interest association. There can be situations where destructive competitive rivalries arise from situations where persons already, suspicious of each other due to previous nationalistic antagonizations are compelled to compete with these foreign counterparts for a limited share of exactly the same market. This is a common phenomena affecting integrative efforts in the developing world. Indeed, it may be observed that the success of regional developments in the third world is dependent on the ability of interest group leaders in these areas to transcend their own fears and limitation, of their political environment in order to create viable transnational associations.

(ii) Socialization

The concept of socialization refers to the process of inculcating individual members of the system with the values of the social system. Individuals are induced to identify with and give their political loyalties to the system as a whole. This is critical to all political systems, whether they be democratic, totalitarian or authoritarian. Even in systems where the mass population is apathetic or has been coerced into loyalty, there could still be several competing elite groups, or factions within a single elite, which if alienated from the system, can force severe disturbances to development.

Socialization is performed at different levels of individual cognition and by different appeals. For example, the ideologies of socialism and capitalism appeal to economic well being of the individual member. Other appeals, such as patriotism, religious, cultural and ethnicities are more subjective but can be exceedingly effective.

The function of socialization may be cited as even more crucial to the success or failure of regional organization than it is to continued existence of nation system. Multinational organizations are voluntaristic in nature. They have little coercive force either to bring new members into the association or to force the will of the system. Furthermore, their nature is to bring a shift in loyalties from a well entrenched mode of political organization, the nation state, to a vague and uncertain substitutes at the international level.

The process of socialization may be aided by a number of factors. For example, in the East African situation, artificial political boundaries have split communities such as the Luos who are found in all three countries. Social and cultural interactions continue among them regardless of which state they may be.

Such daily interactions or private individuals may result in destruction of parochial loyalties and antagonizing and development of transnational identification congruent with the values and goals of international integration.

Thus socialization has a broad functional role to play based on diverse appeals and is performed by many different structures within the system. Loyalty to the values and goals of the system may be induced through the various benefits such as economic, religious ethnic etc. Others may be the various government structures, interest articulation and aggregation groups and the diverse cultural agents such as schools and churches all acting functionally in aiding regional integration.

(ii) Rule making

The complexity of human relations requires some degree of structural regulations in the form of laws and norms. In less developed, non hierarchical political systems such as that currently obtaining in international politics, there are virtually still no formal rule making structures. Rules are arrived at through custom or through some ad hoc arrangements by individuals. The shortcomings of such a system can be obvious. The content of the rules is vague and may vary according to time and place of application; and such rules may be slow to change or, at the other extreme, may alter immediately at the will of a strong member of the society or even upon some extraordinary event.

When formal rule making structures are established either by consent of the governed or by the unilateral assumption of power by an individual or a group, several changes in the nature and the rules may be observed. First, the rule become public; there now exists an authoritative source from which members of the system can ascertain the content of the rules and which norms of behaviour will be enforced by the governing structures of the system. Second, the content and subsequent application of the rules becomes standardized. Third, a process is established whereby the rules may be changed with the changes being made public.

The cited distinctions between less developed non-hierarchical systems and those systems with some form of structured rule making apparatus are not the only ones to note. In structured, rule making systems there are differences between organizations operating on confederal principles and those based on a more centralized form of government such as federal or unitary systems.

Generally, regional organizations have been based on confederal characterized by rules, which are formulated through consensus among the members. While the same members retain the freedom of action to leave the organization and to revoke their consensus to the existing rules. Sometimes a state remaining within the organization may still assert the right to interpret unilaterally the rules to which it has consented. Furthermore, the executive bureaucratic structure of the organization is given little or no power to formulate and implement rules.

In other word, the entire rule making, enforcement and interpretation process is dominated by the individual states. The members of a confederal system retain a freedom of action.

In a number of cases, an examination of the treaty establishing a regional organization could present an inaccurate pictures as to the degree of centralization in that organization. However, a system's integrative status is best determined through a study of its activities in action. How much for example is the executive bureaucracy of the organization granted the authcrity to formulate and implement policies within the framework established by the member countries. Does the selection and tenure process give the organization's officials a significant degree of freedom from member state government and do these officials have a major voice in the expenditure of funds.

These are the type of issues, which are necessary preliminaries that arise when examining the structural integration of the rule making process in regional organizations.

(iv) Rule adjudication

Rule adjudication function refers to the authoritative interpretation of the rights and duties of the system. It is a function usually performed by impartial, judicial agencies such as courts of law.

Judicial structures exist to preserve and enforce rules of behaviour and to provide continuity for the future through the act of applying old plans to new situations. The basic purpose of interpretation is to use the existing law to settle specific case and to establish rights and duties for the future under the law. In addition, the concept of judicial impartiality precludes at least in theory the type of partial consideration involved in the creation of rules. Indeed, the concept of an impartial legal system can be a major factoring creating a sense of legitimacy about the political system as a whole.

The functional approach discussed in the foregoing paragraphs have two purposes. One, it permits good understanding of the decision-making processes and structural characteristics of nation states and regional organizations. Secondly these functions are also criteria by which we can measure the current state of and future success prospects of political integration in the various organizations.

5.3. Geopolitics and the Cooperative Relations among Nations

Geopolitics refers to the effects of a countries geographical position on its politics. A German, Fredrich Ratzel (1896) coined this term sometimes during the second half of 19^{th} century.

Geopolists approach to inter-state relations look at the issues involving man's relationship with the environment. The study holds that geographical position of a state; that is means of communication, roads, railroads, waterways etc. are instrumental in determining a states relationship with other states. For Karl Haushofer (1942), geopolitics represented the relationship of political phenomena to geography; the same view was held by Margret Sprout (1958) who believed that geography was an important factor in explaining political behaviour. In other words, geographical position of a state conditioned her relations with the other states.

Mahan (1965) on the other hand believed that access to important waterways influenced a nation's policy behaviour. He concentrated on the impact of naval power upon political potential, postulating further that nations with ready access to the oceans had greater potential for major power status than states which were landlocked. The landlocked states always strived to cooperate with those states so as to get access to those important waterways.

Mackinder (1904) on his part considered technological development of land transport as crucial to a state's development and her relations with the other states. He of course must have been emphasizing that transnational railroads, roads and waterways helped to facilitate inter-state relations.

The three East African countries of Kenya, Uganda and Tanzania for example each share common geographical boundaries with each other, Lake Victoria, the second largest fresh water lake in the world is shared in a common geographical boarder of the three nations, Kenya and Tanzania both have a common coast on the India Ocean and the colonialists already developed common service infrastructure to serve the whole region.

Clearly, the three countries are near each other and are neighbours as the result of which they are dependent on each other for trade. That interdependence made it imperative that they cooperate so long as there was peace among them.

5.4. The Equitable Distribution of Costs and Benefits Debate

This debate revolves on the presumption that in any cooperation scheme, participating states would derive benefits in accordance with the level of investment capital and other resources they have made available for the venture. The issue of equitable distribution in an integration scheme is however, known to be much more complex than the use of mere numbers or quantities based on proportional contribution. Benefits from an integration project include many other aspects often not quantifiable such as multi-national industrial installations, which in themselves provide employment opportunities, and larger markets for the finished goods. While we may be able to quantify some of those benefits, a sizable percentage of such benefits are along term and therefore only realizable as cooperation gathers momentum.

In any integration initiative involving more than one state, the issue of equitable distribution of costs and benefits will always arise. In all the multinational organizations, it is a major problem of discussion because any free trade area, a common market or even a customs union implies that members will of necessity derive more benefits as a matter of course.

In the case of East African Community for example, in a planned development, three industries would be allocated, one each to every member state, looking at the problem from arithmetical terms, one would assume that there is fare distribution of industries. Yet on the other hand, the question that immediately arises is whether the advantages to be derived from these industries would be the same for all the three states. While one industry could be labour intensive, providing more employment opportunities, the one other could be capital intensive, the result being that profit margins would be different according to the final products. The resultant advantages from the co-operation scheme would at different levels.

Furthermore, the inequitable distribution was more likely to occur in the East African Community because of the varying levels of development among the three member states. Kenya being more developed was favourably placed to reap the highest benefits. The attractions in a more developed status influenced the polarization of development in her favour at the expense of the other member states.

Dis-equalising evidence increased as the other less favoured member states were unable to produce goods required by Kenya. There was therefore only little spillover of development shared among the member states. On the other hand, the consequent losses borne by the less developed members was relatively absolute.

In general, there is no hard and fast rule regarding how the costs and benefits of cooperation can be distributed and the problem could vary from one sector to another. For instance, the allocation of industries in an industrialization scheme, between the more and less advanced nations call for a careful balancing in industrialization, so that the more industrialized states will not industrialize further while the least industrialize ones stagnate. In other words, the issue of equitable distribution does not only arise among partner states of disparate development levels. Even where such levels appear fairly even, great concern may be placed at a disadvantage in a strategic economic sector. Quite often, one partner may be advantaged in a sector while disadvantaged in the other. The main guiding principle should be striking a balance between anticipated losses and gains.

Yet another factor in the distribution of benefits in an integration scheme is that each member state usually views and interprets the principle of equitable distribution in the light of its own experience and expectations. The main considerations that persuades states to commit themselves to cooperate in the development projects with other states is the expectation of benefits it will accrue from such projects. This is a problematic issue as a picture is portrayed that the scheme is less advantageous to a given state and therefore not in her interest.

Kenya's predominance in intra-East African Community trade has been resented by the other partner states throughout the history of this integration process. Such resentment could also be understood in the light of Mazzeo's (1980) argument that though differences in the development level of member states may be slim, the general low level of development in the developing regions, accentuate them, making small inequalities loom large. The low level of development affects inter-country cooperation pervasively, by making the science of gains a very sensitive and untractable issue. It makes imperative a search for immediate results by all member countries, forcing them to take often-uncompromising positions. The least developed members of the group find unbearable even a small loss of revenue from trade liberasation, while the relatively more developed are usually not in a position to offer adequate compensation.

5.4.1 Production Sector within the East African Community

The overriding problem of lack of complimentary in the East African Community made co-operation in the field of production absolutely necessary. The member states were basically producers and exporters of agricultural and other primary products while they imported manufactured consumer goods, capital goods, fuels and industrial inputs. Table 6 below, shows the two main export and import commodities in the community as an illustration of the point.

Table 6 – Main export and import commodities of the community member states

Country	Exports	Imports
Kenya	1. Coffee 2. Tea	1. Crude Exports 2. Transport equipment
Tanzania	1. Coffee 2. Tea	1. Petroleum products 2. Machinery
Uganda	1. Coffee 2. Tea	1. Capital goods 2. Manufactured goods

Source: Compiled from: The PTA Business guide (Nairobi BP & Marketing Ltd 1991

Industrial development in the region was haphazard and uncoordinated. This led to high costs and retarded industries scattered all over the region. There was unnecessary duplication of industrial formation, a fact which led to difficulties in the regions attempt to develop large-scale industries.

As the result of this non-complementarity in production, the expansion of intra-regional trade could only be achieved by changing the industrialization approaches in the region. Because the intra-regional trade was largely confined to non-traditional products, particularly manufactured goods and basic foodstuffs, distribution of benefits tended to favour the larger regional market of Kenya. This situation on its part was one of the causes of imbalances that led to dissatisfactions.

Co-operation in the production sector refers not only to the industrial, but also to the agricultural sector. The agricultural sector is the mainstay of the economies of the region as illustrated in table 6. Programming of industrial and agricultural sector is therefore of Paramount importance. Such an approach would have the effect of increasing efficiency through specialization and establishment of resource based regional industries at a faster rate while carefully countering industrial polarization tendencies.

Table 7: Industrial and Agricultural sectors as a percentage of Total GDP

Country	Industry	Agriculture
Kenya	13%	29%
Uganda	4%	70%
Tanzania	6%	50%

Source: Compiled from country profiles contained in the PTA Business guide 1991

Agricultural production depends largely on the utilization of natural resources such as land and water, which are unequally endowed among member states. Co-operations in this area would facilitate country specialization and complementarily. Again this emphasizes the concept of regional planning as opposed to national planning a stage which the regional organization did not reach.

5.4.2 The Ideological Divergences Issues

We have discussed the main divergences in ideology pursued by the three member states of the East African Community in chapter four. We established that Kenya encouraged investment by multinational enterprises while Tanzania so restricted private investment generally as to discourage potential domestic as well as foreign private enterprises. On the other hand, foreign firms played and important role in the management of parastatal enterprises and in a variety of other ways in Tanzania. In both countries, however, the government policy was a decisive factor in the determination and scope of the activities of the multinational enterprise. Kenya government believed that foreign investment would promote the development of the economy within their defined general facets as laid down. Indeed, one would say that such a belief was broadly correct although there could be the contrary argument that the costs may be higher than necessary.

The Tanzanian government on the other hand believed that private investment and specifically foreign investment unless when very narrowly restricted would inhibit the development of the country as per the objectives laid down in its plans in the Arusha Declaration. To the extent that such objectives relate to the growth structure and distribution of the national income. Tanzania had as one of the main objectives; the elimination of private ownership of the major industries and the establishment of centralized control over all industrial activity for political or social reasons and hence the incompatibility of the notion of foreign ownership of industry and her defined national objectives.

What appears evident is that the success of any government policy can only be judged against the objectives it has designed to achieve and that there are a variety of broader economic issues with respect to the effect of the private investment of multinational enterprises in a developing economy which became the subject of much controversy in East Africa and indeed elsewhere in the developing world.

There are those who argue that direct private foreign investment inhibits economic development because it drains wealth from the economy, intensifying international inequalities and promoting increasing poverty in the less developed countries. This school of though further hold that direct private foreign investments retards or prevents the development of economic independence because it prevents the establishment of full government control over the economy which is necessary for the implementation of an efficient strategy of economic development and because it amounts to perpetuation of structural dependence. This argument continues that direct private foreign investment gives rise to imperialist economic exploitation, the elimination of which is necessary if economic development in the full sense is to proceed most rapidly.

A number of scholars however now tend to agree that economic independence of a country is not necessarily threatened by extensive foreign investment, although there are circumstances in which it maybe. Quite often, the important issue does not relate to economic independence as such but whether or not state intervention in a variety of ways would increase the contribution that multinationals can make to the economy.

The noticeable weaknesses of less developed countries and the lack of confidence they frequently display, which is often a product of their past experience of colonialism and subordination often leads them to underestimate their power to effectively control international business within their frontiers if they want to. More potential threat of nationalization could provide even a stronger leverage for control than actual nationalization, especially if the country lacks the capacity to manage industry without extensive foreign help.

5.4.3 Problems of Trade Liberalization

In chapter one, we discussed how the classical liberalization approach to integration among developing countries has long been discredited. The East African Community treaty of 1967 however still included as a central theme, clauses aimed at achieving trade liberalization, despite the known phenomenon that these liberalization programs have not lived up to expectations in the developing world.

In the East African Community case, there soon arose national differences including those related to varying degrees of reliance on tariffs or import restriction, varying scope and coverage of import charges and fiscal taxes.

It appears that trade liberalization, as a strategy for integration will only work well in developing countries if all the points of disparity already discussed in earlier chapters are anticipated and accordingly harmonized.

It is also important to note that tariffs are a self – interest national taxation instrument available to the state to be deployed in the raising of revenues or the allocation of national economic resources. Thus the tariff carries with it certain degrees of flexibility. Tariff harmonization tends to remove such flexibility from national authorities. The removal on the other hand imposes constraints on the states freedom of action. The establishment of a common tariff and any changes to it can be achieved through common consent. The degree through which this could be achieved in the community depends a lot on the available consultative machinery, and the speed and efficiency of its working, which did not appear to have been catered for in the community treaty.

Finally, of paramount importance is the issue of national interest, no government could be expected to justify its participation in a grouping before its people by saying that their interests cold legitimately be sacrificed to those of the groups as a whole. Perceptions that neighboring countries have gains that appear to be a dis-proportionate share of the benefits from integration would normally lead to moves of restricting the scope of regional co-operation.

Stated otherwise, progress towards integration in the East African Community as envisaged in the treaty of cooperation must be viewed against the background of various disturbing factors. There are the important differences in the level and structure of the various national institutions and the impact of the local ownership requirements in the rules of origins. Thus the community experience with the market approach to integration was certainly a rather disturbing one. The situation was made even more complicated when some member states started developing interests in other integration initiatives within the neighborhood.

5.5. Over-lapping Economic Groupings

Another factor which appears to have impeded the progress of integration was the complex problem posed by the existence or emerging of other integration initiatives within the East African Community neighborhood. As liberation in the Southern Africa region intensified, Tanzania appeared to take more interest in the Southern African integration initiatives while Uganda appeared to have some soft feelings for the emerging Nile system integration initiative.

Apart from the issue of dual loyalties, there does not appear to have been any formal recognition of the existence of these organizations by making provisions in the co-operation treaty that would define the relationship between the community and these other organizations. Consequently, at the level of economic communities cooperation was non-existent. Each group would tackle similar problems often at the same time but independently and without consultation. This resulted in different solutions even to the same technical problems, which would later present problems of harmonization.

For example, in preparing a schedule for establishment of a customs union, each organization would develop its own timetable resulting in one completing a schedule ahead of the other. There would then be room for a conflict of loyalty between the two bodies. There are obvious difficulties in resolving such conflicts. There are even more possible conflicts areas when considering the final objectives of the various organizations. Some integration schemes aim at establishing a customs union with a common external tariff while others envisage a general free trade area within the customs union. Such differences present difficulties when attempts are made to define the rules of origin for the various goods.

5.6. Future of the 1999 Treaty for EAC

In November 1999, the three countries once again signed a treaty for cooperation. However, because of the problem of dual loyalties, analysis are already skeptical about its future success.

There are three regional initiatives that cover the came region. The 18 member nation common market for East and Southern Africa, (COMESA), the 12 member nation Southern Africa Development Community SADC and the EAC. Comesa incorporates all SADC/EAC countries except South Africa, Botswana and Zimbabwe. It may then be argued that a Comesa member enjoys substantial access to the SADC/EAC trading blocks. But, Tanzania and Uganda of the East African Community block have been attracted to join the SADC and thus raises a contention as to whether a country would derive more from the membership of the SADC than both the Comesa and the EAC.

Initially, taking the SADC's , GDP high growth rate of up to five per cent, the region would ideally provide more job opportunities than found in the EAC where average annual growth rate is much lower in the estimation of Tanzania and Uganda who have opted to join the SADC, the region provides a ripe market for exports, something that cannot be said of the EAC which is already predominated by Kenyan good.

An economic integration scheme is by implication the acceptance by member states of the notion of economic regionalism as a development tool. It of necessity requires the countries involved to adopt serious development planning based on the regional economic cooperation. Each country has to be fully involved in the formulation of regional policies and subsequently to reflect these in national development plans and programs. There is little experience of this in the East African situation where each country tended to concentrate on national short-term survival projects.

The E.A.C. experience would tend to suggest two things; first that either East Africans had not yet genuinely accepted the idea of cooperation and integration as the only viable weapon for fighting poverty and economic dependence or second, that the E.A.C. market integration approach model was not appropriate at that stage of development in East Africa. Indications are that the latter case is more relevant. Therefore, disappointments with the experiences of the E.A.C. failure in the market integration approach, some fresh proposals and understandings about more effective approaches are necessary.

5.7 Conclusion

In this chapter, we have examined concepts of geopolitics and equitable distribution of costs and benefits as a background to our assessment of dynamics of integration and disintegration. The examination reveals a number of problems that hinder success of such an exercise. Firstly, most of the relevant factors cannot be quantified easily, and those that we are able to quantify, the costs tend to limit the degree of achievement as the benefits accrue mainly in the long term. We have however, been able to attempt an assessment of the various factors and strategies. It is therefore possible to determine the realistic weight to be placed on their future contribution to development and more broadly, the necessary policy reforms and changes that may be feasible in an integration initiative.

It is necessary to have clearly in mind how integration can make contribution to development. The intermediate objective would be to increase opportunities for profitable investment and to mobilize under – employed resources. The rationalization of emergent structure of production has to be undertaken in such a way that the interests of all participants are taken care of, in particular, the less developed. To achieve this, a variety of instruments and compromises will be required.

A look at the framework of cooperation established in the East African Community, it is evident that even with its comprehensiveness, a number of problems had not been addressed in the right order: too much emphasis was given to policy areas which protect the national interests of the individual member states leading to over burdening of certain institutions of the organization.

The experience of the E.A.C. shows that substantial progress was made towards implementing the treaty's provisions as regards the adoption of a common customs and statistical nomenclature. In addition, there were very well simplified and harmonized structure of customs and internal indirect taxes. The specific measures for trade liberalization and expansion, involving the duty-free circulation of most of the products and preferential treatment for industrial products originating in the area, were implemented. This facilitated and improved substantially the intra-group trade.

Good progress was also made in the direction of eliminating non-tariff barriers and especially quantitative restrictions. In other fields of cooperation, such as agriculture and transport, progress was less obvious apart from the common services established during the pre-community era.

But notably missing was any rationalization of industrial production in the region. The pattern of industrial development in the East African Community exhibited on the contrary, a market lack of inta-country specialization as regards a particular range of products, and little intra-industry trade. In most sectors, plans were replicated and production therefore took place on a much smaller scale than the size and structure of the regional market would permit.

The advantages of integration were thereby dissipated in so far as they derive from specialization and the exploitation of scale economies. Uneconomic replication has occurred specifically in textiles, pharmaceuticals, agro-industry and electricity. Furthermore, a number of some transnational corporations such as Bata and Coca-Cola were also established in each country.

It is observed that while some of the plant replication found within the community was inherent from pre-community era, the activity continued to develop in the face of arrangements for integration. It was further buttressed by the failure to harmonize national investment incentives and it reflects the absence of any regional industrial development program or any concerted approach towards foreign investment and multinational enterprises.

One can hardly dispute the fact that it is not only international pressure that has produced market segmentations and their plant replication in the East African Community because domestic forces have also played a role. However, regardless of how responsibility is allocated between the forces, the effect is to rob integration of much of its hoped for benefits and to hinder the attainment of important subsidiary objectives of development policies, including the creation of inter-industry linkages.

The principal achievements of East African Community were to build up the necessary institutional framework required for establishing a customs union, including a tariff nomenclature and the basic common customs documentation. A range of important protocols were adopted in order to give operational content to some of the more general provisions of the treaty as regards both trade and customs. The Development Bank was of potentially great importance for promoting positive integration, development and balance.

However, there were crucial weaknesses in the strategy that must have been source of the contributory factors for its failure. The weaknesses stem from many factors, two of which are closely connected with the integration strategy, namely one, the emphasis on trade liberalization and two the lack of simultaneity in the obligations and benefits implied by the community's program.

Despite the fact that the classical approach to integration among developing countries have long been discredited, community nevertheless chose to give primary emphasis on trade liberalization on an across the board basis. Yet the framework within which competitive forces were to be encouraged to operate remained unclear because of the absence of an agreed general structure of production. Such a structure would ultimately be provided through the adoption of common external tariffs and harmonization of investment incentives.

The East African Community program of trade liberalization was being undertaken against the background of national protective structures that were diverse and generally very high, but which nevertheless had not been constructed with the needs and opportunities of a regional market in mind. There are obvious difficulties in attempting to predict the effects of liberalization in such a framework, but one is tempted to observe that its resource allocation and development effects would be less favourable.

The second weakness primarily affects the less-industrialized members of the community though to some extent it is relevant to all. The time table obligations of the treaty on the customs union constituted measures that were unlikely, on balance, to benefit its less-developed members; on the contrary, they could surely expect to experience losses through the trade creation and diversion that resulted. But it is common knowledge that some of the members may not have had many commodities to trade in. Kenya had surplus industrial capacity in certain products, but their costs in some cases, not withstanding maximum output, seem likely to have been un-competitive, even with preferential treatment. It however, still appears true that the development of productive capacity is one of the most pressing problems of integration.

CHAPTER SIX

6.0. CONCLUSION AND RECOMMENDATIONS

6.1. Introduction

This final chapter provides a summary of the conclusions made in chapters two to five. It further gives the findings of the study with reference to the hypotheses raised in chapter one and finally offers our considered and other observed policy recommendations.

The central purpose of this study has been to analyze the dynamics of integration and disintegration in a regional co-operative scheme with particular reference to the East African Community. The interactions among nations has been seen to be characterized by a clash of interests, the national interests verses the regional interests. This clash of interests is what some scholars have referred to as the politics of costs and benefits distribution in a regional co-operative project. Indeed the central question in the study has been: why do the nations particularly those in sub-Saharan Africa speak loud in support of regionalism while in practice, little is being achieved regarding this objective?

In a bid to provide a satisfactory response to this question, we generated one hypothesis that countries within a common geographical area and which pursue similar policies of free trade and good governance are more likely to integrate. That is if the policies pursued fail to encourage interdependence and member states see less and less of equitable distribution of costs and benefits of economic co-operation in the scheme, then member states are likely to exhibit a lack of commitment to the regional goal of co-operation. As would be expected, the reverse of this hypothesis has also been found to be true.

In relation to the transactions theories of dependency and free trade, the realist concept of national interest was adopted as the conceptual framework for this study. As Morgenthau (1973) has argued, interest is the essence of politics, and states will ignore national interests only at the risk of self-destruction.

Any foreign policy would then of necessity be evaluated on the basis of national criteria that will determine their national importance. Issues of policy harmony, even levels of development and their relevance to costs and benefits distribution in the East African Community have all been examined in the context of the member states national interest. In the process, we have highlighted the frequent clashes of national and regional interests resulting in the lack of commitment to the goal of regional co-operation. Our postulation, therefore, as captured in this conceptual framework, is that in the East African Community scheme, national interests have often predominated over the regional interests.

We now make a conclusive summary of our findings as well as possible policy and academic recommendations in relation to the problem of the study.

6.2 Conclusions in Relation to the Hypotheses

In chapter one, we observed that integration process among the three member countries of the East African Community was much faster and smoother during the colonial period than in postcolonial period. This rather peculiar situation was attributed to the fact that the three countries were governed by a common colonial power and therefore the general interests concurred. We posited that the newly independent states, having been bestowed with sovereignty developed national interests of their own and thus the unwillingness or lack of commitment to the integration process. Seen in another way, this is a real function of national interest as opposed to regional interests in the distribution of costs and benefits of cooperation. There is therefore revelation that even if independent countries pursue similar policies and all other factors are equal in line with our hypotheses, issues related to national interest may still inhibit integration.

6.3 General Findings

Chapters two and three have provided the study with the general setting against which the rest of the analysis is made. Attempt was made to present the scenario of the various integrative schemes in the sub-Saharan Africa as well as placing the East African Community in its historical context. It was observed that generally, African economies are in a crisis, a state of affairs that leave no room for commitment to long-term goals, such as those advanced by African regional initiative schemes. Co-operation, must of necessity cater for the needs that are recognized as immediate or else it then appears, less attractive to the states with more pressing economic problems. The survey of selected co-operation schemes in the sub-Saharan Africa also revealed that issues of divergent planning policies and uneven development levels have resulted in uneven distribution of costs and benefits. The situation developed into a common bone of contention among members of various regional groupings in sub-Saharan African cooperative schemes. Other forces favouring integration and disintegration before and after independence have also been discussed. With all these initiatives, it is evident that the case for integration among these states is supportable. Individually, each one of them has very narrow domestic market which does not make sense for economies of scale.

In chapters four and five, we have looked at the East African Community as an economic integration scheme. It begins with a quick survey of the general aspects and trends in the East African Community co-operation and intra- East African Community trade patterns in particular, while the second part attempts to identify factors responsible for the disintegration of the community. The chapter forms the background to our analysis of the forces responsible for the three nations integration and disintegration. It is immediately apparent that throughout the evolutionary process of the EAC, the region has been divided into two trading blocks. Kenya on her own standing alone and Uganda and Tanzania by themselves individually and collectively trying to match Kenyan's position.

Clearly, trade between these partner states falls into two flows: one, between Kenya and Uganda and the other between Kenya and Tanzania. Trade between Tanzania and Uganda remained minimal. The other dimension is that general trade between the member states was confined to a flow of Kenyan goods. Indeed up to 81% of Uganda's total intra- EAC trade between 1969 and 1977 comprised of imports from Kenya alone. Of the total intra-EAC exports in the same period, Kenya controlled up to 76%. This factor made her the only net exporter in the EAC while the institution remained operational.

Variations criteria and indicators are issues such as the levels of national income, investment and differences in income among the various social groups. Although the three countries of the E.A.C. have a common historical background, the imbalance among them remain quite stark, not only among the countries but even among the various social groups. The net result of this situation is that there is great socio-economic divergence indicated in part by dissimilarities in structures and volume of demand.

All the three countries are extremely dependent on export earnings from few major cash crops usually traded to Western European destinations which reciprocate by sending imports. Therefore, with instabilities in trade and balance of payments, there is always a reduction of manourvability with regard to financial markets. These imbalances however are often not similar among the three partner states. Indeed, such are some of the areas where Kenya has an edge in terms of transactions as compared to the other two partners of Uganda and Tanzania. These factors make cooperation difficult or even cause dangers for the stability of the countries in terms of socio-economic and political well being.

While regional integration may be viewed as an effective tool in minimizing economics, social and political effects of the crisis over medium and long term period, it must be taken as all inclusive. Apart from the state functionaries, other forms of economic forces such as public enterprises and the private sectors should be left free to further integration in their respective sectors. Direct foreign investment and foreign capital will be more attracted to the region if they are assured a market of a given size. At the same time, the constitution of groups of operators on the international markets or a minimum level of consultation before there is any importation can significantly reduce the costs involved compared to individual approaches.

Expanding trade in the larger established autonomous entity will be a main basis for reversing the tendency towards marginalization in the countries. A strategy that harmonizes national enterprises and regional multinational companies while supporting development efforts in the districts and various regions of the member states is encouraged. To this end, a well established consultative fora, with various groups being responsible for joint purchases and sale on the world markets will become the main pillar for future cooperation and integration.

6.4 Recommendations

From this study we have no hesitation in concluding that there should be more emphasis on the development of the sub-region. An approach to achieving this objective that recognizes regional strategy has been a constant theme for policy analysis and practicing political and economic managers for a number of decades. However, it is still worth repeating as it remains basic. In the East African Community for example, the common service institutions provided necessary and essential infrastructure links among the partner states thereby facilitating trade and other forms of cooperation in various fields. A common Posts and Telecommunications network, Railways network supported by transnational roads network and a common Airline all played their part in facilitating cross boarder transactions and hence furthering the integration process. In most of the other regional integration initiatives in the sub-Saharan region however, this infrastructure development approach has been lacking.

A second vital requirement but which has continued to fail sub-Saharan Africa regional integration schemes is the requirement for the creation of more appropriate instruments and arrangement for industrial co-operation. Indeed the ability to use these effectively is likely to be the single most crucial determinant in the regional integration process. It is however, necessary to be realistic about what is achievable, and the approach to be taken. In the case of the East Africa Community, the three governments experienced a lot of difficulties in implementing even a very limited industrial plan, for the regional market.

Admittedly, the foreign capital, provided through the multinational enterprises presented a problem particularly because of their heavy presence in Kenya. The same problem was to some extent also a major factor for policy decisions in the other member countries.

To make progress in industrial cooperation, it may be necessary to encourage much more limited and flexible arrangements than hitherto been envisaged. For example, two or three countries teaming together and possibly organizing joint financial participation in capital, profits, tax revenues and even manning. So that such initiatives are successful, the need may arise for the modification of the cooperation treaties. However, such changes clearly require very careful approach in order to avoid the chances of their becoming counter-productive.

Yet all these must be backed up by a well-established and well-funded policy-oriented research. It is of utmost importance that institutional guidance for industrial development should clearly be based on realistic appraisals for the assets of the region and the comparative strength of individual member-states and on some very broad agreement on the level and structure of protection towards which it should seem reasonable for the region to work. Any formulation of operational guidelines will demand a very clear-policy oriented research effort, which hitherto has been known to be lacking in the region.

No doubt the very crucial issues in an integration scheme are the political will to integrate and willingness to compromise. But we can also state that the lack of relevant studies has been a major constraint to sensible decision-making. It is futile to expect constructive advances if structures and priorities are not apt, and if the implication of policies cannot be perceived well by member-states.

Decisions on integration that are not well grounded will either be counter-productive or will fail to be implemented.

Certain monetary reforms are necessary for countries in a co-operative initiative. The evidence is that countries, which have undertaken policy adjustments to restore equilibrium in their balance of payments, do not suffer in terms of growth rates of real GDP or consumption. Limited convertibility would normally introduce further distortions into an area in which the price system is so riddle with distortions already that it is unlikely to provide a dependable guide to specialization and rationalization without major policy reforms.

In other words, the structures within member-states for reacting to community initiatives for strengthening integration need to be improved. It should be emphasized that development projects are and will remain largely the responsibility of the individual member-states. The respective governments must therefore be fully involved initially, continuously and intimately in any workable integration program since directives from outside are unlikely to make an impact. Perhaps establishment of a commission or other forms of involvement initiatives could constitute a move in the right direction.

Although the performance of the sub-Sahara region integration schemes for the last three decades has been discouraging, certain factors in the current situation suggest a more optimistic prognosis than past experience appears to warrant. First, the economic crisis is forcing domestic adjustments, which hitherto could be put off. Paradoxically, the lack of a will to give real priority to intra-regional adjustments and compromises, and to the development of practical integration strategies, could thereby conceivably prove to be less of an obstacle in the future than it has been in the past. Secondly, there currently appears to be a renewed recognition on the part of donors and aid agencies of the value of regional integration and of the need to provide external support for regional policies, projects, and institutional reforms, an example of exogenous forces influencing integration forces.

There are therefore, perhaps, grounds for guarded optimism that external and internal pressures in combination could produce the realignment and re-phasing of organizational and policy priorities that will be indispensable if co-operation and integration are to be made to play a truly constructive role.

6.4.1 Policy Recommendations

It is now recognized that nations place their interests above regional objectives thus jeopardizing their regional cooperation efforts. An immediate and pragmatic solution of this problem is therefore called for. Lack of commitment has been raised in most of previous studies as an explanation of failed regional co-operation schemes. Not being able to accept that the break down of such schemes has reflected the discontent of participating governments with their design and results, some commentators have fallen back on accusations of irrational behaviour on the part of the leaders of member states; alleging in ability to perceive the best interest of their nations as the cause leading to lack of commitment.

In this study however, the main postulation is that the ability of member states to discern interest and the realization that such interests are not being served by a co-operation scheme is the principle reason for lack of commitment. Thus regional co-operation must address itself to national interests and development priorities or risk the danger of becoming irrelevant. So that regional co-operation may overcome the prospect of becoming irrelevant, and hence address the national priorities and interests of the member states, there must be a redefinition of its major concepts and a re-orientation of both theory and practice of regionalism. New horizons must be sought to better match national and regional development approaches with such efforts fully assuming the national concerns of member countries.

One of the main issues to be addressed is whether regional co-operation can be clearly understood in its proper perspective of national development. Mazzeo has emphasized concentration on the service sector and the priority of mainly, the national capacity building role of regional co-operation, in opposition to the retention of the classical production approach to regional co-operation. We briefly present hereunder, Mazzeo's argument to help underscore their concurrence with our findings.

6.4.2 Service Sector as an area of Cooperation

Policy managers are expected to be fully aware of development problems and their possible solutions, that is a better understanding of the development process and policies, the elaboration of appropriate legal, financial and social frameworks of policy instrument and coordination of physical infrastructures. In particular, they should concern themselves with the development of diversified experience, the adoption of common positions and mechanisms for the control of foreign investments, or the solving of the complex issue of transfer adaptation and development of technology.

Cooperation in such service sectors may be politically more acceptable since it is basically oriented towards national consolidation and capacity building.

Even the realization of economies of scale in the service sector may appear to work more equitably in the service sector than at the production level. While economies of scale at the production level rather limit the range of diversification of economic activities of the individual member countries, similar approach in the service sector seems to increase the range of national abilities for all members, thus creating for each country more opportunities than constrains.

The vision for African unity providing a large and vigorous common market is still alive in almost all the relevant policy pronouncements. However, almost parallel to it is the strong view supporting more specific forms of co-operation within the continent. That a more flexible approach to cooperation, namely, regional consultation on broad policy issues with joint action restricted mainly to voluntary participation in specific programs or projects but with respect to priority areas of consolidation identified by member states.

In this argument, Mazzeo (1980) brings out the fact that a number of broad changes are desirable in the present organizational environment if regional co-operation is to address itself to priority issues and in so doing assume a more meaningful role. Robson, Berg and Raventill have made the following recommendation which this study concurs with:-

(a) That regional co-operation aims should be changed to reinforce the autonomy of the national productive capacities rather than inter-country interdependence at the productive level. Contrary to widely held assumptions on the subject, greater national economic autonomy is politically and economically viable and desirable.

(b) The scope of regional co-operation should be changed to focus on selective for example East African Community rather than comprehensive such as the Organisation of African Unity member states programs emphasizing on the service sector rather than productive sector. The implications are that emphasis is made on better infrastructures for regional co-operation. While this may have been a constant theme of.analysis and policy deduction for decades, it still bears repletion since it remains basic. Infrastructure links among African countries still frustrate trade and wider forms of co-operation. On this subject, the approach of East African Community of developing such infrastructure institutions as a priority was in the right direction.

(c) A common phenomenon of the African integration initiatives is the organizational overlapping and duplication of functions. The Organization of African Unity and the East African Community encompasses other market integration initiatives including all those that we have discussed in chapter two. This tendency to duplication raises costs and militates against development of competency. In the circumstances, consolidation of these regional organizations should be a priority subject of discussion.

(d) Design of the treaties should have a careful look at the possible management problems. Generally, regional institutions must embody much more voluntary participation in its programs and projects. Consensus formation over majority voting procedures and national over regional control of implementation of decisions, should be preferable. The situations calls for down-grading rather than upgrading of regional institutions apparatus. Thus the secretariat will not serve as a supra-national institution but rather play the role of co-odinating the interests and activities of the organization. Furthermore, too much dependence on national governments personnel and finances should be avoided as it can paralyze the activities of the organization. Every attempt should be made to de-politicize staff recruitment, because when national quarters and general political considerations determine management and staff recruitment, merit criteria will be neglected and management rights to fire and or tie wages to performance may be restricted.

Finally, integration may only progress smoothly if member states are fully committed to the objectives of the initiative.

Lack of relevant data to support decisions is also, often a constraint. An organizational think-tank consisting of researchers and academics from the co-operating states should be usefully employed to constitute a source of information and data relevant to policy formation.

6.4.3 Co-operation through the production approach

Majority of co-operative initiatives in sub-Saharan Africa have been concerned with the production sector either indirectly through the policies of trade liberalization or directly through advocating for regional allocation of industries. The view is derived from the concept of economics of scale, which as we have discussed in chapter one has been found to be invalid in the context of developing countries and therefore not considered an appropriate foundation for regional co-operation in the region.

Several reasons have been advanced against the concept. One, that economies of scale call for under spread use of modern capital intensive technology, which in itself militates against African states' factor endowment. In the African context, there is always an abundance of labour as compared to capital.

Secondly, the use of capital intensive technology tends to reinforce the concentration of development within the already more advanced countries of the region, as revealed in the evolution of the East African common market. Mal-distribution of benefits becomes intolerable and hence the collapse of regional efforts. More over the promotion of regional industrial specialization in the search for economies of scale may prevent diversification of national economies.

Finally, quite often an elite emerges and becomes the main beneficiary by reaping the benefits of the geographical enlargement of the market across frontiers at the detriment of delaying the social enlargement of the national markets. In such circumstances, regional co-operation becomes a semblance of an elites alliance aimed at perpetuating their foreign – oriented consumption patterns through the local production.

One is tempted to observe that the chances of success of production approach to regional integration in sub-Saharan Africa remains extremely low. However, this does not mean that under prevailing circumstances, regional integration has no role to play in African development. On the contrary, as already highlighted in the previous paragraphs, innumerable opportunities for fruitful intra-African cooperation exist in the service sector. Whereas potential benefits presented by the service sector may be less in the long run, the immediate costs arising will be fewer. Moreover, due to conscious planning of cooperative activities, the schemes are less likely to generate the effect of polarized development associated with customs unions and common markets. In terms of development capital in flow, external donors tend to look more favourably upon the narrow, functionalist schemes than on the grandiose customs unions and common markets.

Funding from member state governments becomes more readily available as the schemes have been narrowed and limited within the states development priorities, each government having allocated funds accordingly. In the circumstances, regional projects become more acceptable within the national limited funds allocations. The problem of lack of commitment to implement regional objectives is then solved.

6.5. Areas Requiring Further Research

International relations remains such a dynamic subject that almost every one of its concepts call for continuous research. Specifically, from this study a number of issues require further research.

Firstly, we had no conclusion as to the strengths and the weaknesses of alternative approaches to regional integration. So that one can realize the real necessity for regional integration as a strategy for development in the sub-Saharan Africa, further investigations need to be done in areas covering classical market approach and co-ordinated development projects approach. Secondly, the issue of prioritization of regional projects, should be further studied. How can regional projects take priority over national projects. At what stage should such regional projects be initiated? etc.

Thirdly, there are wider issues in regional integration particularly those concerning economic co-operation. The non-tariff barriers call for further investigation, for even if a region was to completely eliminate tariff barriers and establish a preferential trade area, would there then be no trade barriers? Fully researched answers to these issues will provide very useful guidelines to policy makers.

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