CUSTOMS UNIONS THEORY AND THE ECOWAS EXPERIENCE

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ABSTRACT

The study traces the evolution of West African economic integration efforts, leading up to the formation of the Economic Community of West African States (ECOWAS). The original Lagos Treaty of 1975 is reviewed against the background of its revised 1993 Abuja version under the framework of the Customs Unions theory. This study is undertaken to ascertain the consistency of regional integration theory with the stated objectives of ECOWAS. It questions, for example, whether the Customs Unions theory and its welfare effects could actually explain the experience of regional integration of West Africa in general, and within ECOWAS in particular. In other words, the critical success factors and/ or moderating influences in ECOWAS are examined against the background of the Community's objectives as set out in its two Treaties. The study also benefits from a wide range of discussions on different political and economic bases for regional integration theory: functionalism, neo-functionalism, federalism and intergovernmentalism and their relevance to ECOWAS. Strange enough, while these 'isms' are demonstrated to be inconsistent with ECOWAS objectives having dwelt more on regional integration efforts in Europe, no other study on West African integration has examined ECOWAS along these lines.

The experience of ECOWAS is made against the backdrop of Customs Unions within Africa, such as the Arab Maghreb Union (AMU), East African Community (EAC) and the Southern African Development Community (SADCC); and others outside Africa in regions like the European Union (EU), North American Free Trade Area (NAFTA) and the South American Customs Union (MERCOSUR). One emerging pattern of such comparison reveals that ECOWAS has wavered from its stated objectives in favour of the static principles of customs unions theory and consequently been unable to improve its record on the welfare levels of contracting states. The implication of such departures from its original objectives is that market inter-penetration and intra-regional trade within ECOWAS has neither yielded the desired welfare gains nor improved levels of industrialisation, sustained growth and economic development. It is safe to conclude, therefore, that despite considerable efforts at achieving regional economic integration in ECOWAS, the result has been dismal largely as a result of applying unrealistic models of customs unions theory to the West African situation. It is therefore posited that the process of regional economic integration in other parts of the world and particularly in Europe, are not readily applicable in the West African context, where the economic, political and institutional foundations are not only grossly dissimilar but largely at variance.

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(put your names here)

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LIST OF ABBREVIATIONS

AAF-SAP	African alternatives for structural adjustment programmes
ABU	Ahmadu Bello University
ADB	African Development Bank
ADF	African Development Fund
AGC	Agence de Gestion
AEC	African Economic Community
ANLCA	Association of Nigerian Licensed Customs Agents
AMU	Arab Maghreb Union
ASEAN	Association of South East Asian Nations
AU	African Union
CBI	Cross Border Initiative
CEAO	Communauté Economique de l'Afriqué de l'Ouest
CEMAC	Communauté Economique et Monétaire d'Afriqué Centrale
CFA	African Financial Community
COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of Congo
EAC	East African Community
ECA	United Nations Economic Commission for Africa
ECJ	European Court of Justice
ECOMOG	ECOWAS Cease-fire Monitoring Group
ECOWAS	Economic Community of West African States
EEC	European Economic Community
ETLS	ECOWAS Trade Liberalisation Scheme
FLS	Frontline States of southern Africa, Angola, Mozambique etc.
GCC	Gulf Co-operation Council
GDI	Gender-related development index
GEM	Gender empowerment measure
HDI	Human Development Index
HPI	Human Poverty Index
IAABD	International association for African Business and Development
ICJ	International Court of Justice

IEA	International Electricity Agency
ISDSC	Inter-State Defence and Security Committee
ITU	International Telecommunications Union
MAN	Manufacturers Association of Nigeria
MERCOSUR	Common Market of South America
MRU	Mano River Union
NACCIMA	Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture
NATO	North Atlantic Treaty Organisation
NCC	Nigerian Communications
NDLEA	Nigerian Drug Law Enforcement Agency
NEPA	National Electric Power Authority (Nigeria)
NEPAD	New Partnership for Africa's Development
NITEL	Nigerian Telecommunications Limited
NTIC	New Technologies of Information and Communication
OAU	Organisation of African Unity
OFN	Operation Feed the Nation
OPS	Organised Private Sector
OSCE	Organisation for Security and Co-operation in Europe
PANA	Pan African News Agency
PTA	Preferential Trade Area for Eastern and Southern African States
RBDA	River Basin Development Authority
RUF	Revolutionary United Front
SAARC	South Asian Association for Regional Co-operation
SACU	Southern African Customs Union
SADCC	Southern African Development Co-ordination Conference
SMC	Standing Mediation Committee
SSA	Sub-Saharan Africa
UDEAC	Union Douanière et Economique de l'Afriqué Centrale
UEMOA	Union Economique et Monétaire Ouest-Africaine
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
WACH	West African Clearing House

CHAPTER 1: INTRODUCTION

1.0 INTRODUCTION

This Chapter sets the scene by introducing the theoretical basis for the study. It explores the welfare effects of regional integration and highlights why the conventional theory has proved increasingly difficult to defend in the current circumstances. An overview of the theoretical literature is investigated in-depth and expositions are made, of gaps in the existing customs unions theory. The revealed gaps between theory and practice of regional economic integration form the basis of the research problems. With a research question in mind, therefore, Chapter 1 sets the aims and objectives of the research, as well as details of how the rest of the thesis evolves.

1.1 BACKGROUND

There has been a lingering debate on customs unions and their effects on the welfare of member states on the one hand, and with that of the rest of the world on the other. While some scholars (Viner, 1950) have stated that customs unions can become undesirable by leading to the erosion of the welfare of states by means of trade diversion, others (Lipsey, 1960; and Bhagwati, 1971) have independently found that trade creation does not automatically secure welfare gains for contracting parties. In other words, members of customs unions may indeed enjoy welfare gains despite trade diversion.[1] On the one hand, trade creation as implied in the current circumstances, is the replacement of high-cost domestic production from within a customs union, by low-cost imports from non-member states from outside the integrating area. Trade diversion, on the other hand, implies the opposite, which involves the replacement of low-cost imports from non-member states. Based on these simplistic economic constructs, Jacob Viner, in the 1950s, posited from a world

[1] The principle behind the classical theory of customs unions is the proposition that the potential consumption of goods and services in a customs union is higher than the sum of individual consumption's of the potential member states in the situation in which trade among these states is distorted by tariffs and quotas. Given this situation one should, at least partly remove these impediments.

welfare perspective, that trade creation was welfare increasing and trade diversion was welfare reducing.[2] However, Viner's assertion in the 1950s has been developed over the years and found to be inconclusive in many cases (Gehrels, 1956; Lipsey, 1960; Balassa, 1979) and even irrelevant in other cases (Ezenwe, 1983; Gambari, 1991; Testas, 1996, 1999). This is largely due to growing evidence that trade diverting customs union could be welfare-increasing just as trade-creating unions could be welfare-reducing. This is essentially the case in developing regions of the world of which ECOWAS is of particular consequence.

On this note, both researchers and policy makers in the developing world may have a point in their dismissal of the *Vinerian* conclusion as irrelevant for conditions prevailing in their respective regions. Because of idle capacities, for example, some developing world scholars have assessed intra-regional trade expansion as beneficial and even advocated for trade diversion (Linder, 1967; Gambari, 1991). Their main argument was an assumed positive effect of infant industry protection in a regional union on quality control, marketing techniques and other prerequisites for later success in world markets (this is the *training ground* argument). The case for protecting in particular 'infant' export activities was also presented by Andic *et al.* (1971) who maintained that intra-regional trade expansion could indeed promote intra-industrial specialisation through product diversification and may thus improve the competitiveness of extra-regional exports.

The Economic Community of West African States (ECOWAS) is analysed against this background in order to determine its fit, in terms of consistency of its practical reality within the framework of the conventional theory. Trade creation and trade diversion and their effects on the economies of members of customs unions can be better appreciated when operated within the framework of this theory. However, some re-definitions of these two trade concepts may be required in order to portray a more accurate picture that captures and explains the experience of ECOWAS, as a Customs Union, from its inception in 1975 to date.

It must be appreciated, however, that from the literature spanning over three decades (Viner, 1950; Lipsey, 1960; Andic *et al.* 1971; Ezenwe, 1983; Gambari, 1991; Jovanovic, 1992; Oguledo, 1996; and Testas, 1996) there has not been a general

[2] Viner's theory provoked an extensive theoretical discussion on additional consumption and production effects of customs unions and alternative assessment criteria (a single country's versus the world's welfare).

consensus as to what the crucial constituents of welfare are, let alone the role of trade creation to the improvement of welfare. This research, therefore, presents a qualitative understanding of the concept and scope of welfare in the context of ECOWAS. This analysis is useful not only to academics and students, but also to policy makers and the general public in order to enable them better appreciate the general flaws in the current literature of economic integration. The perception that regional co-operation is actually the "third way" out for the "Third World" remains contentious, considering the failure of two exhaustively used-up options. These options; (i) Import substitution growth strategies of the 1970s, and (ii) the uneventful outing of the export-led growth strategies enunciated by the World Bank and the International Monetary Fund in the 1980s (see Yansane, 1996; Madichie and Morris, 2000).

A historical analysis of Customs Unions in general, and ECOWAS in particular, provides a clearer insight as to the relevance or lack of trade creation to the ultimate goal of improving the welfare levels of contracting parties in such arrangements (Madichie, 2001). It also sheds more light on the objectives of these customs unions, with a view to ascertaining the impact of the theoretical provisions of the traditional customs unions theory on the practical realities of African economic integration, epitomised by ECOWAS. Another learning experience may be derived from the implications of the objectives of African customs unions for the international economic relations with the rest of the world. Nevertheless, the central focus of this thesis remains on the development of ECOWAS. In describing and explaining the critical success factors and/or moderating influences in the regional economic integration efforts of West Africa, answers have to be given to certain lingering questions. The success of this research thus depends on the type of answers provided as an explanation to the following research questions.

1.2 RESEARCH QUESTIONS

Although there is a wide range of literature on customs unions in general and quite a handful on economic integration efforts in Africa, there have not been any real attempts to explain the poor performance of these unions. Earlier studies have mostly relied on the cause and effect dimensions of the research problem. In other words, other studies on customs unions have been operated only in terms of causation and/or correlation between trade creation and economic growth or welfare gains and vice versa. This research, therefore, differs from other studies in a number of ways.

First, it conceptualises the often-divergent means of improving the welfare levels of member states in a customs union, albeit from the ECOWAS perspective. For example, welfare is operationalised to include, and hence reflect, not only those aspects of economic welfare (per capita income levels and gross domestic product, GDP). Rather, welfare is analysed in terms of real elements that make or mar the standards of living of African peoples (employment rates, and access to good health and education). It also provides a better understanding of those elements of political welfare (increased bargaining and voting power in international negotiations), which are crucial for the access of the common people to their community.

Secondly, this research contends that the welfare of West African people should not be analysed by such means as trade creation and/or diversion alone, but by more tangible terms like freedom of movement and establishment across the integration region. This is largely because trade creation as argued in the Vinerian sense, can indeed be deleterious to the welfare improvement of ECOWAS member states, in the same way that trade diversion can actually be an escape route from the welfare erosion confronting these states. In economic terms, for example, there is no reason why low-cost suppliers cannot come from within a Customs Union. How this may be achieved, is another main area where this research departs from earlier studies. The adequate development of regional physical infrastructure networks in ECOWAS is posited as being of major consequence for the reduction of transaction costs, which has plagued ECOWAS and thus rendered its products uncompetitive in the regional and world markets. This research goes one step further transcending the mere elucidation of causation and/or correlations as demonstrated in Chapter 3, by adopting a more analytical framework, which reflects the practical realities of ECOWAS. In other words, the research not only describes, but also explains the nature and scope of the interplay of countervailing forces or factors accounting for the experience of ECOWAS with regional economic integration. In addressing these research questions, however, there are issues of a crucial concern on the economic growth and development, and hence, welfare improvement efforts of West Africa, and especially in the context of ECOWAS. For example, how can ECOWAS member states afford to 'live down their past' (to use the evocative phrase of Professor Collier) and re-assess the present in order to safeguard their future? Comprising 16 states

(Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo) with a population of over 200 million people, ECOWAS would to negotiate a move away from the margin, to the mainstream of international trade and competitiveness in order to survive the twenty-first century and beyond. However, this may not be an easy task, as there still remain certain contentious issues that need to be addressed if the 'dream' of lasting improvement in the welfare of over 200 million people is to become a 'reality' in the West African context.[3] It is appropriate, therefore, to demonstrate the relevance of this research by highlighting the following research questions:

- How does the Customs Unions theory and its welfare effects explain the developments in ECOWAS both internally amongst its members, and externally with the rest of the world?
- What is the rationale for the establishment of ECOWAS? Did the customs union start off on an equal, stronger or weaker footing, compared with other regional trade initiatives around the world?
- Has ECOWAS succeeded as a customs union? What are the critical success factors and/or moderating influences in ECOWAS as stated in its objectives? And finally,
- Can the experience of ECOWAS be explained by developments in other trade initiatives around the world, and what lessons can be drawn from them, whether successful or not?

1.3 RESEARCH OBJECTIVE

The research seeks to address two main themes in the customs unions theory, and how they align or depart from the West African experience with regional integration. The first research exercise aims to fill the gap in the existing literature by unravelling the ambiguities associated with welfare, as portrayed in the customs unions theory. Welfare increases in the traditional customs unions theory have only been assessed in terms of the weight of 'trade creation' over 'trade diversion.' This may be necessary

[3] The ontological discourse on the constructs of reality is dealt with in Chapter 3.

at some later stage but not to be considered more important than those 'real' constituents of welfare such as the availability and affordability of physical (good transport, energy and communications networks) and social infrastructure (health, education). Moreover, there is the need to question whether the conventional customs unions theory defines welfare in economic, political or social terms? This study clears up the ambiguities surrounding the existing body of knowledge governing customs unions, which have thrived on secondary matters to the detriment of primary issues that should serve as the bedrock of successful regional integration. In this study, therefore, an understanding of welfare is suggested not only to act as an aggregation of employment, income, health, education and subsequently living standards of the entire population (Walker, 1981; Bryson, 1992). More importantly, it calls for an extension of the customs unions theory to cater for the uniqueness of the West African experience, which needs to deal with 'first things first.' To this end, the concepts of trade creation and trade diversion are discounted as having a nice fit with earlier 'unsuccessful' growth strategies adopted by West African states in the 1970s and 1980s. For example, trade creation exhibits all the features of export-oriented industrialisation (export-led growth), while trade diversion goes no further than as a 'cosmetic dressing' for the import substitution growth strategies of the 1970s (see Madichie and Morris, 2000, Madichie, 2001).

As the original mechanics surrounding the formation of 'customs union variants' like the Arab Maghreb Union (AMU), East African Community (EAC), Southern African Development Co-operation (SADCC) and ECOWAS was geared towards negotiating a third way to development. The irrelevance of the debate on whether trade creation and trade diversion are welfare improving or eroding, cannot be better demonstrated than through the evaluation of the guiding principles of regional economic integration. The rationale for customs unions is, therefore, demonstrated to be largely tilted towards an export orientation of production and consumption of goods and services among members as against import substitution with the rest-of-the world (non-members of the integrating area). Nevertheless, the issue should not be one of trade creation/ diversion, but that of making former high-cost producers within ECOWAS, become low-cost producers or sources of supply for the West African market. This research, therefore, contends that attention should be focussed on the degree of the joint co-operation in, and thus development of physical infrastructure networks as appropriate lock-in institutions in the sub-region. This is considered 'doing first things first' and would prove more fruitful for ECOWAS member states rather than dwelling on such calculations as the differences between trade creation and trade diversion.

1.4 STUDY JUSTIFICATION

The main justification for undertaking this study is to analyse and demonstrate the divergences between the main objectives of economic integration of West Africa from the basic foundations of customs unions theory. In doing this, however, it must be stressed from the outset that an in-depth analysis of the entire objectives of ECOWAS would be too ambitious in a research conducted by a single individual with limited resources. To narrow the scope, therefore, the primary focus has been a consideration of the development of physical infrastructure in the belief that it impacts on other objectives geared towards the unification of the West Africa sub-region. It can be argued that the development of this sector is more readily measured in terms of 'spillovers' into other sectors, such as trade liberalisation and the single monetary system, still under the framework of ECOWAS.

Physical infrastructure development is of critical importance for the adequate integration of customs unions since it improves accessibility, eliminates bottlenecks, reduces congestion, cuts transport costs and provides communications between central and peripheral regions. It is also an indispensable part of regional policy because it contributes to more balanced distribution of economic activity, economic potential, and wealth. The elimination of bottlenecks might allow isolated regions to realise their comparative advantages and undertake structural adjustments. As Professor Ezenwe (1983, p. 125) noted, the major factors that have hampered economic integration in West Africa include; 'internal political and economic differences, overblown integration schemes, inadequate physical infrastructure, political instability, external pressures and influences, and pre-occupation with the territorial sovereignty of the nation state.' Although the general bases for effective integration in West Africa are still not very strong, it can be surely expected that, with the increased monetisation and industrialisation of its economies, the opportunities for effective co-operation would progressively increase.

Taking transport infrastructure development of the European Community as a reference point, the economic literature for the special case of Europe, for example, reveals a strong link between economic development measured by per capita income and development of transport infrastructure (Fullron and Gillespie, 1988). It has also been an important instrument in pursuing the policy of strengthening economic and social cohesion and promoting sustainable mobility set up by customs unions. Nevertheless, the realisation of the importance of transport infrastructure for the promotion of European integration and the restructuring of spatial relationships in the European Community (EC) has evolved over decades. As early as in 1979, for example, the EC Commission argued that the European transport policy would not achieve the objectives defined in the EC Treaty, unless it related more and more to transport infrastructure. In this context, the European Commission addressed the issue of increasing international flow of traffic and recognised that transport investment had economic and social consequences for the Community and, therefore, called for European-level co-ordination and funding of such crucial projects (see El Kahal, 1994).

In the literature a distinction is usually made between demand-oriented policies on the one hand and supply-oriented policies on the other. Demand-oriented policies are reactive in response to transport demand, meaning that an increase in mobility is followed by expansion of physical infrastructure. Supply-oriented policies on the other hand are proactive, since supply of infrastructure is used as a tool to manage and influence transport demand (see Chapter 6). Infrastructure policy-making in Europe (and elsewhere) has mainly been demand-oriented. In light of the vast problems related to growing infrastructure networks and use, notably congestion and deterioration of the environment and living conditions in general; one would expect a bias in current transport policy-making towards supply-oriented policies. In reality, an emphasis on supply policies is not very common in most countries.

In the ECOWAS sub-region, for example, cross-border infrastructure has always been an underdeveloped area for a number of reasons. The first reason relates to the fact that cross-border traffic and transport used to be a minor part of total traffic where national borders appear to act as barriers to transport (Bruinsma and Rietveld, 1993; Giaoutzi and Nijkamp, 1993). Since investment costs in border infrastructure were only partly met by additional traffic and since the neighbouring country would also benefit from such investments, a lot of cross-border links were of poor quality. The second reason is that the planning of cross-border infrastructure incorporates international planning, whereas infrastructure planning used to be based on national, segmented policy-making. Infrastructure development in ECOWAS will need to remove most of these impediments in order to succeed in making the free movement of goods and persons across the sub-region a reality. While Europe may be facing problems of international planning of infrastructure networks, ECOWAS is still grappling with international planning of roads, maritime, and railway lines. How would contracting parties in ECOWAS take advantage of the removal of tariff and non-tariff barriers if there are no means of linking their markets regionally through the availability of regional infrastructure and the economies of scale, which are required to serve as 'agencies of restraint' to the ever increasing fears of policy reversals.

In the telecommunications sub-sector, telephones in the first decade of ECOWAS were essentially an urban phenomenon where over two-thirds of subscribers resided in the capital cities largely due to the fact that such interpersonal telecommunication systems as telephones, radios and television sets in most parts of West Africa were seen as a luxury or some sort of status symbol, contrary to what obtained in the advanced world of Europe and North America at the time. However, it is argued in Chapter 6 that adequate information dissemination via high levels of communications infrastructure can substantially boost intra-West African trade by enabling easier market access of member states of ECOWAS. According to Professor Ezenwe, the development of adequate communications as well as transportation systems should be seen as a *sine qua non* for successful economic integration in West Africa, as poor communications involving time-consuming procedures and insufficient information sharing can only retard economic growth (Ezenwe, 1983).

In addition, one World Bank report on the competitiveness of African states in the international arena, cited information bottlenecks as ranking top-five in the 1995 'table of obstacles' faced by African manufacturers in general (Biggs *et al.*, 1996). This goes to show the extent to which the role of telecommunications impacts on both social and economic progress of West Africa, which is still very much underdeveloped in this area. Prior to the independence of most West African states, airmails were routed through European capitals and this structure did not change even in the post independent era. Even between those states that had some form of direct telephone links, it is still more satisfactory to route calls around 'two long sides of a triangle via London and Paris,' the capitals of both the former British and French colonial powers.

As a response to the information missing links in ECOWAS, Article 33 (2) of its revised Treaty specified that Member States develop, modernise and standardise their telecommunications networks in order to provide reliable interconnection among them; as well as to complete with dispatch, the section of the Pan-African Telecommunications Network (Panaftel) within the sub-region (see Appendix I). The number of international exchanges and urban networks that have been completed by 1995 highlights the achievement of ECOWAS towards the implementation of the Panaftel Programme (ECOWAS, 1995a, 1995b). ECOWAS even recognised that, 'without adequate communication, information transformation is greatly hampered, and for this singular reason, accessibility to markets, irrespective of geography and proximity, remains but an illusion.' In other words, without communication, information suffers, and when this happens trade is largely inhibited. In the case of Côte d'Ivoire, for example, 'One of the primary difficulties foreign buyers encountered when they come to Côte d'Ivoire in search of Handicrafts is a lack of information.' The case of trade organisations like the National Union of Antiquities Dealers or its French version the Syndicat National des Antiquaires de Côte d'Ivoire (SNACI), have very limited resources and do not even have updated or reliable lists of their members (Biggs, *et al.* 1996).

The local handicrafts industry in Côte d'Ivoire is more tuned on the tourist market than to the export market, thereby limiting the scope of extra-ECOWAS trade. Despite the rich handicraft tradition in Côte d'Ivoire for example there is the problem of scarcity of exporters, which may not even be absolute but relative. Relative scarcity in this case may be due to the inability to gain access to these exporters owing to the poor telecommunications networks within the small market. However, these situations in the twenty-first century, are fast becoming a thing of the past as most ECOWAS states have taken major strides towards the privatisation of their telecommunications systems in order to reach out not only to the rest of West Africa but also the rest of the world (Biggs, *et al.*, 1996; World Bank, 1996). In Nigeria, for example, the National Assembly presented for debate, a bill, which sought to repeal the Nigerian Communications Decree 75 of 1992 and to amend the Wireless Telegraph Act of 1966 (see Vanguard, 2001). This would inevitably imply adopting privatisation policies for national telephone services, which have been inefficient in terms of servicing the growing national demands (see ITU, 2002). For example, the monopolistic Nigerian Telecommunications Limited (NITEL) had less than 0.4

million connected lines in 2001, and when the number of the low-keyed private operators is taken into account, the figure probably edged closer to 0.5 million connected lines. Comparing Nigeria's situation with South Africa, the former had only about 0.5 million connected lines serving a population of over 120 million people, while the latter, a country with under 60 million people (about half of Nigeria's population) has about 2.5 million connected lines on a single cell phone company, the Mobile Telephone Network (MTN).

In the energy sub-sector, one area of ECOWAS activity concerns the provision of hydroelectric power and the interconnection of electricity grids, for which a Master Plan was supposedly evoked. The inter-connected ECOWAS network will provide energy for countries that have no hydropower stations and no petroleum resources. At present, Nigeria supplies Niger's energy needs while Ghana, in addition to being connected to Côte d'Ivoire, supplies energy to Togo and Benin (ECOWAS, 1995b). With respect to renewable energy sources, a study was conducted to identify the renewable energy requirements of Member States in the area of solar, biomass and wind energy. Furthermore, work was still in progress on the preparation of a solar and energy map, which will highlight solar and wind energy potentials in each country, region, and area.

However, a substantial amount of infrastructure facilities in the ECOWAS sub-region have operated at less than full capacity owing to the narrow national markets in which they have been restricted. Apart from boosting the navigability of West African rivers, their role in the generation of hydroelectricity is very crucial. For example, Ghana's Akosombo dam project, the Kandidji dam (Niger) and the Senengué and Manatali dams (Mali) would require more than their respective domestic markets to operate efficiently (Ezenwe, 1983). Specifically, the Ghana-based Volta River Authority (VRA) was created in 1961 principally to provide electric power by exploiting the river Volta's hydroelectricity potential. According to a report on Africa (*Africa Confidential*, 1997), the Volta River Authority (VRA) supplied electricity to Benin, Togo, and Côte d'Ivoire in 1985. By this time also, Ghana's ten regional administrative capitals had linked to the national grid, paving way for the electrification of the whole country under a national programme to be fully implemented by the end of 2000 (*Jeune Afriqué,* 1998).

Nevertheless, power supply remains unaffordable, unreliable, and therefore, inadequate for optimising machinery operations and thus manufacturing in West

Africa. In terms of funding, the Northern Power Grid Extension project aimed at developing the potential of VRA, but like any other project of that nature, the cost amounted to an enormous US $97 million over a period of two years. This made funding all the more daunting and thus requiring the involvement of the collective efforts of a consortium, which included the African Development Bank, the International Development Agency (IDA), the Japanese Export-Import Bank and the Saudi Development Fund.

The necessity for manufacturing firms to invest in infrastructure has affected the nature and speed of industrialisation in the ECOWAS sub-region. A 1990 World Bank study found that all manufacturing firms in Nigeria employing more than 50 people had installed their own electricity generators. Only about 8 per cent of manufacturing establishments did not have private generators compared with about 35 per cent in Indonesia and 94 per cent in Thailand. Moreover, production losses from power failures were estimated at 10 per cent for normal hours worked in Nigeria compared with 7 per cent in Indonesia and 6 per cent in Thailand (World Bank, 1990). In Ghana also, many firms have been forced into operating at less than half their capacity because of the sharp reduction in electricity generation due mainly to the impact of severe drought on Ghana's hydroelectric generating capacity. The main casualty was of course, the country's largest industrial user, the Volta Aluminium Company (VALCO), whose energy crisis led to an astonishing decline in output to the tune of about 30 per cent over the first half of 1998. The hydroelectric plants of Akosombo and Kpong, and the thermal power station in the port city of Tema generated a combined capacity of about 1,100 megawatts (Mw) of electricity in the late 1980s (*Jeune Afriqué,* 1998).

On a regional level, the recommendation of the ECOWAS Ministers of Energy and the Council of Ministers, prompted the Authority of Heads of States and Governments, in December 1999, into taking a number of vital decisions such as the approval of the master plan for development of energy production facilities and the interconnection of electricity grids of Member States, as well as the establishment of the West African Power Pool (WAPP). Fourteen (14) ECOWAS Member States embarked on a seminal undertaking in their long-standing quest for regional integration, the creation of the West Africa Power Pool to permit electricity trading among members. These states, despite their recent involvement in the design of a power pool for trading electricity among themselves, can only hope the initiative would catalyse their efforts at regional integration and economic development.[4]

Beginning with the signing of the agreement by ECOWAS Energy Ministers in Ghana in November 1999, progress on the WAPP through mid-2000 involved preparations for arriving at the implementation of agreements to govern the structure and functioning of the power pool (ECOWAS, 2000a). However, a consensus on the short-run and long-run trading arrangements in both energy and reserves, which give great latitude for market forces to operate, was not reached as contracting parties remained nationalistic in focus.

As a critical component of any country's economic infrastructure, electricity is often one of the last sectors to be exposed to competition, with substantial government involvement in investment and regulation. Assuring the functioning of the electricity sector even enters into the realm of national security considerations, so a regional engagement to trade electricity and reserves requires a high level of confidence in one's neighbours. To date, electricity generation has been seen in West Africa more as a technical engineering question than an economic question. Increasingly, though, the costs of electricity generation will be evaluated against the price of buying electricity from neighbouring states. Security of supply, never very well assured in the sub-region, should become more reliable with effective rules in place for electricity trading. In most developed countries, power generation accounts for over 60 percent of the total cost of delivering electricity to end-users. In West Africa, that figure can be expected to be lower, due to the relatively inefficient transmission systems and high line losses. With the current trend towards privatisation and greater competition, however, the actual costs of generation has come under increasing scrutiny, which should contribute to a reduction in unit operating costs as managers seek to improve performance. It is also expected that as new methods for financing construction or expansion of generating facilities inevitably develop, international investors will demand greater transparency in cost structures.

Nevertheless, frequent power interruptions, outages and power surges still pose numerous problems for West African businesses, particularly small and medium-sized enterprises. For example, sharp fluctuations in voltage current can permanently

[4] The 14 ECOWAS members are Benin, Burkina Faso, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo. Mauritania recently decided to leave ECOWAS.

damage a firm's capital equipment, whether machine tools, refrigeration, or a computer. In dialogue with the World Bank and IMF, West African countries are being urged to undertake fundamental reforms of their electrical utilities, through steps such as privatisation or opening up to competition. In this vein, the state-run Electricité de Mali is in the course of being privatised, with the government selling 60 percent of the utility.

Currently, ECOWAS members are involved in establishing the mechanisms for intergovernmental co-operation through elaboration of protocols and legal frameworks. Plans for the West Africa Power Pool (WAPP) feature an inter-utility management committee, a dispatch control or co-ordinating centre for overseeing cross-border trading, a technical committee, a planning committee, and a tariffs committee. There may be tangible benefits to structuring the WAPP in a parallel fashion to the gas pipeline. The main gas pipeline management committee includes 2 representatives from each country's utilities and one representative from each of the national energy ministries. The gas pipeline also has subcommittees on finance, fiscal, legal, and environmental issues, which involves a wide range of national officials (customs, attorneys-general, etc.) in cross-border energy issues, often for the first time. In the near future, ECOWAS members must consider what kind of power pool they wish to have. A tight power pool is characterised by unrestricted free trade among the members. As a tight pool serves to minimise the costs and maximise the benefits from centralised planning, a tight pool is preferable for accelerating investment, economic growth and poverty reduction. In a *loose* pool structure, countries largely operate on an independent basis except for some long-term fixed bilateral trade agreements. But in a loose pool, the bulk of the potential benefits from electricity co-operation are not realised. Participating in a loose pool structure offers members some operational advantages, such a surer supply of emergency power, but the economic gains are minimal. The investment environment is most attractive with a tight pooling structure, as market demand determines the efficient levels of electricity trade. Loose pooling will only result in increased trade between pairs of national governments, rather than a truly cost-effective, WAPP-wide electricity market such as is possible through a co-ordinating centre tasked with determining optimal levels of trade. The tools of co-operation for the power pool members could potentially include mechanisms for cost-sharing, common rules governing the regulatory and fiscal environment, and even guidelines on tax policies for attracting investment. As the power pool develops, the structure of the pool will affect financial sector issues such as the design of national or regional financing mechanisms for use as a means of pooling risk for investors.

West Africa is without a doubt a demand deficit region. Whereas in better-developed systems, demand for electricity can rise or fall in part due to the price to the end-user, West Africa has not yet reached the minimum supply threshold for such basic economic laws to operate. For the purposes of long-term planning and investment, where the real benefits of inter-utility co-operation lie, it will be necessary to quantify potential demand in the sub-region. Yet at the present time, it is impossible to know what potential demand is when existing demand is unknown. Efforts are underway; including some financed by USAID, to better understand the electricity demand growth functions for each ECOWAS State. The variable nature of electricity demand by hour of the day and season of the year leads to a variable cost profile for electricity generation and transmission. Utilities understandably place a premium on being prepared for peak load demand, when electricity is most costly and potentially most profitable. Much like the situation for aggregate demand, the debate over the trade-offs between meeting urban versus rural demand for electricity is still in the initial phases in West Africa. In general, the ECOWAS countries have focused on satisfying, as much as possible, the demand of urban consumers and industries. Rural electrification, with its strongly positive effects on poverty reduction, is widely held as a goal in West Africa, but the limited reach of the national electricity grids suggests limited progress to date. Currently, rural demand remains much more of an issue at the national level, rather than an issue critical to regional co-operation on power-sharing. Yet once again, inter-utility co-operation, such as sharing experience on appropriate techniques for rural electrification, may be a way to improve national capacity for meeting rural demand.

Hydroelectric power represents the most abundant potential energy resource found in most of the ECOWAS states, representing slightly less than one-half of the electricity generated in the sub-region. The major rivers, in particular the Niger and the Volta, have become multi-purpose resources, being exploited for electricity generation, agricultural irrigation, and other river-based industries. Yet hydroelectric power alone cannot provide sufficient security of supply for electricity in West Africa, in part due to the sharp seasonal variations in water supply. In the sub-region, the dry season in the second quarter of the calendar year brings an increased frequency of power outages and overall unpredictability. The thorny paradox at work is that electricity demand is usually highest during the dry season, due to the increased use of air conditioning units.

Since each of the ECOWAS Member States experiences the dry season at a slightly different period during the year at margins of the seasons, there could be significant gains in reliability and price from cross-border trade in electricity. But even more important may be the development at the regional level of techniques for forecasting load demand, in order to better manage the limited water available. A natural complement to the development of the power pool would strengthen regional linkages for the national meteorological and hydraulic resource services. The increased supply of natural gas through the gas pipeline, which is not subject to seasonality, will eventually be very beneficial in reducing the sharp seasonal fluctuations in electricity derived from hydro plants. But as of yet, the planning process for the gas pipeline has not fully digested the implications of seasonality.

1.5 RESEARCH LIMITATIONS

The major constraint in undertaking a study of this nature is the lack of consistent data. For example, it was difficult to make appropriate connections between events in ECOWAS from its creation in 1975 to the current time (July 2002). Although Chapter 6 presents a three-sector analysis of physical infrastructure development in ECOWAS, there was a problem of inconsistency and hence sequencing of the chronological accounts of ECOWAS policies in these areas. It was also difficult to draw consistent connections, as figures seemed to differ depending on the sources cited, and events tended to overlap within and between the sectors. Furthermore, apart from the physical elements such as the development of transport, communications, and energy in ECOWAS, no other aspect of welfare enjoyed more than a passing commentary. It may have made a difference if the development of regional health and education policies were also investigated in depth. The extent, to which these resources are distributed equally or unequally relative to need, will also determine the pattern of welfare in any society, not the least in ECOWAS.

Human capital development also matters because the most significant asset of the poor is their labour, and the most effective way to improve their welfare is to increase their employment opportunities and the productivity of that labour through investment in education, health, and nutrition. As an illustration of these crucial elements of welfare, the African Development Bank (ADB) demonstrated the linkage between these elements as they relate from diverse sub-systems into a more holistic system (see ADB, 1998). In this regard, therefore, it would do researchers much good to explore the applicability of a systems model to the welfare issues of customs unions. While states of North Africa and mainly high-income sub-Saharan states like Botswana and Mauritius (erstwhile SADCC members) have high proportions of children of primary school age enrolled in schools, primary school enrolment is still low in a number of ECOWAS states. Furthermore, apart from North African states and South Africa, only Botswana and Mauritius had more than half of the secondary school age enrolled. In the ECOWAS sub-region however, the progress in education was only modest in places like Burkina Faso, Ghana and Niger. While the primary school enrolment jumped from 8 per cent in 1960 to 27 percent in 1983 in Burkina Faso, the increase at the secondary level was from 1 per cent to a dismal 3 per cent (World Bank, 1988). This is despite the fact that joint education among ECOWAS states will not only serve to alleviate the language barrier problem hampering intra-regional trade, but will also promote effective intra-African communication and co-operation. This can only be attained through a joint educational policy by ECOWAS states, as portrayed in the existence of the West African Examinations Council (WAEC).

Better health increases productivity; improves attendance of school and enhances the ability to learn; reduces child mortality and increases life expectancy; it also has tangible benefits like reducing pain and suffering. Improved nutrition improves health and reduces mortality; increases productivity; and has intrinsic benefits like reducing suffering from hunger. Better education increases productivity and earnings, as well as improves health and life expectancy. It also instigates powerful changes in attitudes toward work and society. Reduced fertility increases households' ability to invest more in health, education, and nutrition, reduces population growth and improves living standards.

In addition to its direct positive effects on productivity, rates of return and earnings, education has a wide range of indirect benefits, which instigate powerful changes in people's attitudes towards work and society. It makes it easier for people to learn new skills throughout their lives and hence facilitates their participation in modern societies. Education also affects health and life expectancy of individuals, empowering them with the knowledge and means to prevent, control, and detect diseases. Health and nutrition on the other hand, improve people's standard of living by reducing sickness and child mortality. Education and better health also interact positively to reduce fertility and population growth. As a result of these interrelationships between these aspects of human capital investments in each constitute inputs into the others, bringing.a spiral of multiple and mutually reinforcing positive aspects (ADB, 1998).

It would have also been enlightening to see how ECOWAS could have developed and pursued a common agricultural policy in the West African sub-region, considering that most ECOWAS states are largely commodity exporters, it may also have been necessary to explore how best to assess the strength of these commodities as revenue generators. Subsidised exports from the European Union member states in concert or independently, undermines rural livelihood within ECOWAS, as the local markets are often flooded with cheap imported food, which erodes the income of local farmers. Undoubtedly, income improves the standard of living and provides access to education, health services and food. For instance the common agricultural policy established in the European Economic Community in 1962, which aimed at increasing European farm productivity, establishing a fair standard of living for European farmers, stabilising European markets, ensuring European food security, and setting 'reasonable' consumer prices for members of the European Community through massive subsidies has not received any pride of place in ECOWAS (see Moravcsik, 1991). Notably the European common agricultural policy was established long before the monetary and political unification of Europe in 1992.

Moreover, the issue of language barriers was also given only a brief mention, despite the fact that the concept is not new to the existing body of knowledge. As Mr. Ogbonanya, Information Officer at the London branch of the Nigerian High Commission philosophised "the biblical story of Babel graphically describes the way language diversity restricts human co-operation, a communication problem that has continued till this day."

1.6 THE RESEARCH PLAN

This research draws on illustrative data from a number of sources including the International Monetary Fund (IMF) and World Bank studies, journals, magazines, Newsletters, and Newspaper publications. It also adopts an international perspective by covering a range of customs unions such as the East African Co-operation (EAC); the North African Arab Maghreb Union (AMU); the South African Development Co-ordination Conference (SADCC) and the Latin American Customs Union (MERCOSUR). There is also a brief mention of the North American Free Trade Area (NAFTA) and the European Union (EU) as they highlight and expose more general processes.

There is no doubt that political objectives are of grave consequence in the evaluation of regional economic integration (customs unions). Although there is usually a blurred distinction between political and economic motives for customs unions, only a passing commentary on the relative importance of both considerations would be undertaken in this research. This is largely because of the unquantifiable nature of the interrelationships and because of the considerable degree of interdependence between political and economic factors. It is also important to state that the political motives may prompt the first step in regional economic integration but, economic integration also reacts to the political swings; similarly, if the initial motives are economic, the need for political unity can arise at a later stage. From the economic point of view, the basic question is not whether economic or political considerations gave the first impetus to the integration movement, but what the economic effects of economic integration are likely to be.

In some political circles, the economic aspects are deliberately minimised and the plan for economic integration is regarded merely as a pawn in the play of political forces. Such a view unduly undermines at best, and at worst, completely neglects the economic expediency of the proposal. Even if political motives did have primary importance, this would not mean that the economist could not examine the relevant economic problems without investigating elusive political issues. By comparison, although the formation of the United States was primarily out of a political concern, nobody would deny the economic importance of its establishment. Nevertheless, even though political ends will not be largely considered in this thesis, certain points of the argument stemming out of economic failures may find their solutions deeply embedded in political processes. Changes in the decision making process, on the other hand, thus become a major political hassle. Rather, the thesis would go no further than stating the need for co-ordinated action in certain fields such as the development of an adequate and workable regional infrastructure networks, while leaving it up to the political scientists to determine the political implications of such developments.

However, the intention is neither to make exhaustive international comparisons between particular customs unions nor to provide a comprehensive historical account. The general contention, however, is to contribute to a discourse, which challenges orthodox but narrower perspectives on customs unions and their effects on the welfare of their members. The aim is to expose the gaps in the literature where conventional discourses on the customs unions theory have failed to account for the experience of a specific case - ECOWAS. The defunct East African Community provides one pivotal focus of the study. This is partly because that customs union has a special place in both the rise and fall of African integration initiatives. The initial attempt at economic cooperation in southern Africa under the banner of SADCC also receives regular attention specifically because it was a customs union of a different kind from ECOWAS. In this light, it may be important to state that there are three distinguishing characteristics in the SADCC objectives, which makes it different from ECOWAS (Balassa, 1979). These differences were highlighted in the principal objectives of SADCC at its establishment in 1980 (Gambari, 1991): disengagement from dependency on Apartheid (at the time) South Africa, aversion to a common market approach to regional co-operation and the appeal to external donor states and (their) international agencies.

The Arab Maghreb Union (AMU) in North Africa will also be regularly drawn upon in the discussion, as it provides a model for African customs unions. The North American Free Trade Area (NAFTA) comprising the United States, Canada and Mexico and the European Union (EU) also receive attention because, in addition to the latter's prominent role on international co-operation, it is located at the other end of the spectrum from the former. As Balassa (1979) pointed out in his 'stages' approach to regional integration, NAFTA constitutes the loosest form of economic integration while the EU is a living example of a fully integrated Economic Union.

It is indeed persuasive that Customs Unions theory may be a good measure of assessment for the performance of regional integration in Europe. It is doubtful, however, whether the theory is really applicable in the context of ECOWAS. Considering the argument that the welfare gains of contracting parties in any customs union can be best explained using the concepts of trade creation and trade diversion, the reality of ECOWAS may not reflect this simplistic assumption. Describing the phenomenon of welfare increases and/or economic growth, in the light of trade creation and/ or diversion, therefore, exposes gaps between the Customs Unions theory and the practical reality of West African integration. This exposition calls for two main courses of action. First, is the need to fill these gaps between theory and practice. Second, is the extension of the theory to take on-board the experience of West African states within the particular context of ECOWAS.

1.7 ORGANISATION OF THE STUDY

Following the structure in this Chapter, the focus of the study moves into an in-depth description and analysis of the theories of international co-operation. Therefore, building on the research questions, aims and objectives, Chapter 2 outlines and discusses the theories underlying and informing the study. It also offers the theoretical framework and, thus represents a conscious modification of several theories of regional integration in a multi-theory framework. The chapter also discusses the different political and economic basis of integration theory from functionalism, neo-functionalism, federalism and intergovernmentalism. These theories are discussed first because of their prevalence in the politics of integration literature. Chapter 2 also highlights two main levels of international co-operation to include multilateralism and regionalism, which are reconciled with the politics of integration in a manner that has not been done in previous studies, especially in the domain of ECOWAS. The chapter concludes by summarising the key features of the framework and the complimentary manner in which the different theories all link up together in the overall research process.

Chapter 3 is the research methods and methodology chapter, which specifies the philosophical basis and research method adopted with an appropriate justification for them based on the existence of other alternative methods. The first part of this chapter lays out the on-going debate about the superiority of research paradigms. This is followed by the adopted research method, the archival or historical research with its appropriate justification. The research strategies are specified as induction and deduction in order to yield a compromise between the two. This adds to the justification for an archival type analysis of integration efforts of the Economic Community of West African States (ECOWAS). Finally, the aspects of reliability and validity are discussed to ensure a strong foundation for the research.

Chapter 4 traces the evolution of regional integration efforts of West African states leading up to the Treaties of 1975 and 1993. It documents how ECOWAS was introduced as a means of enlarging the scale of regional co-operation in the sub-region. The organs and institutions of ECOWAS are also highlighted along with the decision-making mechanisms in place. The original Lagos Treaty of 1975 is reviewed against the background of its revised 1993 version to ascertain the consistency of regional integration theory with the stated objectives of ECOWAS. It is suggested in this chapter, that policy harmonisation in crucial sectors of the regional economy, as well as the sacrifice of national sovereignty for regional advancement, would be required to ensure welfare gains in ECOWAS. The central argument of Chapter 4, therefore, is that in ECOWAS, where the Treaty, Protocols and Conventions have to be ratified by Member States before they enter definitively into force, it has been an uphill task getting these legal instruments ratified. This hurdle has to be addressed, and the next step from there is to translate the content of the Protocols into the language of domestic law or administrative action. It still remains the pitiable aspect of the unfinished symphonies in the regional economic community known as ECOWAS.

Chapter 5 marks the start of the data gathering exercise. It critically evaluates the two essential ingredients at the core of the existing customs unions theory (i.e. trade creation and trade diversion) by looking at the general economic environment in which ECOWAS is situated. Research evidence shows that while ECOWAS may not have shown any strong evidence of trade creation, they have not been equally trade diverting. The similarities between trade creation and outward-oriented growth strategies as well as their counterparts (trade diversion and import substitution policies) are also noted in this chapter. The overall suggestions that the customs unions theory may not, after all, be relevant in assessing the experience of West African integration are also inferred in this chapter.

Chapter 6 undertakes a three-sector analysis of ECOWAS. The practical reality of ECOWAS is drawn against the background of its stated objectives. Specifically, this chapter re-examines the ECOWAS objective regarding the harmonisation of policies relating to regional infrastructure development, which makes the objective of free movement of factors more realistic. Elements of the research interviews feature reasonably well in this chapter to show how ECOWAS has wavered from its stated objectives to the static principles of trade creation to no avail in terms of welfare gains. It also enables the reader appreciate the consistency or inconsistency of ECOWAS objectives with the fundamental underpinnings of the *status quo*: whether trade creation/ diversion is fully responsible for welfare increases/ decreases.

Chapter 7 summarises the experience of ECOWAS in comparison to other Customs Unions within Africa (such as the Arab Maghreb Union, East African Community and the Southern African Development Community) and outside Africa (the European Union). It also documents consistencies with, as well as departures from the conventional customs unions theory as it impacts on the ECOWAS experience. Finally, it offers some tangible explanations for the economic decline of, and possible lessons for ECOWAS as a customs union. Most importantly, Chapter 7 reflects on the initial research questions posed in Chapter 1, and suggests reasonable explanations for the answers thus derived. For example, it explains in detail the critical success factors and/ or moderating influences in the welfare improvement bid of ECOWAS member states. It also explains the reasons for the continued transaction cost upswing in ECOWAS as well as the rise of unrecorded trans-border trade.

Chapter 8 is a discussion chapter, which reflects on the patterns derived from the primary data sources highlighted through Chapter 5, Chapter 6 and Chapter 7, and how these match or conflict with the secondary material in the literature review of Chapters 2 and Chapter 4. Overall, Chapter 8 demonstrates that efforts at market enlargement and intra-regional trade in ECOWAS, has neither yielded results by way of enhanced efficiency, nor success in terms of industrialisation, modernisation, sustained development and growth, or competitiveness. Yet, most West African states still seem to remain committed to regional economic integration. It suggests two essential areas where the failure of African governments to translate their commitments in regional treaties and agreements into substantive changes in national policies, legislation, rules and regulations occurred. At the macro level, regional conflicts made it impossible for integration to work. This was mainly due to its implication of the constant shifts in emphasis in the ECOWAS agenda from regional economic growth and development areas into conflict resolution and regional security matters. At the micro level, however, reasons for the failure of economic integration in Africa include poor intra-regional infrastructures linkages, and insufficient opportunities for effective intra-industry trade expansion, which have all cumulated to further erode the welfare of member states.

Chapter 9 concludes the study by arguing that despite considerable effort aimed at achieving regional economic integration in West Africa, effective market enlargement by such means has not occurred in the sub-region. The possible areas for future knowledge advancement are also stated in this chapter.

1.8 CONCLUSION

The research problem stems from the need to highlight the inconsistencies of the conventional customs union theory, on a *macro* scale, with the practical realities of Sub-Saharan African states in general and that of ECOWAS members in particular, at a more *micro* level. The theoretical analysis of the customs union theory in the light of ECOWAS demonstrates that this theory might not be an across-the-board view after all. This is the case especially when the theory is operated within the concepts of trade-diversion and trade-creation as being welfare decreasing and welfare improving respectively. The case of ECOWAS shows a unique exception to the rule due to its size, and the multi-cultural and/ or lingual composition, which ultimately reflects the pattern of trade in the sub-region. More importantly, however, the incessant shifts in the economic and socio-political agenda of ECOWAS member governments have constituted a fatal reason for its sluggish pace of economic integration. For example, attention has often been diverted away from the joint development of transport, energy, and communications to the resolution of national and regional conflicts across the sub-region.

CHAPTER 2: THE MULTILATERAL TRADING SYSTEM AND CUSTOMS UNIONS THEORY

2.0 INTRODUCTION

This chapter outlines and discusses the theories underlying and informing the study. The theoretical framework thus represents a conscious modification attempt in that it benefits from the insight of several theories; it is a multi-theory framework. The different theories contribute to the study and hence to knowledge in a different but yet highly interdependent level. The chapter is divided into two main sections. The first section discusses the different political and economic basis of integration theory: functionalism, neo-functionalism, federalism, and intergovernmentalism. These theories are discussed first because of their prevalence in the politics of integration literature. The objective here is two-fold: (1) to outline their potential contribution to the study, and (2) to highlight how their adoption would not do justice to the topic under investigation. At this level also, the theories refine and focus the theoretical argument of the study. They also provide helpful insights on interpretation and theory development from the data gathered.

The second section highlights two main levels of international co-operation: Multilateralism and regionalism. Both approaches are complex, but an attempt is made to limit discussions to those aspects that are necessary for understanding the major thrust of the arguments in the study. Throughout the discussions, an attempt is also made to link the theories with the research questions. The chapter concludes by summarising the key features of the framework and the complimentary manner in which the different theories all link up together in the overall research process.

2.1 INTERNATIONAL CO-OPERATION: TWO LEVELS OF ANALYSIS

International trade amounts simply to an internationalisation of specialisation and division of labour. The classical explanation is based on *Ricardo's* (1817) *Theory of Comparative Advantage*, or more precisely, its major refinement referred to as *Heckscher-Ohlin Factor Endowment Theory* (Heckscher, 1950; Ohlin, 1933; Madichie and Ibeh, 2002). These theories have suggested that variations in the resources of production (or factor endowments) possessed by different states are the essential determinants of the pattern of international trade. Hence, a country will export those goods using factors with which it is relatively well supplied. Closely related to the Heckscher-Ohlin model is the *Stopler-Samuelson theorem*, which describes the effect of protection on relatively scarce factors (see Madichie and Ibeh, 2002).

Although it has been argued that individual states may try to protect sectional interests, the gains from international (multilateral) trade are nonetheless phenomenal. This is largely because attempts by a single state, to gain a narrow advantage can so easily be offset by retaliatory action by others. That all states have a common interest in trying to keep barriers to trade low is, therefore, more easily achieved by joint action and co-operation than otherwise. For example, the harsh lessons of the Great Depression of the 1930s, when state after state indulged in protective policies, not only resulted in a downward spiralling of the volume of world trade, but also gave strong stimulus after the end of the Second World War to collaborative action.

International collaboration, however, takes place at two broad levels: Multilateral (or global) trade and regional trade (customs unions arrangements). The first level involves a set of agreements by states on a global dimension, to remove barriers to trade and behave as natural trading partners under a specified framework (this is the central argument of the *functionalist* thesis). The organisation dedicated to lowering existing tariffs, and making it difficult for states to raise them, was initially the General Agreement on Tariffs and Trade (GATT) but now known as the World Trade Organisation (WTO). The success of GATT in reducing tariffs since World War II has been dramatic, although more recently the WTO has recorded only marginal success in restricting the growing introduction of non-tariff barriers (see Chapter 5). This also gave rise to other integration theories such *as neo-functionalism* and *intergovernmentalism.* Nevertheless, there is no agreement as to whether the regional approach to trade or the multilateral approaches are complementary or competitive (Bhalla and Bhalla, 1997). There are two camps to the ensuing debate: those who believe that the regional approach puts in place a stepping stone towards the attainment of global free trade (Summers, 1991; Anderson and Blackhurst, 1993); and those who believe that the multilateral trading system would have grown faster in the absence of customs unions (Bhagwati, 1993).

Subsequent sections of this chapter, therefore, review the structure, content, and evolution of customs unions in the light of the long-standing debate on these trade perspectives. While the primary focus of the chapter is on the different definitions, perspectives, levels, assumptions and rationales of customs unions, it does set the stage for a more detailed analysis of the welfare improvement of ECOWAS member states. In other words, this chapter provides a background to the various theories applied to regional economic integration as they affect the welfare of contracting parties. Overall, the impact of a customs union theory on the welfare of its members is portrayed at two levels of analysis. The first level is to ascertain the benefits of regional economic integration as distinct from the multilateral trading system. Second, depends on how much detail the definition of customs union theory impacts on the welfare of ECOWAS member states.

2.1.1 MULTILATERALISM

The major source of economic growth and rising global living standards lies in the development of specialisation and division of labour. Without interregional trade, for example, each region of the world would have to be self-sufficient, producing all the agricultural products, manufactured goods and services that the people in the region require. With trade among regions, however, specialisation is possible. Plains regions with suitable climates can specialise in growing grain crops; mountainous regions can specialise in timber and mining; cool regions can produce crops that thrive under temperate conditions; hot regions can grow tropical crops such as coffee, cocoa and groundnuts; and regions with abundant power sources can specialise in manufacturing etc. With trade, each region can, therefore, concentrate its efforts on what it does relatively well (Lipsey, 1987, 1993). Moreover, with exchange among specialised regions, all regions can register a gain in welfare. Identical arguments apply to nations and between persons. For example, international trade leads to specialisation and thus welfare gains of states, just as trade among individuals can allow them specialise in those activities they can do well, and to exchange their surpluses with other people, who specialise in different other activities.

Nevertheless, early attempts by developing states to penetrate the markets of the developed world with new products from the nascent developing world economies in the 1960s met with fierce resistance through discriminatory import tariffs such as antidumping initiatives and stiff competition (Jovanovic, 1992). Coupled with these obstacles, were the more disturbing non-tariff barriers such as subsidies (especially agricultural subsidies), import quotas, and rules-of-origin as well as the Multifibre Arrangements (MFA) on textiles and clothing (see Table 2.1).

Table 2.1 Classification of Non-Tariff Barrier

Major group of Non-Tariff Barriers	**Type of Non-Tariff Barrier**
Government involvement in international trade	Subsidies (production, export, credit, cheap government services) Procurement of public bodies (local, regional, central) State monopoly trading Exchange rate restrictions Tied aid
Customs and administrative entry procedures	Customs classification Customs valuation Rules of origin Import licensing Administrative controls
Standards	Technical Health Environment Testing and certification Packaging, labelling, weight
Specific Limitations	Quotas (tariff-free ceilings) Export and import licensing Tax remission rules Bilateral agreements Multi-fibre arrangements

Source: Jovanovic (1992, p. 80)

The growth of non-tariff barriers (NTBs) has been found to be inversely related to the fall in physical tariffs. According to the World Bank (1996, p. 2):

> Though some important external obstacles remain on the path to increased exports from developing states such as the proliferation of antidumping initiations, trade barriers facing developing states are lower now than during the 1960s, when states in East Asia began penetrating world markets. In fact, internal obstacles to export growth, such as excessive transport costs, are sometimes as important as external ones.

During the late 1960s states like Hong Kong, the Republic of Korea, Singapore and Taiwan faced average tariffs of 17 per cent in major Organisation for Economic Co-operation and Development (OECD) markets. At that time, industrial states' tariffs discriminated considerably against developing states. Furthermore, Generalised System of Preferences (GSP) schemes, which is the principal mechanism for granting developing states trade preferences into the industrial world markets, had not yet been adopted, so the developing states had to compete with other suppliers on an equal, most favoured nation (MFN) basis (Amjadi *et al.* 1996). In addition, as tight rules of origin were imposed, more to the exclusion of certain critical sectors from preferences (especially foods and textiles), these also constrained other sectors by quotas that limited the preferences to certain quantities, which were unilateral concessions that may be withdrawn at any time. Notably, the GSP was insufficiently secure to allow exporters to build an export-led growth strategy on them. In 1992, for example, less than 25 per cent of beneficiary states' total exports to donor states benefited from the GSP (Page and Davenport, 1994; *Country Monitor*, 2002). Furthermore, the degree of escalation in OECD tariffs was far greater than it was in the late 1980s and early 1990s (UNCTAD, 1988; Amjadi *et al.* 1996).

In the late 1990s, however, developing states as a whole faced OECD tariffs of less than 4 per cent, which was well below the 17 per cent average of the mid-1960s. This shows some support for the elimination of tariff barriers on products from the developing world economies of the 'South,' into the industrialised markets in the 'North' under the auspices of the GATT (see Amjadi *et al.* 1996). The most important feature of the GATT system was the 'rule of non-discrimination,' which required that any 'advantage, favour, privilege or immunity' granted to any GATT member must immediately and unconditionally, be made available to all other members. By 1980 three rounds of negotiations under the GATT had been completed: the Dillon Round (1960-62); the Kennedy Round (1964-67) and the Tokyo Round (1973-79) and all geared towards the reduction of the level of tariffs among developed economies to very low levels. However, tariff reductions for goods coming from developing states were not so generous and as the level of tariff protection was reduced, the importance of non-tariff barriers to trade such as quotas and government legislation became more apparent (see Preston, 1993; El Kahal, 1994). To cite one example of a major distortion to world trade, the Multifibre Arrangement (MFA), which constitutes a huge compulsory export tax on developing states' exports of textiles and clothing to the developed world markets, covering virtually all fabrics presents an explicit departure from the GATT provisions (World Bank, 1996, p. 39). Nowhere is this better illustrated than in the phase-out of the

MFA, the most significant non-tariff barrier that has faced the world's poorest states for over two decades or more. For example, the MFA concerning textiles and clothing has been used as a serious trade diversion tool to encourage and promote the innovative capacity of firms of the industrialised states of the North (Faini and Heimler, 1991). According to an Oxfam report (see LeQuesne, 1996, p. 15):

> The MFA was originally introduced in 1974, supposedly as a temporary departure from GATT principles, in order to allow industrialised states to adjust their own domestic textile industries to Third World imports by imposing bilateral quotas. In practice, this was both arbitrary and discriminatory. For most Southern states, it has also been very damaging, since textiles and clothing account for a quarter of all manufacturing exports from the South. The overall cost of the MFA to developing states has been estimated at around US$50 billion a year, about equal to the total flow of development assistance provided by northern governments.

In addition to the discriminatory nature of the MFA, the Common Agricultural Policy (CAP), a major European Union (EU) policy presents another departure from the GATT especially in respect of its rule of non-discrimination (Daniels and Radebaugh, 1998). CAP was established in 1962 as an important element in the European Economic Community's (EEC) overall economic policy, with *Euro-centric* objectives in mind, geared towards satisfying only European interests. For instance the CAP aimed at increasing European farm productivity, establishing a fair standard of living for European farmers, stabilising European markets, ensuring European food security, and setting 'reasonable' consumer prices for members of the European Community (Gupta *et al.* 1989). Moreover, CAP involved the imposition of tariff and non-tariff barriers especially on agricultural products thus disrupting the free flow of goods and, therefore negatively affecting global resource allocation. However, it has also been argued that CAP has been a wasteful and inequitable agricultural policy, which has been responsible for massive subsidised overproduction, bringing devastating effects for some developing states (LeQuesne, 1996). As an illustration, it was recorded that:

> With surpluses mounting throughout the 1980s and early 1990s, the EU and US indulged in a strategy of out-subsidising each other in order to expand market share. The consequences were felt most sharply by developing states that saw world prices fall to their lowest level in real terms since the Great depression... Subsidised exports also undermined rural livelihoods by flooding local markets with cheap imported food.

It is no wonder why most developing states have often tried to protect their own markets in order to preserve the little wealth they seem to be content with. In this regard, West African states like most of their developing world counterparts, adopted numerous policies, swallowed many reform pills all in a bid to gain market access into to industrialised world economies. These reforms did not, however, guarantee the promised access to markets of Western Europe or North America despite all the false promises by politicians in the industrialised world economies. For example, in a November 1999 BBC Interview, Stephen Byers, the former UK trade secretary, proudly declared that:

> All goods coming from those 49 least developed states will have access to the European Union with no duties being imposed, giving them access to a market of 370 million people ... a radical change that will begin to lift those states out of poverty, meaning they won't have to resort to child labour.

In reality, however, the same measures the UK promised to safeguard against, have only been compounded by the failure of the government to uphold such promises. Moreover, patterns of trade have shown a growing change in favour of West-East trade as epitomised by the new attention to Eastern European countries (see Nixson, 1995, 2001) and are still changing more in line with stronger North-North participation in trade so much that many recent trade theories have focused on such trade (Frankel *et al.* 1993; Yoffie, 1993; and Biggs *et al.*, 1996). This is consistent with the observation by Preston (1993) that the economies of industrialised nations in the 'North' have become increasingly interdependent through global products and global trade. However, international trade has adversely affected approximately 20 per cent of the world's population, which are in Africa and Latin America. For example, Preston (1993, p. 31) argued that 'Latin America lost 1 per cent of its world market share during the 1980s to a level of 4 per cent, whereas Africa's share fell by more than half, from 4.8 per cent in 1980 to 2.2 percent in 1988.' There has also been a relatively steady growth in manufacturing exports, leading to high levels of trade between states with similar factor endowments. For instance, and according to Yoffie (1993), only one third of developing country trade went to other developing states in 1989, by contrast, three quarters of all exports from the developed states went to other developed states.

The problem did not end there, as there was also the rapidly falling demand for raw materials to contend with, which is largely due to two main factors: technical progress that has reduced the raw material content of manufacturing by some 30 per cent in the recent past, and growing protectionism (the European 'Iron curtain' for example) spearheaded by Margaret Thatcher in the United Kingdom and the Reagan administration in the United States.[5] All these actions have only subjected Africa's manufactured exports to discriminatory restrictions precisely in those labour-intensive areas such as agriculture, where CAP presents some form of barrier covering food, and in the area of clothing and textiles, the domain of the MFA, where Africa is believed to enjoy comparative advantages.[6]

According to the theory of comparative advantage, however, states will specialise in the production of goods and services in which they are most efficient; this should mean that they are able to maximise their output from a given level of resource input, and therefore move towards conserving needed economic resources (Ekins, 1995). However, the theory of comparative advantage, as Ekins has shown, is based on a number of assumptions, insinuating that commodity prices reflect the true cost of production many of which are highly questionable. They are indeed questionable because this is rarely the case in practice where the prices of commodities do not account for the environmental degradation caused by their production or extraction processes (Ekins, 1995; Madichie and Morris, 2000). That being the case, economic inefficiencies will be generated and the real comparative advantage of states will be mistaken.

Under these conditions, therefore, trade will only act to magnify unsustainable patterns of economic activity as well as encourage an intensification of the problems of pollution and resource depletion (*Econews Africa*, 1995). Although the Lomé Convention,[7] was aimed at supporting the African, Caribbean and Pacific (ACP)

[5] The combined effect of growing synthetic substitution for raw materials and rising protectionism is the sharply falling demand for Africa's raw material exports. This is a typical case where 'all things are not equal' in economic terms. See Onimode (1990) *Perspectives of African development.*
[6] See Table 2.1 for a classification of these non-tariff barriers as adapted from Jovanovic (1992) *International Economic Integration*, p. 80.
[7] The Lomé Convention is an international aid and trade agreement between the African, Caribbean and Pacific states (ACP) group and the European Union (EU). Four such Conventions have been signed to date. The first Convention, Lomé I, was signed on February 28, 1975. Lomé II and III were signed in 1979 and 1985 respectively. The current Convention, Lomé IV covers the period from 1990 to 2000 and is the most extensive development co-operation agreement between North and Southern states both in terms of scope (aid and trade) and the number of signatories. *Econews Africa* Vol. 4, No. 14, 30 August 1995.

States in their efforts to achieve a comprehensive, self reliant and self-sustained development and, despite the contention that it continues to favour access of African products into the European Union (EU) market, there are reasons not to be too optimistic about this favour (PANA, 1998; Nixson, 1995, 2001).

In his analysis of the European Community's aid distribution, for example, Nixson noted that sub-Saharan Africa was the major EC aid recipient, although its relative importance fell between 1985/ 86 and 1990/ 91 (see Table 2.2). This has been largely due to the shift in attention, and thus priority from Africa as a whole to Eastern Europe and the former Soviet Union.

Table 2.2. Regional distribution of EC Overseas development Assistance (ODA) 1980/81 - 1990/91 (% of total gross disbursements)

Region	**1980 - 1981**	**1985 - 1986**	**1990 - 1991**
Sub-Saharan Africa	60.4	65.2	58.2
South Asia	17.2	9.3	7.2
Other Asia and Oceania	5.0	5.5	4.9
Middle East and North Africa	12.0	12.6	19.7
Latin America and Caribbean	5.4	7.4	10.1

Source: Nixson (1995, p. 398).

Nixson also argued that 'although most attention is given to ACP member states, the EC has wider interests, which encompass South Asia, the Middle East, and Latin America.'[8] Referring to Mosley's (1987) 'macro-micro paradox,' Nixson (1995, p. 389) also argued that:

> Whereas the microeconomic evaluation of aid projects is usually positive, there appears to be no statistically significant correlation, either positive or negative, between inflows of aid and the rate of growth of the recipient economy... Our knowledge of the impact of aid on development so defined as to include economic growth, structural change, and the move towards certain socio-economic goods (less poverty, more employment, greater life expectancy, etc.) is thus piecemeal and incomplete.

Quoting Parfitt (1996), he went on to argue that 'the EU's relations with non-member Mediterranean states have had a higher priority than those with ACP states. During the round of negotiations revising Lomé IV in 1995, most EU Member States would only agree the aid package for ACP once they were satisfied that the aid allocations to Eastern Europe and the Mediterranean were adequate.' (See Nixson, 2001, p. 403).

In highlighting how Africa's preferential provisions have been diluted in the Uruguay Round of the GATT negotiations in recent years, two clear pointers have to be mentioned. First, the experience of Asian states, which has proved that as soon as developing states' progress in industry begins to threaten the EU industries, quotas are often revised to limit previously favourable market access (*Econews Africa*, 1995, PANA, 1998). Reflecting on these panAfricanist views, the Uruguay Round of trade negotiations under GATT (and now WTO) has also been most unfavourable to sub-Saharan Africa and not just to the generality of developing states (Lewis, 1980; Onimode, 1990, Madichie and Morris, 2000). The 'agreements' have only made it rather obvious that African commodity exports will have to face stiff competition from Latin America and Asia, especially from the newly industrialising economies in these regions, and even from Europe and the United States. For example, while the European Union (EU) still subsidises its agriculture under CAP, the United States remains unwavering in its massive agricultural support programmes.[9] Under the European common agricultural policy, for example, when production in the European Union falls short of its general consumption levels (as is always the case with developing states, especially in West Africa) the resulting higher prices have been contained by import levies designed to bring the price of imports up to the fixed price. This simply meant that (Maunder *et al*, 1991, p. 63) 'as production gradually exceeded consumption, for commodity after commodity, so direct buying of goods for storage or official subsidies for export were often introduced to support prices in the EU (the EEC at the time) markets.' Secondly, rules of origin, which is the practice of tariff escalation involving the scaling of import duties to the proportion of value-added locally to the raw product, effectively undermines West Africa's incentive to undertake processing ventures for their exports (Ezenwe, 1983). Most West African states have under-exploited export potential, which is a major result of embracing the theory of comparative advantage in its static form. However, it is widely recognised that the comparative advantage of a country is by no means static in a dynamic world

[8] Egypt was noted to be the largest individual recipient of EC aid according to OECD (1992) reports. See Nixson (1995) *Foreign Aid and External Assistance*, p. 398.
[9] In the case of the United States, the Multi-Fibre agreement is a strong manifestation of these discriminatory practices. However, it must be noted that the powers that be in the 'North' have

(Hiley, 1999 cited in Madichie, 2001). This is mainly because comparative advantages are subject to changes such as shifts in resource and factor endowments, technology, and demand. As the renowned Economist, Simon Kuznets argued in 1973, a developing country's economic growth is defined as its 'long-term rise in capacity to supply increasingly diverse economic goods to its population.'[10] This growing capacity is based on advancing technology and the institutional and ideological adjustment that it demands.[11]

However, it was evident in the 1950s, and it is still so today, that the developed states in the North have no stake in disturbing the production and trading arrangements established with West Africa during the colonial period such as the export of agricultural raw materials for manufactured goods, which is very advantageous to the former's own development interests (Onimode, 1990). Experience has shown that it is not unusual for a country to lose its comparative advantage in certain lines of production over time or to develop a competitive advantage in an entirely new set of products (Porter, 1989). It follows therefore that most West African raw material exports can be translated into value through processing into finished or at least semi-finished products. However, there has been a conspicuous lack of encouragement for developing states to get involved in the processing of raw materials by the industrialised economies in the North, which has only served to complicate South-South co-operation between West Africa and the more advanced developing states of South and East Asia (South Commission, 1980; Onimode, 1990). After examining the different outcomes in Asia and Latin America for example, Jeffrey Sachs concluded that the more important differences seem to centre on exchange rate management as well as on the trade regime (Sachs, 1985, p. 564).

These views have not only been consistent with earlier studies (Balassa, 1976, 1979; Krueger, 1980), but have also been corroborated by later studies (Dollar, 1992; Coe and Hoffmaister, 1992; Foroutan, 1993). With regard to trade regimes, the need for outward-orientation and trade liberalisation initiatives as precursors to economic

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forbidden African economies to maintain subsidies (in the guise of free trade, structural reforms and adjustments and, deregulation, which are all instruments of the IMF and the World Bank).

[10] See Kuznets (1973) cited in Ezenwe (1983).

[11] The pursuance of comparative advantage along these static lines is consistent with the notion of outward-oriented growth strategies (Dollar, 1992); and the Vinerian trade creation effects of Customs Unions (Viner, 1950). All these development strategies are however, inconsistent with the development needs of the developing states at large and ECOWAS states in particular (Ezenwe, 1983).

growth have been highlighted. Dollar (1992, p. 540) noted that 'trade liberalisation, devaluation of the real exchange rate, and maintenance of a stable real exchange rate could dramatically improve growth performance in many poor states.' Dollar's assertion echoes more general arguments put forward by Balassa (1979) and Krueger (1980), that outward-orientation fosters economic growth.[12] Moreover, trade liberalisation according to Greer (1992) makes it possible to overcome the problem of an unattractively small size of individual ECOWAS member markets, which poses a classically difficult problem for manufacturers. The new trade liberalisation programme adopted by members of ECOWAS he noted applied to products made in the sub-regional member states. However, precise *rules-of-origin* for products only partially made in these states remain to be worked out. Furthermore, this liberalisation programme adopted within ECOWAS was originally supposed to have taken effect in the early 1980s, with the *rule-of-origin* for eligibility stipulating that at least 35 per cent of the product's value as at when it left the factory, must derive from community inputs (Greer, 1992).

In concluding this section, therefore, it is persuasive to suggest that one thing clearly stand out: multilateralism has not provided the answer to the welfare crisis of developing states, not the least ECOWAS members. Whether regionalism has succeeded where multilateralism seems to have failed is another matter entirely. The success of multilateralism is evaluated in greater detail in Chapter 5 using Collier's (1998) analysis of the international financial institutions, the European Union, and the WTO as 'Agencies of Restraint.' But first a consideration of regionalism as the possible fast track approach to the economic development of ECOWAS is the focus of the next section.

2.1.2 REGIONALISM: CUSTOMS UNIONS THEORY

The story is quite different in the regional approach to co-operation in trade. This is because regional co-operation involves only a limited number of states, which come together in a customs union, defined as an area within which trade is free of restrictions, and all members of the union agree a common external tariff on imports

[12] See for example Balassa, B. (1978) 'Exports and Economic growth: Further evidence.' *Journal of Development Economics.* Vol. 5, June; and Krueger, A. (1980) 'Trade policy as an input to development.' *American Economic Review.* Vol. 70, pp. 288-92.

from non-members.[13] The most striking resemblance of a customs union in Africa is found amongst the French-speaking states of West and Central Africa.

The benefits of customs unions are all the advantages associated with free trade among its members such as greater opportunities for specialisation, greater scope for economies of scale, and greater competition to keep producers innovative. There are, however, detriments to be considered. To illustrate the structure of the detriments Jacob Viner (1950) introduced two trade concepts: trade creation and trade diversion. A hypothetical illustration between two ECOWAS states, Nigeria and Senegal, and one foreign state, France, can be used to demonstrate these concepts of trade creation and/or diversion. Consider, for example, that Nigeria, Senegal and France are the only states in the multilateral trading system, and suppose that all three states trade with each other, but maintain 10 percent tariffs on imports, regardless of source. Let Nigeria and Senegal now form a customs union as in ECOWAS, abolishing tariffs on each other's goods, but both retaining the 10 percent tariff on imports from France. Under these circumstances, two effects can be expected.

The first effect, known as trade creation effects, is that with which there is common knowledge. Free trade between Nigeria and Senegal will improve resource allocation between them. Each will now import from the other, goods, which were previously produced at home (domestically). In sharp contrast to the trade creation effect, trade diversion (the second effect) involves a *less* efficient world allocation of resources. This happens because the customs union involves *discrimination* against imports from non-member states, even when real costs of production are lowest outside the union. An example may be able to explain the nature of the trade-diversion effects. Suppose the real cost of cotton per tonne is £180 in Senegal, £150 in Nigeria and £140 in France. It is obvious to see that France is the lowest source of production (Lipsey, 1992, 1993). If prior to the formation of ECOWAS (between Senegal and Nigeria), all three states imposed a 10 per cent tariff on imports on each other's cotton regardless of source, the cheapest source of supply of cotton for Senegal and Nigeria would be imports from France. In Senegal, for example, the price, inclusive of the 10 per cent tariff, would be £154 for imports from France, £165 for

[13] A free trade area (FTA) is similar to a customs union, except that members do not agree on a common external tariff, but maintain their own rates of protection on imports from non-members. The most important example in the African context is the defunct SADCC.

imports from Nigeria, compared with £180 for domestically produced cotton. Senegal would be better off, therefore, importing cotton from France.

However, after the formation of a customs union between Senegal and Nigeria abolish tariffs on each other's cotton, but maintain the 10 per cent tariff on imports from France. The price of cotton in Senegal now becomes £150 for imports from Nigeria, £154 for imports from France (and, of course, remains at £180 for domestically produced cotton). The cheapest source of supply of cotton for Senegal is now Nigeria, its partner in ECOWAS. So Senegal switches imports from the lowest cost producer, France, to imports from Nigeria, which no longer bears import duty. This result runs counter to comparative advantage. It follows solely from the fact that the customs union discriminates against non-member states, and in favour of union trading partners. The conclusion to these scenarios, however, does not conflict with the case for free trade based on comparative advantages. It merely calls for the general case to be qualified. Complete free trade throughout the world still leads to improved resource allocation. Nevertheless, limited free trade in a part of the world can have the effect of lowering efficiency. What happens on balance depends on whether the trade-creating or trade-diverting effects dominate.

2.2 THEORETICAL FOUNDATIONS OF REGIONAL INTEGRATION

Theoretically, the concept of regional economic integration can be classified into prescriptive and descriptive camps where proponents of the former seek to prescribe and the latter school focus more on understanding and explaining the 'why' and 'how' integration works. In practice, however, this classification is considered arbitrary, as the prescriptive theory would need to be supported by description and some explanation.

Integration theories, defined by Economists and political scientists generally differ in emphasis. While economists define integration from the platform of economies of scale, tariff removals and trade creation, political scientists tend to focus more on the issues of national sovereignty, decision-making processes and the power structure of political actors in such schemes. From the political science perspective, the integration process involves (i) the voluntary relinquishment by nation-states of the power to make independent decisions in certain policy areas (decision-making is either shared by the governments of participating states or is transferred to new central institutions), and (ii) the shifting of loyalties, expectations and activities of national political actors to a new centre (Lindberg, 1963: cited in Jones, 1996)

Many other distinctions can be made, for example, between *positive integration*, which involves the *building* of common institutions and policies like the European or ECOWAS Parliament, and *negative integration*, which refers to the *removal* of obstacles such as tariffs, across integrating borders. In practice, however, this distinction between 'building things up' and 'knocking things down' is difficult to sustain (Babarinde, 1994; Rosamond, 1995; Jones, 1996). For example, the Single European Market programme was nominally about knocking down barriers to trade, but entailed major institutional and policy changes amounting to the most significant exercise in positive integration since the 1950s. Theoretically, and in practice, regional integration frameworks can be further categorised, on the basis of whether they entail the removal of trade barriers or the adoption of common policies. According to Laffan (1992), most-favoured nation, free trade area, and customs union, which involve the elimination of trade barriers, are manifestations of 'negative integration.' Conversely, common markets and economic unions denote 'positive integration,' because they usually require institutional edification and policy co-ordination (Laffan, 1992, p. 5). It could, thus, be generalised that the more advanced the level of integration, the greater the incidence of positive integration. Four theoretical approaches have been advanced, at least for the particular case of European integration: functionalism, neo-functionalism, federalism, and inter-governmentalism.[14]

2.2.1 FUNCTIONALISM

The functionalist school of thought championed by David Mitrany (the so-called father of functionalism) favour the strategy of gradually undermining state sovereignty by encouraging technical co-operation in specific policy areas across state boundaries (Jones, 2001, p. 44). Mitrany regarded nationalism as the biggest threat to world peace and favoured a shift in human loyalties from the national to the international level through mutually beneficial international co-operation in sectors

[14] Adding to these, Rosamond (1995) draws a concise analysis of the debate, in Europe, between what he called pluralist neo-functionalism and the realist intergovernmentalism. See *Between theory and Practice* as discussed in Chapter 8.

such as transport, agriculture, science, and health. According to Jones (1996), however, Mitrany's ideas leaned heavily on the assumption that states were less likely to meet the welfare requirements of their populations than would non-political international authorities. In other words functionalists of the Mitrany school of thought favoured technical self-determination over national self-determination in the belief that human loyalties would shift from the nation-state to supranational authorities because of the tangible material benefits these authorities would provide. People would, therefore, become more committed to transnational co-operation and thus less nationalistic. Mitrany envisaged the emergence of a spreading web of supranational authorities to undertake tasks formerly performed by national governments. According to him, there would be many such agencies, and therefore international power would be diffused rather than centralised. However, Mitrany was interested in multilateralism rather than regionalism.[15] For him, regional co-operation was a magnified form of nationalism, therefore, he was opposed to a 'continental union' in Europe, and to the creation of institutions, which in his view mirrored those of sovereign states. As Jones (2001, p. 44) argued:

> The weaknesses of the functionalist approach seem glaring in the light of post-war history: for example, it assumes that functional co-operation can be separated from politics. However, the decisions of technical agencies are often highly political: several, such as the United Nations Educational, Scientific and Cultural Organisation (UNESCO) and the Internal Labour Organisation (ILO), have been torn by political disputes. These agencies have been created by states for their mutual benefit: they remain under the ultimate control of sovereign states and are dependent upon them for their resources.

There is also only little evidence to suggest any shifts in loyalties from the state levels to the international organisations. The functionalist approach to international co-operation is, moreover, premised on the proposition that one can isolate non-political problems such as social, technical, and humanitarian matters, and then concentrate on solving them. Gambari (1991) while quoting Mitrany, suggested that 'the problem of our time is not how to keep nations peacefully apart but how to bring them actively together.'

This can be achieved by indirectly seeking out areas of mutual interests and binding together those interests, which are common, where they are common, and to the

[15] The underlining propositions of Multilateralism and regionalism have been discussed in greater

extent to which they are common. The emphasis is on a pragmatic approach to solving practical problems. Functionalists also seek an escape from the vertical divisions of the world (nation-states) by developing, instead, a horizontal approach to common problems. They prefer a problem-solving approach and cite approvingly, Lenin's pronouncement that what matters most is 'not the government of men but the administration of things' (West *Africa*, 1981, p. 1209). The functionalists also entertain the hope that co-operation in economic and social fields may spill over into the political fields. The contention being that the habit of co-operation and the accumulated agenda of constructive work may well bring about federalism by instalments. Nevertheless, there are a number of problems with the functionalist approach to integration. First, the main focus is the utility of functional co-operation in relation to the avoidance of war and violent conflict. Wars, civil unrest, and political uncertainty are all factors accounting for de-industrialisation in the ECOWAS sub-region and it is by no means certain that the success of functionalism would eliminate war. Rather, war is attributed to the inadequacy of the institutionalised nation-state system to deal with human problems, such as poverty, ill health, illiteracy, and social injustice.

2.2.2 NEO-FUNCTIONALISM

This approach is more realistic and less prescriptive than the 'Mitrany type' functionalism. It was developed in the 1950s and 1960s to explain integration processes in the European Community. It is, therefore, based on intensive study of an actual case. Haas (1958) viewed integration, as a developing and expanding process involving bargaining and compromise. Like other forms of politics, he argued that there could be a learning curve of co-operation between governments, in which the experience of co-operation in some fields could lead to co-operation in others. In other words there could be a *spillover* effect from co-operation in one policy area to another.[16] Haas did not, however, believe this spillover process to be automatic or inevitable, not least because it would depend upon choices made by governments and other political actors. For example, co-operation in educational policies such as the

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detail earlier.

[16] For a debate on the concept of spillover theory the works of Haas (1958, 1971), Lintner and Mazey (1991), and Marks *et al.* (1996) are considerable sources of insight.

West African Examinations Council (WAEC) did not lead to an ECOWAS Parliament or even the establishment of its Peace Monitoring Group (ECOMOG). Moreover, setbacks in the process of European integration led to the incorporation of the concept of *spillback* (reverse integration) into the neo-functionalist theories. For example, Keohane and Hoffman (1991) denied that spillover was primarily responsible for the single European Market; rather they attributed it to a combination of factors. In particular, such factors include the convergence of national interests, to developments in the world economy and to the concern about the poor competitiveness of the European industry. It is also on record that European integration is too complex to fit neatly into any theoretical model.

2.2.3 FEDERALISM

While ECOWAS does not exhibit any signs of federalism, the European Union has many federal characteristics: a Union title, some supranational institutions like the European Parliament and the European Court of Justice, as well as a wide range of common policies.[17] However, as Jones (2001) argued, there are several major differences between the Union and a typical federation. Firstly, the EU does not have a written constitution and is based upon Treaties negotiated by national governments. Secondly, the power exercised by member states in EU decision-making has no parallel in any existing federation. For example, state governors in the US federal system are not key decision-makers at central level. Nor, in contrast with EU governments, do they play any significant role in foreign and defence policy (Jones, 1996, 2001; Marks *et al.*, 1996). Another approach might be to view the European Union as lying somewhere between a federation and a confederation, in that the participating units retain a very high degree of independence. The Union is clearly more than a confederation, but is less than a full federation. Nevertheless, ECOWAS is neither a confederation nor a federation. Treaties are negotiated and ratified by Member States without any form of Constitution or a centralised decision-making body.

[17] The Common Agricultural Policy (CAP), Common Fisheries Policy (CFP) are only two examples.

2.2.4 INTERGOVERNMENTALISM

There are two broad categories of intergovernmentalism: 'descriptive' (the view that governments are, for good or ill, the key actors in the Union) and 'prescriptive' (the view that governments should be the dominant actors in the Union). Proponents of the descriptive intergovernmentalism cite the important role played in the EU policy-making by the European Council and a support network of intergovernmental committees. According to this approach, which emphasises the importance of intergovernmental bargaining, developments in integration only happened when they coincided with the interests of the governments of the member states. For example, it was argued that the election of more market-oriented governments in member states in the 1980s, and the consequent convergence of national interests was a major factor in the development of the Single European Market programme (Moravcsik, 1999). Within ECOWAS, however, intergovernmentalism has assumed the descriptive form, as Member governments remained principal actors in Community decision-making processes. However, it is also argued that the European Union is clearly different from pure intergovernmental bodies such as the Organisation for Economic Co-operation and Development (OECD) or the North Atlantic Treaty Organisation (NATO) because it contains supranational institutions of considerable significance (Haas, 1958; Jones, 1996). Further, the extensive use of the binding majority voting principle in the Council of the EU also differentiates the Union from most other intergovernmental organisations (IGOs).

2.2.5 IMPLICATIONS OF THE THEORETICAL FOUNDATIONS OF REGIONAL INTEGRATION

The theories discussed above each contribute and guide the study in their own unique ways as already discussed. Although they compliment one another in that limitations of one theory are addressed by the strengths of the other, their relevance to the integration experience of ECOWAS remain to be seen. The insights offered by each are borne in mind and applied when necessary throughout the study. The interpretation of data is not, however, restricted to these theories alone, as their primary function is to focus the study as well as provide a starting point for interpretations. Appeals to other theories are made as discussed in Chapter 5, since the objective is not to test, validate, or falsify the explanatory powers of the theories, but to demonstrate their inappropriateness to ECOWAS. An advantage of this multi-theory informed framework is that it helps overcome the problems associated with limiting observations and theories to the confines of a particular theory. The framework thus has the potential to provide a more comprehensive understanding of the phenomena under investigation.

Literature has discerned three broad approaches to regional integration. 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. Otherwise known as the *Federalist Strategy*, this approach calls for a federal structure, whereby political power is legally shared between the national and the supranational levels of government. Thus, national governments will have to surrender part of their sovereignty to the newly created supranational institutions. Evidently this strategy is too ambitious; not the least because it requires member countries to part with some autonomy almost right away, from its inception in 1975 till the present time, this has been the area of distrust and hence, disputes in ECOWAS.

At the other end of the theoretical spectrum is the *Functionalist Strategy*, which refers to the mere functional cooperation between contracting parties, which does not require member states to part with any degree of their autonomy (see Lodge, 1983). A third regional integration strategy, *Neo-functionalism*, contends that, while the Federalist approach may be greedy by asking for too much too quickly, and the Functionalist appears to be noncommittal and lackadaisical, it proposes a common ground, which is a hybrid of the aforementioned strategies. The *Neo-Functionalist Strategy* thus posits that regional integration can best be achieved via the creation of specialised administrative institutions at the trans-national level, which shall endeavour to demonstrate the relevance and worthiness of regional integration to contracting 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, 1964, 1971).

In any case, sovereign states do not participate in regional integration for altruistic reasons. More often than not, when they participate in such arrangements, it is because, *ceteris paribus*, they expect 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 neighbours. Economically, countries may integrate so as to achieve economies of scale, optimally allocate scarce resources, execute projects on a regional scale which might not have been undertaken, accelerate economic growth, increase trade, and so forth. 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 neighbouring countries. In any case, participating in regional endeavours 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 its 'trade diversion' (Hufbauer, 1990, p. 21). Some of the often-stated *raison d'être* of regional integration schemes, such as ECOWAS, include optimal allocation of limited resources and enhancement of comparative advantage/ specialisation via the new international division of labour. The question being asked here, therefore, is whether ECOWAS has yielded the anticipated results, that is, a net trade creation for participating states, improvement of the allocation of scarce resources, and the enhancement of its position in the multilateral trading system. The likelihood that these will happen will depend on the structure, goals, and implementation of the Lagos Treaty of 1975 and its Revised Version of 1993, which are discussed in greater detail in Chapter 4.

2.3 LEVELS OF ECONOMIC INTEGRATION

Regional economic integration can take many forms: from preferential trade areas (PTA's) to economic unions. Balassa (1979) argued that the progressive elimination of discrimination between the participants of a customs union is at the core of conventional integration theory. He conceptualised the process of removing discrimination within regional economic integration initiatives as proceeding in stages, which reflect an increase in the level of integration as the sovereignty of member states declines (Table 2.3). In the 'stages' approach presented by Balassa, regional economic integration proceeds from the looser to stronger forms in the following stages: preferential trade area (PTA), free trade area (FTA), customs union (CU), common market (CM), and economic union (EU).[18]

Table 2.3 Levels of Economic Integration

	Free Trade Area	Customs Union	Common Market	Economic Union
Removal of tariffs between member states	X	X	X	X
Common external tariff with ROW		X	X	X
Free Movement of labour and capital			X	X
Policy harmonisation of economic under supranational control				X

Source: Adapted from Balassa (1979)

The differences between these economic groupings are perhaps best described as progressive. The movement from a free trade area to a customs union and, ultimately, to a common market involves a progressive degree of economic integration, primarily involving tariffs, movement of goods and services, finance, jobs and people (Gillingham, 1998). However, many business researchers have often made mistakes in trying to differentiate between a free trade area, a customs union, and a common market, particularly with reference to international trade (Lipsey, 1956, 1960; Gillingham, 1998). Jovanovic (1992) concurred with this classification by suggesting that various forms of economic integration were based on the nature and objectives of the participant states of such arrangements. In all these situations, it remains unclear as to what stage or level of integration ECOWAS may be and whether it needs to progress unto a higher stage or consolidate its present position if that choice conforms to the original objectives of the Community.

[18] It must be stated that it includes the unification of policies and political institutions in addition to all the elements characterised by the 'economic union.' See Balassa (1979); Dickens, P. (1998) *Global Shift: Transforming the World Economy*, Third Edition.

2.3.1 THE PREFERENTIAL TRADE AREA (PTA)

In this situation, trade with non-member states is restricted relative to trade among member states. An example of such an arrangement in Africa is the Preferential Trade Area for Eastern and Southern African States, where setting up barriers to trade eases tariffs to trade among member states with non-members. In this discriminatory arrangement, it is also possible for two customs unions to trade on an inter-regional basis to the exclusion of other customs unions that are not party to the arrangement. In the latter case an example may be the alliance between the European Union and the African, Caribbean, and Pacific states (EU-ACP) initiative.

2.3.2 THE FREE TRADE AREA (FTA)

If a group of countries agree to set up a free trade area, then the movement of goods and services between these countries should be free of tariffs. Additionally, non-tariff barriers, quotas and subsidies should also be absent (Balassa, 1979). In the free trade area, member states remove such tariff and non-tariff barriers as quotas on goods originating within the FTA, but retain their own restrictions on trade with non-member states. However, tariffs and other restrictions to external trade will vary depending on the states (Jovanovic, 1992). While there may be integration in relation to the absence of tariffs for the movement of goods between the member states, each country is free to establish its own trade policies with non-member states. As external tariffs vary among the members, imports could enter through the country that has the lowest tariff.[19] Specific examples of free trade arrangements include the European Free Trade Area (EFTA), and the South African Development Co-ordination Conference (SADCC), which was launched at the Lusaka Declaration of 1980 (Anglin, 1983). Others include the Andean Pact founded in 1969 between five Latin American countries - Bolivia, Colombia, Ecuador, Peru and Venezuela; the North American Free Trade Agreement (NAFTA), which came into effect in 1994 between

[19] A free trade area has already been defined above. A free trade zone, on the other hand, is a territorial enclave in which goods may be stored without attracting import duties unless moved into the hinterland. Regulations on duty and VAT in free ports vary from country to country, but, in general, there are advantages to their use, and they can offer some interesting variations for the global supply chain. Examples of free ports in the UK include Liverpool and Tilbury. Those further afield include Dubai, Hong Kong and Singapore and there are developments in this area in Ghana.

the USA, Canada and Mexico; and the Association of Southeast Asian Nations (ASEAN), comprising Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand (see Appendix).

2.3.3 CUSTOMS UNION

One of the basic forms of economic integration is the customs union. According to the definition of the General Agreement on Tariffs and Trade (GATT), a customs union must eliminate, substantially, all tariffs and other trade restrictions among the participating states in addition to establishing a common external tariff (CET) against non-member states (GATT, 1977). Furthermore, a customs union involves a system of tariffs, which may discriminate between commodity and/ or states. While commodity discrimination takes place when different rates of import duty are applied to different commodities, state discrimination involves the charging of different rates of duty on the same commodities depending on the country of origin. Country-of-origin means the country of manufacture, production, or growth of any articles of foreign origin entering into any given or specified country. Further work or material added to an article in another country must effect a substantial transformation in order to render such other country as the 'country of origin.' The country of origin is, therefore, determined by looking into the nature of the good being imported and the processes it has undergone as well as whether it has been substantially transformed.

Recent developments in the harmonisation of the rules of origin, as stipulated in the Uruguay Round of the WTO, have stipulated that the development of a non-preferential system of country-of-origin marking be developed based upon the long standing doctrine of 'substantial transformation.' Obtaining the appropriate country-of-origin marking for a product can, however, has an acute effect on the success of products in the international market. Research has shown that country of origin effects impacts not only consumers' perceptions of product quality (Hong and Wyer, 1989, 1990; Johansson *et al.*, 1985; Johansson and Thorelli, 1985; Papadopoulos and Heslop, 1993) as well as brand image (Han and Terpstra, 1988; McConnell, 1967), and purchase decisions (Heslop and Papadopoulos, 1993), and the consumer's propensity to use a product's 'made in' label (Han and Terpstra, 1988; Johansson *et al.*, 1985; Tse and Gorn, 1993). Likewise, consumers have displayed a willingness to pay higher prices for products originating from desirable locations (Nes and Bilkey, 1993; Schooler and Wildt, 1968).

The logic behind the classical theory of customs unions, however, is that the potential consumption of goods and services in a customs union is higher than the sum of individual consumption of the potential member states, were they to adopt a stand-alone approach to trade (Ezenwe, 1983). In other words the whole is not necessarily the same as the sum of the parts. In a customs union arrangement also, the member states aim to eliminate tariffs on the movement of goods and services between the member states, but have also established a common tariff and trade policy for dealing with non-member states (Gambari, 1991). It is not difficult to see that in order to operate a customs union; administrative machinery is needed to drive it. It is possible, therefore, to regard a customs union as a precursor to a common market. Needless to say, the European Union had its origins in customs union.

2.3.4 COMMON MARKET

As argued earlier, a common market is simply a customs union with the additional allowance for the free movement of factors of production; labour and capital. Like a customs union, members of a common market have a common external trade policy and there is free movement of goods and services among them. However, what characterises a common market is the additional development of the free movement of people and capital (Balassa, 1979). Apart from the aspect of free mobility of factors and products, a common market sets, as a condition of integration, non-discrimination of factors originating from partner states. Thus, factors are able to move in response to market signals such as demand, higher productivity and higher returns on investment (Mistry, 2000). Whereas a customs union involves product-market integration, a common market also includes factor-market integration. The free flow of factors within the common market thus allows for an improved allocation of resources over that achieved in free trade areas or even within a customs union. Adopting the neo-classical Heckscher-Ohlin trade theory, however, Jovanovic (1992) posited that a country with a rich supply of labour might either export labour-intensive goods or import capital while exporting labour, under the assumption that technology is the same in all states. Nevertheless, such an assumption is too simplistic, as the static expectation of technology does not hold especially in the medium to long term. Moreover, a common market has the potential to increase the markets for firms above that of any customs union.

2.3.5 ECONOMIC UNION

An economic union is, perhaps, best described as the next stage up from a common market, the difference here is that this form of customs unions will have a common currency and common fiscal and monetary policies (Dickens, 1998). The best example is the European Union. An African example is the Economic Union of West African States (UEMOA). The economic union is a form economic integration, and is located in one extreme of Balassa's (1979) 'five stage' levels of economic integration. It includes the unification of policies and political institutions in addition to all the elements characterised by the other variants of regional economic integration. An economic union thus includes the integration of national currencies within the framework of a single central bank. The European Central Bank (ECB) and the Central Bank of West Africa States (BCEAO) are two examples from Europe and French- West Africa respectively. The economic union, which is often regarded as the ultimate goal of regional integration, because it goes beyond the elimination of real and perceived barriers to factor mobility and the movement of goods and services. Economic union is usually accompanied by monetary union among participating states, whereby they yield their control over monetary (and sometimes fiscal) policies to a supranational institution.

2.4 IMPLICATIONS OF THE LEVELS OF REGIONAL INTEGRATION

Broadly speaking, regional integration can be political or economic. It may even be both, because, according to Haas (1971), regional integration 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 regional economic integration must encompass both economic and political variables. Deutsch (1971) and other early theorists have noted that authentic regional integration can also be social or cultural, especially since it encompasses the whole 'system.' Regional integration has, thus, been defined as a process of peacefully creating a larger coherent political system out of previously separate units, each of which voluntarily cedes some part of its sovereignty to a central authority and renounces the use of force for resolving conflict between members (Deutsch, 1971; Lodge, 1983; Daltrop, 1986; and Laffan, 1992). In reality, 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 integration,' both of which refer to the growth of collective decision-making and the sharing of responsibility for policies. In this regard, policies on a regional transport, communications, and energy should be adopted rather than pursued nationally.

By most accounts, there are five general levels of economic integration. The first is the 'most-favoured-nation' arrangement, which typically stipulates that any reduction in tariff on products, which is granted to other countries subsequent to the granting of most-favoured nation status to a country, will also automatically apply to the most-favoured country. The next level of economic integration is the *free trade area*, such as the renowned EFTA or NAFTA, which implies trading in goods and services among member states at zero tariffs. However, participating countries may maintain separate tariff regimes against third countries. A more elaborate scheme is the 'customs union,' which, in addition to being a free trade arrangement, typically involves the adoption of a common external tariff (CET), vis-à-vis third countries. Still, a more sophisticated form of economic integration is the 'common market,' which, in addition to being a customs union, permits both the free movement of goods and services among member states and the free movement of the factors of production and entrepreneurs.

2.5 CUSTOMS UNIONS THEORY: DEFINITIONS, RATIONALE AND PRACTICAL APPLICATIONS

This section documents the customs union theory in three different perspectives: definition, rationale, and practical application. It highlights the structure of subsequent sections by suggesting avenues for the bridging of gaps, if any, between theory and practice, which is discussed in more detail in Chapter 7. Working with a given set of definitions, the section seeks to understand the rationale for regional economic integration in general and to explain its applicability to the particular case of ECOWAS.

2.5.1 CUSTOMS UNIONS THEORY: WORKING DEFINITIONS

In his assessment of the impact of customs unions on trade flows and hence, welfare of states, Viner (1950) put forward two concepts: trade creation and trade diversion.[20] Viner argued that the primary effect of a customs union was to shift sources of supply to either lower cost or higher cost sources, depending on the circumstances. Accordingly, where two states both protect a similar range of industries, a customs union between them will tend to concentrate production where the more efficient and lower cost firms are located (trade creation). However, where the industries in question are dissimilar, there is the tendency of shifting from low-cost sources of supply in third states to higher-cost sources within the customs union (trade diversion). Viner concluded, therefore, that economic benefits were basically assessed on the basis of the degree to which 'trade creation' outweighs 'trade diversion' (Ezenwe, 1983). Combining these two elements, that is, the changes in volume of trade and differences in costs, the production effects of customs unions can, therefore, be estimated. Thus if the unit cost differences are considerably greater for commodities in trade creation than for commodities in trade diversion, a customs union may have a beneficial effect on world welfare.

Both trade creating and trade diverting effects are, therefore, likely to occur as a result of the tariff changes implicit in the formation of customs unions. Trade creation represents a move towards freer trade and greater efficiency at both the union and global levels, and as such, is welfare improving at both these levels. Within the union, trade creation also enables a more efficient allocation of resources. In contrast, however, there is a tendency for reduced efficiency and an adverse movement in member states, of such elements as deteriorating terms of trade and higher transaction costs. This also translates into welfare erosion of member states, which is further reflected at a global or multilateral level. But this is based on the assumption that the average tariff level remains unchanged after the formation of such trade alliances. Viner's theory of customs unions had enjoyed a lot of support over the years, just as it has come under serious criticisms. One essential omission in Viner's (1950) analysis was his failure to take into account the consumption effects of the formation of

[20] Note that most of these authors have used the term economic integration in their works. However, this research looks at economic, social and political integration as synonymous with the idea of Customs Unions, hence the assumed interchangeability of the two constructs in this section.

customs unions (Lipsey, 1957, 1960). These consumption effects, which result from the changes in relative prices when a customs union is formed, may lead to welfare gains through the provision of a more efficient consumption pattern. Taking these effects into consideration, it becomes possible for trade diverting customs unions to be seen as welfare improving. This was possible due to relative prices, which were bound to move closer to their international values than what obtained in the pre-union situation.

Lipsey (1960) defined customs unions as that branch of tariff theory, which deals with the effect of geographically discriminatory changes in trade barriers. As is mostly the case in economics, however, Lipsey used the efficiency criterion of 'Pareto optimality' in his study. An allocation is said to be Pareto optimal, if there does not exist another feasible allocation in which some agents would be better off (in a welfare sense) and no agents worse off. Nevertheless, his thesis operates on the assumption that the expansion of markets and economies of scale resulting from customs unions create an environment for trade expansion, which increases the welfare for all member states. However, the effect on welfare of preferential trade agreements that remove the barriers between only a few states is riddled with ambiguities.[21] By a judicious definition of welfare, the Pareto-optimal allocation is that allocation that best satisfies social objectives. Pareto optimality (the first-best choice solution) is achieved exclusively in the state of free trade and factor mobility, so that other states, in which there are distortions (duties, subsidies, taxes, monopolies, minimum wages, and local content requirements etc.) are sub-optimal. It may happen that the Pareto-optimal allocation cannot be achieved because of one or several distortions.

Lipsey and Lancaster (1956) argued that in the presence of distortions, if all the conditions of Pareto optimality cannot be satisfied, then the removal of some of the distortions such as intra union tariffs, does not necessarily increase welfare, nor does the addition of other distortions, like a common external tariff, necessarily decrease welfare. On the contrary, welfare may remain unaffected, increased, or decreased. This implies that there can be no reliable expectation about the welfare effect of a change in the current situation.

[21] Balassa (1979) uses a stages approach to drive home his argument on regional integration initiatives.

On his part, Pinder (1969, p. 143) cited the Oxford Dictionary, which describes integration as the combination of parts into a whole. Union is the outcome of the combination of parts or members. He concludes that integration is a process towards union, and defines economic integration as the removal of discrimination between the economic agents of the member states, as well as the creation and implementation of common policies. Balassa (1973, p. 1), however, defined economic integration both as a process and as a state of affairs. As a process (dynamic concept), integration means the removal of discrimination between different states, while as a state of affairs (static concept) it means the absence of different forms of discrimination.

Holzman (1976, p. 9) stated that economic integration is a situation in which the prices of all similar goods and similar factors in two regions are equalised. This makes the two regions one (a common market). This definition implies that economic integration is the realisation of factor-price equalisation between two regions. This definition implicitly assumes that there are no barriers to the movement of goods, services and factors between the two regions and that there are institutions that facilitate those movements (Jovanovic, 1992).

Pelkmans (1984, p. 3) defines economic integration as the elimination of economic frontiers between two or more economies. An economic frontier is the demarcation across which the mobility of goods services and factors is relatively low. Potential mobility of factors is the criterion for economic integration according to this passive definition of integration. There is no indication that policy is actively promoting mobility and co-operation. The mere removal of economic frontiers does not necessarily offer either a carrot or a stick (Jovanovic, 1992, p. 6) for the free movement of factors of production such as labour or capital. El-Agraa (1985, p. 1) referred to international economic integration as the discriminatory removal of all trade impediments between participating nations and the establishment of certain elements of co-ordination between them. This definition implies the removal of barriers to trade in goods and services, as well as freedom of movement of factors of production. Hence, this definition only partly covers free trade areas and customs unions as types of international economic integration.

Robson (1987, p. 1) notes that economic integration is concerned with efficiency in resource use with particular reference to the spatial effect. He defines full integration as freedom of movement for goods and factors of production and an absence of discrimination. Freedom of movement for factors is not allowed for in some of the types of international economic integration, so this definition cannot be applied to all such arrangements. Marer and Montias (1988, p. 156) pointed out that economic integration has traditionally been equated with the division of labour in a geographical region, although it is usually not made clear what minimum level of trade would justify speaking of integration. Recently, economic integration is assumed to consist of the internationalisation of markets for capital, labour, technology, and Entrepreneurship in addition to markets for goods and services. They (Marer and Montias, 1988, p.161) argued that the necessary and sufficient condition for complete integration was the equality of prices of any pair of goods in every member country (adjusted for transportation costs).

Panic (1988, p. 3) distinguished among openness, integration, and interdependence. An economy is open if it has few barriers to international trade and factor movements.[22] International integration has its full meaning only when it describes an active participation in the international division of labour. Two or more economies are said to be interdependent when they are linked to such a degree that the economic situation and policies in the partner country significantly influence economic developments in each of them. It is hard to forecast with a high degree of accuracy, when and how the effects of economic integration will happen. In the short-term just after the lifting of barriers to trade, production, GNP and trade may increase while some prices fall. As Lipsey aptly stated (Lipsey, 1992, p. xvi):

> In the medium and long-term, structural adjustment takes place and economies of scale occur ...it is in this context where the dynamic effects of integration are materialised. International economic integration is not an economic policy choice, which should frighten small and medium-sized states. The only thing, which these states would lose while integrating, is the illusion that international economic integration is a bad policy choice.

Jovanovic (1992) cites the work of El-Agraa (1988, p. xiii) as providing an active definition of economic integration, which accepts that international economic integration was 'an act of agreement between two or more nations to pursue common aims and policies.' Having said that, however, it is accepted that integration is a complex notion, which has to be defined with care.

[22] In a March 2000 interview with sources at the Ghanaian embassy in London, one commentator pointed out, "just because an economy is open does not necessarily mean that it is integrated in the international economic system."

From the range of perspective detailed thus far, it can be clearly seen that the definitions of regional economic integration or customs unions, are often vague and do not offer adequate tools with which to bring about an easy transition in the process of integration among states. This is particularly the case when the rationale for economic integration is checked against the background of these definitions. Another similar scenario is when the objectives of regional economic groupings are analysed against the theories of economic integration (see Chapter 8).

2.5.2 CUSTOMS UNIONS THEORY: RATIONALE

There are different rationales for the formation of customs unions, from political to socio-economic. The collapse of the East African Community (EAC) has been largely due to a political failure (Hazlewood, 1975; Mazzeo, 1979). The strengthening of the West African Economic Community (CEAO), which later became the Economic Community of French West Africa (UEMOA), was largely economic (Onyemelukwe and Filani, 1983, ECOWAS, 1995). The formation of the Economic Community of West African States (ECOWAS) was both economic and social (Gambari, 1991; ECOWAS, 1995b, Hanink and Owusu, 1998) and is fast becoming driven by political and military concerns especially in the area of regional security (ECOWAS, 1995; PANA, 1998; BBC, 1999; Kouyate, 1999).

The normative view of the desirability of increased trade among African states in general and within ECOWAS in particular, is closely related to the literature in support of increased south-south co-operation in trade (Greenaway and Milner, 1990; Langhamer and Hiemenez, 1990) and especially in favour of arguments for regional economic integration in Africa (Foroutan, 1992). Increased trade within various customs unions and indeed, across Africa as a whole, has been considered as an essential indicator of the success of various economic integration schemes on both political and economic grounds. Politically, many African states have equated 'increased intra-African trade with self-reliant policies required to break from the economically dependent trading patterns established during the colonial times' (see Berg, 1988, p. 13).

Economically, increased intra-African trade is also a natural indicator of the extent of economic integration and of the achievements of the laid down pre-conditions for realising the theoretical advantages associated with greater economic integration. For example, if a theoretical advantage of economic integration consisted of intra-regional product or market specialisation to exploit existing economies of scale (Corden, 1972) and/ or to reduce the costs of achieving a specific level of industrial output for each member state (Johnson, 1965; Cooper and Massell, 1965). In this case, greater product specialisation would certainly be associated with greater intra-regional trade. Thus, the failed increase in intra-African trade is considered as evidence of the failure of integration efforts in Africa in general and ECOWAS in particular.

Political rationale

The political rationale for the formation of customs unions is largely to improve the bargaining power of participating states in the international market. In other words, it involves what has been termed 'levelling the tilt in the playing-field' of international markets (Krueger, 1999). There are a number of issues on which there may be a fairly clear and common interest among developing states (and some developed states) in general, where bargaining as a group may enhance the outcome for all (see 5.2.2). The bargaining power of a customs union is a direct function of the economic size relative to the non-union member states with which it must negotiate trade matters. African customs unions and their Latin American counterparts are considerably smaller (in terms of economic size and GDP) than their North America and the European Union counterparts, and as a result, any expectations of these states involving the joint negotiations with North America or the European Union are bound to remain tilted in favour of the latter (Foroutan, 1992). However, even in these circumstances, they may be better off negotiating as a group rather than individually on a case-by-case basis (see Chapter 7). Regional economic integration, therefore, 'enforces a certain degree of arbitrage among national institutions, just as it brings about arbitrage in markets for goods and services.' The importance of this political dimension of regional integration may exceed that of the more direct implications of trade flows.

However, surrendering autonomy to a supranational body has its costs and benefits. Although customs unions would provide preferential treatment for the union member industrialists, this does not ensure sustainability. There would need to be a uniform monetary and foreign exchange policies in order to promote exports from the customs unions' member states both intra and extra regionally (De Melo and Panagariya, 1993). Nevertheless, the issues still transcend the harmonisation of monetary and foreign exchange controls. Customs unions may also serve as a conduit for industrial policies, environmental policies, as well as social and welfare policies. According to De Melo and Panagariya (1993, p. 176), 'much of the recent trend towards regional (economic) integration can be understood as reflecting the desire of certain states to borrow or import desirable institutions from their neighbours.'

Under such circumstances, regional economic integration may be seen to lock-in desirable policies in the event of any suboptimal results arising from fears of national commitment to such regional policies. Nonetheless, the loss in sovereignty expressed by many detractors, may seem unreal as in practice, such integration rarely involves an absolute subordination of members' preferences to exogenous rules of others or even to the whims of other members. In other words, since supranational rules are endogenous in nature, and are chosen by participating governments themselves, there is no real sense in which economic integration can solve the dynamic inconsistency hassles afflicting policy-makers within ECOWAS or across the whole of the developing world. As the case of SADCC demonstrated, it was relatively easier to sustain political will within an organisation in which there were few limitations on the exercise of sovereignty of members. For example, ideological tensions were considerably reduced through a rigid insistence that governments had the right to make whatever policies they deemed most appropriate for pursuing their respective national interests, within a vague, general platform of 'sacrifice, solidarity and unity.'

Nevertheless, what can be achieved through customs unions is an alteration or adjustment to the existing parameters of the situation in such a way as to ensure an alleviation of the impending costs of integration. Therefore, economic integration can indeed assist governments attain superior outcomes, even when integration does not involve specific commitments either to other member states' policies or to arbitrarily selected policies. Yet, in certain circumstances, the arbitrating of institutions across national boundaries can be mutually beneficial. But regional trading partners have to reach a level of similarities before regional integration can be mutually beneficial (Winters, 1992). The adoption of common policies and common rules of conduct, become additional objectives in their own right. It follows, therefore, that the institutional considerations may suggest that successful regional economic integration schemes benefit from a convergence of objectives, and from the willingness of states to surrender some national or domestic autonomy and commit themselves to supranational or regional rules. These institutional considerations will not only ensure dynamic gains reflected in higher growth rates, but will also ensure the sustainability of such welfare gains. As noted by Foroutan (1992) and Winters (1992) while such benefits where enjoyed in the then European Economic Community (EEC) in past, African integration schemes suffered due to the overwhelming presence of weak central institutions and as a result of diverse domestic institutions with often competing mandates.

De Melo and Panagariya (1993) suggested, however, that the most important potential dynamic benefit for developing regional economic integration schemes comes from economic co-operation in areas where there exists significant externalities and public good such as in education, research and development, infrastructure and the environment. Moreover, co-operation can also range from the simple exchange of information through the provision of joint training facilities to the mutual recognition and adoption of rules and regulations, to the implementation of joint policies and the establishment of institutions with quasi-legislative powers.

Conclusively, it would appear that under the current wave of regional economic integration, which emphasises a more open approach, there might be more positive and favourable outcomes if real authority is delegated to well-meshed regional institutions that do more than just respond to the whims and caprices of pressure groups. The political benefits of regional economic integration are maximised by integrating with states that are as similar as possible in their national objectives. Even in those states with dissimilarities, it can be demonstrated that benefits from the economic integration scheme can be shared by all social actors provided common institutions are designed in such a way as to balance the weights of the costs and benefits to individual states in such an arrangement. Hence the ability to mould regional institutions from scratch is an important determinant of the welfare gains from customs unions.

Other issues such as the resistance to restrictive labour standards are of major importance for future access to markets and the open multilateral trading system is also crucial. Nevertheless, issues such as credit for unilateral liberalisation and technical support for dispute settlement procedures are of far smaller import, but could be, for that reason, much easier to attain (see Oguledo, 1996). A cohesive stand among developing states on these issues could, however, make a significant difference not only to their status within the World Trade Organisation (WTO) in future years, but also to the health of the entire multilateral trading system (Krueger, 1999).

In the case of ECOWAS in particular, however, the rise in regional conflicts especially in Liberia and Sierra Leone, in recent years had led to the launch of a Peace Corps, the ECOWAS Peace keeping and monitoring group (ECOMOG). This was the backbone of the revised ECOWAS Treaty of 1993 (ECOWAS, 1995). It has also made ECOWAS one of the sub-regional organisations most actively involved in conflict prevention and management. Since 1990 when the Standing Mediation Committee and the Cease-fire Monitoring Group (ECOMOG) were set up in Liberia, ECOWAS has been working relentlessly to restore peace to West Africa. In the year 2000, the most notable development in the sub-region was the advent on the political scene of democratically elected regimes, particularly in Guinea-Bissau, Niger and Ghana (ECOWAS, 2001). Although there has been a democratic transition in Senegal, the situation in 2000 is not very cheering. Besides Sierra Leone, where the peace process remains frail and painstaking, the tense atmosphere prevailing between Guinea and Liberia has deteriorated to a point where armed incursions have been made into Liberia and Guinea.

Furthermore, the violence, which characterised the presidential election in Côte d'Ivoire, following the military junta's bid to remain in power, raised fears for the peace and security of the country and the sub-region. The robust measures, which the Community had been taking since December 1999 to restore peace and consolidate democracy in Côte d'Ivoire after the military take-over had not, met with support from the military authorities there. After the very first meeting of the Mediation and Security Council in December 1999, the ECOWAS Chairman sent several missions to the country, to propose a schedule for the restoration of democratic institutions (ECOWAS, 2001). If this plan had been accepted, the bloody clashes, which left many dead, and hundreds wounded would have been avoided. The Authority of Heads of States approved recommendations made at the meeting of the Mediation and Security Council. The junta still did not accept these recommendations and the matter was therefore referred to the OAU at its last summit in Lomé. However, despite these worrying developments in Liberia, Sierra Leone and Guinea, the actions taken by ECOWAS have been tangible and according to the

ECOWAS Secretary General 'we can only hope that they will yield dividends in the very near future' (ECOWAS, 2000b).

Economic rationale

The most common justification for pursuing integration rather than unilateral trade liberalisation comes in the form of an implicit or explicit non-economic objective. In the early development theory, for example, import substitution strategies were considered worthy of pursuit on the grounds of protection for infant industries and the perceived training ground argument. The implication, therefore, was that the option of liberalisation was not to be considered let alone pursued. In such a case, greater trade integration kept imports of industrial goods from the rest of the world fixed while exploiting the gains from specialisation within the integration market. This was the situation in the 1960s, when the import-substitution objective played a key role in the proliferation of regional economic integration schemes in the developing world. However, the expected gains from specialisation were not realised. In the 1990s the policy environment changed dramatically and import-substitution as a policy objective fell out of favour with policy-makers, except in the early stages of development. Thus regional economic integration as an alternative to unilateral trade liberalisation is harder to defend on the grounds of import substitution (De Melo, Panagariya and Rodrik, 1993).

During the 1960s it was believed that a free trade area could serve as a means for the exploitation of economies of scale and product differentiation. But broadly speaking, economies of scale, by themselves do not make regional economic integration superior to trade liberalisation. The existence of economies of scale has been challenged based on marketing, distribution, and transportation costs, as highlighted in Chapter 6 (see Kahnert *et al.* 1969). Economies of scale are posited to have grown disproportionately with the size of output. Likewise, it has been argued that economies of scale might not be connected with the size of the plant but with the length of the production runs. Intuitively, if the minimum cost of production of a good along the long run average cost curve is below the world price, both potential partners in the union should expand production until the marginal cost is less than, or equal to, the world price. They should then consume domestically as much as is demanded at the world price and export the residual. Goods for which the minimum cost is above the world price should not be produced. This can only come about by unilateral free trade (De Melo and Panagariya, 1993). As the world is becoming more globalised, most states fear that they cannot participate in international economic competition alone. This has led to the idea of the so-called co-operative competition, which manifests itself in the formation of trading blocs (Inotai, 1986). The economic rationale for Customs Unions may, therefore, be seen to stem from the training ground argument for the protection of infant industries, to the benefits associated with the economies of scale. The basis of the training ground approach to customs unions is the assumed positive effect that protection within the union would enable the development of internal processes like quality control, marketing techniques and other prerequisites for later success on world markets (Linder, 1967; Jaber, 1970).

However, the case for protecting particular infant export activities was later refined (or perhaps not quite) by Morawetz (1974) who maintained that intraregional trade expansion can promote intra-industrial specialisation (leading to the economies of scale) through product diversification and thus may improve the competitiveness of extraregional exports. Assuming the potential partners consume differentiated goods, for which markets are monopolistically competitive and that consumers appreciate variety, the formation of a customs union could yield two additional types of gains, which are absent from the conventional models. First, in the post-union situation, each partner will have tariff-free access to the variety of products in other members' domestic markets, to the extent that consumers prefer more variety to less, and welfare will be improved. Second, as the market for each variety is likely to be larger in the post-union situation and its scale of operation will expand. Given decreasing costs, this will yield further gains.

Nevertheless, the losses likely to accrue from increased distortion between varieties imported from the partner states and those imported from the rest-of-the-world must be measured against these gains. Preferential tariff reduction will reduce imports from the outside world or third-country markets, which is harmful for union members. There is a strong presumption that due to decreasing costs, the net effect will be an increase in welfare. To the extent that small domestic markets constrain economic growth, Customs Unions are looked upon as an instrument to make such a constraint less binding. An intraregional division of labour is expected to be more consistent with the comparative advantages of member states without exposing their economies to the rough competition in world markets. In addition, Customs Unions are expected to promote growth by expanding the volume of investible funds either through the availability of local private as well as public savings, or through foreign risk capital (Kahnert *et al.* 1969).

2.5.3 CUSTOMS UNIONS THEORY: PRACTICAL APPLICATIONS

The *traditional* theory of Customs Unions has mainly concentrated on 'welfare' rather than, for example, on 'the level of economic activity, 'the balance of payments' or 'the rate of inflation (Jovanovic, 1992). However, there has been a lot of debate on the welfare effects of customs unions. While some scholars Viner (1950) have stated that customs unions can become undesirable by leading to the erosion of the welfare of a nation, others (Lipsey, 1960; and Bhagwati, 1971) have independently found that customs unions can indeed lead to welfare gains by nations. The main thrust of the classical theory of customs unions rests on the premise that the potential consumption of goods and services in any such union, must be higher than the sum of individual consumption of the potential member states (in the situation in which trade among these states is distorted by tariffs and quotas). Some practical applications of the theory have been demonstrated in the perspectives of Winston Churchill, Charles de Gaulle Jean Monet, and Robert Schuman, on the one hand (see Pinder, 2001); and the works of Ezenwe (1983), Gambari (1991), Oguledo (1996), Hanink and Owusu (1998), and Testas (1996, 1999) on the other hand.

Winston Churchill's Britain

Any analysis of the origins of the European Union that ignores the pioneering efforts of Winston Churchill, the great wartime prime minister of Great Britain would be incomplete.[23] His 19 September 1946 speech at Zurich University, which began with the refrain common to all the post-war integrationists (unite or perish), profoundly influenced the shape of post-war Europe. According to him 'Europe must unite before war destroys the continent, its glorious civilisation, and perhaps much of the rest of

[23] Winston Churchill found himself leader of the Conservative opposition party in Parliament after Labour's victory in the 1945 general election.

the world.'[24] He specifically called for a United States of Europe led by Europe's former antagonists, France and Germany, but failed to outline a detailed programme for achieving unity. Rather, he argued simply and powerfully for Europe to adopt an ideal to style its future. Interestingly, Churchill seemed to exclude Britain from his grand European project, thus, reflecting an ambiguity towards Europe, which remains strong in the Britain of today. Churchill's stature also forced European leaders to take his Zurich call seriously. His efforts eventually led to The Hague Congress of May 1948 and the creation of the Council of Europe in 1949, both milestones in European integration.

Jean Monet and Robert Schuman

Jean Monet (1888-1979) has been called the 'father of Europe' in many circles. It is on record that he convinced Robert Schuman to propose the ECSC and thus became the first president of its High Authority. Monet is also known to have convinced Johan Willem Beyen and Paul Henri Spaak to propose EURATOM and the EEC, and then established the influential Action Committee for a United States of Europe to pressure governments to accept the proposals. Monet also worked, and eventually successfully according to Pinder (2001) to enlarge the Community by adding Britain, Ireland, and Denmark to the membership. Shortly before his death, he also persuaded EC governments to turn their regular summits into the European Council (Monet, 1962).

Monet was a pragmatic civil servant who quite naturally developed a strategy for the unification of Europe in the step-by-step functionalist fashion of David Mitrany. He argued that problems of insecurity and human need in the world and in Europe in particular, required radical changes in the way people thought. Nations, he believed, should adopt common rules governing their behaviour, and create common institutions to apply these rules. Such a strategy, even if applied on a small scale, would create 'silent revolution in men's minds' that would change the way people thought and acted. For Monet, the European Communities of the early 1960s demonstrated that small collective steps set off 'a chain reaction, a ferment where one

[24] More quotes by Winston S. Churchill (1897-1963), the War-time Prime Minister of Britain can be found in Robert Rhodes James (1987) (Eds.) His Complete Speeches, Vol. 7, 1943-1949. Chelsea House Publishers.

change induces another.' These spillover effects would neither lead to another nineteenth century-style great power, although a united Europe would be able to shoulder an equal burden of leadership with the United States, nor would it be confined to Europe. Integration was a process that may have started in Europe but would soon have to include the broader West, then the rest of the world, if humanity was to escape destruction.

Charles de Gaulle and a Concert of European states

On the other hand, however, de Gaulle's vision of France profoundly shaped his vision of Europe, which differed markedly from the views held by the founders of the European Communities, most noticeably Jean Monet. De Gaulle believed in European unity, but he criticised the supranational vision of Europe as unrealistic and undesirable. He argued instead for a 'concert of European states' where national governments co-ordinated their policies extensively but did not give up their rights as sovereign entities to a European 'superstate.' De Gaulle's unwillingness to concede France's right to control its vital affairs led to the 1965 'Empty Chair crisis' in the communities and eventually the Luxembourg Compromise, which in practice, gave every member state the right to veto Community decisions. In effect, the six were forced to accept de Gaulle's vision of an intergovernmental Europe. In 1969, however, the nationalist fundamentalism, which was the basis for French policy gave way to pragmatic intergovernmentalism, with the resignation of President de Gaulle and accession of George Pompidou (see Pinder, 2001).

Uka Ezenwe's contribution

Professor Ezenwe highlighted the parochial emphasis of the conventional customs unions theory. According to him, the economic analysis of the traditional Customs Unions theory centred fundamentally on two planks: (a) the effects of economic union on aspects of welfare; and (b) the effects of economic union on the pattern and volume of trade (Ezenwe, 1983). The former emphasised the welfare gains or losses from a marginal re-allocation of production and consumption patterns, under conditions of static equilibrium in which such elements as factor endowments, factor mobility, technology, and demand are assumed to be constant (unchanged). The latter, which focused on the more dynamic aspects of the theory, such as the existence of economies of scale and variable factor proportions, relaxes the neo-classical static assumptions. He further argued that taking the evaluation criteria from the static point of view, the primary concern of the traditional Customs Union theory, has been the desirability of trade creation over trade diversion.

Although trade creation may have a salutary effect on the national income of the integrated economies (regionally), and subsequently of the world (multilaterally), this may only be possible if the formation of a customs union makes possible the relocation of production to a lower-cost location within the Union (Ezenwe, 1983). Conversely, the salutary effect may be reversed if a high-cost (inefficient) producer captures part of the union market through a post-union discriminatory tariff wall. This would represent not only a loss in global income but also a 'disaster' for specialisation on a global scale, and it may also be a loss or a gain to the total regional income of the union. Thus, in its simplest form, Ezenwe posited that the Vinerian analysis led to one important conclusion, which suggests that a customs union raises the world's welfare if its trade creation effect outweighs its trade diversion effect. However, circumstances in ECOWAS have shown that the political will, commitment and policy harmonisation are crucial ingredients in the success of customs unions. As demonstrated in Chapter 7, it is perhaps for this primary reason that the word of caution arose, suggesting that (Ezenwe, 1983, p. 44):

> Although Viner's contribution has remained one of the important pillars on which Customs Union theory rests, and while some guidance may be derived from it on the effects of integration on production both outside and inside the integration area, it does not make it possible to judge the overall desirability of an integration scheme, especially in a developing region like West Africa.

Overall, Professor Ezenwe's study focused more on the issues of whether trade creation and trade diversion had a salutary effect or not. The study, however, seemed to have missed out on the relevance of these two trade concepts to the practical realities prevalent in ECOWAS, having been couched largely on the premise of a theoretical analysis of regional integration on the basis of functionalist perspectives or its neo-functionalist refinement. Moreover, 1983 is such a long time that Ezenwe's study can only serve as a reference guide in the current circumstances, in the same manner he suggested Viner's pioneering study be evaluated and treated.

Gambari's (1991) analysis, however, dwelt more on an assessment of the assumptions of customs union theory in the light of the experience of ECOWAS. While he suggested that the assumptions were not consistent with the practical problems of the developing world at large and ECOWAS in particular, he did not explicitly advance how the theory might be moulded in order reflect the experiences of ECOWAS. According to the customs union focus of regional economic integration, Gambari suggested that the principal objective of integration arrangements was to remove, in stages, such discriminations that may exist in trade and general economic relationships across national boundaries. The significance of national borders therefore lies in the introduction of certain impediments or restrictions "in trade, inflows of factors of production or in general economic policies, etc." But it remains to be seen how the relaxation of fiscal policies could succeed in the face of physical infrastructure bottlenecks, which impact negatively on transaction costs (discussed later in Chapter 7).

Challenging Viner's (1950) construction of the theory, Gambari (1991) posited that the generally accepted view that customs unions promote welfare was yet to be proven. He cited works by Morawetz (1974), Lipsey (1960), and Cooper and Massell, 1965), who independently argued that Viner's study was a static analysis, which ignored or at best, minimised 'dynamic' aspects of regional integration. The political considerations involved in integration schemes, he declared, were of such crucial importance that economic reasoning alone would be inadequate as a tool for understanding the process of integration. However, after criticising early critics of Viner as having merely elaborated his classic work and incorporated some dynamic aspects of economic integration into their theoretical models, Gambari (1991) seemed to have only succeeded in re-inventing the wheel, as his study failed to fulfil the task of relating conventional analytical framework of integration theory to the practical experiences of customs unions of the developing economies and especially with reference to ECOWAS.

Gambari (1991) cited as fortunate, however, two basic conclusions reached by Andic *et al.* (1971) whom he acknowledged to have taken up the 'Vinerian' challenge. First, he argued that the exposition on the limitations of the conventional theory to the integration efforts of ECOWAS had only demonstrated that there might be different levels of customs unions,[25] making the criteria for judging its success different from what the conventional theory may suggest. Moreover, the conventional theory of integration has thrived on the assumptions that (Robson, 1993, p. 145):

> (i) There is full employment and a given input of resources; (ii) domestic prices are supposed to reflect opportunity cost, tariffs apart, and hence there is no need to interfere with the market allocation of resources; (iii) potential partners in a customs union conduct a significant proportion of their trade with one another; (iv) the economies of partners in the union are at least potentially complementary; and (v) foreign trade is a relatively low percentage of the gross national product (GNP) of member states.

These notions indicate that the customs union theory had evolved with the 'developed states' of Europe in mind and had, therefore, illuminated the problems of integration in Western Europe (Gambari, 1991). However, there is evidence in the literature, in support of the incompatibility of conventional customs union theory with the practical reality of less developed ECOWAS member states. It has also been argued that these assumptions are often impractical in a developing world sense (see Linder, 1967; Ezenwe, 1983, Gambari, 1991, and Testas, 1996, 1999). Therefore, in assessing the relevance of the conventional economic integration theory to the practice in less developed states, it may be immediately noted that the conditions favourable to trade creation are the very opposite to those found in these states (Gambari, 1991). For instance, in several African states, where supplies of labour are plentiful and there is unemployment, underemployment, and relatively low-productivity employment, the situation is different from that assumed for the industrialised states.

Second, most ECOWAS states are commodity producers and their products are competitive rather than complementary. Moreover, there is a heavy dependence upon the export of agricultural and mineral products, which are sent almost exclusively as raw materials in unprocessed or semi-processed forms to Europe and other developed states and upon the importation of manufactured products from them (Onimode, 1990; Yansane, 1996; and ECOWAS, 1995b). Technically speaking,

[25] Balassa (1979) in his 'fives-Stage' levels of economic integration, conceptualised the progressive elimination of discrimination within trading blocs as falling within five stages: Free Trade Areas, Customs Union, Common Market, Economic Union and Total economic integration.

therefore, the 'mono-product' and 'mono-market' orientation that characterises West African economies has diminished the relevance of the assumption that trade creating activities may be useful for ECOWAS states. The situation is made manifest by the inability of West African states to enjoy the expected gains anticipated by David Ricardo in his *comparative advantage* theory, which is also based on Adam Smith's *division of labour* and specialisation. Consequently, the benefits from economies of scale, which enhances production and productivity has eluded most ECOWAS member states, as they become more and more frighteningly dependent on their erstwhile colonial powers in the North (see the IMF, 1975; Hodder, 1980; ADB, 1998).[26]

In such deplorable situations, Ekins (1995) suggested that patterns of product specialisation were often divided along North-South lines, with many of the poorest developing states unable to break out of a dependence on primary commodities. This situation is known to have raised questions as to what may have been the rationale for forming such trade alliances in the first place. For example, Hanink and Owusu (1998) in their research questioned whether ECOWAS had been effective in promoting trade amongst its members. They argued that the dependence on a single product and single export market was one main reason why ECOWAS may not have achieved that objective.

Victor Oguledo's contribution

Oguledo's (1996) discussion on the features of ECOWAS is very illustrative. He started by noting that due to the disappointment from the United Nations Development Decade of the 1980s,[27] developing states as a group (especially in Africa and Latin America) decided to look inwards towards one another. The Global System of trade Preferences (GSP) was the result of the new initiative. The GSP was

[26] This heavy dependence on primary products exposes most West African states to the detrimental effects of fluctuations in world market prices and to the possibility of economic disaster should the world demand for these products decline sharply, as has been the case in recent years.
[27] The objective of the UN declaration at this time was to collectively strive for the economic growth and development of the south through the intensification of efforts geared towards an increased transfer of economic aid from the advanced industrial states to the South. Despite this declaration however, adequate amounts of resources were at best inappropriate and at worst, never even reached. This further worsens the plight of African states, which are heavily dependent on foreign economic aid for the execution of their development plans. See a detail of this discussion in Oguledo (1996) *Gravity Model estimation of Trade*, p. 171.

expected to enhance the ability of these states to exchange tariff concessions among themselves and ultimately improve what they saw as collective self-reliance (Onimode, 1990; Oguledo, 1996). A concrete manifestation of this proposal was the formation of numerous integration schemes across African, and hence the growth of CUWAS, MRU, CEAO, ECOWAS and UEMOA amongst others. He acknowledged that there was a large body of dated literature on economic integration devoted to the evaluation of common markets in Africa in general and ECOWAS in particular. However, he argued that in most of the studies by Hazlewood (1967), Okigbo (1967), Robson (1968), Kahnert *et al.* (1969), Asante (1986), Ezenwe (1983), and Gambari (1991) among others, only a theoretical analysis of economic integration in West Africa was made (see Table 2.4). He therefore advanced four essential elements: language, tariffs, distance and size, to be considered critical success factors and/or moderating influences in the performance of customs unions especially in the case of ECOWAS.

To make his case, Oguledo adopted a gravity model estimation of trade flows to highlight few empirical studies on common markets, which were also, only limited to interpretation of available trade and economic data pertaining to customs unions (see Table 2.4). Oguledo (1996, p. 173) specifically noted that 'no gravity model of estimation has been made of trade effects of ECOWAS despite the fact that the literature on economic integration is replete with gravity model studies of other regions of the world.'

The *gravity trade model* estimates a situation where the trade flows between the importing and exporting states is a function of their respective national incomes, their populations and the distance between them (see also Testas, 1996). This is consistent with an earlier work (Foroutan and Pritchett, 1993, p. 83) where the gravity model posited that the volume of trade between any two states i, j (T_{ij}), is a function of each country's trade potential (TP_i, TP_j) and their mutual trade attraction (TA_{ij}). The model[28] is estimated using cross-sectional data and the effects of integration are calculated by the unexplained residual in the regression or by the inclusion of a dummy variable for trade between partner states (Testas, 1996, p. 42).

[28] The price wedge model works on an import demand function determined by the estimation of income level and the ratio of commodity import prices to that of domestic supplies. The impact of Customs Unions therefore depends on the price elasticity of import demand and the rate of protection in the importing country.

The gravity model also states that the size or magnitude of trade flows between two states, i and j, is determined by supply conditions at the origin (i), by demand conditions at the destination (j) and by stimulating or restraining forces relating to specific flows between the two states.

Table 2.4 Practical applications of regional integration theory

Author	Method	Conclusions
Hazlewood, A. (1975) East African Community [EAC]	Theoretical Analysis	Sharing the cost and benefits of integration, (a crucial political issue is the cause of the collapse of the EAC).
Greer Thomas (1992) Economic Community of West African States [ECOWAS]	Documentary Analysis	ECOWAS stands a good chance to becoming an important influence on international marketing and economic growth of the Third World.
Oguledo Victor (1996) [ECOWAS]	Gravity model of trade flows.	Income levels, common language, and the preferential dummy and tariff variables significantly influence the level and pattern trade flows among ECOWAS states.
Hindley and Howe (1996) European Union	Descriptive study (documentary analysis)	The UK may be *better off out* since there was no foundation for the idea that a UK departure from the EU would have dire economic consequences.
Hanink and Owusu (1998) [ECOWAS]	Trade intensity index (TII) and the Tobit regression model.	ECOWAS has not been effective in promoting trade amongst its members.
Luker and Townroe (1999) European Union	Questionnaire based Survey of South Yorkshire SMEs.	A Single (European) currency ...will have the effect of liberalising intra-EU trade. Since transaction costs will be reduced and markets will be opened up, corporate European integration will inevitably be given a boost.
Testas Abdelaziz (1999) North African Arab Maghreb Union (AMU)	Case study - with a variation of models (price wedge and gravity models)	Trade (creation) expansion effects have had only a modest impact on the Algerian economy.
Connolly and Günther (1999) South America Customs Union (MERCOSUR)	Documentary Analysis (Some further analysis of earlier empirical work by Connolly).	The Mercosur has contributed significantly to regional trade liberalisation. Nevertheless, by encouraging trade within the Group at the expense of trade with non-members, Mercosur may limit member states' access to high-technology imports, an important stimulus to growth.

These forces are undoubtedly what are described as intervening variables, which alter the final outcome of the dependent and independent variables in any relationship, as highlighted later in Chapter 3. Nevertheless, Oguledo (1996, p. 182) conceded that reasonable projections or forecasts could be made from his gravity estimation data:

1) More trade would take place among ECOWAS members, and between ECOWAS and non-ECOWAS states that speak the same official language than between those that speak different official languages.

2) A reduction or complete abolition of tariffs within ECOWAS will significantly enhance trade flows among its member states.
3) Though ECOWAS members may be physically close to each other, they remained psychically distant from each other. This stems from the notion that there exists a 'psychological resistance to trade among member states of ECOWAS. Most citizens in the sub-region prefer trading with their metropolitan power.'
4) Population size estimates suggest that the growth of the importers' population size (or market) enhances trade flows within ECOWAS on the one hand, and between ECOWAS and its major non-member trading partners, on the other.

Oguledo's arguments have certain limitations, however, as experience does not necessarily conform to his statistical estimates. In the first case, President Obasanjo of Nigeria reported argued to the contrary when he challenged those that shared the view of cultural differences as critical trade inhibitors. The Nigerian leader recognised that people always attributed low progress in ECOWAS to former colonial cleavages such as language and cultural differences, but having proved his credentials as military engineer, head of state and poultry farmer, Obasanjo argued that these excuses were escapist at best:

> The so-called division between French and English-speaking Africa is artificial, what is important is to 'build confidence among us.' Besides, the economic logic of big markets is to resolve whatever misgivings there are. A market of 200 million people is more viable than that of 60 million people [referring to the Economic and Monetary Union of West Africa states which groups eight French-speaking members of ECOWAS]. [Emphasis added].[29]

In a Press Conference in the United States, President Obasanjo also added that Nigeria needed to set the pace for the revival of the ECOWAS sub-region, but by first getting out of its crippling debt crises:

> If we have revenue of 12 billion dollars a year, and we have to be forced to spend 30-40 percent of that to service debt, some of which is doubtful in origin it affects all other things on which democracy hangs. Whether you call it *forgiveness* or *cancellation*. What I am asking for is reduction in the quantum of debt.... Just reduce the burden of debt that I am carrying, simple ...We want to become a semi-industrialised country by the end of this decade.

[29] The Author is grateful for Professor Toyin Falola's insight on this crucial issue.

Obasanjo who was a key player in the 1975 establishment of ECOWAS, lamented that since the removal of visa requirements for ECOWAS nationals travelling within the sub-region, little has been done to accomplish the projects of the group whose ultimate objective was a full-blown union with a common currency. However, Lansana Kouyate, the former ECOWAS Executive Secretary, believes that a common currency for the West African States was the only instrument to curb the global competition which the sub-region is now experiencing. Kouyate said in April 2002 that regional integration was the only way African countries could compete in a global economy since they could not individually generate the economies of scale needed for global competition. In the second situation, which highlights the need for tariff removal across ECOWAS, Oguledo (1996) seemed to have joined the bandwagon of the 'tariff knock-down' school (those that propose an automatic welfare increase due to trade creation). It must be stated, however, that the mere removal of tariffs between union members and the rest of the world does not guarantee any welfare increases especially in the case of ECOWAS.

In the third situation, it must be recognised that psychical distance or resistance is a function of mutual suspicions and hence economic rivalry among ECOWAS members, just as much as the transportation and communications handicap, as demonstrated in Chapter 6, poses physical restrictions as neighbouring states take several weeks to reach each other's markets.

Finally, the suggestion that the growth of the exporters' population size or market could be trade inhibiting, *ceteris paribus* (all things being equal) can only be inferred. It may indicate that growth in population of the larger members of the ECOWAS could indeed discourage intra-ECOWAS trade (Oguledo, 1996).[30] By implication, therefore, welfare improvement within ECOWAS may not depend so much on trade creation or tariff removals as it depends on distance (both psychical and physical); the uneven size of members' markets and hence power balance, which all raise fears and mutual suspicions by Member states.

[30] Note that this fear of dominance of larger states like Nigeria and Côte d'Ivoire have been frequently expressed, especially by states like Senegal and other smaller members of the ECOWAS. This major factor has been largely responsible for the lack-lustre performance of the ECOWAS.

Hanink and Owusu (1998) compared 1997 trade flows within ECOWAS with those flows prior to 1975, and statistically found similar patterns of trade flows before and (over 20 years) after the formation of ECOWAS. They concluded, therefore, that ECOWAS had not been effective in promoting trade among its members. In substantiating the validity and reliability of their claims, however, a few observations were made. To start with, they cautioned that their research, like any other of its kind was based on limited data,[31] and that future research might be needed to capture how ECOWAS is assessed based on new evidence (Hanink and Owusu, 1998, p. 381):

> Our results are based on limited data, and there is room for expanded research on ECOWAS trade and growth in the future. For example, the commodity composition of trade needs to be assessed with respect to both trade direction and trade intensity within the region. More specific analyses may show that trade has been effected in a way we have not found. It may be that customs unions among developing countries are not necessarily prone to failure for reasons cited in the past: over concentration in primary production, invariance in comparative advantage among potential members, fear of competition and so on. Despite our specific findings, it may be that regional trade does have some potential for growth in response to the efforts of ECOWAS. Then it would not be the case necessarily that trade expansion and economic growth in the region's countries can only result from external preference arrangements.

They also argued, however, that their results must be interpreted in a guarded way as the data can be criticised as being inaccurate on the surface and, therefore, subject to yield inaccurate conclusions. Moreover, there have been at least three (3) new events since their research; (i) the return to democracy in the leading economy, Nigeria, in May 1999; (ii) the democratic change of government in Ghana from President Rawlings to President Kufuor in 2000; and (iii) the election of Abdoulaye Wade as the Senegalese President in 2000 (see Madichie and Alli, 2002). Nevertheless, the quality of their data is supported indirectly in the agreement of the data with their specified spatial model. Their results also conformed to the findings of other researchers using different models and different data. For example, Foroutan and Pritchett (1993), using a different model and different data from that of Oguledo

[31] This limited data is a problem with all research in Africa, where statistics tend to conflict and access to information and materials very difficulty. Moreover, government bureaucracy and red-tape means

(1996) and Hanink and Owusu (1998) confirmed the limited support for the effectiveness of ECOWAS in enhancing trade among its members. Wonnacott and Wonnacott (1981) also argued that the main reason for the formation of Customs Unions was to expedite the mutual penetration of co-members' markets, yet their findings suggest that ECOWAS had not led to any such penetration. Recalling the suggestion of Hanink and Owusu (1998), therefore, it appears little progress has been made with respect to increasing economic integration within ECOWAS. It is also evident that the promotion of genuine trade liberalisation among ECOWAS member states had not been strong enough. It is not surprising, therefore, that a Nigerian public figure, Victor Odozi ascribed the 1996 level of intra-ECOWAS trade as 'remaining at the level of the early to mid-1970s to the ineffectiveness of tariff and non-tariff barriers removal.'[32]

2.6 CONCLUSION

This chapter started off by highlighting the basic differences between multilateral trade agreements and their regional approaches (customs unions) to the economic development of states. It employed a hypothetical illustration of two ECOWAS states, Nigeria and Senegal, and one foreign state, France, to demonstrate Viner's trade creation and trade diversion concepts (see section 2.5). Following Balassa's "stages approach," regional economic integration was shown as proceeding from the loosest form (preferential trade area or PTA) to the strongest form (economic union).

In the free trade area, it was argued that member states removed such tariff and non-tariff barriers as quotas on goods originating within the FTA, but at the same time, retained their own restrictions on trade with non-member states. However, tariffs and other restrictions to external trade will vary depending on the states (section 2.4.2). Whereas a customs union involves product-market integration, a common market also includes factor-market integration. The economic analysis of the traditional customs unions theory centres fundamentally on two planks: (a) the effects of economic union on aspects of welfare; and (b) the effects of economic union on the pattern and volume of trade (section 2.5.3). Potential partners in a

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that officials cannot be accessed for interviews and most documents are tagged classified information. Some of these bottlenecks were also encountered in this research and are document in Chapter 3.

customs union are expected to conduct a significant proportion of their trade with one another, with the volume of extra-regional trade taking a relatively low percentage of the gross national product (GNP) of the total. Since this had not been the case in ECOWAS, the rationale for forming such regional economic integration was therefore questioned.

The chapter concludes by suggesting that the mere economic reasoning for regional integration and co-operation would do no-one justice by neglecting other socio-political considerations as the analysis on physical infrastructure development would demonstrate later (see Chapter 6). In other words welfare assessment of contracting states should not rely solely upon issues of tariff wall build-ups or knockdowns, as other crucial elements as psychological resistance to trade among member states, have gained renewed momentum amongst ECOWAS states. This chapter, therefore, concludes from the above, that there is more to welfare improvement in customs unions than trade creation and/ or trade diversion can explain. Consistent with earlier studies (Wonnacott and Wonnacott 1981; Foroutan and Pritchett, 1993), there was only very limited support for the effectiveness of ECOWAS in enhancing trade among its members with overwhelming evidence that ECOWAS had not led to any such penetration of co-members markets because market access was already available.

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[32] Victor Odozi, Deputy Governor of the Central Bank of Nigeria (CBN). Speech made at the 7th OAU/AEC Trade and Tourism Fair. Kaduna, Nigeria. March 1997 (Diary Accounts).

CHAPTER 3: RESEARCH METHOD & METHODOLOGY

3.0 INTRODUCTION

The main task in this chapter is to highlight the philosophical basis and research method adopted, based on the recognition of the existence of other alternative methods. The first part of the chapter explores the on-going debate about the superiority of research paradigms, which is followed by the adopted archival research and its appropriate justification. The research strategies are also specified as induction and deductive in order to highlight the need to yield to a compromise between both paradigms rather than dealing with them exclusively of each other. This adds to the justification for an archival type analysis of integration efforts of the Economic Community of West African States (ECOWAS). Finally, the reliability and validity of the research are discussed to ensure a strong foundation for the study.

3.1 ONTOLOGY AND EPISTEMOLOGY

Methodological positions or methods of conducting social research are determined with reference to three central elements - epistemology, ontology, and human nature (Burrell and Morgan, 1979). Epistemological debates are concerned with the appropriateness of procedures and methods in the process of knowledge acquisition and these often focus on the processes of induction and deduction. While the core debate of ontology is concerned with nominalism and realism, however, epistemology concerns whether knowledge is based on observation alone or through theorising. Starting with the ontological discourse, there are certain assumptions being nominalism and realism that need to be highlighted.

Assumptions of nominalism

Nominalism revolves around the assumption that the social world is external to individuals. It does not accept the existence of any real structures of the world, which these concepts are used to describe (Burrell and Morgan, 1979). The basic assumptions of the nominalist view of social research suggest that situations and objects are not independent of the researcher's prior knowledge and perceptions. It also thrives on the notion that researchers from different backgrounds (economics, geography, and politics in the case of this research) could arrive at different conclusions on a particular subject.

Assumptions of realism

Realism thrives on the belief that the social world is external to the individual. In other words, it argues that the 'real world' is made up of hard tangible and immutable structures. Whether or not researchers label or perceive these structures, the realists maintain that they still exist as empirical entities (Burrell and Morgan, 1979). A core assumption of this school of researchers is that situations and objects exist in their own right externally and independent of any observer's perception. The study adopts a realist ontological stance, which suggests that 'a real world exists independently of our knowledge of it.' Within the limits of our sense perceptions, knowledge of reality is possible. Our criterion or test of reality is that 'real entities behave in a complex and autonomous way ...if something *kicks back*, it exists' (Deutsch, 1997, p. 97). Scientific reasoning, which uses observation not as a basis for extrapolation but to distinguish between otherwise equally good explanations, can give us genuine knowledge about reality.

Epistemological Assumptions.

Epistemology, or the 'theory of knowledge' is the branch of philosophy concerned with the nature of knowledge, its scope, general basis and possibility. Is it possible for us to obtain knowledge of reality? If it is possible, to what extent can we know reality? Finally, by what methods can we 'know' reality? And how reliable are these knowledge claims? Until quite recently, a positivistic epistemology has been dominant in the social sciences. Positivism (logical positivism), which is still largely dominant in the natural sciences, is an extreme form of instrumentalism (i.e. the view that theories are merely instruments for making predictions). It holds that 'all statements other than those describing or predicting observations are meaningless' (Deutsch, 1997). To be capable of verification by observation (experimentation), theories must make testable predictions. A theory-neutral observational language can then test these predictions. Theories that are incapable of empirical testing are therefore rejected as being metaphysical and unscientific. However, by rejecting the metaphysical, positivism rejects the 'very knowledge of subject/ object relationships on which any epistemology, including its own, is ultimately grounded' (Gill and Johnson, 1991, p. 133). Positivism thus rejects the foundations of its own grounds for warranted knowledge. It can therefore be rejected as internally inconsistent and incoherent. This research adopts neither the positivistic approach nor the falsificationalist approach of Karl Popper. For whilst reality is not immune to empirical checks, our knowledge of it is fallible and theory-laden. Neither the concepts of truth nor falsity provide 'a coherent view of the relationship between knowledge and its object' (see Sayer, 1997, p. 5). Two factors render the proving or falsifying of theories almost impossible, the first is the 'problem of induction', and the second has do with the 'incomplete logic of deduction.'

Induction or what can be called the inductive strategy corresponds to a popular conception of the activities of scientists or researchers, who make careful observations, conduct experiments, rigorously analyse the data obtained, and hence produce new discoveries or new theories. Personal opinions are excluded from this process in order to arrive at what is believed to be objective knowledge. This is a positivistic view of science, advocated by Bacon and Mill (cited in Blaikie, 1993). It is sometimes referred to as *empiricism* because of the stress on observation being the foundation of scientific knowledge. Science in this situation is seen as being built on facts gained by way of observation and not on some preconceived notions about how the world works (Blaikie, 1993).

3.1.1 INDUCTION

Induction embodies the realist ontology, which assumes that there is a reality 'out there' with regularities that can be described and explained, and it adopts the epistemological principle that the task of observing this reality is essentially unproblematic as long as the researcher adopts objective procedures. It claims that there is a correspondence between sensory experiences and the objects of those experiences; that reality impinges directly on the senses; that what we 'see' is what exists (Blaikie, 1993). In order to produce a valid logical argument, it is necessary to make all the necessary observations, in the present, in the past, and in the future. However, were all past occurrences to be ignored, all future observations would have to wait to the end of the world. Should the period of observation be restricted to some contemporary time period, nonetheless, there is still the problem of when to stop observing (see Keat and Urry, 1975, p. 15 cited in Blaikie, 1993):

> Though some earlier positivists believed that it is possible, by means of observation, to conclusively verify scientific theories, there is an important feature of scientific laws, which, as all modern positivists have emphasised, rules this out. No finite amount of observational evidence can finally establish the truth of a law, which is held to apply to all times and places, and whose instances are therefore potentially infinite in number.

At best, what the inductive strategy produces is nothing but 'descriptions' of patterns of association. No matter how confident observations may be about an association (such as between outward-orientation and economic growth) it may not be so easy to conclude that the loss of economic growth is a 'consequence' of a lack of outward-orientation to trade. Likewise trade creation has only had a modest impact in the case of Algeria within the Arab Maghreb Customs Union.[33] Even a well-established association still requires further explanation, as there is always the need to go beyond the mere reporting of events in order to explain them. The critical question, however, is where to look for such explanations, and this is an area where the inductive strategy provides no answer.

[33] The link between outward-orientation to trade and the Vinerian trade creation within a customs union have proved insufficient to the economic growth and welfare increases of nations respectively. Two separate and unconnected studies (Blaikie, 1993; Testas, 1999) are classic examples in support of this notion.

In fact, the inductive research strategy deliberately prohibits the researcher from even pursuing 'hunches' because only objective observation is permissible. In other words, 'the facts speak for themselves' (Blaikie, 1993, p. 141). Another serious objection to the inductive approach is its operation on two main assumptions about observation (see Figure 3.3); that all science starts with observation; and that observation provides a secure basis from which knowledge can be derived. However, Popper (1979) argued that all observation is interpretation. In fact, in the social sciences it is even more obvious than in the natural sciences that we cannot see and observe our objects before we have thought about them. For most of the objects of the social sciences, if not all of them, are abstract objects. They are theoretical constructions.

3.1.2 DEDUCTION

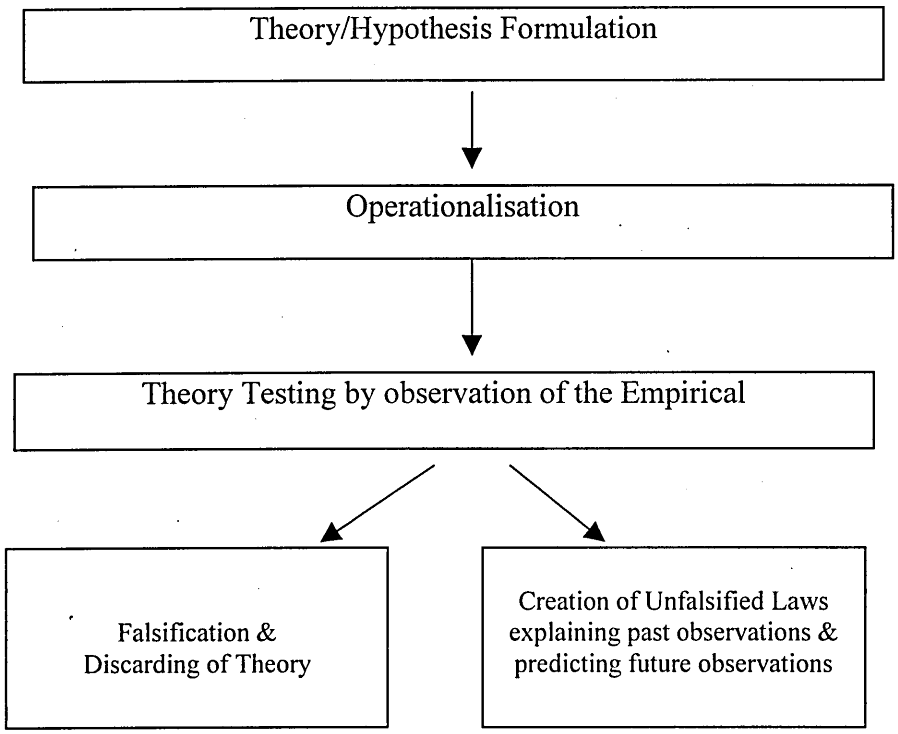
Deduction is a process that suggests the need for developing a conceptual structure and theoretical framework before subjecting these to any further testing through observation. It usually involves the structuring of an 'abstract concept' or 'theory' prior to 'testing' by means of real life experiences or observations. Deduction also entails the creation of any such observations through subjecting theory to a series of tests for abstract concepts. Indeed many deductive researchers believe that the 'logic of deduction' and the 'operationalisation process' are more important and analysable than the source of the theory (Gill and Johnson, 1991, p. 28), and how these involve the consequent testing of the theory by its confrontation with the empirical world (Popper, 1969, p. 130). In talking about correlation and/or causation in experimental research or design, it is worthwhile elaborating the positivist notion of these terms.[34] A correlation, in positivists' methodology, is the tendency for two or more variables, such as trade creation/diversion and welfare increase/decrease in this case, to be found together, and it may refer to the strength of the relationship between them.

The other positivist methodology relevant in this experimental design involves the search for causal links such as between trade creation/diversion and the level of welfare increases/decreases based on either the level of openness and/or level of exports. It is believed that if there is a strong correlation between two or more types of social phenomena, then a positivist sociologist might suspect that one of these

[34] In his experiment on suicide rates, Durkheim found an apparent correlation between a particular religion (Protestantism) and a high suicide rate. See Haralambos and Holborn (1995, p. 809).

phenomena was causing the other to take place. For example, just like trade creating customs unions are argued to be welfare increasing (Viner, 1950), outward-oriented economies have been posited to exhibit more growth (Dollar, 1992).

Figure 3.1 The Process of Deduction



Source: Gill and Johnson (1991, p. 32)

In deductive research, however, variables are used to show linkages and possibly as a means of offering explanations for social processes. For instance, a dependent variable such as welfare increase (*x*) is expected to respond to changes in an independent variable like trade creation (*y*). These changes in (*y*) and the resulting changes in (*x*) are what bring about an outcome such as economic development or an enlarged internal market (*z*).

3.1.3 THE RESEARCH VARIABLES

In deductive research a framework is needed to sequence and to allow for the development of propositions that can be tested. Thus, variables have to be identified and assigned a role. Four types of variables have been identified in support of this logic:[35]

- A dependent variable such as the welfare of participants of a Customs Union (x) is the variable whose variation, either an increase or decrease, requires explanation.
- The independent variable, which is either trade creation or trade diversion (y), is what influences the dependent variable (x) either negatively or positively.
- A moderating variable, however, affects the original independent-dependent relationship, making it contingent. An example in this particular case would be the presence of an adequate enabling environment such as a well-meshed regional infrastructural base, which ultimately allows ECOWAS to move goods, services, and people across the regional market with ease.
- Lastly, an intervening variable exists only on the basis that it gives a time dimension to the independent variable, helping to explain its function. For example, it has already been mentioned in Chapter 2 that to increase the level of welfare of ECOWAS members would depend on which of the trade creation/diversion elements dominates.

Indicators are then created which represent empirically observable occurrences of the concepts under investigation. It is 'linking such abstract constructs to more observable concepts whose variation is measurable that is called operationalisation' (Gill and Johnson, 1991, p. 29). Going by this definition, outward-orientation can be operationalised into the opening of national borders to the free flow of goods and services. It implies that for ECOWAS member states to record any welfare gains and to grow, they need to devalue their currencies by such a degree as to enable their exports become cheaper in the international market (controlled by the industrialised economies of Western Europe and America).[36] ECOWAS member states would also need to eliminate all tariff barriers to imports from the developed world while removing subsidies on their export sectors especially in primary products where they

[35] Note that the moderating and intervening variables are collectively extraneous in nature (this is because they are exogenous to the test in hand).

[36] In this study, however, most of the examples would be taken from the experience of West Europe as most African states have modelled their economic progress on the legacies of their colonial powers, which are in this region.

are believed to enjoy comparative advantages. It may be true that trade creation may account for welfare gains in a customs union, just as outward-oriented growth is an essential variable accounting for the economic growth of states, however, this is only a part of the bigger picture especially in the case of ECOWAS member states. There are certain other crucial questions that pose challenges to these orthodox strategies: (i) what has happened to revenues despite the increased volume of exports; (ii) how have comparative advantages been exploited, and (iii) what are the welfare effects of such outward-orientation based on the worldly promises of global free trade? Having operationalised the concept of *outward-orientation* to include currency adjustments, currency devaluation, elimination of tariff barriers, removal of subsidies and cut in government expenditure in the social sector especially in health and education, Dollar's (1992) conclusions on the prosperity of outward-oriented economies, becomes more contentious.

3.1.4 THE STRUCTURING PROCESS

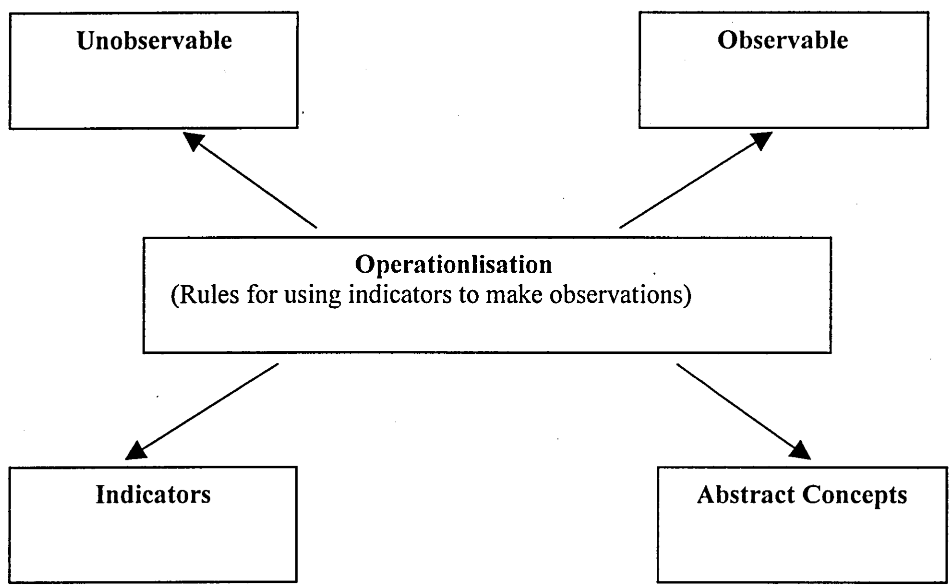
In social science research the structuring process involves three main stages:

- Identifying theoretically dependent variables (i.e. identify phenomenon whose variation we are trying to explain e.g. welfare increase/decrease)
- Identifying theoretically independent variables (i.e. identify phenomenon whose variation according to the theory or hypothesis being tested, explains or causes changes in the dependent variable e.g. trade creation/diversion), and
- Operationalising dependent and independent variables so as to monitor variations in independent and dependent variables and then manipulate variation in independent variable (in other words, the translation of abstract concepts into indicators or measures that enable observations to be made).

It follows, therefore, that in order to ascertain whether a concept has empirically occurred, observations are made in order to clearly define a concept that was initially unobservable after due operationalisation of the concept. As the determinants of 'economic growth' or 'welfare increases' are not readily observable, they would require some form of indicator such as 'illiteracy rates' and other readily observed variables like 'infant mortality rates', which are more observable measures of welfare

(ADB, 1998). This is consistent with the theoretical arguments of Gill and Johnson (1991) that it is this sort of 'linking of an abstract concept' to something that is more 'readily measurable' that deductivists ascribe to as the 'operationalisation' of variables.

Figure 3.2 Operationalisation of Deductive Concepts



Source: Gill and Johnson (1991, p. 29)

3.1.5 INDUCTION AND DEDUCTION: A HYBRID

The debate on the relationship between induction and deduction has survived many centuries from Whewell (1847) who argued that induction and deduction went 'upstairs and downstairs on the same staircase,' to Jevons (1874) who suggested that 'all inductive reasoning were the inverse application of deductive reasoning.' It is not uncommon, however, to find both research strategies in a combination, where their strengths are built upon in order to minimise their weaknesses as demonstrated in Figure 3.3. As was once declared by Karl Popper (1979, p. 134):

> I do not believe that we ever make inductive generalisations in the sense that we start with observations and try to derive our theories from them. I believe that

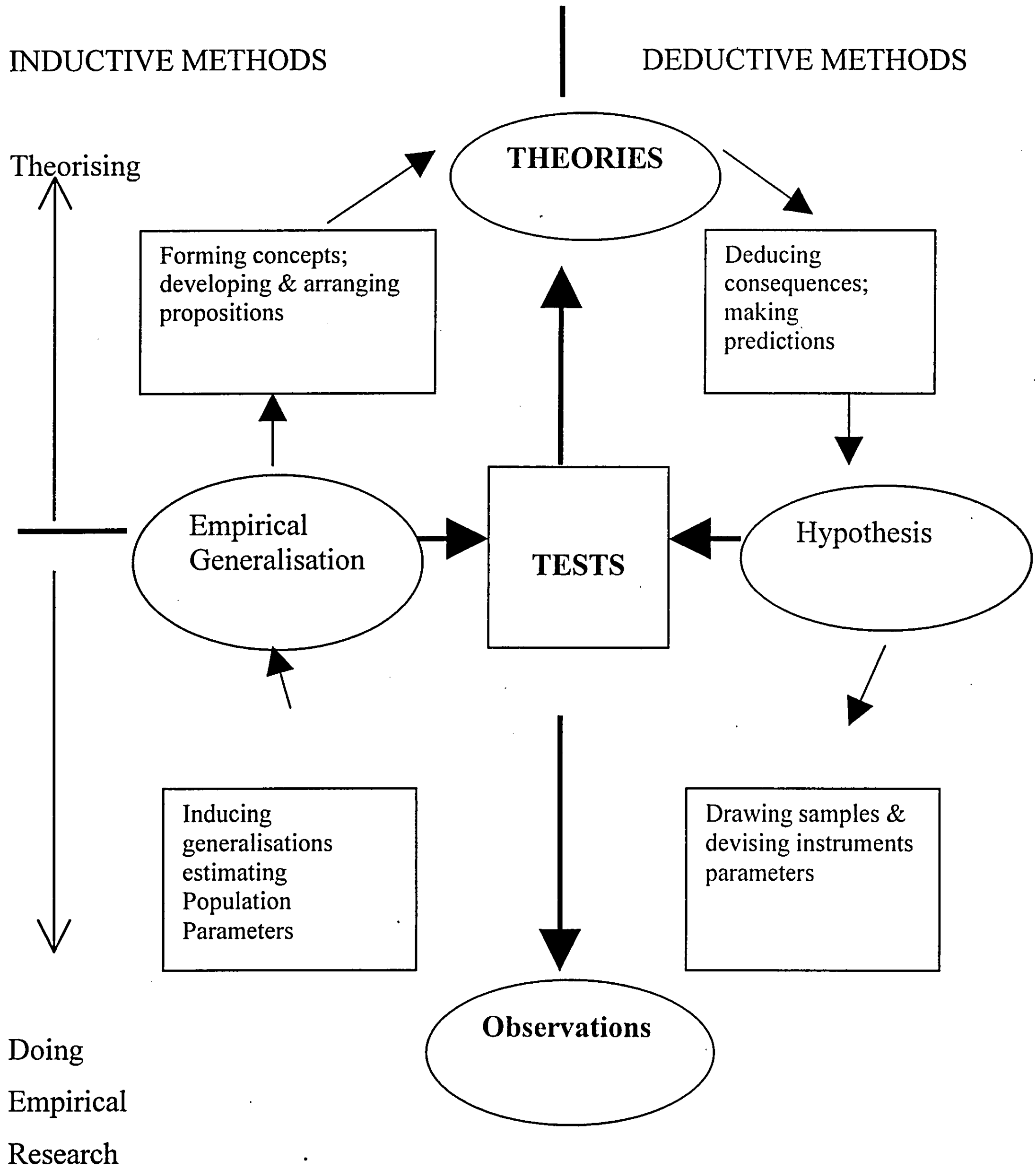
> the prejudice that we proceed in this way is a kind of optical illusion, and that at no stage of scientific development do we begin without something in the nature of a theory, such as a hypothesis, or a prejudice, or a problem, which in some way guides our observations, and helps us to select from the innumerable objects of observation those which may be of interest.

Popper's observation is consistent with the notion that scientific theories are invented to account for observed facts, where Hempel (1966, p. 15) suggested that:

> There are no generally applicable 'rules of induction', by which hypotheses or theories can be mechanically derived or inferred from empirical data. The transition from data to theory requires creative imagination. Scientific hypotheses and theories are not derived from observed facts, but invented in order to account for them. They constitute guesses at the connections that might underlie their occurrence.

To obtain a balanced view, therefore, it is pertinent to show how observations may be seen to complement theories. This can only be done deductively when; with a theory in mind research problems may then be identified and questions posed. It is in order to find answers to these questions that the process of data gathering commences. This leads us unto the process of deduction. According to Wallace (1971, p. 33), 'the primacy of observations in science should not be taken to mean that observations are immediately given or wholly detached in their origins from empirical generalisations, theories, and hypotheses to which they give rise.' Thus observations provide information for, as well as being the output of, the scientific process (Figure 3.3). In social research, data gathered from samples of some population can, by means of techniques of statistical inference, produce statistical or other empirical generalisations. Following Merton (1957), Wallace regarded these empirical generalisations as nothing more than summaries of observed uniformities, not the universal laws as claimed by the naïve inductivists. The *inductive research* stage has been illustrated by means of the reconstruction of Durkheim's (1897) theory of egoistic suicide (see Gummesson, 1991, p. 52). What is required is to translate the observation (that Protestants commit suicide more than Catholics) into measurable relationship between the variable 'religious affiliation' and 'suicide rate.'

Figure 3.3 Combining inductive and deductive strategies



Source: Adapted from Blaikie (1993, p. 157)

The *inductive theorising* stage (Figure 3.3) involves the construction of theories from empirical generalisations by forming concepts and developing and arranging propositions.

3.2 CONFLICTING PARADIGMS

The very use of the terms 'quantitative' and 'qualitative' implies certain preferences in the kinds of research designs and analyses subsumed by each paradigm.[37] The two basic philosophical positions of positivism and idealism can be understood by relating them to these two paradigms. Essentially, the logical positivist view of the world is synonymous with the quantitative paradigm, while the idealist view of the world equates with the qualitative paradigm (Patton, 1978, 1980). Bogdan and Taylor (1975) have suggested that these two major theoretical perspectives have dominated the social science. They argued that (Bogdan and Taylor, 1975, p. 2):

> Positivism traces its origins to the great social theorists of the nineteenth centuries and especially to Auguste Comte and Emile Durkheim. The positivist seeks the facts or causes of social phenomena with little regard for the subjective states of individuals.

The second theoretical perspective, idealism arose from the writings of the prominent social theorist, Max Weber, who proposed that 'the theorist in this tradition, is concerned with understanding human behaviour from the actor's own frame of reference' (see Bogdan and Taylor, 1975, p. 2). This notion was further corroborated when Reichardt and Cook (1979, p. 9) confirmed that 'the quantitative paradigm is a positivistic, hypothetico-deductive, particularistic, objective, outcome-oriented, and natural science world view.' Conversely, they contended that 'the qualitative paradigm subscribes to a phenomenological, inductive, holistic, subjective, process-oriented, and social anthropological world view.' However, rather than advocating the merits of their preferred paradigms, researchers should realise that both paradigms have a place in social science, provided they are not misplaced. For instance, as certain scholars (Deutscher, 1970; Merton, 1957 and Rist, 1977) have noted, quantitative methods had the tendency to emphasise reliability frequently to the exclusion of validity, while qualitative methodologies emphasise validity by 'down

[37] The most probably accepted definition of a 'paradigm' among students of the philosophy of science is that proposed by Thomas Kuhn in his seminal book, The Structure of Scientific Revolutions (1962). As Kuhn indicated in that work and later elaborated in Suppe (1977), a paradigm is a set of linked assumptions about the world, which is shared by a community of scientists investigating that world. Additionally, this set of assumptions provides a conceptual and philosophical framework for the organised study of the world.

playing' reliability. It follows, therefore, that it only serves to further distance the advocates of each paradigm to exclude the other in their advocacy (Blaikie, 1993).

Quantitative methodologists criticise qualitative researchers for low reliability and the lack of work contributing toward a cumulative body of knowledge. In turn, qualitative researchers castigate quantitative methodologists for not understanding the 'shades of meaning' behind their statistical formulations. Moreover, such a polemic is inimical to the growth of knowledge in the social sciences. Ideally, every research endeavour needs both high reliability and high validity. In other words, theory construction is as important as theory verification (Cronbach, 1975, p. 124):

> The time has come to exorcise the null hypothesis. We cannot afford to pour costly data down the drain whenever effects present in the sample 'fail to reach significance' ... Let the author file descriptive information, at least in an archive, instead of reporting only those selected differences and correlations that are nominally 'greater than chance.' Descriptions encourage us to think constructively about results from quasi-replications, whereas the dichotomy significant/non-significant implies only a hopeless inconsistency. The canon of parsimony, misinterpreted, has led us into the habit of accepting Type II errors at every turn, for the sake of holding Type I errors in check. There are more things in heaven and earth than are dreamt of in our hypotheses, and our observations should be open to them.

The task for social theorists and other researchers alike, therefore, is to understand the strengths and weaknesses of both paradigms. This entails paying greater attention to the qualitative paradigm, which has been neglected relative to the quantitative one. In terms of methods, however, the task of a social theorist is to triangulate procedures (Blaikie, 1993). Similarly, Sieber (1973) has shown how qualitative fieldwork (participant observation, informant interviewing, and the use of available secondary data) provides an excellent example of the way in which such methodological triangulation and quantitative survey methods can be interplayed within the social science research endeavour. The use of diary accounts was also very useful in the grounding of the interview accounts.[38]

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[38] Diary records of lecture notes undertaken at the Ahmadu Bello University were drawn upon. For example, tutorials and lectures by leading Nigerian academics like Professor Uka Ezenwe, Professor Beita Yusuf, and Professor Mike Kwanashie between 1993 and 1995 were very instrumental as data sources. Moreover, a one year (between November 1995 and October 1996) National Youth Service programme at the Gamboru-Ngala (north-eastern Nigeria) border with Fotokol (northern Cameroon) availed the researcher with rich first hand accounts with the movement of goods and persons across the West African borders.

3.3 PHILOSOPHICAL BASIS AND METHODOLOGY

There is a long-standing debate in the social sciences about the most appropriate philosophical position from which methods should be derived. For example Morgan and Smircich (1980) identified six distinct ontological assumptions about the nature of reality, which have occupied what would appear to be a continuum from extreme subjective to extreme objective approaches.[39] Easterby-Smith, Thorpe, and Lowe (1991) as shown in Table 3.1 have tabulated these two polarised viewpoints.

Table 3.1 Objective-subjective philosophical positions.

	Positivist paradigm	**Idealist paradigm**[40]
Basic beliefs	The world is external and objective. Observer is independent. Science is value-free.	The world is socially constructed and subjective. Observer is part of what is observed. Human interests drive Science.
Researcher should	Focus on facts. Look for causality and fundamental laws. Reduce phenomena to simplest elements. Formulate hypotheses and then test them.	Focus on meanings. Try to understand what is happening. Look at the totality of each situation. Develop ideas through induction from data.
Preferred methods	Operationalising concepts so that they can be measured. Taking large samples.	Using multiple methods to establish different views of phenomena. Small samples investigated in-depth or over time.

Source: Adapted from Easterby-Smith, Thorpe, and Lowe (1991)

Although there has been a recent trend away from positivism towards phenomenology, there are many researchers (Hofstede, 1980) who have come to adopt a pragmatic view by triangulating methods drawn from both traditions. The pragmatic stance or what might be termed 'middle-ground' position enables this research to focus on both *facts* and *meanings* (see the middle panel of Table 3.1)

[39] Moving along the subjective-objective continuum, other positions exist such as projection of human imagination, social construction, symbolic discourse, contextual field of information, concrete process and finally, concrete structure (See Morgan and Smircich, 1980).

without sacrificing one (the phenomenological or idealist position) to the detriment of the other (the positivist position).

As Weber (1978) argued, rather than trying to analyse human action from the outside, research has to be based on the interpretative understanding (Verstehen) of the meanings that people attach to their actions. For people are motivated to act in certain ways because they believe in the reality of certain ideas. A justification for adopting the middle-ground stance lies in part, therefore, on its ability to take advantage of the strengths of the dominant but yet *polarised* paradigms, thereby presenting a more credible philosophical basis. Credible because of the *hybridisation* of both philosophical positions.[41] Moreover, there has been an increased move amongst management researchers to develop methods and approaches, which provide some middle ground, and has led to a bridging between the two extreme viewpoints. For instance, it was argued that (Easterby-Smith, Thorpe, and Lowe, 1991, p. 22):

> Each of these positions (idealist and positivist positions) has to some extent been elevated into a stereotype, often by the opposing side. Although it is now possible to draw up comprehensive lists of assumptions and methodological implications associated with each position, it is not possible to identify any one philosopher who ascribes to all aspects of one particular view. Indeed occasionally an author from one corner produces ideas, which belong more neatly to those of the other corner.

As Hofstede's (1980: cited in Easterby-Smith, Thorpe and Lowe 1991) highly quantitative research demonstrates, while there appears to be *some* conformity with the positivist paradigm, much of his work simply does not fit the positivist paradigm. In practice his work contains elements of both paradigms. Hofstede (1980) accepts for example, that he is dealing with *mental constructs* rather than *hard objective facts*. He was fully aware of the importance of avoiding assumptions about culture, which imply that any one culture is superior to another: He, therefore, accepts that his results are not necessarily value-free (Hofstede, 1980, p. 29). Hofstede also recognises that different methods will provide different perspectives on what is being studied, and therefore it is worth 'triangulating' where possible by using a combination of both quantitative and qualitative methods. Burrell and Morgan (1979) share this view by

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[40] Note that phenomenologists might not regard themselves as falling into the other extreme of the positivists' camp, hence the use of the term *Idealist.* However, phenomenologists like the idealists, still belong to the anti-positivist camp.

maintaining that if the philosophical assumptions of positivism and its consequent epistemological prescriptions were accepted; future research could be invariably drawn towards the exclusive utilisation of *nomothetic* methodology.

Conversely, if the philosophical orientation of research is *interpretative*, the ensuing epistemological mandate pushes such research towards a more ideographic methodology such as ethnography as the latter enables *Verstehen*.[42] Interpretative approaches such as ethnography reject the 'positivist's over-deterministic orientation towards an understanding of human action and behaviour,' and favour the 'attachment of meaning to the events and phenomena that surround them.' From these interpretations and perceptions they go on to select subsequent courses of meaningful action, which are more easily monitored and reflected upon (Gill and Johnson, 1991). It is argued that any real explanations of human action depend on these 'subjective processes' that constitute the rightful focus for social science research. As in the case of ECOWAS Member States and their social actors, there is a reflection of such attachments of varying meanings to their economic decline and poor standards of living. Take for example, the 'meanings' driving the IMF and World Bank prescriptions for developing states to adopt outward-oriented growth policies for economic growth, and the parallel 'meaning' attached to the same policies as deleterious to the economic development of developing economies and consequent resistances to such policies. Put more simply, while the likes of Onimode (1990) and the African alternatives to structural adjustment programmes have interpretations of outward-oriented growth as the 'vertical exchange of raw materials for finished goods between the developing and developed world on a bilateral axis,' making the former perpetually dependent on the latter, the International Monetary Fund (IMF) and the World Bank have interpreted the situation differently.

The World Bank in 1989 decided that the appropriate course of action for African economies (including those in ECOWAS) was structural adjustment policies, which included currency devaluation, removal of education and health subsidies, and unrestricted free trade (market access for industrialised market exports). Many researchers sympathetic to the plights of the *Third World* have accused the World

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[41] This position can be likened to the proposition in recent years of the triangulation of research methods (Yin, 1993, Feagin *et al.* 1991)

[42] *Verstehen* refers to an understanding of 'how people make sense of their worlds, with human action being conceived as purposive and meaningful rather than externally determined by social structures, drives, the environment or economic stimuli' (see Gill and Johnson, 1991, p. 126).

Bank and International Monetary Fund as having only assessed the economic woes of Africa through cumbersome empirical manipulations (see Hicks and Kubisch (1984), Onimode, 1990; Yansane, 1996; and Collier, 1998). The result is that the IMF and World Bank have often produced correlations to demonstrate linkages between the economic decline of Africa and inward-orientation (protectionism) and/or overvalued exchange rates (World Bank, 1989; Dollar, 1992). However, in manipulating data through sophisticated quantitative approaches, such as multivariate statistical analysis, social scientists are in effect attempting to *freeze* the social world into structured immobility and to reduce the role of human beings to elements subject to the influence of a more or less deterministic set of forces.[43]

Taking the basic assumption of customs unions theory as an example, which suggests that trade creation leads to increased levels of welfare, is a concept that thrives on the supposition that transport costs remain unchanged or perhaps non-existent (hence the term freezing).[44] This is the principal objectivist (positivistic) ideology. A presumption that the social world lends itself to an *objective* form of measurement, and that the social scientist can reveal the nature of that world by examining lawful relations between elements such as trade creation (outward-orientation) and welfare increases (economic growth). In most cases however, such elements, for the sake of accurate definition and measurement, have to be abstracted from their real-life contexts. Once one relaxes the ontological assumption that the world is a concrete structure, and admits that human beings, far from merely responding to the social world, may actively contribute to its creation, the dominant methods become increasingly unsatisfactory, and indeed, inappropriate. However, while the research method used in this thesis, is highly qualitative (historical analysis) incorporates several interviews, a method utilised by both qualitative and quantitative researchers. This is in recognition and appreciation of the need to consult as many data sources as is feasible, to the enhancement of data richness. This is in order to ensure that the thesis is both as reliable and valid.

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[43] The large-scale empirical surveys and detailed laboratory experiments that dominate much social research stand as examples of the principal types of method operating on assumptions characteristic of the *objectivist* extreme of the objective-subjective continuum. See Morgan and Smircich (1980) *The Case for qualitative Research.*

[44] Note, however, that one major factor accounting for the uncompetitiveness of West African exports in the international market is the high costs of transportation, which is itself a result of the inadequate

3.4 RESEARCH METHOD

This thesis employs the use of an archival research method (Goffman, 1981; Harvey, 1987; Deegan, 1990; Hill, 1993) to highlight the impracticality of the Customs Union theory to the economic integration and development experience of ECOWAS. As a social scientist that looks archivally toward the past, a social science researcher can 'give new understandings of society and disciplines that will take people with greater clarity and equanimity into the realms of a collective future' (Goffman, 1981, p. 7; cited in Hill, 1993, p. 79). Furthermore, archival research is not just a window on the past, but also helps one see one's present methodological quandaries and social problems from a thoughtful, constructive and proven perspective.

However, before delving into the appropriateness of the research method for this research, it is important to restate how other researchers, both past and present, have addressed the subject area.[45] Greer (1992) used descriptive case study analysis to posit that ECOWAS stood a good chance of becoming an extremely important influence on international marketing and economic growth of the Third World. In a separate descriptive study of the European Union (EU), Hindley and Howe (1996) found no foundation for the idea that a United Kingdom's departure from the European Union would have dire economic consequences. They suggested, therefore, that the United Kingdom was better off out (Hindley and Howe, 1996). Connolly and Günther (1999) applied a documentary analysis of early empirical works to posit that the South American Customs Union (MERCOSUR) has contributed significantly to regional trade liberalisation. But by encouraging trade within the group (trade diversion) at the expense of trade with non-members (trade creation), MERCOSUR, they suggested, may limit member countries access to high-technology imports; themselves an important stimulus to growth.

Similarly, Hanink and Owusu (1998) used the trade intensity index (TII) to suggest that ECOWAS has not been effective in promoting trade amongst its members. Oguledo (1996) adopted a gravity model of trade flows and concludes from the empirical evidence that income influences trade flows among the ECOWAS

infrastructure development in the sub-region. See Chapter 6 for a detailed analysis of transportation problems in ECOWAS.

[45] See Table 2.4 of Chapter 2 for an outline of these studies on specific Customs Unions like the European Union (EU), the South America Customs Union (MERCOSUR) and the Economic Community of West African States (ECOWAS).

countries on the one hand, and between the ECOWAS countries and the rest of the world on the other hand. Common language and the preferential dummy and tariff variables significantly influence these trade flows. Testas (1999) uses a case study methodology to demonstrate that trade (creation) expansion effects have had only a modest impact on the Algerian economy.

However Gyimah-Brempong and Traynora (1999) used the simultaneous equation model and dynamic panel estimation in their study on African Integration to confirm the existence of a statistically significant inverse relationship between political instability and economic growth. This observation alone makes it clear that there are other deep-rooted factors accounting for the poor outing of ECOWAS than can be explained by neither trade diversion nor trade creation. The thesis, therefore, taps archivally into existing literature, by way of documentary analysis. As argued in the social science research literature, secondary analysis of a series of comparable surveys from different points in time provides one of the rare avenues for the empirical description of long-term changes and for examining the way phenomena varies under the contrasted conditions operative in one or other societies at several points (Hyman, 1987). The archival research thus allows the researcher to combine a longitudinal study to a cross sectional analysis of ECOWAS in the context of customs unions theory. It can be seen as being longitudinal in the sense that it provides historical account of the development of ECOWAS from inception in 1975, whilst drawing comparisons from other African (AMU and EAC) and non-African (MERCOSUR and the European Union) experiences with regional integration. It is however cross-sectional by virtue of the fact that it is looking at ECOWAS at a single point in time. This also enables room for further justifications of the archival analysis.

3.4.1 JUSTIFICATION FOR ARCHIVAL RESEARCH

According to Elton (1990), 'the future is dark, the present burdensome; only the past, dead and finished, bears contemplation.' Kjellen and Soderman (1980) have also argued very strongly in favour of the historical approach. They argued that (see Gummesson, 1991, p. 87):

> It is not possible to understand the actual state of an organisation without an insight into the (organisation's) past condition. Moreover, it is inherent to the nature of organisations and other social systems that some of their principal characteristics cannot be readily observed at a surface level. It is difficult to arrive at any conclusions without studying their behaviour over a fairly long period of time.

In a slightly different but relevant manner, business historians were described as having the following tasks to fulfil (Smith and Steadman, 1981, p. 165):

> To understand a company's history in great detail, to convey this history to present-day managers; and finally, to act as agents of change. By stretching managers' awareness of the company beyond their immediate experiences, the historian enhances their ability to direct and cope with change.

However, a company's history is frequently used as a mere superficial background material, rather than as an operational tool. The purpose of historical analysis is not just to derive some form of historical truth but rather to reflect historical diversity as a stimulus to action (Arbnor and Andersson, 1977; cited in Gummesson, 1991). Moreover, the designs used by historical method are flexible and open because the aim is to learn how past intentions were related to things and events due to their meaning and value. Thus the basic design of historical method is similar to the design followed by an anthropologist or any qualitative researcher who aims to understand culture. In this sense, the experiences of the East African Cooperation (EAC), which ended in ignoble collapse in 1977 on the one hand, and the modest impact of the Arab Maghreb Union (AMU) on the welfare of Algeria on the other hand, serve as relevant lessons for ECOWAS (see Chapter 7). It follows, therefore, that the historical analysis is capable of fulfilling the following functions relevant to the strategic and organisational issues (Arbnor and Andersson, 1977, p. 63):

> To contribute to an awakening from organisational slumber; to raise self-confidence at a time when organisational morale is low (*thanks to the lack of political will and the growing fears of dominance in ECOWAS*); to create new knowledge by studying earlier processes of intellectual development; to develop new, special types of competence; to break a vicious circle (*of poverty and the erosion of welfare*); and, to seek to understand the roots of growth (*political, economic and social*). [*Author's emphasis added*].

Nevertheless, there is explicit recognition of design issues in historical research and an equation between historical method and qualitative research. The similarity arises, perhaps, from the emphasis on understanding a culture, i.e. a series of acts of interpretation, rather than forms of intervention. While, for example, experimental research is based on intervention, survey research shares with many aspects of qualitative research, a desire to interpret (Gummesson, 1991, 2000). Qualitative research, however, is not limited to interpretation; there can also be interventionist approaches within it. The social sciences like other approaches, proceeds from a question that arises from certain data that has alerted the researcher. This research problem may arise from reading literature (academic texts, newspapers, magazines, or journals) in any field, and specific questions raised by both academics and non-academics alike. However, since this research is not interventionist, it can be seen to fit the interpretative category based on a historical account of developments in African Customs Unions.

Having established a research question, the researcher examines the relevant data for questions, which often lead to new data. As in Foucault's (1976) work on *madness, punishment, sexuality*, it is not unusual for an insight to emerge in response to the data and act as a tentative answer to the question. This insight may however be correct or false. What the researcher has to do is explore the link between his/her insight and the data. This is to establish whether the insight explains all of the data. Would it require further support from data not yet available? Historians usually distinguish between data and facts. The latter are correct in the sense given above and it was this distinction, which characterised Durkheim's (1938) study of facts in *the rules of sociological method.* From this arises a possible distinction between fact and experience. A study of data, whether through a life history, a study of documentary sources, or questionnaires to a sample group, is primarily concerned with the reliability of the data. There is no merit in making pronouncements on research findings if the data from which they are derived is unreliable. Some of these unreliable data have been found to be mainly official, being either consciously (by way of propaganda perhaps) or unconsciously (due to lack of adequate facilities) misleading. This has been highlighted as furnishing the most spectacular case against the value of historical analysis (Gummesson, 1991, 2000). The failure of historians, political scientists, reporters, diplomats, and other Soviet 'experts' to foresee the collapse of Marxism- Leninism in 1989 is a classic in this regard. According to Elton

(1990) they did not even speculate on the possibility. However, Shelton (1990) noted that the issue was more complex than that, as official statistics from many countries have a low validity and are often deliberately deceptive (Shelton, 1990: cited in Gummesson, 1991). According to Shelton (1990) most researchers take official statistics for granted and for this reason render themselves vulnerable to deceit. This notion is consistent with that of Nilson (1989, p. 28) who observed that experts are often wrong because financial people usually go into business, while economists and political scientists do research.

3.4.2 ARCHIVAL RESEARCH VERSUS CASE STUDIES

Yin (1984) made a distinction between three types of uses of the Case Study research, namely: exploratory, descriptive, and explanatory. However, the archival research shares certain similarities with descriptive and explanatory case studies, as they both seek to 'describe and explain' the experiences of ECOWAS within the framework of customs unions theory. Although it may seem an unwarranted attitude, explanatory and descriptive case studies have traditionally been given low status; they are viewed primarily as being ancillary to other methods. Mainstream scientists have often looked upon both types of case studies with scepticism or even with horror sometimes (Sen, 1980). Although reservations have been expressed as to the use of the case study approach, due to its lack of the required 'scientific' feel of a 'real' research, the approach can be argued to be a worthwhile way of analysing existing customs unions theory.

The *descriptive* case study is an attempt to describe, for example, how ECOWAS compares to other African customs unions like the EAC and/or the CEAO, as well as highlighting the success or failure story of ECOWAS from inception in 1975 (detailing the critical success factors and/or moderating influences along the way). These descriptive accounts probably explain why the approach (descriptive studies) has received a growing recognition among groups of management researchers in Europe in recent years.[46] Furthermore, a simple, well-structured descriptive case study has been argued to have the capacity of enabling a researcher the wherewithal to

[46] For example, in the area of marketing, Scandinavian researchers make greater use of case studies than American researchers who concentrate more on quantitative methods. There seems, however, to be a trend toward more case study research in the United States (Bonoma, 1985).

challenge an existing theory and possibly provide a source of new hypotheses (Emory and Cooper, 1991). This can be extended to the concepts of trade creation and trade diversion and their effects on economic welfare of participants in a customs union such as ECOWAS. In the light of these streams of possibilities or alternatives with descriptive case studies, precautions have to be taken in order to curtail the risks involved in the adoption of such an approach. By taking advantage of the unique ability of the case study approach to handle a variety of evidence, through triangulation, any information obtained from research interviews would have to be used in such a way as to complement those from secondary sources such as official and unofficial documents.

In an archival research of this nature, the descriptive case study, often contrasted with prediction and prescription, is often classed as inferior in scientific circles (Gummesson, 1991). This is largely because such studies often rest on the idea that description is largely a matter of mere observation and reporting or reading other people's reports and summarising. Whether a descriptive statement is acceptable could be resolved by simply observing (Sen, 1980: cited in Gummesson, 1991). However, Sen (1980) contends that such an argument is absurd as in making descriptions the researcher has to make choices, which are guided by his or her chosen paradigm, access and preunderstanding. In other words there is no description without analysis and interpretation. If this is the defence for descriptive case studies then it is likewise the case for archival research. Though descriptive, it is also explanatory in that it is based on analysis and interpretation. Other uses of the case study include theory generation as well as a means of initiating change (Kjellen and Soderman, 1980: cited in Gummesson, 1991). According to Kjellen and Soderman (1980, p. 30):

> For a change process to succeed the researcher must have a fundamental knowledge of the studied organisation (like ECOWAS) and its principal actors; an ability to develop a language and concepts that are appropriate to the specific case; and must concentrate on processes (welfare increases) that are likely to lead to understanding (Verstehen) rather than on a search for causal explanations. [Emphasis added].

3.5 DATA SOURCES

There are two broad categories of data sources in social science research. The first are secondary data emanating from publications of both official and unofficial sources, which more often than not set the stage for the collection of further data. The second category is known as primary data source, where research interviews from the aforementioned sources are mostly the preferred method based on the notion that 'talk is cheap' and more importantly in order to corroborate the contents of the secondary materials.

3.5.1 SECONDARY DATA SOURCES

According to Nachmias and Nachmias (1996, p. 301) secondary data has 'a rich intellectual tradition in the social sciences. Social scientists are increasingly using data collected by other investigators and institutions for research purposes that differ from the original reasons for data collection.' Moreover, a research finding gains more credibility if it appears in a number of studies. Rather than conduct several studies personally, a researcher can use data collected by others in addition to his or her own. In addition, the availability of data over time enables the researcher to employ longitudinal research designs. One can, therefore, find base line measurements in studies conducted decades ago and locate similar data collected more recently. Indeed, when researchers compare their primary data with those collected in earlier studies, they essentially conduct a follow-up to the original research. Even in the area of survey research, Glenn (1978, p. 532) observed the importance of secondary data analysis as a sure first step:

> An almost revolutionary change in the survey research would seem to be occurring. Until recently, survey data were analysed primarily by persons who designed the surveys, but there seems to be a rather strong trend towards separation of survey design from data analysis. One can almost envision a time when some survey researchers will specialise in survey design and others will specialise in data analysis.

Some of these secondary data sources include data collected from public sources such as actuarial records, political and economic journals, government documents, the mass media (print and/or online) and private records like autobiographies and diaries. Specific examples for the current thesis are listed thus:

- Books - Customs Union theory (Lipsey, Meade, Ezenwe, Gambari, Onyemelukwe and Filani, Balassa, and Frankel *et al.*)
- Journals - Journal of African Economies, Economic Journal, European Business Review, Journal of International Marketing, The Negro Educational Review
- Newspapers - African Guardian, Daily Nation (Kenyan), Ghanaian Independent, Financial Times, Post Express (Nigeria)
- Magazines - West Africa, TIME, The Economist
- Conference proceedings - Dar Es Salaam Conference (IFAA), IAABD Conference, World Bank conferences, African Development Bank conferences and ECOWAS summits.
- Electronic Media (BBC, CNN, African News Online etc.)

Complete details of these secondary sources are available in the bibliography.

3.5.2 PRIMARY DATA SOURCES

This involves the conduct and documentation of interviews, diary accounts, as well as the adoption of other forms of correspondence from a variety of sources including:

- ECOWAS Secretariat in Abuja (Nigeria)
- Nigerian High Commission in London
- Ghanaian High Commission in London
- African Development Bank in Abidjan (Côte d'Ivoire)
- The United Nations Industrial Development Organisation (UNIDO)
- The World Bank and International Monetary Fund (IMF)
- European Union and/or Directorate of Trade and Industry (DTI) in the United Kingdom
- Academic Sources (Research experts in African economic studies)
- Journalists (TIME, The Economist, Financial Times, Nigerian Guardian, Daily Nation, Pan African News Agency etc.)
- Member government official sources (policy makers etc.)

3.5.3 THE RESEARCH INTERVIEW

The appropriateness for the research interview in this research is due to, though not exhaustively on the fact that it allows for the following: (i) good sample control, (ii) more reliable responses, (iii) use of longer questionnaires, (iv) greater flexibility, and (v) the possibility of respondent observation. Overall, three main categories of interviews can be identified in the literature to include open-ended or unstructured; closed-ended or structured, and the semi-structured interviews. Furthermore, these three kinds of interviews can be conducted in a variety of ways namely, face-to-face, by post or email, and by telephone (Easterby-Smith, Thorpe and Lowe, 1991).

Unstructured (open-ended) Interview

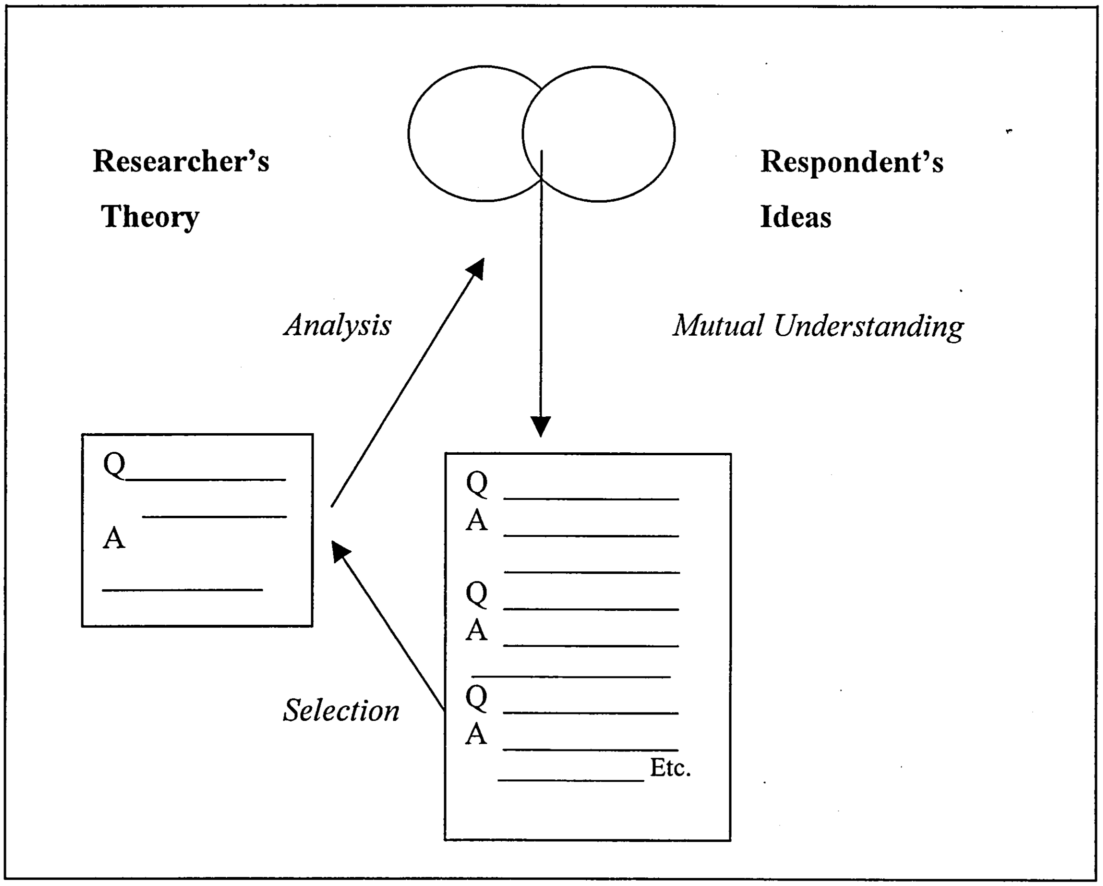
Interviews may take several forms. Most commonly, interviews are of an open-ended nature, in which an investigator can ask key respondents for the facts of a matter as well as for the respondents' opinions about events. In certain situations, the researcher may even ask the interviewee to propose his or her own insights into certain occurrences and may use such propositions as the basis for further inquiry. For instance as Yin (1989) observed, when reporting the role of a character called 'doc' in Whyte's (1943, p. 89) *Street Corner Society*:

> The more that a respondent assists in this latter manner (i.e. in the proposition of insights), the more that the role may be considered one of an 'informant' rather than a respondent. Key informants are often critical to the success of a case study. Such persons not only provide the case study investigator with insights into a matter but also can also suggest sources of corroboratory evidence - and initiate access to such sources.

In the informal or unstructured interview (see Figure 3.4), since there is an assumption that the basis of all human action lies in the intelligibility of the social world to respondents, steps are taken to ensure that the research act is intelligible to them (Pawson, 1989). There is thus no truck with question-response logic; it is rather assumed that even identical, plain words delivered by identical and plain interviewers can still mean different things to different people in different situations. There is also no place for detachment and neutrality; what is required from the interviewer is involvement and responsiveness.

Data collection thus has the task of creating a conversational setting in which the information provided is faithful to the frame of reference of the respondent (Pawson, 1989). The investigator offers minimal steerage of the research topics within broad areas of discussion, as they seem appropriate to each respondent. The idea is that mutual understanding emerges via the in-depth exchange of ideas.

Figure 3.4 Unstructured Interview



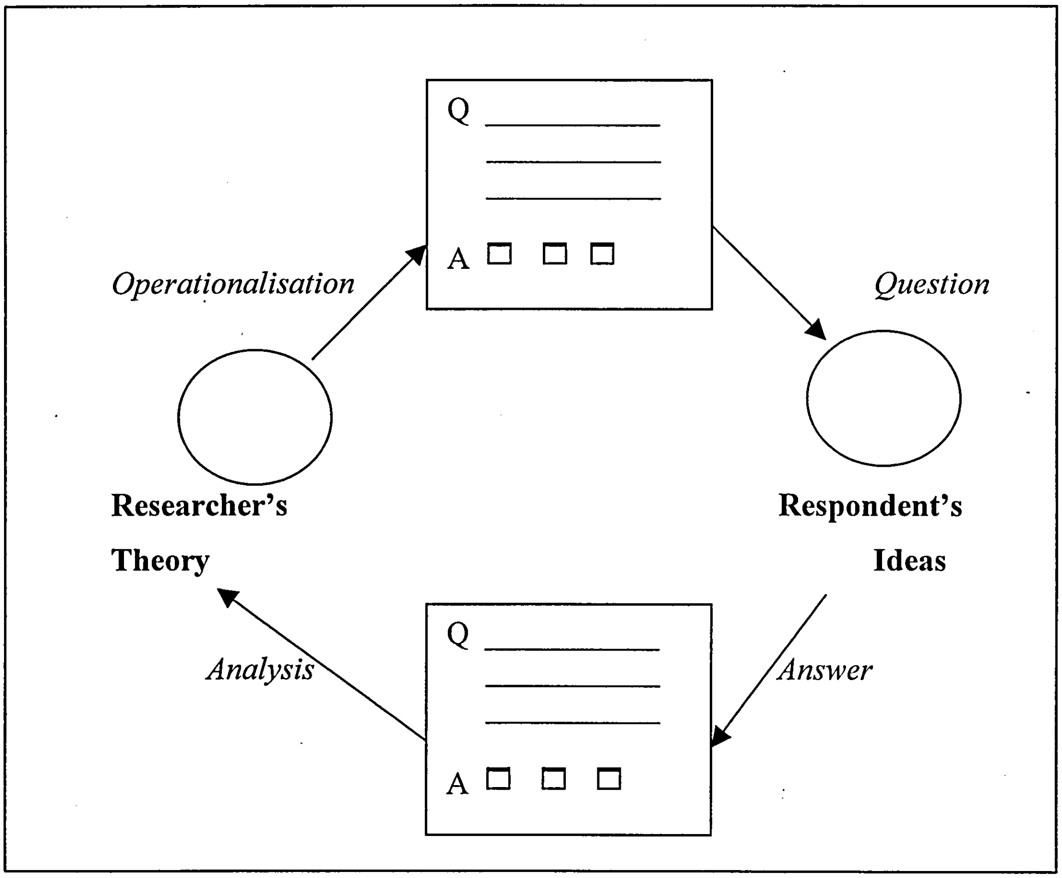
Source: Pawson (1989, p. 39)

The researcher then selects for report those extracts from the total dialogue, which most thoroughly crystallise the perspective of the subject. Analysis then consists of a descriptive narrative capable of bringing together the key statements voiced by the respondents.

Structured interviews

The second type of interview entails a more structured set of questions, designed along the lines of a formal survey (see Figure 3.5). This situation is more applicable in a neighbourhood case study, based on interviews with the residents of that community (Yin, 1989; Easterby-Smith, Thorpe and Lowe, 1991).

Figure 3.5 Structured Interview



Source: Pawson (1989, p. 39)

In the structured interview situation, the researcher begins with a theory, which indicates the information (variables) required from the respondent. For example, has ECOWAS succeeded as a Customs Union? These variables may then be operationalised into set questions and fixed response categories; respondents answer by saying which of the categories applies to them; and finally responses are analysed to gain an overall picture of the studied population. The rationale is to provide a simple, neutral stimulus in order to tap the true responses or true values of individual respondents. Questions are asked in the simplest possible form, which will nevertheless remain faithful to the conceptual intention of the researcher (Pawson, 1989, p. 38). To these ends, the major effort of this school can be summarised in the oft-stated goals that the interview schedule be clear, precise, unambiguous and intelligible, without being leading, hypothetical, embarrassing and memory defeating. Great care is also taken over question form, dealing with such matters as to whether to couch questions negatively or positively, whether to include 'don't know' response categories, and address matters of question sequencing.

Since it is understood that who asks can be as influential as what is asked, much effort is also made to neutralise and standardise personal factors, which may influence the respondents. In short, the use of an identical stimulus and set responses is said to allow for proper comparison to be made across the entire field of potential viewpoints.

Semi-structured interview

In the face of the common problem faced by unstructured and structured interviews, a different model of the interview may be preferred. Rather than the interviewer only telling the researcher about themselves through tick boxes or anecdotes, it may be preferable to think of the subject as an informant, passing judgement through their own eyes on the researcher's theory (Blaikie, 1993). In the focused situation, the interview may still remain unstructured (open-ended) and assume a conversational manner, but the interviewer is more likely to proceed along the lines of a certain set of questions (some structure) derived from the research design protocol. For example, a major purpose of such an interview might be simply to corroborate certain facts that the investigator already thinks have been established (but not to ask about other topics of a broader, open-ended nature), hence the name semi-structured. In this situation, the specific questions must be carefully worded, so that the investigator appears naïve about the topic and allows the respondent to provide a fresh commentary about it. In contrast, if leading questions are asked, the corroboratory purpose of the interview will not be as well served. For example, do you think that if Nigeria were just as small as other ECOWAS members were, there would have been greater commitment to the objectives of the Customs Union?

The semi-structured interview lies between the qualitative research interview and the structured interview. It adopts an interview schedule, which is a format rather similar to the structured interview, with questions included in a set order. However, many of the questions are open-ended, and there is ample room for flexibility to allow variation, which in turn allows for the use of probes or follow-up questions rather than moving along in a mechanistic sequence. The focus of the research is on factual information and general evaluative comments. The semi-structured interview incorporates assumptions of both the positivist and humanist approaches. However, structured, open response is best used in situations where (Emory and Cooper, 1991):

- A quick, descriptive account of an issue is being sought, without the rigours of a formal hypothesis-testing;
- Where factual information is to be collected, but there is uncertainty about what and how much information participants will be able to provide and,
- Where the nature and range of the participants' likely opinions about the research topic are not well known in advance, and cannot easily be quantified.

3.5.4 JUSTIFICATION FOR THE INTERVIEW METHOD

Interviews are an essential source of case study evidence, because most case studies are about human affairs. These human affairs should be reported and interpreted through the eyes of specific interviewees, and well-informed respondents can provide important insights into a situation. They can also provide shortcuts to the prior history of the situation, thus enabling the researcher readily identify other relevant sources of evidence (Yin, 1989). Personal interviews may be structured or unstructured, direct or indirect. While structured direct interviews are used to obtain descriptive information, getting the facts, unstructured indirect interviews are used for exploratory work to make sure that the final questionnaire will be well structured and relevant to the problem. In structured interviews a set of questions is asked; in unstructured interviews the questions are put as the interviewer sees best. A mid-way approach is, however, adopted for this research.

A combination of unstructured and semi-structured interview was adopted for this study mainly as a result of to the type of information required. The objective was to collect the views, accounts, perceptions, and anecdotes of key actors in the domain of the study. These include information from ECOWAS sources in the Abuja-based Secretariat; the embassies of Member States of ECOWAS based in the United Kingdom; World Bank officials, academics and journalists, businessmen and students of African origin and/or interests. For a number of reasons, recourse to questionnaires was not considered to be the most appropriate method of data generation in this research programme as they were held to be:

- Unlikely to solicit a response,
- Given that anecdotes, opinion, and descriptions were required, it was considered unlikely that the questionnaire method would yield productive results. Given the very nature of the structured questionnaire this would not be successful for a research of this kind;
- It was considered that any responses that were forthcoming would be significantly more discrete than those, which could be obtained in verbal interview situations.[47]

Furthermore, issues related to resource availability are also of a crucial importance. Questionnaires, on the one hand, take a great deal of time to construct, pilot, distribute, obtain a response to, and analyse. On the basis that the results were expected to be of specific value, it was considered that the cost, both financial and human labour, of conducting a questionnaire based research was not really justifiable.. Lastly, the time constraint had its role to play. The urgency and deadline for the research meant that the research had to be conducted in the earliest possible time, and the semi-structured interview is the best means to this end. Any particular group of sociologists, on the other hand, might not see interviews, as the ideal research method. However, despite their weaknesses, interviews are unlikely to be abandoned as sources of data by sociological researchers. As Silverman (1985) pointed out, conversations are an integral part of social life, and, as one of the main ways in which people communicate they are invaluable as a way of trying to understand society. In addition, interviews offer a rich source of data, which provides access to how people account for their troubles and good fortunes. Human beings can never fully see the world through the eyes of another person, but talking to other people can certainly provide insights into their perspectives on social life. Perhaps only through participant observation can researchers develop greater insights (Silverman, 1970, 1985).

Interviews also represent a compromise between more structured research methods like questionnaires and the more in-depth methods such as participant observation. As such, those who support the use of more quantitative methods tend to prefer interviews to participant observation. Compared to participant observation, interviews can utilise larger samples so generalisations (reliability) are more capable of justification. With some coding of responses it is possible to produce statistical data from interviews, and it is easier to replicate (validate) the research and check results. Because there is usually some degree of structure in an interview it is easier to make direct comparisons than it is by using data from participant observation.

To sociologists who prefer more qualitative methods, interviews have clear advantages over questionnaires. The concepts and words used by the interviewer and interviewee alike can be clarified,[48] the researchers' concepts are less likely to be imposed on the social world, issues can be explored in greater depth and the researcher does not limit the responses to fixed choices. For these reasons interviews can be useful for generating new hypotheses and theories which the researcher would not otherwise have developed. Interviews are often used to carry out research into groups that may not otherwise consent to being the subject of research. Taylor (1971) could only produce data about professional crime in Britain because he was able to gain the trust of the criminals he interviewed. Clearly, participant observation would have been out of the question, and he would have been unlikely to obtain a satisfactory response rate using postal questionnaires. Furthermore because of Taylor's lack of familiarity with professional criminals, he might have had difficulty deciding what questions to ask.[49]

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[47] In this situation the semi-structured, depth interviews makes a very strong case. See Yin, R. K. (1989), Emory and Cooper (1991) and Silverman, D. (1985).

[48] There is also the big role of interpretation, which is the art of transforming data into valuable information.

[49] Once again the flexibility and practicality of interviews is evident. See Taylor, Laurie (1971), *Deviance and Society*.

3.5.5 LIMITATIONS OF INTERVIEWS

Like every other research method, the interview approach has its limitations. For instance, while interviews have been known to (Yin, 1994, p. 91) 'provide shortcuts to the prior history of the situation at hand ...they are subject to the problems of bias, poor recall, and poor or inaccurate articulation. Thus, a reasonable approach is to corroborate interview data with information from other sources.'

Ackroyd and Hughes (1981) also observed that the foundations of interviewing are to be found in the mundane observation that people could report on what they feel, tell others about aspects of their lives, disclose what their hopes and fears are, offer their opinions, state their beliefs, answer questions about who they see regularly, what they did last week, how much they spend on food, and so on, to put it simply they can impart masses of information about themselves. There is also the danger that these masses of information may be neither valid nor reliable; thus rendering the interview method vulnerable to criticisms faced by questionnaire users. It follows that interviews may share the same drawbacks as questionnaires, considering that responses given may be neither accurate nor a true reflection of real behaviour. This is because respondents may lie, may forget, or may even lack the information required. To give a simple example, some of the criminals interviewed by Taylor (1971) later claimed that they had invented fanciful stories about their escapades in order to discover Taylor's gullibility.

However, even if respondents are not handicapped by forgetfulness or ignorance, and have no wish to deceive, they may still not give valid answers. As critics of questionnaire data have pointed out, interviewees may not act in accordance with their stated beliefs. This is largely the case when 'sensitive' questions are posed to government officials who perceive any remarks to be a threat to their job security. In this particular respect, the evasiveness of government officials in Nigeria deserves commentary. Most of the government sources approached at the ECOWAS Secretariat in Abuja between March 2000 and December 2001, either had little knowledge on the developments in ECOWAS occurring outside Nigeria or decided to tactically refer the researchers queries to the ECOWAS publications, which are publicly available material. When reflecting on past events, they may alter their interpretation in the light of subsequent experience. Because interviews are artificial, Cicourel (1988) has asked whether they 'captured the daily life, conditions, opinions, values, attitudes and knowledge base of those we study as expressed in their natural habitat' (Bryman 1988, p. 114).

Further limitations of the interview approach suggest that it might not be the case that 'talk is cheap' as the following difficulties demonstrate: (i) high cost, (ii) the difficulty of negotiating access or co-operation, and (iii) the possibility of personal contact bias. The problem of high cost posed the most limitation on the current study, as it might have involved a number of trips to several West African states on a lean budget associated with an individual and self-sponsored research of this nature. Negotiating access is another crucial problem, considering that there are no real assurances of co-operation by the targeted officials if and when the researchers does get round to their offices as the African red tape and big man syndrome envelopes some of these officials in the corridors of power. Contact bias also has a role to play, especially with unstructured interviews of the nature carried out in this research. There is a possibility for the researcher, without realising it, to *direct* or *lead* the informant or interviewee towards giving certain types of information or towards a preferred response. Consciously or unconsciously, respondents might give the sort of answers they believe that the researcher wants to hear rather than saying what they truly believe.[50] Pawson (1989), however, argued that in their struggle over the form of the interview, neutrality and detachment could both be criticised for having a deficient understanding of the role of the interview. In concentrating on their very different ways of posing questions, structured and unstructured interviews can both be accused of ignoring the issue of why questions are even posed. Both traditions can also be accused of forgetting the proper function of the interview in the generation and testing of sociological explanation.

Bearing in mind that the basic task of data collection is to produce evidence, which will help verify or falsify the researcher's theory, hypotheses rather than respondents should be considered as the subject matter of the research. In this light, both the unstructured and structured interviewing methods have been accused of sharing a common error, 'the problem of imposition.' Rather than being a test of the researcher's theory, that theory is often smuggled in only at the commencement of data collection. The theories have often been withheld from respondents. For

[50] This problem is known as interviewer bias. It can never be totally eliminated from interview research simply because interviews are interaction situations. Interviewer bias is demonstrated in a study conducted by Stuart Rice in 1914 (discussed in Deming, 1971, p. 347).

example, Marshall *et al.* (1988) were accused of the methodological imposition of their view that 'social class remains a central feature of everyday experience' through the use of a questionnaire, which is dominated by items on social class. The unstructured interview approach follows the tradition of a conversation and so its data are diverse and discursive and thus hard to compare from respondent to respondent. Researchers are sometimes accused of selecting small fragments of the respondent's utterances for inclusion in their own preferred explanatory framework. While the data are supposed to emerge from a mutual understanding, the researcher's theory may not be clearly on view to the subject, and only show its face in the research report after the event. The end result is that only selections of the respondent's own ideas may be conveyed. For example, Oakley's (1981) *Becoming A Mother* could be accused of 'imposition' by virtue of being sympathetic to, and, thus reflecting those 'epidural-fearing, consultant-wary, control-seeking views which resemble her own' (see Pawson, 1989). These limitations may, therefore, present doubts over the reliability and/ or validity of any research of which the current one is no exception.

3.6 RELIABILITY AND VALIDITY

There are a number of elements to take into account when considering the research design. Fundamentally, these are founded in the need to recognise and control any systematic variations that can occur, so as to be able to isolate the elements under investigation and to ensure that the research actually succeeds in measuring what it purports to measure - reliability and validity.

Reliability measures the power of generalisability. A finding can be reliable if it can be generalised across settings (i.e. achieving the same results, whenever and wherever tested using the same instruments). It means that two or more researchers studying the same phenomenon with similar purposes should reach approximately the same conclusions or results. Simply put, a study with high reliability can be said to be capable of replication. Validity, on the other hand, is the extent to which researchers are able to use their method to study what they had sought to study rather than consciously or unconsciously studying something else. It is the degree to which an 'effect' such as economic growth, is linked to a 'cause' such as outward-orientation.

If outward-orientation manipulations succeed in measuring what it purports to measure such as economic growth, then the validity of the experiment is established.[51]

Although, the study is mainly archival by nature, there were a number of interviews, which are used in conjunction with diary accounts of a theoretical nature (from lecture notes and seminars, between 1994 and 1997) and practical experience (participant observation) in 12-month time frame at one of the ECOWAS border areas between 1995 and 1996 (see Appendix). Elements of the research interviews feature reasonably well, and have shown how ECOWAS has wavered from its stated objectives to the static principles of trade creation to no avail in terms of welfare gains. This research, therefore, gives the conventional customs unions theory an archival dimension, which is largely based not only on a historical analysis, but also on a comparative analysis of macroeconomic processes and their social consequences within ECOWAS. It is no longer strange to see social scientists increasingly using historical material, data collected by other investigators and institutions, for research purposes that differ from the original reasons for data collection (Nachmias and Nachmias, 1996). For example, any critical analysis of south-south co-operation (Lewis, 1980), inward-orientation (Yansane, 1996) or trade diversion as an alternative to structural adjustments (Onimode, 1990) in favour of outward orientation (Dollar, 1992) fits the exercise. This thesis is analysed against the background of these individual works, as well as by the works of such organisations as the United Nations' Economic Commission for Africa (ECA) and the World Bank (1989). As an example, it is not unusual for another researcher to use Dollar's (1992) estimates to reach a different conclusion. In fact, if Dollar had a chance to repeat his 1992 research he might even reach a different set of conclusions as his assumptions change. Just as with the case of trade creation and its notion of welfare increases, shadows of doubt have been cast on the validity and reliability of the role of outward-orientation on the economic growth of nation:[52]

[51] The validity described here is mainly that of content validity, which involves the extent to which a measure appears to measure the characteristic it is supposed to measure. However, content validity can be further broken down into face validity and sampling validity. See Diamantopoulos and Schiegelmich (1997) pp. 34-35.

[52] Dollar (1992, p. 544) cites the works of Laird and Nogues (1989, pp. 241-61) where evidence of more protectionist policies by highly indebted LDCs in the early 1980s was spurred by their debt crises. However, Dollar adds that many of these troubled economies had, in subsequent years, undergone significant liberalisation and thus become more open than they were prior to the debt crises.

As with any econometric exercise, the results should be interpreted with caution. It is possible that there are important omitted variables, so that the correlation of growth rates with these outward orientation measures may be spurious. There is also the possibility that the causation runs in the other direction: from poor growth performance to inward orientation.

It is possible according to view debt crises as exogenous shocks that cause both slow growth and inward orientation, in which case 'the correlations revealed... would have interpretations different from those, presented therein.' If any convergence is detected in the findings, then reliability can be attained and validity probably assumed. As Gummesson (2000, p. 91) noted, reliability fulfils three basic functions:

- A police function, where dishonest research is curbed, and the villain nailed!
- Intelligence test, justifying the logic in the reasoning of a research report.
- A substitute for validity, a situation where the researcher establishes reliability and assumes validity. In this regard, when validity seems beyond reach, reliability can then play the part of a 'validity crutch.'

In performing the *police function* and undertaking the *intelligence test*, the reliability and validity of the research analysis become adequate to the task at hand. Furthermore, a number of measures have been employed in conducting historical analysis. These measures, according to Nachmias and Nachmias (1996, p. 303) must include:

- *Physical evidence*: these are signs of *wear* and *tear* on objects (erosion measures) or materials deposited by a population (accretion measures).
- *Simple observations*: these consist of observations made without interacting in any way with the people being observed. Types of simple observations include exterior body and physical signs, expressive movements, physical location, and language behaviour, and
- *Archival records*: these include data collected from public sources such as actuarial records, political, judicial or other official records, government documents, the mass media; and private records like autobiographies and diaries.

It is only too clear therefore that theoretical developments be seen as an ongoing process in which the creators of a theory keep working to test their creation in order to disprove it and perhaps find a better replacement. Regarding the universality of theories, for example, Pawson and Tilley (1997) argued that the truths (validity of a theory) would always be partial and provisional. This is consistent with Popper's

(1979, p. 40) view that 'the first priority is not to verify theories, it is to formulate them in such a way that they can be tried for falsification.' It should be noted, therefore, that hypotheses would work only for certain people, under certain circumstances and at only certain times (see Maunder *et al.*, 1991).

3.7 CONCLUSIONS

History is a diagnostic instrument that helps to locate a problem in its context and environment. It supplies a thread and the creation of order among a mass of data; in other words it provides patterns. No two sets of circumstances are ever entirely identical, although there is often a general pattern that frequently occurs. Archival research also affords researchers a sense of perspective; it helps individuals and groups alike, see where they are rated within a dynamic context of social, political and economic engagements. In other words, it adds meaning to life. It also facilitates the creation and selection of pertinent analogies. It provides a fixed point of triangulation between the past and the present position of an organisation such as the ECOWAS and its counterparts such as the AMU in North Africa, EAC in East Africa, SADCC in South Africa, and even the European Union. It provides opportunities for comparison and possibly lessons for future direction and guidance. As Gummesson (1991) clearly stated, we cannot learn from history what we could not learn from it, because history does not stand for the provision of solutions through simple mathematical or statistical formulae, rather it offers a thought process. History also enables the acceptance of ambiguity and complexity of social processes like the growth and development of regional trade alliances.

Moreover, finding that historical patterns have a tendency of repeating themselves can be very helpful in social science research. For if we do not know where we are, we lack the ability to identify the necessary platform from which to appreciate the present in order to anticipate the future. Finally, extending the virtues of historical and/or archival research to traditional trade theory offers interesting insides into the benefits and costs of regional arrangements and their dynamics. However, the deeper aspects of these arrangements mean that theory is not enough to understand them. Interviews on the historical experience of ECOWAS efforts at economic integration thus offer a useful way to complement theory. This is further bolstered by diary accounts of what may be considered to be ethnographic research, embarked upon prior to the specification of the theory.

CHAPTER 4: THE EVOLUTION AND STRUCTURE OF ECOWAS

4.0 INTRODUCTION

This chapter traces the evolution of regional integration efforts in West Africa prior to the official birth of ECOWAS in 1975, and right through to its three decades of existence as a customs union. In other words, it documents the evolution process of ECOWAS based on the efforts of the United Nations Economic Commission for Africa (ECA) by reviewing the 1975 ECOWAS Treaty against the background of its revised 1993 version, in order to ascertain the consistency of regional integration theory with the stated objectives of ECOWAS. The organs and institutions of ECOWAS are also highlighted along with the decision-making mechanisms that have been put in place through the evolution of the Community. It concludes by demonstrating the negative impact of the economic nationalism that was so strong after political independence in West Africa in the 1960s. This is mainly due to the growing evidence that most ECOWAS member states signed up to regional economic co-operation without any real intentions of surrendering some measure of their national sovereignty. Rather, membership seemed to have been sought as a sign of good neighbourliness, in expectation of reaping benefits without much sacrifice, and as a means of obtaining additional external development assistance.

4.1 THE ORIGINS OF AFRICAN INTEGRATION SCHEMES

The United Nations Economic Commissions of the different regions of the world championed regional economic integration among developing states in the late 1960s (ECOWAS, 1995a). Much is, therefore, owed to the Economic Commission for Africa (ECA) for the promotion of the integration process of Africa (Ezenwe, 1983). In the whole of sub-Saharan Africa, a notable early example of regional co-operation was the East African Common Services Organisation (EACS), formed in 1917, which linked Kenya and Uganda. Tanzania joined the organisation in 1927 when it was converted into a Customs Union. The EACS arrangement became the East African Community (EAC) in 1967 but the problem of sharing the costs and benefits of integration, coupled with serious political differences among the members, led to the dissolution of the EAC in 1977.[53]

In a separate development, the United Nations Economic Commission for Africa (UNECA) convened a meeting of Maghreb Ministers at Tangiers in 1964 to consider the possibility of North African regional co-operation (Testas, 1999). Similar ministerial meetings were held in Niamey, the capital of the Republic of Niger, in 1966, Accra (Ghana) in 1967, and Monrovia (Liberia) in 1968 on the subject of West African integration.[54] These meetings all had one common goal, the formation of a large internal or regional market. This was in recognition of growing evidence that economic growth and international competitiveness could not be attained under conditions of tiny and fragmented markets (Ezenwe, 1983). It was expected, therefore, that these markets could benefit a great deal from huge economies of scale, which is supposedly ensured by the formation of strategic alliances through regional economic co-operation (Gambari, 1991). However, the combined feelings of nationalistic pride, ideological and linguistic differences, and a lack of appreciation of the virtues of regional integration thwarted these early attempts at creating viable regional groupings.

Irrespective of the ordering of their different and divergent objectives, regional integration arrangements across Africa in general, and within ECOWAS in particular, have centred on two key elements; (i) the free movement of factors (goods and people) across the regional border, and (ii) the establishment of a common external tariff (CET) against the rest-of-the-world (ROW). The objectives remain the same, from the Arab Maghreb Union (AMU) of North Africa, to the South African Development Co-operation (SADCC).

[53] The reason for the collapse of the EAC is discussed in more detail later in section 7.2.1.

[54] United Nations Economic Commission for Africa (ECA) (1983) ECA and Africa's Development, 1983-2008: A Preliminary Perspective Study (Addis Ababa); United Nations Commission for Africa (1985) Survey of economic and Social Conditions in Africa, 1983-1984 (Addis Ababa).

4.2 THE ECONOMIC COMMUNITY OF WEST AFRICAN STATES

Regional economic integration in West Africa evolved prior to the attainment of political independence from colonial administrations in the sub-region. The Customs Union of West African States (CUWAS) formed in 1959, was the first real attempt at integration in West Africa.[55] The CUWAS initiative comprised eight states: Benin, Burkina Faso, Côte d'Ivoire, Mali, Mauritania, Niger, Senegal and Togo, which all emerged from French West Africa (WTO, 1995). With the exception of Mauritania, these West African states had a common currency, the CFA Franc,[56] and free trade in goods. Problems, however, arose over the distribution of tariff revenue arising from gains and losses in national budget revenues. Although the idea of an all-encompassing West African Community was to have been launched in 1968 at a 'West African Summit' in Monrovia, the Francophone states did not attend that Summit meeting. What happened, instead, was the emergence of two rival economic groups in the sub-region: (i) the Communauté Economiqué de l'Afriqué de l'Ouest CEAO), whose membership was limited to the Francophone West Africa, and (ii) the Nigeria-Togo Economic Union. Although CUWAS was superseded by CEAO in 1974 in order to redress the shortcomings of the former, which included the lack of compensation for trade diversion-induced losses in budget revenues, the CEAO achieved less success than its predecessor did (Robson, 1983; WTO, 1995). Comprising the same membership of states, the new arrangement was intended to form a common external tariff and harmonise fiscal taxes, but this failed to materialise.

[55] It can be inferred that the use of the term 'Customs Union' may be arbitrary in the context of Africa as it is not reflective of the neofunctionalist spillover from FTAs to full Economic Markets as predicted in the case of Europe and suggested by the literature on regional integration or customs unions. In this regard also Gambari's (1991) criticism of Balassa's (1979) stages approach to regional integration is not only very persuasive, but in order, at least in the case of West African integration.

[56] The CFA Franc was introduced in 1945, at a time when the French acronym CFA stood for French Colonies of Africa. After the colonies gained independence the acronym survived, but with two new meanings: first, as the franc of the African Financial Community, minted by the Central Banks of the States of West Africa (BCEAO) and in circulation in Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal and Togo; and second, as the franc of the African Financial Co-operation, minted by the Bank of the states of Central Africa and in circulation in Cameroon, the Central African Republic, Chad, Congo, Gabon and Equatorial Guinea. The CFA franc has been pegged to the French franc since 1948. The Fixed exchange rate used to be 50 CFA Francs for 1 French franc, but this dropped to 100 CFA francs for 1 French franc on 12 January 1994. See the *International Labour Review* (1994), Vol. 133, Issue 2, p. 274-75.

This is because a mere change in acronym affected neither its structure nor its policy and commitment, all of which failed to witness any major revisions (WTO, 1995).

In the Nigeria and Togo Trade Agreement of 1971, on the other hand, there was some recognition of the vital role expected from economic integration in the development of independent states. Bearing this in mind, both states affirmed their determination to work towards the establishment of a wider economic community transcending linguistic barriers (ECOWAS, 1995a, 1995b; Hanink and Owusu, 1998). The Nigerian-Togolese initiative thus paved the way for a meeting in Lomé, Togo, in December 1973, of economic ministers from 15 West African states, where it was decided that officials from Nigeria and Togo should, with the assistance from the United Nations Economic Commission for Africa (ECA), proceed to draft detailed proposals for the establishment of the wider grouping (Frankel *et al.* 1993). Thus in January 1975, arrangements for the signing of the Treaty aimed at the creation of a homogenous economic society, the Economic Community of West African States (ECOWAS) were finalised and the Community came into official existence on the 28 May 1975 (see Ezenwe, 1983; Gambari, 1991; ECOWAS, 1995a, 1995b; and Oguledo, 1996).

The push by Nigeria, Togo and later Ghana and others, led to a new draft treaty at Monrovia in January 1975. It was only in May of the same year that West African leaders merely adopted the revised draft treaty, with a series of amendments proposed by Senegal and Mali being accepted at the Lagos meeting of May 1975, in order to prevent a last minute breakdown of the Treaty establishing ECOWAS (see Gambari, 1991, p. 27). The transition of ECOWAS from the Lagos Treaty (1975) to its revised version (1993) is interesting. Although the 1975 Treaty emphasised the need 'of the Community to promote co-operation and development in all fields of economic activity,' the Revised Treaty put more emphasis on the need 'to promote co-operation and integration, leading to the establishment of an economic union in West Africa.' While the 1975 Treaty had 14 Chapters and 65 Articles, with a whole chapter (Chapter VIII) and 8 Articles (40-47) dedicated to Transport and Communications, and one chapter (Chapter IX) and article (Article 48) to Energy Policy and Mineral resources, the 'revised' 1993 Treaty had 22 Chapters and 93 Articles. The revised treaty dedicated a whole chapter (Chapter V) and three articles (Article 26 –28) to Co-operation in Industry, Science and Technology and Energy. It also dedicated a whole chapter (Chapter VII) and three articles (Article 32 –34) to Co-operation in Transport, Communications and Tourism, as well as a whole chapter (Chapter IX) and two articles (Article 54 – 55) to the Establishment and Completion of an Economic and Monetary Union.

The Revised Treaty also stressed the need for stronger cohesion of the Community, which included the establishment of a common market through: (i) the liberalisation of trade by the abolition, among Member States, of customs duties levied on imports and exports, and the abolition among Member States, of non-tariff barriers in order to establish a free trade area at the Community level; (ii) the adoption of a common external tariff and, a common trade policy vis-à-vis third countries; The removal, between Member States, of obstacles to the free movement of persons, goods, service and capital, and to the right of residence and establishment; and (iii) the establishment of an economic union through the adoption of common policies in the economic, financial social and cultural sectors, and the creation of a monetary union. However, the progress in ECOWAS has been limited as a result of the prevalence of a two-tier integration process embraced by the Francophone Member States. Although the main plan of an enlarged West African economic community was to supersede the existing CEAO grouping, there were no real signs that it was born to replace, and thus limit the grip of France in the sub-region. This meant that there was a parallel process of regional integration in West Africa.

4.2.1 ECOWAS AND THE PARALLEL PROCESSES OF THE CEAO AGENDA

Most of the early objections to a region-wide West African community came from some leaders in the Francophone areas. They tend to prefer the exclusive economic cooperation of their own union (CEAO) and close economic ties with France, and are suspicious of a radical approach to intra-African cooperation. Former President Senghor seemed to be particularly concerned with the potential power that Nigeria could wield in a region-wide economic community, given the country's tremendous economic growth in the 1970s. He wanted the membership of ECOWAS to be extended to include all states on the western side of Africa facing the Atlantic, such as Cameroon, equatorial Guinea, Gabon, Zaire (now DRC) and Congo-Brazzaville – apparently to dilute Nigeria's standing in the community. The CEAO had set the scene by according about 428 goods regional preference status, on a most favoured nation (MFN) basis, and also enabling some degree of labour mobility, which allowed the freedom of residence and establishment of its citizens in any member state. It also improved regional co-operation in other areas such as trade before it was finally abolished and supplanted by a new organisation, the West African Economic and Monetary Union (UEMOA) in 1994 (see IMF, 1994).

On taking over the responsibilities of CEAO, however, UEMOA maintained a membership of seven out of the eight former members (except that Mauritania dropped out and Togo joined).[57] Once again, this union was an attempt to forge a stronger alliance in the form a common market amongst contracting states, as well as to harmonise some policies in the fields of agriculture, transport and communications amongst others (Ezenwe, 1983; Gambari, 1991). With the slight change in membership, all member states became part of the CFA franc bloc (as are the nations of the Economic Community of the Central African States, ECCAS) and therefore used a common currency. However, the CEAO had certain peculiarities, which were, in principle, conducive to intensive intra-regional trade.[58] To start with, the CEAO members exhibited some complementarities in their production structures. For instance, sectoral division of labour was important in trade between states like Mali and Burkina Faso on the one hand, as potential exporters of agricultural products, and Senegal and Côte d'Ivoire on the other hand, as relatively industrialised states (ECOWAS, 1989, 2000). The success of this initiative was also such that (UNCTAD, 1988):

> The share of intra-regional trade in total trade of the grouping amounted to 7 per cent in 1985, which was over what other sub-Saharan African regional blocs like the ones in Central Africa had achieved. More illustrative than this overall figure is the fact that in 1981 as well as in 1985, about 38 per cent of Ivorian manufactured exports and about 10 per cent of its total exports were directed to CEAO member states with some manufactured goods such as cement, fertilisers, household and other equipment exceeding the 70 per cent mark.[59]

[57] The Mauritanian Prime Minister, Cheikel Afia Ould Mohamed Khouna, speaking in parliament in December 1999, announced his country's withdrawal from the regional grouping. Although the Mauritanian spokesperson gave no specific details, he said the move was in response to 'the last decisions of the community.' Observers, however, believe the Mauritanian government is opposed to plans by ECOWAS to establish a common currency for its members (see BBC News, 1999, 26 December).

[58] A 1989 speech by Abass Bundu ECOWAS Executive secretary at a conference on the Achievements, Challenges and Future Prospects of the ECOWAS.

[59] United Nations Conference on Trade and Development (UNCTAD) (1988): Major New Developments in the Economic co-operation and Integration Groupings of developing States (1985-87). TD/B/C87, Geneva, March 29.

The early success of CEAO was not entirely free of limitations. Firstly, only little of Côte d'Ivoire's manufactured imports originated from member states. Such a regional distribution of intra-regional trade, therefore, suggested two things: (i) a keen interest of the Ivorian industry in the regional market facilitating perhaps compensation schemes, and (ii) a concern of backward members' industries to be forced out of the market place by suppliers from Senegal and Côte d'Ivoire (ECOWAS, 1995). In fact, industries like footwear and textiles ranked highly as sensitive industries in intra-regional trade liberalisation as they were produced in almost all member states (UNCTAD, 1988).

Secondly, natural barriers to trade such as prohibitive transportation costs were lower than elsewhere in Sub-Saharan Africa. There were railway links between Senegal and Mali, as well as between Côte d'Ivoire and Burkina Faso. Consequently policy-induced barriers to trade hence gained more attention in political decision making in the less advanced of the member states, and as Professor Mbah rightly pointed out, these advanced ECOWAS members had vested interests in protecting domestic industrialisation no matter how inefficient these industries were.[60] It must be stated, however, that the CEAO enjoyed a high degree of factor mobility. With a common Central Bank, moreover, the monetary union allowed free mobility of capital in addition to the already high labour mobility. Furthermore, the existence of a monetary union within CEAO denied autonomous exchange rate changes like depreciation, to the landlocked states as a device to improve their competitive position against the more advanced coastal states.

Although the effects of factor mobility on trade are ambivalent, the success of regional economic integration may be due to other factors where participants see avenues for a common good. According to the World Bank (1989) for example, of all trade integration schemes within Sub-Saharan Africa in the 1980s, the CEAO, a free trade area formed in 1974, has had the greatest success (World Bank, 1989). However, Hanink and Owusu (1998) revealed that any such success did not extend into the 1990s. The reasons for this dismal state of affairs ranges from the constraints of size and responsibilities of CEAO, to the lack of political will and commitment to forging stronger links arising from mutual suspicions among member states. For example, smaller states within the region have often expressed fears and suspicions of

[60] April 2000 Interview with Professor Chris Mbah of the Cornerstone University.

(or 'fears of domination' by) the larger states.[61] These fears have mostly been expressed by the smaller French speaking West African economies like Niger, Benin and Burkina Faso over key players in the region such as Côte d'Ivoire and Nigeria (*Post Express*, 1998). The existence of many other sub-regional associations such as the Mano River Union (MRU) and West African Monetary and Economic Union (UEMOA), which are all sub-sets of the ECOWAS, might have been seen as a means of overcoming such fears.

What however, remains to be fully understood is the rationale for the existence of these other trade groupings (ECOWAS, 1995). Are the regional blocs complementing or competing against each other and is the regional agreement consistent with the goals of Multilateralism? These are probably the major stumbling blocks on the road to a successful ECOWAS.[62] With the Mano River Union (MRU) comprising Guinea, Liberia, and Sierra-Leone established in 1973;[63] and ECOWAS founded in 1975 by all sixteen Francophone, Anglophone and Lusophone West African states covering an area from Mauritania to Nigeria; and the UEMOA coming later in 1994 with a membership of 8 out of the 16 ECOWAS member states, internal trade is expected to be free from tariffs, but this is hardly the case in ECOWAS where non-tariff barriers still hamper trade.[64] Some of these non-tariff barriers have received little or no mention in earlier studies, which have mostly been concerned with issues relating to the 'pulling down of tariff barriers' or 'building up a common external tariff.' It is important, therefore, to recall that the focus of this research is not to ignore the importance of the 'pulling down' of tariff barriers in the assessment of the success of economic integration, but to primarily demonstrate the significance of non-tariff barriers in determining the nature of welfare of contracting parties. The inadequacy of physical infrastructure development at the ECOWAS level is perceived

[61] The *fear of Dominance* expressed by smaller ECOWAS member states, is all too consistent with Oguledo's (1996) conclusions that the growth in population of the larger members in a customs union such as the ECOWAS could (and have) discourage trade within the union. See also Madichie and Alli (2002) *Nigeria's role in West Africa?* Opcit.

[62] In the language of Bhalla and Bhalla (1997), one wonders if regional blocs are really building or stumbling blocs.

[63] The Mano River Union (MRU), a micro-regional entity was named Mano River Union in 1973 when Liberia and Sierra Leone established it. Guinea later joined in 1980. Still, aiming to go back to their roots, the core objectives of the union were to "expand trade" among the ethnic groups, which has been the case since the creation of all the 3 countries. The 3 countries however wrote of eliminating all barriers to mutual trade and other unco-operative productive capacities including progressive development of common protective policy.

[64] Internal trade is free from tariffs and a common external tariff exists, but non-tariff barriers still hamper trade (IMF, 1994, p. 211). *Opcit.*

to be of more practical consequence to the decline in economic development of the Community. In order for any such assessment on the welfare of contracting parties to make any reasonable intellectual appeal, however, it is important to first undertake an assessment of the ECOWAS Treaty (1975 and the 1993 revised version). The original objectives of the Treaty establishing ECOWAS signed in 1975, and subsequently revised in 1993 to incorporate new clauses, was merely 'reactionary' to the constant changes in the external environment of international trade policies and the West African response to such changes.

4.2.2 THE LAGOS TREATY OF 1975

The Lagos Treaty establishing ECOWAS specified the need for an 'economic community' through a strong regional 'economic integration' (ECOWAS, 1995a). The whole idea was to set about establishing a more structured form of co-operation that sought the fusion of the national economies of the sixteen Anglophone, Francophone and Lusophone sovereign West African states.[65] This was in order to accelerate, foster and encourage the economic and social development of, and thus improve the living standards of contracting parties and their citizens. Article 2 of the Lagos Treaty expressed the intention to standardise tariff and trade procedures among the member states. Specifically, the 16 member states of ECOWAS aspired to (ECOWAS, 1995a):

> Promote co-operation and development in all fields of economic activity, particularly in the fields of industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial questions and in all social and cultural matters for the purpose of raising the standard of living of its peoples.[66]

In addition to co-operation and joint development of resources of mutual interest ECOWAS member states also agreed to ensure, among other things (Ezenwe, 1983, p. 127):

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[65] The sixteen are split into five Anglophone - Gambia, Ghana, Liberia, Nigeria, and Sierra Leone, nine Francophone - Benin, Burkina Faso, Côte d'Ivoire, Guinea, Mali, Mauritania, Niger, Senegal and Togo; and two Lusophone states - Cape Verde and Guinea-Bissau.

[66] It is also important to note that some researchers have termed this lofty objective of the ECOWAS to be rather too ambitious. See Ezenwe (1983) and ECOWAS (1995a) *Handbook*.

> The abolition of obstacles to the free movement of persons, services and capital between the member states; the harmonisation of agricultural policies of member states and the promotion of common projects notably in marketing, research and agro-industrial enterprises; the implementation of schemes for the joint development of transport, communications, energy and other infrastructure facilities as well as the evolution of a common policy in those fields.

It must be noted, however, that these aims and objectives are neither a summary nor an exhaustive account of the Community's protocols. Rather, they have been highlighted mainly to steer the arguments of this and subsequent chapters in the relevant direction (i.e. on the impact of non-tariff barriers such as physical infrastructure, on trade. Nevertheless, most aspects of the socio-economic life of ECOWAS Member States are affected by these objectives. ECOWAS is the largest group of African states (with a population of nearly 200 million people) besides the African Economic Community (AEC). Unlike ECOWAS, however, AEC is the expected final outcome of the integration of most or all other African regional economic communities (RECs). The Treaty establishing the AEC on the one hand was signed, in Abuja, Nigeria, in June 1991 by the Organisation of African Unity (OAU) Heads of State and Government. The AEC Treaty has been in operation since May 1994 when the required number of instruments of ratification for its coming into force were deposited with the Secretary General of the OAU/AEC. This makes the AEC different from other integration organisations. In fact the Revised Treaty makes it clear that the establishment of the AEC is the final objective towards which the activities of all the RECs (existing and future) shall be geared (Article 88).

The major characteristics of the AEC compared to similar communities is that it is being established in six stages, according to the provision of the founding Treaty (Articles 6 and 88), mainly activities of the regional economic communities (RECs). ECOWAS, on the other hand, was founded in 1975 by West African states covering an area from Nigeria to Mauritania. Due to the sheer size of the community, coupled with the ambitious character of bridging cultural, ethnic and language diversities, this customs union has received the largest attention of scholars interested in African economic integration (Robson, 1983; Akinyemi *et al.* 1984; Orimalade, Ubogu, 1984 and Asante, 1985, 1986). Unlike many intra-African trade agreements, however, ECOWAS spans states with French, English, and Portuguese colonial ties. Nigeria dominates the group of member states, with about 57 million people in 1975, or about 60 per cent of the entire ECOWAS population (ADB, 1998).

ECOWAS is especially important in the light of several facts. For one, it has survived under difficult circumstances since 1975. Political stability has been extremely precarious in the ECOWAS sub-region, with half of the world's successful coups d'etat between 1958 and 1989 occurring there. Economic security is little better, with 14 of the 16 Member States earning 60 per cent of their export revenues from just a few raw materials (Table 4.1).[67] Crude oil is a major export of West Africa (accounting for over 90 per cent of Nigeria's exports), but the sub-region's greatest assets are its largely untapped mineral resources (diamonds in Liberia and Sierra Leone).

Table 4.1 ECOWAS Exports, 1975.

State	**Leading export as % of total exports**		**Main Customer**	**% Export to main Customer**
	Crop	**Value (%)**		
Benin	Cotton	53	France	20
Burkina Faso	Cotton	46	France	26
Cape Verde	Fish	45	Portugal	63
Côte d'Ivoire	Cocoa	32	France	25
Gambia	Groundnuts	93	UK	34
Ghana	Cocoa	74	UK	14
Guinea	Bauxite	61	N/A	N/A
Guinea Bissau	Oil seeds	85	Portugal	70
Liberia	Iron ore	74	US	22
Mali	Cotton	59	N/A	N/A
Mauritania	Iron Ore	87	N/A	N/A
Niger	Uranium	72	France	64
Nigeria	Petroleum	93	US	31
Senegal	Groundnuts	39	France	48
Sierra Leone	Diamonds	63	UK	26
Togo	Phosphates	52	Netherlands	33

Source: ECA (1980).

Modern manufacturing in the ECOWAS sub-region has yet to develop because of heavy tariffs that discourage trade between states. However, as tariffs fall, some

[67] See IMF, 1975; UNECA, 1980; World Bank, 1988; Foroutan, 1993 and ECOWAS, 1995.

believe that 'consumer markets will develop over the next 25 years. Even now, Africans need inexpensive durable consumer goods, ranging from clothes to toiletry' (Peak, 1992, p. 49). Formed under the sponsorship of the United Nations Economic Commission for Africa (UNECA), the creation of ECOWAS was supposed to bring about a free trade area by 1979, the implementation of a common external tariff by 1994, and eventual fiscal and monetary harmonisation, including, among other goals, free movement of labour (Foroutan, 1993). Nevertheless, the interest devoted to ECOWAS, clearly contrasts with the achievements of the community.

Although more than 90 per cent of total ECOWAS trade has been intra-regional rather than extra-regional (with third-country African states), such trade only accounted for about 3.2 per cent of total ECOWAS exports to the rest of the world in 1986 (World Bank, 1988). Overall, the broad aims and objectives of the 1975 Treaty were only partially met as certain events such as the break down of law and order in Liberia and later Sierra Leone, forced ECOWAS into introducing new clauses on regional security in a revised Treaty in 1993. To the extent that these new issues were prioritised over the initial real needs of the community are explored later, as emphasis are noted to have shifted from the development of regional infrastructure to peacekeeping activities from the second decade of ECOWAS onwards.

4.2.3 ECOWAS EVOLUTION FROM LAGOS TO COTONOU

The Treaty of Lagos, establishing ECOWAS, was signed in May 1975 by 15 states, with the object of promoting trade, co-operation and self-reliance in West Africa. Cape Verde joined in 1977. A revised ECOWAS Treaty, designed to accelerate economic integration and to increase political co-operation, was drafted in 1991-92, and was signed in July 1993. The Revised Treaty designates the achievement of a common market and a single currency as economic objectives, while in the political sphere it envisages the establishment of a West African Parliament, an Economic and Social Council and an ECOWAS Court of Justice to replace the existing Tribunal and enforce Community decisions. The Treaty also formally assigned the Community with the responsibility of preventing and settling regional conflicts.

The overthrow of General Yakubu Gowon in August 1975 in what was seen as a bloodless coup d'etat did not only hamper relations with Togo, but also re-directed Nigeria's attention from the sub-regional realm to more internal matters. In November

1984 President Jerry Rawlings of Ghana made his first visit to Togo, the leaders of two warring ECOWAS states, President Abdou Diouf of Senegal and President Ould Taya of Mauritania attended the summit and made physical contact. The November 1984 Summit also marked a critical watershed in the life of the Community for several reasons and especially for Nigeria, as it was the first summit since the coming to power of General Buhari in that country, and is documented alongside other important developments in ECOWAS in the 1980s and 1990s (see Appendix III).

Border disputes between Senegal and Guinea-Bissau over the Dome Flore field in 1985, the 1987 conflict between Liberia and Sierra Leone, which led to the closing of borders between them was resolved, and the borders re-opened, largely as a result of consultative meetings of ECOWAS leaders. The Ghana – Togo land border disputes were also settled and the borders were re-opened in July 1987 (see Table 4.2). The growing amity between Nigeria and Côte d'Ivoire and the warm relationship between President Babangida and the ailing Houphet Boigny also contributed to the progress made on several fronts (see Barad, 1988). One manifestation of the much-improved political relations within ECOWAS was the unusually high number of Presidents who attended its eleventh summit in Lomé a year later in June 1988. In addition to the continued problems of policy implementation in ECOWAS, which is already demonstrated in Table 4.2 and discussed in greater depth in Chapter 7, there were other distractions in ECOWAS, which thwarted efforts in meeting the Community's primary objectives. In 1991, for instance tension grew across West Africa as regional conflicts spread from Liberia (1989 – 1997) to neighbouring Sierra Leone (1992- 1999). For instance, Foday Sankoh, the Sierra Leonean rebel leader, formed the Revolutionary United Front (RUF), which was responsible for the spread of fighting for the control of Sierra Leone's diamond, gold and bauxite deposits in the East and South of the country. There was also the civil strife in Guinea Bissau (1997- 1999) to deal with.

In Côte d'Ivoire, President Henri Konan Bedié took over the leadership from Felix Houphet Boigny in 1993. In 1999 General Robert Guei overthrew President Henri Konan Bedié in the first coup in the history of Côte d'Ivoire. A coup attempt to overthrow the government of Laurent Gbagbo in September 2002 is made in Côte d'Ivoire. Former General Robert Guei is killed in the mutiny, which is currently destabilising the West African sub-region as rebels continue to fight the government and foreign nationals are being evacuated.

Table 4.2 ECOWAS Summit briefs, 1985 – 1988

Venue and date	Problems stated	Decisions taken
Lomé, Togo – 6 July 1985	• Illegal immigrants expelled from Nigeria violates Phase II of the 1979 immigration protocol which allowed ECOWAS citizens unlimited residence in Member States from 1985 • Implementation of the free movement protocol postponed until the 1986 summit	• Adoption of a plan to build a new headquarters for ECOWAS Secretariat and Fund for Co-operation • Setting-up a regional bank with 20 percent equity participation of Member States • Commencement of ECOWAS Telecommunications programme agreed.
Abuja, Nigeria – 30 June 1986	• Arrears cumulated up to twice the annual budget • Telecommunications link-up project delayed due to financial shortages • No decision taken on the economic recovery programme adopted at the Lomé Summit • Prevalence of bilateral border conflicts discussed • The ECOWAS Trade Liberalisation Scheme (TLS) remained unimplemented despite its adoption by Member States	• Adoption of the 'beginning of the implementation of Phase II of the protocol on free movement of ECOWAS citizens' across the sub-region.
Abuja, Nigeria – 7 July 1987	• No information	• Launching of the ECOWAS Recovery Programme (money needed to be raised from outside ECOWAS – about US$ 926 million)* • Setting up of the West African Health Organisation
Lomé, Togo – 24 June 1988	• No progress on the TLS • Financial obligations remains problematic as arrears remained unsettled	• Opening of the ECOWAS Fund to non-Member States and institutions. • Confirmation of co-operation agreements with the African Development Bank (ADB) and the World Bank on sub-regional projects.

* ECOWAS Member States hoped to raise these funds from an agreed common external tariff hoped to have been achieved by the end of 1987.

Source: Adapted from Langhamer and Hiemenez (1990)

4.2.4 THE ROLE OF EXTERNAL FORCES IN WEST AFRICAN INTEGRATION

The Mano River Union (MRU) was established in 1973 and the West African Economic and Monetary Union (UEMOA) in 1994 to strengthen the CEAO - 19 years after the establishment of the ECOWAS. UEMOA comprises eight French-speaking West African countries - Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo (see Robson, 1983; WTO, 1995, p. 38). Why was the relationship between ECOWAS and the other two communities – CEAO (now UEMOA) and MRU not defined in 1975 and incorporated into the ECOWAS Treaty from the start? Why less than three years after the 1991 decision to make ECOWAS the sole economic community in West Africa, did the Francophone states decide to establish the competing UEMOA? Perhaps, this may be due to external influence (Bundu, 1997, p 35).

French support was provided during the metamorphosis of CEAO into UEMOA. The UEMOA initiative is an all-embracing one that envisaged the creation of an economic union among the members, including the eventual establishment of a customs union (UEMOA, 1994, Article IV, Para. 2) [See Lavergne and Daddieh, 1997, p. 109-110]. Increased French concern with economic policy reform was manifested most dramatically through France's crucial role in securing the 50 percent devaluation of the CFA Franc in January 1994, a measure likely to provide a major boost to regional trade within the CFA zone. This emphasis on macroeconomic policy reform and co-ordination is different from the focus on regional trade preferences that characterised previous endeavours such as the CEAO. Since France was a power that used its considerable influence on smaller Francophone countries for negative purposes during the Civil War, ECOWAS might be used to reduce that influence. The greater the distance between France and these countries, the more likely that the Francophone West African countries would begin to perceive ECOWAS as an alternative source of funds, ideas, and economic and trade relations. This is, of course, a very optimistic assessment of the capacity of ECOWAS to subvert French influence that had been built over many years [Gambari, 1991, p. 19]. The reality is that the tentative and slow movement towards ECOWAS on the part of the Francophone states may be due to the relative decline in French influence in these countries since the early 1970s. Prior to General de Gaulle's resignation as president and his subsequent death, France tended to discourage effective socio-economic and political interaction between the Francophone and Anglophone parts of Africa. Instead Francophone states were encouraged to maintain close and special relationships with France and with one another. It should be recalled that in 1958, when de Gaulle ordered a referendum for the then colonies in Africa, only one of them, Guinea, voted no to the idea of their remaining within the French community rather than obtaining immediate independence. Even after independence in the 1960s, the French-speaking states in West Africa retained a series of interlocking networks of relationships, such as OCAM, CEAO, which were heavily subsidised by France. The exit of General de Gaulle removed an important cement of French influence in Africa. There were (p. 20) increasing attacks on the so-called cooperation agreements, which sustained France's relationship with its former colonies and enabled her to establish a unique system of influence in independent Africa. Several French African states began top call for revisions in these monetary and defence agreements in a manner that was becoming less and less polite.

4.3 THE REVISED TREATY OF 1993

The revised ECOWAS Treaty of 1993 (henceforth referred to as the Revised Treaty) commenced after six plenary sessions of ECOWAS. It started off with the inaugural meeting of May 27, 1991 and ended with sixth session on 9 June 1992, when ECOWAS Member governments amended and ratified the provisions of the Lagos Treaty as follows (ECOWAS, 2000a):

> To retain the existing provisions of the 1975 Treaty found to be adequate for achieving the aims and objectives of the Community, and to review those provisions found to be inadequate and inappropriate for achieving the aims and objectives of the Community. And to introduce new provisions to cover relevant areas of co-operation and integration not included in the 1975 Treaty.

The new provisions introduced under the Revised Treaty were in two parts: First, it centred on the issue of supranationality, absolute yielding of national sovereignty to a central institution in a federalist kind of way (see Chapter 2), which is not as yet evident from the current structure of ECOWAS. This was supposedly achieved by recognising ECOWAS as the main economic community in the West African sub-region and making the decisions of a constituted Authority within ECOWAS binding on both the Member States and other Specialised institutions (ECOWAS, 2000a). Second, there was the recognition of the need for political co-operation, regional peace, security and hence stability within the sub-region. In this regard the community called for (ECOWAS, 1995a):

> Provisions for the establishment and strengthening of appropriate mechanisms for the timely prevention and resolution of intra-state and inter-state conflicts. Such mechanisms should include a regional peace and security observation system and where necessary, observer groups for democratic elections.

It also called for the strengthening of the Protocol on Non-aggression and the Protocol on Mutual Assistance in defence. Overall, the revision of the ECOWAS Treaty arose from the plethora of devastation incurred and lessons learnt from the unfortunate break down of law and order within the West African sub-region (especially in Liberia, Sierra-Leone, Guinea-Bissau and more recently Côte d'Ivoire). When it became apparent for instance, that warring parties had failed to heed the Authority's appeal for a negotiated peace initiative, a summit meeting of Heads of States of the standing Mediation Committee of ECOWAS convened in Banjul (The Gambia) in August 1990. That meeting resulted in a seven-point ECOWAS peace plan in both Liberia and the rest of the sub-region. Thus the birth of the ECOWAS cease fire monitoring group (ECOMOG) whose primary responsibility was to keep the peace, restore law and order as well as ensure respect for the cease fire agreements (ECOWAS, 1995a and b). The issue of political stability was also required for the smooth conduct of national affairs of member states. However, as peace began to return to Liberia, regional violence had spread across the border to neighbouring Sierra Leone, further stretching the ECOWAS lean budget as emphasis began to shift from other crucial matters such as co-operation in food and agriculture, Industry, Science and Technology, and Energy and communications; into peace keeping and other security operations.

Co-operation in Food and Agriculture

Article 25 of the Revised Treaty specified for ECOWAS Member States to co-operate in the development of agriculture, forestry, livestock and fisheries in order to ensure food security (paragraph 1a) and to protect the prices of export commodities on the international market (paragraph 1d). It also urged the development of river and land basins (paragraph 2b) as well as the harmonisation of agricultural development strategies and policies particularly pricing and price support policies on the production, trade and marketing of major agricultural products and inputs (paragraph 2e); and the harmonisation of food security policies (paragraph 2f) (see ECOWAS, 2000a). The conclusion of agreements on food security at the regional level; the provision of food aid to Member States in the event of serious food shortage; and the adoption of a common agricultural policy especially in the fields of research, training, production, preservation, processing and marketing of the products of agriculture, forestry, livestock and fisheries. However, unlike the institutionalisation of CAP in Europe, none of these protocols have been realised in ECOWAS.

Co-operation in Industry, Science, Technology and Energy

Article 26 relayed the need for the promotion of industrial development of Member States and the harmonisation of industrialisation policies. In this connection, the promotion of joint industrial development projects as well as the creation of multinational enterprises in priority industrial sub-sectors was deemed likely to contribute to the development of agriculture, transport and communications, natural resources and energy (paragraph 2b). In order to create a solid basis for industrialisation and to promote collective self-reliance, however, Member States, under the revised Treaty [paragraph 3 (a)] were called upon to ensure, on the one hand, the development of industries essential for collective self- reliance and, on the other, the modernisation of priority sectors of the economy especially in the areas of (ECOWAS, 1993, Article 26):

> (i) Food and agro-based industries; (ii) building and construction industries; (iii) metallurgical industries; (iv) mechanical industries; (v) electrical, electronics and computer industries; (vi) pharmaceutical, chemical and petrochemical industries; (vii) forestry industries; (viii) energy industries; (ix) textile and leather industries; (x) transport and communications industries; (xi) biotechnology industries; (xii) tourist and cultural industries.

It also specified the need to prepare a regional master plan for the establishment of industries particularly those whose construction cost and volume of production exceeded national financial and absorptive capacities (paragraph 3e); facilitate the establishment of West African multinational enterprises and encourage the participation of West African entrepreneurs in the regional industrialisation process (paragraph 3g). The article also called for the promotion of, on the basis of natural resource endowments, industrial specialisation in order to enhance complementarity and expand the intra-Community trade base; as well as for the adoption of common standards and appropriate quality control systems [paragraph 3(k) and 3(l)]. Article 27 treated Science and Technology, Energy, Transport and Communications as priority areas. In this regard Member States were directed to strengthen their national scientific and technological capabilities in order to bring about the socio-economic transformation required for improving the quality of life of their population (paragraph 1a). They also had to ensure the proper application of science and technology to the development of agriculture, transport and communications, industry, health and hygiene, energy, education and manpower and the conservation of the environment (paragraph 1b).

Articles 28 on Energy specifically highlighted that Member States co-ordinate and harmonise their national energy development policies by ensuring particularly the inter- connection of electricity distribution networks. It also called for the articulation of a common energy policy, particularly, in the field of research, exploitation, production, and distribution; and to ultimately ensure the effective development of the energy resources of the region. The same article sought the establishment of an adequate mechanism for the collective solution of the energy development problems within the Community, particularly those relating to energy transmission, the shortage of skilled technicians and financial resources for the implementation of energy projects of Member States (ECOWAS, 1993, 1995a).

Overall, therefore, the revised ECOWAS Treaty was intended to be a redefinition of the community's objectives, to take into account the scope and depth of the regional integration process, greater participation of the private sector and the ordinary West African citizen in regional integration (ECOWAS, 1995b). To this end, a regional trade liberalisation scheme was also adopted for the creation of a free trade area by the end of 1999, and a study conducted for the adoption of a common external tariff soon afterwards. This initiative all reflect the regional co-operation experiences of ECOWAS over the preceding 15 years to 1993, and takes into account the exigencies of continental integration as envisaged in the Treaty of the African

Economic Community (AEC).[68] However, while some liberalisation may have occurred, notably on the movement of unprocessed agricultural products, few other goals have been met.

ECOWAS Trade Liberalisation Scheme (TLS)

ECOWAS Trade Liberalisation Scheme came into effect in January 1990, seeking to promote intra-community trade and free flow of unprocessed goods and traditional handicrafts duty-free in member countries. ECOWAS Trade Ministers from Ghana, Togo, Benin and representatives from Côte d'Ivoire and Nigeria resolved to meet customs and immigration officials to remove bottlenecks to free movement of persons, goods, and services. According to a report in the Nigerian daily, 'good fortune awaits traders of palm oil, milk, sauces, scouring powder, plastics and clothing materials as the ECOWAS trade community in its just-concluded Trade Commission recommended 167 new products for exemption under the organisation's Trade Liberalisation Scheme' (see *The Guardian*, 2001a). This was also part of the strategies by ECOWAS to boost intra-community trade.

The ECOWAS Trade Liberation Scheme was, however, designed to exempt certain categories of products from customs duty within member states. Alarm bells are, however, ringing over the seizure of goods in transit, especially with respect to Nigerian-bound goods, by other member states, surprisingly at the dawn of twenty-first century, when ECOWAS should have been fully matured as an economic union. In a December 2001 interview with Kevin Ibeh, he pointed out the comments made by Chief Chukwuma Uzoanya, chairman of the Association of Nigerian Licensed Customs Agents (ANLCA), in which the latter regretted that in spite of the ECOWAS Trade Liberalisation Scheme (TLS), which Nigeria was championing, Beninoise authorities had not softened their hard-line posture on Nigeria-bound goods which ought to be treated as transit cargoes. Chief Uzoanya was also quoted as suggesting that (Vanguard, 2000):

[68] Unlike other integration schemes, the African Economic Community is to be established in 6 stages over a span of thirty-four years. The Community is to be established through the strengthening of the Regional Economic Communities (RECs), the co-ordination and harmonisation of their activities and eventually their bringing under a Continental Organisation.

> The historical angle to obstacles to transit goods implementation in Cotonou, Benin Republic is traceable to the subtle but determined efforts by over-zealous Customs officials of Benin Republic to frustrate the free-flow of goods between the two countries.

He expressed dismay that while citizens of member countries of ECOWAS were coming to Nigeria and trading freely, their Nigerian counterparts could not do the same due to the Beninoise government's highhandedness. It is also on record that only Nigeria was implementing the 1999 decision for a single Customs declaration form while only ten members of the organisation, Benin, Burkina Faso, Côte d'Ivoire, Ghana, Guinea, Mali, Niger, Nigeria, Senegal and Togo signed the required agreement binding the national guarantors on the implementation of the Convention on the Inter-State Road Transit of Goods (ISRT). Kufuor Oteng, for example, cited the report that 30 trucks of Nigeria-bound goods valued at several millions of Naira shipped through the sea port at Cotonou were impounded by Authorities of the Republic of Benin in October 2001 on the orders of the Beninoise Customs chief, Monsieur Ali Nadjeen, for no justifiable reasons.[69] It is also regrettable that the Beninoise authorities' stand was stultifying the efforts of ECOWAS founding fathers, like President Mathieu Kerekou, in ensuring the free-flow of trade among member states. Chief Uzoanya disclosed that most times, Nigeria-bound goods that should be treated as transit consignments were always levied duties on, thereby making them outrageously expensive when finally released. He warned at a press briefing that (Vanguard, 2000a):

> The Nigerian importer bringing in goods through Cotonou ports has options, don't allow him to explore these options to the detriment of the Beninoise economy in particular and the economy of the sub-region as a whole. If he does that, your economy will be affected and my job and that of my colleagues will be threatened.

This is not only ironical but also contravenes the substance of an agreement reached in the same city under the framework of the Cotonou Agreement signed in June of 2000 mainly for the purpose of freeing up obstacles in six critical areas. According to Nixson (2001, p. 399) the Cotonou Agreement extends over six areas: 'Trade, regional integration, support for macroeconomic policies with particular focus on

[69] Interview with Kofi Oteng Kufuor, Research Fellow, School of Law, University of East London. December 2001.

health and education, and institutional capacity building.' It also remains one of the major reasons for the burgeoning unrecorded transborder trade, which has eluded customs and immigration personnel within the ECOWAS sub-region, and which is discussed later in Chapter 7.

4.4 ECOWAS ORGANS AND INSTITUTIONS

To achieve its stated objectives, the ECOWAS Revised Treaty of 1993 provided for the creation of some supranational institutions, whose purpose was to help establish the community's *modus operandi*, which includes decision-making, implementation, and adjudication. The organisational structure of ECOWAS, therefore, revolves around (ECOWAS, 2000a):

- The Conference of Heads of States and Government, the supreme authority of the organisation, which meets once a year. Its chairman is usually drawn from the member states in turn. The Authority of Heads of State and Government determine the composition and competence of the tribunal. It interprets the provisions of the Treaty and settles disputes between member states that are referred to it.
- The Council of Ministers, which consists of two representatives from each country, draws its chairman in a similar manner, as does the Conference. It meets twice a year and is responsible for the running of the Community.
- The Secretariat is headed by an Executive Secretary who is elected for a four-year term, which may be renewed once only.
- Parliament
- Fund for Cooperation Compensation and Development.
- The Economic and Social Council
- The Community Court of Justice

4.4.1 THE AUTHORITY OF HEADS OF STATE

The Authority of Heads of State and Government of Member States is the supreme institution of the Community and is composed of Heads of State and/or Government of Member States. It is responsible for the general direction and control of the Community and takes all measures to ensure its progressive development and the realisation of its objectives (ECOWAS, 2000c). The Authority has the following functions (ECOWAS, 2000a):

- Determines the general policy and major guidelines of the Community, gives directives,
- Harmonises and co-ordinates the economic, scientific, technical, cultural and social policies of Member States; oversees the functioning of Community institutions and follow-up implementation of Community objectives;
- Prepares and adopts its Rules of Procedure;
- Appoints the Executive Secretary in accordance with the provisions of the Treaty;
- Appoints on the recommendation of Council, the External Auditors;
- Delegates to the Council, where necessary, the authority to take such decisions as stipulated in the Treaty;
- Refers where it deems necessary any matter to the Community Court of Justice when it confirms, that a Member State or institution of the Community has failed to honour any of its obligations or an institution of the Community has acted beyond the limits of its authority or has abused the powers conferred on it by the provisions of the Treaty, by a decision of the Authority or a regulation of the Council;
- Requests the Community Court of Justice as, and when necessary, to give advisory opinion on any legal questions; and exercises any other powers conferred on it under the Treaty.

The Authority meets at least once a year in an ordinary session. An extraordinary session may, however, be convened by the Chairman of the Authority or at the request of a Member State provided that such a request is supported by a simple majority of the Member States. A Member State elected by the Authority holds the office of the Chairman every year.

4.4.2 THE COUNCIL OF MINISTERS

The Council comprises the Minister in charge of ECOWAS Affairs and any other Minister of each Member State. The Council is responsible for the functioning and development of the Community. To this end, unless otherwise provided in the Treaty or a Protocol, the Council is charged with the following responsibilities (Article 10, Revised Treaty):

- Making recommendations to the Authority on any action aimed at attaining the objectives of the Community;
- Appointing all statutory appointees other than the Executive Secretary; and
- By the powers delegated to it by the Authority, issue directives on matters concerning co-ordination and harmonisation of economic integration policies;

- Making recommendations to the Authority on the appointment of the External Auditors;
- Preparing and adopting its rules of procedure;
- Adopting the Staff Regulations and approving the organisational structure of the institutions of the Community; and
- Approving the work programmes and budgets of the Community and its institutions;
- Requesting the Community Court of Justice, where necessary, to give advisory opinion on any legal questions; and finally
- Carrying out all other functions assigned to it under this Treaty and exercise all powers delegated to if by the Authority.

The Council meets at least twice a year in an ordinary session. One of such sessions precedes the ordinary session of the Authority. An extraordinary session may also be convened, in the same manner as with the Authority, by the Chairman of Council or at the request of a Member State provided that such request is supported by a simple majority of the Member States. The office of Chairman of Council is elected by the Chairman of the Authority, and is held by the Minister responsible for ECOWAS Affairs of the official's Member State. The Council consists of two Ministers (usually the minister for Finance and Economic Planning and his or her deputy) from each member state (see Ackun, 1994, p.43).

4.4.3 ECOWAS SECRETARIAT

The Secretariat was established under Article 8 of the Lagos Treaty, and emphasised in Article 17 of the Revised Treaty, to be headed by an Executive Secretary and assisted by deputy executive secretaries and other staff as may be required for the smooth functioning of the Community (ECOWAS, 1975, 1993). The Authority appoints the Executive secretary for a four-year term renewable only once for another four-year period. He can only be removed from office by the Authority upon its own initiative or on the recommendation of the Council of Ministers (Article 18). The same article also states that the Deputy Executive Secretaries and other statutory appointees should be appointed by the Council of Ministers on the proposal of the Ministerial Committee on the selection and evaluation of the performance of statutory appointees following the evaluation of the three candidates nominated by their respective Member States to whom the posts have been allocated. The appointments are for a period of four years, renewable only once for a further four-year term [see Article 18 (4b)].

According to ECOWAS draft constitution, Lansana Kouyaté (Executive Secretary to December 2001) was not eligible to contest for another term as the rules called for two terms of four years each. Although Kouyaté officially took over from Edouard Benjamin in 1997, it is important to highlight that the latter did not finish his tenure due to illness thus ceding the rest of his tenure to his successor (this accounts for Kouyaté's two-terms in office). As the helm of office passed on from Edouard Benjamin to Lansana Kouyaté, the balance of power in ECOWAS can be inferred both leaders were from French speaking ECOWAS member states (see Table 4.3).

Table 4.3 ECOWAS Executive Secretaries, 1977 - 2002

Name	Nationality	Tenure
Dr Aboubakar Diaby Ouattara	Côte d'Ivoire	1977 - 1985
Alhaji Mamodu Munu	Sierra Leone	1985 - 1989
Dr. Abass Bundu	Sierra Leone	1989 - 1993
Mr. Edouard Benjamin	Guinea	1993 – 1997 (1996)*
Mr. Lansana Kouyaté	Guinea	1997 – 2001*
Dr Mohammed Ibn Chambas	Ghana	2002 – 2006

* Lansana Kouyaté finished off Edouard Benjamin's terms before commencing on his new role as Executive Secretary owing to the former's ill health.

It was not surprising, therefore, that the opportunity was given to an Anglophone candidate, Ghanaian Mohammed Chambas for the current position. As the campaign to fill the post of ECOWAS Executive Secretary started in December 2001, therefore, two clear favourites emerged out of the three candidates with outstanding and sound academic profiles. Jeggan Senghor of the Gambia, an eminent scholar and employee of the United Nations Economic Commission for Africa (ECA); the ageing Albert Tevoedejere of Benin, an expert on international relations and Dr. Mohammed Chambas, an outstanding Ghanaian diplomat, Scholar and a brilliant negotiator (*Standard Times*, 2001). In the end the latter became the current Executive Secretary, whose first term runs out in 2006.

The 51-year-old Mohammed Chambas from Ghana, was elected in December 2001 for a term of four years, and assumed office at the organisation's Secretariat in

Abuja with a pledge to consolidate the work of his predecessor, Lansana Kouyaté, for the realisation of the Community's objectives. 'The task is mapped out for us. It will not be an easy challenge, but I am inspired by the achievements of my predecessor... and deeply motivated by my interaction (with the top officials of the Secretariat).'[70] Chambas also described the transition as 'very smooth... characterised by warmth, openness, transparency and very detailed briefings about the Secretariat and the numerous initiatives by ECOWAS.' He also hailed his predecessor, Kouyaté for providing 'leadership of dynamism and vision' to the 15-member organisation in the last four years (see PANA, 2002j, 2002k). According to him, Kouyaté had put the West African sub-region on a firm road toward deepening co-operation and integration. Chambas also praised the immediate past Chairman of ECOWAS, President Oumar Alpha Konaré of Mali, and President Olusegun Obasanjo of Nigeria for providing leadership to the organisation. Giving an insight into the next four years to 2006, he gave the assurance that ECOWAS staff would work hard to 'ensure that we don't lose the momentum, improve on past performance and see to it that the many brilliant initiatives and protocols are turned into reality for the benefit of our people.' There were also talks about strengthening the integration and co-operation efforts, harmonising policies and economic reforms, making the second monetary zone a reality, so as to quicken the emergence of a common currency in West Africa and maintaining the relative peace and stability in the sub-region.

There are also five commissions under the Executive Secretariat namely, Trade, Customs, Immigration, Monetary and Payments; Industry, Agriculture and Natural Resources; Transport, Communications and Energy; Social and Cultural Affairs; and Administration and Finance, reflecting the areas of ECOWAS priorities. In January 2002, ECOWAS Ministers identified regional projects requiring an investment of 4.1 billion US dollars over the next ten years (PANA, 2002i). The ministers responsible for energy, environment, infrastructure, and information technologies in the 15 member countries of ECOWAS, ticked the proposed projects in line with the New Partnership for Africa's Development (NEPAD). A technical committee was also set up to put finishing touches to the proposals for the ECOWAS summit, scheduled for 15-17 April 2002 in Dakar, Senegal. Proposed projects relate to the development of energy, infrastructure, environment, and the new

[70] See PANA (2002k) *Chambas Assumes Post of ECOWAS Executive Secretary.*

communication and information technologies, the four sectors being co-ordinated by Senegalese President Abdoulaye Wade (PANA, 2002i).

4.4.4 ECOWAS PARLIAMENT

The Protocol for the establishment of the ECOWAS parliament was established under Article 13 of the Revised Treaty. The Parliament is responsible for handling public health policy as well as scientific and technological issues (PANA, 2000c). The regional legislature has 120 members from the National Parliaments of member States (see Table 4.4).

Table 4.4 Power Distributions in ECOWAS Parliament

Position	Name	State of Origin
First Speaker	Ali Nouhoum Diallo	Mali
Secretary-general*	N/A	Ghana
First Deputy Speaker	Ibrahim Mantu	Nigeria
Second Deputy Speaker	Oumarou Sidikou	Niger Republic
Third Deputy Speaker	Kanidoua Naboho	Burkina Faso
Fourth Deputy Speaker	Churchill Bandeh	The Gambia
Fifth Deputy Speaker	Souhaib Touré	Guinea
Sixth Deputy Speaker*	N/A	N/A
Second Treasurer	Cheikh Seck	Senegal
Third Treasurer	Agbere Oukpamble	Togo
Second Parliamentary Secretary	Alex Koroma	Sierra Leone
Third Parliamentary Secretary*	N/A	N/A
Fourth Parliamentary Secretary	Yan Barimah	Ghana
Fifth Parliamentary Secretary*	N/A	N/A

*The posts of Sixth Deputy Speaker, Third Parliamentary Secretary and Fifth Parliamentary Secretary were yet to be filled before the end of the session in January 2001. The post of the Secretary-general of the parliament was reserved for Ghana, but with a proviso that it should name a bilingual official to the post.

Source: Panafrican News Agency (2000b)

Created in 1975 to foster regional integration, ECOWAS, under the Chairmanship of Alpha Konaré, the Malian President only inaugurated the parliament in 1994.

Moreover, it was only in November 2000 that the parliament was charged with facilitating integration efforts as well as dealing with issues of human rights and fundamental freedom within the Community. Members of the current parliament were nominated from national parliaments in the 15-nation (owing to the recent withdrawal of the Mauritania) ECOWAS, each with a minimum of five members in the parliament, while the remaining seats are distributed according to the population of the member-states (see Table 4.4). It is not surprising, therefore, to see the most populous nation in the economic arrangement, Nigeria, securing the largest number of seats (35) in the newly constituted parliament. However, Ali Nouhoum Diallo, a Malian legislator, was elected the first Speaker of the 120-member ECOWAS parliament, whose inaugural session started in Abuja, Nigeria only in 2001. Diallo, who was elected by popular acclamation, will serve for the five-year life of the sub-regional parliament, while other elected officials will serve for a renewable one-year term. These include six Deputy speakers, three Treasurers and five Parliament Secretaries (PANA, 2000b).

4.4.5 THE FUND FOR COOPERATION COMPENSATION AND DEVELOPMENT

The ECOWAS Fund was established as a mechanism for the equitable distribution of the benefits and costs of integration. The Fund was originally designed to be financed from members' contributions, income from community enterprises, external receipts, and subsidies and contributions from all other sources (see Articles, 10, 38 and 50). Because of the all-important nature of the Fund as the agency charged with the responsibility for ensuring the equitable distribution of the fruits of the integration experiment, a few comments on its operation may be useful. Although Article 50 of the Treaty provides for the establishment of the Fund, it is Article 2 of the Fourth Protocol annexed to the Treaty, relating to the Fund that actually stated its purposes.

- To provide compensation and other forms of assistance to member states, which have suffered losses due to the application of the Treaty's provisions;
- To provide compensation to member states, which have suffered losses as a result of the location of Community enterprises;
- To provide grants for financing national or community research and development activities;

- To grant loans for feasibility studies and development projects in member states;
- To guarantee foreign investments made in member states for enterprises established in pursuance of the Treaty's provisions on the harmonisation of industrial policies;
- To provide means to facilitate the sustained mobilisation of internal and external financial resources for the member states and the community; and
- To promote development projects in the less developed member states of the Community.

These are the challenging objectives of the Fund, and their achievement requires not only the active support of the member states but also that of prospective international investors. In addition to the objectives, the 'Methods of Operation' and 'Operating Principles' are clearly articulated in Articles 10 and 13 of the Protocol relating to the Fund. Organisationally, the activities of the Fund are regulated and directed by a Board of Directors under Articles 24 and 25 of the Fourth Protocol (see Appendix I). The Chief Executive of the Board of Directors is also the Managing Director who holds office for a renewable term of four years, administers the Fund for Co-operation Compensation and Development, which is based in Togo. In 1988 agreements were reached with the African Development Bank on the co-financing of projects and joint training of staff, and it was agreed that the Fund should be opened to non-regional participants. The ECOWAS Fund is composed of two departments, the treasury, and the operations departments.

The treasury department is responsible for the mobilisation of financial resources from internal and external sources, financial planning and cash forecasting; monitoring developments in the international financial markets; management of loans operations as well as advising Management of the Fund on general and particular treasury operations consistent with the objectives of the Fund. However, in carrying out these functions, the treasury department has often encountered problems such as understaffing and lack of the necessary equipment. The operations department on the other hand, oversees the implementation of projects funded by the ECOWAS Fund. It carries out feasibility studies and project appraisals in collaboration with the Research and Projects Department and submits reports thereon to the Board of Directors. According to Ousmane Diallo, director of operations, the department supervises the technical and financial execution of projects.[71] The operations department is also part of the ECOWAS Fund intervention mechanism whose activities complement those of the Project Department in the areas of feasibility studies and project appraisal. It presides over meetings of the Technical Committee to discuss project appraisal reports. It also provides the legal department with details essential to the preparation of draft loan agreements and assists the Treasury to recover loans amongst other things. However, this arm of the Fund never enjoys any publicity more than a passing commentary.

In 1988 agreements were reached with the African Development Bank on the co-financing of projects and joint training of staff, and it was agreed that the Fund should be opened to non-regional participants (ADB, 2000). However, there remains the problem of uneven cost distribution within the Community's operational budget by the more affluent members. With Nigeria paying 32 per cent, Ghana 13 percent, and Côte d'Ivoire 13 per cent, these three states alone account for almost 60 per cent of the cost of running the Secretariat in Nigeria and also for partial capitalisation of the ECOWAS Fund in Togo (ECOWAS, 2000).

4.4.6 THE ECONOMIC AND SOCIAL COUNCIL

The Economic and Social Council was established with an advisory role in mind. Its composition was also designed to include representatives of the various categories of economic and social activity, whose functions were defined in a Protocol relating to Article 14. The specific role of this institution has not been clearly defined anywhere as far as the author is concerned. However, there are indications of an overlapping role between the Economic and Social council and the wider operations of the ECOWAS Fund. Therefore, anyone interested in the full range of activities of the Economic and Social Council may be well advised to explore deeper the broad range of activities of the ECOWAS Fund.

[71] See the ECOWAS at 20: The Challenges of a Community. West African Bulletin, No. 4, July, 1995. Lagos: ECOWAS. This is a publication of the department of Information of ECOWAS with the participation of the National News Agencies of Member States.

4.4.7 THE COURT OF JUSTICE

The status, composition, powers, procedure, and other issues concerning the Court of Justice of the Community are set out in a Protocol relating to Article 15. It carries out those functions assigned to it independently of the Member States and the institutions of the Community and its decisions and injunctions are supposed to be binding on the Member States, the Institutions of the Community and on individuals and corporate bodies. Had the ECOWAS Court of justice been in place, the Dome Flore saga could have been resolved regionally as part of the plan to find African solutions to Africa's problems. It is on record that the discovery of crude oil by the French firm Total in waters offshore southern Senegal in 1960, led to the friction between two ECOWAS Member States, Senegal, and Guinea-Bissau. Although an independent tribunal ruled in 1985 that the borders established by the colonial powers (France and Portugal respectively) were still valid, Guinea-Bissau rejected this ruling and lodged an appeal to the International Court of Justice (ICJ) largely as a result of the non-existence of an ECOWAS Court of Justice. In 1991, the ICJ upheld the Franco-Portuguese agreement that had established the colonial maritime boundaries. Guinea-Bissau accepted the ruling, and in 1995 Senegal and Guinea-Bissau established the Agence de Gestion (AGC) for the joint development of maritime resources in the disputed area. In accordance with the ICJ decision, both countries decided to split any proceeds earned from oil in the area, with Senegal receiving 85 per cent of the profits and Guinea-Bissau 15 per cent.

In another development involving Cameroon and Nigeria, the Bakassi peninsula, a 1000 square kilometre (400 square-mile) strip of land located in the Gulf of Guinea, which is believed to contain significant reserves of oil was the source of agitation. Both West African states claimed ownership to this piece of oil-rich area. In February 1994, for example, Cameroon submitted the dispute to the International Court of Justice (ICJ) for settlement, and Nigeria later followed with its own suit. In March 1998, the ICJ began formal hearings on the case concerning the Land and Maritime Boundary between Cameroon and Nigeria. This legal battle carried on till June 1999, when Equatorial Guinea applied for permission to enter into the court proceedings. The ICJ authorised Equatorial Guinea to intervene in the case in October 1999 on the basis of the state's legal rights in the *Gulf of Guinea,* as maritime boundary between Cameroon and Nigeria was determined. It was only in September 2002 that the ICJ ruled Bakassi in favour of Cameroon.

4.5 LESSONS FROM THE EUROPEAN EXPERIENCE

While the institutions of ECOWAS appear theoretically adequate in scope and delineation of authority to ensure efficiency and effectiveness, this has not proved exactly the case in practice. Firstly, the ECOWAS machinery is highly politicised, because it gives too much power to the Authority of Heads of State instead of the Executive Secretariat, which is better equipped to handle the complexities and problems of such an integration arrangement. Secondly, the leaders in the sub-region are often in a weak position, and there is lack of continuity due to frequent changes in government and political instability, which further complicates the already weak policy effectiveness in the Community. Decision-making processes are slow, as a result of member states' commitments to widely different ideological stances and development strategies. As all the heads of state must agree before a decision affecting the Community can be adopted, the Executive Secretariat, which is the implementing organ is left at a disadvantaged position than it ought to occupy and, therefore suffers from a lack of real decision making powers. Specifically, the Secretariat lacks the mandate to make on-the-spot decisions when it comes to programmes implementation for the achievement of the targets set out in the Treaty. Moreover most national governments have failed to meet the financial obligations of membership; hence ECOWAS institutions such as the Fund and Secretariat, which depend on these contributions in order to function, have failed to undertake tasks that have been assigned them (see Ackun, 1994).

Furthermore, Heads of States sometimes force upon the Secretariat candidates whose only qualifications are on patronage grounds, and who only listen to complaints from staff members who are their nationals. As a result, some officers of the Secretariat remain more loyal to the ministerial patron in their own individual countries rather than the institution for which they are supposed to represent (see Ackun, 1994, p.46).

There is every indication also that the architects of the Revised Treaty employed the European Union (referred to as the European Economic Community, EEC, for ease of comparison) as a model. This is evidenced from a perusal of the

1975 Lagos Treaty and its revised 1993 version, the Revised Treaty. It is, therefore, against this background that the vast experience of the EEC over the past 40 years is drawn upon. Since the EEC (which is now the EU) was the most successful and most sophisticated regional integration model in contemporary times, it is only fitting that ECOWAS and its aspirations are analysed against the background of the former. It must be admitted, however, that there are limits to the comparisons being drawn between the EEC and ECOWAS. This is especially so because of their different social, economic, political and, other peculiarities like colonial heritage.

On the one hand, an elaborate definition of the decision-making process in ECOWAS was one major omission of the Lagos Treaty of 1975. The decisions of the Authority of Heads of States and the Council of Ministers were binding only on the institutions of the Community, but not to Member States. This meant that Protocols had to be ratified and translated into domestic law before they could have any legal effect in the national domain of Member States. On the other hand, however, this is in sharp contrast to the provisions of Article 189 of the 1957 Treaty of Rome, which set up the European Economic Community (EEC) (see Table 4.5). The article in question called upon the Council and the Commissions to make *regulations*, issue *directives*, take *decisions* and make recommendations or voice out opinions in order to carry out their tasks and in accordance with the provisions of the Treaty.

Table 4.5 Protocols and their Effectiveness, EEC and ECOWAS

	EEC	ECOWAS
A regulation	Shall apply generally. It shall be binding in its entirety and take direct effect in each Member State.	The domain of the council. Decisions of the Authority shall be binding on the Member States and Institutions of the Community without prejudice to Article 9 (paragraph 3).
A directive	Shall be binding, as to the result to be achieved, upon each Member State to which it is directed, while leaving to national authorities the choice of form and method.	Issued by the Authority. Appointing the Executive Secretary and delegating to the Council where necessary.
A decision	Shall be binding, in its entirety, upon those whom it is directed.	Shall be adopted, depending on the subject matter under consideration by unanimity, consensus or by a two-thirds majority of the Member States. *

*See Article 9 (3) of the 1993 Revised Treaty

It is most instructive to note that these EEC Treaty provisions predated the ECOWAS Treaty and yet it was not considered necessary to draw inspiration from them. These were European powers, erstwhile colonial hegemonies in West Africa, and instructors in the rudiments of sovereignty, surrendering that sovereignty to a 'Council of Ministers' and a Commission of officials as far back as in 1957 (ECOWAS, 1995). In any highly integrated international co-operation arrangement, and certainly in the case of regional integration groupings, the Member States have to surrender a measure of their national sovereignty to some supranational body (Onyemelukwe and Filani, 1983, El Kahal, 1994).

A recent case is the United Kingdom and the European Commission's programmes for monetary and political union. Unless the decision-making organs are endowed with the power, as in the European Union, to make laws that are not only binding on institutions of the Community but also directly applicable in Member States, the organisation would be hamstrung. Unlike the EEC, however, ECOWAS has no institutions remotely resembling the European Commission in terms of power and authority. Furthermore, there was no ECOWAS Parliament in place prior to 2001, as there was the European Parliament, which is the exercising advisory and supervisory power over the organs of the EEC (see Chapter 7).

4.6 CONCLUSIONS

The welfare of ECOWAS member states can neither be adequately addressed, nor appropriately assured by mere consideration of 'building up' or 'knocking down' tariff barriers 'against' or 'amongst' non-contracting or contracting states. Non-tariff barriers need to be appropriately incorporated into the equation as they include those aspects of policy harmonisation in crucial sectors of the regional economy, as well as the sacrifice of national sovereignty for regional advancement. However, the economic nationalism that was so strong after political independence in West Africa in the 1960s, has left its marks on those states, many of which seem to have entered into regional economic co-operation without any real intentions of surrendering some measure of national sovereignty. Rather, membership seemed to have been sought as a sign of good neighbourliness, in expectation of reaping benefits without much sacrifice, and as a means of obtaining additional external development assistance. To ensure welfare increases in ECOWAS, therefore, the need for a strong motivation and commitment on the part of each Member State is imperative, for without which most of the other obstacles to economic development and hence welfare gains cannot be adequately removed.

In conclusion, the institutions that were set up to foster integration in ECOWAS are very weak in as far as human and financial resources are concerned. Integration policies need to be promoted by an institutional system that can take quick decisions with regard to the specific tasks that are allocated to it. Therefore since ECOWAS heads of state are preoccupied with the interest of their individual states, there is no clarity in the mandate and role of ECOWAS' other institutions that might enable them to function effectively. ECOWAS can learn important lessons in this respect from the EEC where decision-making organs are endowed with the power to make laws that are binding on both the Community institutions and those of the Member States alike. In ECOWAS, where the Treaty, Protocols, and Conventions have to be ratified by Member States before they enter definitively into force, it has been an uphill task getting these legal instruments ratified. Nevertheless, the ratification of Protocols is but the first and necessary step towards implementation. The next step from there is to translate the content of the Protocols into the language of domestic law or administrative action. This is where the record is poorest in ECOWAS. It still remains the pitiable aspect of the unfinished symphonies in the so-called Economic Community of West African States.

CHAPTER 5: THE ECONOMIC ENVIRONMENT AND GROWTH IN ECOWAS

5.0 INTRODUCTION

At the core of the conventional customs unions theory lie two main concepts - trade creation and trade diversion, whose applicability to the integration efforts of African customs unions, and hence their welfare improvement drives, falls short of reflecting any 'real' achievements in these areas. It is arguable that trade creation and welfare improvement cannot be proved to be causal just as outward-orientation of markets does not guarantee economic growth with real 'economic development.' This chapter recognises the issue of welfare and treats it in tandem with real economic development of contracting states in regional economic integration. In the particular case of ECOWAS, it is demonstrated that while Member States may not have shown any strong evidence of trade creation, they have not been equally trade diverting. There is also evidence that even in the face of trade creation, the welfare of ECOWAS Member States may not have improved. On the contrary, any impact on welfare may have even been an erosion in absolute terms, with the deterioration of standards of living - taking adult illiteracy, access to health facilities, infant mortality rates, and per capita income as a proxy- as these are more readily measurable indicators of welfare. Thus, the argument in this chapter centres on the issue of welfare, its various conceptualisations, guises and applications. Similarities between trade creation and outward-oriented growth strategies as well as their counterparts (trade diversion and import substitution policies) are also noted, and checked against the various applications of welfare. The overall suggestions, therefore, is that the 'conventional' customs unions theory may not, after all, be relevant in assessing the integration experience of West African states (especially from the ECOWAS experience).

5.1 THE PLACE OF AFRICA IN WORLD TRADE

However, it is measured, sub-Saharan Africa's share of economic activity at the start of the twenty-first century has been modest. Although the region accounts for 10.7 percent of the world's population, its share of world gross domestic product (GDP) based on purchasing power parity (PPP) valuations, has fallen from 2.7 percent (excluding South Africa) in 1980, to 2.4 percent (including South Africa) in 1997 (see UNDP, 1998; Wood and Mayer, 1998). Adjusting for South Africa, it appears that the region's share of world GDP has declined by some 30 percent since 1980 (UNCTAD, 1999). Compared with the rest of the developing world, sub-saharan Africa registered negative growth rates (-0.7 percent) in the period between 1974 and 1990, which got much worse for the period between 1991 and 1996 (Table 5.1). The region's marginalisation is further captured in Table 5.1, where most of these states, after growing at 2 percent a year between 1966 and 1973 (before the establishment of ECOWAS), GDP per capita declined over the next 20 years to 1993 - at the time of the Revised ECOWAS Treaty (World Bank, 1999).

Table 5.1 World Real GDP per capita (1966 – 2006 percentages)

Economic grouping/ region	1966- 1973	1974 – 1990	1991 – 1996	1997 – 2006 (Forecast)
World	2.9	1.2	0.6	2.0
High-income states	3.8	2.1	1.4	2.3
Developing states	3.6	1.3	3.3	3.8
East Asia	4.7	5.6	9.0	6.6
South Asia	1.2	2.6	2.8	4.1
Latin America	4.2	0.4	1.5	2.7
Middle East & North Africa	5.8	-1.7	0.1	1.1
Sub-Saharan Africa	**2.0**	**-0.7**	**-0.8**	**1.2**

Source: World Bank (1999).

In relative terms, the average economic growth rate of West African states halved between 1980–1990 and 1991-1997. From Table 5.2, it is evident that most ECOWAS states (except Cape Verde and Guinea-Bissau) had growth rates of less than 4 percent on the average between 1980 and 1997. For ease of comparison, three former EAC members (Uganda, Kenya and Tanzania), as well as four SADC states (Mauritius, Malawi, Swaziland and South Africa) are included in the table. As demonstrated by the World Bank (1993) report, compared to their East African counterparts, ECOWAS states had an appalling per capita GNP of between US$290 (Burkina Faso) and US$750 (Cape Verde) in the early 1990s, compared to their

Southern African counterparts - Mauritius (US$2, 410) and Botswana (US$2, 530) (World Bank, 1993). Within the same time frame, however, their southern African peers registered a per capita GNP of between US$580 (Zimbabwe) and US$2, 530 (Botswana).

Table 5.2 GDP Growth, 1980 – 1997 (percent per year)

Growth rate of States (%)	**1980-1990**	**1991-1997**	**1980-1997**
Strong performers with over 4.5 % p.a.			
Cape Verde	8.2	3.7	6.4
Guinea-Bissau	4.9	3.7	4.5
Mauritius	6.1	5.0	5.6
Uganda	3.4	6.9	4.8
Moderate performers with 3-4.5% p.a.			
Benin	3.2	4.6	3.6
Burkina Faso	3.5	3.8	3.7
Gambia	3.9	1.8	3.1
Ghana	2.2	4.2	3.0
Guinea	3.1	3.9	3.5
Kenya	5.0	2.1	3.3
Malawi	2.2	4.1	3.0
Swaziland	4.8	2.0	3.6
Weak performers under 3% p.a.			
Mali	2.3	3.4	2.7
Mauritania	1.6	4.2	2.6
Niger	-0.5	1.8	0.3
Nigeria	1.2	2.9	1.9
Senegal	3.1	2.4	2.8
Sierra Leone	1.0	-2.9	1.9
Togo	1.1	0.7	0.9
South Africa	1.4	1.2	1.3
Tanzania	2.4	3.5	2.9
Sub-Saharan Africa (average)	**1.8**	**2.3**	**2.0**

Source: ADB (1998) and World Bank (1994, 1998).

From Table 5.3, it is clear to see that the destination of most ECOWAS exports has been to high-income economies, which are by definition, non-ECOWAS markets.

The implication of this being that there are no indications of trade diverting activity between 1965 and 1980 - before and after the creation of ECOWAS.

Table 5.3 Destination of manufactured exports (% of total exports)

	High- income economies		*Middle and low- income economies*	
Low income economies	**1965**	**1980**	**1965**	**1980**
Benin	15	12	85	88
Burkina Faso	2	27	98	73
Gambia	98	51	2	49
Ghana	61	82	29	18
Guinea	-	39	-	61
Guinea-Bissau	-	47	-	53
Liberia	78	58	22	49
Mali	14	9	78	91
Mauritania	61	69	39	31
Niger	43	31	57	69
Nigeria	85	101	15	-1
Sierra Leone	99	89	1	11
Togo	37	12	62	88
Middle-income economies				
Cape Verde	4	-	95	65
Cote d'Ivoire	50	51	50	49
Senegal	48	31	52	69
Mauritius*	**16**	**89**	**84**	**11**

* The change from high-income economies to low-income economies adopted by Mauritius is very illustrative, as that country tended to register higher growth rates from what may be perceived as trade creation (focusing more on non-regional markets).
Note: Summary measures include estimates for missing country data. The weighting process may result in discrepancies between summed subgroup figures and overall totals. Summary measure percentages are weighted by manufactured exports of individual countries in current US dollars.

Source: World Bank (1989, p. 250)

Taking the particular example of Ghana's total exports to select ECOWAS Member States (Table 5.4), a considerable dependence on European markets can be readily observed. The reduction in Ghana's exports to Asia and the Americas as well as intraregionally with other EOWAS states is very clear. The significant increase in exports with Nigeria in 1995 only serves to confirm the suspicion that prior to the formation of ECOWAS in 1975, intra-African trade was more unrecorded than in more recent statistics due to smuggling activities across the sub-regional borders. However, the total African figure of 15 per cent total export value in 1995 is suggestive of the possibility of intra-regional trade development in the Community.

It is instructive to note that in 1975 Ghana trade with Africa only accounted for about 3 percent of its value of exports, whereas Europe accounted for nearly 70 percent of Ghana's total exports (see Table 5.4). The mere fact that in 1995 Europe still accounted for over 70 percent of Ghana's total exports, suggests that rather than diverting trade from Europe to ECOWAS, Ghana had been involved in trade creating activity (which has not guaranteed any real signs of welfare improvement for that country). Ghana's trade creating activity applies to most ECOWAS Member States as highlighted in the low levels of intra-ECOWAS trade in 1998 as demonstrated later in Table 5.13.

Table 5.4 Ghana – value of exports by country of consignment (% of total exports.)

Trading partner	**1975**	**1979**	**1987**	**1995**
Benin	0.00	0.01	0.03	0.00
Burkina Faso	0.14	0.04	0.01	0.00
Cape Verde	NA	NA	NA	NA
Côte d'Ivoire	0.16	0.06	0.05	0.34
Gambia	0.04	0.02	0.01	0.02
Guinea	NA	NA	NA	NA
Guinea-Bissau	NA	NA	NA	NA
Liberia	0.09	0.10	0.01	0.02
Mali	0.03	0.00	0.00	0.00
Mauritania	NA	NA	NA	NA
Niger	0.08	0.02	0.00	0.00
Nigeria	0.84	0.05	0.21	13.54
Senegal	0.00	0.00	0.00	0.02
Sierra Leone	0.00	0.00	0.00	0.02
Togo	0.86	0.47	3.03	1.15
Total (Africa)	**3.09**	**0.99**	**3.50**	**15.17**
Americas	*15.37*	*7.87*	*18.96*	*5.5*
Asia	*11.71*	*12.02*	*13.49*	*6.51*
Europe	*69.82*	*79.11*	*64.05*	*72.82*

Source: Adapted from Republic of Ghana; *Quarterly Digest of Statistics*, March 1984 Table 54: 59-60, September 1989 Table 58: 65-66, March 1990 Table 58: 64-65, June 1995 Table 64: 77-78, June 1996 Table 64: 77-78.

However, the welfare of contracting states in ECOWAS did not seem to be improving even in the face of a nearly doubling of the population of the Community between 1975 and 1998 (Table 5.5). For example, the population of countries like Burkina Faso nearly doubled from about six million in 1975 to about 12 million in 1998, the GNP per capita, after increasing from US$ 140 in 1975 to US$ 240 in 1993, remained unchanged at US$ 240 between 1993 and 1998. Indeed from Table 5.5 it has been demonstrated that in states like Niger and Togo the GNP per capita actually declined from about US$ 240 and US$ 340 to about US$ 190 and US$ 330 respectively, between 1993 and 1998.

Table 5.5 ECOWAS: Population and Per Capita GNP, 1975-98

State	Population growth (1980-92)	Per capita GNP growth (1980-92)	Population (millions)			GNP per capita (US $ million)*		
			1975	*1993*	*1998*	*1975*	*1993*	*1998*
Benin	3.1	-0.7	3.05	5.06	5.78	220	380	380
Burkina Faso	2.6	1.0	6.11	9.85	11.30	140	240	240
Cape Verde	-	3.0	0.28	0.36	0.41	N/A	990	1,060
Côte d'Ivoire	3.8	-4.7	6.75	12.82	14.29	570	760	700
Gambia	-	-0.4	0.55	1.03	1.23	230	350	340
Ghana	3.2	-0.1	9.83	16.62	19.16	310	410	390
Guinea	2.6	-	4.25	6.66	7.34	N/A	530	540
Guinea-Bissau	1.9	1.6	N/A	1.00	N/A	N/A	180	160
Liberia	-	-	1.61	2.20	2.67	440	N/A	N/A
Mali	2.6	-2.7	N/A	8.7	N/A	N/A	510	250
Mauritania	2.4	-0.8	1.37	2.20	2.53	390	490	410
Niger	3.3	-4.3	4.77	8.56	10.08	250	240	190
Nigeria	3.0	-0.4	57.00	94.11	106.41	420	240	300
Senegal	2.9	0.1	4.81	7.92	9.00	380	710	520
Sierra Leone	2.4	-1.4	N/A	4.24	N/A	N/A	210	140
Togo	3.3	-1.8	2.29	3.84	4.4	280	340	330
African Av.	**3.0**	**-0.8**						

*World Bank Atlas Methodology, 1989 – 1991 base period per capita GNP between 1991-93 for Botswana was US$2, 530, Mauritius US$2, 410, and Zimbabwe US$650.

Sources: Adapted from World Bank (1994) *World development Report 1994.*

5.2 EXPORT-LED GROWTH VERSUS TRADE CREATION

There are a number of reasons why differences in trade orientation can affect economic growth, both in the short and long term. Outward orientation and protection (its counterpart) have been the major determinants of economic growth of states, under the implicit assumptions of the *status quo*. On the one hand, outward-oriented growth strategies make it possible to use external capital for the economic development of states without encountering serious problems in servicing the corresponding debt problems that may arise. Protection or inward orientation, on the other hand, remains one reason why Latin American and African economies have experienced debt crises that have inhibited their economic growth drives in the 1980s

(Dollar, 1992). Outward-orientation defined as a relatively low level of protection especially for inputs into the production process of an economy, implies that there should be a sustainable level of real exchange rates favourable to exporters in any given economy, in order for such an economy to register substantial levels of economic growth (Dollar, 1992). It also generally results in more rapid growth for exports, where there may be externalities associated with exporting that cause open economies to grow more rapidly over long periods of time. There is considerable evidence that export processes, combined with readily available imported inputs as machinery, accelerates technological advance in developing economies (Biggs *et al.*, 1996). Hence, outward orientation generally means a combination of two factors (Dollar, 1992, p. 523):

> (i) That the level of protection, especially for inputs into the production process, is relatively low (resulting in a sustainable level of the real exchange rate that is favourable to exporters), and (ii) there is relatively little variability in the real exchange rate, so that incentives are consistent over time.

In his investigation of the *empirical* relationship between 'outward-orientation' and 'economic growth', Dollar (1992) employed a cross-country index of real exchange to show that there was a significant dependent-independent relationship between both variables. However, his finding was relevant only after 'controlling' for the effects of real exchange rate variability and the level of investment (Madichie and Ibeh, 2002). He also ranked 95 developing economies in decreasing order of openness and split these into four quartiles based on their degrees of outward-orientation to trade, with the interesting finding that all the 'Asian Tiger economies' fell under the first and most open quartile.[72] The second most open quartile included two dominant South American economies, Brazil and Chile, as well as others such as Tunisia, Botswana and surprisingly Chad. The third quartile comprised the less open South American states like Argentina and Ecuador as well as four West African states (Côte d'Ivoire, Gambia, Niger and Senegal). The most inward-oriented (and hence trade-diverting) group included many allegedly 'highly distorted' states like Nigeria, Ghana, Guinea, Liberia and Sierra Leone.[73]

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[72] These results are documented in more detail in Dollar's 1992 classic; *Outward-oriented Developing economies really do grow more: Evidence from 95 LDCs*, Washington DC: World Bank.

[73] The term 'highly distorted' is strongly related to the degree of non-openness of the states in Dollar's (1992) sample of less developed countries (LDCs). In the special case of Liberia and Sierra Leone,

This is consistent with the African Development Bank report, which ranked states like Nigeria and Sierra Leone lower than Gambia, but it was also inconsistent as Ghana, a state described as less open than either Niger or Senegal, seemed to register a higher growth rate between 1980 and 1997 (as demonstrated in Table 5.1). Moreover, that ECOWAS states still suffer some economic growth setbacks is strong evidence that the link between outward-orientation to trade and economic growth may not necessarily be a positive one. However, there are very strong patterns of association between outward-orientation and trade creation, which in itself implies openness with non-customs union members just as much as outward-orientation means trading with the outside world. Nevertheless, openness to the outside world (extra-regionally) may depend on a stronger internal cohesion. In other words, extra-regional trade may only be guaranteed success if trade was primarily intra-regional. Before venturing out into the competitive international marketing arena, any state intent on survival would need to reassess its regional capabilities. Even the large states in Europe have tended not to go down the economic growth path alone. For example Daniels and Radebaugh (1998, p. 284) argued that:

> When the European Union negotiates at the World Trade Organisation (WTO), it does so as a regional bloc, not as individual countries. This goes to show that the larger and richer the new market, the more likely it is to attract the attention of the major investor countries in the world.

This is one area where the *status quo* (export-led growth) may lack practical relevance to ECOWAS. In a situation where all things are not equal (ceteris paribus), then outward-orientation, and hence trade creation, on its own, does not necessarily guarantee economic growth or welfare improvement of states as the case may be.

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however, diamond exports have continued to flourish to Europe and North America despite the war. According to Dr. William F. Schulz, Executive Director of Amnesty International, Diamonds from Sierra Leone have funded the transfer of weapons to the Revolutionary United Front (RUF) rebels, who have committed widespread human rights abuses in Sierra Leone. 'Today, diamond buyers across the U.S. may be saying 'I love you' with a diamond that has paid for a bloody decade of rape, amputations and enslavement - a diamond mined from rebel-controlled areas of Sierra Leone.' Despite a United Nations Security Council imposed arms embargo; there is considerable evidence of the continued supply of weaponry and military equipment to the RUF from several sources, including transit through Liberia and Burkina Faso of weapons from Ukraine and Bulgaria. In Sierra Leone, diamonds are mined in areas controlled by the RUF, which is reportedly selling the diamonds through Liberia, Côte d'Ivoire, and Guinea. Currently the origin of diamonds is not identified as traders declare the last country of shipment and not the country from which the diamonds were extracted.

5.2.1 LIMITATIONS OF TRADE CREATION

Export-led growth can be interpreted as taking a *particularistic* perspective to economic growth of the state or region concerned. For instance, calling for sustainable exchange rate may be tantamount to asking for currency devaluation and production-for-exports. However, if experience is anything to go by, the failure of West African states, in the 1980s, to achieve economic growth leaves a lot to be desired (Yansane, 1980, 1996). Experience has shown that outward-orientation cannot thrive in isolation. It is pertinent therefore to focus on a more *holistic* systematic framework that aggregates the *particularistic* strategies for different economic growth theories into a more general macro-perspective. In this respect, drawing from past experience has shown that the suggestion of economic success through outward-oriented policies can indeed be misleading, as there may be dangers of oversimplification of the constructs of reality of such experiences. Challenging the results of biased statistical manipulations, North (1999, p. 18) suggested that:

> We never really understand the concept of reality. The theories, beliefs and models that we have are imperfect: they are vast oversimplifications of a more complex world... It is not bad that they are oversimplifications as long as we grasp, and have built into our theories, the essential characteristics that are guiding principles that are making it work ...and making it work over time is something that is much more difficult to do than to have an accurate snapshot of a moment in time. So the degree to which we understand this reality is obviously the first place where we never get it completely right, and sometimes we have it completely wrong.

While the correlation between trade creation and welfare gains may be a reasonable proposition, however, the causal explanation of the latter by the former largely remains to be seen. Dollar (1992) for instance, cites outward-orientation as the independent variable accounting for the response of the dependent variable, economic growth of developing states. However, this study posits that trade creation may, at best, be only one of several such variables explaining the welfare development of ECOWAS states. In support of this claim, research has demonstrated the insufficiency of these two trade concepts (trade creation and diversion) as the real explanatory (independent) variables for the welfare gains of states (Bhattacharya *et al.* 1997). What then are the independent variables? How can the welfare of states be truly achieved under the current parameters of customs union theory? As was demonstrated in Chapter 3 (sections 3.1.3 and 3.1.4) the dependent variables are those variables such as welfare increases, which need explaining, whereas the independent variables are the real *explanans* of which trade creation may only be one.[74] But as one UK-based Nigerian businessman questioned,[75] what exactly is meant by welfare? How are such increases or decreases ascertained and how can they be accurately measured? The answers to this complex set of questions may as well rest on a thorough understanding of the theory of welfare.

5.2.2 THEORY OF WELFARE AND THE AFRICAN CHALLENGE

In sociology welfare is defined as encompassing specific measures of public policy such as income security, public health, housing and education (Bryson, 1992). This view is consistent with the social construction of welfare, which argued that the thesis of welfare should cover a broader spectrum constituting three main elements: resources, consensus and public policy (Walker, 1981).[76] From an economic development perspective, welfare involves such resources as income, health and education (ADB, 1998). When these are available and affordable by members of a state or integrating area such as ECOWAS, then their welfare can be said to have improved. However, even in the face of improved economic welfare such as the economic growth of those union members involved in the business of trade creation or outward-orientation, social welfare might experience deterioration.[77] This paradox arises out of the inverse relationship between economic and social welfare. Consistent with the economic growth spirit of the International Monetary Fund and

[74] In their study, Bhattacharya *et al.* (1997) cited several factors responsible for lack of confidence in the West African sub-region. These include 'fears of nationalisation and expropriation, slow progress on privatisation, inadequate or poor infrastructure and facilities, small domestic markets, civil strife and political instability.' In so doing, they have diminished trade creation to the status of mere *intervening* variable as while it may be a *necessary* variable; it is definitely not a *sufficient* explanation for the welfare improvement of ECOWAS states.

[75] September 2001 Interview with Mr Omobio, Chief Executive, Omobio Technical Enterprises, Lagos, Nigeria.

[76] According to Johansson (1972) the *resource* element of welfare involved the possession of or access to material and other resources including political power; *consensus* refers to general agreements based on shared values on harmful or undesirable living conditions, and; *public policy* relates to policy measures which should be flexible and readily modified.

[77] Economic welfare is taken to mean GNP per capita, while social welfare includes elements such as access to health facilities, good education and potable drinking water, which ultimately improves the standard of living of any society.

the World Bank, public spending on social welfare should be cut and trade liberalisation intensified in order to improve economic welfare.[78]

In political circles, however, welfare may be defined differently, as being linked to those aspects of power sharing between members of an organisation.[79] As demonstrated by the case of the Cairns group, a group of food exporting nations, which includes both developed and developing nations, the participation of some essential states in the group was critical to getting agriculture into the Uruguay Round of the WTO (Krueger, 1999). This strengthened the opportunity of developing states in general to bargain for the phasing out of the Multifibre Arrangement, which is the single most costly trade restriction against them.[80] Nevertheless, Krueger argued that groups of developing states might find it more useful to align themselves with developed states of similar interests (as in the Cairns group) rather than attempting to maintain a coalition among themselves.[81]

Although Krueger (1999) suggested that predominantly agricultural economies as those in ECOWAS would be best suited to forging alliances with industrialised partners in such arrangements as the Cairns group, Olanrewaju and Falola (1987) upheld a contrary position. They argued that in regional integration theory, there was a stipulation that agricultural economies form customs unions with each other, while industrial countries act likewise (as in the European Union). Thus integration was more likely to lead to an increase in welfare if the union partners were actually competitive but potentially complementary, which supposedly makes the scope of trade creation larger. They also suggested that the larger the cost differentials between the countries of the union in goods they both produce the larger was the scope for welfare gains (see Olanrewaju and Falola, 1987). However, as Yakubu Gowon, former Nigerian Head of State and one of the founding fathers of ECOWAS noted, mere rhetoric and pronouncements will not bring about success, as the (Gowon, 1984):

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[78] This point was raised and largely debated at the International Association of African Business and Development conference in Atlantic City, New Jersey. April 2000. See Madichie and Morris (2000).

[79] This has been known by many different titles ranging from an increased chances of better bargaining power to the levelling of the tilted playing field in international social, political and economic negotiations as within the United Nations, World Trade Organisation and even leisure sports bodies like the International Olympics Committee (IOC), the Federation Internationale de Football Association (FIFA) as well as the Confederation of African Football (CAF).

[80] On balance, developing countries stand a better chance of gaining a lot more out of the Uruguay Round. See Krueger (1999) *The Developing Countries and the next Round.*

[81] Krueger's (1999) prescription is consistent with Collier's (1998) 'Agency of restraint' thesis, which also prescribed using the European Union or NAFTA to lock-in policy reforms in ECOWAS.

> Community [ECOWAS] would need more of political support it did not adequately receive in the first decade of its existence. Members will also have to continue with the struggle to create a new international economic order, one in which the North will lose its ability to control, exploit and dominate the South.

It follows, therefore, that the Cairns Group is limited in its function as custodian for developing countries and especially those in the ECOWAS sub-region. The Cairns Group, which numbers Australia, Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Fiji, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand, and Uruguay want more than anything to get rid of the European Union's subsidies on food exports (BBC, 2001a).

Although most developing nations want the removal of subsidies on the agricultural sector of their developed nations counterparts, they also want to be sure that they retained the right to subsidise their own farmers, to ensure they have the capacity to produce their own food (see BBC, 2001a). Developing nations (especially those in sub-Saharan Africa) also want to compete against the subsidised and protected farmers of Japan and South Korea, rice being the key issue for those markets. Despite their efforts in Doha, in collusion with the United States under the framework of the Cairns group, to press Europe on its export subsidies, they also wanted to see big cuts in domestic support to American farmers. But the US, which had previously claimed to be an ally of the Cairns Group of nations in their efforts to cut subsidies especially in the realm of agricultural products, seemed to have reneged on its promises in what can be described as the worst form of 'US free trade double standards' of the twenty-first century. In November 2001, the WTO's 144 members, which include the US, signed up to negotiations on fresh trade proposals including a 'reduction of, with a view to phasing out, all forms of export subsidy.' The Cairns nations called on the US to 'demonstrate the necessary leadership for the attainment of an ambitious and comprehensive programme of agricultural liberalisation and reform in the current WTO negotiations.'

The farm bill, signed by US President Bush on 12 May 2002, was introduced as a 'safety net' for a sector he described as 'essential to the success of the American economy.'[82] But it also revived subsidies for wool and honey producers, and

[82] See http://news.bbc.co.uk/hi/english/business/newsid_1989000/1989696.stm

provided new payments for milk, peanuts, lentils and dry peas, so protecting farmers of these products from international competition, and making it extremely damaging to the international economy and in danger of undermining efforts to achieve global trade reforms. The Cairns Group also warned that the US farm bill was not only 'damaging to the international economy,' but by increasing farm subsidies by nearly 80 percent, the US legislation threatened efforts to reduce agricultural subsidies worldwide. In situations like these, it was also only the poorer countries, attempting to grow food exports, which stood to lose the most. The impact will be particularly damaging on developing countries, many of which are heavily reliant on their agricultural sectors for their economic development. The European Union, which has long been the target of US calls for subsidy cuts, joined the ranks of industrialised states challenging the payments at the WTO. According to the report by the Centre for Economic Policy Research (CEPR), the top issue for developing countries is the liberalisation of agriculture. Previous trade rounds have done little to reduce the barriers to agricultural exports, with tariffs in rich countries averaging 15 percent compared to only 1.5 percent for manufactured goods. Because most poor people in developing countries live in rural areas, opening markets for agriculture along with more support for rural development would have the biggest impact on poverty reduction. But many developed countries still provide heavy subsidies to agriculture, including the European Union, which spends US$60 billion a year on the Common Agricultural Policy (BBC, 2001b).

5.2.3 THE WELFARE EFFECTS OF ECONOMIC INTEGRATION

As already argued in Chapter 2, there is no current agreement on whether regionalism (the formation of Customs Unions) and globalisation (the multilateral trading system) are complementary or competitive (Bhalla and Bhalla, 1990). The concept of trade creation on the one hand, is the effect of a Customs Union that increases the volume of trade through the elimination of hitherto existing trade barriers between current members.[83] Trade creation according to Lawrence (1995) occurs when the joining of a Customs Union or a free trade area leads to replacement of high-cost domestic production by imports from other members of the agreement. When trade creation

[83] There is a strong link between trade diversion and the import-substitution policies (ISI) of the 1970s on the one hand, and trade creation and the export led growth (EOI) of the 1980s on the other hand.

occurs, the effect of that arrangement on economic welfare is positive.[84] This notion reinforces the earlier work of Viner (1950, p. 43), where it was stated that:

> Eliminating internal barriers in a Customs Union will lead to more trade among member nations, and this trade creation may add to welfare. However, a Customs Union could also reduce trade between the members of that union and the rest of the world (ROW), and this trade diversion could misallocate resources.

Trade diversion occurs when joining a Customs Union leads to the replacement of low cost imports from outside the union with higher-cost goods from member nations (Lawrence, 1995). In this case, the effect of the economic arrangement on economic welfare is negative, which is consistent with Viner's earlier study. With the strengthening of strategic alliances, developing states can better participate, not just as observers, but also as full-scale members of the General Agreement on Tariffs and Trade (GATT) now the World Trade Organisation (WTO) can. Indeed some developing states have already achieved considerable successes in this area under the Cairns Group.[85] From the foregoing, the issue of welfare can be seen to involve better participation in the international marketing field such as the WTO (economic rationale).

5.2.4 WELFARE IMPLICATIONS OF TRADE CREATION

Trade creation, as one aspect of the customs union theory has little or no relevance for ECOWAS for a number of reasons. First, the cash economy of ECOWAS states is characterised by heavy dependence upon the export of agricultural and mineral products, which are sent almost exclusively as raw materials in unprocessed or semi-processed forms to Europe and other developed states and upon the importation of manufactured products from them (Yansane, 1996). The same situation is evident in the mineral producing states where crude petroleum alone accounts for over 90 per cent of Nigeria's export earnings.

[84] Lawrence (1995) also deals with the counterpart of trade creation - which is trade diversion with an implicit opposite reaction to what constitutes trade creation. Trade diversion is therefore diminutive to welfare in an economic sense. Viner (1950) to challenge the notion of Customs Unions' positive impact in economic welfare effectively used these concepts.

Second, the narrow portfolio of ECOWAS exports impacts on the inadequacy of its member states to move out of the margin and into the mainstream of global competition in trade and economic development. Indeed most West African economies were dependent on a single major export in the 1970s (accounting for more than 50 percent of total exports). Export-led growth simply implied an increase in the volume of exports, which translated to overproduction. However, ECOWAS exports (mostly primary products) have been on the decline in recent years due to the falling demand for those traditional exports in the international market.

One reason why West Africa's share of global exports continues to decline is due to its failure to date, to break into fast-growing export markets for high technology and sophisticated goods. The long-term nature of this decline in West Africa's share of world commodity exports, in which it has comparative advantage, raises major concerns for the economic development of these states (Madichie and Ibeh, 2002). The initial post-independence response of West African economies to this dependency on primary exports, which impinged on their share of the global market in commodities, was to pursue a policy of import substitution in industrial development. In most cases, therefore, import substitution policies only exacerbated the dependency relations between West African states and the technologically advanced states by calling for greater export activity, otherwise known as 'trade creation' whereby African economies pay for capital goods and technical inputs imported from the industrialised economies. For example, global demand for African main commodity exports, especially clothing and textiles, was reduced by about 30 per cent in the late 1980s due to import restrictions imposed on Africa by the United States, and the technical progress in industrialised states through synthetic substitutes (Yansane, 1996). With the economic restrictions and falling global demand reflecting external problems, inappropriate policies and tiny and fragmented West African markets are internal forces, which leaves not only ECOWAS states, but also developing states at large, at the margin of international competitiveness.[86] African Scholars (Kighoma, 1990; Onimode, 1990) and their non-African counterparts (Krueger, 1989; World Bank, 1998) have shown a consistency in the nature of

[85] Safadi and Laird (1996) have shown various estimates of possible increases in world trade resulting from Uruguay Round of trade negotiations. This work also shows the effects of the Uruguay Round on developing states.
[86] Professor Chris Mbah argued that the international competitiveness of ECOWAS could be improved only if those states could speak with one voice. November 2000. Interview.

African problems and their possible causes. For example, in 1994, Côte d'Ivoire doubled its exports of cocoa, yet its total export revenue fell by 50 per cent (Madichie and Morris, 2000). This is mainly because the demand for cocoa had been on the decline, as was the case for the exports of other West African economies (Onimode, 1990). For example, researchers like Fosu (1990) have found no significant difference between the export impact in African states and their non-African counterparts during the period between 1960 and 1980. In Africa specifically, poor economic performance was attributed to ignoring trade-creating policies. Partly reflecting these differences in experience, Africa's share in world trade fell dramatically from 3.1 percent of global export levels in the 1950s to less than 1.2 percent by 1990 (Amjadi *et al.* 1996). Coe and Hoffmaister also cited the argument put forward by Rodrik (1998) that 'the marginalisation of Africa in world trade was entirely due to the slow growth (in GDP) of African economies.'

Although the different facets of the development agenda espoused in the Long-term Perspective Study (LTPS) apply in different ways to different countries in sub-Saharan Africa, there are, nevertheless, three broad commonalties in the majority of cases (WALTPS, 1998). The common thrust is sustained poverty reduction, to be achieved through macroeconomic stabilisation as well as regional institutional development. While the poverty reduction element may find its route in the constant World Bank and IMF prescriptions on the need for more openness to trade, the regional institutional development component strongly suggests that the best means of improving the welfare of states extends beyond the mere elaboration of trade creation. In other words, to boost the welfare of states within ECOWAS, there is the need to form a formidable regional alliance, especially in the joint and harmonious development of transport, communications, and energy networks, as a strong first step to openness on a regional basis (Chapter 6). This is not only consistent with the position of the South Commission (1980) calling for stronger regional co-operation in political and socio-economic activities, but also necessary for curtailing transaction costs within ECOWAS. This view is further reinforced by the African Alternatives position to structural adjustment programmes (Onimode, 1990). It is also consistent with another African report, which clearly indicated that the enabling environment for growth would have to be market-driven but that this trade creating activity would have to be built on a strong foundation to ensure its viability (WALTPS, 1998).

To corroborate these studies even further, the insufficiency of trade creating activity on the welfare improvement of ECOWAS states was demonstrated in the comparative study of West Africa and Indonesia (Table 5.6). It is instructive to note that both regions were located at different ends of the trade creation/diversion divide [or in Dollar's (1992) terms, outward/inward orientation divides]. In reality, however, Indonesia and West Africa had much in common between 1970 and 1990. They had similar population sizes (148 and 149 million people respectively in 1980) and similar standards of living (or welfare levels) based on per capita gross domestic product (GDP) at purchasing power parity (PPP). Furthermore, they exported similar amounts of oil (US$ 11.2 and US$ 13.8 billion respectively in 1990) and while history divided West Africa into many states, geography split Indonesia into many islands. The difference between them, however, was that while Indonesia was an economically vibrant Asian country in the late 1980s and early 1990s, West Africa had not enjoyed any such economic growth (WALTPS 1998). Is this because of Indonesia's better export performance? Table 5.6 compares the ratio of exports to GDP calculated in international dollars at purchasing power parity, and suggests that this is not necessarily the case.

Table 5.6 Trade Creation: West Africa versus Indonesia, 1970-90

WALTPS* Statistics**	**1970**		**1980**		**1990**	
	WA*	**IDN****	**WA**	**IDN**	**WA**	**IDN**
Population (millions)	114	118	149	148	194	178
GDP per capita at PPP	363	267	1010	1140	879	2234
Oil exports (billion US$)	0.7	0.3	24.7	15.7	13.8	11.2
Total exports (billion US$)	3.0	1.1	32.1	21.9	21.6	25.6
Oil exports/GDP PPP %	5.5	2.2	4.9	3.7	4.6	3.6
Total exports/GDP PPP %	7.2	3.3	21.3	13.0	12.7	6.4

* **WA:** West Africa *** **WALTPS:** West Africa Long Term Perspective Study

** **IDN:** Indonesia

Source: WALTPS (1998)

Using GDP at purchasing power parity, West Africa appears to be much more open to exports than Indonesia, even for non-oil exports in 1990. Despite this, Indonesia's standard of living (and hence welfare) was 2.5 times higher (WALTPS, 1998). This is noteworthy, since Indonesia's overall economic performance has been much better. Moreover, such success was driven, above all, by a rapidly growing domestic market, which has remained extremely weak in West Africa. In all evidence, while West African states were more trade creation focused, their levels of welfare, compared to Indonesia and, computed in terms of GDP at purchasing power parity, fell from a ratio of about 3:2 in 1970 to an abysmal ratio of 1:3 in 1990 (Table 5.6). This suggests that trade creation, rather than improving the welfare of West African states, may have actually depleted it in absolute economic terms such as income per capita levels (ADB, 1998, 2000).

As Todaro (1992, p. 475) argued, West African states, 'like the end of a whip, are affected in the extreme by fluctuations in the developed economies on which their development programmes ultimately depend.' Considering those elements of welfare that ECOWAS states needed to address, their income per capita in 1998 ranged from an abysmal US\$190 in economies like that of Niger to an appalling US\$ 390 in Ghana (see Table 5.5). There are, however, a few outliers such as Guinea (with US\$ 540), Côte d'Ivoire (US\$ 700) and Cape Verde (US\$ 1,060). In terms of education adult illiteracy was over 70 per cent in most states apart from Cape Verde (55 per cent) and Ghana (64 percent).

Customs unions as defined in the integration literature, is when states decide to levy common external tariffs while freeing internal trade. However, if external trade against outside countries differs among member states while internal trade remains free, such arrangements are considered nothing more than a free trade area (Todaro, 1992). In this regard it is important to state Gambari's (1991) contention that regional economic integration groupings in Africa tend to adopt whatever name that suits their specific needs or long-term objectives, but not necessarily reflecting their current composition based on the laid criteria of the *status quo*. Regional economic integration, therefore, needs to be viewed as a mechanism to encourage a rational division of labour among a group of states, each which is too small to benefit from such a division by itself. Should the latter be the case, however, the arrangement does not only lead to role duplication and a waste in scarce resources, but also means that consumers would be forced to pay higher prices for their products than if the market were large enough for high-volume, low-cost production to take place at a single regional location. It must be stated, however, that this option is not always as easy as it seems, especially in a region like West Africa where there have been, since the attainment of independence in the 1960s, persistent concerns over sovereignty and national self-interest.

However, these dynamic arguments for regional economic integration have co-existed with the static standard textbook evaluation of 'trade creation' and 'trade diversion,' which have already been defined elsewhere. Based on this argument, it is appropriate to spell out the deficiencies of the static argument of the *status quo* – customs unions theory. First because of potential economies of scale, the creation of local jobs, and the circular flow of income within trading blocs such as ECOWAS, static trade diversion may turn out to be dynamic trade creation. Indeed the *status quo* clearly supports trade diversion by calling for the erection of a common external tariff and simultaneous free internal trade, which ultimately makes regional exports cheaper than those from third countries.

It is important, therefore, that trade creation and trade diversion be analysed in the dynamic context of growth and development and based more on the realities of current commercial policies of ECOWAS and other developing regions of the world, rather than in the theoretical vacuum of traditional free trade models (see Ezenwe, 1983; Onimode, 1990, and Todaro, 1992). While Ezenwe noted that the *status quo* can only be useful in setting guidelines, which should not necessarily be followed to the letter, Todaro argued that 'while such an integration strategy may seem economically logical and persuasive on paper, in practice it requires a degree of statesmanship and a regional rather than nationalistic orientation that is often lacking in many countries.' He also warned that as time went on, 'if developing nations continue to see their individual destinies as more closely tied to those of their neighbours, and if the pursuit of greater collective self-reliance and self-sufficiency gathers momentum, it is quite possible that the pressures for some form of economic and political integration will gradually overcome the forces of separation and continued dependency' (Todaro, 1992, p. 386).

Table 5.7 gives a summary of welfare indicators in Africa in general as compared with other regions of the world. These welfare indicators comprise not only GNP per capita (income) but also other social statistics such as population growth rates, life expectancy and infant mortality rates (health), as well as adult illiteracy (education indicators) levels. From Table 5.7 it can be seen that the average adult illiteracy rate in Africa (excluding South Africa) fell from about 57 per cent in

1980 to about 46 per cent in 1997. Furthermore, per capita income declined from US$ 420 to US$ 240 within the same time frame only to rise again to about US$ 300 in 1998 (Table 5.5), in comparison to the observation in the levels of adult illiteracy especially in states like Nigeria where the figures declined from about 80 per cent in 1970 to less than 50 percent in 1995 (Table 5.9). In all francophone ECOWAS Member states, however, per capita income seemed to have increased in 1993 but either stabilized or plunged (as in the case of Benin and Niger) after the devaluation of the CFA Franc in 1994.

Table 5.7 Welfare Indicators by Region

Welfare Indicators	**Africa excl. South Africa**	**South Asia**	**East Asia**	**Latin America**
Population (millions) 1997	575.00	1, 281.0	1, 751.0	494.0
Population growth (%) 1997	2.90	1.8	1.2	1.6
GDP per Capita 1970*	525.00	239.0	157.0	1, 216.0
GDP per Capita 1997*	336.00	449.0	715.0	1, 890.0
HDI**	39.80	48.2	63.9	76.8
Life Expectancy at birth (years) 1980	47.00	53.8	64.5	64.8
Life Expectancy at birth (years) 1997	51.30	62.5	68.4	69.7
Adult Illiteracy (%) 1980	57.00	58.0	30.0	18.0
Adult Illiteracy (%) 1997	46.00	51.0	17.0	13.0

* Calculated based on 1987 US Dollars
** HDI – Human Development Index (see also Table 7.5)

Sources: UNDP (1998); Wood and Mayer (1998).

However, life expectancy in ECOWAS has been appalling (see Table 5.8). Figures for 1995 show that 11 out of the 16 (with Mauritania included) were below the African average of 53 years. In terms of infant mortality, one in ten babies were still being lost due to the poor access to health services. It is important to note, however, that some countries in Africa with high rates of AIDS may experience reduced population growth or even declining populations due to high AIDS-related mortality. The population of South Africa, for example, is projected to drop from 43.4 million in 2000 to 38.7 million in 2015 due to AIDS deaths (Audubon, 2002).

Table 5.8 Life Expectancy in ECOWAS (Health Indicators)

State	Human Development Index (HDI) (1992)	Life Expectancy at birth (years) 1995	1999	Access to Health services (% of population) 1985	1995
Benin	0.261	48	53	53	18
Burkina Faso	0.203	47	45	70	90
Cape Verde	0.474	66	69	N/A	N/A
Côte d'Ivoire	0.370	50	46	N/A	N/A
Gambia	0.215	46	53	90	93
Ghana	0.382	57	58	64	46
Guinea	0.191	46	46	13	80
Guinea Bissau	0.224	45	44	64	40
Liberia	-	57	47	100	95
Mali	0.214	47	50	56	40
Mauritania	0.254	53	54	30	63
Niger	0.209	48	46	48	99
Nigeria	0.348	51	47	65	51
Senegal	0.322	50	52	94	90
Sierra Leone	0.209	40	37	36	38
Togo	0.311	56	49	N/A	N/A

According to World Bank statistics, Nigeria has the fourth worst Aids infection level in Sub-Saharan Africa, with an estimated 3 million people infected, 1.7 million people have died since the country's first AIDS case was diagnosed in 1986, the disease has erased a quarter century of increased life-expectancy, bringing it back to 47 years.
Life expectancy rates continue at low levels, particularly in countries faced with long-running civil wars. Sierra Leone's life expectancy rate was just 37 in 1999, roughly half that of someone living in Tunisia or the Seychelles. Most African nations had life expectancy rates below 50 in 1999, with the average for Sub-Saharan Africa just 47.

Sources: ADB (1998) *Economic and Social Statistics*, World Bank (2002)

Life expectancy at birth, according to World Bank definition, indicates the number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same throughout its life. But how practical is this definition in a dynamic world hunger, poverty, civil wars and other natural disasters. It would do social research a world of good if the appropriate questions started being asked – such as what leads to the rise of adult illiteracy, civil wars, infant mortality and low levels of life expectancy. The basic answer is the lack of appropriate physical and social infrastructure, which has eluded most of the contracting parties in ECOWAS on their respective national levels and out of selfish interest, threatens their efforts at the regional level. Although there are no reliable statistics on secondary school enrolment between 1985 (ten years on from he establishment of ECOWAS) and 1995 there are clear indications that the figure has also dropped (see UNESCO, 2002), as younger children either join local businesses or engage in slave labour or even worse get forcefully recruited into the wave of militias in the rebellions in places like Liberia, Sierra Leone, Guinea-Bissau and now Côte d'Ivoire. So how has ECOWAS really improved the welfare of its citizens, and how can one possibly associate success with trade creation when the foundations for such activities are constantly being eroded? The next section provides illustrative data to show that ECOWAS has not done justice to its contracting states as its record on human development shows.

5.2.5 BASIC WELFARE INDICATORS AND THE IMPLICATIONS FOR ECOWAS

This section presents some basic indicators for ECOWAS Member States, however, it does not attempt to give a complete overview of economic and social indicators. The figures presented serve only to highlight some of the differences between the Member States. GNP per capita and the Human Development Index (HDI) reflect differences with respect to the current economic and social situation of countries. The Development Reports of the World Bank and the Human Development Reports of the UN give more detailed descriptions. Traditionally, figures for GNP (or GDP) per capita serve as indicators for the degree of development of states, however, they can be criticised along several lines.

GNP in general does not take into account informal production, which is substantial in most West African states. An increase in GNP, therefore, may give the wrong suggestion that total production has increased. However, it may simply be the case that there has been a shift from informal to formal production, without an overall increase in production. Moreover the GNP indicator may also be criticised based on its narrow scope, as it does not take into account all kinds of social events, such as income distribution, so that the use of this indicator may not give the correct picture of the 'development' of a state. It is for this reason that the UN has recently started to calculate Human Development Indices as a substitute for GNP per capita as a development indicator.

Suffice it to mention the *Human Development Report* is meant to be a better socio-economic measure of a country than GNP per capita. Although the construction of the Human Development Index has been refined and corrected several times since its introduction, the basic construction method remains the same. The measure is a composite of three basic components of Human Development - longevity, measured by life expectancy; knowledge measured by a combination of adult literacy and mean years of schooling; and standard of living, measured by real GDP per capita adjusted for local costs of living (UN, 1994, p. 91). A higher HDI figure, therefore corresponds with a better socio-economic development and hence welfare level.

Adult literacy includes a definition of literacy and Census Bureau percentages for the total population, males, and females. There are no universal definitions and standards of literacy (see Table 5.8). Unless otherwise specified, all rates are based on the most common definition - the ability to read and write at a specified age. Detailing the standards that individual countries use to assess the ability to read and write is beyond the scope of the Factbook. Information on literacy, while not a perfect measure of educational results, is probably the most easily available and valid for international comparisons. Low levels of literacy, and education in general, can impede the economic development of a country in the current rapidly changing, technology-driven world. In most ECOWAS states, although the adult illiteracy rate declined between 1970 and 2000, only five out the original 16 states had at least 50 percent literacy by 2000. Indeed, as demonstrated in Table 5.9, countries like Niger registered an appalling level of adult literacy of fewer than 20 percent of the entire population in 2000 (considering its 84 percent adult illiteracy rate for 2000).

To corroborate data from the CIA WorldFact Book, Table 5.9 was complied using the latest illiteracy estimates and projections of the UNESCO Institute for Statistics (UIS), as assessed in 2002 based on statistics collected during national population censuses. While some countries are collecting literacy information in more sophisticated and comprehensive manners, many other countries are not able to provide even the most basic information on who are the illiterates (UNESCO, 2002). Balancing these figures and at the same time filling the gaps in information has been most challenging and may be one of the major limitations of this study. However, there are clear indications that Adult illiteracy rates within ECOWAS have been falling over the decades from about 93 percent in 1970 to 76 per cent in 2000 in the case of Burkina Faso.

Table 5.9 Adult illiteracy rates of selected country adult population, 1970-2000

Country*	1970	1980	1990	1995	2000
Benin	89.1	82.1	73.6	68.4	62.6
Burkina Faso	93.0	89.2	83.7	80.2	76.1
Cape Verde	61.3	49.5	36.2	30.4	26.2
Cote d'Ivoire	79.0	70.5	61.5	56.4	51.4
Gambia	90.3	83.7	74.4	69.0	63.4
Ghana	70.5	56.2	41.5	34.8	28.4
Guinea	--	--	--	64.1	--
Guinea-Bissau	88.0	81.4	72.8	67.5	61.6
Liberia	81.6	72.1	60.8	54.7	46.5
Mali	90.9	86.6	81.2	78.0	74.4
Mauritania	73.2	71.3	65.2	62.4	59.8
Niger	94.3	92.1	88.6	86.5	84.0
Nigeria	79.9	67.1	51.3	43.6	36.0
Senegal	85.3	79.0	71.6	67.2	62.6
Sierra Leone**	--	--	--	68.6*	--
Togo	77.9	67.6	55.8	49.4	42.9
Algeria (AMU)	78.5	63.4	47.1	39.7	33.3
Botswana (SADC)	53.9	42.5	31.9	27.4	22.8
South Africa (SADC)	30.3	23.9	18.8	16.7	14.8
Kenya (EAC)	59.4	43.8	29.2	23.0	17.6
Indonesia***	43.9	31.0	20.5	16.5	13.2

* With regard to Country information, the UIS regularly updates and disseminates literacy estimates and projections for more than 100 countries as well as for the world as a whole and by regions and different groups of countries such as the least developed countries. Illiteracy rates and the illiterate population indicate respectively the proportion and number of persons within the population who cannot both read and write a short simple statement on their everyday life. Estimated illiteracy rate refers to the number of illiterates (15 years and over) expressed as a percentage of the population in the corresponding age group.
** *Defined as* age 15 and over can read and write English, Mende, Temne, or Arabic
*** Indonesia is included in here only to highlight the poor record of ECOWAS Member states on adult literacy (see Table 5.6 for other comparisons between West Africa and Indonesia). It can be noticed that the adult illiteracy rate of 31 percent in 1980s Indonesia has not been met by ECOWAS Members (except Cape Verde with 26 percent) even as recently as 2000.

Source: UNESCO (2002) *UIS estimates and projections*, December 17.

Nevertheless, 76 percent is too high a level of adult illiteracy when compared to statistics for other non-ECOWAS states such as Indonesia (13.2), South Africa (14.8), and Kenya (17.6) within the same period of 2000. Moreover, Niger's 84 per cent adult illiteracy is largely disparate in comparison to other ECOWAS Members with less than 30 percent adult illiteracy rates such as Cape Verde (26.2), and Ghana (28.4) (see Table 5.9). Overall, out of the current 15 ECOWAS states only three can boast of less than 40 percent adult illiteracy rates going by the 2000 statistics highlighted in Table 5.9 (i.e. with the addition of Nigeria at 36 percent). The implication is that adult literacy campaigns cannot be said to have been undertaken on a community-wide basis under the ECOWAS framework and this may need to be quickly addressed to enable a more balanced rate within the sub-region. Moreover the infant mortality rate, which gives the number of deaths of infants under one year old in a given year per 1,000 live births in the same year, has been unfavourable within ECOWAS (Table 5.10) as compared with the rest of sub-Saharan Africa (WHO, 1996).

Table 5.10 Infant mortality rates, 1970 - 2000 (ECOWAS)

ECOWAS	**Infant mortality rate* (deaths/1,000 live births)**				
	1970	**1980**	**1990**	**1995**	**2000**
Benin	--	156	--	100	94
Burkina Faso	163	136	108	97	87
Cape Verde	--	87	--	32	68.8*
Côte d'Ivoire	136	111	94	90	84
Gambia, The	181	156	133	123	113
Ghana	145	124	94	73	--
Guinea	197	174	149	137	124
Guinea-Bissau	200	180	167	129	--
Liberia	167	147	127	115	105
Mali	205	172	128	112	98
Mauritania	126	108	92	85	78
Niger	--	184	120	120**	114
Nigeria	126	106	84	73	61
Senegal	140	105	84	74	64
Sierra Leone	186	181	177	174	172
Togo	--	140	95	79**	75.3

* Infant mortality rate gives the number of deaths of infants under one year old per 1,000 live births in a given year. This rate is often used an indicator of the level of health in a country. Note also that the Sub-Saharan African average for 1995 was 97.
** These are 1997 estimates from the UNESCO (2002) Statistics.

Source: World Bank (1994); WHO (1996).

Although the infant mortality rate is often used an indicator of the level of health in a country, the total fertility rate has been described as a more direct measure of the level of fertility than the crude birth rate, since it refers to births per woman (World Bank, 1994). This indicator shows the potential for population growth in the country. High rates will also place some limits on the labour force participation rates for women. Large numbers of children born to women indicate large family sizes that might limit the ability of the families to feed and educate their children.

Table 5.11 Infant mortality rate and Total fertility rate (Other Regions)

Country	**Infant mortality rate (deaths/1,000 live births) (2002 est.)**	**Total fertility rate** (children born/woman) (2002 est.)**
Tunisia (AMU)	27.97	1.94
Morocco (AMU)	46.49	2.97
Botswana (SADC)*	64.72	3.60
South Africa (SADC)	61.78	2.38
Mauritius (SADC)	16.65	2.00
Seychelles (SADC)	N/A	1.81
Madagascar (SADC)	81.90	5.77
Kenya (EAC)	67.24	3.34
Tanzania (EAC)	77.85	5.33
Uganda (EAC)	89.35	6.80
European Union		
Belgium	4.64	1.61
Denmark	4.97	1.73
France	4.41	1.74
Germany	4.65	1.39
Greece	6.25	1.34
Italy	5.76	1.19
Luxembourg	4.71	1.70
Netherlands	4.31	1.65
Sweden	3.44	1.54
Switzerland	4.42	1.47
Portugal	N/A	1.48
Spain	N/A	1.16

* Infant mortality rates in Botswana was as low as 70 percent in 1970 but almost halved in 1995 at about 36 percent. Not surprising the rising case of HIV infections destabilising the region may have contributed to the recent rise in mortality rates to its 2000 figure.
**Total fertility rate gives a figure for the average number of children that would be born per woman if all women lived to the end of their childbearing years and bore children according to a given fertility rate at each age. The total fertility rate shows the potential for population growth in the country. High rates will also place some limits on the labour force participation rates for women. Large numbers of children born to women indicate large family sizes that might limit the ability of the families to feed and educate their children.

Source: CIA World fact Book, 2002.

From Table 5.11 also the welfare indicators on infant mortality and total fertility amongst ECOWAS Member States compares unfavourably, not only against the SSA average of 97 but also with the rest of the world. In the particular case of the SADC states, the average fertility rate is about 2.5 and infant mortality about 70 per 1000 as against 6 and 85 for ECOWAS members. Moreover, the disparity among ECOWAS and Member States of the EU is indicative of the lack of co-ordination of HDI under the 'community' framework of the former. While the EU Member states registered similar figures of less than two births per woman in 2002 (Table 5.11), the figures for ECOWAS states was largely disparate ranging form 3.69 in Ghana to about 7 births per woman in Niger. The same can be readily observed in the case of infant mortality rates, which ranged from 51.86 per 1000 deaths in Cape Verde to an appalling 144 in Sierra Leone as compared to marginal EU figures raging from 3.44 in Sweden to about 6.25 in Greece.

Moreover, as highlighted in Table 5.12 the total fertility rates within ECOWAS has stabilised at an average of about 6.5 births per woman. The particular case of Niger is very illustrative as the total fertility rate remained the same at seven in 1980, as the projected for 2002. In Ghana the figure has also halved between the same period from about 6.6 births per woman in 1980 to about 3.69 in 2002.

Table 5.12 Total fertility rates in ECOWAS, 1980 and 2002.

ECOWAS	**Total fertility rate (children born/woman)**			
	1970*	**1980***	**2000***	**2002 est.****
Benin	7.0	6.2	5.8	6.14
Burkina Faso	7.7	7.0	6.8	6.26
Cape Verde	7.0	6.0	3.4	3.91
Côte d'Ivoire	7.4	7.4	4.8	5.61
Gambia	6.5	6.5	5.0	5.61
Ghana	6.9	6.6	4.4	3.69
Guinea	7.0	7.0	6.0	5.32
Guinea-Bissau	6.0	5.9	6.0	5.13
Liberia	6.8	6.8	6.8	6.29
Mali	7.1	7.1	6.4	6.73
Mauritania	6.5	6.3	6.0	6.15
Niger	8.1	7.5	8.0	7 .00
Nigeria	6.9	6.5	5.6	5.49
Senegal	7.0	6.8	5.3	5.03
Sierra Leone	6.5	6.3	6.5	5.94
Togo	7.1	6.7	5.5	5.14
Africa	**6.7**	--	**5.1**	--
ECOWAS	7.0	--	6.2	--
AMU	7.1	--	3.1	--
SADC	7.0	--	5.7	--

* Statistics were derived the World Bank (1994) and World Health Organisation (WHO, 1996) *Centre for International Health Information.*
** African Development Bank Statistics and CIA World fact Book, 2002.

Despite rising mortality rates in much of Africa, the total population of Africa is projected to increase from 818 million to 1.8 billion by 2050. The total fertility rate of North Africa, as of 2001, was 3.6; for West Africa, 5.8, for East Africa, 5.7; and for Southern Africa, it was 3.1. In comparison to the population of the countries of Southeast Asia, the total fertility rate figure of the region, as of 2001 was only 2.8, while the current total fertility rate of East Asia (without China and Japan) is 1.65.[87]

From these welfare statistics, it is safe to conclude from Tables 5.6 to 5.12 that, whilst such welfare indicators as adult illiteracy, infant mortality rates and total fertility may have improved over the three decades of the existence of ECOWAS, they have not improved in absolute terms. In addition, these rates do not suggest any substantia relative improvement when compared to what obtained in other regions of the developing world with similar political and economic standing. At best any improvement of these welfare indicators have only been modest and not directly attributable to ECOWAS. This assertion can only confer little confidence in the effectiveness of ECOWAS especially on its ultimate goal of improving the welfare of its Member States. Although poverty may be slightly less in absolute terms, it is certainly not the case in relative terms when compared to other regions of the world and especially with the indonesia of today (see Table 5.6).

5.3 INTEGRATION AND WELFARE GAINS: TWO SCENARIOS

Although the principles underlying integration efforts in Africa had changed in the 1990s, many of the practical problems that compromised earlier attempts, and rendered them ineffectual, remain to be tackled. Recalling the different levels of economic integration mentioned in Chapter 2, regional co-operation increased with the removal of barriers to trade and as the national sovereignty of states diminished. These levels of co-operation (or stages of growth) involved the constant shifts in policies, acronyms and levels of economic integration among states, especially those in the East and South African sub-regions. However they are of critical importance to this study because of their implications for the experience of ECOWAS. Two main scenarios (I and II) are presented in this section, not as an exhaustive demonstration of the constant swings in economic co-operation, but as an avenue for discussion in

[87] See Audubon (2002) *Habitat Program*. Washington, DC. See http://www.audubonpopulation.org/

order to enable an easier understanding of the welfare implications of moving along the different levels of economic integration.

5.3.1 SCENARIO I: FREE TRADE AREAS TO COMMON MARKETS

Most regional integration efforts in Africa have been designed to follow the pattern of loose co-operation (FTA) to more closely knit levels such as common markets as already illustrated in Table 2.2 (see Chapter 2). Taking the evolution of the European Union as a case in point, economic integration since the end of the Second World has been a historical and contemporary process. The economic and/or political integration of Europe had embraced an evolutionary trajectory from the initial European Coal and Steel Community, to the European Community, to the Common Market, to the European Union, to Economic and Monetary Union. The roles and hallmarks of the main institutions of what is now known as the EU have evolved along this path. The extent to which these supra-national institutions, notably the European Council, the European Commission, the European Parliament, and the European Court of Justice are analogous to similar institutions in national and domestic politics are explored later in Chapter 8. It must be noted, however, that the evolution path of the EU has not been practically replicated in West Africa in particular and across the continent at large.

Taking the African examples, the Arab Maghreb Union (AMU) in North Africa, comprising Algeria, Morocco and Tunisia, formed in 1989 was supposed to have evolved through a free trade area by 1992, a customs union by 1995 and a common market by 2000. However, any such achievement could only be best described as mixed (Testas, 1999). Although, on the positive side, co-operation agreements were signed on a host of measures ranging from the strengthening of the regional infrastructure (with the creation of a regional road network and a trans-Maghreb motorway project); an optic fibre network for data transmission, cable television and telecommunications; the rationalisation of hydropower resources and the creation of a Maghreb electricity market, the practical reality of AMU as at 1999, had little to show for these efforts,[88] as trade relations among the Maghreb states, after

[88] Although the AMU has been described as being devoid of the historical baggage of its Sub-Saharan African counterparts, Mistry (2000) argued that substantive and meaning progress proved more elusive in the Union in the twenty-first century than was envisaged at its creation.

more than a decade of its formation, had not yet been fully regionalised (Mistry, 2000).

In southern Africa, there were three distinguishing characteristics in the South African Development Co-ordination Conference (SADCC) objectives: disengagement from dependency on Pretoria (South Africa), aversion to a common market approach to regional co-operation and the appeal to external donor states and (their) international agencies (Gambari, 1991). Indeed the avoidance of commitment to a common-market type of regional integration was re-emphasised in 1987, where in his clarion call, the SADCC Chairman at the time, President Masire of Botswana, urged member states to 'transcend the perception of the organisation as a channel for project funding and make regional co-operation an integral part of national policy with emphasis on production sources' (see Mulaisho, 1988, p. 33). The reason for this call to duty stemmed from the observation that if the European states felt they needed the kind of economic co-operation envisaged for adoption in 1992, SADCC probably needed it even more. At the seventh Summit of SADCC in Lusaka, President dos Santos reiterated that (Gambari, 1991, p. 86):

> When the nine countries of the region came together in signing the Lusaka Declaration (member governments were clear about not creating) an organisation that would integrate the economies of our countries into a conventional community system. We were aware that we would not immediately aspire to a model of organisation that would defend us from international competition and would favour inter-regional trade because we do not possess an industrial infrastructure that would compete in the external market, nor do we possess immediate means for developing a system of inter-regional trade.

It is interesting to recall that, while at the founding of SADCC in 1980, member governments cautioned against the adoption of a common market model, in the 1990s; however, they appeared to be moving in favour of just that model. According to Gambari (1991) the movement back to the common market approach of economic integration was necessitated largely because of the modest approach to, and hence modest gains from economic integration adopted by the founding members. In West Africa, the objectives are the same: the creation of ECOWAS in 1975 was supposed to bring about a free trade area by 1979, the implementation of a common external tariff by 1994, and eventual fiscal and monetary harmonisation, including, among other goals, free movement of labour by 2000 (Foroutan, 1993). The big question, therefore, is whether ECOWAS is still an FTA, or whether it has progressed into a customs union, common market or even an economic union? As it currently stands, however, there is neither a clear indication of the form presently assumed by ECOWAS nor where it fits in theoretically, considering the levels of integration highlighted in Chapter 2. While the persistence of tariff and non-tariff barriers amongst ECOWAS states means that it may not necessarily be a free trade area, the prevalent absence of a common external tariff suggests that it may not be a common market.[89] However, the free movement of labour, though not fully implemented, indicates that ECOWAS exhibits certain traits of a common market. But the mixed results of supranational control, with a Secretariat in Abuja, an ECOWAS Fund in Togo, a clearing house in war-ravaged Sierra Leone,[90] and a last-minute Parliament, suggests that perhaps ECOWAS may be categorised somewhere between a free trade area and an Economic community. Nevertheless, this is a very complex issue to comprehend.

5.3.2 SCENARIO II: CUSTOMS UNION TO FREE TRADE AREA (FTA)

The movement from a customs union to a free or preferential trade area (looser forms of regional economic integration) is more exemplified by the experience of the defunct East African Community (EAC), which was transformed to the Preferential Trade Area for Eastern and Southern Africa (PTA) and later into the common market for East and Southern African states (COMESA). In east and southern Africa, however, there has been a rich but mixed history of integration, with several overlapping arrangements that have waxed and waned (see Table 5.13). Perhaps due to the failure of the East African Community in 1977, regional co-operation was redesigned to take on aversion to a common market approach to regional co-operation

[89] While section 4.2 details the organisational structure of ECOWAS, it may be recalled also that Gambari (1991) questioned the stages approach to regional integration advanced by Balassa (1979) where he suggested that any such Union could choose whatever name it wished to go by, without truly reflecting the characteristics.

[90] The West African Clearinghouse, WACH (French: Chambre de Co-operation de l'Afriqué de l'Ouest, CCAO) provides settlement of payments services among central bank and other monetary authorities in West Africa. WACH was established in 1975 (began operations in 1976); headquarters are in Freetown, Sierra Leone. Membership includes the Central Bank of West African States (representing Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, and Togo) as well as The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mauritania, Nigeria, and Sierra Leone.

and its appeal to external donor states as epitomised by the experience of SADCC in the early years as it embraced a looser form of co-operation. In 1995, however, the PTA was converted into a Community of Eastern and Southern Africa (COMESA), although its principal objectives, even as a preferential trade area, remained largely unachieved.

Additionally, with the formation of the Southern African Development Community (SADC) in 1992, the loyalty of COMESA member states wavered as they left for this stronger form of economic co-operation. Intra-regional trade patterns seem to agree with the movement from stronger to looser forms of integration. For example, intra-COMESA trade in 1998 was 11.1 percent (for exports) compared to UEMOA's paltry 1.6 percent, and 2.6 recorded for ECOWAS (Table 5.13). Intra-SADC trade was also 11.7 percent (exports) and 12.4 percent (imports).

Table 5.13 Intra-African Trade by Economic Grouping, 1998 (percentages)

Imports from	AFRICA	COMESA	ECOWAS	FRANC ZONE	AMU	SADC*	UEMOA
AFRICA	10	2.2	2.8	1.5	1.2	4.7	1.2
COMESA	12.2	0.2	10.2	4.7	0.6	1.1	4.3
ECOWAS	14.7	0.8	7.6	8.1	0.7	2.5	4.1
FRANC ZONE	19.2	0.4	14.9	8.4	1.0	1.6	6.4
AMU	4.4	0.2	0.5	0.4	3.1	0.2	0.3
SADC*	14.9	4.5	1.1	0.5	0.1	12.4	0.3
UEMOA	21.3	0.1	18.6	8.7	1.1	0.8	7.6
Exports to	AFRICA	COMESA	ECOWAS	FRANC ZONE	AMU	SADC*	UEMOA
AFRICA	8.2	3.7	1.9	1.6	0.8	3.9	1.1
COMESA	19.1	11.1	0.2	0.3	0.3	12.4	0.1
ECOWAS	5.3	0.2	4.0	3.0	0.2	0.6	2.5
FRANC ZONE	3.3	0.2	2.1	2.0	0.2	0.3	1.4
AMU	4.9	0.9	0.5	0.4	3.1	0.1	0.3
SADC*	14.5	9.8	0.6	0.5	0.1	11.7	0.2
UEMOA	3.4	0.2	2.6	2.0	0.2	0.3	1.6

* Note that SADCC was formed in 1980 by the Front Line States (FLS) in southern Africa to counter the apartheid destabilisation (especially in South Africa) and promote decolonisation in the sub-region, but was later transformed into SADC in August 1992 (see 7.2.3.)

Source: African Development Bank (1998, 2000).

In understanding the similarities and differences in the movement from stronger to weaker forms of regional integration or vice versa, certain comments need to be underlined. Firstly, in the case of SADCC it was the restriction of membership to those states, which felt the oppressive weight of Apartheid South Africa that sustained its political solidarity. Secondly, it was relatively easier for SADCC to sustain 'political will' within an organisation in which there were 'few limitations' on the exercise of the 'sovereignty' of its members. For example, ideological tensions were considerably reduced through a rigid insistence that governments had the right to make whatever policies they deemed most appropriate for pursuing their respective national interests, within a vague, general platform of 'sacrifice, solidarity and unity' (Gambari, 1991). Additionally, the businesslike emphasis on the autonomy of SADCC member states, coupled with the smallness of its Secretariat also explains the allocation of responsibility for implementing SADCC activities to individual national governments.

However, since SADCC, was designed in such a way as to avoid a regional approach to production and marketing, there was little the organisation could do in dealing collectively with the problem of dependence on the exportation of a few minerals and the importation of capital and consumer goods. This is largely in contrast with what obtained in ECOWAS, where the Anglophone states and their Francophone peers in UEMOA went further than a free trade agreement in their 'collective programme' for economic recovery and supranationality. Moreover, SADCC never achieved the diversity in its sources of external funding which could reduce dependency on one group of donors. As Professor Manu noted in April 2000, this is still largely the case in French West Africa where the economic union (UEMOA) member states still largely depend on France as a crucial benefactor for their relatively weak CFA Francs. The Lusaka Declaration in 1980 demonstrated what welfare benefits SADCC stood to achieve with a loose form of co-operation. In this regard, the member governments highlighted that (Mulaisho, 1988, p. 25):

> We recognise that many of us have existing bilateral and multilateral trade and customs arrangements. But even within these constraints we believe that there is room for substantial increase in trade between ourselves. To this end existing payment systems and customs instruments will be studied in order to build up a regional trade system based on bilaterally negotiated annual trade targets and product lists.

Perhaps, because of this deliberate avoidance of a grand scheme, SADCC attracted donor states and international agencies. Indeed, the organisation seemed tailored as a funnel for receiving such external financial assistance, which then goes directly to specific projects in individual member states. The organisation's framework undoubtedly 'relieved donors of the need to worry about whether the projects were genuinely supported by member states affected, while still allowing the external donors to express their views and preferences' (Gambari, 1991, p. 86). Nevertheless, critics of this loose form of co-operation in SADCC noted that the cautious approach and limited vision of the free trade area would continue to receive conceptual endorsement from Western scholars and perhaps continued funding from those agencies within the control of these scholars. But would this lead to economic liberation and disengagement from trade and economic dependence on South Africa? Suppose, moreover, the funding from external sources dries up as donor fatigue sets in?

These are the sorts of questions FTAs in Africa should be seeking answers to, as it is hardly the time for complacency and limited vision in Africa. It is also why, with all its problems and hesitations, ECOWAS is an organisation, which is better poised to deal with the problems of the twenty-first century than SADCC was in the 1980s. The emphasis on collective reliance seems truer (more realistic) in ECOWAS as a customs union than in the looser arrangements in SADCC and the customs unions of the Maghreb (AMU) and the EAC. It is perhaps better to struggle through the process of establishing a trade liberalisation regime than to avoid getting into a fight over the essence of building an integrated economic community. Of course, the struggle to establish a working common market should be undertaken in such a way that it does not destroy the community, as was the case in East Africa. Even there, however, it was the failure of statesmanship and the colonial origins of the common market and the common services there, which finally brought collapse in 1977 (Gambari, 1991).

5.4 ALTERNATIVE WELFARE SCENARIOS

Having highlighted the different scenarios adopted by African customs unions in their movements from FTAs to stronger co-operation and vice versa, it is necessary to state that these changes in structure are efforts geared towards improving the welfare of contracting states in such arrangements. However, trade diversion and import substitution policies share the same features, as trade creation and outward-oriented growth strategies as already demonstrated in section 5.2. There is no reason why regional economic integration efforts should be pursued along the lines of these tried, tested and proven insufficient growth strategies, which has often led to the dependence culture of developing states on their developed world counterparts.

As Lewis (1980) argued, the main link between developed economies and the developing economies has been the demand for the latter's primary commodities by the former.[91] This has been the link in terms of physical volume not much affected by prices. ECOWAS member states can neither expect to export significantly more primary products by cutting prices, nor expect to generate more revenue by boosting their supplies on the international market in the face of declining prices for their commodity exports. On the contrary, they would earn substantially less purchasing power as their terms of trade deteriorated (Lewis, 1980; ADB, 1998, 2000). West African states and their developing world counterparts could, therefore, earn more by reducing the volume of their cheapened exports or by joining together in raising prices.[92] Sadly, this has not been the case in ECOWAS or any other developing region at that. In the 1980s for instance, developing states in Africa maintained their dependence on the industrialised world for food, fertilisers, cement, steel and machinery (Lewis, 1980; Onimode, 1990). The first item is rather worrisome, that agriculturally endowed states be importing food? If food is the domain of their comparative advantages then ECOWAS members may have undoubtedly lost all forms of competitiveness, as they cannot even claim to be food self-sufficient.[93] Professor Arthur Lewis (1980, p. 561) also rightly argued that the developing countries [including ECOWAS states]:

[91] Arthur Lewis uses the acronyms MDCs (meaning more developed countries) and LDCs (Less developed countries) in his 1980 article to report the growing dependency of the latter on the performance of the former. He also spells out the dangers of this dependency on the long-term growth prospects of the LDCs.

[92] The direct effect of these options would be to reduce output. In this sense, Lewis' position is not only consistent with the theory of Demand and supply, which demonstrates rationality as a decrease in output at low price levels. It is also consistent with the position of the Alternative to SAPs' campaigners like Onimode (1990) and his colleagues at the Institute of African Alternatives (IFAA), London.

[93] This is the position of Sub-Saharan African Scholars who have hammered much on the need for food self-sufficient - a deeper stage into the food security programmes designed by the International Financial Institutions in the North. For a detail on some of these strong debates for alternatives to the current food dispensation problems see the South Commission's 1980 report, and the United Nations Economic Community for Africa (UNECA) in conjunction with key Scholars like Bade Onimode *et al* (1990) at the IFAA.

> Are capable of feeding themselves now, if they adopt appropriate agrarian policies as their agricultural research institutes give them better varieties and improved technology output should more than keep up with population [and therefore lead to expected welfare gains].

Yet the Sahelian droughts of the early 1970s and the devastation that came in its wake, coupled with the consequent increased unreliability of rain-fed agriculture, posed inescapable challenges to ECOWAS national governments to seek a way out of the limitations imposed on this very vital sector of their economies. Taking the specific example of Nigeria, although the Third National Development Plan period (1975 to 1980) coincided with the oil boom era in that country, it also marked the start of a massive campaign for agricultural and rural development. Thus, the Nigerian government, in a bid to stamp out the food shortage problems of its country, launched the National Accelerated Food Production Programme (NAFPP), Operation Feed the Nation (OFN), Green Revolution, the Agricultural Development Projects (ADPs) as well as River Basin Development Authorities (RBDAs).[94] Almost all of these programmes were made nation-wide and often introduced in quick succession. In addition, each Nigerian State retained an elaborate Ministry of Agriculture and Natural Resources (MANR) expected to foster food production and a general development of agriculture within its geographical boundaries. Douglas Rimmer, hammered home what he had always maintained to be the problem in West Africa and in the special case of Nigeria, the sub-region's supposed pacesetter:

> Despite the introduction of agricultural programmes such as the Green Revolution, Operation Feed the Nation, Agricultural Development Projects and the River Basin Development Authorities, in which billions of Naira were sunk, Nigeria still faced food shortage problems. It is a source of concern to see a country that previously fed her population, turn around and throw open her floodgates to the wanton importation of all kinds of food. Moreover, it is important to note that this devastating nose-dive in Nigeria's capacity to feed its teeming population is manifesting in a state endowed with abundant natural resources for the production of food.[95]

[94] Most of the information used in this study was collected from primary and secondary sources between 1994 and 1995 when the author was writing his dissertation at the Ahmadu Bello University, Zaria (Nigeria). Data was gathered from libraries, Institute of Agricultural Research (Ahmadu Bello University), Newspaper publications, Central Bank of Nigeria annual reports and bulletins, as well as pamphlets of the Hadejia - Jama'are RBDA.

[95] March 2001 Interview with Douglas Rimmer, formerly of the Centre for West African studies, University of Birmingham, United Kingdom. See also Kirk-Greene and Rimmer (1981) *Nigeria in the 1970s*.

It becomes even more persuasive to heed the warning of Sir Arthur Lewis in the early 1980s that 'in current North-South [trade] negotiations, less developed states should be discussing among themselves in what directions they would wish to go, prior to negotiations with their developed world counterparts.'[96] Ekins (1995) concurs by highlighting that in bringing about such international or interregional trade relations the aim should be to support high wages and command premium prices in international markets. Furthermore, the African alternatives' theorists have also strongly challenged the validity of the export-led growth thesis (Onimode 1990; Kighoma, 1990). Drawing largely from the Lagos Plan of Action for the Economic Development of Africa 1980-2000, these latter school of researchers proposed an alternative to the *status quo*, by arguing that when the somewhat left-wing Lagos Plan of Action was launched in 1980, the World Bank commissioned the Berg Report, *Towards Accelerated Development in Sub-Saharan Africa* as a counter report emanating from the right.

The Lagos Plan of Action proposed the pursuance of (a) regional food self-sufficiency not just food security, which could be attained through foreign aid that may be withdrawn as a political weapon, (b) satisfaction of critical needs for shelter, health care and housing for the alleviation of mass poverty, (c) sustained growth and development, and (d) national and region-wide collective self-reliance to terminate the prostrate external dependence of African countries (Olanrewaju and Falola, 1987; Onimode, 1990). While the Berg Report maintained the existence of the status quo: unconditional openness of developing world markets to the markets of the developed world (outward-oriented growth strategy). In other words, whereas the Lagos Plan of Action argued that African states should come closer together and be *inward-looking* in their development efforts, the World Bank's report asked for greater external dependence or 'outward orientation' in Africa's development programmes.

In the specific case of ECOWAS, the economic bloc seems caught up between the LPA and the Berg Report. On the one hand, ECOWAS embraced, albeit on paper, the philosophy of LPA-prescribed collective self-reliance as enunciated in Article 35 of the revised 1993 Treaty. But in practice, on the other hand, individual ECOWAS member states continued to embrace the recommendations of the Berg report by seeking 'cheaper imports' from Europe and North America rather than ascertaining if

[96] See Lewis (1980) *Slowing down the Engine of Growth*, p. 564; cited in Madichie and Morris (2000) *Regional Integration.*

these products were regionally available. The particular case of two vegetable oil bodies in Nigeria is highly illustrative in this respect. According to a May 2001 report, the Vegetable and Edible Oil Processors of Nigeria (VOPON), and the Oil Seeds Processors Association of Nigeria (OSPAN), signed documents urging the government to reconsider re-imposing the ban on the importation of vegetable oil into the country (TELL, 2001). This move was necessitated by the recognition of the terminal decline and eventual collapse of the vegetable oil industry in Nigeria as a result of the so-called 'low-cost sourcing' of the product from outside the domestic market (extra-regional trade or trade creation). The resultant over-supplies of these cheap, and therefore, heavy oil imports from, especially Southeast Asia, has 'glutted the domestic market, and thus rendered the growing and processing of oil seeds an unworthy venture.' Furthermore, the rule-of-origin, which specifies that some percentage of value-added or 'local input' into the production process has been a protected racket culminating in the continued loss of competitive edge of local or domestic firms (see TELL, 2001). The joint report of the VOPON and OSPAN have, therefore indicated that perpetrators (importers and their local contacts) have devised devious means of importation through neighbouring states. This is done largely to avoid the payment of the required duties by diverting cargo to the duty-free union members for re-importation into Nigeria under the guise of ECOWAS provisions of Import free Certification (TELL, 2001).

Overall, therefore, this chapter makes it clear that neither approach on their own have worked in West Africa and especially amongst ECOWAS states. Hence, the need to explore other alternative scenarios and approaches, which would not only ensure lock-in institutions but also serve as custodians for welfare improvement of contracting parties within the Community framework.

5.4.1 THE RESOURCE CURSE THESIS

The resource curse thesis holds that resource-rich states often squander their resource advantages because an overly optimistic assessment of growth prospects leads them to pursue inappropriate macroeconomic policies (Auty, 1994). Across Africa, states like the Democratic Republic of Congo (DRC), Nigeria and even South Africa fit this mould. A corollary of the thesis holds that resource-poor states, conscious of their inherited disadvantage, may adopt better economic policies (Porter, 1998), with

Mauritius as a classic example (ADB, 1998). In his study of six newly industrialising economies (Brazil, Mexico, China, India, Republic of Korea and Taiwan), Auty (1994) argued that those with the poorest resource endowments performed better. He concluded, therefore, that the richer a country's natural resource endowment:

- The longer lax macroeconomic policies are tolerated (e.g. in Nigeria and Zambia)
- The less pressure to achieve rapid industrial maturation;
- The longer rent-seeking groups are tolerated and the more entrenched they become; and
- The greater the likelihood of decelerating and more erratic economic growth.

Considering particular case of Nigeria, Dr. Mohammed Abdul, a Nigerian Economics Professor and local businessman constantly pointed out to his students that, '...like so many African states, Nigeria is patently not developing but underdeveloping.'[97] He argued that the Nigerian population was worse off in 1995 than it was in the 1970s, and that despite the US$280 billion in export revenues since the discovery of oil in the late 1950s, at least half of all Nigerians live in abject poverty without access to clean drinking water. It has also been suggested that at the end of the twentieth century, Nigeria was home to approximately 60 million youths under the age of eighteen, seething with frustration over the lack of academic and job opportunities that just three decades before appeared to be within the reach of their parents.[98] According to Bash, an immigration official in Borno state, it is beyond belief that Nigeria should be producing the best crude and at the same time importing refined petroleum from states like Libya. Meanwhile the fuel shortages in Nigerian states are the direct result of hoarding and smuggling activities, which coincides with the pronouncement of one Kanuri businessman while responding to what his occupation was, '...I am a smuggler and the locals know me as philanthropist.'[99]

[97] Excerpts of lecture notes delivered by Dr Mohammed Abdul of the Department of Economics, Ahmadu Bello University, Zaria, Nigeria. March 1995.
[98] Interview with Kemal Saiki, an official of the African Development Bank in Abidjan, Côte d'Ivoire.
[99] The reason why this young man was called philanthropist is because of his generosity with his tax-evasion wealth, which are the proceeds of his smuggling activities across the Gamboru-Ngala-Fotokol border to neighbouring states such as Chad, Cameroon, and as far as the Central African Republic and Sudan.

5.5 THE AGENCY OF RESTRAINT THESIS

In explaining the economic growth problems of African states, Collier (1998) noted that many factors have contributed to the slow growth of the continent. However, he pointed out clearly that restrictive trade policies had been particularly damaging. This is the area of economic policy, which African governments have been most distinctive, and it is also one area that has had spillovers into seemingly unrelated impediments to growth such as poor public services and weak international business networks. Collier also noted that the social networks of firms were an important asset for it, which provides opportunities to learn about new market opportunities and new techniques. However, African manufacturing firms have few international contacts and this handicaps their export development (see Biggs *et al.*, 1996). Based on this scenario, Collier (1998) argued that any government that was serious in reforming the structure of its economy and thereby, on improving the welfare of its population, would need to exhibit credibility and signal its intention to the international community. In other words, a reforming government needs to signal that it is genuine about its declarations by undertaking actions, which clearly distinguish it from 'phoney reformers' making the same general promises. Such governments can also reinforce 'signalling' by taking actions, which lock-in their reform programmes and, thereby, increasing the political costs of any planned reversal of these reforms.

The problem for governments, however, is that it is not easy to construct credible lock-in institutions or agencies of restraint. In principle, the options are that these agencies could be domestic or external. Each can work either by imposing stiff penalties on government misbehaviour or by the government shedding authority over the behaviour in question (Collier, 1998). In practice, however, these distinctions become blurred. For example, an independent Central Bank involves the government shedding authority over monetary policy, but the resulting agency will also act as a restraint upon fiscal policy because the bank can penalise a large fiscal deficit by raising interest rates to politically damaging levels. These problems are the same for any government, both in the developed or developing world. They are too limited in scope to act as effective agencies of restraint against any breach of policy reforms. As Collier (1998, p. 25) argued, 'a reforming African government faces, on a much larger scale, the type of problem faced by the incoming British government of 1979: policy credibility was at a low ebb and the expectation was of continuing failure ...the solutions are qualitatively the same, and are indeed standardised in modern economics.' Mistry (2000) also echoed Collier's 'agency of restraint' doctrine when he suggested that the failure of economic integration attempts in Africa, between 1965 and 1995, was due to macro and micro reasons, of which the lack of enforcement mechanisms is of critical importance. On the macro level, Mistry advanced four reasons for the unsuccessful outing of regional economic integration in Africa:

(a) The failure of African governments to translate their commitments in regional treaties and agreements into substantive changes in national policies, legislation, rules and regulations. In other words, there was no follow-through in translating regional commitments into national actions, which can be expected in any free trade arrangement, which allows for national autonomy and sovereignty rather than strict submission to a regional authority (supranationality).
(b) The unwillingness of African governments to subordinate immediate national political interests in order to achieve long-term regional economic goals (that would have had much higher pay-off for long-term national welfare) or to cede essential elements of sovereignty to regional institutions.
(c) An absence of monitoring and enforcement mechanisms to ensure adherence to agreed timetable, on such matters as tariff and non-tariff barrier reductions or in achieving more difficult objectives such as macroeconomic stabilisation.
(d) Endemic political instability exacerbated by debilitating conflict in every sub-region of Africa. For example, in North Africa, Algeria had its internal struggles with the Islamic fundamentalists, while Tanzania and Uganda have been at loggerheads since the Idi Amin regime, Ethiopia faced internal struggles with Eritrea separationists. In the southern African region domestic violence in Rwanda and Burundi on the one hand, and the plundering of White-owned farms in Mugabe's Zimbabwe has not been very positive for the region. In West Africa, concerns about trade liberalisation in ECOWAS have given to pressures of a regional war, which spilled over the borders of Liberia to Sierra Leone. Regional conflicts made it impossible for integration to work.

At the micro level, however, reasons for the failure of economic integration in Africa were identified as (a) low levels of aggregate demand, (b) low import demand elasticities, (c) relatively large differences in production cost structures, (d) divergent industrial structures and rates of industrial development, (e) poor intra-regional infrastructural linkages, and (f) insufficient opportunities for effective intra-industry trade expansion (see Mistry, 2000). It must be noted, however, that the microelements impeding the welfare gains of states in regional economic integration are not only derived from the macro elements, but also serve to reinforce or erode these processes. In other words, the micro and macro elements are mutually reinforcing or derogatory.

Accordingly, Professor Collier (1998) suggested that there were three available international agencies of restraint (or enforcement mechanism as Mistry argued), which could be used by reforming African states: the international financial institutions such as (i) the World Bank and the Internal Monetary Fund; (ii) the World Trade Organisation, and (iii) the European Union. Nevertheless, African governments had only used the first of these agencies of restraint.

5.5.1 THE WORLD BANK AND THE INTERNATIONAL MONETARY FUND (IMF).

The World Bank and the IMF have negotiated loan agreements with governments in which, in return for lending, governments signed up to a range of promises. This kind of donor conditionality has unfortunately been a major failure in Africa (Yansane, 1996; Collier, 1998). The most obvious manifestation of this failure is indeed the African risk-ratings. If conditionality had been effective, risk ratings would have been more favourable in Africa. As Collier (1998, p. 28) clearly pointed out:

> Conditionality has failed partly because donors have been weak in enforcing the conditions with such behaviour it would require a credulous government to believe that donor threats were genuine. It has also failed because it confuses the ownership of policy. If governments are selling reforms to the donors, as is implied by the structure of programme lending, it is the donors, rather than the government, which owns the policies.

Classical IMF conditionality, which includes devaluation of the currency, liberalisation of trade and exchange controls, withdrawal of the state subsidies, retrenchment of labour and a reduction on government expenditure had traditionally been viewed in West African politics as ruinous (politically) and presents itself as a veritable recipe for military intervention.[100] In the classic case of Ghana, currency devaluation has almost always been followed by a coup d'etat (African Confidential, 1981; Callaghy, 1990; Hutchful, 1997). It is on record that past Ghanaian leaders had supped with the International Monetary Fund (IMF) and the World Bank with long

[100] March 2001 interview with Professor Franklin Manu of the Morgan State University. Note that Professor Manu was interviewed three times (October 2000, March 2001 and September 2001). Ralph Young (1991, p. 655) also cites a quote by Callaghy and Wilson, which suggested that although public enterprises have been dismal economic failures they have been considerable political successes,

spoons. In fact, any interactions with the Bretton Woods institutions had been used as a pretext for military intervention as in 1972, or provided opposition elements with ammunition to forment trouble, as happened during the Third Republic (between 1979 and 1981). It is also on record that previous Ghanaian regimes had gone to, or contemplated going to the IMF and World Bank with trepidation not only because of the stringent conditionalities attached to the loans of such institutions but also the serious political backlash such conditionalities unleashed.

Until his overthrow in a palace coup in 1978, for example, President Acheampong resisted World Bank and IMF pressures top reform the Ghanaian economy. Unlike Acheampong, however, the Supreme Military Council (SMCII) headed by General Fred Akuffo succumbed to IMF pressures and introduced structural adjustment programmes shortly after taking over. The coup that brought Rawlings and the armed Forces Revolutionary council (AFRC) to power in June 1979 effectively terminated the SAP initiated by General Akuffo (Hutchful, 1997). The AFRC handed over power to Dr. Hilla Limann of the victorious People's National Party (PNP) on 24 September 1979. President Limann's PNP was involved in fitful negotiations with the IMF over a new structural adjustment programme owing to the widespread opposition to IMF conditionalities and Limann's own fear of a possible political backlash, his government could not reach any agreement with the IMF until its overthrow by Flight Lieutenant Jerry Rawlings on December 31, 1981. Thus Rawlings' predecessors either went to the IMF and lost political power or for fear of losing power refused to accept IMF conditionalities but ended up losing power all the same (Gyimah-Boadi, 1990).

Political stability, however, seemed to have been restored in Ghana after the second coming of President Jerry Rawlings, who many Ghanaians dread to call the most ruthless dictator to have emerged from West Africa. This conclusion can be justified from the similar accounts reported by various researchers linking PNDC's success with SAPs to a reign of regime terror in post-1983 Ghana (Callaghy, 1990, Gyimah-Boadi, 1990, 1991; Doyle, 1997). According to Gyimah-Boadi, (1991, p. 333) the PNDC 'relied on an array of non-democratic and authoritarian political practices, which helped not only in stifling opposition but also facilitated the pursuit of draconian and politically unpopular economic programmes.'

providing resources, support and legitimacy to the complicated factional disputes within African regimes.

Indeed General Rawlings is known to have governed Ghana with an iron-fist, having stifled opposition to his government by a number of decrees, which also made it much easier to implement structural adjustment programmes (Callaghy, 1990; Gyimah-Boadi, 1990, 1991, Nelson, 1990, Hutchful, 1997). Indeed the 'culture of silence' that was entrenched under the Rawlings administration in the 1980s and 1990s was strictly speaking not out of consent but fear to oppose IMF and World Bank 'austerity measures', as the PNDC under Rawlings acquired a reputation for terrorising civilians through the Forces Reserve Battalion and the Civil Defence Organisation and *Mobisquads* all of which were successful in detecting and diffusing plots against the regime post 1983 (see Hutchful 1997, p. 257).

5.5.2 THE WORLD TRADE ORGANISATION (WTO)

The World Trade Organisation (WTO) has to date been little used by African governments. Moreover, only few African governments have a representation in Geneva, and out of theses few representations, participation has only been on an *ad hoc* basis. Institutionally, representation in the WTO is usually treated as an aspect of foreign representation and so comes under the auspices of the Foreign Ministry (see Krueger, 1999). Quoting Professor Collier, Ezenwe fully agreed that 'African foreign ministers typically have no professional economists on their senior staff lists and so lack the competence to participate meaningfully in the WTO.'[101] Consequently, African governments, it can be argued have (Collier, 1998, p. 12):

> Connived in their own marginalisation from the evolution of world trade policy. To take a recent example, during the Uruguay Round lobbying, primary commodity producers joined together in the Cairns group. Despite the overwhelming dependence of the African continent upon primary commodity exports, Africa was completely underrepresented in this group.

Furthermore, where African governments have joined the WTO they have largely missed out on the opportunity to use the WTO as an effective lock-in procedure of tariff bindings. For example, it was argued that even the 'strongly reforming government like Uganda bound only 15 per cent of its tariffs. Zimbabwe, a weak reformer, momentarily increased all its tariffs to 100 per cent on the day the Uruguay Round agreement came into force so that it locked itself in to tariffs, which did not exceed 100 per cent.' As a signal, this action could hardly have been worse. In effect, it was saying that the government needed to leave itself room to raise tariffs because it might indeed reverse its trade liberalisation commitments. Although the WTO tariff bindings are a useful way of gaining credibility, and should be utilised more often by African governments, they are too narrowly pitched to cover many of the concerns of potential investors. Furthermore, the efficacy of the enforcement procedures has yet to be tested in Africa. Formally, the penalty for breaching a tariff binding is merely that retaliation was permissible (WTO, 1995; Collier, 1998).

The Banana wars between the United Kingdom and the United States in 2000 are a classic example of how limited the WTO can be as an agency of restraint. As stated in the BBC News Online service, despite the rhetoric of global co-operation, the reality is that the economic relationship between the European Union (EU) and the US was looking increasingly rocky at the time (BBC, 2000b). Nevertheless, the EU and the US represent the world's biggest economies, each with about a quarter of world economic output. They are also the biggest investors in each other, with trade and investment flows worth hundreds of billions of dollars (or Euros) each year. Moreover, after the September 11 bombing of the twin towers of the World Trade Centre the EU-US relationship waxed stronger (at least politically and militarily) in a joint effort to wage war on terrorism.

However, a failure to resolve a raft of trade disputes led to a climate of pessimism in which the expansion of free trade itself went under threat. In 1999, for example, rows between the US and the EU over trade in bananas and beef threatened a full-scale trade war, and contributed to a climate of mistrust that made it difficult to find a new head of the WTO and launch a new round of world trade talks. But even though the WTO eventually ruled in favour of the United States, the row was far from over. In 2000 the EU reaffirmed that it would not allow imports of US beef treated with growth hormones, which it says could cause cancer (BBC, 2000b). But according to a United States government spokesperson, the decision was 'a negative and unfortunate step in the wrong direction.'[102] Therefore, the United States threatened to retaliate by introducing a new list of products that will be subject to punitive tariff rates of 100 per cent. The two sides were also deadlocked on the issue

[101] Interview with Professor Ezenwe, December 2001.
[102] Excerpts of the BBC's interviews with Gene Sperling, President Clinton's chief economic adviser, are documented in BBC (2000b) *Trade disputes mar Clinton visit.* Tuesday, 30 May.

of genetically modified (GM) foods and grains, which the European Union would like to ban too.

The EU had in turn tried to capitalise on the WTO ruling against the United States on the issue of foreign sales corporation tax. It declared that the United States proposals to modify this subsidy to United States companies do not go far enough. The European Union also threatened to block United States airlines from flying to Europe with 'hushkits' fitted on their engines, claiming they did not meet new environmental standards on noise reduction. In all these, however, the birth of the WTO was supposed to herald a new era where legal decisions replaced power politics in resolving trade disputes. Instead, the two biggest trading countries seemed to be using the system to escalate their disputes with neither side showing any real signs of yielding.

In practice, the main penalty enforcing tariff bindings is that governments do not wish to be seen to be in breach of a commitment because this would damage their reputations in other spheres. However, this works only for countries, which have reputations to lose (Collier, 1998). For many African countries there is effectively no penalty enforcing WTO commitments. The other potential source of enforcement is disapproval from the domestic electorate. Here the WTO is at a disadvantage because of its relatively low profile. As Professor Ezenwe commented in a December 2001 interview, the Mexican government could have locked-in to trade liberalisation through the GATT/WTO yet it chose the North American Free Trade Agreement (NAFTA) as a more effective agency of restraint.[103] As a member of the Mexican government admitted when asked about this choice, he pointed out that 'much of the Mexican electorate has not heard of the WTO; most of it has heard of the United States' (see Collier, 1998, p. 30). Like donor conditionality, therefore, the WTO is an agency of restraint that offers only limited potential in the short term, although it probably offers much more than donor conditionality in the medium term. The last available option was, therefore, advanced to be the European Union.

[103] December 2001 Interview with Professor Ezenwe.

5.5.3 THE EUROPEAN UNION AND THE NORTH AMERICAN FREE TRADE AREA (NAFTA)

The European Union (EU) is well suited to the provision of a restraint mechanism for reforming African governments, and it is primarily, therefore, an appropriate agency of restraint (Collier, 1998). Although the European Union's share of public expenditure may be tiny relative to that of national governments, its power over trade policy, and prospectively of monetary and fiscal policy is considerable. The source of its power is a combination of authority shedding on the part national governments, and penalties. Underlying the penalties are the reciprocal threats of the member governments: if a country were to impose trade restrictions, other countries would retaliate. In the European Union the authority shedding implied by the powers of the European Commission unveils these reciprocal threats (Collier, 1998). In the North American Free Trade Area (NAFTA) the agreement is entirely underwritten by reciprocal threats between governments since there is no central agency to which powers can be transferred.

A similar situation was obtainable in Southern Africa under the SADCC free trade arrangement. Internationally, however, both the European Union and NAFTA have attracted attention within Africa as possible role models for an African common market. Nevertheless, there has been a long history of failed attempts at the modest mutual gains from trade liberalisation between African countries dominated by inter-country transfers, so that regional trade liberalisation causes political friction. Furthermore, this very history again gives rise to a credibility problem. As an agency of restraint, which was entirely intra-African would in the short-term lack the credibility, which is necessary for it to perform its function of reducing the perceived risk of policy reversal. The importance of NAFTA for Africa, therefore, is not simply that it is a continental agreement, but that it is a North-South agreement. According to Collier (1998) the equivalent of NAFTA for Africa would be a reciprocal free trade deal with the European Union. NAFTA has been remarkably effective as an agency of restraint in locking Mexico in to a liberal trade regime. Recalling that shortly after joining NAFTA, Mexico faced severe foreign exchange crisis because its exchange rate was overvalued. This was a familiar situation for a developing country (Collier, 1998). Typically, the policy response would have been to defend the exchange rate by abandoning the trade liberalisation and rationing foreign exchange. That the

Mexican government was prepared to allow a sharp depreciation in the currency rather than reverse the liberalisation is likely at least in part, to have been due to the discipline imposed by NAFTA. Had the Mexican government imposed trade restrictions it would have expected the US Congress to retaliate.

Nevertheless, Collier (1998) argued that although the European Union is primarily an agency of restraint, it was also a fiscal institution, which not only generated revenue but also incurred expenses through regional spending. The relations of the European Union to Africa are enshrined in the Lomé Agreement an agreement renegotiated every five years, and under which Africa enjoys the pride of place in terms of budget allocation for its numerous aid programmes. To date, however, the agreement has concerned itself purely with the more minor fiscal aspects of the two functions of the European Union. It has not drawn on the agency of restraint function. This is to prioritise both the needs of Africa and the comparative advantage of the European Union incorrectly. West Africa needs policy credibility more than it needs aid. Potentially, private capital flows could dwarf public transfers and be more productive. For this reason the EU is considered as the only donor, which is itself primarily an agency of restraint, thus giving the Union a natural advantage in providing that role for Africa.[104] Furthermore, unlike almost all other aid-providing agencies, it does not make loans as all its transfers have been in the form of grants. Unlike the IMF and Word Bank, therefore, the European Union is not subject to the problem of defensive lending (Collier, 1998). Were the penalties by which it enforced the commitments of African governments to include aid reductions, the threat would, therefore, be more credible than the current threats of the IMF or the World Bank.

However, the main enforcement for a Europe-Africa reciprocal trade deal would be the penalty of loss of market access. Although EU trade barriers against Africa are generally low, there are two areas in which the offer of better access would be valuable for Africa. One is the sensitive area of temperate agricultural products, many of which Africa is able to produce. This is probably so sensitive within Europe that the attempt to include it in trade concessions might wreck the prospects of the agreement. The other area for reciprocal improvements in access is with respect to anti-dumping suits. The price paid during the Uruguay Round for the phasing out of

[104] The EU-ACP negotiation is one example of the role of the EU in Africa, the Caribbean, and the Pacific states.

quota protection was the much greater ease of bringing about an anti-dumping suit (Krueger, 1999). The rules governing such suits are now so bizarre that defence against them is almost impossible.

5.6 THE AGENCIES OF RESTRAINT REVISITED

As Collier (1998) made absolutely clear, the WTO's credibility is lower than it has ever been. The US shows little commitment to it, to the extent that even former President Clinton once said he sympathises with the critics of the WTO. The European Union is scarcely better with its lackadaisical efforts to comply with WTO rulings in the festering disputes of 2000, with the US over bananas and beef hormones.[105] The Seattle summit also raised doubts about whether the WTO's unwieldy structure and arcane procedures could cope with 135 member states all demanding their say. Moreover, it has worsened the deep divisions not only between the US and Europe, but also between rich and poor states about future liberalisation. When the talks broke down in Seattle, one sticking point was agriculture: although the EU moved a long way, it still refused to endorse the aim of ultimately eliminating farm-export subsidies. Professor Manu, in a March 2001 interview, was of the particular position that the prospects of sectoral negotiations on agriculture and services were also clouded by the lack of agreed objectives or deadlines on which successful negotiations depended.

The stalling of the multilateral trade liberalisation will undoubtedly give a new impetus to regional and bilateral efforts. The European Union is likely to push harder for regional trade deals that grant it preferential access to foreign markets. In 2000 the European Union signed agreements with South Africa and Mexico. The United States also showed signs of pursuing a mooted free trade area of the Americas with greater vigour. Even Japan, which had until recently resisted regional options, announced in the aftermath of the Seattle debacle, that it planned to pursue a free-trade area deal with Singapore (*The Economist*, 1999). However, failure in Seattle has left the WTO's authority in tatters. Although the multilateral trading system has survived such setbacks before, it must be remembered that efforts to launch the round failed in 1982, and the Uruguay Round launched in 1986 broke down repeatedly, the

[105] The Economist. http://www.economist.com

Seattle debacle, therefore, only seemed like the last straw. After the bruising, and still unresolved battles between the United States and the European Union over bananas and beef hormones, the Seattle debacle, and now the damaging deadlock in Doha, there is only so much more that the WTO and now even the European Union can cope with. Can ECOWAS, therefore, succeed where the EU, NAFTA and WTO have failed?

5.6.1 ECOWAS AS A LOCK-IN INSTITUTION

The next available option to salvaging the economic development malaise in West Africa is to forge closer links between its neighbouring states in their joint developmental efforts. Infrastructural development at the regional levels, as well as regional research and development schemes is one good starting point. Since it is expensive for regional commitments to joint projects to be reversed or abandoned, they may as well serve as a good institutional lock-in. For ECOWAS to ensure success in this area, however, it would require the attainment of a minimum threshold of development, which guarantees the irreversibility of its lock-in processes. However, Collier's (1998) institutional propositions: Agencies of Restraint or Lock-in are not only consistent with the signs of the times but also congruent with the 'minimum threshold' requirement for West African development, proposed by Nwabuzor and Anyamele. According to the latter:

> A minimum threshold of development is needed before export trade and economic growth can become associated. This minimum threshold is infrastructure development. Without adequate infrastructure facilities put in place, trade is useless. It is no longer news that there is a direct relationship between the level of infrastructure development and trade.[106]

Nwabuzor and Anyamele also posited that:

> It is all too clear that the West African sub-region (since you are more interested in events there) is not well served by a good network of roads and railways, which are crucial for the movement of goods. Only Nigeria and Cape Verde have more than three times the mileage of paved and unpaved ones. Similarly, only Nigeria and Guinea can boast of more than 1000 miles of railway lines. In

[106] April 2000 post conference discussions with Professor Augustine Nwabuzor (Florida Agriculture and Mechanical University) and Professor Okechukwu Anyamele (Jackson State University). Atlantic City, New Jersey.

short states like Cape Verde, the Gambia, Guinea-Bissau and the republic of Niger have no railway lines at all.

It is also for these reasons that they couched their work on the basic tenets of the gravity model of trade flows to link such flows with economic size, which is approximated by output. It is also linked with factors that inhibit trade flows such as tariffs as well as factors that increase transaction costs such as transport bottlenecks. The proposal of Nwabuzor and Anyamele, therefore, was that the level of exports would increase among ECOWAS states as the transaction costs associated with poor infrastructural developments registered a considerable decrease. This implies that there is indeed an inverse relationship between exports and transaction costs (and hence infrastructural developments).[107] Furthermore, Nwabuzor and Anyamele claimed that their position was:

> Consistent with that of Bougheas *et al.* (1999) who argued that transport costs are not only a function of distance but also of the availability of public infrastructure, such as road, ports and telecommunications networks. They used motorway network as a measure of infrastructure and by so doing found a positive relationship between trade flows and infrastructure.[108]

It is suggestive, therefore, that the level of infrastructure development in the ECOWAS sub-region has determined the patterns of intra-ECOWAS trade flow, more than any other factor. In a separate interview with, retired General Alli, a Nigerian government official, for example, the importance of physical infrastructure for development was underlined:

> Our economic survival and development is directly dependent on the efficiency of the generation, transmission, and distribution network of electricity. It is ironical to observe that rather than private generation plants to standby for the Nigerian Electric Power Authority (NEPA), the converse is the case. No factory in this country (Nigeria) can exist without procuring additional capital outlay for electricity generation to cater for the persistent short fall from NEPA. Thus every industrial outfit suffers either from total power failure or persistent irregular or low voltage in power supply.[109]

[107] Note that the EU as an agency of restraint is reasonable. But also note that ECOWAS with the minimum threshold may be just as good.
[108] See Nwabuzor and Anyamele. *Opcit.*

When asked how well posed Nigeria was in linking with its ECOWAS neighbours in the telecommunications sub-sector? The retired General stated that:

> Nigeria is supposed to be at the threshold of industrialisation. Given our geographical size, the limited and costly means of transportation, the need for effective communications networks is really imperative. The extent of our investments over the years in this sector is sufficient to sustain an appreciable level of efficiency. But regrettably, it is easier to talk to London, Paris, Washington and Brussels.... Than to talk to Kaduna or Port Harcourt (other Nigerian states) from Lagos (the former state capital of Nigeria) ...this, to say the least, is ridiculous.[110]

That ECOWAS states are importing increasingly more food and less capital goods is in line with the general opinion that Africa's agriculture is declining and that West Africa specifically, is not expanding its volume of exports. Hence the need for more outward-orientation, which should ensure a sustainable level of economic growth. However, Dr. Mohammed Abdul has often deplored the constant plunge of commodity exports on the international market as catastrophic for West Africa and Nigeria in particular. According to him:

> Most West African states are basically commodity exporters, and the future of most of these traditional commodity exports is rather bleak, considering the low-income elasticities of demand associated with such products. In other words, markets for these commodities are showing signs of saturation.[111]

Commodity prices have been very depressed during the last decade of the twentieth century. After the 1979-82 recession the world economy began to expand again but commodity price recovery did not follow. Indeed, the World Bank (1992) demonstrated that the fall in world commodity prices was linked to stagnating or even declining demand, surprisingly at a time of world economic expansion. But the sharp fall in commodity prices cannot be ascribed only to stagnating demand in Europe or the US, as expanding supply has aggravated it more. The supply increase is the outcome of net investments made during the second half of the 1970s, a period of relatively remunerative commodity prices (Hicks and Kubisch, 1984: cited in

[109] November 2001 Interview with Retired General Alli, former Nigerian Military Attaché to Zimbabwe, former commander of the Order of the Gambia, and ex-military chief as well as current Minister in the new (2000) civilian regime of the Federal Government of Nigeria.
[110] November 2001 Interview with General Alli, Ibid.
[111] Professor Abdul is of the department of Economics, Ahmadu Bello University, Zaria. He is also a local businessman and sole proprietor of Rahama Hotels, Samaru, Zaria. Diary Accounts.

Madichie and Morris, 2000). Another often-cited reason for the poor outing of West African states is the lack of market access to the industrialised economies of the US and more especially the EU, which is also ascribed to be linked with the fact that West African states have not been outward-oriented in their trading relationships. A recent study has examined Africa's main primary exports[112] and concluded that the path followed in Africa, of exporting mineral and agricultural resources is a dead end because of the poor prospects in the world market place (Brown and Tiffen, 1992).[113] For this primary reason, market access is needed by ECOWAS states more now than at any other time in the past. Then again, the decline of West Africa's agriculture is not solely a phenomenon of the 1980s. According to Timmer (1988), for example, agriculture, the backbone of West Africa's economy, was stagnating before the 1980s, the decade of structural adjustment programmes.

However, the crippling effects of these adjustment programmes in sub-Saharan Africa as a whole are well documented. For example, Hicks and Kubisch (1984) suggested that the general tendency of reforming governments was to cut relatively more from projects in production and infrastructure development with medium or long term gestation periods, and less in social sector projects, with the administration and defence sectors occupying and in-between position. By African standards, however, these cuts in government spending in public services, which is entrenched in structural adjustment programmes for Africa, have always meant an erosion of living standards for majority of their population (see *Africa Recovery* 1992). Massive cuts in government outreach towards the provision of social services further accentuates the already stretched levels of malnutrition and public ill health as well as incidents of social exclusion in African societies. Professor Kwanashie put the argument even more bluntly when he reviewed the Africa Recovery Report. According to him:

> In two thirds of the 42 IMF programmes reviewed, the budget of the social sector was demonstrated to have declined, especially for education and health. The IMF reply was that given the magnitude of the macroeconomic shocks suffered by poor Africa states, their citizens were bound to suffer ...The cost of

[112] Cocoa, Coffee, Timber, Cotton, Sugar, Livestock, tobacco, Tea, Fish products, rubber, groundnuts, Palm Oil, bananas, Sisal and Spices, in that order.

[113] For instance, studies of the world cocoa market, in which exports from Africa, especially West Africa, comprises 55 per cent of traded volume, have shown that over a 20-year period (between 1960-1980), cocoa consumption increased by only 40 per cent, with negligible increases in the major consumer markets such as the EU (12 per cent), and US (19 per cent) over the same period (International Trade Centre, 1987)

adjustment therefore, must be seen in perspective. In the short run, these costs are unavoidable sacrifices that accompany the correction of an unsustainable situation.[114]

Nevertheless, that outward-oriented economies do grow more[115] can only be truly achieved if grounded on a solid foundation: a collective import substitution strategy on a region-wide basis epitomised by more vigorous regional economic co-operation. In this regard, it is in order to suggest that ECOWAS can indeed act as an agency of restraint by encouraging the joint development of regional infrastructure and hence, enlargement of the sub-regional market. For example, by expanding the industrial potential and scope of West African exports, these primary products can be more profitably absorbed into the regionally fortified industrial sector. By developing alternatives beyond the reach of the IMF, World Bank and to an extent even the WTO and the EU, their *take–it-or-leave-it* attitude on matters relating to international competition and terms of trade will probably change to the betterment of the global economic order, as the dependence on the vagaries of the world market is thereby reduced.

5.7 CONCLUSIONS

This chapter conceptualised welfare into both its economic (GNP per capita) and non-economic (access to health - mortality and fertility rates; education - adult illiteracy rates) components. Undoubtedly, the welfare of states in an integrated region can only be claimed to be measurable constructs and can, therefore, only be tested for improvement or deterioration, as opposed to using the term welfare, which is immeasurable on its own. Furthermore, by all logical interpretations, trade creation was demonstrated to exhibit strong traits associated with export-oriented growth strategies adopted by ECOWAS states in the 1980s, just as trade diversion reflected the import-substitution growth strategies of the years following the political independence of these states. However, trade creation as argued in the literature, can be deleterious to economic growth, in the same way that trade diversion can actually be an escape route from the welfare erosion of states. In any case, there is no reason

[114] Department of Economics, Ahmadu Bello University, Zaria. Lecture notes. September 1995.

why low-cost suppliers cannot come from within a Customs Union. The only possible reason why this has not been the case is that there still exists a tilt in the playing field, suggesting that there is more to welfare than trade creation and/or diversion can account for. The case analysis presented in Chapter 6 demonstrates the extent to which ECOWAS had exploited infrastructure and policy harmonisation as an effective lock-in mechanism for effective welfare gains. The result of that analysis highlights why the welfare of Member states has not been adequately improved over the past three decades.

[115] As was noted by Dollar (1992) trade liberalisation, devaluation of the real exchange rate, and maintenance of a stable real exchange rate could dramatically improve growth performance in many poor countries.

CHAPTER 6: SECTORAL CASE STUDIES ON ECOWAS

6.0 INTRODUCTION

The economic development of any society (be it developed or developing) is a complex process that depends on several interacting forces of which the development of adequate infrastructure is but a part. However, since it would be too ambitious to attempt an exhaustive exploration of all these forces in a study of this nature, the focus would be restricted to ECOWAS efforts in the area of physical infrastructure development. This is particularly relevant to ECOWAS states, where transport, communications and energy constitute the essential ingredients for economic development. Without appropriate road and rail networks for instance, locally grown produce would go to waste in the fields for lack of access to markets. It is the differing modes of transport (rail, road and river), therefore, that provides the arteries for the flow of people, information, ideas, innovations, raw materials and finished products, which in turn build and maintain society in general.

Chapter 6 thus analyses and offers significant insights into the direction of trade within ECOWAS. It advances strong evidence to show that intra and extra-ECOWAS trade flows have followed established patterns, where transportation networks, if any were still biased toward extra-regional trade than within the sub-region. This chapter also contends that the joint development of transport, communications, and energy amongst ECOWAS member states, which is currently inadequate, would have undoubtedly lowered transaction costs and hence improved the living standards of the population in contracting states. There is a further suggestion that while opportunities for these joint initiatives might have existed on paper at least, ECOWAS member states had not seized the opportunity to transform theory to practice. In the energy sector, for example, the West African gas pipeline project is detailed alongside the Hydroelectricity Master Plan from which Member States are expected to collectively enhance the connectivity of the sub-regional market.

Overall, between 1975 and now (2002), the joint development of physical infrastructure provide opportunities for positive spillover effects on other crucial objectives of ECOWAS such as the free movement of factors of production, especially in goods and persons. Likewise, the inadequacy of regionally sound physical infrastructures negatively affects the level of transaction costs, which makes most ECOWAS products less competitive in the international market, as well as inhibits the development and dissemination of knowledge and technical skills required for industrial advancement of the sub-region.

6.1 TRANSPORT, COMMUNICATIONS AND ENERGY DEVELOPMENT

On signing the 1975 Treaty, ECOWAS member states viewed the harmonisation of policies, especially in the field of physical infrastructure: transport, telecommunications, power, and the development and provision of water and sanitation, as central to the activities of households and to economic production of the sub-region. This is aptly demonstrated in Articles 28, 33 and 55 of the Revised Treaty of 1993. In these articles, ECOWAS Member States agreed to co-ordinate and harmonise their policies and programmes in the fields of energy in order to:

> a) Ensure the effective development of the energy resources of the region; b) establish appropriate co-operation mechanisms with a view to ensuring a regular supply of hydrocarbons; c) promote the development of new and renewable energy particularly solar energy in the framework of the policy of diversification of sources of energy; d) harmonise their national energy development plans by ensuring particularly the inter- connection of electricity distribution networks; e) articulate a common energy policy, particularly, in the field of research, exploitation, production and distribution; f) establish an adequate mechanism for the collective solution of the energy development problems within the Community, particularly those relating to energy transmission, the shortage of skilled technicians and financial resources for the implementation of energy projects of Member States.[116]

In the area of postal services, Member States also agreed to:

> Foster closer co-operation between their postal administrations in order to ensure efficient, speedier and more frequent postal services. In the area of telecommunications, Member States shall; (i) develop, modernise, co-ordinate and standardise their national telecommunications networks in order to provide reliable interconnection among Member States; (ii) complete, with dispatch, the section of the pan-African telecommunications network situated in West Africa; and (iii) co-ordinate their efforts with regard to the operation and maintenance of the West African portion of the pan-African telecommunications network and

[116] ECOWAS (1993) *Revised Treaty*, Article 28.

in the mobilisation of national and international financial resources. Member States also undertake to encourage the participation of the private sector in offering postal and telecommunications services, as a means of attaining the set objectives.[117]

The reality of the lack of any of these physical infrastructures becomes painfully evident when natural disasters or civil disturbances destroy or disable power stations, roads and bridges, telephone lines and water mains. Major infrastructure failures quickly and radically reduce communities' quality of life and productivity. Conversely, improving infrastructure services enhances welfare and fosters economic growth (World Bank, 1994). It follows, therefore, that the three most vital areas of the charter establishing ECOWAS lie in the realm of Transport, Energy and Communications, which all have spill over effects in better trade relations amongst members of the Community. For these reasons, perhaps, the joint development of an integrated transport and communications network has been one of the fundamental objectives of ECOWAS from its original 1975 Lagos Treaty (discussed in Chapter 4). However, according to Professor Ezenwe, the existing transportation networks in ECOWAS, although designed during the colonial era to advance the cause of trans-Atlantic commerce, has remained largely inadequate for intra-West African trade in the twenty-first century.[118] Taking the cases in turn reveals why such non-tariff barriers are more important than the mere tariff barriers that have received the bulk of attention in traditional customs unions literature.

6.1.1 TRANSPORTATION

The Revised ECOWAS Treaty specified the need to develop transport and communications by ensuring the harmonious integration of the physical infrastructures of Member States and the promotion and facilitation of the movement of persons, goods and services within the Community. In this respect, Member States were directed to undertake the following protocols (see ECOWAS, 1993, Article 32):

a) Evolve common transport and communications policies, laws and regulations; b) Develop an extensive network of all-weather highways within the Community, priority being given to the inter-State highways; c) formulate

[117] This is highlighted in Article 33 (3) of the Revised ECOWAS Treaty of 1993. See Appendix.
[118] Interview with Professor Ezenwe. December 2001.

plans for the improvement and integration of railway and road networks in the region; d) formulate programmes for the improvement of coastal shipping services and inter-state inland waterways and the harmonisation of policies on maritime transport and services; e) co-ordinate their positions in international negotiations in the area of maritime transport; f) encourage co-operation in flight-scheduling, leasing of aircraft and granting and joint use of flight freedom rights to airlines of the region; g) promote the development of regional air transportation services and endeavour to bring about the merger of national airlines in order to promote their efficiency and profitability; h) facilitate the development of human resources through the harmonisation and co-ordination of their national training programmes and policies in the area of transportation in general and air transport in particular; i) endeavour to standardise equipment used in transport and communications and establish common facilities for production, maintenance and repair.

However, the development of transport in the whole of the ECOWAS sub-region has been abysmal and may have been the main reason for the deterioration of economic development within the sub-region. The example of Nigeria perhaps illustrates the role of transportation infrastructure to the development of regions within and between ECOWAS states. Specifically in the decades to 1985 there was little encouragement given to the transport development of the middle belt despite the fact that it was the food basket of that country (Mabogunje, 1989). The result was that it became the most backward region within Nigeria, despite the fact that it also lies within the flood plains of the two largest rivers in Nigeria (the Benue and the Niger). There are other examples showing the disparities within developing states resulting from selective transport development policies. In this section, the different modes of transportation in West Africa (road, rail, river and/or maritime) are highlighted and the contribution of ECOWAS towards the integration of these transportation networks is analysed.

Road Transport

In the whole of West Africa with more than 300, 000 kilometres of roads, less than 30,000 kilometres (or 10 percent) were surfaced as at the end of 1980. This percentage however varies from one state to another. In Nigeria, for example, only about 12,000 kilometres (13 percent) of about 95, 000 kilometres of roads were bitumised in the early 1980s, while only about 700 kilometres (4 percent) of the 17,000 kilometres of Burkina Faso's roads (Table 6.1) were bitumised by the early 1980s (Onyemelukwe and Filani, 1983).

Table 6.1 Road Network in Selected ECOWAS States (1980)

Country	Total Area (km^2)	Total Road Network (km)	Road Density (Per km^2)
Togo	56,000	7,700	7
Côte d'Ivoire	323,463	38,850	8
Nigeria	923,768	95,000	10
Burkina Faso	274,200	17,000	16
Benin	115,000	6,200	19
Liberia	111,369	4,000	28
Ghana	323,463	6,500	44
Mali	1,240,000	12,000	103
Niger	1,267,000	4,034	316

Source: Adapted from Onyemelukwe and Filani (1983, p.111)

Research by Onyemelukwe and Filani (1983) suggested that road density in West Africa ranged from the most poorly connected countries such as Niger with only about one kilometre of road to approximately 316 kilometres of area and Mali with one kilometre to approximately 103 kilometres of area to those of moderately connected countries such as Benin and Burkina Faso, with one kilometre of road network to less than 20 kilometres of land area. However, the average road density for the whole of West Africa was one kilometre to about 24 kilometres of area. This notwithstanding, only fairly well connected countries such as Nigeria, Côte d'Ivoire and Togo, with one kilometre of road networks to fewer than ten kilometres of land area, have managed to stay above the average for ECOWAS (Table 6.1).

Irrespective of compelling evidence, the restructuring of the existing road transport networks can only be feasible within a regional framework. For example, such interstate projects as the east-west 4,800 kilometres road linking Dakar (Senegal) and N'djamena (Chad) via Senegal, Burkina Faso, Niger, Nigeria, Cameroon and Chad, the West African Coastal highway, which links Nouakchott (Mauritania) and Lagos (Nigeria) via Dakar and Abidjan (Côte d'Ivoire), and the interstate road linking Dakar and Bissau (Guinea Bissau) via Banjul (The Gambia) all require the agreement and active participation of affected states. Thus ECOWAS offered the best opportunity for the improvement of the transport infrastructure in the (West African) sub-region, and without an adequate regional transport network and communications system, economic integration would have little relevance in the sub-region (Ezenwe, 1983).

Furthermore, the development of regional transport and communication networks within ECOWAS has some implications for the Community's other objectives. The free movement of factors of production (labour and physical capital) is one of such objectives. It is now clear, however, that freer movement of goods and people within the ECOWAS sub-region enhances the prospects of a better allocation of resources, which ultimately translates into the long-term development objective of ECOWAS. Nevertheless, the conditions of West African road networks have remained appalling and inadequate for the enhancement of the movement of factors of production. This is largely because significant proportions of the existing road networks are unsurfaced and many are opened only seasonally.[119] Various explanations suggested have been partly due to the huge expenses involved in the provision of bitumised surfacing.

Looking at the situation from a geographic perspective, the impact of roads on the process of social and economic development of ECOWAS states is enormous. Road transport for example, exerts a spatial influence on the opening up of undeveloped rural (and perhaps even urban) areas (Filani, 1977). It also serves as a medium of transport for products inaccessible to railways and the coast. Thus road transport enhances the widening and fusion of markets in several settled areas as well as stimulates further production for internal and external trade thereby encouraging the growth of the modern economy.

Under the Community Transport Programme initiative in Lomé (Togo) in 1980, a road network, which constitutes the basic foundation of a well-meshed sub-regional network, was introduced by ECOWAS. The two principal trunks consisted of the Trans-Coastal Highway and the Trans-Sahelian Highway on the one hand and the Interconnecting routes on the other hand (ECOWAS, 1995a, 1995b). The *Trans-Coastal Highway* connects Lagos (Nigeria) with Nouakchott (Mauritania). The road network runs for 4767 kilometres through Nigeria, Benin, Togo, Ghana, and Côte d'Ivoire, Liberia, Sierra Leone, Guinea, Guinea Bissau, Senegal and Mauritania. While the *Trans-Sahelian Highway* linking Dakar (Senegal) with N'djamena (Chad)

[119] April 2000 interview with Nwabuzor and Anyamele. Discussed in more detail in section 6.3.

has a road network, which runs for 4633 kilometres through Senegal, Mali, Burkina Faso, Niger, Nigeria to Chad. The status of implementation of the road networks as at 1995 indicated a level of 88 percent completion for the Trans-Coastal route and 78 percent for the Trans-Sahelian route and with connections to almost the totality of the capitals of ECOWAS states. For the Trans-Coastal route, the sections not yet paved concern only five states with missing links made up of about 654 kilometres (ECOWAS, 1995). In the case of the Trans-Sahelian route the missing links, which are not yet under construction, are located in three states and are up to 630 kilometres. The second road network is the *Interconnecting route* specifically designed for opening up landlocked states. This second phase of the ECOWAS regional road development project is made up of 48 projects with a total length of 7,591 kilometres spread over 14 Member States (ECOWAS, 2000). The objective of this phase is the construction, rehabilitation of missing or deteriorated transport corridors between land-locked states and maritime ports.

However, in a January 2001 interview with one UK-based Nigerian Journalist, there were suggestions that ECOWAS policy-makers were 'nothing but architects of abandoned projects.' This is not very surprising especially when consideration is given to the number of projects initiated but never completed across West Africa.[120] One of the joint sponsors of the ECOWAS fund, the African Development Bank has released funds for a multimillion Kankan-Kouremale-Bamako road project to link Guinea with Mali (ADB, 2000). The project is also expected to contribute to opening-up Guinea's Northeast as well as Mali's Southwest regions in order to diversify landlocked Mali's links with the rest of the world. As Kemal Saiki of the Abidjan based African Development Bank confirmed, the project aims at establishing a permanent road link between Guinea and Mali's economic and administrative centres in order to promote economic activities across the ECOWAS sub-region.[121]

[120] Discussion at the Nigerian conference hosted in honour of President Olusegun Obasanjo and the Nigerian community in the United Kingdom. London. December 2000.
[121] Interview with Kemal Saiki, Opcit.

The story is even worse in the case of railway links amongst West African states. Onyemelukwe and Filani (1983) while commenting on the situation in West Africa in general (as distinct from the particular case of ECOWAS members) made some very instructive remarks concerning the hiccups in the nature of transportation infrastructure across the sub-region. A cursory look at the map of ECOWAS reveals two main features: both the road and railway networks still reflect the inherited colonial patterns and their paucity, which is not too surprising as out of the 93 Articles of the revised Treaty of ECOWAS the word railway featured only once. Article 32 (c) highlights the level of attention ECOWAS ascribed to a regional rail policy thus (ECOWAS, 1993):

> For the purpose of ensuring the harmonious integration of the physical infrastructures of Member States and the promotion and facilitation of the movement of persons, goods and services within the Community, Member States undertake to: a) evolve common transport and communications policies, laws and regulations; b) develop an extensive network of all-weather highways within the Community, priority being given to the inter-State highways; and c) formulate plans for the improvement and integration of railway and road networks in the region.

Individual railway networks of ECOWAS states have remained poor over the formative years of the Community. For example, while the total rail track length of Member States varied from as low as 120 kilometres in Liberia to over 3500 kilometres in Nigeria (UNECA, 1999), states like Niger, Guinea Bissau, Cape Verde and the Gambia had no railway lines at all (ADB, 2000). For those ECOWAS states that were fortunate to have rail networks, however, the railway systems were not generally connected, as there were tremendous variations in such technical features as gauge, couplings, brake systems and buffers. For example while Anglophone states like Nigeria operated on a 1.067 metre gauge in the early 1980s (Onyemelukwe and Filani, 1983), those of their Francophone counterparts (Benin, Burkina Faso, Guinea, Mali, Senegal and Togo) operated on 1.000 metre gauges.

Only Mauritania operated on the standard 1.435 metre gauge.[122] These disparities in gauges reduced largely, the efficiency of rail links within and between many of these ECOWAS states and might have undoubtedly disturbed the progress towards any attempts at railway integration among the member states. Despite the alarming variability highlighted within this period (1975 to 1985), the importance of railways to the economic progress of ECOWAS member states cannot be overemphasised.

In recognition of the correlation between exports and the growth of railways, therefore, ECOWAS states realised that in order to enhance the level of trade within the sub-regional market, major rehabilitation works had to be carried out, and these commenced around the end of 1978. Unlike the provisions made in the Treaty (Article 32 (1c)), however, Member States embarked on rehabilitation works not under the framework of ECOWAS but on their respective national government levels. For example, states such as Senegal and Mali carried out major modernisation programmes for railway equipment and tracks while Togo embarked upon a relatively modest rehabilitation effort. Nigeria also embarked on a 426 kilometres line change for the Port Harcourt to Makurdi 1.067 metre gauge, upgrading it to the standard gauge of 1.435m. In Ghana, a programme of track realignment and renovation of signalling systems was also undertaken (Onyemelukwe and Filani, 1983). There is a compelling suggestion that adequate rail networks within ECOWAS impacts substantially on the economic progress of the sub-regional market.

The strong empirical evidence showing the positive correlation between West African exports and the construction of railway lines prior to 1975, when ECOWAS was established, has been documented (see Onyemelukwe and Filani, 1983, PANA 2002i). For example, one retired Engineer of the Nigerian Railways described how the economic history of crop production, distribution and subsequent consumption has had to await the construction of railway lines.[123] In the particular case of Nigeria, the 1120 kilometres railway line from Apapa port to Kano and the Kaura Namoda terminus cut across the cocoa, cotton, groundnuts and kolanuts producing areas, just as the eastern branch from Port Harcourt to Kaduna served the oil palm districts and coal fields near Enugu (the coal city). In Ghana the cultivation of cocoa was also

[122] It is suggestive that Mauritania's standard gauge of 1.435m was in line with the North African Arab Maghreb standards. It may have also been the case that the successful harmonisation of policies in the Maghreb Union is one of the reasons why Mauritania decided to leave ECOWAS for the AMU in 2000.

stimulated by the Accra-Kumasi railway link up. The cultivation, which started in Akwapim very close to Accra spread along the new railway to Kumasi via Koforidua in the 1920s (ECOWAS, 2000). The remaining railway lines were mainly used for the transportation of mineral and agricultural produce from the hinterland to the coastal ports, for subsequent shipment to European and North American markets. Other examples abound, in Mauritania the 670-kilometre of railway lines connected Port Etienne with the iron mines at Fort Gourand in order to transport minerals. The Fria to Conakry railway line in Guinea and the three lines in Liberia were also essentially mineral-carrying lines. However, most of the rail rehabilitation efforts have been pursued at the national levels without due consideration for regional initiatives. For instance, as Douglas Rimmer noted, there were only two international railway lines in the whole of West Africa in the 1970s. These were the 1200 kilometres line, which extended from Abidjan (Côte d'Ivoire) to Ouagadougou (Burkina Faso), and the railway link connecting Dakar (Senegal) with Bamako (Mali).[124] The former line extension carried most of the goods destined for land locked Burkina Faso while the latter link served land locked Mali in terms of the movement of international traffic. It follows, therefore, that while Africa as a whole and ECOWAS in particular, can achieve economic growth through vigorous export promotion initiatives through special trade concessions, greater success could be achieved by other means. In an interview with Nwabuzor and Anyamele for example, these 'other means' could include the development of a regional transportation infrastructure, which is necessary for any possibilities of reasonable growth in intra-regional trade.

The removal of physical impediments to the movement of goods and persons, a main ECOWAS objective, within the sub-region may in fact be more important than the creation of a common currency (PANA, 1998). However, Nwabuzor and Anyamele stated that 'Nigeria only recently announced plans to link up with Ghana by rail,' just at about the same time that Mauritania handed in its notice of withdrawal from ECOWAS. Ignoring the latter episode for the time being, the Nigeria – Ghana rail link-up will definitely benefit two other ECOWAS member states, Benin and Togo. However, if the rail link were further extended to Dakar and the proposed

[123] June 1999 interview with Mr. Okeke, a Nigerian Railways civil engineer from 1962 to 1985. The respondent was also interviewed twice (again in February 2000 in London).
[124] Interview with Douglas Rimmer. March 2000. See also Kirk-Greene and Rimmer (1981)

Trans-ECOWAS motorway reaches completion ECOWAS could be on its way to the attainment of the free movement of factors of production within the sub-region.

Maritime transport

In the area of Maritime transport, sea freight in West Africa is generally dominated by a few firms and therefore, suffers from lack of competition (Amjadi *et al.* 1996). Apart from the fact that Ocean freight rates are the highest in West Africa when compared with Asia or even with the rest of the African continent (Biggs *et al.*, 1996), there are only few ships plying the West African waters. Even with these low levels of sea traffic, the few vessels also have the most erratic of sailing-schedule records. This remains the sad fact irrespective of the efforts made by ECOWAS, on paper, of the need to:

> Formulate programmes for the improvement of coastal shipping services and inter-state inland waterways and the harmonisation of policies on maritime transport and services; co-ordinate their positions in international negotiations in the area of maritime transport.[125]

The dilapidated state of the river transport sub-sector in ECOWAS, however, makes meeting delivery schedules a nightmare for West African exporters both to the regional and/or extra-regional markets. Exporters in land-locked states such as Mali are therefore forced to rely almost exclusively on airfreight. How these land-locked states cope with this more expensive and, therefore, unaffordable and unreliable mode of transport remains to be seen. Even if these issues hampering the optimal operation and utilisation of sea freight are tackled, there is still the problem of facilities on the ground, required for the timely and proper handling of increased volume of cargo at the ports. For example, in the port of Abidjan (Côte d'Ivoire) there were only two cranes, which operated at less than full capacity on the ground for loading and off-loading cargo as recently as in 1995 (Biggs *et al.*, 1996). The situation in Tema port in Ghana is not much different. It is tragic that many ships sailing into the ECOWAS waters and ports have had to come equipped with their own cranes in order to bypass the local equipment failures. The direct effect of this unfortunate situation is the escalating transaction costs within the ECOWAS sub-region. Mr. Saiki also commented on the World Bank report on African competitiveness, which suggested that although the market for handicrafts in Côte d'Ivoire was one of the largest in the West African sub-region, European and American buyers often had problems locating these markets. Even when they do finally succeed in finding the kind of handicrafts they really need, these foreign merchants have often settled for the imitation products available in their home markets (Biggs *et al.*, 1996, p. 61):

> Are usually unwilling to pay the freight charges to export an item back to their home, even when they are considering purchasing valuable antiques. One reason for this is the very high cost of transport between Africa and Europe. The cost of shipping may exceed the item's value several times over.

However, other factors that hamper intra-ECOWAS and/ or extra-ECOWAS exports include not only excessive shipping costs, but also excessive port charges and the local scarcity of professional packaging materials along with other costs and complications associated with cargo transport (Biggs *et al.*, 1996). All these were among the limiting factors in the development of an export industry in the handicrafts sector of Côte d'Ivoire. Pier Import, a French store chain for instance, usually imported handicrafts from Côte d'Ivoire in the past but the high cost of transportation (port charges and shipping costs) led the firm to discontinue its operations in that region. From the World Bank report also, Côte d'Ivoire registered the highest port charges totalling US $1,100 when compared to US $185 in the case of Ghana, US $150 in India and US $190 in Hong Kong (see Biggs *et al.* 1996).

Moreover, according to a report in the Nigerian Vanguard, developments within ECOWAS offers a clear indication that it inadvertently conceptualised regionalisation as a precursor to globalisation and deems it a veritable means of realising the envisioned sub-regional socio-economic growth and integration as conceived by the brains behind ECOWAS decades ago (Vanguard, 2000c). Putting it bluntly, the report suggests that occurrences have indeed proved the founders of ECOWAS as visionaries. Currently, there are scores of integration programmes aimed at enhancing the growth of the sub-region and making life more meaningful to the populace. While the mobilisation of the private sector to take full advantage of the ECOWAS Trade Liberalisation Scheme (TLS) is being pursued, ECOWAS common currency is set to be in circulation in 2004, in order to boost intra-

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[125] This is clearly spelt out in Article 32 of the Revised Treaty of 1993. See Appendix.

community trade and economic growth in the sub-region. But a more integrative sub-regional project, code-named 'ECOMARINE' has been conceived to serve as a solution to the age-long need for a harmonised transport system in West and Central Africa. Its feasibility and the fact that it is an indigenous and a private sector initiative that has elicited an impressive support from the ECOWAS Council of Ministers and other regional and global institutions underscore its uniqueness.

The idea of ECOMARINE could be said to have been initiated in 1992 at a meeting of public and private economic operators for the promotion of a sub-regional coastal shipping company, which took place in Abuja between April 27 and 30. The initiative was possible through the participation of ECOWAS and with the assistance of the United Nations Economic Commission for Africa (ECA) and the Ministerial Conference for West and Central African States (MINCOMAR) now the Maritime Association of West and Central Africa (MAWCA). The participating states are, Nigerian, Ghana, Cameroon, Ivory Coast, Togo, Benin Republic, Burkina Faso, Mali, Niger, Chad, Mauritania, Senegal, Gambia, Guinea Bussan, Cape Verde, Sierra Leone, and Liberia. Others include, Guinea, Sao Tome and Principe, Gabon, Republic of Dahomey, Congo, and Equatorial Guinea.

ECOMARINE, a transport project with special focus on the maritime sub-sector has its concept as coastal (passenger and cargo) shipping services; load centre ports; inland dry ports for hinterlands; inland load centres for landlocked countries as well as inter modal logistic infrastructure and services. The ultimate objective of the project is among other things; to provide door-to-door delivery of goods as against the present delay often experienced in ports within the sub-region. Twenty-four countries will benefit from the project, which has pertinent facilitatory support from public institutions.

Convinced of the viability and the sub-regional significance of the project, some of the promoters of ECOMARINE led by Daddo Maritime Services Ltd. have embarked on a fast track strategy to develop the project. A dynamic project development team was deployed with Transcan, a Canadian company, as lead technical consultants. According to its project co-ordinator, Maritime transport in general and ECOMARINE in particular, is geared towards an 'integrated maritime business,' which went a long way in 'presenting intra-regional trade, regional integration and positioning the region as a block in a changing world economic order' (see Vanguard, 2000c). With approval from the ECOWAS heads of states

ECOMARINE is a collective ambition of an African private sector that has awaken to the challenges posed by previous attempts to create coastal shipping lines. The inevitability of ECOMARINE is underscored by the feasibility report, which indicated a demand for a harmonised maritime transport system within, and to and from the region that can be developed and exploited profitably. A comparative analysis with other modes of transport in the sub-region also shows the untapped potentials of maritime transport and coastal shipping across the ECOWAS sub-region. Chief executive officer of Huntergreen Resource Inc. Mr. Chike Nwagbo, who is one of the promoters and consultants, takes on the peculiarity of ECOMARINE. He claimed that the ECOMARINE initiative offered indigenes of member states in the West and Central Africa sub-region the opportunity to invest on an even keel in the integration of the sub-region.

While the proposed ownership structure among the private interests in west and central Africa is being worked out, the prospectus will, on completion, facilitate development of pertinent integrated logistical support infrastructure as well as ensure comparative advantages in terms of throughput, price, reliability, comfort on board amenities and service, which are currently unavailable. Plans are already at an advanced stage by some member states, which have instituted modalities for tariff reduction among other benefits as concession to ECOMARINE even as others have expressed willingness to follow suit. Moreover, some of the important imperatives of ECOMARINE include harmonised transshipment formalities, tax concession, tariff reduction, and preferential rates especially for port charges and other taxes. The adoption of a single harmonised maritime policy, streamlined ports and customs authorities operations and issuance of permits and requisite documentation were all strong components the ECOMARINE integrated project. ECOMARINE was also designed to facilitate the dismantling of the intra-regional boundaries by providing opportunities for local indigenous investors from each member state to participate on an even keel. It provides opportunity for investors from other west and central African countries to develop and implement an indigenous solution to the transportation needs of the sub-region thus promoting economic, social and political integration of the sub-region. It is also a catalyst for future development of trade, tourism and individual enterprise throughout the sub-region with attendant benefits, which will include generation of jobs.

Highlighting the importance of the project, Mr. Nwagbo noted that it would not only ensure significant cost savings in the movement of passengers, goods and services but will also promote cultural interaction, cultural exchanges and tourism, as well as advance civil liberties in the West and Central Africa sub-region. The project is also designed to provide seaport access to hinterland and landlocked countries, the promotion of industrialisation with economies of scale resulting from much broader input raw materials base, and the ultimate enlargement of the consumer market. It is however, constrained by the prevalent politics between the Francophone and Anglophone African states, which has always thwarted efforts aimed at regional unification of institutions and structures. Adherents of the maritime project have argued nonetheless that this anomaly had been nipped in the bud as ECOMARINE is believed to have expunged such elements through its co-ordination, which gives all stakeholders and member states an equal sense of belonging and commitment. Industry observers and analysts now see it as an all- encompassing project and a unifying political and economic factor in the sub-region (Vanguard, 2000c).

Under the ECOMARINE long-term plans, some of the existing ports in the region would be adapted to serve as dedicated secondary hubs such as the TCT Jetty in Tin Can Island Port, which serves as a load centre for the Lagos area of Nigeria, and the on-going consultation with government functionaries responsible for Port management in other ECOWAS states. The facilities in each load centre port (coastal) are designed to include dedicated berths, stevedoring and state-of-the-art handling equipment, adequate bonded areas and or warehouses, and administrative blocks for streamlined customs and other administrative formalities.[126] These coastal load centre ports are usually expected to serve as transshipment centres for inland dry ports and inland load centre ports of landlocked ECOWAS States like Burkina Faso and Niger. Nevertheless, inland dry ports are a primary component of the integrated logistic network, where seamless inter modality remains a key feature of the network integrating all transport modes from inland waterways, maritime, road to the railway system (Vanguard, 2000c). ECOWAS also recognised the difficulty of navigating their coastal waters and agreed as a regional bloc to tackle the problems of maritime transport by jointly undertaking a floating weeds control programme.

[126] It has already been argued in Chapters 2 and Chapter 5 that poor handling equipment at West African ports rendered them uncompetitive, as there were those annoying delays, which also raised the transport and delivery costs to suppliers and consumers alike.

Since 1985, some Member States of the ECOWAS have been experiencing a proliferation of aquatic plants in their lagoon systems (Benin, Côte d'Ivoire, Ghana and Nigeria). The weeds have adverse effects on socio economic activities: decline in riverine fishing activities, difficulties in navigation and movement of goods and people. A regional control programme was prepared by the Executive Secretariat and adopted by the Council of Ministers in 1987. Its main objective was the co-ordination of national programmes and the development of appropriate control methods (physical, biological and chemical). Two international seminars on the issue were organised in Lagos (Nigeria) in 1988 and in Abidjan (Côte d'Ivoire) in 1989 in order to facilitate an exchange of experience and information on control methods and to recommend to the affected Member States to adopt national control plans and set up programme co-ordination units.

The biological control project was prepared and submitted to donor agencies, and the African Development Bank (ADB) and United Nations Development Project (UNDP) indicated an interest in the project. Subsequently, the ADB has accorded a grant of US $3, 187, 558 to cover the total cost of the foreign exchange component and part of the local currency requirements for the study on floating weed control. The main objective of the study conducted by ECOWAS, was the establishment of a project capable of implementing biological, chemical and mechanical control of water hyacinth, water fern and water lettuce in each of the ECOWAS member states, where the proliferation of these weeds has become a problem.

River Basin Development Authorities

One of the necessary conditions for intensive farming is the mobilisation of natural resources, including the development of river basins. The two great Sahelian rivers, the Senegal and the Niger, are good examples of existing opportunities for regional co-operation to mobilise natural resources. Although these two rivers play a decisive role in the Sahel, they have their source in the Fouta Djallon Mountains in Guinea. Maintaining the Fouta Djallon Mountains that regulate the flow of these rivers is essential to the lives of millions of Sahelians. This is an example of the type of collaboration necessary between the different states of West Africa. However, this will depend upon the good intentions of a customs union whose interests, in all evidence, seem to lie elsewhere.[127]

Although there were many interstate functional organisations in West Africa such as the River Niger Commission (RNC), the Lake Chad Basin Commission (LCBC) and the West African Clearing House (WACH), these organisations, unlike the other integration schemes, were generally specific and limited in their objectives, sometimes involving little or no integration in the fields of fiscal, monetary or labour policies. Co-operation is often centred on specific issues or development projects. For example, the Lake Chad Basin Commission came into legal existence on 22 May 1964 after the heads of states of Chad, Niger, Nigeria and Cameroon signed the Treaty establishing it in N'djamena, Chad, which is also its headquarters. The Commission had four agricultural development centres, one in each member state. Nigeria had spent over US$48.6 million on its own Lake Chad sprinkler Irrigation Scheme since it took off in 1976 in an attempt to irrigate some 50, 000 hectares of land for the growth of wheat, maize, tomatoes, sugar cane and groundnuts. The commission also sponsored a number of studies related to the development of agriculture, irrigation, fishing and transport in the Lake region. Similarly, the commission, according to ECOWAS reports, also established a telecommunications system, which was intended to link N'djamena, Fotokol and Maiduguri.[128]

However, there are no indications or evidence in West Africa where river basin development projects have contributed towards the development of river or maritime transport in the sub-region. Although plans were made to establish a coastal shipping line, to provide users with yet another mode of transport. The company will offer facilities for Trans-shipment and cheaper conveyance of large tonnage of goods, which would change the face of informal trade in the ECOWAS sub-region. The resultant increase in the use of maritime transport will serve to decongest the road and air travel sectors. The coastal shipping line project as at 1990, was a private-sector initiative monitored by ECOWAS.

[127] It is interesting to note that while Ezenwe suggested, in the 1980s, that ECOWAS had other interests at heart rather than the joint development of natural and other physical resources, the 1990s have added many more challenges, which include joint Peace Corps to soothe the ever-increasing political instability in the sub-region.

[128] The researcher's first-hand experience from a year's National Service at the Fotokol-Gamboru border town between 1995 and 1996 suggests otherwise. From discussions with immigration and customs officials at the border no such communications existed.

As was the case in the maritime transport sector, a study was undertaken in 1985 for the introduction of a private sub-regional airline project. In addition, joint operations by most of the many West African state-owned air carriers seemed probable at the time, with a small regional airline in existence. According to a BBC Network Africa interview with Captain Joe Roy, a former pilot with East African Airlines, and current chairman of Uganda's AfricaOne airline, 'Europe is very competitive, America is very competitive, but Africa is still a virgin land' (see BBC, 2002a).

During the 1970s, East African Airlines, a joint venture by the governments of Kenya, Tanzania and Uganda, was dissolved due to political disagreements between the three countries; Alliance Air, which was jointly owned by South Africa, Uganda and Tanzania ceased operations in 2000 due to financial problems; French-speaking African states who own Air Afriqué decided to wind up operations in 2002 over revenue losses arising from nepotism and favouritism associated with family connections and free-flight arrangements by senior executives and their families (see Table 6.2). To further highlight the lack of a true-blood West African airline, Air Mali only recently sold off 49 percent of its stake to AMC Aviation, Egypt's second biggest airline after Egypt Air (BBC, 2002b).

Table 6.2 Leading Africa Airlines (Revenue and World ranking)

National Airlines[a]	**Revenue US$ m (1997)**	**World ranking**	**Year end**
South African Airways	1, 392.7	46	March 1998
Tunis Air	520.6	80	December 1997
Air Mauritius	277.7	106	March 1997
Ethiopian Airlines	257.5	112	June 1997
Kenyan Airlines	194.4	126	March 1998
Air Zimbabwe	102.9	143	June 1997

[a] Note from the African Development report 1999 that there was no information on the performance indices for Air Afriqué on the selected areas. Secondly, Nigeria Airways was basically past its prime within this period. Nigeria Airways was still grounded and no other West African Airline came within the first 200 in terms of World Ranking for Airlines (see *Airport Business*, September 1998).

Source: Adapted from African Development Report (1999, p.126)

According to Amadou Kante, the managing director of Air Mali, many African destinations have been poorly served since carriers cut capacity and routes and especially since the collapse of Air Afriqué. He also defended the need for the new partnership with AMC Aviation, a non-ECOWAS based company, by stating that 'it brings us technical expertise and professionalism, and has given us the use of three planes (BBC, 2000d). Had an ECOWAS Airline been in place, perhaps Air Mali may have had no need to look further afield for its required technical support and expertise, which requires a substantial amount of capital.

However, ECO-AIR, a proposed ECOWAS regional airline is scheduled to commence operations in the first week of April 2003 (see PANA, 2002h). Yemisi Olusola, a spokesperson for the airline's co-ordination disclosed that 750,000 US dollars had already been committed to the operation of the airline, which will be based in Lagos and comprises two Boeing 737-300 aircrafts in its debut fleet. Its regional network will cover Abuja/Lagos-Lomé-Abidjan-Conakry; Accra-Monrovia-Banjul, Dakar, Ouagadougou and Bamako (PANA, 2002h). Officials of ECOWAS Secretariat in Abuja added that the airline was a private sector initiative being supported by the sub-regional organisation at the highest level. The ownership of the airline comprises private sector companies within ECOWAS (60 percent), national airlines (5 percent), financial institutions (5 percent) and technical partners (30 percent). According to Olusola, six of the 15 ECOWAS member states had granted the airline flying rights by December 2001 (see PANA, 2002h):

> We have been lending it support at the highest level...just as we have supported ECO-MARINE (West Africa coastal shipping line) which started about two weeks ago [April 2002] in Lomé ...The role of ECOWAS in ECO-AIR was to sustain the momentum in favour of the project. Our objective is to improve intra-community travel, especially with the problems faced by Air Afriqué.

This move is very laudable and stands every chance of success, with the involvement of regionally viable private sector initiative that is backed by the collective governments of contracting states. However, as already established from government and academic sources alike, these good virtues of ECOWAS are 'purely paperwork without much delivery, planning in ECOWAS is one thing, while execution is another ballgame altogether.'[129]

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[129] Interview with Mr. Anani, a government official, and spokesman at the Ghanaian High Commission, London. November 2001.

6.1.2 INFORMATION AND COMMUNICATIONS

Information in ECOWAS

The Council of Ministers of the Community at its 36th Session held in Lomé, Togo, in December 1994 adopted an ECOWAS Priority Programme of Action on Information aimed at fostering the Community's integration process. This information priority programme was a significant step forward in the annals of the Community, reflecting recognition of the important role Communication can play in West Africa's development process. When in 1993, ECOWAS brought correspondents of national news agencies in the ECOWAS region to form a pool of contributors to a new regional newsletter, *The West African*, it marked a major advance in the articulation of an information strategy for the region. The Council of Ministers' adoption of the Priority Programme of Action on Information was therefore a crystallisation of that initial effort. The Programme of Action is expected to be implemented at two levels, national and regional (see ECOWAS, 2000a).

At the national level, the programme details ten-point agenda in which radio and television stations in member countries are to create a monthly slot, ECOWAS Time, to popularise and promote ECOWAS objectives. The newspapers and magazines are also required to devote, on a bi-monthly basis, a special page of news and features on Community activities under the column, ECOWAS Today. Other provisions urge West African national news agencies and the *Panafrican News Agency* (PANA) to increase coverage of political and socio-economic developments in the region. Member States are invited to establish a National Media Trust Fund on Regional Integration and set up ECOWAS Information Centres for the collection and dissemination of information about ECOWAS.[130] National news agencies were to designate a reporter each, as ECOWAS correspondent to enhance regular and continuous coverage of ECOWAS activities while an ECOWAS Day would be celebrated in each member country during the week of the anniversary of the founding of the Community. It was also envisaged that sporting activities between and among Member States should be promoted to foster healthy and friendly competition to enhance fraternal relationships. At the regional level, the ECOWAS

[130] Interview with Mr. Ogbonanya. December 2001.

Secretariat is given the task of convening a meeting of media experts and a conference of Information Ministers to recommend, for adoption, a Declaration of Principles on the practice of journalism, including media pluralism, the protection of the profession and the role of media practitioners in the regional integration process.

The Programme of Action also calls for the establishment of a Regional Media Trust Fund and directs the ECOWAS Secretariat to institute an ECOWAS Press Card to facilitate movement of journalists within the region. As a way of involving a wide range of persons and groups in the integration process, the Programme of Action stipulates that an annual regional forum be organised to bring together regional and international opinion leaders, journalists, development experts, the business community and professional associations to debate issues of interest to the Community. To give recognition to distinguished actors who have made outstanding contributions to the West African Community, an ECOWAS Order of Merits to be instituted with the recipients of the award being subsequently appointed ECOWAS Goodwill Ambassadors.

From the foregoing provisions, the goals of the Priority Programme of Action on Information are innovative and compelling in their inclusiveness of virtually all aspects of Community life. However, implementing the Programme offers a major challenge, considering the level of moral and financial commitment required to actualise it. Since creating awareness about events and economic opportunities available in various Member States is central to the realisation of the goals of ECOWAS, information will have to be given enhanced status at the Executive Secretariat level in terms of funding and staffing. Information officials at the Secretariat should be able to act as catalysts to sensitise and mobilise the media in member countries with a view to engendering empathy in the coverage of the activities of ECOWAS. To ensure a sustainable radio/TV slots and print media special pages on ECOWAS, there has to be a pool of regular information available to fill such airtime or newspaper space. Here, a review of the ECOWAS publication, *The West African*, to include spot news in addition to the special features, which it currently carries, becomes imperative.

On information offices, the programme of Action's calls on Member States to establish ECOWAS Information Centres is laudable. The Executive Secretariat could also consider setting up two Regional Information Centres (RICs) to co-ordinate information collection and dissemination from the national centres (ECOWAS; 2000a and 2000b). The provision for the establishment of National Media Fund on Regional Integration in Member States and the complementary community level, Regional Media Trust Fund demonstrate a recognition of the vital role of funding in the gathering and dissemination of information. However, to reduce delay associated with government bureaucracy and enhance fast decision-making, the National Media Fund on Regional Integration will be more responsive if an autonomous body administers it. The Regional Media Trust Fund, to be administered by the Executive Secretariat, would need to attract support from donor agencies and multilateral institutions if it is to make a significant contribution to the advancement of regional integration.

At the Executive Secretariat level, apart from beefing up the staff strength of the Information Department, given the added responsibility imposed on it in the implementation of the programme of Action, there is need for a databank to facilitate easy access to and retrieval of information (see Chapter 4). In addition to the Programme's call for the adoption and strengthening of the teaching of ECOWAS in the curricula of educational institutions, it should be ECOWAS' objective to actively promote the teaching of the two official languages in all educational institutions within the region up to Senior Secondary School level, to enhance social and economic interaction among the populations of the Community. The ECOWAS Priority Programme of Action on Information is a pragmatic and well-articulated document, which has the potential of propelling the community into amore viable, cohesive entity by the first decade of the 21st century. However, information gathering and dissemination as well as mass mobilisation do not come cheap. So, ultimately the level of commitment to the Programme's success will have to be reflected in the level of funding. In all these, however, the role and impact of telecommunications seemed to have been taken for granted.

The nature of Communications in ECOWAS

Telephones in the first decade of ECOWAS were essentially an urban phenomenon where over two-thirds of subscribers resided in the capital cities (Table 6.3). This is largely due to the fact that such interpersonal telecommunication systems as telephones, radios and television sets in most parts of West Africa were seen as a luxury or some sort of status symbol, contrary to what obtained in the advanced world of Europe and North America at the time.

Table 6.3 Telephone lines in select ECOWAS States, 1976

Country	Number of lines	Lines per 1, 000 people	Subscribers in capital city (%)
Benin	5,863	1.8	62
Burkina Faso	2,587	0.5	54
Cape Verde	1,484	4.8	35
Côte d'Ivoire	24,870	3.6	72
Ghana	60,707	5.9	60
Liberia	4,000	2.5	55
Mali	3,611	0.6	64
Mauritania	2,201	1.6	67
Niger	3,838	0.8	63
Senegal	15,015	3.0	70
Togo	4,978	2.2	82

Source: Adapted from Onyemelukwe and Filani (1983, p. 120)

It is true that adequate information dissemination via high levels of communications infrastructure can substantially boost intra-West African trade by enabling easier market access of member states of ECOWAS. Therefore, the development of adequate communications as well as transportation systems, according to Ezenwe (1983, p. 140) 'should be seen as a *sine qua non* for successful economic integration in West Africa.' It is also true that in the first decade of ECOWAS, it became obvious that an intra-West African telecommunications network was not well developed. Yet again Professor Ezenwe also stresses that 'poor communications involving time-consuming procedures and insufficient information sharing can only retard economic growth.'

In a World Bank study on the competitiveness of African states in the international arena, however, information bottlenecks ranked top-five in the 1995 'table of obstacles' faced by African manufacturers in general (Biggs *et al.*, 1996). This goes to show the extent to which the role of telecommunications impacts on both social and economic progress of West Africa, which is still very much underdeveloped in this area. Personal contact, face-to-face and/ or word-of-mouth seemed the order of the day in the period between 1975 and 1980.[131] Like most other sectors, the telecommunications sector in ECOWAS suffers from colonial hangovers when investment in the area went into the provision of international communication links suitable for the needs of the metropolitan powers. Prior to the independence of most West African states Airmails were routed through European capitals and this structure did not change even in the post independent era. Even between those states that had some form of direct telephone links, "it is still more satisfactory to route calls around two long sides of a triangle via London and Paris, the capitals of both the former British and French colonial powers."[132]

At the time of the 1995 ECOWAS Summit, however, some encouraging projects were initiated. For example, ECOWAS leaders declared that they were installing a US $20 million computerised trade information programme to link the 16 customs services and their various ports of entry. There were also indications of logistic support from the United Nations in the processing of ECOWAS customs procedures and data with respect to software packages in English, French and Portuguese (ECOWAS, 1995). However, the introduction of general network personal computers is still a long way from being achieved within the ECOWAS sub-region. In Nigeria, for example, even in the tertiary institutions most lecturers and heads of department did not have a PC, making studies more difficult for their teeming population of students. Professor Aheto, for example, deplored the length of time it took him to get his computer back in good working condition when he apologised for the delay in responding to the interview questions in this study. In his words, "our server had been down since November last year. I got my service back only today (May 2001). I have decided to reply to your mail right away."[133] Moreover, the libraries in most ECOWAS states remain largely ill equipped with outdated books that for students to pass examinations they had to accept only the opinions of their lecturers, who also make a living by selling lecture handouts.[134] As one Nigerian graduate described a module on his undergraduate course "the 'use of library' module was meaningless without any kind of on-line catalogue access, which

[131] Commentary by General Alli in December 2001.
[132] Interview with retired General Alli, December 2001.
[133] Professor Aheto, 23 May 2001. (Second interview).

was clearly absent even as recently as 1998 when I graduated."[135] Another Computer Science graduate from one of the Nigerian Federal Universities of Technology declared that although he achieved a second class, he did not really have any practical experience with basic Windows applications. When interviewed he admitted that although he did occasionally get the chance to use a personal computer (PC), he had always had to share with three other students.[136] From the foregoing, the information superhighway seems to have eluded the member states of ECOWAS leaving them to focus only on basic telecommunications equipment such as telephones (Table 6.3).

In this connection, it is only appropriate to highlight the provisions of Article 33 (2) of the Revised ECOWAS Treaty, which specified the need for contracting parties to develop, modernise and standardise the regional telecommunications networks in order to provide reliable interconnection among them; as well as to complete with dispatch, the section of the pan-African telecommunications network (Panaftel) within the sub-region (see ECOWAS, 1993). The achievement of ECOWAS towards the implementation of the Panaftel Programme,[137] is underlined by the number of international exchanges and urban networks that have been completed by 1995 (see ECOWAS, 1995a):

- Analogue microwave links have been installed between Ouagadougou (Burkina Faso) and Boltanga (Ghana) 9209 km); Fada Ngourna (Burkina Faso) and Porga (Benin) (138 km); Sokoto (Nigeria) and Birni Nkonmi (Niger) (84 km); Kaolack-Banjul-Zingguichor-Cacheu (Senegal-Gambia-Guinea Bissau) (242 km); Korhogo - Sikasso (Côte d'Ivoire) (233 km) and Koforidua-Boltanga (Ghana). This section also includes the rehabilitation of the Freetown-Monrovia link via Bo-Manomines.
- International Transit Centres have been established in Banjul (Gambia), Freetown (Sierra Leone) and Conakry (Guinea).
- Local Exchanges have also been established in Kayes (1000 lines) in Mali, Po (1000 lines) and Orodora (600 lines) in Burkina Faso and at Nkawkaw - Salaga - Ejura -Atebubu in Ghana. In addition, external plants have been

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[134] Professor Aheto made a special appeal to academics in America to donate books to African universities. IAABD conference, Atlantic City, New Jersey. Post conference informal discussions. April 2000.

[135] Interview with a history graduate from the Ahmadu Bello University (Nigeria). This interviewee graduated from Nigeria in 1998 and completed an MBA programme at the Sheffield Business School in July 2000.

[136] Excerpts of a diary kept by the Author between 1993 and 1995 when he graduated. The Computer Science student graduated from the Federal University of Technology, Minna, in Nigeria.

[137] Note that ECOWAS sources have never given enough detail as to the constituents of the Panaftel programme. When the author approached an ECOWAS source in March 2000, he admitted to only having heard of the phrase. He however pointed out that ECOWAS had recorded major achievements in more vital areas such as the restoration of peace within the West African sub-region through the regional peacekeeping force, ECOMOG.

provided at Bougouni in Burkina Faso and Nkawkaw, Ejura, Salaga and Atebubu in Ghana.

- The Satellite Earth Station has been established at Praia in Cape Verde.

The installation of the following links with a digital system were also started from 1991 (ECOWAS, 1995a):

> (1) Nouakchott - Kaldi - Selibaby - Kayes (Mauritania - Mali) (2) Mopti - Timbuktu - Gao (Mali) and, (3) Mali to Koundara - Gabou (Guinea - Bissau). The programme also includes the conduct of feasibility studies on some sections, which have already been identified as (4) Bamako (Mali) – Conakry (Guinea) through Singuiri – Kankan (Ghana) and, (5) Abidjan (Côte d'Ivoire) - Monrovia (Liberia) via Harper – Tabou.

ECOWAS also claims to have formulated a comprehensive programme, the Telecommunications Priority Programme (TPP) with built-in support measures for national development plans of its member states (ECOWAS, 1995a, and 1995b). The TPP is designed to serve as a mutual assistance and guarantee fund for National Telecommunications Administrations of ECOWAS states. As part of its activities, ECOWAS, under the TPP initiative, planned to:

- Guarantee loans sought by National Telecommunications Administrations for improvement and development of their networks
- Grant subsidies to Member States for the maintenance of equipment, training of technical staff and acquisition of spare parts
- Grant loans to National Telecommunications Administrations for the extension and rehabilitation of existing facilities and for the construction and equipping of laboratories

However, one unfortunate observation from all these 'lofty' achievements concerns their compatibility with the privatisation efforts of member states in the field of Telecommunications. Without a doubt, the TPP initiative was destined to crash before it even took off as most National Telecommunications started to embrace the spirit of privatisation in the late 1980s. Moreover, with the launching of Intelcom II, another buzz-word without much detail,[138] the telecommunications sector supposedly received a massive boost and thus created an opportunity to modernise that sector by offering a

[138] From the research interviews with sources at the Nigerian High Commission and its Ghanaian counterpart, there was no indication of any knowledge of the details of the Intelcom II programme advanced by the Secretariat.

wider range of services through digitisation and telephone density, which should translate to a greatly improved intra-community transit within the sub-region (ECOWAS, 1995a). It also affords an appropriate Tele-communication regulatory framework within which a number of convergence criteria can be adopted.

The impact of Telecommunications

According to Mr. Ogbonanya, the head of information at the Nigerian High Commission in London, there is clear evidence that information is power. Without adequate communication, information transformation is greatly hampered, and for this singular reason, accessibility to markets, irrespective of geography and proximity, remains but an illusion. In other words, without communication, information suffers, and when this happens trade is largely inhibited. In the case of Côte d'Ivoire, for example (Biggs, *et al.*, 1996, p. 61):

> One of the primary difficulties foreign buyers encounter when they come to Côte d'Ivoire in search of Handicrafts is a lack of information. The case of trade organisations like the National Union of Antiquities Dealers or its French version the Syndicat National des Antiquaires de Côte d'Ivoire (SNACI), have very limited resources and do not even have updated or reliable lists of their members.

The local handicrafts industry in Côte d'Ivoire is more tuned on the tourist market than to the export market, thereby limiting the scope of extra-ECOWAS trade. Despite the rich handicraft tradition in Côte d'Ivoire for example there is the problem of scarcity of exporters (Biggs *et al.*, 1996). This scarcity may not even be absolute but relative. Relative scarcity in this case may be due to the inability to gain access to these exporters owing to the poor telecommunications networks within the small market. In 1997, as highlighted in Table 6.4,[139] the number of telephone lines available to 1000 people in Latin America and the Caribbean was 110, which reflects a ratio of roughly 1:10 compared to the ratio of 1:5 for the Middle East and North Africa.

[139] It is important to note that comparisons between Tables 6.4 and 6.5 are not readily made, as the former is just a sample of ECOWAS states while the latter represents the whole of sub-Saharan Africa.

For the whole of sub-Saharan Africa, however, the ratio was a dismal 1:63 and the situation is even worse with the exclusion of South Africa, as the ratio slumps to record low of 1:100 (see Table 6.5).

Table 6.4 Infrastructure indications by region (1997 except where indicated)

Country group/region	Electricity power consumption per capita (kWh) 1996	Telephone mainlines per 1000 people	Paved roads as % of total road networks	International telecommunications ($US cost of three-minute calls to the US)
East Asia and Pacific	624	50	30	5.60
Europe and Central Asia	2,788	204	83	4.33
Latin America and Caribbean	1,347	110	26	4.42
Middle East and North Africa	1,166	75	50	6.02
South Asia	313	18	41	N/A
Sub-Saharan Africa	439	16	16	8.11
Sub-Saharan Africa excluding South Africa	146	10	N/A	N/A

Source: World Bank (1999)

In the twenty-first century, however, communications bottlenecks are fast becoming a thing of the past as most ECOWAS states have made major strides to privatise their telecommunications systems in order to reach out not only to the rest of West Africa but also to the rest of the world.

Some examples of privatisation in telecommunication, though pursued independently at their respective national levels and not under the collective framework of ECOWAS, as demonstrated in the case of Côte d'Ivoire, where the presence of Sifcom, in partnership with France Telecom took over the Ivorian national telecommunications, CI-Telecom, in 1996 (*Africa Confidential*, 1998). The same partners own the lucrative mobile phone business, Ivoiris, which is a Sifcom subsidiary and dealer for Alcatel of France (the country's main supplier of telecom equipment). In Mauritania likewise, the costs of local and international calls were slashed by 50 percent for local calls, 20 percent for calls to North America and 15

However, both Tables demonstrate, to a large extent the degree of inadequacy of telephone lines serving Africa as compared to other parts of the developing world. See World Bank (1999).

percent for calls to the rest of ECOWAS, following the launch of the first mobile phone network in that state (see ANN, 2001).

Table 6.5 Telephone Lines per 100 Inhabitants, Selected regions (2000)

Region	Telephone Lines per 100 Inhabitants	Region	Telephone Lines per 100 Inhabitants
ECOWAS		**AMU**	
Benin	0.53	Algeria	5.70
Burkina Faso	0.45	Tunisia	8.99
Cape Verde	12.62	Mauritania	0.72
Côte d'Ivoire	1.78	**EU**	
Gambia	2.56	Austria	46.48
Ghana	1.17	Belgium	49.81
Guinea	0.79	Denmark	71.95
Guinea-Bissau	0.93	France	57.93
Liberia	0.21	Germany	60.12
Mali	0.35	Luxembourg	75.00
Niger	0.19	Netherlands	61.79
Nigeria	0.43	Portugal	43.05
Senegal	2.20	Spain	42.12
Sierra Leone	0.39	Sweden	68.20
Togo	0.92	Switzerland	71.60
		United Kingdom	58.86
SADC		**NAFTA**	
Botswana	9.27	United States	69.97
Mauritius	23.53	Canada	67.65
South Africa	11.36	Mexico	12.47

Source: International Telecommunications Union (2000)

In the case of Nigeria, however, Mr. Ogbonanya argued that the journey into the modern world where 'little emphasis is placed on natural resources but a lot is directed towards the communication and information industries, where man's intellectual and creative input creates a lot of wealth for the modern state,'[140] had only just begun. With five successful bidders announced in January 2001 by the Nigerian Communications Commission (NCC), the monopoly power of the Nigerian Telecommunication Limited (NITEL) was believed to have finally been broken. With private sector telephone companies such as Econet Wireless Nigeria Limited, United Networks Mobile limited, MTN Nigeria Communications Limited, Communication

[140] Mr Ogbonanya. Quoting an article in the Nigerian Vanguard. December 2001.

Investment Limited, and the MSI-CELTEL Nigeria Limited having won bids to operate in Nigeria. This is very unlike what obtained in Nigeria in the past, where the rich have always questioned the rationale for giving the poor such 'privileged' access to telephones. As was reported in the Nigerian Vanguard (2001) while noting the incredible number of lines a wireless technology like the General System of Mobile phone (GSM) can unleash on Nigerians within a matter of months, one 'big man' is reported to have asked, "you mean my driver will carry a cell phone just like me?" It remains to be seen, however, in a regional context, whether the period of "the soldiers told us that telephones are not for the poor" has really gone as a result of ECOWAS policies in developing regional mobile telecommunications networks. However, as shown in Table 6.6, the costs of direct dialled calls from Nigeria to other African states (within or outside ECOWAS) remains uncompetitive at a flat rate of 90 cents compared with 54 cents for calls to the US, 63 cents to central Europe and 81 cents to Asia.[141]

Table 6.6 NITEL charges for direct dialled calls per minute.[142]

Destination	Naira	US Dollar
USA	N60	0.54
Central Europe	N70	0.63
Far Europe	N80	0.72
Asia	N90	0.81
African Countries	N100	0.90

6.1.3 ENERGY DEVELOPMENT

One area of ECOWAS activity concerns the provision of hydroelectric power and the interconnection of electricity grids, for which a Master Plan has been evolved. The inter-connected ECOWAS network will provide energy for countries that have no hydropower stations and no petroleum resources. At present, Nigeria supplies Niger's energy needs while Ghana supplies energy to Togo and Benin (ECOWAS, 1995b). Ghana is also connected to Côte d'Ivoire (see Jeune Afriqué, 1998). With respect to

[141] Calculated at 1 Unit/ NGN to 0.009022 US Dollar exchange rate.
[142] Nigerian Telecommunications Limited (NITEL) direct dialled called charges. Interview with Mr. Zachariah of the IT and Systems department, Habib Bank Nigeria Plc. September 2001.

renewable energy sources, a study was conducted to identify the renewable energy requirements of Member States in the area of solar, biomass and wind energy. Furthermore, work was still in progress on the preparation of a solar and energy map, which will highlight solar and wind energy potentials in each country, region and area. However, a substantial amount of infrastructure facilities in the ECOWAS sub-region have operated at less than full capacity owing to the narrow national markets in which they have been restricted (Ezenwe, 1983).

Apart from boosting the navigability of West African rivers, their role in the generation of hydroelectricity is highly significant. For example, Ghana's Akosombo dam project, the Kandidji dam (Niger) and the Senengué and Manatali dams* (Mali) would require more than their respective domestic markets to operate efficiently (Ezenwe, 1983). Specifically, the Ghana-based Volta River Authority (VRA) was created in 1961 principally to provide electric power by exploiting the river Volta's hydroelectricity potential. According to independent sources, however, the Volta River Authority (VRA) supplied electricity to Benin, Togo and Côte d'Ivoire in 1985 (*Africa Confidential,* 1997). By this time also, Ghana's ten regional administrative capitals had linked to the national grid, paving way for the electrification of the whole country under a national programme to be fully implemented by the year 2000 (Jeune Afriqué, 1998). It is not surprising, therefore, that energy costs, especially that of electricity, have been higher within ECOWAS states such as Ghana, Côte d'Ivoire and Senegal as compared to other non-ECOWAS (developing) states like Mauritius and India (Table 6.7).

Table 6.7 Comparative energy costs in select ECOWAS states

ECOWAS states	**Electricity** [a]	**Water** [b]	**Diesel Fuel** [c]
Côte d'Ivoire	11.40 cents	60 cents	40 cents
Ghana	5.70 cents	32 cents	37 cents
Senegal	11.70 cents	109 cents	68 cents
Non-ECOWAS states			
Mauritius	9.00 cents	46 cents	27 cents
India	4.80 cents	32 cents	28 cents

[a] Industrial electricity rates per kWh during peak time
[b] Industrial water rates per cubic metre
[c] Diesel Fuel costs per litre

Source: Biggs *et al.* (1996)

High energy costs undoubtedly makes power supply unaffordable, unreliable, and therefore further crippling machinery operations. In terms of funding, the Northern Power Grid Extension project aimed at developing the potential of VRA, like any other project of that nature is enormous (amounting to the tune of about US$97 million over a period of two years). This funding involved the collective efforts of a consortium, which included the African Development Bank, the International Development Agency (IDA) and the Japanese Export-Import Bank as well as by the Saudi Development Fund. The hydroelectric plants of Akosombo and Kpong, and the thermal power station in the port city of Tema generated a combined capacity of about 1,100 megawatts (Mw) of electricity in the late 1980s (Jeune Afriqué, 1998). The necessity for manufacturing firms to invest in their own power infrastructure has affected the nature and speed of industrialisation. A 1990 World Bank study found that all manufacturing firms in Nigeria employing more than 50 people had installed their own electricity generators. Only about 8 percent of manufacturing establishments did not have private generators compared with about 35 percent in Indonesia and 94 percent in Thailand. Production losses from power failures were estimated at 10 percent for normal hours worked in Nigeria compared with 7 percent in Indonesia and 6 percent in Thailand (World Bank, 1990, 1991).

The Nigerian experience reflects the sub-region's nightmare, where hydroelectricity from the country's many rivers is not fully developed but still provides nearly half of the country's power. Many environmentalists believe that the economic crisis in ECOWAS, and especially typified by events in Nigeria, is aggravated by the lack of an energy policy. For example, despite the fact that Nigeria's production of hydropower has increased four-fold over the past 25 years, its contribution to the electricity generation requirement of the country's domestic need is put at less than 38 percent. Currently, as the end of 1999, only an estimated 10 percent of rural households and approximately 40 percent of Nigeria's total population had access to electricity (IEA, 2000). As typified by the case of Ngala local government council in the Borno State of Nigeria, between November 1995 and October 1996, there was no power supply. However, residents of the community did hint that certain rural electrification boards, which are autonomous to the National Electric Power Authority, were being hampered from ensuring power supplies in the area. According to a local businessman, "its those in high places that don't want this place lighted up so that they can successfully operate their nefarious smuggling activities."[143]

Nigeria, without doubt, faces a serious energy crisis due largely to declining electricity generation. The low water levels have forced a shutdown of three generating units at Kainji, the main power station in the central part of the country. Nigeria has already reduced power output from the hydroelectric plants at Jebba and Shiroro. The country's power supplies have been sporadic for many years, and the power sector operates well below its estimated capacity. Yet, issues like dredging the Niger River are still being debated. One of Nigeria's main challenges should be to focus on how to provide energy to a rapidly growing population in a sustainable manner. As acknowledged by Professor Ihonvbere:

> The energy choices that Nigeria makes, whether to increase oil and gas exploration, develop its coal resources or move towards development of renewable energy resources, will have a significant impact on Nigeria's environment and hence, economy in the 21st century.[144]

As Professor Kwanashie once argued, the competitiveness of West African products is hinged upon both price and non-price determinants. While the price determinants include factor costs such as the costs of transportation and information, the non-price determinants are notable in the areas of access to power and energy sources such as electricity, water and diesel fuel.[145] Taking the case of Ghana for example, many firms have been forced into operating at less than half their capacity because of the sharp reduction in electricity generation due mainly to the impact of severe drought on Ghana's hydroelectric generating capacity. The main casualty was of course, the country's largest industrial user, the Volta Aluminium Company (VALCO), which had to close four of its five potlines in order to release electricity for other uses geared towards meeting domestic demand (UNIDO, 1998). This energy crisis has led to an astonishing decline in output to the tune of about 30 percent over the first half of 1998.

The Nigerian administration's effort in addressing the present energy crisis is noteworthy. The US $3.8 billion liquefied natural gas (LNG) facility project on

[143] Ethnographic accounts from a series of discussions with residents of the Gamboru-Ngala local government council, Borno State, Nigeria. October 1996.
[144] December 2001 interview with Professor Ihonvbere of the US based Ford Foundation.

Bonny Island was completed. The facility was designed to process 7.15 billion cubic meters (252.4 billion cubic feet (Bcf)) of LNG annually. Another one is the Soku gas plant; one of the major facilities that will supply feed gas to the Bonny Island LNG facility. The Total-FinaElf-operated Obite gas project already supplies gas to the Nigerian LNG plant. Shell was also awarded a US $4.2 million contract to build a natural gas pipeline in Nigeria's Ogun State (Nigerian Guardian, 2000). The Escravos gas project (EGP) processes 165 million cubic feet per day (Mmcf/d) of associated gas (from the Okan and Mefa fields). The regional implications of these oil and gas projects are phenomenal. As the leading economy in West Africa, Nigeria signed a deal to supply gas from the second phase of the EGP to Benin republic, Togo and Ghana through the West African Gas Pipeline. In 1999 again, the present administration of Olusegun Obasanjo, signed an agreement with the now collapsed 'ENRON' for an emergency 270-MW power supply project in Lagos, which when combined with NEPA's generation of 600 MW, the project will satisfy 80-90 percent of the city. The same year, Nigeria awarded a US $70-million contract to Japan's Marubeni Corp. to repair the 1,320-MW Egbin power plant in Lagos (IEA, 2000). All these are beautiful and welcome developments, but they are too small and confined to a section of the country.

West Africa Power Pool (WAPP)

Acting on the recommendation of the Ministers of Energy and the Council of Ministers, the Authority of Heads of State and Government, in December 1999, took a number of vital decisions, which included the approval of the master plan for development of energy production facilities and the interconnection of electricity grids of Member States, as well as the establishment of the West African Power Pool.[146] Fourteen (14) ECOWAS Member States embarked on a seminal undertaking in their long-standing quest for regional integration, the creation of the West Africa Power Pool to permit electricity trading among members. According to journalistic sources, these 14 states are now engaged in the design of a power pool for trading electricity among themselves, hoping it will catalyse their efforts at regional

[145] Professor Mike Kwanashie, Economics Department, Ahmadu Bello University. Diary accounts of lecture notes and seminars, March 1995.
[146] Interview with Umaru Farouk, a journalist, New Nigerian Newspapers. December 2001.

integration and economic development. According to the master-plan approved by Energy Ministers of ECOWAS, a sum of US$10 billion would be required to breathe new life into the energy sector of West African countries' economies, most of which are currently in the doldrums, But the sub-region is hampered in raising the huge sum, via fresh foreign investments, owing to its small size and investors' perception of the countries as belonging to the high-risk zone (*Country Monitor*, 2002).

Deterring factors, according to the ECOWAS master plan, include the perceived sociopolitical instability in the region, even as 'both domestic and international investors are discouraged by the high risk they see stemming from West Africa's wars, rebellions, coup, refugees, labour unrest, ethnic clashes and corruption.' Nonetheless, according to the ministers, there is the urgent need to construct new electricity generation plants and to update and build new high voltage transmission lines over the next 15 years. According to the master plan released in Abuja in October 2001, about 5.8 billion dollars was needed in new investments for a ten-fold increase in existing transmission capacity and six-fold increase in installed generation capacity. Based on the expected or base case electricity growth rate, more than 28,000 MW of new generating capacity needs to be added to available capacity in the sub-region for the period 2001 to 2020. The master plan stated that Africa could develop its abundant hydropower resources and thermal power plants using available fuel resources.

The creation and implementation of the proposed West Africa Power Pool (WAPP) conceived about 20 years ago, would also help mitigate the energy constraints plaguing the sub-region, as 'implementation of the WAPP will create benefits that can be captured and shared among governments, utility companies and end-use consumers' (see *The Guardian*, 2001). Such benefits would also include lower systems costs, increased capacity to improve reliability and service quality, the hooking up of new customers and an improved base for commercial and industrial growth and economic development. In addition, the creation of WAPP would reduce the cost of doing business in West Africa as well as increase government revenue, decrease individual expenditures on imported fuels and back-up electrical supply systems. It will also demonstrate to donors and investors that the region's governments are committed to solving a critical region-wide problem through innovation and effective regional co-operation.

ECOWAS energy ministers, at a meeting in Accra in November 1999, adopted a resolution in response to their formal recognition that in spite of its enormous potential, West Africa's energy sector was the least developed in the world and persistently in crises (Table 6.8). Recognising the need to integrate the region's unevenly distributed energy resources; the ministers approved an 'Indicative Plan' for additional generation plants and interconnected high voltage transmission lines as well as the formation of the WAPP.

Table 6.8 Representation of ECOWAS Energy Ministers, 1999.

State	Head of State or Representative
Benin	His Excellency Mathieu Kerekou President of the Republic of Benin
Burkina Faso	Blaisé Compaoré President of Faso Chairman, Council of Ministers of Burkina Faso
Côte d'Ivoire	Laurent Gbagbo President of the Republic of Côte d'Ivoire
Ghana	John A. Kufuor President of the Republic of Ghana
Liberia	Charles Ghankay Taylor, President of the Republic of Liberia
Nigeria	Olusegun Obasanjo President, Commander-in-Chief of the Armed forces of the Federal Republic of Nigeria
Togo	Gnassingbé Eyadema, President of the Togolese Republic
The Gambia	Mr. Ousmane Badjia, Minister of the Interior representing the President
Guinea	Mrs. Mahawa Bangoura, Minister of Foreign Affairs representing the President
Sierra Leone	Mr. Ahmed Ramadan Dumbuya, Minister of Foreign Affairs and Co-operation representing the President
Senegal	Saliou Cisse, Ambassador of Senegal representing the President

The following also attended the session of the Authority as observers:
Ambassador Habib Doutoum Deputy Secretary-General, Political Programmes representing the OAU Secretary General, and Ambassador Oluyemi Adeniji, Special Representative of the United Nations Secretary-General.

The ministers also instructed the executive secretariat to develop strategies to increase private sector involvement in the development of transmission facilities and project implementation. Heads of State and Government of ECOWAS met in an extraordinary session in Abuja on 11 April 2001 under the chairmanship of His Excellency Alpha Oumar Konare, current Chairman of the Authority, President of the Republic of Mali, to discuss the security situation in West Africa (see Table 6.8). Present at the meeting were only eleven member states of which only seven were

Heads of State and Government while the others were their 'duly accredited representatives.'

Beginning with the signing of the agreement by the ECOWAS Energy Ministers in Ghana in November 1999, progress on the West African Power Pool (WAPP) through mid-2000 has involved preparations for arriving at the implementation of agreements to govern the structure and functioning of the power pool. However, a consensus on the short-run and long run trading arrangements in ECOWAS energy reserves, which give great latitude for market forces to operate, was not reached, as contracting parties remained nationalistic in focus. Building on the success of four years of collaboration with the Southern African Power Pool (SAPP), a team of engineers and economists from the State Utility Forecasting Group of Purdue University in Indiana and the Cambridge, Massachusetts-based consulting firm Associates for International Resources and Development (AIRD) has been providing technical assistance to the ECOWAS Secretariat and the WAPP since its inception.

Financed by USAID under the African Trade and Investment Program (ATRIP) through the Equity and Growth through Economic Research (EAGER) co-operative agreement, the project has been playing an important role in clarifying the steps that the region's ministries and utilities must take in order to create an effective power pool to provide reliable electricity. A range of analytic and training tools is being placed at the disposal of the ECOWAS Secretariat and the ministries and utilities of the ECOWAS member states, including lessons learned from the relevant experiences in southern Africa, as discussed in the SAPP. The Purdue team is also engaged in building the first electricity-trading model ever in existence for the countries of West Africa.

Regional co-operation on electricity in West Africa is broadly in line with the above-noted trend towards achieving economies of scale by reaching targeted sectoral audiences across a broader geographic area, such as through this work on electricity, and thus increasing the role of competition in electricity supply around the world. As a critical component of any country's economic infrastructure, electricity is often one of the last sectors to be exposed to competition, with substantial government involvement in investment and regulation. Assuring the functioning of the electricity sector even enters into the realm of national security considerations, so a regional engagement to trade electricity and reserves requires a high level of confidence in one's neighbours.

Electricity Generation

To date, electricity generation has been seen in West Africa more as a technical engineering question than an economic question. Increasingly, though, the costs of electricity generation will be evaluated against the price of buying electricity from neighbouring countries. Security of supply, never very well assured in the sub-region, should become more reliable with effective rules in place for electricity trading. In most developed countries, power generation accounts for over 60 percent of the total cost of delivering electricity to end-users. In West Africa, that figure can be expected to be lower, due to the relatively inefficient transmission systems and high line losses. Furthermore, General Alli argued that 'the unauthorised taking of electricity by individuals or businesses also serves to lower the relative weight of generation in total delivery cost, as losses incurred by state-owned utilities were simply covered from general budget receipts.'[147] With the current trend toward privatisation and competition, the actual costs of generation will come under increasing scrutiny, which should contribute to a reduction in unit operating costs as managers seek to improve performance. As new methods for financing construction or expansion of generation facilities inevitably develop, international investors will demand greater transparency in cost structures. Competition provides the surest method for upgrading the existing technology stock.

The frequent power interruptions, shortages and power surges pose numerous problems for West African businesses, particularly small and medium-sized enterprises. For example, sharp fluctuations in voltage current can permanently damage a firm's capital equipment, whether machine tools, refrigeration, or a computer. In dialogue with the World Bank and IMF, West African countries are being urged to undertake fundamental reforms of their electrical utilities, through steps such as privatisation or opening up to competition. In this vein, the state-run Electricité de Mali is in the course of being privatised, with the government selling 60 percent of the utility.

[147] Retired General Alli. December 2001 Interview.

At the present time, the ECOWAS members are involved in establishing the mechanisms for intergovernmental co-operation through elaboration of protocols and legal frameworks. Plans for the West Africa Power Pool feature an inter-utility management committee, a dispatch control or co-ordinating centre for overseeing cross-border trading, a technical committee, a planning committee, and a tariffs committee. There may be tangible benefits to structuring the WAPP in a parallel fashion to the gas pipeline. The main gas pipeline management committee includes two representatives from each country's utilities and one representative from each of the national energy ministries. The gas pipeline also has subcommittees on finance, fiscal, legal, and environmental issues, which is involving a wide range of national officials (customs, attorneys-general, etc.) in cross-border energy issues, often for the first time.

In the near future, the ECOWAS members must consider what kind of power pool they wish to have. A tight power pool is characterised by unrestricted free trade among the members. As a tight pool serves to minimise the costs and maximise the benefits from centralised planning, a tight pool is preferable for accelerating investment, economic growth and poverty reduction. In a loose pool structure, countries largely operate on an independent or individually negotiated basis, except for some long-term fixed bilateral trade agreements. But in a loose pool, the bulk of the potential benefits from electricity co-operation are not realised. Participating in a loose pool structure offers members some operational advantages, such as surer supply of emergency power, but the economic gains are minimal. The investment environment is most attractive with a tight pooling structure, as market demand determines the efficient levels of electricity trade. Loose pooling will only result in increased trade between pairs of national governments, rather than a truly cost-effective, WAPP-wide electricity market such as is possible through a co-ordinating centre tasked with determining optimal levels of trade. The tools of co-operation for the power pool members could potentially include mechanisms for cost-sharing, common rules governing the regulatory and fiscal environment, and even guidelines on tax policies for attracting investment. As the power pool develops, the structure of the pool will affect financial sector issues such as the design of national or regional financing mechanisms for use as a means of pooling risk for investors.

West Africa is without a doubt a demand deficit region. Whereas in better-developed systems, demand for electricity can rise or fall in part due to the price to the end-user, West Africa has not yet reached the minimum supply threshold for such basic economic laws to operate. For the purposes of long-term planning and investment, where the real benefits of inter-utility co-operation lie, it will be necessary to quantify potential demand in the 14 countries of the region. Yet at the present time, it is impossible to know what potential demand is when existing demand is unknown. Efforts are underway; including some financed by USAID, to better understand the electricity demand growth functions for each ECOWAS State. The variable nature of electricity demand by hour of the day and season of the year leads to a variable cost profile for electricity generation and transmission. Utilities understandably place a premium on being prepared for peak load demand, when electricity is most costly and potentially most profitable. Much like the situation for aggregate demand, the debate over the trade-off between meeting urban versus rural demand for electricity is still in the initial phases in West Africa. In general, the ECOWAS countries have focused on satisfying, as much as possible, the demand of urban consumers and industries. Rural electrification, with its strongly positive effects on poverty reduction, is widely held as a goal in West Africa, but the limited reach of the national electricity grids suggests limited progress to date. According to officials sources at the Nigeria-Cameroon border town of Gamboru-Ngala, some local governments created as far back as the first half of the 1970s in the north-eastern Borno State (Nigeria) are "yet to be connected to the national grid - Kukawa, Monguno, Guzamala, Nganzai, Gubio, Magumeri, Damasak, Abadam and Marte."[148]

Currently, rural demand remains much more of an issue at the national level, rather than an issue critical to regional co-operation on power sharing. Yet once again, inter-utility co-operation, such as sharing experience on appropriate techniques for rural electrification, may be a way to improve national capacity for meeting rural demand.

[148] Interviews with Immigration and Customs officials at the Gamboru-Ngala-Fotokol border in Northeastern Nigeria. July 1996.

Hydroelectric power potential

Hydroelectric power represents the most abundant potential energy resource found in most of the ECOWAS states, representing slightly less than one-half of the electricity generated in the sub-region. The major rivers, in particular the Niger and the Volta, have become multi-purpose resources, being exploited for electricity generation, agricultural irrigation, and other river-based industries. Yet hydroelectric power alone cannot provide sufficient security of supply for electricity in West Africa, in part due to the sharp seasonal variations in water supply. In the sub-region, the dry season in the second quarter of the calendar year brings an increased frequency of power shortages and overall unpredictability. The thorny paradox at work is that electricity demand is usually highest during the dry season, due to the increased use of air conditioning units.

As it is difficult to control the supply of the natural resource, water, and gains in output must come from building or expanding new installations or from improving the efficiency of hydroelectric power generation and transmission. One partial remedy may be an increase in pump storage, whereby during periods of low demand, such as at night when electricity generation is least expensive, water is transported back into the reservoir for re-use during peak daytime periods when electricity generation is more profitable. Since each of the ECOWAS member experiences the dry season at a slightly different period during the year, at the margins of the seasons there could be significant gains in reliability and price from cross-border trade in electricity. But even more important may be the development at the regional level of techniques for forecasting load demand, in order to better husband the limited water available. A natural complement to the development of the power pool would be strengthened regional linkages for the national meteorological and hydraulic resource services. The increased supply of natural gas through the gas pipeline, which is not subject to seasonality, will eventually be very beneficial in reducing the sharp seasonal fluctuations in electricity derived from hydro plants. But as of yet, the planning process for the gas pipeline has not fully digested the implications of seasonality. For example, the initial contracts under the gas pipeline specify a daily quantity of natural gas to be bought. Once again, adequate demand estimation should help rationalise the situation.

Although it may be unrealistic or unwise in practice, national autonomy in electricity supply has been a development goal of nearly every African country. Self-sufficiency in electricity may result in the construction, or maintenance in operation, of power plants that are relatively less efficient than those in neighbouring countries. Combined with pricing of tariffs below the costs of generation, transmission and distribution, such high-cost production can result in operating losses for utilities. Factors related to political considerations or economic and military security may require in some states that domestic electricity production be maintained at some prescribed fraction of domestic demand. In essence, policy makers are wary of being too dependent on their neighbours, fearing loss of autonomy over electricity supply could result in short-term crises while waiting for long-term investments in generation capacity to come on line.

While there is no easy solution for overcoming the fears that lead to imposition of national autonomy requirements, the process of regional integration already underway in West Africa offers encouragement for this to be less debilitating of an issue than elsewhere. The first step, according to Professor Owusu is 'to recognise that self-sufficiency (meeting 100 percent of national needs from own production) is not always desirable.'[149] From there, finding an appropriate or comfortable level of autonomy (most simply expressed as installed capacity as a percentage of demand), whether 80 percent or a higher or lower figure, becomes much easier. One of the best ways to boost confidence in the security of supply is to promote transparency in the regulatory and policy environment both in the national electricity sector and in that of the trading partners. Reserve requirements are an integral part of any country's electricity sector, above all to maintain system reliability during peak demand. For a country without the possibility of trading electricity, the utilities must ensure that installed generation capacity always exceeds yearly peak demand, plus a reserve margin. This can result in excess capacity being a high multiple of the reserve margin outside the periods of peak demand. For countries with the possibility of trading electricity, such as in West Africa, such a wasteful situation can be avoided through trading in electricity, as imported electricity

[149] Professor Owusu while commenting on the national priorities set out by West African governments noted the undesirability of such ambitious steps. September 2001 Interview.

can cover the reserve margin.[150] American utilities routinely enter the electricity trading market to purchase firm power in order to satisfy their reserve requirements. In a power pool, members can agree to permit utilities to count on drawing upon a neighbour's reserve capacity in order to meet reserve margin requirements. Usually such an arrangement requires binding written commitments whereby the surplus provider guarantees that the reserve capacity is available upon demand. Periodically testing such a commitment, through unannounced purchases, would be one way to boost confidence in the system.

Beyond overcoming the question of reliance upon a foreign source, the countries of West Africa must seek ways of overcoming the natural reluctance of national utilities to give up their monopoly power in favour of a more reliable and cheaper regional electricity system. Entrenched interests may be difficult to convince that electricity trading for the greater public good is more beneficial than maintaining the status quo, for their own personal good. This points out the need for developing rules to equitably share the gains from trade, arising from the substitution of cheap imported power, with those economic actors directly harmed by the imports.

Learning from the SAPP initiative

Comparing the West African Power Pool to what obtains in the South African Power Pool (SAPP); it is clearly not surprising to see why ECOWAS has not achieved much success in the power sub-sector. For example, while the South African customs union is more cohesive and pragmatic to the issues of policy harmonisation of physical infrastructures, ECOWAS, as one Ghanaian journalist suggested 'is just another talking shop.'[151] On the one hand, the West African Power Pool (WAPP) Implementation and Steering Committees was unable to meet in 2000 to launch programmes and designate the different working groups responsible for their implementation. This could be due to the fact that the interested parties were not all at the same level of development, and consequently, had different priorities.[152] Reflecting on the reluctance to yield authority to a supranational body (in federalist

[150] Interview with Vinanchirachi, UNIDO representative at the April 2000 IAABD Conference, Atlantic City, New Jersey.
[151] Interview with ECOWAS officials in the Gambia. June 2001. The author thanks Dele Monday for serving as gatekeeper in this context.
[152] See the section on disparities in national economies (Chapter 8).

type system) it has been noted that in some cases, greater importance is attached to national interests than to regional energy sharing. The ECOWAS Secretariat therefore proposed, for practical reasons, that three large groups be created in order to ensure that interests of all involved are properly served (ECOWAS, 2000a). Group A was to include states like Côte d'Ivoire, Burkina Faso, Ghana, Togo, Benin, Nigeria and Niger. Group B embraced states like Mali, Mauritania, Senegal and Gambia, and Group C constituted other states such as Guinea, Guinea Bissau, Sierra Leone and Liberia. The fact that electricity links already exist or are planned between these groups of states was believed to be a major asset, which could facilitate the emergence of a sub-regional energy market. This partitioning, however, suggests that ECOWAS may be too large to manage holistically and hence needs to be divided for the ease of governance. But ECOWAS sources have asserted that a suitable institutional framework can best be worked out based on this arrangement.[153] Nevertheless, all the Member States of ECOWAS should begin by concluding a more general umbrella framework agreement covering the above groups, under the larger supervision of a Steering committee comprising all ECOWAS Energy Ministers. Thereafter, each group will establish a special institutional framework defined by a more detailed intergovernmental agreement. Finally, the situation on the ground underlines, all too clearly, the fact that technical data and institutions in the electricity sub-sector are unreliable (ECOWAS, 2000b).

In contrast, SAPP, created in 1995, aimed to link SADC (formerly SADCC) Member States into a single electricity grid. The national utilities currently participating in the SAPP are Angola's Empresa Nacional de Electricidade (ENE), the Botswana Power Corporation (BPC), the Democratic Republic of Congo's SNEL, the Lesotho Electricity Corporation (LEC), Malawi's Electricity Supply Commission (Eskom), Mozambique's EDM, Namibia's Nampower, South Africa's Eskom, the Swaziland Electricity Board, Tanzania Electric Supply Company (Tanesco), Zambia's ZESCO and Zimbabwe's ZESA (CIA World Fact Book, 1999). Contrary to the performance of the West African power pool situation, the SAPP had accomplished the completion of the Matimba-Insukamini interconnector linking Eskom and ZESA in its first year of establishment (in October 1995). This interconnection initiated the first linkage of systems operations between the northern and southern systems in the

[153] Interviews with Nigerian government officials in the High Commission in London (confidentiality was requested).

sub-region. The northern system is primarily Eskom (South Africa), BPC (Botswana) and Nampower (Namibia). The effect of the interconnection is that countries are able to source electricity in bulk and then redistribute it nationally at cheaper prices. This ensures the smooth operation of industries across the sub-region and the curtailment of transaction costs in the sub-region as already discussed later in Chapter 7.

Experience with SAPP suggests the appropriate strategy should be to pursue simultaneous top-down and bottom-up approaches, wherein the institutional development and formal integration proceeds concurrently with technical-level capacity building and informal co-operation. For it is in moving beyond the intergovernmental co-operation towards achieving inter-utility co-operation on planning and investment which will yield important efficiencies in generation and transmission for the sub-region as a whole. One useful feature of the gas pipeline that the power pool may consider instituting is an inter-utility project development committee.[154] Reinforcing the movement towards a West Africa-wide electricity grid is the USAID-supported project to develop a gas pipeline from Nigeria across a half-dozen state in West Africa. A number of important steps were taken in 1999 with regard to the West African Gas Pipeline project (WAGP). Three important documents were signed: the Memorandum of Understanding between the States and the Commercial Group, giving the latter exclusive rights to negotiate the concession agreement; the joint venture agreement between the commercial partners, specifying the respective roles and common objectives; the Memorandum of Understanding between ECOWAS and USAID defining the terms of their co-operation with regard to the technical assistance component of the project. The gas pipeline activity, led by private sector investors but with significant involvement by national authorities of Nigeria, Benin, Togo and Ghana, is the most immediate source of surplus energy for the region. The gas pipeline arrangement, currently set up for daily purchasing agreements, can play an important part in smoothing out the sharpest fluctuations in available electricity. Spreading the beneficial effects of the gas pipeline initiative beyond those countries in the Nigeria to Ghana corridor will require successful elaboration of an electricity power pool.

[154] Should this be the case, then intergovernmentalism may not be relevant in ECOWAS just as functionalism is problematic. See Chapter 2.

6.2 CONCLUSIONS

Although West African integration ideals, epitomised by the development of ECOWAS, have been based on lofty trans-continental ambitions, evocative political slogans and a plethora of treaties and regional institutions, they have not been grounded on the day-to-day practical realities of the sub-region's economic or political life. ECOWAS Member states still battling with the ideal of economic co-operation and/or integration have also not really seen the Unification of the West African sub-region as a step to be taken for continent, under the African Economic Community (AEC) to cope in a rapidly globalising world that demands ever-increasing competitiveness.

Before the attainment of independence, most ECOWAS economies were geared towards extraction; their development did not aim at internal growth and self-reliance or at the creation of an indigenous industrial and technological base. At the time, most West African states were integrated with globally dispersed imperial economies, an arrangement partially maintained in Francophone West Africa even long after independence. As noted in Chapter 4, this very high colonial flavour of regional co-operation in West Africa before political independence led to the collapse of some regional institutions such as the West African Currency Board (WACB), the West African Cocoa Research Institute (WACRI), and the West African Frontier Force (WAFF) soon after independence. However, neither the West African Gas Pipeline Project (WAGP) nor the West African Regional Railways network was in existence in the 25 years to 2000 (see ECOWAS, 2000b).

At independence it was obvious that most West African states neither possessed large enough internal markets, nor sufficient domestic endowments of human, social or material capital. These states also lacked the physical and/ or institutional infrastructure for industrialisation and development to occur efficiently even behind a tariff wall (either nationally or regionally). After four decades of independence, however, West Africa's physical infrastructure still reflects its colonial inheritance. Its transport and communications links remain geared towards extracting and exporting tropical beverages and minerals, and importing food and manufactures. Such networks are not yet designed to foster intra-ECOWAS and indeed intra-African growth and trade. Several ECOWAS capitals are still better off connected by air via Frankfurt, London, Paris, Rome, and Schippol than directly with each other. Shipping links are geared towards extra-ECOWAS transoceanic trade rather than to intra-ECOWAS or even intra-African coastal trade. Electricity systems and telecommunications networks have been built with national concerns in mind instead of achieving the scale benefits of regional economy and efficiency.

Unfortunately, the development of a regional electricity grid, railways and telecommunications network among the ECOWAS states has often been granted a low status. This has continued despite the fact that the availability of these physical infrastructures, on a region-wide level, affects economic growth and development of ECOWAS both directly and indirectly. Directly through productivity, employment and the composition of a civil population that is apt to promote social progress. Indirectly through the multiplier effects of savings and consumption, as well as the inculcation of skills, thoughts and attitudes required for constructive social change and regional economic welfare development. It is tempting to suggest therefore that developments within the ECOWAS sub-region over the three decades of its existence, has been disappointing. The point remains that nothing has changed in terms of transport, energy, communications, and their role in enhancing the free movement of not only goods and services, but also labour and capital within ECOWAS.

In West Africa, the conditions for successful co-operation on electricity are increasingly in place. Ten of the ECOWAS countries are members of UEMOA, finalising a customs union free of official tariff barriers. With a single currency in UEMOA states and the plans for the Second Monetary Zone among most of the other members of ECOWAS, much of the infrastructure for developing integrated regional markets is already in existence. More efficient electricity markets could underpin these initiatives and provide operational efficiencies to all economic sectors. Electricity could potentially represent the key sector around which regional economic integration can occur, much as the European countries formed around coal and steel in the early 1950s. One of the compelling reasons for co-operation is that efforts to achieve national self-sufficiency in electricity have been uneconomical due to the high cost of generation and transmission. Through participation in a power pool, ECOWAS states can benefit from reducing the overall costs of electricity supply, even if it entails recognising a neighbour's relative comparative advantage and buying part of the national needs from that neighbour under secure long-term trading conditions. Inter-utility co-operation on planning and investment could yield important improvements in the reliability and competitiveness of the electricity sector for the sub-region as a whole. The role of the ministries is to minimise roadblocks facing inter-utility co-operation and to optimise the catalytic effects of electricity trading on economic development and poverty reduction, however, this has gone no further than the table in which such agreements were signed.

CHAPTER 7: COMPARISON WITH OTHER AFRICAN AND NON AFRICAN CUSTOMS UNIONS

7.0 INTRODUCTION

The primary aim of this chapter is to offer tangible explanations for the poor standards of living in ECOWAS member states as already highlighted in Tables 5.2 and 5.3. The chapter follows the tradition of Testas (1996) who questioned the problems and prospects of promoting intra-regional trade and industrial development in the North African Maghreb Union. Chapter 7, however, summarises the experience of ECOWAS in comparison with other Customs Unions within and outside the African continent. It also documents consistencies with, as well as departures from, the conventional Customs Unions theory as it impacts on the ECOWAS experience. The initial research questions spelt out in the introductory chapter are also evaluated in the analysis, not only to see if they have been adequately addressed, but also to ascertain whether they have enhanced the reliability and validity of the study.

7.1 A COMPARATIVE BACKGROUND

Regional integration theorists need to consider much deeper concepts than the mere elaboration of tariff distortions and adjustments. The significance of an adequate external environment and intra-regional internal capability for regional economic growth would undoubtedly ensure faster improvements in the standard of living and hence, welfare of contracting parties in a customs union. For example, regional co-operation in the areas of physical infrastructure, movement of factors of production (labour and capital) can and do encourage the inflow of investments (both domestic and foreign). As Onimode (1990) argued, it is essential to focus on a more holistic and systematic framework that aggregates the specific strategies for different themes into a general macro-perspective in the assessment of customs unions. One implication of such a view would be to co-ordinate the regional policies of ECOWAS within an overall orientation that gives the union a general direction and charts the trajectory for economic growth and hence welfare increases in the short, medium and long terms. However, apart from the spirited endeavours of individual researchers (Steedman, 1990; Ezenwe, 1983; Gambari, 1991), groups such as the ADB (1998), World Bank (1989) and the United Nations Economic Commission for Africa (1989) have produced different but general perspectives on (West) Africa's economic development.[155] From a continent-wide perspective, these studies, in concert, have attempted to address the challenges of Africa's long-term structural transformation, though the African alternative for structural adjustment programmes (AAF-SAP) combines this development orientation with the requirements of current economic recovery. The African 'alternatives' study on the one hand, was designed specifically as a concrete alternative to orthodox IMF structural adjustment programmes (SAP) and its central thrust was that economic recovery and structural transformation must proceed simultaneously as opposed to operating sequentially. This is to ensure that the search for financial stability in the short run in orthodox SAPs does not destroy the basis for growth and development by undermining the development of human resources, industry, agriculture, food and intra-African integration.

The position of this alternative camp, as expressed in the agenda of the AAF-SAP, is thus, derived from the basic objectives of the Lagos Plan of Action, which includes the achievement of a regional food self-sufficiency and the satisfaction of critical needs for the alleviation of mass poverty (see section 5.4). It is open knowledge that the external dependence of African states on foreign aid has been demonstrated in the funding of French West African UEMOA and the Southern African Development Co-operation (SADCC). In the case of the former, it has been termed the 'independent extension of France' because Francophone West African states are still largely dependent on France as a crucial benefactor for their relatively weak CFA Francs.[156]

[155] These consist of the ECA's Africa's alternatives for structural adjustment programmes (AAF-SAP), and its longer-term study titled *Beyond Recovery – ECA's Revised Perspectives of Africa's Development, 1990- 2008* (ECA, 1989). As well as the World Bank's (1989) *Sub-Saharan Africa: from Crisis to Sustainable Growth – A Long Term Perspective Study*. See Onimode (1990) *Perspectives of African Development*, p. 16.
[156] April 2000 Interview with Professor Franklin Manu, International Business Course Leader. Morgan State University.

7.2 LESSONS FROM AFRICAN INTEGRATION EFFORTS

Most sub-Saharan African integration efforts had two principal objectives set out in the various Treaties establishing them. The first and often stated objective has always been to encourage the free movement of factors of production, especially labour and capital. The second is the requirement for a common external tariff against non-union members, with accompanying zero internal tariffs for members of the customs union. The argument has been detailed in earlier chapters, and particularly in Chapter 4 with respect to ECOWAS. However, the history of attempts at effective sub-regional economic co-operation in the whole of Africa in the post-independent era has not been a happy one. A number of political and economic explanations have been advanced to account for such failures: (i) linguistic differences, (ii) the problem of suspicions among the smaller economies of the might of the larger economies (numerical size differences) and, (iii) poor infrastructure facilities linking member states.[157] However, the African experience with customs unions has not been a happy one even in situations of cultural, as in the case of the Arab Maghreb Union (AMU), and linguistic ties, as Arabic in the AMU and Swahili in the East African Community (EAC). While in the case of North Africa (Testas, 1996; 1999) Algeria derived only a modest benefit from its membership of the AMU, the sorry tale of the East African alliance presents warning signals with the collapse of the EAC in 1977. In South Africa, the modest approach adopted by SADCC soon led to its incapability to fulfil its obligations as member states found solace in the Common Market for East and Southern Africa (COMESA). Overall this section attempts a comparison between ECOWAS and other African regional co-operation bodies, including an examination of their purposes and how they have structured themselves in order to achieve their stated objectives. The areas of co-operation and integration where they appear to be successful are also explored and their flaws and failures, which may be fatal for their long-term survival, are considered.

[157] See for example Bhagwati (1976) Gambari (1991), Oguledo (1996) and TELL (2000).

7.2.1 THE EAST AFRICAN COMMUNITY

The East African Community (EAC) was once the most advanced regional integration scheme in sub-Saharan Africa and perhaps in the whole of the developing world (Nye Jr. 1965). It was also the first and the only integration arrangement on the continent to end up in total collapse and eventual disintegration (Ezenwe, 1983). Although the East African region and community are quite different from the West African sub-region, there are real commonalties between them. Kenya, Tanzania and Uganda were administered as British colonies, except that Tanganyika was, originally and for a short while, a German colony before joining the British Empire as a trust territory. English is therefore the common official language, but Swahili, the local language, is more widely spoken throughout the sub-region.[158] Likewise in ECOWAS French is the official language in about 50 percent of the member states, while English and Portuguese make up the remaining. Both regional integration arrangements are, therefore, modelled against the development in European integration as England, France and to a lesser extent, Germany were the metropolitan powers in both cases. It is therefore appropriate to begin with the East African Community as a relevant learning experience for ECOWAS.

Purposes: EAC v ECOWAS

The Treaty establishing the East African Community in 1967 was aimed at restoring free intra-regional trade and a common external tariff. Conceptually and in terms of institutional provisions, the Treaty was probably the most comprehensive approach to regional co-operation in any developing region of the world. The reality of implementing the community was, however, problematic. At the initial stage and up till the early years of the community, there was relatively free intra-regional trade, especially in manufactured goods. Disputes that arose appeared to have been effectively dealt with in the institutions of the community, such as the Common Market Council and Tribunal. By the early 1970s, however, member states began to impose 'quantitative and non-quantitative controls on both external and intra-regional

[158] Excerpts of an interview with Dr. Rugimbana, March 20001.

trade, with the industrially lagging member (s) imposing the most stringent controls' (Mazzeo, 1979, p. 5).

Nevertheless, the significance of regional co-operation in the East African context is exemplified by several factors. First and foremost, it promoted peace and facilitated freedom of movement. For example, border communities in the three East African countries were basically one and the same. The Maasai, for instance, are a traditionally pastoral and nomadic tribe, found within, and moving very freely across, the Kenyan and Tanzanian border, oblivious of national boundaries. Similarly, many Kenyans in the Western province have family across the border in neighbouring Uganda.[159] These characteristics are also shared within ECOWAS, as one Lagos-based businessman noted, "many Lagosians have family in neighbouring Cotonou in the Republic of Benin sharing a common language, Yoruba, on both sides of the border."[160] More importantly, the EAC has been cited as a good example of the value of regional co-operation in Africa When the three East African countries of Kenya, Uganda and Tanzania gained independence from Britain in the early 1960s, for example, they 'shared many common services, including railways, telecommunications, harbours, and a common currency' (see Mbene, 1996). This enabled the three EAC members form a federation that lasted for over a decade (between 1969 and 1976). Despite these good virtues of common linguistic and cultural ties, however, the East African Community was relatively short-lived. Ideological differences (discussed later under the political structures of the EAC) of the contracting parties in East Africa proved a major reason why, inspite of the perceived harmony of language and culture the union still broke down. For example, while Kenya, where an entrenched economic structure on capitalist lines existed at independence, modelled itself on the mixed economies of Western Europe, Tanzania received such a meagre colonial inheritance that its independent rulers had virtually a clean canvas to work upon. Likewise in the case of ECOWAS, early bickering and threats of withdrawal from the union had dealt, and would continue to deal it a fatal blow. In addition, even the collective lot of West Africa may prove too weak,

[159] December 2001 interview with Dr. Rugimbana of the University of Newcastle, Australia. These positive developments are also real in ECOWAS where many on the Nigerian side of the Idi Iroko border with the republic of Benin have family on the other side. The ties are so much so that most communities in Cotonou and Lagos speak a common language, Yoruba as described by Alhaji Mustapha, a local businessman in the Lagos area. December 2001. In the Gamboru-Fotokol border of northern Nigeria the case is largely the same.

[160] Informal chat with Mr Mustapha, a local businessman and Masters degree holder. December 2001.

politically and economically, in view of the age-old colonial links, which are unlikely to abate anytime soon, with the pegging of Francophone CFA franc to the French franc. It is thus imperative that member states paid attention to their individual macro-economic policies and agree at least a minimum level of policy co-ordination (especially in the areas of physical infrastructure).

Political structures

The institutions of the defunct EAC included, in addition to the Secretariat and the East African Development Bank (EADB); the Authority of Heads of States, Legislative Assembly Ministers, Common Market Council, Common Market Tribunal, Communications Council, Finance Council and the Economic Consultative and Planning Council.

While the Authority consisted of the Heads of States of Kenya, Tanzania and Uganda, the Council of ministers comprised three East African ministers plus three other from each member state (Mbene, 1996, p. 37). The East African Common Market Council was charged with to dispense its duties in accordance with the provisions of the Treaty as well as to settle all matters relating to the implementation of the Treaty. The Tribunal consisted of a chairman and four other members appointed by the Authority as a judicial body responsible for ensuring that the legal obligations of the Treaty were enforced. The Communications Council members were drawn from the Ministry of communications of the three states to provide a forum for consultation among contracting states on matters relating to communications policies in the union.

As noted earlier, the East African common market had reached a dead end by the late 1970s, largely as a result of the differences in the three countries' political systems. Starting with President Nyerere's socialist orientation, Tanzania gradually moved to a more communal system with an overwhelming state sector plus peasant co-operative. Above all, ideological differences arose from the accidents of leadership. For while 'President Jomo Kenyatta was a down-to-earth man with an acquisitive nature, President Julius Nyerere was an ascetic intellectual.'[161] Uganda, which followed a less ideological path in the early years of its independence, later

[161] The author is also grateful to Robert Rugimbana of the University of Newcastle, Australia, for stressing this key point. See also Hazlewood (1975) *Economic Integration.*

moved closer to the Tanzanian path of socialist development under President Milton Obote toward the end of the 1960s.

External Dependence of the EAC

The first of the East African Common Services was the Ugandan Railway, which, despite its name, ran for most of its length through the East African Protectorate's territory now known as Kenya. When the borders of Uganda were moved to the west in 1902, the whole of the railway remained in Kenyan territory, and traffic with Uganda was by Steamers along Lake Victoria (Hazlewood, 1975). The railway was not extended in Uganda within its revised borders until the late 1920s, and was only open to traffic to Kampala after a decade in 1931. Finance for the original construction was provided by the United Kingdom the metropolitan power of the sub-region, with a waiver interest, which meant that repayment of capital was waived in 1939 (Hazlewood, 1975, p. 26).

Prior to 1926, although, there was no formal government machinery in operation in the East African arrangement, the matter of governance was widely and vigorously debated with proposals for the formation of an East African federation. According to Hazlewood (1975), at the time 'the pressures exerted in the United Kingdom were very complex, as the issues raged between those in favour of settlers particularly in Kenya, and those more interested in the protection of African interests.' While the former tended to favour closer association with neighbouring territories on the assumption that this was a precondition for the relaxation of Colonial Office Control and its transfer into the hands of migrant settlers, the latter had a different agenda. Indeed fears were expressed about the dilution of the influence of Whitehall and the subsequent relinquishment of power to the migrant settlers as a result of closer association only led to a support for the maintenance of Imperial control. As Hazlewood (1975, p. 29) argued 'majority rule at the time was hardly conceived as an issue as the Orimsby-Gore Commission concluded ...federation was undesirable not only for practical reasons of the expense but also due to the strong opposition from Indians and Africans.' Another commission (Hilton Young Commission) in 1927 was set-up to examine the question of 'federation' or at least some form of 'closer union for effective co-operation between the different governments in Central and East Africa.' Although largely opposed by the migrant settlers and the Colonial Office, the

Hilton Young Commission favoured federation, and further suggested that it should be built upon 'Imperial Control' over African interests. The colonial office, in a bid to remove the question from the sphere of politics into that of economic administration, sent an official, Sir Samuel Wilson, to reexamine the recommendations on the spot. Wilson, however, proposed that a High Commission should administer the various common services and that policy concerning African interests should remain a territorial matter. He also suggested that settlers should be given an enhanced position in Kenya, with a majority over officials in the legislative Council.

The Labour Government, which came into power in 1929 rejected these proposals and produced its own, which included a High Commissioner who acting in the capacity of the Colonial Secretary, would administer the common services and oversee the activities of the territorial governments so as to prevent racial discrimination. This scheme, with its element of increased Whitehall control, neither satisfied the settlers nor stilled the fears of Africans, particularly in Tanganyika (present day Tanzania) and Uganda, that any move towards closer association of the territories would strengthen settler influence.

Overall, external dependence of the EAC on the wrangling between migrant settlers and the United Kingdom (the Colonial power) over the 'spoils of backward Africans,' spilled over and further fuelled the already stretched tensions and mutual suspicions of member governments in the sub-region. This meant that the EAC was doomed to failure as a result of the cultural potpourri of migrant expectations and African struggle of inclusion in matters of African interest.

7.2.2 THE ARAB MAGHREB UNION (AMU)

The Treaty establishing the Arab Maghreb Union (AMU) was signed in Marrakech, Morocco, on 17 February 1989 by the leaders of Algeria, Libya, Mauritania, Morocco and Tunisia (see Table 7.1 for the current Presidents of AMU states). The Union was established in order to promote cooperation and integration among the Arab states of North Africa, which stated in its proclamation, a step towards the eventual unity of all Arab states, in a gesture to Colonel Gaddafi who had proposed extending the confederation to include Chad, Mali, Niger and Sudan.

Table 7.1. The heads of state of AMU's five member nations.

AMU Member states	President
Algeria	Abdul Aziz Bouteflika.
Libya	Colonel Muammar Gaddafi
Mauritania	Mu'aweha Wild Sayyed Ahmad Taye
Moroccan	King Muhammad VI
Tunisia	Zein al-Abidin Bin Ali

According to Tunisia's President Zine El Abidin Ben Ali, the AMU presented the best implement to win the battle of progress and prosperity in the region and to help the region take up the challenges of the third millennium. Abdelkader Benslimane, the Moroccan ambassador to Tunisia deplored the fact that internal problems have weighed on the march of the AMU, which has been paralysed since 1994 because of political differences. Envisioned initially by Libyan President Muammar Gaddafi as an Arab superstate, the AMU was expected to eventually function as a North African common market, although economic and political unrest, especially in Algeria, hindered progress on the union's joint goals. The strained relations between Morocco and Algeria over the latter's direct involvement in the Sahara issue and due to Libya's criticism of the unsavoury attitude adopted by the other AMU members in the Lockerbie crisis opposing Tripoli to western countries. Speaking in an interview with the Tunisian bi-monthly, L'Economiste *Maghrebin*, he stated that 'internal problems in each Maghrebin country have gotten over the union's dynamism.'

The Tunisian Parliament ratified a draft law pertaining to the agreement to establish a free trade area signed between Libya and Tunisia. The Libyan News agency said that this agreement required total exemption from customs fees, fees and taxes on commodities of national origin exchanged between Libya and Tunisia, with the exception of commodities stated in the list of items banned from importation. Worthy of mentioning is that Libya and Tunisia agreed at the beginning November 2001, to establish a joint company in charge of implementing and operating the Tunisian-Libyan gas pipeline project, which relates to the completion of a gas pipeline from the Libyan Mletta area to the Tunisian City of Qabes at a length of 275 kilometers and at a transportation capacity of two billion cubic meters of natural gas annually. The agreement which was signed by the Secretary of the people's committee of the National Establishment for Oil (ONE) in Libya, Abdul Hafeez al-Zleiti, and the Tunisian Minister of Industry, al-Munsif Abdullah, states to found a joint committee between the Tunisian company for electricity and gas and the Libyan one to implement and supervise the operation of this project (*Arabnews*, 2001c).

In the framework of strengthening relations between the Arab Maghreb states and revitalising the mechanism of the federation's departments, the Tunisian President Zein al-Abidin Bin Ali made contacts and consultations with leaders of states in the Arab Maghreb federation and sent special envoys to them. To this end, the Tunisian minister of youth and childhood, and sport Abdulrahim Zewari met with the Libyan President Muammar Gaddafi, while the Tunisian minister of social affairs al-Hadi Mahni met with the Algerian President Abdul Aziz Bouteflika. The Tunisian director of the presidential court Ayyad al-Wadrani met with the Moroccan King Muhammad VI, while al-Sadeeq Fayyalah, in charge of the African and al-Maghreb affairs met with Mauritania's President Mu'aweha Wild Sayyed Ahmad Taye.' The Tunisian news agency said that the Tunisian President special envoys handed over the leaders of the Maghreb states written messages from the Tunisian President Bin Ali that fall in the context of re-fostering fraternal and cooperation relations between Tunisia and the other member states of the Arab Maghreb federation (*Arabnews*, 2001b).

In November 2001 also, efforts to upgrade cooperation ties between Morocco and Mauritania topped talks held Nouakchott between Moroccan ambassador to Mauritania, Abderrahmane Benomar and Mauritanian Minister of Justice, Shair Ould Mbarek. The diplomat informed the Mauritanian official on Morocco's readiness to train 15 Mauritanian judges in the academic year 2001-2002 at the Moroccan Institute for Judiciary Studies. The Moroccan ambassador had earlier met other members of the Mauritanian cabinet part of preparations for the meeting in December 2001 in Rabat of the Moroccan-Mauritanian high joint commission (*Arabnews*, 2001a).

Political structure in the AMU

The AMU Treaty created a policy-making council of Heads of state, to meet every six months under an annually rotating chairman, and other administrative bodies, including a court, comprising ten members, to consider disputes between member states. In June 1989 the five nations (Algeria, Libya, Mauritania, Morocco and

Tunisia) formed a joint Parliament, and a defence clause, which prohibited aggression between the states. The activities of the AMU, which was founded in 1989 to coordinate the five Maghreb countries' political and economic strategies, have been effectively frozen since December 1995 by Rabat due to disputes with Algiers.

While an advanced and integrated infrastructure is a prerequisite for achieving substantial economic growth within individual countries, the existence of infrastructures linking countries together is also essential for the development of economic relations. Without such linkage the movement of commodities, services and elements of production across borders is severely hampered, while transportation and insurance costs may well become prohibitive. For the Arab world, particularly, it has become a matter of some urgency to develop such an integrated infrastructure in order to allow the region to move beyond the current position where inter-Arab trade represents only 8 percent of the Arab world's total trade. There can be little doubt that the absence of an advanced infrastructure connecting Arab countries has profoundly detrimental consequences for both inter-Arab trade and tourism.

Table 7.2. Economic and Demographic Indicators for the AMU.

Country	**Gross Domestic Product (GDP), 2000E (Billions of $ U.S. PPP)**	**Real GDP Growth Rate, 2001 Estimate (%)**	**Real GDP Growth Rate, 2002 Projection (%)**	**Per Capita GDP, 2000E ($ U.S. PPP)**	**Population 2001E (Millions)**
Algeria	171	3.8	4.4	5,500	31.7
Libya	45.4	5.6	0.1	8,900	5.2
Mauritania	5.4	4.6	5.0	2,000	2.7
Morocco	105.0	7.6	2.5	3,500	30.6
Tunisia	62.8	6.2	5.4	6,500	9.7
Regional Total/Average	**389.6**	**5.4**	**3.6**	**5,470**	**79.9**

(E- Estimate: PPP-Purchasing Power Parity).

Source: Central Intelligence Agency *World Factbook* 2001.

Any talk about Arab economic integration that fails to take this on board would remain only an expectation until the necessary infrastructural developments are in place. Such developments include the complete over-haul and updating of maritime, land and air routes. It is also imperative that Arab countries integrate their electricity, telecommunications and information networks, given that, in today's world, economic progress has become increasingly dependent on access to advanced information technologies. Regarding the development of maritime routes, a number of major ports are in need of development so as to improve their handling capabilities and capacity. Several ports in the Arab world are perfectly situated to act as a crossroads between Europe and North Africa. With improved rail links between North African countries, the hinterland of the region's ports can be considerably extended, allowing the ports of Tunisia, Libya and Algeria to serve as transit points for considerable volumes of Arab-European trade. As far as Egypt is concerned, at the crossroads of the Maghreb and Mashreq several ports, including Port Said, Safaga, Suez and Alexandria could be developed into important storage and transit centres for inter-Arab trade between the Maghreb and Mashreq, between the Maghreb and Europe and North America, and between the Maghreb and South East Asia and East Africa (EIA, 2002).[162]

For these ports to realize their full potential in both intra-Arab trade and Arab trade further afield, requires a level of coordination and reorganisation capable of allowing the region's great ports to act as dynamic transportation centers. The development of overland transportation networks is also essential to the region's economic prospects. Egyptian proposals presented at the MENA III Cairo Summit in 1998, represented a blueprint for developing strategic overland trade routes (*Arabnews*, 1999). Starting with the westernmost extremity of the Arab Maghreb, a road, beginning in the Moroccan City of Oyoun, connects with Cairo via Algeria, Tunisia and Libya. To upgrade and develop the 7,000 km road will cost an estimated $ 850 million. The upgrading of the road within Egypt had already been completed. What remains, however, is to develop the remaining length of the road into a four-lane highway traversing the Maghreb.

The development of a supra-national electric grid could also prove of inestimable benefit to the Arab world (see Tables 7.3 and 7.4). Given that the Arab world spans several time zones, such a project would allow for the efficient use of surplus electricity. In the long run it will lower unit cost, reduce the size of the energy

[162] See the Energy Information Administration (IEA) website at www.iea.doe.gov

reserves individual states maintain while simultaneously retaining their capacity to provide energy during emergencies (see *Al-Ahram Weekly*, 2002).

Table 7.3. Energy consumption and carbon dioxide emissions in the AMU, 1999.

Country	Total Energy Consumption (Quadrillion Btu)	Petroleum	Natural Gas	Coal	Hydro-electricity	Carbon Dioxide Emissions (Million metric tons of carbon)
Algeria	1.31	31.2%	67.3%	1.3%	0.2%	23.4
Libya	0.58	66.7%	33.3%	0.0%	0.0%	11.3
Mauritania	0.05	99.4%	0.0%	0.0%	0.6%	0.8
Morocco	0.41	71.2%	0.4%	22.9%	3.7%	7.6
Tunisia	0.29	57.9%	41.3%	0.0%	0.3%	5.1
Regional Total/ Average	**2.64**	**49.4%**	**45.3%**	**4.2%**	**0.7%**	**48.3**

Source: Energy Information Administration (1999).

Note: percentages may not add up to 100 percent due to rounding.

Table 7.4 Energy supply indicators, AMU (1/1/02 unless otherwise stated; BPD-Barrels Per Day)

Country	Crude Oil Reserves, (Million Barrels)	Natural Gas Reserves, (billion cubic feet)	Coal Reserves (million short tons)	Petroleum Production, 2001 (000'. BPD)	Natural Gas Production, 1999 (billion Cubic Feet)	Coal Production, 1999 (million short tons)	Electric Generating Capacity, 1999 (Gigawatts)	Crude Oil Refining Capacity, (000' BPD)
Algeria	9,200	159,700	44	1,450	2.9	0.02	6.0	450
Libya	29,500	46,400	0	1,438	0.2	0	4.6	343
Mauritania	0	0	0	0	0	0	0.1	0
Morocco	1.8	47	6	1.5	0.002	0.32	4.1	155
Tunisia	308	2,750	0	82	0.1	0	2.0	34
Regional Total	**39,010**	**208,897**	**50**	**2,971.5**	**3.2**	**0.34**	**16.8**	**982**

Source: Energy Information Administration (2002)

The official language of Algeria is Arabic, but French is still used for most business transactions and is still widely read and spoken by many educated Algerians. Berber dialects are still spoken in the south. In general, English is spoken in major business or tourist centres. Algeria is Africa's second largest country, with 1000km (600 miles) of coastline. Arabic is also the official language of Tunisia, and while some businessmen speak English, Italian or German, French is usually the language of commerce, but is less apt to be understood in the far south. English and German are also spoken in major cities. The official language of Morocco is Arabic but French is the dominant business language in central and southern Morocco and spoken just about anywhere. Spanish is often spoken in the north and English is also fairly widely spoken. The Berber languages, once dominant throughout Morocco, have declined in importance, and in the early 1990s about 25 percent of the people used Berber as their first language. Likewise in Libya, Arabic is the official language, which must be used for all official purposes although Berber is sometimes spoken and English and Italian are used in trade. The official languages in Mauritania are Arabic and French although the Moors of Arab/ Berber stock, speaking Hassaniya dialects of Arabic, comprise the majority of the people (see *World fact book*, 1999, 2002).

Despite its cultural linkages and similarities, the AMU managed only a theoretical progress in a number of areas; the practical reality of such efforts remained to be seen. On the positive side, for example, Mistry (2000) argued that the co-operation agreements had been signed on a host of measures ranging from the strengthening of the regional infrastructure (with the creation of a regional road network and a trans-Maghreb motorway project); an optic fibre network for data transmission, cable television and telecommunications; the rationalisation of hydropower resources and the creation of a Maghreb electricity market. However, after more than a decade of its formation, trade relations among the Maghreb states did not substantially improve. With numerous non-tariff barriers, trade among member states remained largely bilateral as each state tended to trade more with the European Union members than intra-regionally. Moreover, intra-AMU trade was restrained by the largely inadequate trade information networks and structural weaknesses in the intra-regional payment system. Mistry (2000) also argued that whereas trade, investment and infrastructure linkages seemed strong between individual AMU states and the European Union, intra-AMU links remained weak, while linkages with the rest of Africa remained missing.

President Zine el-Abidine Ben Ali of Tunisia has confirmed that he is pressing for the revival of the dormant Arab Maghreb Union. A presidential spokesman issued a statement in Tunis saying that the future of the union had been discussed during Mr. Ben Ali's visit to Libya for talks with the Libyan leader, Muammar Gaddafi. Mr. Ben Ali's statement said that he and Colonel Gaddafi had agreed that the Maghreb Union was an entity capable of cooperating on equal footing with other regional groupings, 'we are considering setting up a think tank to work on the project.' The union, which aims to improve political and economic cooperation in northern Africa, was formed eleven years ago but has suffered from political differences including the dispute in Western Sahara.[163]

Officials from five North African countries making up the Arab Maghreb Union met in Algiers for the first time in more than three years in an attempt to revive the organisation (BBC, 1999b). The AMU was formed in an attempt to set up a common market for the region, but a diplomatic row between the key members, Algeria and Morocco, led to a freeze on activities. Morocco accused Algeria of actively supporting the Polisario Front, which is seeking independence from Rabat. It also imposed visa restrictions on Algerians after gunmen attacked a Moroccan hotel in 1994, killing two Spanish tourists. Algeria responded by closing its borders with Morocco (see BBC, 1999b). Five southern European countries and five from North Africa have agreed to resume economic and other co-operation after a ten-year gap. Foreign ministers from Portugal, Spain, France Italy and Malta met their counterparts from Libya, Tunisia, Algeria, Morocco and Mauritania in the Portuguese capital Lisbon to relaunch a forum which was set up in 1991 but quickly ceased to function for political reasons. These included disagreements over Western Sahara and UN sanctions against Libya following the bombing of the Pan Am airliner over Scotland. The ministers also agreed to meet on a yearly basis, alternating between Europe and North Africa (BBC, 2001d).

External Dependence of the AMU

Modelled on the EC (now EU), the AMU was formed principally to enable its members to negotiate with that body when it declares a single European market at the end of 1992. It was also intended to encourage trade and economic co-operation by allowing freedom of movement across frontiers. The Moroccan diplomat thus regretted the paralysis of the AMU, which according to him adversely affected the

[163] In October 2001, Morocco, which currently relies on imports from Saudi Arabia, Iran, Iraq, Nigeria and Turkey for most of its oil needs, signed two controversial oil exploration deals, both offshore the disputed Western Sahara region making it the country's first such authorisation in the region potentially rich in oil reserves and also a stronghold of the Polisario front, which has fought Morocco

interests of the states of the region, as he argued, 'our means put together and our political determination would have allowed, among other things, a better and larger association with Europe.'[164] The European Union concluded in the past few years separate association accords with Morocco and Tunisia, which provided, *inter alia*, for the establishment of free trade areas. Relatedly, Maghreb experts, who met in February 1999 in Tunis at a seminar on the occasion of the union's 10th anniversary, called for the promotion of an atmosphere of entente and dialogue in the Maghreb. But the Union has been unable to take off as a full-fledged regional grouping mainly due to Algeria's direct intervention in the issue of the Moroccan Sahara.

Purposes of AMU and ECOWAS

In a joint statement released at the end of President Ben Ali's state visit to Morocco in March 1999, Morocco's King Hassan II and his Tunisian counterpart renewed their determination to revive the Arab Maghreb Union and to reactivate its action as it was deemed an immutable and irreversible strategic option, a historic gain, and a civilisational project laying the bases for a common future for Maghreb unification. These sorts of situations within ECOWAS are often arranged by Ghana and Nigeria much to the distrust of their Francophone allies or neighbours. In this regard, perhaps language and cultural differences may bring about ideological frictions and ultimately, distrust among states in the Union.

Contrary to the cynicism and suspicions expressed among contracting parties in ECOWAS, the Tunisian President in his Independence Day speech, expressed confidence that AMU leaders were spurred by the same will and resolve to ensure success to what he described as 'our noble move.' Referring to his meeting with the Moroccan leader, President Ben Ali declared that 'our recent meeting with our brother was marked by optimism and resolve to fulfill these goals and restore the AMU construction process on the desired path the soonest possible.'[165]

In his study of the North African Arab Maghreb Union, Abdelaziz Testas (1996) employed a case study approach on the AMU from the perspective of a single country, Algeria, from where he concluded that while the existence of trade expansion

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for years over the region. The case of these oil deals is currently in the EU courts to cancel the illegal and illicit deal between Morocco and TotalFinaElf (EIA, 2002).

[164] See http://www.arab.de/arabinfo/uam.htm

effects could be demonstrated within the Arab Maghreb, their impact have only been modest, at least on a small state like Algeria. Testas (1996) also argued that summing up over a three-year period to 1991, the AMU's trade expansion effect was only about 7 percent of Algeria's imports from the region. The welfare effects of trade creation and/or diversion in the AMU were also amply documented in that study. It was stated for instance, that the negative welfare effect was equal to the terms of trade deterioration, which Algeria suffered when it substituted more expensive imports from the rest of the AMU for less expensive imports from third countries. The issue of whether or not there was trade diversion, however, depended on whether imports from the rest of the world (ROW) decreased or not.[166] If on the one hand, they registered a decrease, there would be a trade diversion loss to Algeria, but if these imports remained unchanged then no trade diversion can be said to have occurred. On the other hand, if imports from the ROW increased as a result of the common external tariff (CET), then the difference (a welfare increase) would be an external trade creation effect (Testas, 1996, 1999).

However, the concepts of welfare gains or losses (due to trade creation or diversion) may not offer all the answers as to the success of customs unions, as the case of AMU clearly demonstrated. Other crucial aspects such as changes in trade volumes as well as the issue of factor mobility also contributed their quota, since the determination of welfare from the volume of exports is not as simple as just adding-up trade creation and trade diversion. Consistent with one of the observed moderating influences to the success of customs unions is that of factor mobility. For example, the impact of factor mobility within the AMU was specified in Article 2 of the Treaty, which is geared to 'work gradually towards the realisation of the freedom of movement of people, goods and services as well as the movement of capital' (see Testas, 1999, p. 121). From the Algerian experiment with the Arab Maghreb Union, it is suggestive, therefore, that the concepts of welfare gains or losses (due to trade creation or diversion) may not offer all the answers as to the success of Customs Unions. This is largely the case as a result of political support or lack of it, which tends to be a central issue in the alliances of states in the region.

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[165] http://www.arabicnews.com/ansub/Daily/Day/990322/1999032243.html accessed 22 March 1999.
[166] If trade diversion implies a decrease on the volume of imports from non-contracting states, then there is no indication of trade diversion in ECOWAS. According to Umaru Farouk, a Journalist with the New Nigerian Newspapers, Nigeria's imports from Europe, Japan and Southeast Asia has increased in recent times compared to imports from the West African sub-region.

7.2.3 SOUTH AFRICAN DEVELOPMENT COORDINATION CONFERENCE (SADCC)

The main sources of SADCC's strengths were also the causes of its problems with meeting future challenges of economic integration across the southern African sub-region. Although the minimalist approach to regional co-operation in SADCC succeeded in preserving the cohesion and political will of member states, it became obvious that, in order to be relevant to the needs of member states especially in the ever-changing international economic and political environment, SADCC had to move in those directions it avoided in the past. For example, Gambari (1991) questioned whether when the infrastructures in the sub-region (ports, railways, roads and energy sources) are revamped and developed, they would still serve the same volume of goods and services. He logically suggested that if any economic arrangement aspired to increase its volume of goods and services, then efforts must be made to encourage and expand trade among member states, in which case, measures to promote the freeing of trade must be tackled (Gambari, 1991).

However, the cautious approach and limited vision of SADCC spelt disaster for the entire sub-region as two patterns started to emerge. The first was the end of apartheid in South Africa and the prospects of increased foreign direct investment from especially Europe and North America into the South African economy. The second reason, which is consistent with the observation made by Mistry (2000), was more troubling as signs of the increasing domination of the world by economic and political giants in regional groupings started to emerge. Its restructuring notwithstanding, the SADCC experience has relevant lessons for ECOWAS to emulate. This is largely because SADCC has recorded significant progress in three principal areas: (i) funding for various projects in the sub-region; (ii) advances in the crucial sectors of transport and communications as well as food security; and (iii) the reversal of the negative growth recorded since the mid-1970s for the sub-region as a whole and for individual SADCC member states (West Africa, 1989; Gambari, 1991). For the purpose of this thesis, it is important to state that the most remarkable progress in SADCC has been made in the transport, communications and food security sectors. For example, the efforts by SADCC to re-open access to the ports non-member states through the re-development of railway lines have met with international acclaim and funding (see *West Africa*, 1989). The funds secured and utilised for food projects (being co-ordinated by Zimbabwe) as well as for livestock production (Botswana) and fisheries (Malawi) and joint research on increased fish production in Lake Malawi and Lake Kariba (Zimbabwe) have made expansion in this sector possible, which has brightened the prospects of attaining the regional food-sufficiency objective (Gambari, 1991).

Political structures

Before drawing comparisons between the political structures of ECOWAS and the revamped SADCC, it is only appropriate to state that SADCC, formed in 1980 as part of the strategy of the Front Line States (FLS) to counter apartheid destabilisation and promote decolonisation in the Southern African sub-region, was transformed into Southern African Development Community (SADC) in August 1992. This was in response to a rapidly changing regional and international political climate, which meant a renegotiation a new Treaty tranforming, the cooperation conference into a community (Berman and Sams, 2000).

In comparison, both ECOWAS and SADC appear to have similar formal structures and organs. Ultimate authority and decision-making reside with the Summit of Heads of State and Government in SADC, and by the Authority of Heads of State and Government in ECOWAS. Both regional blocs have Council of Ministers, an executive secretary, a secretariat, and multiple official languages. SADC has four Directorates that appear similar to ECOWAS' four Specialised Commissions (trade, industry, transport and social affairs) and a tribunal, which is similar to ECOWAS' Community Court of Justice (Banks and Muller, 1998, p 1091). Both Communities also claim to have developed regional parliaments, which is not strictly the case in reality.[167] As evidence of the inadequacy of neo-functionalist spillover effects, the ECOWAS Treaty was revised in 1993 to expand the political mandate of its members and authorised the formation of a number of new bodies such as a regional parliament. But it was only in February 2001 that the first ECOWAS parliamentary session subsequently took place in Abuja, at which time various committees were elected, from 150 representatives of its now 15 member states. Although the 1992 SADC Treaty did not mention a regional parliament, a SADC

[167] December 2001 interview with Mr Peter Ogbonanya of the Nigerian High Commission, London.

Parliamentary Forum was established in 1996 and approved by the SADC Summit in 1997 as an autonomous institution. One of whose purposes was to:

> Promote peace, democracy, security and stability on the basis of collective responsibility and supporting the development of permanent conflict resolution mechanisms in the SADC sub-region and strengthening regional solidarity and building a sense of common destiny among the peoples of SADC.[168]

Finally, although both SADC and ECOWAS have evolved security frameworks, this needs to be tested in practice. ECOWAS is in the process of finalising an ambitious Mechanism for Conflict Prevention, Management, Resolution, Peacekeeping and Security. Its role is to institutionalise the peacekeeping and conflict management activities of the Community. It therefore makes provision for Mediation and Security Council, a dedicated Secretariat, Committees of Ambassadors and Ministers, a Defence and Security Commission, *ad hoc* Council of Elders, and a Sub regional Security and Peace Observation System (Berman and Sams, 2000, p. 138). Although this is an important development, ECOMOG's frustrations with conflict resolution in Guinea-Bissau, Niger, Sierra Leone and Côte d'Ivoire suggest that the organisation still has a long way to go before it can claim success.[169]

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[168] The SADC Parliamentary Forum Constitution. Other information gathered from the Office of the Secretary- General. For more detail see the very informative Website of the Forum [www.sadcpf.org].
[169] Aning (2000, p. 11) argues that ECOWAS's inability to resolve post-1990 conflicts in the West African region has undermined its political principles and the criteria for intervention by the mechanism. According to Olonisakin (2000), subregional economic organisations such as ECOWAS encounter various practical problems in conflict management. The first is that they are structurally unprepared for peacemaking or peacekeeping roles, and suffer from human and financial resource constraints. Secondly, they find it difficult to play a neutral and impartial role, especially where hegemons enter the picture (Nigeria in ECOWAS and South Africa in SADC). Finally, there are numerous operational problems associated with deploying a multinational peace force.

In SADCC specifically, disengagement from dependency on Pretoria (South Africa), aversion to a common market approach to regional co-operation and the appeal to external donor states and (their) international agencies, were the three distinguishing characteristics of regional co-operation. Furthermore, popular participation, which includes all social actors such as the government and the governed in decision-making covering the allocation of resources and the distribution of the benefits of development at all levels, is critical for effective mobilisation of resources. This may not only minimise, but may also obliterate any cause for resistance against the persistently subversive foreign intervention in Africa and the implementation of policies and programmes (Onimode, 1990).

Paradoxically, however, most integration efforts in Africa have depended on the industrialised states for financial assistance and other logistical support. Comparing the case of ECOWAS, a customs union, and the former SADCC a less ambitious free trade area initiative, the financial favour to the latter has been demonstrated by Professor Gambari. While it may be true that SADCC members were relatively poor states, with severe financial and other economic handicaps, the practice of designing several projects and then relying on their being financed almost exclusively from external sources, does not augur well for the principle of self-reliance let alone self-sufficiency (Gambari, 1991). On the contrary, one form of dependency (for example, on South Africa) may be exchanged for another (on donor countries).[170]

There are two perspectives on why Western aid donors found SADCC particularly attractive. One is that the Western world has always been averse to grandiose designs of regional economic integration in the whole of the developing world. As Gambari (1991, p. 90) rightly pointed out 'it was politically safe for the West to give financial aid to SADCC without seriously undermining its support for South Africa.' The other perspective is simply that SADCC was essentially a creation of the European Economic Community (EEC), and members of the European Community were morally bound to support it, as they have in fact done, particularly after the Lomé II Convention. In any case, the project-by-project approach and the

[170] For a more detailed discussion on raising external fund for regional economic co-operation in Africa (see Langhamer and Hiemenez, 1990).

positive support form member states, which the externally funded projects enjoy, make SADCC's modus operandi attractive to Western aid donors (See Gambari, 1991, p. 90).

Table 7.5 Welfare Indicators (HPI and HDI) Compared

	GNP per capita (US$) 1998 [a]	Public expenditure on education (% of GDP) 1990–96	Public expenditure on Health (% of GDP) 1990–96	Military expenditure (% of GDP) 1990	Human poverty index (HPI-1) [b]	Human development Index (HDI) (World Rank)
ECOWAS						
Benin	380	3.2	N/A	1.8	79	147
Burkina Faso	240	3.6	5.5	3	N/A	159
Cape Verde	1060	4	N/A	N/A	36	91
Côte d'Ivoire	700	5	3.5	1.5	72	144
Gambia	340	6	N/A	1.1	85	149
Ghana	390	3.3	1.7	0.4	46	119
Guinea	540	N/A	N/A	N/A	N/A	150
Guinea Bissau	160	N/A	N/A	N/A	86	156
Liberia	N/A	N/A	N/A	N/A	N/A	N/A
Mali	250	2.2	2.7	2.1	83	153
Niger	190	3.1	N/A	1.9	90	161
Nigeria	300	0.9	1	0.7	59	136
Senegal	520	3.5	N/A	2	80	145
Sierra Leone	140	N/A	N/A	0.9	N/A	162
Togo	330	4.7	3.41	3.2	63	128
Others						
Algeria	1,570	5.2	9.9	3	40	100
Botswana	3,070	10.4	3.09	4.2	N/A	114
Mauritania	410	5.1	5.2	3.8	82	139
Mauritius	3,740	4.3	4	0.3	16	63
South Africa	3,310	7.9	7.9	3.8	33	94
Tunisia	2,150	6.7	5.9	2	N/A	89

[a] Data derived from African Development Bank (ADB) Statistics
[b] While the human development index (HDI) measures overall progress in a country achieving human development, the Human poverty index (HPI-1) reflects the distribution of progress and measures the backlog of deprivation that still exists. The HPI measures deprivation in the same dimensions of basic human development as the HDI. However, because human deprivation varies with the social and economic conditions of a community, separate indices have been devised to measure human poverty in developing countries (HPI-1) and distinct from the OECD countries (HPI-2).

Source: ADB (2000), UNDP (2001).[171]

Recent thinking at the European Commission has resulted in 'the new regionalism.' Drawing lessons from the failure of regional institutions in Africa and elsewhere in

[171] United Nations Development Programme (UNDP) has often published Human Development Reports to show the HDI as a composite measure of human development. Since the mid-1980s, however, three supplementary indices have been developed: (a) the Human poverty index (HPI); (b) Gender-related development index (GDI) and (c) the gender empowerment measure (GEM). See UNDP (2001).

the Third World and from the EU's experience in support of regional integration in developing areas, this new regionalism argues in favour of modest initiatives and a focus on realistic, limited objectives (such as the modest approach of SADCC). Lessons are also drawn from the European experience. Aspects considered to have been important to success include strong but flexible institutional arrangements, the full convertibility of national currencies, the existence of economic and social policies to reduce regional disparities, and the opportunity for subgroups to proceed at different speeds (CEC, 1993)

While it may be acknowledged that ECOWAS has not promoted trade amongst its members (Hanink and Owusu, 1998), the explanations go beyond the mere illustration of concepts such as trade diversion or even trade creation as posited in the Customs Unions theory. There are other far-reaching economic and political considerations in the industrial growth and development of ECOWAS. For example, while there is a wealth of evidence showing the existence of trade creation initiatives among ECOWAS states, there is none to suggest trade diversion, as most of these states have favoured trade with Europe and America over intra-regional trade (see Table 4.1). Nonetheless, in an interview with Professor Anyamele in November 2001, there was a suggestion that ECOWAS had not managed to make any considerable impact on the West African sub-regional market, as the welfare indicators in Table 7.5 on human poverty and human development shows.

Purposes: SADC Vs ECOWAS

Formed in 1980 as part of the strategy of the Front Line States (FLS) to counter apartheid destabilisation and promote decolonisation in the Southern African sub-region, SADCC sought to reduce its members' economic and transportation dependence on South Africa and to co-ordinate foreign aid and investment in the region (McGowan, 1999).

In response to a rapidly changing regional and international political climate, SADCC negotiated a new treaty and SADC came into existence in August 1992 with ten founding members (Berman and Sams, 2000). South Africa (1994), Mauritius (1995), Seychelles (1997) and the Democratic Republic of the Congo have since joined them.[172] The SADC Treaty has common economic, environmental, political, peace and security goals for its members, as is evident in its first three objectives: to achieve development and economic growth; evolve common political values systems and institutions; promote and defend peace and security (SADC, 1995). By comparison, however, the impetus behind the creation of ECOWAS was the desire to develop an economic co-operation and integration scheme among its 16 West African members. Discussions started in 1973, leading to the signing of a treaty in May 1975 in Lagos (see Chapter 2). Article 2 of the Treaty clearly stated that the Community aimed to 'promote co-operation and development in all fields of economic activity and in social and cultural matters for the purpose of raising the standard of living of its peoples' (see Appendix I).

Although economic considerations informed the creation and maintenance of SADC, peace and security concerns were evident throughout the colonial and post-colonial period in Southern Africa (Omari, 2000). In fact, the Front Line States (FLS), formed in 1975 to advance the liberation struggles of the Southern African region, created a security substructure called the Inter-State Defence and Security Committee (ISDSC), which met regularly, yet informally, at both ministerial and official levels (see Cilliers, 1999). With Namibian independence and the demise of apartheid (including an end to regional destabilisation), the activities of the FLS alliance declined. However, the 1992 SADC Treaty anticipated the creation of a security framework. Its articles identified 'solidarity, peace and security' as some of the Community's guiding principles. It also highlighted the 'promotion and defence of peace and security' as one of its objectives; and co-operation in the area of 'politics, diplomacy, international relations, peace and security' as obligatory (SADC, 1995). From 1994 onwards, various attempts were made to create and activate security structures (Tsie, 1998; Tapfumanei, 1999). By all indications, therefore, the expected spillover effects from economic to political integration were not automatically achieved in SADC. The same can also be said of ECOWAS whose 1975 Treaty did not include any security-related provisions, as political and ideological issues were considered divisive. Instead, economic issues were given priority as a means of developing co-operative ties.

[172] The ten founding members of SADC are Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia, and Zimbabwe.

In 1978, a first attempt was made to develop a security framework by adopting a Protocol on Non-Aggression. According to a retired Nigerian General, this declaratory statement was followed in 1981 with the adoption of the Protocol Relating to Mutual Assistance on Defence (a mutual defence pact) that only entered into force in 1986.[173] It envisaged an elaborate security framework, but for political reasons, as Berman and Sams (2000, p. 83) pointed out, none of the structures described in the defence pact ever became operational at the time.[174] The situation changed drastically, however, when Nigeria and a small number of ECOWAS members pushed for military intervention in support of a fellow member, Liberia. In order to intervene in the Liberian civil war, a new structure, the Standing Mediation Committee (SMC) was created at the 1990 ECOWAS Summit, which in turn established a Cease-fire Monitoring Group (ECOMOG). Following its controversial birth, it quickly assumed the role of peace enforcer, which it applied in Liberia, Sierra Leone and Guinea-Bissau (Berman and Sams, 2000, p. 83). ECOMOG's experiences in Liberia and Sierra Leone prompted discussion among member states to develop an institutionalised mechanism for managing crises. At an extraordinary Summit meeting in 1997, ECOWAS agreed in principle to set up a formal mechanism to prevent, manage and resolve conflicts, as well as to supervise peacekeeping in the sub-region. Country after country, province after province the upsurge of rebellion in West Africa began to grow and spread across national borders.

As is often the case in West Africa, the Sierra Leonean rebels first presented their battle as a revolution against the corrupt elite in Freetown (the capital) who they accused of sucking the wealth of the country (*The Economist*, 1999). But as the war progressed, the rebels turned to looting villages, mutilating civilians and abducting child soldiers, which led to a massive wave of capital flight (both intra and extra regional) from the West African sub-region. The flight of capital from the ECOWAS sub-region should not come as a surprise, as no rational investor would be attracted to a politically unstable environment. Collier (1998) concurred when he highlighted that the two biggest risks cited by business for their lack of interest in Africa were those of policy reversal and civil war. However, even if there were good reasons for the first

[173] November 2001 interview with General M. C. Alli in London.
[174] Member states have never earmarked units of their national armed forces for participation in the Allied Armed Forces of the Community (AAFC); neither the Defence Council nor the Defence Commission has been established; and a Deputy Executive Secretary (Military) has never been appointed.

of these fears, Professor Collier argues that much political instability in the continent has economic roots and would, therefore, be reduced by an improvement in economic performance. This point of view was upheld and emphasised further in 1998 by Professor Frost who pointed out that:

> Contrary to western misperceptions, Africa is not intrinsically prone to civil strife. Although ethnic rivalries can and do cause wars, the high degree of ethnic heterogeneity in many African states means that potential rebels are too fragmented to cohere.[175]

Other independent sources (PANA, 1998, 1999; *Africa Confidential*, 1999; *The Economist*, 1999) have also corroborated this assertion. For example, the Liberian President, Charles Taylor was reported to have encouraged the spread of violence into neighbouring Guinea, largely for economic reasons (the glut for diamond racketeering) further destabilising peace in the ECOWAS sub-region. One Report specifically noted that 'although the Revolutionary United Front (RUF) claims to have political goals of fighting corruption in Sierra Leone, it survives through looting, diamond trading and the support of the Liberian government' (see *The Economist*, 1999, p. 99). This is perhaps why President Taylor of Liberia seemed to have encouraged the RUF to attack Guinea with the excuse that Guinea was supporting the rebels in Liberia's Lofa County. The Guinean government for this singular security reason (the breakdown of law and order experienced in Liberia and Sierra Leone) more than for anything else postponed parliamentary elections in November 2000 (*The Economist*, 2000).

In Côte d'Ivoire, President Henri Konan Bedie took over the leadership from Felix Houphet Boigny in 1993. With his coming to power, however, there were strong allegations of plundering of the Ivorian economy, and General Robert Guei overthrew him in 1999 in the first coup in the history of Côte d'Ivoire. Once hailed as a model of stability, Côte d'Ivoire 'is in danger of slipping into the kind of internal strife that has plagued so many African countries.'[176] Recently, in September 2002 Côte d'Ivoire experienced the latest violent upsurge in more than three years of its political instability. According to reports (Somerville, 2002):

[175] Gerald Frost's commentary can be found in Collier's (1998) *Living down the past*.
[176] http://news.bbc.co.uk/1/hi/world/africa/2268110.stm (accessed 27 September 2002)

> The most likely explanation for the latest violence in the country's commercial capital is indicative of the political divisions, which have been translated into periodic coups or coup attempts and popular uprisings, since the military first intervened in the country's politics on 24 December 1999 to overthrow the elected government of Henri Konan Bedie.

Côte d'Ivoire achieved independence from France in 1960 under the leadership of Felix Houphet-Boigny who ruled the country for 33 years, under a one- party system. Although opposition parties were legalised in 1990, Houphouet-Boigny still emerged President in the multiparty elections and remained in office till his death in 1993. Opposition parties boycotted elections in 1995 thus paving the way for a military coup, which put Robert Guei in power in 1999. In October 2000, civil disturbances followed the elections and Laurent Gbagbo became president. By 2002, however, there was another attempted coup d'etat, which is still a source of civil instability in the West African subregion.

Nevertheless, the nature of political instability in the ECOWAS sub-region, is not confined to coups d'etat and civil disturbances/ wars, but also border conflicts and mutual suspicions expressed by neighbouring states. For example, while Ghana and Nigeria pledged military assistance to the Ivorian government in September 2002, the position of other ECOWAS states remained unclear. While Burkina Faso, to the north was accused of backing rebels adamant to topple the Ivorian government, Liberia on the west flank is so 'unstable that it could be dragged into cross-border activity irrespective of what the official Liberian position is' (Doyle, 2002). Moreover, the border disputes between Senegal and Guinea-Bissau over the Dome Flore field between 1960 and 1985 and between Cameroon and Nigeria over the oil-rich Bakassi Peninsula in the later part of the 1990s had similar salient factions of support.

Reflecting on the research questions, therefore, the first half of the sorry tale in ECOWAS has been due to political instability, which results from not only civil wars and coups d'etat, but also border conflicts and the risks of policy reversals. These factors all have their 'spillback' rather than 'spillover' effects such as the curtailment of foreign direct investments as well as the enhancement of capital flight out of the sub-region. The most common outcomes of such a welfare-eroding situation are what Mr. Ogbonanya has described as the 'unholy trinity' of poverty, disease and strife. It is compelling, therefore, to suggest that ECOWAS started off on a very treacherous footing, having inherited very difficult national and sub-regional problems. In order to tell the other half of the story, however, the critical success factors and moderating influences in ECOWAS are discussed later in order to answer the third research question (see Chapter 8).

7.3 LESSONS FROM NON-AFRICAN INTEGRATION EFFORTS

Although the experience in Latin America is not much different from the African experience, there are lessons to be drawn from their experience and from that of post-war Europe. Reflecting on the initial research questions posed in Chapter 1, this section puts the analysis in Chapter 7 into a more focused perspective. The first research question, it may be recalled, centres on the implications of trade creation on the welfare of ECOWAS states. The second was to establish whether ECOWAS started off on a weaker or stronger footing than other sub-regional groupings such as the AMU, EAC and SADCC. The third was to highlight the critical success factors and/or moderating influences on the welfare development of ECOWAS. The final research question was to determine and chart what sort of implications the initial research questions have for ECOWAS. While the first two research questions are addressed in this chapter, the latter two are discussed in Chapter 8.

7.3.1 THE SOUTH AMERICAN CUSTOMS UNIONS

In discussing regional integration in South America, it is important to at least acknowledge the existence of the Andean Pact, which would not be critically evaluated in the study for reasons that would be explained as the section progresses. Like the other preferential trade groupings being formed around that time in Latin America and elsewhere among developing countries, the Andean Pact was established in 1969 with the participation of Bolivia, Colombia, Ecuador, Peru and Venezuela, with the enlargement of its small domestic markets and expansion of the sub-region's industrial development through 'regional' rather than 'domestic' import substitution, as its main objective (see Appendix II).

However, the Andean Group is only mentioned in this study in order to highlight the rationale for forming trade alliances amongst developing states – regional import-substitution or what may be termed trade diversion in customs unions maxim. Nevertheless, the South American Customs Union (MERCOSUR) is given more attention as it encompasses the crux of Latin American states that have dominated the region – Brazil and Argentina. The South American Customs Union (MERCOSUR) ranks amongst the largest integrated markets such as the North American Free Trade Area (NAFTA) and the European Union (EU). It comprises four main South American countries: Argentina, Brazil, Paraguay and Uruguay, as well as two associate members, Bolivia and Chile. MERCOSUR as a common market is impressive, with an aggregate GDP of US$ 1.1 Trillion, a population of over 203 million, and a per capita income in excess of US$ 5000.

Since its founding in 1991 as a putative common market, MERCOSUR has been a beacon of economic promise for South America. The value of the trade among its four founding members (Argentina, Brazil, Paraguay and Uruguay) had leapt to US$18 billion by 1997 from just US$4 billion in 1990 (*The Economist*, 1999). Success attracted followers: Chile and Bolivia signed free-trade agreements with the group, expanded political co-operation and accelerated the integration of road and energy networks. The prospect of a large regional market stimulated outside investment and attention, including the idea of free-trade talks between MERCOSUR and the European Union. Yet MERCOSUR is under more stress than ever before because of recessions in its two largest members, Brazil and Argentina. For the first time in MERCOSUR's short history, output in both its main economies has been simultaneously declining and for the first time also, intra-MERCOSUR trade fell (*The Economist*, 1999).

Taken from an academic perspective, a theoretical analysis of MERCOSUR prompted Connolly and Günther (1999) to conclude that the common market had contributed significantly to regional trade liberalisation.[177] But by encouraging trade within member states at the expense of trade with non-members (the rest of the world) MERCOSUR they posited, may limit member countries' access to high-technology imports, which is an important stimulus to growth. As would be expected, the

[177] Note that liberalisation is only one of the four drivers of economic development. Others are privatisation, globalisation, and regionalisation. Liberalisation is the creation of clear, effective policies designed to stimulate fair competition. Privatisation is a strategy aimed at selling state or government owned businesses to the private sector. Globalisation refers to the free flow of information, capital and labour across national boundaries, and the changes in economic policy and business organisation that have developed in response. Regionalisation relates to governmental policies and business strategies that recognise the unique opportunities and challenges that arise from the creation or formation of transnational markets/trade alliances like the MERCOSUR or even the ECOWAS.

removal of tariff barriers between MERCOSUR countries following the 1991 Treaty, coupled with the more general trade liberalisation undertaken by these countries in 1988 and 1991, sharply reduced the countries' average tariff rates. This was so large that between 1990 and 1995, Brazil's average tariff rates dropped from a high of 69 percent to a mere 13 percent. This lowering of internal barriers to trade under the MERCOSUR Treaty marked the expansion of intra-MERCOSUR trade (Connolly and Günther, 1999). Whether this is in terms or 'trade diversion' is still open to debate. For some, the rising share of trade claimed by MERCOSUR members clearly came at the expense of non-MERCOSUR countries, but to others, even trade with non-members increased in absolute terms after the creation of MERCOSUR. Connolly and Günther (1999) have left the answer to this puzzling question as depending in large measure on the dynamic effects of trade creation and trade diversion. For although the evidence that MERCOSUR countries were importing some goods from higher cost member countries seemed persuasive, the trade-diverting effects of the common market must be evaluated against its trade-creating effects. Even if trade diversion dominates, member states may still be better off if consumer prices declined sufficiently with the shift to intra-MERCOSUR import sources (Günther and Connolly, 1999).

In theory, Customs Unions in general and ECOWAS in particular may accelerate the rate of income growth among their member states by increasing political co-operation, enhancing the credibility of government commitments to trade reform, and most of all developing and fostering regional transportation and communications networks. All these, together, and not exclusively of each other would enable ECOWAS member states achieve greater economies of scale in production within the West African sub-region. Indeed, it is likely that MERCOSUR states have benefited in these ways.

7.3.2 THE EUROPEAN UNION

Efforts in the 1940s to realise Churchill's vision of a United Europe led to increased economic and political co-operation but did not yield anything like the United States of Europe (see Chapter 2). European leaders needed a new strategy to achieve such a goal. On 9 May 1950, Robert Schuman (1886-1963), France's foreign minister at the time, outlined a plan to unite under a single authority, the Coal and Steel industries of

Europe's bitterest enemies, France and Germany. The purpose of the plan, which was developed by Jean Monet, was to begin building a peaceful, united Europe incrementally. European governments would start with two industries essential to the making of war; coal and steel, then add other economic and political sectors until all major decisions were taken at the European level. This would create, in Schumann's words, a 'de facto solidarity' that would ultimately make war between France and Germany 'materially impossible.' The practical approach of Schuman and Monet won favour on the European continent; France, Germany, Italy, and the Benelux countries eventually responded by creating the European Coal and Steel Community in 1952 (see Pinder, 2001).

In Rome, on 25 March 1957, the six member countries of the European Coal and Steel Community (ECSC) signed treaties establishing the European Economic Community (EEC) and the European Atomic Energy Community (EURATOM). These two treaties are often called the 'Treaties of Rome' (the EEC Treaty is also sometimes referred to as the Treaty of Rome). The preambles to each of the three treaties reflected the founders' vision for building, through economic integration, 'an ever closer union among the peoples of Europe.' The deep desire for peace on the continent runs through each of the preambles and links them to the visions articulated by Churchill, Schuman, and Monet amongst others (see Pinder, 2001). But the documents also represent a subtle shift in emphasis away from peace to economic prosperity as the driving motive for unity. This shift in emphasis can be detected in the Schuman Declaration and its parallel, the preamble to the ECSC Treaty, but becomes even more evident in the preamble to the EEC treaty, where 'economic and social progress' seem to take precedence over the preservation of and strengthening of 'peace and liberty.' European leaders, while mindful of the dangers of violent conflict in Western Europe, became more concerned with the material improvement of life on a peaceful continent.[178]

Political Structures in the European Union

In order for an economic community to function and have longevity, however, the experience of the EU demonstrates that the contracting parties have to commit

[178] Office for Official Publications of the European Communities, 1987.

themselves to a democratic style of decision-making. The principles of majority rule and minority rights have prevailed in West European societies during the postwar period. Hence, it was only appropriate that the tradition be continued at the supranational level. Member countries of the European Union have also been typically guided by the politically permissible of their respective societies when agreeing to policies at the European Union level. Babarinde (1994) argued, for instance that the evolution of the EU has been aided by the presence of functioning supranational EU institutions.

Irrespective of the different cultural milieu and other peculiarities accounting for the differences in experiences of the European Union (EU) and ECOWAS, the whole philosophy of European Union and the multiplicity of institutions provide some obvious guidelines for co-operation in ECOWAS. Undoubtedly, one of the most important lessons to draw from the over 30 years of the EU is that regional integration is not an event, but a process. First, it is apparent from the EU's experience over the past 40 years that the erection of European integration has taken time, patience and steadfastness. After all, Rome was not metamorphosed overnight. The same can, and rightly so, be expected of ECOWAS. It is arguable that a second important lesson from the experience of the EU is the fact that the evolution of the EU, to date, has been a function of the economic realities, which exist in Member States. Thirdly, progress in the EU has also depended on the 'political will' of participating countries, which means that the direction, pace, and composition of European integration have been determined by consensus (Babarinde, 1994). At any rate, while the architects of the revised ECOWAS Treaty must be commended for their commitment to a timetable, in all likelihood, it will take more than the 40 years allowed by the Treaty to achieve an ECOWAS monetary union, especially given the records of existing sub-ECOWAS regional groupings in West Africa.

What are the moderating influences in ECOWAS?

For the monetary union process in ECOWAS to succeed, some major concerns have to be adequately addressed such as concerns over: (i) numerical size, (ii) disparate levels of economic development, (iii) entrenched national traditions, (iv) supranational institutions, and (v) other miscellaneous concerns.[179]

Numerical Size

The size of the EU (then ECSC) in 1952 was six, France, Germany, Belgium, Italy, Luxembourg and the Netherlands. The first enlargement of the EU did not occur until 1973, and the undertaking has been repeated only three times since, bringing the membership of the EU to its current 15 members. Lately, in spite of some turbulent moments in the experience of the EU, several East European countries have lined up for membership.

Although purely accidental, the relative small size of the European Union during its formative years has turned out to be a blessing. In retrospect, it is arguable that had the size of the EU at its inception been remotely close to what it is today, either the Union would have been defunct or it would have amounted to just another forum among many others in the international political economy. In other words:

> Had the EU portrayed an image of failure, it is doubtful that other countries from Europe would be clamouring for membership. The argument can also be advanced that the reason for the EU's success, to date, is its small size. By starting out with six members, the EU was able to overcome some profound problems, which potentially could have wrecked it.[180]

Thus, to start off with 16 states, as demonstrated in the 1975 Treaty, may have been the recipe for disaster in ECOWAS. This is especially the case when viewed in light of West African governments' poor record on respecting and implementing institutional accords and declarations. For its effectiveness and survival, it is critical that ECOWAS started being associated with at least some successful developments, and not with failures. Professor Babarinde has indeed stressed the point clearly that ECOWAS could have attained faster economic convergence, and hence economic development with only a handful of disciplined and committed states as opposed to giving an open invitation to chaos by involving all possible neighbouring states in West Africa at the very beginning. It would be much easier for a handful of states

[179] Commentary by Professor Olufemi Babarinde, June 2001.
[180] June 2001 Interview with Professor Olufemi Babarinde. Note that Professor Babarinde was interviewed three times, June and December 2001, and March 2002.

than for 16 member states to achieve consensus, especially on critical issues. It is extremely important, after 25 years of existence, that ECOWAS is able to make meaningful decisions, which could help set the pace for its future development. Besides, it would amount to a psychological boost of an inestimable worth for ECOWAS members if other African states were queuing for membership instead of quitting it (as did Mauritania and perhaps many others that may be planning to follow suit). This thinking would indeed be consistent with the EU's Neo-functionalist approach (Chapter 2), which leaves room for increasing membership and expanding supranational functions.[181]

Disparate levels of economic development

This is an important factor to consider when drawing lessons from the experience of the EU. Unlike the EU, which started off with six relatively equal and functioning economies, ECOWAS is a collection of 16 (now 15 with the withdrawal of Mauritania) non-functioning and differing economies. Closely related to this factor is the economic philosophy shared by the EU countries and the lack of a shared philosophy by ECOWAS states. Whereas EU countries, by virtue of their membership in the Western camp during the Cold War era, subscribed to the market-oriented economic framework, the same cannot be said of ECOWAS. The Cold War may be over, and West Africa may be in a transitional phase, but many West African governments continue to pursue varied state-centred economic policies where whimsical government interventions remain the norm as in the special case of Nigeria, whose trade with its neighbours has long been boosted by disparities in commercial policies. For example, despite major changes since 1994, trade policies in Nigeria are still strongly marked by protectionism. When the structural adjustment plan was adopted in the mid-1980s, Nigeria restricted liberalisation to its domestic market and the export sector. On imports, although fewer products were banned outright, the government maintained a basically protectionist policy, particularly for those products that threatened food self-sufficiency, which was the stated objective of its agricultural policy.[182]

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[181] It must be noted, however, that what ECOWAS really needs is a combination of neo-functionalist and intergovernmentalist approaches to unification rather than trading off one for the other.
[182] Excerpts of an interview with Professor Ezenwe. December 2001.

Under these circumstances, it is difficult to envisage how member states would implement the plans of ECOWAS with their differing dogma. Not only did the now 15 states constituting ECOWAS exhibit different levels of economic development, ranging from middle-income, to low-income, and to least-developed, but their sizes, measured in GNP, were and still remain equally vastly different. What is more, some of these states are inherently weak and, therefore, unlikely to be responsive to the ECOWAS stimulus, should it arise even in the short term. That being the case there may well be potential departure of some signatories of the 1975 Lagos Treaty, especially if there are reasons to be unhappy with the benefits being derived from the framework.

Besides, if the postulation that states join integration schemes because they expect to benefit from them were persuasive, it is arguable also that:

> The gains that will actually accrue to participating states will be a function of their economic capacity, degree of involvement, and level of development. If so, unless they are [ECOWAS states] equipped with fair re-distributive mechanisms, many poorer and weaker members may bicker with the more fortunate ones, and even resign their membership.[183]

Such was the nature of the disagreements between Kenya and her weaker partners, which led to the collapse of the EAC in 1977 due to ideological differences of the contracting parties as already demonstrated in section 7.2.1.

Entrenched National Traditions

In order for an economic community to function and have longevity, the experience of the EU demonstrates that the contracting parties have to commit themselves to a democratic style of decision-making. The principle of majority rule and minority rights has prevailed in West European societies during the post-World War II period. Hence, it was only appropriate that the tradition be continued at the supranational level. Member countries of the EU have also been typically guided by the politically permissible of their respective societies when agreeing to policies at the EU level. In other words, they have been:

[183] Babarinde Interview. December 2001 and March 2002.

> Cognisant of the fact that they are democratically elected governments, which have to periodically submit themselves to the scrutiny of voters at home. Hence, member governments are unlikely to adopt politically unpopular policies, which could lead to their demise at home. In essence, the European peoples have a say in what goes on at the supranational level, albeit indirectly. This overarching commitment to a multi-party democratic tradition is not only stated in the legal documents of the EU but is also demonstrated time and again by the EU as a precondition for accession.[184]

It is this lack of a sustained democratic tradition, which is troublesome about ECOWAS. Contracting ECOWAS states, in general, lack a credible track record with respect to democratic principles. What is more, the ECOWAS Treaty was not explicitly reassuring on this point. Since the advent of independence across West Africa, only a handful of states in the sub-region remained steadfast in their pursuit of multi-party democracy. The implication and, indeed, the reality is that ECOWAS member governments were prone to use coercion through the centralisation of power in their decision-making endeavour. How then could the now 15 ECOWAS leaders or governments reach decisions in a democratic fashion? Would ECOWAS subscribe to a consensual system, a majoritarian approach or both? When crucial decisions are to be made, how can one be sure that some states and/or leaders will not seriously disrupt operations or threaten to withdraw unless their views were adopted?

Moreover, even though the Treaty provided for a democratically elected parliament, how attainable is this objective when such democratic practices are absent in many ECOWAS Member states? Hence, perhaps the culture of a transparent legitimate decision-making, must, first, be nurtured and deeply rooted at the national levels. It is also no wonder that it took over 25 years for the ECOWAS Parliament to be born.

Supranational Institutions

Various scholarly and journalistic analyses (such as the *Economist* reports) of the EU have come to the conclusion that the evolution of the EU has been aided by the presence of functioning supranational EU institutions. A perusal of the revised ECOWAS Treaty reveals that relevant supranational institutions have been created for ECOWAS, but their powers are very suspect. The Abuja Treaty is very vague

[184] Babarinde. June 2001 Interview.

regarding the enforcement of decisions by supranational organs, especially the Fund for Co-operation and the Court of Justice. In any case, these supranational entities, from past experiences elsewhere, appear to be essential to the realisation of economic communities. Take the Commission of the EU, for example, El Kahal (1998) argued that it has contributed immensely to the success of the EU to date. The European Commission had long served as the bureaucracy of the EU. It has been responsible for the initiation of policies, implementation of policies, and the promotion of European interests (Figure 8.1). The Commission has also functioned as the guardian of the establishing treaties and acted as the principal public relations agent of the EU, via the dissemination and the gathering of information from an attentive public (Babarinde, 1994; El Agraa, 1997).

Conversely, it is not evident from the Abuja Treaty that the ECOWAS Executive Secretariat, the counterpart of the EU Commission, would be accorded the competence and powers the latter has enjoyed over the years (from the Treaty of Rome to the Nice Treaty). Instead, there seems to be multiple institutions with overlapping functions. For example, the Economic and Social Commission, the Executive Secretariat and the five other commissions under the Executive Secretariat (Trade, Customs, Immigration, Monetary and Payments; Industry, Agriculture and Natural Resources; Transport, Communications and Energy; Social and Cultural Affairs; and Administration and Finance) have often engaged in struggles over designated roles, if any.[185] It is therefore imperative that the Executive Secretariat have clear-cut mandates, if nothing else, in order to promote supranational interests through policy formulation and implementation (see Chapter 8). Equally important to the advancement of the European Union (EU) have been the periodic meetings of the Council of Ministers and, very recently, the European Council. Delegates at these two European Union bodies are renowned for their promotion of individual national interests and ultimately agreeing to general EU policies. Although such forums already exist under the ECOWAS framework, they have not demonstrated any real capabilities of exercising their mandates. Nonetheless, what may prove onerous is the respect and enforcement of the Assembly and the Council's decisions.[186] Another EU institution of importance and relevance to the EU is the European Court of Justice

[185] December 2001 Interview with Peter Ogbonanya. Nigerian High Commission. London.
[186] Mr. Kemal Saiki of the African Development Bank (ADB) confirmed this lack of political will in ECOWAS as a major depressant for intraregional trade. Interview, January 2001.

(ECJ). In accordance with the respect for rule of law and due process at the national level of member states, an adjudicating body exists under the aegis of the EU. The ECJ has successfully acted as the final arbitrator on disputes between different parties within the EU. The ECJ has such an impressive record that some 'Euro-watchers' have proclaimed that it (Shapiro, 1992, p. 123):

> Constituted the European Community because during the two-decade period of inaction and paralysis in the EU, it was the ECJ that kept alive the vision of European integration to mean more than just a trade arrangement. It must also be noted that the emergence of the ECJ as a vital organ of the EU was gradual, beginning with its landmark decisions during the early-1960s when the Court established its relevance to EU activities and the supremacy of EU laws over national ones.

In the manner ECOWAS is conceived, it is unclear from a perusal of the Abuja Treaty (revised as it is) if its adjudicating and arbitrating institutions would be assured non-interference from participating member states. It is also highly unlikely that ECOWAS states will, anytime soon, accept the principle of allowing supranational laws to supersede their respective national laws. Consequently, Member states must endeavour to establish a pervasive respect for the rule of law and due process at the national level. Unless the situation is rectified, ECOWAS may remain a perpetual infant, if the contention by Shapiro (1992) is accepted. In general, the point of the argument being advanced here is that supranational institutions, such as a bureaucracy and a judiciary, may be critical to the ultimate success of ECOWAS. They are essential tools of rule making, rule implementation and rule adjudication, which constitute the foundation for the success of any regional integration. Although a bureaucracy and a Court of Justice exist under the ECOWAS framework, they must be accorded binding powers.

There are other important factors and/ or miscellaneous concerns, which plague ECOWAS and, therefore, merit attention. First, some of the goals of the Treaty of Abuja, while commendable, may be over ambitious. Take, for example, the call for a monetary and currency union in ECOWAS within a maximum period of 15 years, following the adoption of the Treaty in 1983 and expected launch in 1990 (see Article 54). How realistic was this goal? Even after 40 years of co-operation, the goal of an Economic and Monetary Union (EMU) had not been an easy one for the EU. That is not to say, however, that ECOWAS states have to experience such a prolonged period before achieving this goal. But, the fact of the matter is that the requisite foundations for an ECOWAS Monetary Union are not available. As Pinder (2001) argued, a monetary union requires participating countries to part with their sovereignty, meaning loss of control over monetary policies, among others. How is this likely to happen in a sub-continent where most of its players lack monetary and fiscal discipline? In the face of adverse economic situations, ECOWAS governments, under pressure, are known to have printed money at will, with little or no regard for rational economic principles. This concern goes to the heart of the two earlier concerns about the proclivity of African governments to intervene unpredictably and the lack of a positive track record on participatory democracy.

Second, against the background of Africa's post-independent history and recent evolution, the reality and feasibility of ECOWAS objectives are highly questionable. As Ezenwe argued,[187] African leaders, since independence, have demonstrated an uncanny ability to gravitate toward 'white elephant projects' or abandoned projects, as they are widely known in the country. Perhaps the notion of a monetary union in ECOWAS strains credulity, given that the plethora of sub-ECOWAS groupings not only overlapped in terms of memberships and goals, but also competed for the loyalty and dues of member states. If West Africa's sub-continental arrangements are not functioning (and hence the creation of a larger ECOWAS) why must one expect a much bigger arrangement, encompassing 15 disparate political, social, and economic milieu to perform? In a December 2001 interview, Professor Ezenwe suggested that the rationale is 'reminiscent of the often illogical policies by individual states of the Community throughout their post-colonial experience,' which appear to be based more on faith than on sound economics.

Third, the question must be posed as to how the Treaty is expected to be any different from the myriad of documents negotiated and adopted by ECOWAS over its span of existence. Various documents (African Charters) on human rights, for example, were adopted over the years. Yet, West African states continued to sport the worst records according to multilateral institutions and other 'watch groups' on human and civil rights violations. Moreover, in 1980, the Lagos Plan of Action was adopted; yet again, very little of the document was implemented by signatories and it is doubtful if African leaders had any intent to implement the Plan or any of the myriad

[187] Interview with Professor Uka Ezenwe of the Ahmadu Bello University. December 2001.

documents, such as the 1986 APPER adopted by the OAU. Only time will tell if ECOWAS will be any different. But, if efforts thus far, almost a decade after the revised Treaty of 1993, are any indications, then Babarinde's[188] prediction that future of ECOWAS looks bleak, may be in order. At the risk of being sceptical, there is little evidence that regional economic communities have been strengthened where they exist or have been created where they do not.

Whereas regional economic integration schemes have proliferated, and some have been re-defined and/ or re-named, their efficacy in advancing the welfare of their populace remain very suspect. In fact, as argued earlier, West Africa remains less politically cohesive today than it ever did, economically weaker today than it did at independence, and socially destitute today than ever before. Finally, there are concerns about the Abuja Treaty's silence on political integration, especially in light of the demand for an African Economic and Monetary Union (AEMU). One of the harsh lessons from the experience of the EU is the realisation by the EU in 1990 that economic union and political union are intertwined and not mutually exclusive. This reality is reflected in the 1993 European Union Treaty of Maastricht. To be sure, political integration need not be a pan-African government or a federal political structure for the continent. Instead, it could mean mechanisms, which nurture participatory democracy, direct or otherwise, across national boundaries. That is, Africans who take advantage of factor mobility under the ECOWAS objectives will qualify to take part in their country of residence's democratic process.

7.4 CONCLUSION

This chapter has developed and demonstrated the ineffectiveness of ECOWAS at promoting trade amongst, and hence increasing the welfare of, its member states. Specific illustrations were drawn from the experience of co-operation initiatives of African origin (AMU, EAC and SADC) and those of non-African origin (MERCOSUR, and the EU) as providing relevant learning experiences for ECOWAS. Overall, it can be suggested that the basis, on which the conventional customs union theory thrives, conflicts with the principal objectives of ECOWAS. From the foregoing, therefore, the following conclusions can be drawn, at least tentatively.

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[188] Interview with Professor Babarinde. June 2001.

1) First, it appears that little progress has been made in respect of ECOWAS' objectives of increasing economic integration, suggesting that the promotion of serious trade liberalisation among its members has not been strong enough. This also suggests that ECOWAS may have been neither trade creating nor trade diverting, and yet the welfare of its members has not improved.
2) Second, the smallness of the economies of West African states has hampered the development of Intra-ECOWAS trade as a result of the fears of dominance, the existence of mutual suspicions between states and the lack of political will and commitment to the success of the customs union. The uneven size of individual ECOWAS member states, with large Nigeria, intermediate Ghana, Côte d'Ivoire and Senegal, and the remaining smaller states, creates unease over the incidence of costs and benefits of regional economic integration (Gambari, 1991).
3) Third, beyond the apparent fundamental problems of trade creation within ECOWAS, the customs union seems to be faced by additional disadvantages that hinder trade. For example, political problems, domestic and regional, have hindered efforts geared at regional economic integration in the whole of Africa since the end of the colonial era (Summers, 1991).
4) Fourth, transaction costs are high within ECOWAS as a result of the inadequate infrastructure (Knowles, 1990). In many cases, infrastructure connecting individual ECOWAS states is sparse, making large-scale shipments between them unlikely (Obadan, 1984). While these and other problems are faced by all Customs Unions, they seem particularly important in ECOWAS, where they only serve to complicate the more fundamental economic problems of improving trade collectively (Hanink and Owusu, 1998).

CHAPTER 8: RELEVANCE OF CUSTOMS UNION THEORY TO ECOWAS

8.0 INTRODUCTION

This chapter recognises, and hence tries to reconcile the theory of regional economic integration as documented in Chapter 2, with the practical realities of economic integration and co-operation in ECOWAS (highlighted in Chapters 6 and 7). Specifically, Chapter 8 attempts to reconcile theory with practice in order to ascertain whether the experience of ECOWAS has been consistent with the prescriptions of the theory of economic integration. It concludes, with suggestions of a strong indication that the current theory has not sufficiently captured the practical realities of economic integration within ECOWAS.

8.1 BETWEEN THEORY AND PRACTICE

Ideological tensions between sovereignty and integration, between the nation state and the supranational, and between intergovernmentalism and supranational political institutions lie at the heart of the debate on economic co-operation and integration. These views have led to the emergence of two opposing visions of regional integration applicable in the context of Europe, and which have been personified by Jean Monet and Jacques Delors on the one hand, and Charles de Gaulle and Margaret Thatcher on the other. At a theoretical level, the debate has been between the pluralist neo-functionalist and the realist intergovernmentalism schools of international relations (Rosamond, 1995). However, the crisis of the 'empty chair' in 1965, when the French withdrew from the European Commission over proposed changes, which it opposed, represented a clash between these opposing visions of Europe and resulted in what may be seen as victory for the intergovernmentalists. Neo-functionalism in the late 1950s, as a theory of regional integration was essentially conceived and propagated with particular reference to Europe (see Chapter 2). It developed as a response to the growth of the EEC, and in many respects, exhibited elements of a direct correlation between the popularity of neo-functionalist theories and the degree of formal integration in the European Communities. Haas (1958, 1961) and Lindberg

(1963) developed neo-functionalist theories from the functionalist writings of David Mitrany. Haas (1958) defined integration as:

> The process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities towards a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states. The end result of a process of political integration is a new political community super-imposed over the pre-existing ones.

The common view of neo-functionalists is that integration in one sector will inevitably lead to integration in other sectors. These 'spillover effects' can, however, be functional, political or even both. According to George (1991, p. 21), for example, functional spillover is the process whereby, 'once states integrate one sector of their economies, this should lead to integration of other sectors resulting in common economic, regional, social, and ultimately monetary integration.'

Political spillover, however, adds a political impetus to the process of integration. With the growth of economic integration, the spillover theory suggests that there would come spontaneous political integration as political elites transferred loyalty from the national to the supranational level, from the nation-state to the High Authority or Commission (for example lobby groups transferring their activities from Dublin to Brussels in the case of Europe). The ultimate objective of any such initiative is that the Commission would emerge as the future government of the new supranational state (George, 1991, p. 24). The process of integration would, therefore, begin in areas of 'low politics,' and by the phenomenon of spillover, move on to encompass areas of 'high politics' (i.e. foreign and defence policies, etc.), with economic integration inevitably leading to political integration. In addition to explaining this process, neo-functionalism was also a predictive theory, foreseeing the eventual development of a European political community (see Chapters 2 and 5). Starting with the integration of the European coal and steel industries, politicians such as Jean Monet and Robert Schuman envisaged a process of spillover, which would culminate in a United States of Europe. However, this was not on the agenda of the theorists of the opposing school, as the issues of national sovereignty and the role of national governments in the process of regional integration have been the main focus of disagreement between neo-functionalists and intergovernmentalists.[189]

It may well be worth noting that intergovernmentalism developed from the realist school of international relations, which included theorists like Hoffman (1982) and Moravcsik (1991). While Hoffman's model stressed the importance of the role of the nation state and the power of national leaders as exhibiting significant links between the national and the Community policy-making process, Moravcsik (1991) recognised the importance of supranational institutions, but also affirmed that the interests of the states themselves and the relative power each brings to Brussels (the centre) were the primary sources of integration.[190] Moreover, the intergovernmental school championed by Moravcsik (1991), highlighted the role of the nation state in the process of regional integration, but by so doing ignored the transnational perspective. Epitomising the practical realities of this omission is the fact that European co-operation and integration had its roots in the devastation of Europe after World War II (WWII). In the post WWII era, for example, economic reconstruction took place against a backdrop of a developing cold war between the superpowers, and of the problem of post-war Germany. While the demand for unity and co-operation was very strong among the nation states, the motivations differed from state to state depending on national perspectives and priorities. The same can be inferred for ECOWAS when compared with European integration. For example, ECOWAS came about out of the need to improve the bargaining power of contracting parties in the international trading fields, the EEC, however, grew out the exigency of security in Europe. European integration is the birth child of an attempt to forestall future wars especially between France and Germany. As Babarinde aptly argued in his interview, 'three crucial examples are useful in this regard: (i) the rehabilitation of Germany, (ii) the restoration of the prestige and honour of France, and (iii) the need for a counterbalance to Communism in Italy.'[191]

The focus of division between the two theories centres on the role and sovereignty of the nation state, and in particular on the institutional arrangements for integration. The EEC initially developed in the way the neo-functionalists had

[189] The views and contributions of Jean Monet and Robert Schuman on European integration have been dealt with in Chapter 7.
[190] See Moravcsik's (1991) *Intergovernmental institutionalism,* p. 57. See also edited accounts by Andrew Gamble and Anthony Payne (1996) *Regionalism and the World Order.*
[191] June 2001 interview with Professor Babarinde.

predicted: economic development, customs union, and the beginnings of a Common Agricultural Policy were progressing faster than had been anticipated. The ECSC spilled over into Euratom and the EEC (Tranholm-Mikkelsen, 1991, p. 5) and the original member states were prepared to sacrifice some national sovereignty to supranational institutions. Most of these attributes were and are still lacking in the case of ECOWAS.[192] However, for Jean Monet the ECSC was not an end in itself, but part of a process that would culminate in a European federation transcending the nation state (Dinan, 1994, p. 2). This march towards European integration and the prospect of a federation of nation states came to an abrupt halt, nevertheless, with the Empty Chair crisis of 1965, which was sparked off by President de Gaulle's hostility to supranationality and the prospect of further diminution of national sovereignty. Professor Ezenwe has also drawn lines of symmetry for future empty chairs in ECOWAS, citing the example of Mauritania as a pacesetter. The empty chair crisis in the case of Europe it must be noted resulted from an attempt by the European Community to link the completion of the CAP (which was of critical importance to France) to budgetary and institutional reforms. Dinan (1994, p. 55) also described the whole incident as 'a combination of Commission opportunism, Community resentment against French unilateralism and de Gaulle's determination to limit further the Treaty of Rome's already restricted supranational provision.'

De Gaulle's attack on proposals to make greater use of qualified majority voting further aggravated the crisis, and it culminated in France's withdrawal from the Commission during its Presidency in the second half of 1965 (hence the Empty Chair reference). This brought the workings of the Commission to a virtual standstill. The solution agreed in January 1966, known as The Luxembourg Compromise, resulted in a victory for intergovernmentalism: it provided for the primacy of the Council over the Commission, allowing for states to effectively veto a proposal if they declared a vital national interest to be at stake. Thus the progress toward majority voting was halted, and ultimately it strengthened intergovernmentalism at the expense of supranationalism. The EEC (currently the EU) has not experienced so serious a crisis since then, but the issue of national sovereignty which had precipitated the Empty Chair crisis has been at the core of other attacks on supranationalism in recent times, particularly from Britain and, to a lesser extent, Denmark.[193]

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[192] December 2001 interview with Professor Ezenwe.
[193] Accounts of December 2001 interview with Professor Babarinde.

The demise of supranational models of integration led to a questioning and a re-examination of the neo-functionalist theories underpinning these models. Neo-functionalism failed to predict the Empty Chair crisis, or the proliferation of intergovernmental institutions during the 1970s and early 1980s (in particular the role of the European Council in deciding the direction of the Community), which resulted principally from the decline in economic growth and a changing international environment. It failed as a predictive theory of European integration: there was no automatic spillover from economic to political integration. Tranholm-Mikkelsen (1991) concludes that neo-functionalism is a partial theory, and identifies its failure as the inability to account for the existence of countervailing factors such as strong political leaders and the diversity of member states. These two forces, nationality and diversity, limit the effect and logic of spillover, and these factors fit better into the framework of intergovernmentalism and interdependence theory.

The clash between the two opposing visions of Europe was further characterised by ideological differences and strong national personalities. While these ideological differences remain, they have to a large extent been replaced by a more pragmatic approach, which recognises the uniqueness and diversity of the European Union. This pragmatic approach is reflected in the Single European Act and the Maastricht Treaty on European Union, which both combine intergovernmental and supranational approaches to European integration, an attitude more likely to meet the challenges facing the European Union as it moves into the 21st century. De Gaulle's stand against the Commission in 1965 epitomised his hostility to supranationalism. Yet intergovernmentalism, which de Gaulle so bluntly asserted during the 1965 crisis, laid the basis for the Community's survival in the 1970s and its invigoration in the 1980s. Ironically, the Community of the 1980s is an 'improbable yet not ineffective blend of de Gaulle and Monet,' as Dinan (1994, p.49) clearly pointed out, 'intergovernmentalism and supranationalism are not irreconcilable ... rather they characterise the diverse nature of European integration.'

Realist and functionalist assumptions in European integration

The process of European integration represents one of the most fertile fields for the analysis of contemporary political economy. Seen from the outside, the implications of European integration seem to begin and end with the emergence of a single

European market. The fact that nearly 70 percent of new legislation stems from the European level is only one sign of the paramount and political role that the European level of governance has come to play. Specifically, many realists and neo-realists insist that European integration was and remains a purely intergovernmental affair. Declaring that 'the state is not a black box,' for example, Moravcsik (1995) highlighted the role that domestic politics and international economics played in shaping a state's action and response on the international level. He highlighted the role that domestic political and extra political interests played in shaping national positions in intergovernmental bargaining. He also found transnational actors, such as the institutions and interest groups, however, to have played no decisive role in relaunching Europe in 1985. Social policy at the Community level had in some ways, instead, seen a strengthening, not a weakening of national sovereignty. Because of the very nature of social policy, the framework of decision-making rules, and the asymmetries of interest groups seeking to influence social policy making at the European level were consistently thrown back to the national level (see El Kahal, 1994).

8.2 PRACTICE: THE EUROPEAN STYLE

European integration since the end of the World War II has been a historical and contemporary process. The integration of Europe has embraced an evolutionary trajectory from the initial European Coal and Steel Community, to the European Community, the Common Market, the European Union, and finally the Economic and Monetary Union. The roles and hallmarks of the main institutions of what is now known as the EMU have evolved along this path by the process of neo-functionalist spillovers. In general terms, a distinction can be made between schools of thought based on realist and functionalist assumptions. These assumptions focus on the ways of understanding the motivations, paths and outcomes of integration processes. The central question is whether European governance is inter-governmental or supranational. Is Europe the concerted pluralist articulation of national interests, or has it acquired the qualities of a supra-national state, in which a new level of governance encompasses Europe as a whole, not as individual nation-states? In the course of interpreting the events of the past few decades, these two approaches have developed into neo-realism and neo-functionalism. Although both the neo-realist and the neo-functionalist approaches have come to incorporate elements of the others' theoretical constructs, they still remain distinct in their emphases. The neo-realist school remains state-centred in its analysis; even the associated neo-liberal school, in its analyses of economic and technical interdependencies, which bind states together, is still looking at states as unitary actors, with identifiable interests and rational behaviour. Both external pressures, as well as domestic politics are examined with reference to their effects on the actions of the state. Although states may join regimes, they do so purely in self-interest, and with no intention of ceding sovereignty.

Neo-functionalism as a theoretical construct, which explains integration has gone through similar adjustments. It has been revised to include the idea of an as yet unsolidified but perhaps emergent European polity, and thus strives to better understand the role of interest groups and the nature of institutions (Marks *et al.* 1996). Haas' (1958) and Lindberg's (1963) initial formulations of a neo-functionalist regional integration theory built upon Mitrany's work, which proposed to achieve lasting peace in Europe by taking the territoriality out of political authority (see Lintner and Mazey, 1991, p. 7). Through functional interdependence, the 'push and pull' of political influence could be rendered neutral and beneficial for technical policy sectors, such as transport or health research. Applying this to the experience of the original European Coal and Steel Community (ECSC), Haas (1958) took this idea further, positing that the twin aspects of sectoral and political spillover would power functional integration. Firstly, integration of one area of activity would presage the need for further integrative activity, because the means to accomplish the first goal would be impossible without equally integrating other interdependent areas. In other words, one policy activity paves the way for the next. Functional, or sectoral spillover, then, would result from this interlinkage of policy areas. The second aspect, political interdependence, or spillover, posited that political pressure would build up for further integration; these interests would emanate not only from the nation states themselves, but more pressingly from supranational institutions and previously national-level interest groups transferring their activities to the new regional level.

Theorists of the Realist school such as Millward (1994) and Moravcsik (1991, 1993 and 1995), meanwhile, explain the motivation and mobilisation behind integration as purely intergovernmental, not supranational. According to this stream of thought interest groups play an important role in intergovernmental bargaining yet they contain this influence largely at the national level alone. On the opposite end of the spectrum, however, drawing on both the work of the neofunctionalists and the work of comparative politics, those of the multi-level governance school[194] hold that the collective decision-making process at the supranational level undermines state sovereignty because it fragments and spreads decision-making competence across a range of levels with no clear-cut hierarchy. Here, it is not only the supranational institutions such as the Commission and the European Parliament which are seen as subsuming national sovereignty, but, equally in line with functionalist theory, transnational interest groups are taken to have seized the opportunity to influence policy-making at the European level and reap the benefits of being able to 'shop around' for favourable policies, thereby undermining the very source of legitimacy of national governments. This may be true for some transnational interest groups, notably powerful industrial or regional interests. However, there is at least one policy area and its concomitant set of interest groups for which the opposite effect can be observed. Both schools of thought have developed an appreciation for the role that institutions play, but the most recent state of play in this debate still focuses on two schools of thought: the realist intergovernmental institutionalism on the one hand, and the functionalist supranational institutionalism on the other. Whether or not these are more sophisticated conceptual frameworks is a different matter entirely.

8.3 PRACTICE: THE ECOWAS EXPERIENCE

Did ECOWAS start off on a stronger, equal or weaker footing than other regional economic blocs?

Coupled with the ambitious character of bridging cultural, ethnic and language diversities, ECOWAS has received the largest attention of scholars interested in Sub Saharan African (SSA) integration.[195] Such attention can be explained by the sheer size of the community (about 180 million people). Smaller states within the region have, however, often expressed fears and suspicions of the larger states. These fears have often been tagged 'the fear of domination', which is believed to be expressed by

[194] See for example, Marks *et al.* (1996) (Eds.) *Governance in the European Union*; Scharpf (1997) *Economic integration and the welfare state*, pp. 18-36.
[195] Robson (1983); Akinyemi *et al.* (1984); Ubogu (1984) and Asante (1985, 1986).

the smaller French speaking West African economies (surprisingly more by Senegal than by the likes of Niger, Benin and Burkina Faso) over key players in the sub-region such as Nigeria (*Post Express*, 1998). The existence of many other sub-regional associations such as the Mano River Union (MRU) comprising Guinea, Liberia, and Sierra-Leone established in 1973, and the West African Monetary and Economic Union (UEMOA), which are all sub-sets of the ECOWAS, might have been seen as a means of overcoming such fears.[196]

To say the least, therefore, ECOWAS seems to have started off on a very delicate footing, because of the mixed results of opportunities and challenges. In terms of opportunities on the one hand, it had lessons to learn from the uneventful outing of the EAC, which suffered an ignominious collapse in 1977 (Ezenwe, 1983). On the other hand, however, ECOWAS faced the serious challenge of bridging more states, and more lingual, cultural and political orientations. As demonstrated in Chapter 6, the first decade of ECOWAS was so delicately balanced that the likes of Gambari (1991) have dubbed the political events of the time as the 'teething problems' in ECOWAS.

Without going into too much political detail however, only the crucial elements that bear on the shifts in the ECOWAS agenda from its objectives of intra-regional trade enhancement shall be considered. First, the change of government in the dominant and initiator state, Nigeria, barely three months into the May 1975 signing of ECOWAS Treaty, did not augur well for other founding members. The overthrow of General Yakubu Gowon in what was seen as a bloodless coup d'etat in August 1975 directed attention from the sub-regional realm to more internal matters (Kirk-Greene and Rimmer, 1981).[197] This did not facilitate easy relations with Togo, whose President Eyadema was not just a close friend and ally of Gowon, but worked closely with him in bringing about the Community, perhaps marking one of the pillars for changes in emphasis within ECOWAS. It was indeed believed that President

[196] The Mano River Union (MRU) was established in 1973 and the West African Economic and Monetary Union (UEMOA) in 1994 to strengthen the CEAO - 19 years after the establishment of the ECOWAS. The UEMOA comprises eight French-speaking West African countries - Benin, Burkina Faso, Côte d'Ivoire, Mali, Mauritania, Niger, Senegal and Togo. See the WTO (1995, p. 38) as well as Robson, Peter (1983) *Integration, Development and Equity*.

[197] Douglas Rimmer remained unwavered from his opinion of the 1980s that political instability in Nigeria was a major destabilisation tool for the West African sub-region. Interview excerpts, March 2001.

Eyadema had initially wanted to show displeasure with the overthrow of his friend,[198] General Gowon, by granting him asylum in Togo (see Gambari 1991, p. 36).

Moreover, the enthusiasm for further strengthening of ECOWAS faded fast as the regional co-operation front-runners, Nigeria and Togo, diverted attention further away from regional matters to more crucial nationalistic concerns. Apart from the resulting cold war between Nigeria and Togo, there were other disputes between Togo and Benin, stemming from accusations of meddling in each other's domestic affairs. This led to the closing of borders between Togo and Benin, which further hampered the movement of goods and services (irrespective of whether such trade was free or restricted). These are classical examples of the power struggles amongst ECOWAS states in their determination to preserve the sovereignty of the individual government structures and policies. Moreover, the effect of the border closing between Togo and Benin remained a major source of concern even for an oil rich Nigeria, as goods in transit suffered. Hence, General Obasanjo, the Nigerian President between 1976 and 1979, attempted to revive the spirit of ECOWAS by emphasising his country's commitment to ECOWAS and its goals.[199] Furthermore, the economies of Burkina Faso and Niger were hurting and only an operational ECOWAS had the capacity to bring relief, greater income and expanded trade opportunities to these land-locked states. For example, while about 41 percent of Burkina Faso's exports were meant for ECOWAS markets, most of Niger's trade was with neighbouring Nigeria at the close of the 1970s and early 1980s (Gambari, 1991).

Fortunately momentum was regained as a result of positive regional pressures, which were developing in favour of renewing diplomatic efforts geared towards putting ECOWAS back on track. For example, the Congo declined accession to ECOWAS in 1979. As Professor Gambari aptly argued, the declaration made by the Congolese government neither to be pushed nor to apply to ECOWAS membership, removed the card President Leopold Senghor of Senegal had hoped to play in expansion and enlargement of the Community in order to counter-balance the weight of Nigeria (Gambari, 1991). These events according to Gambari (1991) precipitated a flurry of diplomatic activities to get ECOWAS away from the threat of extinction,

[198] This is a typical demonstration of how African leaders run their countries as if it was a personal property. Honour amongst thieves seems the order of the day as cronies do each other favours at the expense of their citizenry. In this particular example, Professor Gambari (1991, p. 36) brings out one of the realities in ECOWAS.

including a call by Ghana for all member states to do 'everything in their power' to ensure the success of ECOWAS. There was also the meeting of ECOWAS experts in Abidjan in June 1976 and yet another ECOWAS ministerial meeting in Accra in July of the same year. Others include the joint Nigeria-Togo special mission, which visited several West African states in a bid to maintain the regional co-operation momentum. Between 1981 and 1983, the land-locked state of Burkina Faso experienced extreme political instability. A series of coups ended in August 1983 when Captain Thomas Sankara was placed at the head of the National Revolutionary Council (CNR). Largely motivated by the endemic political instability in that state, due to the constantly changing political and economic agenda brought about by the power shuffle, any commitment Burkina Faso owed to ECOWAS only waned.[200]

Among the many economic factors behind the political unrest were the sharp rise in oil prices between 1979 and 1980 as well as the growing reliance on imported food that exerted strong inflationary pressure and substantially escalated the import bill of Burkina Faso. To improve the negative external balance of trade, which resulted from these trade patterns, however, the government attempted to lower the import bill by seeking cheaper suppliers in Asia (especially in Hong Kong, Taiwan and Thailand).[201] The Revolutionary Council also sought to curtail food imports by boosting the ideology of food self-sufficiency and by reviving the exploitation of neglected gold reserves to raise gold exports (Savadogo and Wetta, 1992). Attempts were also made in the diversification of export markets as Côte d'Ivoire, the traditional regional export market of Burkina Faso's livestock, was being flooded with less expensive Argentinean and European products. By the late 1980s, however, Burkina Faso's trade was intra-African, with West Africa accounting for about 25 percent of the total (World Bank, 1989). Government policy placed strong emphasis on the social sector and the more equitable distribution of income favouring in particular, rural areas and low to medium income groups. Accordingly, the interim Popular Development Plan (PDP) (between 1984 and 1985) and the first five-year PDP (between 1986 and 1990) gave priority to infrastructural development, social

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[199] The author derived some useful insights from Mr. Ogbonanya of the Nigerian High Commission, London on this subject matter. December 2001.

[200] Interview with Mr. Maxwell Ayamba, a freelance Ghanaian journalist and Research associate at the Sheffield Hallam University, United Kingdom. December 2001.

[201] Seeking cheaper sources of supply from South and East Asian countries demonstrates a clear illustration of trade creating activity by Burkina Faso, a member of ECOWAS, going outside its regional market to 'third country' markets.

services, and food security, which is also consistent with the provisions of Article 25 of the revised ECOWAS Treaty

8.4 CRITICAL SUCCESS FACTORS AND MODERATING INFLUENCES IN ECOWAS.

The fundamental explanation for the failure of regional economic integration in West Africa is associated with the inability and/or unwillingness of participants to carry out the preferential trade liberalisation efforts. If the regional integration of West Africa under the auspices of ECOWAS is modelled after the experience of European integration, it remains to be seen how economic co-operation in one area could spillover into other areas like the European Coal and Steel Community (ECSC) spilled over into the European Economic Community (EEC) (see Section 7.3.2). This is due to a number of factors such as political instability and, other fiscal factors resulting from the growth of unrecorded trans-border trade (UTT) due to the high national tariff walls.

There are also political factors resulting from the uneven distribution of the costs and benefits of regional economic integration. For example, the burden borne by Nigeria under the expectation of the big brother phenomenon and the associated difficulties in devising proper compensation schemes from the gainers to the losers should the relation become a zero-sum game, where there are winners and losers. The inward-looking, import-substituting economic philosophies that have guided and directed the policy actions of the majority of African governments constitute another set of factors (Foroutan, 1992). All these factors have given rise to the mutual suspicions expressed by member states and its attendant erosion of the political will and commitment to forge ahead with the spirit of regional co-operation.

8.4.1 LACK OF POLICY IMPLEMENTATION

A work programme for energy development, involving a regional analysis of energy issues and plans for increasing efficiency and finding an alternative source was planned in 1981 (ECOWAS, 1999). The creation of an Energy Resources Development Fund was approved in 1982. A regional information centre and database to disseminate information on renewable energy resources and the construction of an ECOWAS refinery to supply refined petroleum products for the region was approved in 1990. To date, however, nothing has been put on the ground in terms of policy implementation.

8.4.2 SHARING OF COSTS AND BENEFITS

Nigeria and Côte d'Ivoire, the two dominant economies in ECOWAS have had to pay high prices for being the 'poles of growth and employment' in the sub-region. Whenever their economies are on the upturn, both states tend to accept (as big brothers) to assist less fortunate members. This leads to the uneven cost distribution within the Community's operational budget by the more affluent members. With Nigeria paying 32 percent, Ghana 13 percent, and Côte d'Ivoire 13 percent, these three states alone account for almost 60 percent of the cost of running the Secretariat in Nigeria and also for partial capitalisation of the ECOWAS Fund in Togo (Gambari, 1991). As these costs become unbearable, it is expected that those states be forced to rethink their commitment in that regard. For example, the cost of peace keeping to Nigeria has been enormous, with a loss of hundreds of soldiers and a daily cost of US$ 1 million to maintain the over 10, 000 troops in ECOMOG.[202]

The implication is that, when states like Nigeria and perhaps Côte d'Ivoire start to encounter serious economic difficulties or a global recession, nationalistic interest concerns appear to take over. A typical example in this regard is the orientation of the General Buhari administration in Nigeria. Fiercely nationalist in outlook, the Buhari administration was not opposed to the goals and objectives of ECOWAS, but the primacy of Nigeria's interests was its guiding principle (Gambari, 1991). The expulsion of Ghanaians from Nigeria by the Shagari administration in 1979, and the decision to close Nigeria's land borders to the rest of West Africa with the coming of the Buhari administration in January 1984, are only two examples. The borders remained closed throughout Buhari's tenure in office despite protests from other ECOWAS members.

Consequently, Article 27 of the ECOWAS Treaty relating to the free movement of goods and services becomes a casualty (see Appendix I). In the

[202] Retired General Alli was very critical on the human and material (logistics) burden Nigeria had to bear in a bid to restore regional peace through ECOMOG, Interview, December 2001. See also *The Economist* (1999) *Waking from Sierra Leone's Long Nightmare.*

implementation of the Protocol on free movement of persons, states such as Nigeria and Côte d'Ivoire experienced severe problems. General Buhari felt that the security and economic considerations of Nigeria had not been sufficiently addressed to warrant a re-opening of that state's land borders even though this created tension between Nigeria and the rest of ECOWAS. Hence in 1984, 'the first phase of the protocol was, at the insistence of Nigeria, extended for another two years' (see Gambari, 1991, p. 58). Despite the ratification of the protocol on free movement of people and goods since the 1980s however, cross-border movement remains a problem, with 'too many check-points, harassment and extortion' by border officials within the sub-region. One only has to travel by road around West Africa to see (*Ghanaian Independent*, 1998):

> The fallacy of ECOWAS and its propaganda of free movement of people and goods. Those who decide to travel by road (or even by air) in West Africa or attempt to cross borders with their goods should be ready to undergo the worst in human suffering and degradation.

This has escalated the levels of unrecorded trans-border trade (UTT) across the ECOWAS sub-regional market. It is instructive to cite the case of the European Union (EU) as a relevant lesson for ECOWAS in its agenda of promoting factor mobility. The European Union's case demonstrates that the free movement of persons was a key part of integration, which came prior to establishment of a single currency. In fact, it was introduced in a general context of reversed migration flows (especially in the case of Spain and Greece). It goes to show the extent that the political will to establish, in stages, an area for free movement of goods, services and capital can help the economic integration of less advanced states (OECD, 1998). In all evidence, the political will to contribute to the joint exploitation of regional transport, communications and energy networks, coupled with the mutual suspicions demonstrated by ECOWAS members over one another, has meant disaster. For example, even in the event of falling tariff barriers, non-tariff barriers quickly surface, further pushing transaction costs across the sub-region to unimaginable proportions.[203]

[203] See Table 2.1 for a classification of these non-tariff barriers.

8.4.3 HIGH TRANSACTION COSTS

From the analysis thus far, it can be suggested that due to the poor development of regional transportation networks within the ECOWAS objective of boosting the level of internal trade and easing the movement of goods across state boundaries, was only marginally met. For instance, myriad traders and middlemen have interposed between local farmers who are restricted by poor transport and communications, and the final consumers. According to Mabogunje (1989) the chain of traders begins with the innumerable itinerant buyers who go round the farms buying small quantities of commodities from the farmers in their inaccessible hamlets and villages. These they sell in the small rural markets on tracks along which only few trucks care to ply. Other middlemen buy from the itinerant buyers for sale in rural markets with greater accessibility. Eventually, the rural traders meet the urban traders at periodic markets on major roads, who then more vigorously continue the process of bulking of the commodities for the urban and regional markets. At the regional markets, a reverse process begins of breaking the bulk of imported or locally manufactured commodities and selling smaller lots through another chain of retailers until the rural consumer eventually buys. Not expectedly, by this time the price for the imported or manufactured commodity bears little or no relation to that paid to the farmer for his crops in the first place (Mabogunje, 1989). However, the multiplicity of traders in the internal exchange system has received a variety of comments in the literature of underdevelopment. According to Bauer (1954, p. 22):

> The number and variety of intermediaries have much been criticised by official and unofficial observers. They are condemned as wasteful and are said to be responsible for the wide distributive margins both in the sale of merchandise and in the purchase of produce.

Apart from being wasteful, the activities of these long-chains of middlemen are highly uneconomic in terms of saving and salvaging those resources, which are particularly scarce in West Africa. This is especially the case within ECOWAS where resources, which are largely redundant and for which there is very little demand (as is the case with agricultural raw materials) are being peddled. Jones (1972) also documented reports from Kenya, Sierra Leone and eastern Nigeria, where he indicated the unhealthy peddling of products as occurring only in those areas poorly served by roads or where the total production for sale was relatively small. To correct of this kind of situation, emphasis, he concluded, 'must lie in improved transport, if that is the problem or in increased local specialisation in production to make the amounts offered for sale large enough to attract competitive buying' (see Jones, 1972, p. 261).

Despite all these real and perceived moderating influences within ECOWAS, there still lies a wide array of opportunities awaiting capture. In the region of the free mobility of labour for instance, West African states have been found to have an edge over their East and Central African counterparts. As Hunter (1969) noted in his *Comparative study in Asia and Africa*, the states of India, Pakistan, and their West African counterparts, are fortunate in having a massive corps of skilled indigenous traders. This is unlike in the case of their East and (to a lesser degree) Central African counterparts, who have benefited greatly from immigrant traders from outside the integration region. This analysis has been corroborated in recent years, where the World Bank (1989) exalted the success of Francophone West Africa over their regional counterparts. Hunter (1969) also noted that the whole of Southeast Asia had benefited from the activities of overseas Chinese traders, though some countries have spent much effort trying to expel them.

8.4.4 EXCESSIVE COUNTRY FOCUS

The fragmentation of Africa as a whole leaves its unification as the greatest hurdle of our time.[204] It can be recalled that size has been proposed as one of the main reasons for the welfare erosion of ECOWAS member states (Oguledo, 1996). On the one hand, African integrationists and policymakers have continued to argue that small size (in terms of markets and GDP) constrains development, and consequently economic integration and co-operation, which combine to make their economies decline further behind the global frontier. On the other hand, however, examples abound to show that its not only a matter of size but what you do with it that counts, as demonstrated by the role of Luxembourg in European integration (see Chapter 7; *Entrenched National Traditions*).

[204] The unification of Africa as a federalist entity or functionalist enclave is harder to defend due to the fragmentation of its markets. Hence it is not really clear where ECOWAS may fall in from the analysis of Jones (1996), which shows the different political arguments for integration. See Chapter 2.

As Mr. Ogbonanya re-iterated charity begins at home, but should it end there as well. Individual states need to look regionally amongst themselves as they adopt economic recovery policies. Unfortunately, much of the aid and other economic reform programmes have often been confined to national economic spaces. This appalling situation prevails irrespective of the fact that most of theses states confront similar economic problems and therefore need to support regional and international public goods such as regional infrastructure: roads, railways, ports, electricity distribution, and power pooling systems (as already highlighted in Chapter 6). This is because a regional approach in this regard could lead to lower costs and faster growth than individual country efforts in these fields. These developments at the national, continental and international levels initially diverted attention away from sub-regional co-operation. They also made a commitment to key aspects of integration, such as trade liberalisation more difficult to engineer and sustain. Quite apart from the blockage by CEAO members of the application of the single trade liberalisation scheme decided upon since 1981, there was the continuing problem of defining 'rules-of-origin' and growing concerns about opening-up large markets, such as Nigeria's own, to manufactures of French multinational companies based in Côte d'Ivoire.[205] Undoubtedly, poor transportation networks and physical blockades to the free movement of goods, persons and capital across the sub-regional market, has given rise to other forms of illicit and informal trade such as smuggling and drugs trafficking.[206]

8.4.5 UNRECORDED TRANS-BORDER TRADE (UTT)

It has been argued that 'in marked contrast to official intra-African trade, unrecorded trans-border trade appears to be on the increase throughout much of Africa' (*West Africa*, 1987). Many Africans in general and ECOWAS members in particular, have responded to market signals transmitted through such unrecorded trans-border trade (UTT) despite the constraints of poor transportation, difficult communications and government restrictions.[207] In the late 1980s for example (Gambari, 1991, p. 41):

[205] Commentary by Professor Aheto, December 2001.
[206] Ethnographic accounts of a one year National Service experience with Nigerian Customs and Immigrations officials at the Gamboru-Ngala (North-eastern Nigeria) and Fotokol (Northern Cameroon) border between December 1995 and October 1996.
[207] The level of these unrecorded trades is not known but the impact is quite enormous in Africa in general and especially within ECOWAS for the relevance of this study. Some other studies have documented the detrimental effects of smuggling to the wealth of nations.

> Nigeria's UTT with Benin exceeds 12 billion CFA francs (about US$25 million at early 1980s exchange rates) annually, practically making Nigeria, Benin's number one trading partner. In comparison, the yearly-recorded trade between both states during the same period was closer to US$10 million.

Similarly, Togo's unrecorded trade with Ghana between 1977 and 1979 was estimated at more than 4 billion CFA francs, which was about ten times the amount of recorded trade (*West Africa*, 1989b). Nonetheless, low as recorded intra-ECOWAS trade may have been, the removal of trade barriers to facilitate the expansion of intra-regional trade by virtue of trade liberalisation initiatives within ECOWAS continues to pose problems for member states. This is so because of the importance of customs duties in member states as a share of their foreign trade and gross domestic product (GDP) as well as in total government revenue. The implication here is that there is no evidence of trade diversion in ECOWAS. The prospects of compensation for loss of revenue as a result of trade liberalisation dims in comparison to the different economic implications for member states as they eliminate intra-community tariffs. To give a simple illustration, Gambari (1991) arguably presented the different effects of the removal of customs duties on the total trade and government expenditure of states. According to him, whereas Mauritanian and Liberian shares of 3.9 and 4.3 percent of customs receipts in total trade were considered low, Burkina Faso and Benin showed relatively high figures of 21.7 and 17.2 percent respectively. In the Gambia more than half of total government revenue derived from customs duties. The corresponding figures for Benin, Sierra Leone, Côte d'Ivoire, Cape Verde, and Niger were 49 percent, 37 percent, 35 percent, 8 percent, and 16 percent respectively (ECA, 1995).

Undoubtedly, Africa pays a high price for its inadequate infrastructure in lost opportunities for growth, poverty reduction and access to other services such as health and education that could improve people's welfare. The value of physical infrastructure for growth and development lies in its consumption, not in its production, as it remains a crucial input to all other production. For example, while power is needed to facilitate production of goods, adequate telecommunications and transport networks are required for the transmission of services and delivery of goods respectively. Nevertheless, even social infrastructure such as sanitation and safe water affects people's productivity and so indirectly affects production as sources at the African Development Bank have always maintained.

It is no longer news that Africa's transport costs are the highest compared to other regions of the developing world (Biggs *et al.*, 1996). Indeed as the Continent is isolated from major maritime and air routes and is served by peripheral, high-cost routes. Freight costs for imports are 70 percent higher in East and West Africa than in developing Asia. For land-locked Africa, costs are more than twice as high as in Asia. Air transport costs should be less affected by boundaries and distance from ports, but air transport costs across the continent are two to four times the costs over their Atlantic routes. In many other ECOWAS states, air cargo transport is simply not available both domestically and extra-regionally. Comparing West African states to their Asian counterparts, for example, in the mid-1990s road transport costs in Côte d'Ivoire was two to three times those in Southeast Asia (as discussed in Chapter 6). These higher costs in Africa in general and West Africa in particular, result from lower road quality, higher fuel taxes and costly bureaucratic procedures. It is estimated that roadblocks and bribes paid to police and other customs and immigrations officials raises the cost of road transport by one third in parts of the ECOWAS sub-region.[208]

8.5 CONCLUSIONS

The primary purpose of this chapter has been to reconcile the theory of regional economic integration with the practical realities in ECOWAS. Specifically, theory was played off against practice with strong indications that the current theory has not been sufficient to capture the practical reality of economic integration in ECOWAS. It was argued and adequately demonstrated that the Neo-functionalist theory of integration, which developed in the late 1950s, was essentially particular to Europe. The proposition that 'once states integrate their economic sector, this should lead to the integration of other sectors like the political, regional, social, and ultimately monetary,' was questioned. For example, there was not enough evidence to suggest that the transfer of loyalty of political elites from the national to the supranational level, from the nation-state to the High Authority or Commission, which is the central argument of neo-functional spillover theory, could be achieved. Neo-functionalists argued that once the process of integration began in areas of low politics, they were

[208] From discussions with Nigerian Immigration officials at Gamboru-Ngala. July 1996.*Opcit*.

bound to move on to encompass areas of high politics by the phenomenon of spillover. In other words, with economic integration inevitably leading to political integration, there has been no such practical occurrence in ECOWAS or SADC.

Recounting the 'evolutionary trajectory' experience of the European integration from the initial European Coal and Steel Community to the ultimate Economic and Monetary Union mentioned earlier (see section 8.2); it becomes clear that ECOWAS has not evolved through the same process. Rather, the process of integration in ECOWAS have been reflective of the preponderance of domestic politics, entrenched nationalists traditions, the fear of losing national sovereignty, and outright political instability, hence there was nothing to spill over (see Madichie and Alli, 2002). The situation is not much different in the case of SADC where the Treaty incorporated three main objectives: (i) to achieve development and economic growth; (ii) to evolve common political values systems and institutions; and (iii) to promote and defend peace and security (SADC, 1995). Economic integration was, therefore, not expected to spillover to the realm of political co-operation. Rather SADC arose out of the need to forge a common front against Apartheid South Africa. Likewise, the impetus behind the creation of ECOWAS was the desire to develop an economic co-operation and integration scheme among its original 16 members. Although the 1975 ECOWAS Treaty did not include any security-related provisions, as political and ideological issues were considered divisive, economic integration did not lead to political integration or security co-operation. However, political disturbances in Liberia and Sierra Leone prompted discussion among member states to develop an institutionalised mechanism for managing crises through ECOMOG. The revision of the ECOWAS Treaty in 1993 to expand the political mandate of its members and authorise the formation of a number of new bodies such as a regional parliament was in response to tackling the political disequilibria of the time. ECOWAS therefore commenced the process of an ambitious Mechanism for Conflict Prevention, Management, Resolution, Peacekeeping and Security. This is not as a result of spillover but more as a response to the spillover of civil strife into a regional free-for-all affair.

Irrespective of the different cultural milieu and other peculiarities accounting for the differences in experiences of the European Union (EU) and ECOWAS, the whole philosophy of European Union and the multiplicity of institutions provide some obvious guidelines for co-operation in ECOWAS. It is arguable that a second important lesson from the experience of the EU is the fact that the evolution of the EU, to date, has been a function of the economic realities, which exist in Member States. For the monetary union process in ECOWAS to succeed, some major concerns have to be adequately addressed such as concerns over: (i) numerical size, (ii) disparate levels of economic development, (iii) entrenched national traditions, (iv) supranational institutions, and (v) other miscellaneous concerns. It would be much easier for a handful of states than for 16 member states to achieve consensus, especially on critical issues. This thinking would indeed be consistent with the EU's Neo-functionalist approach, which leaves room for increasing membership and expanding supranational functions. Closely related to this factor is the economic philosophy shared by the EU countries and the lack of a shared philosophy by ECOWAS states. It is thus imperative that member states pay attention to their individual macro-economic policies and agree at least a minimum level of policy co-ordination (especially in the areas of physical infrastructure).

The plethora of sub-ECOWAS groupings not only overlapped in terms of memberships and goals, but also competed for the loyalty and dues of member states. One of the harsh lessons from the experience of the EU is the realisation by the EU in 1990 that economic union and political union are intertwined and not mutually exclusive. This reality is reflected in the 1993 European Union Treaty of Maastricht. It is also consistent with Moravcsik's (1991) Intergovernmental institutionalism, which recognised the importance of supranational institutions, but also affirmed that the interests of the states themselves and the relative power each brings to Brussels (the centre) were the primary sources of integration. However, although the intergovernmental school highlighted the role of the nation state in the process of integration, it failed as a predictive theory of European integration, as there was no automatic spillover from economic to political integration. Finally, it must be appreciated that intergovernmentalism and supranationalism are not irreconcilable, rather they characterise the diverse nature of European integration, and may be of serious consequence in ECOWAS as it struggles to get back on its feet.

CHAPTER 9: CONCLUSIONS AND AVENUES FOR FUTURE RESEARCH

9.0 CONCLUSIONS

Despite considerable effort aimed at achieving regional economic integration in West Africa, effective market enlargement by such means has not occurred in the sub-region. As already demonstrated in this study (especially in Chapters 5 and 6), ECOWAS efforts towards market enlargement and intra-regional trade has neither yielded results in the areas of improving the standard of living in ECOWAS Member States. In Chapter 5 specifically, the poor access to social infrastructure such as good health facilities and the high mortality rates are very illustrative. These have also hampered progress towards successful welfare improvements in terms of regional industrialisation, sustained development with growth and improved competitiveness. Yet, most ECOWAS Member states remain committed to regional economic integration, perhaps for other reasons not related to social or economic development. Efforts geared towards the achievement of regional integration in West Africa are clear whatever measures of welfare are employed, whether they involve 'political aspects' such as securing peace and political stability or take 'economic dimensions' like effective market enlargement. There has also been no progressive integration of markets for factors, goods or services, nor has intra-regional trade been promoted (see Hanink and Owusu, 1998). In addition, integration efforts in West Africa have achieved neither output growth nor the industrial development of member states. Discernible economies of scale have neither been realised, nor have investment and/or operating cost reduction been achieved for major infrastructure investments in physical infrastructure development especially in the sectors of power, transport and telecommunications.

However, from the analysis in Chapters 6 and 7, it is persuasive to suggest that events in ECOWAS may not be unique after all, as some patterns and parallels can be drawn from the overall poor performance of the African continent at large. Recent explanations for the poor economic development record of Africa in general have been suggested to be due to the plethora of Treaties 'adopted' and 'ratified' and the numerous regional institutions, high-minded principles and protectionist proclivities of the so-called African customs unions. In other words, African economic integration initiatives have been largely based on lofty transcontinental ambitions and evocative political slogans, which are reminiscent of the functionalist integration theory of David Mitrany highlighted in Chapter 2.

This study has also demonstrated that although the principles underlying regional economic integration efforts in most parts of Africa had changed over the years, many of the practical problems that compromised earlier attempts, and rendered them ineffectual, remain to be tackled. In North Africa, for example, the Arab Maghreb Union (AMU), an integration effort of the late 1980s, comprising Algeria, Morocco and Tunisia, although free of the historical baggage of its Sub-Saharan African counterparts, had not achieved the desired goal of 'substantive' and 'meaningful' progress prove as demonstrated by the particular case of Algeria, envisioned at its creation in 1989 (see Testas, 1999). In line with the functionalist and neo-functionalist visions of economic integration, highlighted in Chapter 2 and re-emphasised in Chapter 8, the AMU was supposed to have evolved from the creation of a free trade area by 1992, a customs union by 1995, and a common market by 2000, but this was not achieved as envisioned. East Africa on its part witnessed a rich but mixed history of integration, with several overlapping arrangements that have waxed and waned, until the former East African Community (EAC) was disbanded in 1977 and succeeded by the Preferential Trade Area for Eastern and Southern Africa (PTA), for more or less the same reasons. However, integration efforts in East Africa have more recently leaned on closer co-operation with their southern African neighbours in such arrangements as the Common Market for East and Southern Africa (COMESA).

From the perspective of southern Africa, the Lusaka Declaration in 1980 and the cautious approach of SADCC to regional economic integration and co-operation appeared to have adopted a U-turn in favour of just that model (see Chapter 7). However, it has to be said that this is hardly the time for complacency and limited vision in Africa, especially in its overall ambition of a large internal market, albeit through the eventual convergence of the continent's diverse sub-regional markets such as ECOWAS. This is also why, with all its problems and hesitations, ECOWAS is an organisation, which is better poised to deal with the problems of the twenty-first century than its peers may have been prepared to undertake. For example, the holistic economic integration efforts of the AMU and the modest approach of the erstwhile SADCC present a whole array of learning experiences for ECOWAS, especially with regard to the harmonisation of policies to enhance a high level of 'political welfare' such as improved bargaining power especially in agricultural products in the international market. There is also a growing need for the integration of regional social infrastructure, which includes those aspects of 'education' policies, which not only ensures 'better health', but also enhances 'productivity of labour' as well as the accompanying 'higher income levels', which are the real constraints of welfare. It may also be noted that while health, education and income translate to elements of social welfare, and should, therefore receive unreserved attention in ECOWAS, this study nevertheless, focused on the development of physical infrastructure. Hence, there may be some limitations to the present study as a result of, but not a complete neglect of social welfare elements, which can be taken up in future research (see Section 9.1).

The areas in which this research has sought to advance knowledge are, therefore, diverse. The theoretical argument in this study is that ECOWAS has not achieved much as a customs union, as there is little evidence, if any, to suggest practical manifestation of the neo-functionalist spillover theory. This is nothing new as earlier studies have ended in similar conclusions. What is interesting, however, is that regional integration of West Africa is still being evaluated using the experience of European integration as a model. This is inappropriate for the economic development of contracting parties within the framework of ECOWAS, which lacks the basic foundations required for translating the sort of spillovers that have been successfully recorded in European integration. Some of these foundations, which have been long established in what is known as the EU today, include political stability, adequate physical infrastructure base and a reconciliation of political ideologies (from communism to capitalism and the free market enterprise).

As in the case of the Arab Maghreb Union, East African Community and more importantly, the Economic Community of West African States, a look at the objectives stated in the establishment of Customs Unions in Africa makes one scenario very clear. Their intentions expressed in the objectives of economic integration initiatives across Africa (especially in the AMU, EAC, and ECOWAS) have always incorporated two principal elements. First, the promotion of the free movement of factors of production (labour and capital) in order to enhance the expansion of the regional market, and second, the need to establish a common external tariff with the rest-of-the world in order to protect producers (or suppliers) within the customs unions from those highly subsidised rivals from outside the integrating market.

From the second objective, one major contribution, and perhaps, also a limitation of the current study can be readily pinpointed. The mention of subsidies, which exists for imports destined for ECOWAS markets from outside the customs union, for example, makes them cheaper than their regional substitutes. Therefore, any attempt to replace these so-called cheaper sources of supply with regional substitutes is trade diversion in the conventional theoretical sense, just as the continuation of importation of even basic grains from Europe's subsidised markets is seen as trade creation. This study alters existing knowledge, as demonstrated in the conventional customs unions theory, by highlighting diverse avenues for redefining meanings, especially with regard to trade creation. The alteration is necessitated by the need to make the existing body of knowledge relevant to ECOWAS. In the sense that trade creation could be defined differently from the picture portrayed in the conventional Customs Unions theory, which neglects the fact that when a state decides to buy from its regional partners rather than embark on a more costly local production, trade is equally created. Improvements in intra-regional trade, with increased productivity through regional physical infrastructure development and the accompanying economies of scale in these areas. The harmonisation of policies, which grants the rest-of-the-world their low-cost supplier status, should also be emulated as this analysis has shown that they can and will enhance the welfare of ECOWAS' member states. In other words, the Customs Union theory needs to be extended along these lines in order to account for the missing middle in the experience of ECOWAS.

An equally persuasive explanation revealed in this study, which policy makers, academics and other social actors in the game of regional integration need at this time is to find a way out of the integration crisis of ECOWAS in particular and the rest of Africa at large. The collapse of the East African Community in 1977 it must stated, is not only due to the differences in political ideology of their regimes, but also as a result of the problem of sharing of costs and benefits of integration. The latter case is a strong testimony of the extent to which 'unnecessary bickering' can pull down the efforts of customs unions and is rearing its ugly head within ECOWAS in the form of the 'fears of dominance.' Moreover, even in the face of relatively adequate physical infrastructure development in the Arab Maghreb, the Union was not able to forge ahead with its plans of a large internal market within the specified time frame. These shortcomings in the Maghreb not only poses challenges for ECOWAS, but also throws up a number of alternative explanations accounting for the welfare erosion of ECOWAS member states. Specifically, the slow pace of the joint development of physical infrastructure was posited to be the closest explanatory variable for the welfare losses in ECOWAS as demonstrated in Chapter 6, and maintained in Chapter 7 and Chapter 8.

It must be appreciated also, that dependence on trade creation and diversion along 'Vinerian' lines leaves a big gap in any reasonable attempts to explain the development of ECOWAS markets. The issue should not be that of trade creation/diversion but that of transforming hitherto high-cost producers within the customs union, into low-cost supply sources. As necessary as this may be, it is undoubtedly insufficient on its own, as in order to achieve this low-cost supplier status, ECOWAS member states would need to curtail the ever-increasing transaction costs across the sub-region. The high level of transaction costs in ECOWAS, as recognised in Chapter 5, restated in Chapter 6, and emphasised in Chapter 7, is a direct result of the poor regional infrastructure networks in the sub-region, or even non-existent in certain cases. ECOWAS is well advised, therefore, to seek success patterns elsewhere rather than trying to emulate the model of European integration, which by all means, has proved incapable of ensuring West African economic growth and development. It is crucial for ECOWAS leaders to move towards restructuring their economic, trade and related policies on regional integration and co-operation in order to yield the sort of results stated in their founding objectives and protocols, numerous as they may be.

9.1 AVENUES FOR FUTURE RESEARCH

Although the joint development of physical infrastructure is seen as both an essential means for sustained economic growth and poverty reduction and as an important end in itself whose regional network presents an important springboard for the improvement of living standards and thus welfare increases in ECOWAS, it is not sufficient on its own. It may also be important to appreciate the role, and thus investigate the impact of social infrastructure on the welfare of states in a customs union. In other words, social infrastructure should be considered alongside physical infrastructure, as they would collectively determine the economic environment within which individuals accumulate skills, and firms accumulate capital all to the enhancement of the living standards of contracting states' citizenry.

It is also common knowledge that central to regional integration is the promotion of common languages among ECOWAS states, such as the use of Swahili in Eastern Africa, which is important to the improvement of communication required for intra-African co-operation. The teaching of French and Portuguese in non-Francophone and non-Lusophone member states would also assist and so would the wider teaching of such West African languages as Hausa and Wolof in West and Central Africa. This would also ensure that the record on adult illiteracy rates is improved across the sub-region. With an improvement in literacy comes a better avenue and higher chances of improving the health record, which includes curtailing the infant mortality rates and birth control measures to stem the tide of population explosion and its dire social consequences. Furthermore, greater regional integration will be enhanced by sub-regional and regional trade fairs (such as the December 1989 leather show in Addis Ababa and the March 1997 OAU/AEC trade Fair in Kaduna), agricultural and air shows as well as intra-African television and radio programmes, whose impact on regional integration and co-operation would also need to be explored in future research.

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2	Alli, M. (retired Nigerian General) a former commander of the Order the Gambia, former Nigerian Military Attaché to Zimbabwe, and ex-military chief as well as current Minister in the new (2000) civilian regime of the Federal Government of Nigeria. (December 2001)
3	Anani (Mr.) of the Ghanaian High Commission in London. (Interviewed in June 2001)
4	Anyamele Okechukwu (Dr.) Jackson State University (Interviewed April 2000)
5	Arnold Hughes (Mr.), an expert in African Development especially in The Gambia, Centre for West African Studies, University of Birmingham, United Kingdom. (March 2001 Interview)
6	Ayamba Maxwell (Mr.), freelance Ghanaian journalist based in the UK. (Interviewed twice - December 2001 and January 2002)
7	Babarinde Olufemi (Prof.) Glendale American University, Arizona. Interview.
8	Dele, M. (Mr.), a graduate from Sheffield Hallam University and ECOWAS Official in The Gambia. (June 2001 Interview)
9	Douglas Rimmer, an expert in Nigerian Politics, formerly of the Centre for West African Studies, University of Birmingham, United Kingdom. (Interview March 2001)
10	Franklin Manu, (Professor) of International Business, Morgan State University. (Interviewed 4 times, April 2000, October 2000, March 2001 and September 2001).
11	Jumoke, T. (Ms.), a graduate in history from the Ahmadu Bello University (Nigeria) and MBA holder from the Sheffield Business School. (Interview July 2000)
12	Kemal Saiki, Head of Communications Unit, African Development Bank (ADB) Abidjan, Côte d'Ivoire. (January 2001 Interview)
13	Kevin Ibeh (Dr.), an expert in Small Business Development, University of Strathclyde, Glasgow, United Kingdom. (Interviewed December 2001)
14	Kufuor Kofi Oteng, an expert on ECOWAS and Lecturer in the Department of Law at the University of East London, United Kingdom. (Interviewed December 2001)
15	Mbah, Chris (Dr.) Cornell University. (Interviewed November 2000).

16 Mustapha, B. (Mr.), independent Oil consultant for Shell, Mobil and Elf Nigeria Limited. (Interviewed December 2001)

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APPENDICES

- APPENDIX I-

ECOWAS TREATY

TREATY OF ECOWAS: PREAMBLE

We, the Heads of State and Government of the Member States of the Economic Community of West African States (ECOWAS):
The President of the Republic of BENIN
The President of BURKINA FASO
The Prime Minister of the Republic of CAPE VERDE
The President of the Republic of COTE D'IVOIRE
The President of the Republic of The GAMBIA
The President of the Republic of GHANA
The President of the Republic of GUINEA
The President of the Republic of GUINEA BISSAU
The President of the Interim Government of
National Unity of the Republic of LIBERIA
The President of the Republic of MALI
The President of the Islamic Republic of MAURITANIA
The President of the Republic of NIGER
The President of the Federal Republic of NIGERIA
The President of the Republic of SENEGAL
The Head of State and Chairman of the
National Provisional Ruling Council of the Republic of SIERRA LEONE
The President of the TOGOLESE Republic

REAFFIRMING the Treaty establishing the Economic Community of West African States signed in Lagos on 28 May 1975 and considering its achievements:
CONSCIOUS of the over-riding need to encourage, foster and accelerate the economic and social development of our States in order to improve the living standards of our peoples;
CONVINCED that the promotion of harmonious economic development of our States calls for effective economic co-operation and integration largely through a determined and concerted policy of self-reliance;
BEARING IN MIND the African Charter on Human and People's Rights and the Declaration of Political Principles of the Economic Community of West African States adopted in Abuja by the Fourteenth Ordinary Session of the Authority of Heads of State and Government on 6 July 1991;
CONVINCED that the integration of the Member States into a viable regional Community may demand the partial and gradual pooling of national sovereignties to the Community within the context of a collective political will;
ACCEPTING the need to establish Community Institutions vested with relevant and adequate powers;
NOTING that the present bilateral and multilateral forms of economic co-operation within the region open up perspectives for more extensive co-operation;
ACCEPTING the need to face together the political, economic and socio-cultural challenges of the present and the future, and to pool together the resources of our peoples while respecting our diversities for the most rapid and optimum expansion of the region's productive capacity;
BEARING IN MIND ALSO the Lagos Plan of Action and the Final Act of Lagos of April 1980 stipulating the establishment, by the year 2000, of an African Economic Community based on existing and future regional economic communities;
MINDFUL OF the Treaty establishing the African Economic Community signed in Abuja on 3 June 1991;
AFFIRMING that our final goal is the accelerated and sustained economic development of Member States, culminating in the economic union of West Africa;

BEARING IN MIND our Decision A/DEC.1015190 of 30 May, 1990 relating to the establishment of a Committee of Eminent Persons to submit proposals for the review of the Treaty:
AWARE that the review of the treaty arises, inter alia, from the need for the Community to adapt to the changes on the international scene in order to derive greater benefits from those changes;
CONSIDERING ALSO the need to modify the Community's strategies in order to accelerate the economic integration process in the region;
ACCEPTING the need to share the benefits of economic co-operation and integration among Member States in a just and equitable manner;
HAVE DECIDED to revise the Treaty of 28 May 1975 establishing the Economic Community of West African States (ECOWAS) and have accordingly agreed as follows:

CHAPTER I
DEFINITIONS

ARTICLE 1

For the purpose of this Treaty,
"Arbitration Tribunal" means the Arbitration Tribunal of the Community established under Article 16 of this Treaty;
"Authority" means the Authority of Heads of State and Government of the Community established by Article 7 of this Treaty;
"Chairman of the Authority" means the current Chairman of the Authority of Heads of State and Government of the Community, elected in accordance with the provisions of Article 8.2 of this Treaty;
"Council" means the Council of Ministers of the Community established under Article 1 0 of this Treaty;
"Commission" means the Specialised Technical Commission established under article 22 of this Treaty;
"Community" means the Economic Community of West African States referred to under Article 2 of this Treaty;
"Community citizen or citizens" means any national (s) of Member States who satisfy the conditions stipulated in the Protocol defining Community citizenship;
"Court of Justice" means the Court of Justice of the Community established under Article 15 of this Treaty;
"Import Duties" means customs duties and taxes of equivalent effect, levied on goods by virtue of their importation;
"Executive Secretary" means the Executive Secretary appointed in accordance with the provisions of Article 18 of this Treaty;
"Economic and Social Council" means the Economic and Social Council established under Article 14 of this Treaty;
"Executive Secretariat" means the Executive Secretariat established under Article 17 of this Treaty;
"Export Duties" means all customs duties and taxes of equivalent effect levied on goods by virtue of their exportation;
"Fund" means the Fund for Co-operation, Compensation and Development established under Article 21 of this Treaty;
"Member State" of "Member States" means a Member State or Member States of the Community as defined in paragraph 2 of Article 2 of this Treaty;
"Non-Tariff Barriers" means barriers, which hamper trade, and which are caused by obstacles other than fiscal obstacles;
"Parliament of the Community" means the Parliament established under Article 13 of this Treaty;
"Protocol" means an instrument of implementation of the Treaty having the same legal force as the latter;
"Region" means the geographical zone known as West Africa as defined by Resolution CM/Res.464 (XXVI) of the OAU Council of Ministers;
"Statutory Appointees" includes the Executive Secretary, Deputy Executive Secretaries, Managing Director of the Fund, Deputy Managing Director of the Fund, Financial Controller and any other senior officer of the Community designated as such by the Authority or Council;
"Third Country" means any State other than a Member State;
"Treaty" means this revised Treaty.

CHAPTER II
ESTABLISHMENT, COMPOSITION, AIMS AND OBJECTIVES AND FUNDAMENTAL PRINCIPLES OF THE COMMUNITY

ARTICLE 2: ESTABLISHMENT AND COMPOSITION

1. THE HIGH CONTRACTING PARTIES, by this Treaty, hereby re-affirm the establishment of the Economic Community of West African States (ECOWAS): and decide that it shall ultimately be the sole economic community in the region for the purpose of economic integration and the realisation of the objectives of the African Economic Community.

2. The members of the Community, hereinafter referred to as "the Member States," shall be the States that ratify this treaty.

ARTICLE 3: AIMS AND OBJECTIVES

1. The aims of the Community are to promote co-operation and integration, leading to the establishment of an economic union in West Africa in order to raise the living standards of its peoples, and to maintain and enhance economic stability, foster relations among Member States and contribute to the progress and development of the African Continent.
2. In order to achieve the aims set out in the paragraph above, and in accordance with the relevant provisions of this Treaty, the Community shall, by stages, ensure;
a) The harmonisation and co-ordination of national policies and the promotion of integration programmes, projects and activities, particularly in food, agriculture and natural resources, industry, transport and communications, energy, trade, money and finance, taxation, economic reform policies, human resources, education, information, culture, science, technology, services, health, tourism, legal matters;
b) The harmonisation and co-ordination of policies for the protection of the environment;
c) The promotion of the establishment of joint production enterprises;
d) The establishment of a common market through:

i) The liberalisation of trade by the abolition, among Member States, of customs duties levied on imports and exports, and the abolition among Member States, of non-tariff barriers in order to establish a free trade area at the Community level;

ii) The adoption of a common external tariff and, a common trade policy vis-à-vis third countries;

iii) The removal, between Member States, of obstacles to the free movement of persons, goods, service and capital, and to the right of residence and establishment;

e) The establishment of an economic union through the adoption of common policies in the economic, financial social and cultural sectors, and the creation of a monetary union.
f) The promotion of joint ventures by private sector enterprises and other economic operators, in particular through the adoption of a regional agreement on cross-border investments;
g) the adoption of measures for the integration of the private sectors, particularly the creation of an enabling environment to promote small and medium scale enterprises;
h) the establishment of an enabling legal environment;
i) the harmonisation of national investment codes leading to the adoption of a single Community investment code;
j) the harmonisation of standards and measures;
k) the promotion of balanced development of the region, paying attention to the special problems of each Member State particularly those of landlocked and small island Member States;
l) the encouragement and strengthening of relations and the promotion of the flow of information particularly among rural populations, women and youth organisations and socio-professional organisations such as associations of the media, business men and women, workers, and trade unions;
m) the adoption of a Community population policy which takes into account the need for a balance between demographic factors and socio-economic development;
n) the establishment of a fund for co-operation, compensation and development; and
o) any other activity that Member States may decide to undertake jointly with a view to attaining Community objectives

ARTICLE 4: FUNDAMENTAL PRINCIPLES
THE HIGH CONTRACTING PARTIES, in pursuit of the objectives stated in Article 3 of this Treaty, solemnly affirm and declare their adherence to the following principles:
a) equality and inter-dependence of Member States;
b) solidarity and collective self-reliance;
c) inter-State co-operation, harmonisation of policies and integration of programmes;
d) non-aggression between Member States;
e) maintenance of regional peace, stability and security through the promotion and strengthening of good neighbourliness;
f) peaceful settlement of disputes among Member States, active Co-operation between neighbouring countries and promotion of a peaceful environment as a prerequisite for economic development;

g) recognition promotion and protection of human and peoples' rights in accordance with the provisions of the African Charter on Human and Peoples' Rights;
h) accountability, economic and social justice and popular participation in development;
i) recognition and observance of the rules and principles of the Community;
j) promotion and consolidation of a democratic system of governance in each Member State as envisaged by the Declaration of Political Principles adopted in Abuja on 6 July, 1991; and
k) equitable and just distribution of the costs and benefits of economic co-operation and integration.

ARTICLE 5: GENERAL UNDERTAKINGS
1. Member States undertake to create favourable conditions for the attainment of the objectives of the Community, and particularly to take all necessary measures to harmonise their strategies and policies, and to refrain from any action that may hinder the attainment of the said objectives.
2. Each Member State shall, in accordance with its constitutional procedures, take all necessary measures to ensure the enactment and dissemination of such legislative and statutory texts as may be necessary for the implementation of the provisions of this Treaty.
3. Each Member State undertakes to honour its obligations under this Treaty and to abide by the decisions and regulations of the Community.

CHAPTER III

INSTITUTIONS OF THE COMMUNITY - ESTABLISHMENT, COMPOSITION AND FUNCTIONS

ARTICLE 6: INSTITUTIONS
1. The Institutions of the Community shall be:
a) the Authority of Heads of State and Government;
b) the Council of Ministers;
c) the Community Parliament;
d) the Economic and Social Council;
e) the Community Court of Justice;
f) the Executive Secretariat;
g) the Fund for Co-operation, Compensation and Development;
h) Specialised Technical Commissions; and
i) Any other institutions that may be established by the Authority.
2. The Institutions of the Community shall perform their functions and act within the limits of the powers conferred on them by this Treaty and by the Protocols relating thereto.

ARTICLE 7 AUTHORITY OF HEADS OF STATE AND GOVERNMENT ESTABLISHMENT, COMPOSITION AND FUNCTIONS
1. There is hereby established the Authority of Heads of State and Government of Member States, which shall be the supreme institution of the Community and shall be composed of Heads of State and/or Government of Member States.
2. The Authority shall be responsible for the general direction and control of the Community. and shall take all measures to ensure its progressive development and the realisation of its objectives.
3. Pursuant to the provisions of Paragraph 2 of this Article, the Authority shall:
a) determine the general policy and major guidelines of the Community, give directives, harmonise and co-ordinate the economic, scientific, technical, cultural and social policies of Member States;
b) oversee the functioning of Community institutions and follow-up implementation of Community objectives;
c) prepare and adopt its Rules of Procedure;
d) appoint the Executive Secretary in accordance with the provisions of Article 18 of this Treaty;
e) appoint, on the recommendation of Council, the External Auditors;
f) delegate to the Council, where necessary, the authority to take such decisions as are stipulated in Article 9 of this Treaty;
g) refer where it deems necessary any matter to the Community Court of Justice when it confirms, that a Member State or institution of the Community has failed to honour any of its obligations or an institution of the Community has acted beyond the limits of its authority or has abused the powers conferred on it by the provisions of this Treaty, by a decision of the Authority or a regulation of the Council;
h) request the Community Court of Justice as and when necessary, to give advisory opinion on any legal questions; and
i) exercise any other powers conferred on it under this Treaty.

ARTICLE 8 SESSIONS

1. The Authority shall meet at least once a year in ordinary session. An extra ordinary session may be convened by the Chairman of the Authority or at the request of a Member State provided that such a request is supported by a simple majority of the Member States.
2. The office of the Chairman shall be held every year by a Member State elected by the Authority.

ARTICLE 9 DECISIONS

1. The Authority shall act by decisions.
2. Unless otherwise provided in this Treaty or in a Protocol decisions of the Authority shall be adopted, depending on the subject matter under consideration by unanimity, consensus or, by a two-thirds majority of the Member States.
3. Matters referred to in paragraph 2 above shall be defined in a Protocol. Until the entry into force of the said Protocol, the Authority shall continue to adopt its decisions by consensus.
4. Decisions of the Authority shall be binding on the Member States and institutions of the Community, without prejudice to the provisions of paragraph (3) of Article 15 of this Treaty.
5. The Executive Secretary shall publish the decisions thirty (30) days after the date of their signature by the Chairman of Authority.
6. Such decisions shall automatically enter into force sixty (60) days after the date of their publication in the Official Journal of the Community.
7. Decisions shall be published in the National Gazette of each Member State within the period stipulated in paragraph 6 of this Article.

ARTICLE 10 THE COUNCIL OF MINISTERS ESTABLISHMENT, COMPOSITION, AND FUNCTIONS

1. There is hereby established a Council of Ministers of the Community.
2. The Council shall comprise the Minister in charge of ECOWAS Affairs and any other Minister of each Member State.
3. Council shall be responsible for the functioning and development of the Community. To this end, unless otherwise provided in this Treaty or a Protocol, Council shall:

a) make recommendations to the Authority on any action aimed at attaining the objectives of the Community;
b) appoint all statutory appointees other than the Executive Secretary;
c) by the powers delegated to it by the Authority, issue directives on matters concerning co-ordination and harmonisation of economic integration policies;
d) make recommendations to the Authority on the appointment of the External Auditors;
e) prepare and adopt its rules of procedure;
f) adopt the Staff Regulations and approve the organisational structure of the institutions of the Community;
g) approve the work programmes and budgets of the Community and its institutions;
h) request the Community Court of Justice, where necessary, to give advisory opinion on any legal questions;
i). carry out all other functions assigned to it under this Treaty and exercise all powers delegated to it by the Authority.

ARTICLE 11 MEETINGS

1. The Council shall meet at least twice a year in ordinary session. One of such sessions shall immediately precede the ordinary session of the Authority. An extraordinary session may be convened by the Chairman of Council or at the request of a Member State provided that such request is supported by a simple majority of the Member States.
2. The office of Chairman of Council shall be held by the Minister responsible for ECOWAS Affairs of the Member State elected as Chairman of the Authority.

ARTICLE 12 REGULATIONS

1. The Council shall act by regulations.
2. Unless otherwise provided in this Treaty regulations of the Council shall be adopted, depending on the subject matter under consideration, by unanimity, consensus or by a two-thirds majority of Member States, in accordance with the Protocol referred to in Article 9 paragraph 3 of this Treaty. Until the entry into force of the said Protocol, the Council shall continue to adopt its regulations by consensus.
3. Regulations of the Council shall be binding on institutions under its authority. They shall be binding on Member States after their approval by the Authority. However, in the case of regulations made pursuant to a delegation of powers by the Authority in accordance with paragraph 3(f) of Article 7 of this Treaty, they shall be binding forthwith.
4. Regulations shall be published and shall enter into force within the same period and under the same conditions stipulated in paragraphs 5, 6, and 7 of Article 9 of this Treaty.

ARTICLE 13 THE COMMUNITY PARLIAMENT
1. There is hereby established a Parliament of the Community.
2. The method of election of the Members of the Community Parliament, its composition, functions, powers and organisation shall be defined in a Protocol relating thereto.

ARTICLE 14 THE ECONOMIC AND SOCIAL COUNCIL
1. There is hereby established an Economic and Social Council which shall have an advisory role and whose composition shall include representatives of the various categories of economic and social activity.
2. The composition, functions and organisation of the Economic and Social Council shall be defined in a Protocol relating thereto.

ARTICLE 15 THE COURT OF JUSTICE ESTABLISHMENT AND FUNCTIONS
1. There is hereby established a Court of Justice of the Community.
2. The status, composition, powers, procedure and other issues concerning the Court of Justice shall be as set out in a Protocol relating thereto.
3. The Court of Justice shall carry out the functions assigned to it independently of the Member States and the institutions of the Community.
4. Judgements of the, Court of Justice shall be binding on the Member States, the Institutions of the Community and on individuals and corporate bodies.

ARTICLE 16 ARBITRATION TRIBUNAL ESTABLISHMENT AND FUNCTIONS
1. There is hereby established an Arbitration Tribunal of the Community.
2. The status, composition, powers, procedure, and other issues concerning the Arbitration Tribunal shall be as set out in a Protocol relating thereto.

ARTICLE 17 THE EXECUTIVE SECRETARIAT ESTABLISHMENT AND COMPOSITION
1. There is hereby established an Executive Secretariat of the Community.
2. The Secretariat shall be headed by the Executive Secretary assisted by Deputy Executive Secretaries and such other staff as may be required for the smooth functioning of the Community.

ARTICLE 18 APPOINTMENTS
1. The Executive Secretary shall be appointed by the Authority for a 4-year term renewable only once for another 4-year period. He can only be removed from office by the Authority upon its own initiative or on the recommendation of the Council of Ministers.
2. The Ministerial Committee on the Selection and Evaluation of the Performance of Statutory Appointees shall evaluate the three (3) candidates nominated by the Member State to which the statutory post has been allocated and make recommendations to the Council of Ministers. Council shall propose to the Authority the appointment of the candidate adjudged the best.
3. The Executive Secretary shall be a person of proven competence and integrity, with a global vision of political and economic problems and regional integration.
4. a) The Deputy Executive Secretaries and other Statutory Appointees shall be appointed by the Council of Ministers on the proposal of the Ministerial Committee on the Selection and Evaluation of the Performance of Statutory Appointees following the evaluation of the three (3) candidates nominated by their respective Member States to whom the posts have been allocated. They shall be appointed for a period of 4 years renewable only once for a further 4-year term. b) Vacancies shall be advertised in all Member States to which statutory posts have been allocated.
5. In appointing professional staff of the community, due regard shall be had, subject to ensuring the highest standards of efficiency and technical competence, to maintaining equitable geographical distribution of posts among nationals of all Member States.

ARTICLE 19 FUNCTIONS
1. Unless otherwise provided in the Treaty or in a Protocol, the Executive Secretary shall be the chief executive officer of the Community and all its institutions.
2. The Executive Secretary shall direct the activities of the Executive Secretariat and shall, unless otherwise provided in a Protocol, be the legal representative of the Institutions of the Community in their totality.
3. Without prejudice to the general scope of his responsibilities, the duties of the Executive Secretary shall include:
a) execution of decisions taken by the Authority and application of the regulations of the Council;
b) promotion of Community development programmes and projects as well as multinational enterprises of the region;

c) convening as and when necessary meetings of sectoral Ministers to examine sectoral issues, which promote the achievement of the objectives of the Community;
d) preparation of draft budgets and programmes of activity of the Community and supervision of their execution upon their approval by Council;
e) submission of reports on Community activities to all meetings of the Authority and Council;
f) preparation of meetings of the Authority and Council as well as meetings of experts and technical commissions and provision of necessary technical services;
g) recruitment of staff of the Community and appointment to posts other than statutory appointees in accordance with the Staff Rules and Regulations;
h) submission of proposals and preparation of such studies as may assist in the efficient and harmonious functioning and development of the Community;
i) initiation of draft texts for adoption by the Authority or Council.

ARTICLE 20 RELATIONS BETWEEN THE STAFF OF THE COMMUNITY AND MEMBER STATES

1. In the performance of their duties, the Executive Secretary, the Deputy Executive Secretaries, and other staff of the Community shall owe their loyalty entirely and be accountable only to the Community. In this regard, they shall neither seek nor accept. instructions from any government or any national or international authority external to the Community. They shall refrain from any activity or any conduct incompatible with their status as international civil servants.
2. Every Member State undertakes to respect the international character of the office of the Executive Secretary, the Deputy Executive Secretaries, and other staff of the Community and undertakes not to seek to influence them in the performance of their duties.
3. Member States undertake to co-operate with the Executive Secretariat and other institutions of the Community and to assist them in the discharge of the duties assigned to them under this Treaty.

ARTICLE 21 FUND FOR CO-OPERATION, COMPENSATION AND DEVELOPMENT ESTABLISHMENT, STATUS AND FUNCTIONS

1. There is hereby established a Fund for Co-operation, Compensation and Development of the Community.
2. The status, objectives, and functions of the fund are defined in the Protocol relating thereto.

ARTICLE 22 TECHNICAL COMMISSIONS ESTABLISHMENT AND COMPOSITION

1. There is hereby established the following Technical Commissions:
a) Food and Agriculture;
b) Industry, Science and Technology and Energy;
c) Environment and Natural Resources;
d) Transport, Communications and Tourism;
e) Trade, Customs, Taxation, Statistics, Money and Payments
f) Political, Judicial and Legal Affairs, Regional Security and Immigration;
g) Human Resources, Information, Social and Cultural Affairs; and
h) Administration and Finance Commission.
2. The Authority may, whenever it deems appropriate, restructure the existing Commissions or establish new Commissions.
3. Each commission shall comprise representatives of each Member State.
4. Each Commission may, as it deems necessary, set up subsidiary commissions to assist it in carrying out its work. It shall determine the composition of any such subsidiary commission.

ARTICLE 23 FUNCTIONS

Each Commission shall, within its field of competence:
a) prepare Community projects and programmes and submit them for the consideration of Council through the Executive Secretary, either on its own initiative or at the request of Council or the Executive Secretary;
b) ensure the harmonisation and co-ordination of projects and programmes of the Community;
c) monitor and facilitate the application of the provisions of this Treaty and related Protocols pertaining to its area of responsibility;
d) carry out any other functions assigned to it for the purpose of ensuring the implementation of the provisions of this Treaty.

ARTICLE 24 MEETINGS

Subject to any directives given by the Council, each Commission shall meet as often as necessary. It shall prepare its rules of procedure and submit them to the Council for approval.

CHAPTER IV CO-OPERATION IN FOOD AND AGRICULTURE

ARTICLE 25 AGRICULTURAL DEVELOPMENT AND FOOD SECURITY

1. Member States shall co-operate in the development of agriculture, forestry, livestock, and fisheries in order to:
a) ensure food security;
b) increase production and productivity in agriculture, livestock, fisheries and forestry, and improve conditions of work and generate employment opportunities in rural areas;
c) enhance agricultural production through processing locally, animal and plant products.; and
d) protect the prices of export commodities on the international market.
2. To this end, and in order to promote the integration, of production structures, Member States shall co-operate in the following fields:
a) the production of agricultural inputs, fertilisers, pesticides, selected seeds, Agricultural machinery and equipment and veterinary products;
b) the development of river and land basins;
c) the development and protection of marine and fishery resources;
d) plant and animal protection;
e) the harmonisation of agricultural development strategies and policies particularly pricing and price support policies on the production, trade and marketing of major agricultural products and inputs; and
f) the harmonisation of food security policies paying particular attention to:
i) the reduction of losses in food production;
ii) the strengthening of existing institutions for the management of natural calamities, agricultural diseases and pest control;
iii) the conclusion of agreements on food security at the regional level; and
iv) the provision of food aid to Member States in the event of serious food shortage.
g) the establishment of an early warning system; and
h) the adoption of a common agricultural policy especially in the fields of research, training, production, preservation, processing and marketing of the products of agriculture, forestry, livestock and fisheries.

CHAPTER V
CO-OPERATION IN INDUSTRY, SCIENCE AND TECHNOLOGY AND ENERGY

ARTICLE 26 INDUSTRY

1. For the purpose of promoting industrial development of Member States and integrating their economies, Member States shall, harmonise their industrialisation policies.
2. In this connection, Member States shall:
a) strengthen the industrial base of the Community, modernise the priority sectors and foster self-sustained and self-reliant development;
b) promote joint industrial development projects as well as the creation of multinational enterprises in priority industrial sub-sectors likely to contribute to the development of agriculture, transport and communications, natural resources and energy.
3. In order to create a solid basic for industrialisation and promote collective self-reliance, Member States shall:
a) ensure, on the one hand, the development of industries essential for collective self- reliance and, on the other, the modernisation of priority sectors of the economy especially: i) food and agro-based industries; ii) building and construction industries; iii) metallurgical industries; iv) mechanical industries; v) electrical, electronics and computer industries; vi) pharmaceutical, chemical and petrochemical industries; vii) forestry industries; viii) energy industries; ix) textile and leather industries; x) transport and communications industries; xi) bio-technology industries; xii) tourist and cultural industries.
b) give priority and encouragement to the establishment and strengthening of private and public multinational industrial projects likely to promote integration;
c) ensure the promotion of medium and small-scale industries;
d) promote intermediate industries that have strong linkages to the economy in order to increase the local component of industrial output within the Community;
e) prepare a regional master plan for the establishment of industries particularly those whose construction cost and volume of production exceed national, financial and absorptive capacities;
f) encourage the establishment of specialised institutions for the financing of West African multinational industrial projects;
g) facilitate the establishment of West African multinational enterprises and encourage the participation of West African entrepreneurs in the regional industrialisation process.

h) promote the sale and consumption of strategic industrial products manufactured in Member States;
i) promote technical co-operation and the exchange of experience in the field of industrial technology and implement technical training programmes among Member States;
j) establish a regional data and statistical information base to support industrial development at the regional and continental levels;
k) promote, on the basis of natural resource endowments, industrial specialisation in order to enhance complementarity and expand the intra-Community trade base; and
l) adopt common standards and appropriate quality control systems.

ARTICLE 27 SCIENCE AND TECHNOLOGY

1. Member States shall:
a) strengthen their national scientific and technological capabilities in order to bring about the socio-economic transformation required to improve the quality of life of their population;
b) ensure the proper application of science and technology to the development of agriculture, transport and communications, industry, health and hygiene, energy, education and manpower and the conservation of the environment;
c) reduce their dependence on foreign technology and promote their individual and collective technological self-reliance;
d) co-operate in the development, acquisition and dissemination of appropriate technologies; and
e) strengthen existing scientific research institutions and take all necessary measures to prepare and implement joint scientific research and technological development programmes.
2. In their co-operation in this field, Member States shall:
a) harmonise, at the Community level, their national policies on scientific and technological research with a view to facilitating their integration into the national economic and social development plans;
h) co-ordinate their programmes in applied research, research for development, scientific and technological services;
c) harmonise their national technological development plans by placing special emphasis on indigenous and adapted technologies as well as their regulations on industrial property and transfer of technology;
d) co-ordinate their positions on all scientific and technical questions forming the subject of international negotiations;
e) carry out a permanent exchange of information and documentation and establish Community data networks and data banks;
f) develop joint programmes for training scientific and technological cadres, including the training and further training of skilled manpower;
g) promote exchanges of researchers and specialists among Member States in order to make full use of the technical skills available within the Community; and
h) harmonise the educational systems in order to adapt better educational scientific and technical training to the specific development needs of the West African environment.

ARTICLE 28 ENERGY

1. Member States shall co-ordinate and harmonise their policies and programmes in the field of energy.
2. To this end, they shall:
a) ensure the effective development of the energy resources of the region;
b) establish appropriate co-operation mechanisms with a view to ensuring a regular supply of hydrocarbons;
c) promote the development of new and renewable energy particularly solar energy in the framework of the policy of diversification of sources of energy;
d) harmonise their national energy development plans by ensuring particularly the inter- connection of electricity distribution networks;
e) articulate a common energy policy, particularly, in the field of research, exploitation, production and distribution;
f) establish an adequate mechanism for the collective solution of the energy development problems within the Community, particularly those relating to energy transmission, the shortage of skilled technicians and financial resources for the implementation of energy projects of Member States.

CHAPTER VI
CO-OPERATION IN ENVIRONMENT AND NATURAL RESOURCES

ARTICLE 29 ENVIRONMENT
1. Member States undertake to protect, preserve and enhance the natural environment of the region and co-operate in the event of natural disasters.
2. To this end, they shall adopt policies, strategies and programmes at national and regional levels and establish appropriate institutions to protect, preserve, and enhance the environment, control erosion, deforestation, desertification, locusts and other pests.

ARTICLE 30 HAZARDOUS AND TOXIC WASTES
1. Member States undertake, individually and collectively, to take every appropriate step to prohibit the importation, transiting, dumping and burying of hazardous and toxic wastes in their respective territories.
2. They further undertake to adopt all necessary measures to establish a regional dump-watch to prevent the importation, transiting, dumping and burying of hazardous and toxic wastes in the region.

ARTICLE 31 NATURAL RESOURCES
1. Member States shall harmonise and co-ordinate their policies and programmes in the field of natural resources.
2. To this end, they shall:
a) seek better knowledge and undertake an assessment of their natural resources potential;
b) improve methods of pricing and marketing of raw materials through a concerted policy;
c) exchange information on the prospection, mapping, production and processing of mineral resources, as well as on the prospection, exploitation and distribution of water resources;
d) co-ordinate their programmes for development and utilisation of mineral and water resources;
e) promote vertical and horizontal inter-industrial relationships, which may be established among Member States in the course of developing such resources;
f) promote the continuous training of skilled manpower and prepare and implement joint training and further training programmes for cadres in order to develop the human resources and the appropriate technological capabilities required for the exploration, exploitation and processing of mineral and water resources;
g) co-ordinate their positions in all international negotiations on raw materials; and
h) develop a system of transfer of expertise and exchange of scientific, technical and economic remote sensing data among Member States.

CHAPTER VII
CO-OPERATION IN TRANSPORT, COMMUNICATIONS AND TOURISM

ARTICLE 32 TRANSPORT AND COMMUNICATIONS
1. For the purpose of ensuring the harmonious integration of the physical infrastructures of Member States and the promotion and facilitation of the movement of persons, goods and services within the Community, Member States undertake to:
a) evolve common transport and communications policies, laws and regulations;
b) develop an extensive network of all-weather highways within the Community, priority being given to the inter-State highways;
c) formulate plans for the improvement and integration of railway and road networks in the region;
d) formulate programmes for the improvement of coastal shipping services and inter-state inland waterways and the harmonisation of policies on maritime transport and services;
e) co-ordinate their positions in international negotiations in the area of maritime transport;
f) encourage co-operation in flight-scheduling, leasing of aircraft and granting and joint use of fifth freedom rights to airlines of the region;
g) promote the development of regional air transportation services and endeavour to bring about the merger of national airlines in order to promote their efficiency and profitability;
h) facilitate the development of human resources through the harmonisation and co-ordination of their national training programmes and policies in the area of transportation in general and air transport in particular;
i) endeavour to standardise equipment used in transport and communications and establish common facilities for production, maintenance and repair.
2. Member States also undertake to encourage the establishment and promotion of joint ventures and Community enterprises and the participation of the private sector in the areas of transport and communications.

ARTICLE 33 POSTS AND TELECOMMUNICATIONS

1. In the area of postal services, Member States undertake to:
a) foster closer co-operation between their postal administrations;
b) ensure, within the Community, efficient, speedier and. more frequent postal services;
c) harmonise mail routing;
2. In the area of telecommunications, Member States shall:
a) develop, modernise, co-ordinate and standardise their national telecommunications networks in order to provide reliable interconnection among Member States;
b) complete, with despatch, the section of the pan-African telecommunications network situated in West Africa;
c) co-ordinate their efforts with regard to the operation and maintenance of the West African portion of the pan-African telecommunications network and in the mobilisation of national and international financial resources.
3. Member States also undertake to encourage the participation of the private sector in offering postal and telecommunications services, as a means of attaining the objectives set out in this Article.

ARTICLE 34 TOURISM

For the purposes of ensuring the harmonious and viable development of tourism within the Community, Member States undertake to:
a) strengthen regional co-operation in tourism, particularly through:
i) the promotion of intra-Community tourism by facilitating movement of travellers and tourists;
ii) the harmonisation and co-ordination of tourism development policies, plans
and programmes;
iii) the harmonisation of regulations governing tourism and hotel management activities;
iv) the institution of a Community reference framework for tourism statistics; and
v) the joint promotion of tourism products portraying the natural and socio-cultural values of the region.
b) promote the establishment of efficient tourism enterprises to cater for the needs of the peoples of the region and foreign tourists through:
i) the adoption of measures aimed at promoting investment in tourism and hotel management;
ii) the promotion of the establishment in Member States of professional tourism and hotel management associations;
iii) the development and optimum utilisation of human resources for tourism in the region; and
iv) the strengthening or establishment of regional tourism training institutions where necessary.
c. eliminate all discriminating measures and practices against Community citizens in the area of tourist and hotel services.

CHAPTER VIII
CO-OPERATION IN TRADE, CUSTOMS, TAXATION, STATISTICS, MONEY AND PAYMENTS

ARTICLE 35 LIBERALISATION OF TRADE

There shall be progressively established in the course of a period of ten (10) years effective from 1 January 1990 as stipulated in Article 54, a Customs Union among the Member States. Within this union, Customs duties or other charges with equivalent effect on Community originating imports shall be eliminated. Quota, quantitative or like restrictions or prohibitions and administrative obstacles to trade among the Member States shall also be removed. Furthermore, a common external tariff in respect of all goods imported into the Member States from third countries shall be established and maintained.

ARTICLE 36 CUSTOMS DUTIES

1. Member States shall reduce and ultimately eliminate Customs duties and any other charges with equivalent effect except duties notified in accordance with Article 40 and other charges which fall within that Article, imposed on or in connection with the importation of goods which are eligible for Community tariff treatment in accordance with Article 38 of this Treaty. Any such duties or other charges are herein after referred to as "import duties."
2. Community-originating unprocessed goods and traditional handicraft products shall circulate within the region free of all import duties and quantitative restrictions. There shall be no compensation for loss of revenue resulting from the importation of these products.
3. Member States undertake to eliminate import duties on industrial goods, which are eligible for preferential Community tariff treatment in accordance with the decisions of the Authority and Council relating to the liberalisation of intra-Community trade in industrial products.
4. The Authority may at any time, on the recommendation of the Council, decide that any import duties shall be reduced more rapidly or eliminated earlier than stipulated in any previous instrument or decision. However, the Council shall, not later than one calendar year preceding the date in which such reductions or elimination come into

effect, examine whether such reductions or elimination's shall apply to some or all goods and in respect of some or all the Member States and shall report the result of such examination for the decision of the Authority.

ARTICLE 37 COMMON EXTERNAL TARIFF

1. Member States agree to the gradual establishment of a common external tariff in respect of all goods imported into the Member States from third countries in accordance with a schedule to be recommended by the Trade, Customs, Taxation, Statistics, Money and Payments Commission.
2. Member States shall, in accordance with a schedule to be recommended by the Trade, Customs, Taxation, Statistics, Money, and Payments Commission, abolish existing differences in their external Customs tariffs.
3. Member States undertake to apply the common Customs nomenclature and Customs statistical nomenclature adopted by Council.

ARTICLE 38 COMMUNITY TARIFF TREATMENT

1. For the purposes of this Treaty, goods shall be accepted as eligible for Community tariff treatment if they have been consigned to the territory of the importing Member States from the territory of another Member State and originate from the Community.
2. The rules governing products originating from the Community shall be as contained in the relevant Protocols and Decisions of the Community.
3. The Trade, Customs, Taxation, Statistics, Money and Payments Commission shall from time to time examine whether the rules referred to in paragraph 2 of this Article can be amended to make them simpler and more liberal. In order to ensure their smooth and equitable operation, the Council may from time to time amend them.

ARTICLE 39 TRADE DEFLECTION

1. For the purposes of this Article, trade is said to be deflected if,
(a) imports of any particular product by a Member State from another Member State increase,
(i) as a result of the reduction or elimination of duties and charges on that product, and
(ii) because duties and charges levied by the exporting Member States on imports
of raw materials used for manufacture of the product in question are lower than the corresponding duties and charges levied by the importing Member State; and
(b) this increase in imports causes or could cause serious injury to production, which is carried on in the territory of the importing Member State.
2. The Council shall keep under review the question of trade deflection and its causes. It shall take such decisions as are necessary, in order to deal with the causes of this deflection.
3. In case of trade deflection to the detriment of a Member State resulting from the abusive reduction or elimination of duties and charges levied by another Member State, the Council shall study the question in order to arrive at a just solution.

ARTICLE 40 FISCAL CHARGES AND INTERNAL TAXATION

1. Member States shall not apply directly or indirectly to imported goods from any Member State fiscal charges in excess of those applied to like domestic goods or otherwise impose such charges for the effective protection of domestic goods.
2. Member States shall eliminate all effective internal taxes or other internal charges that are made for the protection of domestic goods not later than four (4) years after the commencement of the trade liberalisation scheme referred to in Article 54 of this Treaty. Where by virtue of obligations under an existing contract entered into by a Member State such a Member State is unable to corn ply with the provisions of this Article, the Member State shall duly notify the Council of this fact and shall not extend or renew such contract at its expiry.
3. Member States shall eliminate progressively all revenue duties designed to protect domestic goods not later than the end of the period for the application of the trade liberalisation scheme referred to in Article 54 of this Treaty.
4. Member States undertake to be bound by the consolidated import duties contained in the ECOWAS Customs Tariff for the purposes of trade liberalisation within the Community.
5. Member States undertake to avoid double taxation of Community citizens and grant assistance to one another in combating international tax evasion.
The conditions and modalities for granting such assistance shall be as contained in a Double Taxation and Assistance Convention.

ARTICLE 41 QUANTITATIVE RESTRICTIONS ON COMMUNITY GOODS

1. Except as may be provided for or permitted by this Treaty, Member States undertake to relax gradually and to remove over a maximum period of four (4) years after the launching of the trade liberalisation scheme referred to in Article 54, all the then existing quota, quantitative or like restrictions or prohibitions which apply to the import into that State of goods originating in the other Member States and thereafter refrain from imposing any further

restrictions or prohibitions. Whereby virtue of obligations under an existing contract entered into by a Member State such a Member State is unable to comply with the provisions of this Article, the Member State shall duly notify Council of this fact and shall not extend or renew such contract at its expiry.
2. The Authority i-nay at any time, on the recommendation of the Council decide that any quota, quantitative or like restrictions or prohibitions shall be relaxed more rapidly or removed earlier than agreed upon under paragraph 1 of this Article.
3. A Member State may, after having given notice to the Executive Secretary and the other Member States of its intention to do so, introduce or continue to execute restrictions or prohibitions affecting:
(a) the application of security laws and regulations;
(b) the control of arms, ammunition and other war equipment and military items;
(c) the protection of human, animal or plant health or life, or the protection of public morality;
(d) the transfer of gold, silver and precious and semi-precious stones;
(e) the protection of national artistic and cultural property;
(f) the control of narcotics, hazardous and toxic wastes, nuclear materials, radioactive products, or any other material used in the development or exploitation of nuclear energy.
5. Member States shall not so exercise the right to introduce or continue to execute the restrictions or prohibitions referred to in paragraph 3 of this Article as to stultify the free movement of goods envisaged in paragraph 1 of this Article.

ARTICLE 42 DUMPING

1. Member States undertake to prohibit the practice of dumping goods within the Community.
2. For the purposes of this Article, "dumping" means the transfer of goods originating in a Member State to another Member State for sale:
(a) at a price lower than the comparable price charged for similar goods in the Member States where such goods originate (due allowance being made for the differences in the conditions of sale or in taxation or for any other factors affecting the comparability of prices); and
(b) under circumstances likely to prejudice the production of similar goods in that Member State.
3. In the event of alleged dumping the importing Member State shall appeal to Council to resolve the matter.
4. Council shall consider the issue and take appropriate measures to determine the causes of the dumping.

ARTICLE 43 MOST FAVOURED NATION TREATMENT

1. Member States shall accord to one another in relation to trade between them the most favoured nation treatment. In no case shall tariff concessions granted to a third country by a Member State be more favourable than those applicable under this Treaty.
2. Any agreement between a Member State and a third country under which tariff concessions are granted, shall not derogate from the obligations of that Member State under this Treaty.
3. Copies of such agreements referred to in paragraph 2 of this Article shall be transmitted by the Member States, which are parties to them, to the Executive Secretariat of the Community.

ARTICLE 44 INTERNAL LEGISLATION

Member States undertake not to enact legislation and/or make regulations, which directly or indirectly discriminate against the same or like products of another Member State.

ARTICLE 45 RE-EXPORTATION OF GOODS AND TRANSIT FACILITIES

1. Where Customs duty has been charged and collected on any goods imported from third country into a Member State the re-exportation of such goods into another Member State shall be subject to the provisions of the Protocol relating to the re-exportation of goods within the Community.
2. Each Member State, in accordance with international regulations and the ECOWAS Convention relating to Inter-State Road Transit of Goods, shall grant full and unrestricted freedom of transit through its territory for goods proceeding to or from a third country indirectly through that territory to or from other Member States; and such transit shall not be subject to any discrimination, quantitative restrictions, duties or other charges.
3. Notwithstanding paragraph 2 of this Article,
(a) goods in transit shall be subject to the Customs law; and
(b) goods in transit shall be liable to the charges usually made for carriage and for any services which may be rendered, provided such charges are not discriminatory and are in conformity with international transit regulations.
4. Where goods are imported from a third country into one Member State, each of the other Member States shall be free to regulate the transfer to it of such goods whether by a system of licensing and controlling importers or by other means.
5. The provisions of paragraph 4 of this Article shall apply to goods, which, under the Provisions of Article 38 of this Treaty, fail to be accepted as originating in a Member State.

ARTICLE 46 CUSTOMS CO-OPERATION AND ADMINISTRATION
Member States shall in accordance with the advice of the Trade, Customs Taxation, Statistics, Money and Payments Commission and the provisions of the Convention for Mutual Administrative Assistance in Customs Matters, take appropriate measures to Harmonise and standardise their Customs regulations and procedures to ensure the effective application of the provisions of this Chapter and to facilitate the movement of goods and services across their frontiers.

ARTICLE 47 DRAWBACK
1. The procedure to determine the eligibility for Community tariff treatment of goods in relation to which drawback is claimed or made use of in connection with their exportation from the Member States in the territory of which the goods have undergone the last process of production, shall be the subject of an additional Protocol.
2. For the purposes of this Article:
(a) "drawback" means any arrangement, including temporary duty-free admission, for the refund of all or part of the duties applicable to imported raw materials, provided that the arrangement, expressly or in effect, allows such refund or remission if goods are exported but not if they are retained for home use;
(b) "remission" includes exemption from duties for goods imported into free ports, free zones or other places which have similar Customs privileges; and
(c) "duties" means Customs duties and any other charge, with equivalent effect imposed on imported goods, except the non-protective element in such duties or charges.

ARTICLE 48 COMPENSATION FOR LOSS OF REVENUE
1. The Council shall, on the report of the Executive Secretary and the recommendation of the Trade, Customs, Taxation, Statistics, Money and Payments Commission, determine the compensation to be paid to a Member State which has suffered loss of import duties as a result of the application of this Chapter.
2. The Council shall, in addition to compensation to be paid to Member States, which suffer loss of revenue as a result of the application of this Chapter, recommend measures for promoting productive and export capacities of these countries so as to enable them to take full advantage of the benefits of trade liberalisation.
3. The method of assessment of the loss c.i.f. revenue and compensation shall be as stipulated in the Protocol on the Assessment of Loss of Revenue.

ARTICLE 49 EXCEPTIONS AND SAFEGUARD CLAUSES
1. In the event of serious disturbances occurring in the economy of a Member State following the application of the provisions of this Chapter, the Member State concerned shall, after informing the Executive Secretary and the other Member States, take the necessary safeguard measures pending the approval of the Council.
2. These measures shall remain in force for a maximum period of one year. They may not be extended beyond that period except with the approval of the Council.
3. The Council shall examine the method of application of these measures while they remain in force.

ARTICLE 50 TRADE PROMOTION
1. Member States agree to undertake, through their public and private sectors, trade promotion activities such as.
a) promotion of the use of local materials, intermediate goods and inputs, as well as finished products originating within the Community;
b) participation in the periodic national fairs organised within the region, sectoral trade fairs, regional trade fairs and other similar activities;
2. At regional level, the Community shall undertake trade promotion activities, which may include:
a) organisation, on a regular basis of an ECOWAS Trade Fair;
b) harmonisation of the programming of national trade fairs and similar events;
c) establishment of an intra-Community trade information network;
d) study of supply and demand patterns in Member States and dissemination of the findings thereon within the Community;
e) promotion of the diversification of West African markets, and the marketing of Community products;
f) promotion of better terms of trade for West African commodities and improvement of access to international markets for Community products; and
g) participation, where appropriate, in international negotiations within the framework of GATT and UNCTAD and other trade-related negotiating fora.

ARTICLE 51 MONEY, FINANCE AND PAYMENTS
1. In order to promote monetary and financial integration, and facilitate intra Community trade in goods and services and the realisation of the Community's objective of establishing a monetary union, Member States undertake to:

a) study monetary and financial developments in the region;
b) harmonise their monetary, financial and payments policies;
c) facilitate the liberalisation of intra-regional payments transactions and, as an interim measure, ensure limited convertibility of currencies;
d) promote the role of commercial banks in intra-community trade financing;
e) improve the multilateral system for clearing of payments transactions between Member States, and introduce a credit and guarantee fund mechanism;
f) take necessary measures to promote the activities of the West Africa Monetary Agency in order to ensure convertibility of currencies and creation of a single currency zone;
g) establish a Community Central Bank and a common currency zone.

ARTICLE 52 COMMITTEE OF WEST AFRICAN CENTRAL BANKS

1. There is hereby established a Committee of West African Central banks comprising the Governors of Central Banks of Member States. This Committee shall, in accordance with the provisions of this Treaty, prepare its own rules of procedure.
2. The Committee shall, from time to time, make recommendations to the Council on the operation of the clearing system of payments and other monetary issues within the Community.

ARTICLE 53 MOVEMENT OF CAPITAL AND CAPITAL ISSUES COMMITTEE

1. For the purpose of ensuring the free movement of capital between Member States in accordance with the objectives of this Treaty, there is hereby established a Capital Issues Committee which shall comprise one representative of each of the Member States and which shall, subject to the provisions of this Treaty, prepare its own rules of procedure.
2. Member States shall, in appointing their representatives referred to in paragraph 1 of this Article, designate persons with financial, commercial or banking experience and qualifications.
3. The Capital Issues Committee, in the performance of the duties assigned to it under paragraph 1 of this Article, shall:

a) ensure the unimpeded flow of capital within the Community through:
i) the removal of controls on the transfer of capital among the Member States in accordance with a time-table determined by Council;
ii) the encouragement of the establishment of national and regional stock exchanges; and
iii) the interlocking of capital markets and stock exchanges.
b) ensure that nationals of a Member State are given the opportunity of acquiring stocks, shares and other securities or otherwise of investing in enterprises in the territories of other Member States;
c) establish a machinery for the wide dissemination in the Member States of stock exchange quotations of each Member State;
d) establish appropriate machinery for the regulation of the capital issues market to ensure its proper functioning and the protection of the investors therein.

CHAPTER IX
ESTABLISHMENT AND COMPLETION OF AN ECONOMIC AND MONETARY UNION

ARTICLE 54 ESTABLISHMENT OF AN ECONOMIC UNION

1. Member States undertake to achieve the status of an economic union within a maximum period of fifteen (15) years following the commencement of the regional trade liberalisation scheme, adopted by the Authority through its Decision A/DEC. 119/ 83 of 20 May 1983 and launched on 1 January 1990.
2. Member States shall give priority to the role of the private sector and joint regional multinational enterprises in the regional economic integration process.

ARTICLE 55 COMPLETION OF ECONOMIC AND MONETARY UNION

1. Member States undertake to complete within five (5) years following the creation of a Custom Union, the establishment of an economic and monetary union through:

i) the adoption of a common policy in all fields of socio-economic activity particularly agriculture, industry, transport, communications, energy and scientific research;
ii) the total elimination of all obstacles to the free movement of people, goods, capital and services and the right of entry, residence and establishment;
iii) the harmonisation of monetary, financial and fiscal policies, the setting up of West African monetary union, the establishment of a single regional Central Bank and the creation of a single West African currency.

2.The Authority may at any time, on the recommendation of the Council, decide that any stage of' the integration process shall be implemented more rapidly than otherwise provided for in this Treaty.

CHAPTER X
CO-OPERATION IN POLITICAL, JUDICIAL AND LEGAL AFFAIRS, REGIONAL SECURITY AND IMMIGRATION

ARTICLE 56 POLITICAL AFFAIRS
1. In pursuit of the integration objectives of the Community, Member States undertake to co- operate on political matters, and in particular, to take appropriate measures to ensure effective application of the provisions of this Treaty.
2. The signatory States to the Protocol on Non-Aggression the Protocol on Mutual Assistance on Defence, the Community Declaration of Political Principles and the African Charter on Human and Peoples' Rights agree to co operate for the purpose of realising, the objectives of these instruments.

ARTICLE 57 JUDICIAL AND LEGAL MATTERS
1. Member States undertake to co-operate in judicial and legal matters with a view to harmonising their judicial and legal systems.
2. The modalities for the implementation of this arrangement shall be the subject matter of a Protocol.

ARTICLE 58 REGIONAL SECURITY
1. Member States undertake to work to safeguard and consolidate relations conducive to the maintenance of peace, stability, and security within the region.
2. In pursuit of these objectives, Member States undertake to co-operate with the Community in establishing and strengthening appropriate mechanisms for the timely prevention and resolution of intra-State and inter-State conflicts, paying particular regard to the need to:
a) maintain periodic and regular consultations between national border administration authorities;
b) establish local or national joint commissions to examine any problems encountered in relations between neighbouring States;
c) encourage exchanges and co-operation between communities, townships and administrative regions;
d) organise meetings between relevant ministries on various aspects of inter-State relations;
e) employ where appropriate, good offices, conciliation, meditation and other methods of peaceful settlement of disputes;
f) establish a regional peace and security observation system and peace-keeping forces where appropriate;
g) provide, where necessary and at the request of Member States, assistance to Member States for the observation of democratic elections.
3. The detailed provisions governing political co-operation, regional peace and stability shall be defined in the relevant Protocols.

ARTICLE 59 IMMIGRATION
1. Citizens of the community shall have the right of entry, residence and establishment and Member States undertake to recognise these rights of Community citizens in their territories in accordance with the provisions of the Protocols relating thereto.
2. Member States undertake to adopt all appropriate measures to ensure that Community citizens enjoy fully the rights referred to in paragraph 1 of this Article.
3. Member ' States undertake to adopt, at national level, all measures necessary for the effective implementation of the provisions of this Article.

CHAPTER XI
CO-OPERATION IN HUMAN RESOURCES, INFORMATION, SOCIAL AND CULTURAL AFFAIRS

ARTICLE 60 HUMAN RESOURCES
1. Member States undertake to co-operate in the full development and utilisation of their human right resources.
2. To this end, they shall take measures to:
a) strengthen co-operation among themselves in the fields of education, training and employment; and to harmonise and co-ordinate their policies and programmes in these areas;
b) consolidate their existing, training institutions, improve the efficacy of their educational systems, encourage exchanges between schools and universities, establish equivalencies of academic, professional and technical

qualifications, encourage literacy, promote the teaching and practice of the official languages of the Community, and establish regional centres of excellence in various disciplines;
c) encourage the exchange of skilled manpower between Member States.

ARTICLE 61 SOCIAL AFFAIRS

1. Member States undertake to co-operate with a view to mobilise, the various sections of the population and ensuring their effective integration and involvement in the social development of the region.
2. For the purposes of paragraph 1 of this Article, Member States undertake to:
a) encourage the exchange of experiences and information on literacy, professional training and employment;
b) harmonise their labour laws and social security legislations;
c) promote women's and youth organisations and professional associations as a means of ensuring mass involvement in the activities of the Community;
d) encourage and strengthen co-operation amongst themselves in health matters; and
e) promote and enhance the practice of sports with a view to bringing together the youth of the region and ensuring their balanced development.

ARTICLE 62 CULTURAL AFFAIRS

1. Member States undertake to pursue the objectives of the Community Cultural Framework Agreement.
2. To this end, Member States undertake to:
a) encourage the promotion, by every means possible, of all forms of cultural exchange;
b) Promote, develop and, where necessary improve structures and mechanisms for the production, propagation and utilisation of cultural industries; and
c) promote the learning and dissemination of a West African language as a factor in Community integration.

ARTICLE 63 WOMEN AND DEVELOPMENT

1. Member States undertake to formulate, harmonise, co-ordinate and establish appropriate policies and mechanisms, for enhancement of the economic, social and cultural conditions of women.
2. To this end, Member States shall take all measures necessary to:
a) identify and assess all constraints that inhibit women from maximising their contribution to regional development efforts; and
b) provide a framework within which the constraints will be addressed and for the incorporate of women's concerns and needs into the normal operations of the society;
3. At the Community level, Member States shall:
a) stimulate dialogue among themselves on the kinds of projects and programmes aimed at integrating women into the development process;
b) establish a mechanism for co-operation with bilateral, multilateral and non-governmental organisations; and
c) promote and development mechanisms to encourage the exchange of experiences and information between Member States.

ARTICLE 64 POPULATION AND DEVELOPMENT

1. Member States undertake to adopt, individually and collectively, national population policies and mechanisms and take all necessary measures in order to ensure a balance between demographic factors and socio-economic development.
2. To this end, Member States agree to:
a) include population issues as central components in formulating and implementing national policies and programmes for accelerated and balanced socio-economic development;
b) formulate national population policies and establish national population institutions;
c) undertake public sensitisation on population matters, particularly among the target groups; and
d) collect, analyse and exchange information and data on population issues.

ARTICLE 65 INFORMATION RADIO AND TELEVISION

Member States undertake to:
a) co-ordinate their efforts and pool their resources in order to promote the exchange of radio and television programmes at bilateral and regional levels;
b) encourage the establishment of programme exchange centres at regional level and strengthen existing programme exchange centres;
c) use their broadcasting and television systems to promote the attainment of the objectives of the Community.

ARTICLE 66 THE PRESS

1. In order to involve more closely the citizens of the Community in the regional integration process, Member States agree to co-operate in the area of information.
2. To this end they undertake as follows:
a) to maintain within their borders, and between one another, freedom of access for professionals of the communication industry and for information sources;
b) to facilitate exchange of information between their press organs; to promote and foster effective dissemination of information within the Community;
c) to ensure respect for the rights of journalists;
d) to take measures to encourage investment capital, both public and private, in the communication industries in Member States;
e) to modernise the media by introducing training facilities for new information techniques; and
f) to promote and encourage dissemination of information in indigenous languages, strengthening co-operation between national press agencies and developing linkages between them.

CHAPTER XII
CO-OPERATION IN OTHER AREAS

ARTICLE 67 HARMONISATION OF POLICIES IN OTHER AREAS

Subject to the provisions of this Treaty, Member States undertake to consult with one another, through appropriate Community institutions, for the purpose of harmonising and co-ordinating their respective policies in all other fields not specifically covered by this Treaty for the efficient functioning and development of the Community and for the implementation of the provisions of this Treaty.

ARTICLE 68 LAND-LOCKED AND ISLAND MEMBER STATES

Member States, taking into consideration the economic social difficulties that may arise in certain Member States, particularly island and land-locked States, agree to grant them where appropriate, special treatment in respect of the application of certain provisions of this Treaty and to accord them any other assistance they may need.

CHAPTER XIV
FINANCIAL PROVISIONS

ARTICLE 69 BUDGET OF THE COMMUNITY

1. There shall be established a budget of the Community and, where appropriate, of any of the Institutions of the Community.
2. All incomes and expenditure of the Community and its institutions shall be approved by the Council or other appropriate bodies for each financial year and shall be charged to the budget of the Community or the institution concerned.
3. A draft budget shall be proposed for each financial year by the Executive Secretary or by the Head of the Institution concerned and approved by the Council or other appropriate body on the recommendation of the Administration and Finance Commission.
4. The Administration and Finance Commission shall consider the draft budget and all financial issues concerning the institutions of the Community and shall examine issues pertaining mainly to administration and personnel management in the institutions of the community.

ARTICLE 70 REGULAR BUDGETS OF THE COMMUNITY

1. The regular budgets of the Community and its institutions shall be funded from a Community levy and such other sources as may be determined by the Council
2. Until the entry into force of the Community levy, the regular budgets of the Community and its institutions shall be funded from the annual contributions by Member States.

ARTICLE 71 SPECIAL BUDGETS OF THE COMMUNITY

Special budgets shall be made available, where necessary, to meet the extra-budgetary expenditure of the Community. The Authority shall, on the recommendation of Council, determine the modalities for financing such special budgets of the Community.

ARTICLE 72 COMMUNITY LEVY

1. There is hereby instituted a Community levy for the purpose of generating resources for financing Community activities.
2. The Community levy shall be a percentage of the total value of import duty derivable from goods imported into the Community from third countries.
3. The actual level of the Community levy shall be determined by the Council.
4. The conditions for the application of the Community levy, the modalities for the transfer to the Community of the revenue generated and the utilisation of the Community levy shall be defined in the relevant Protocol.
5. Member States undertake to facilitate the application of the provisions of this Article.

ARTICLE 73 CONTRIBUTIONS BY MEMBER STATES

1. The mode by which the contributions of Member States shall be determined and the currencies in which the contributions are paid shall be as determined by Council.
2. Member States undertake to promptly transfer their assessed contributions to the Community.

ARTICLE 74 FINANCIAL REGULATIONS

The Financial Regulations and Manual of Accounting Procedures of the Community shall govern the application of the provisions of this Chapter.

ARTICLE 75 EXTERNAL AUDITORS

1. The External Auditors of the Community shall be appointed for a period of two years renewable for two other terms of two years each. They can be relieved of their posts by the Authority on the recommendation of the Council.
2. Subject to the provisions of the preceding paragraph, the Council shall determine the rules governing the selection procedure and establish the responsibilities of tile External Auditors.

CHAPTER XV
DISPUTES

ARTICLE 76 SETTLEMENT OF DISPUTES

1. Any dispute regarding the interpretation or the application of the provisions of this Treaty shall he amicably settled through direct agreement without prejudice to the provisions of this Treaty and relevant Protocols.
2. Failing this, either party or any other Member States or the Authority may refer the matter to the Court of the Community whose decision shall be final and shall not be subject to appeal.

CHAPTER XVI
SANCTIONS

ARTICLE 77 SANCTIONS APPLICABLE FOR NON-FULFILMENT OF OBLIGATIONS

1. Where a Member State fails to fulfil its obligations to the Community, the Authority may decide to impose sanctions on that Member State.
2. These sanctions may include:

(i) suspension of new Community loans or assistance,
(ii) suspension of disbursement on-going Community projects or assistance programmes;
(iii) exclusion from presenting candidates for statutory and professional posts;
(iv) suspension voting rights; and
(v) suspension from participating in the activities of the Community.

3. Notwithstanding the provisions of paragraph 1 of this Article, the Authority may suspend the application of the provisions of the said Article if it is satisfied on the basis of a well supported and detailed report prepared by an independent body and submitted through the Executive Secretary, that the non-fulfilment of its obligations is due to causes and circumstances beyond the control of the said Member State;
4. The Authority shall decide on the modalities for the application of this Article.

CHAPTER XVII
RELATIONS BETWEEN THE COMMUNITY AND THE AFRICAN ECONOMIC COMMUNITY

ARTICLE 78 THE COMMUNITY AND THE AFRICAN ECONOMIC COMMUNITY

The integration of the region shell constitute an essential component of the integration of the African continent. Member States undertake to facilitate the co-ordination and harmonisation of the policies and programmes of the Community with those of the African Economic Community.

CHAPTER XVIII
RELATIONS BETWEEN THE COMMUNITY AND OTHER REGIONAL ECONOMIC COMMUNITIES

ARTICLE 79 THE COMMUNITY AND OTHER REGIONAL ECONOMIC COMMUNITIES

1. In the context of realising its regional objectives, the Community may enter into co-operation agreements with other regional Communities.
2. Such co-operation agreements entered into in accordance with the provisions of paragraph 1 of this Article shall be subject to prior approval by the Council upon the proposal of the Executive Secretary.

CHAPTER XIX
RELATIONS BETWEEN THE EXECUTIVE SECRETARIAT AND THE SPECIALISED INSTITUTIONS OF THE COMMUNITY

ARTICLE 80 THE EXECUTIVE SECRETARIAT AND THE SPECIALISED INSTITUTIONS

1. The Community shall determine the global integration policies and strategies to be adopted and define the integration objectives and programmes of all the institutions of the Community.
2. The Executive Secretariat shall be responsible for harmonising and co-ordinating all activities and programmes of the institutions of the Community within the context of regional integration.

ARTICLE 81 RELATIONS BETWEEN THE COMMUNITY AND REGIONAL NON-GOVERNMENTAL ORGANISATIONS

1. The Community with a view to mobilising the human and material resources of the economic integration of the region shall co-operate with regional non-governmental organisations and voluntary development organisations in order to encourage the involvement of the peoples of the region in the process of economic integration and mobilise their technical, material and financial support.
2. To this end, the Community shall set up mechanism for consultation with such organisations.

ARTICLE 82 RELATIONS BETWEEN THE COMMUNITY AND REGIONAL SOCIO- ECONOMIC ORGANISATIONS AND ASSOCIATIONS

1. The Community with a view to mobilising the various actors in socio-economic life for the integration of the region, shall co-operate with socio-economic organisations and associations, in particular, producers, transport operators, workers, employers, university teachers and administrators, journalists, youth, women, artisans and other professional organisations and associations with a view to ensuring their involvement in the integration process of the region.
2. To this end, the Community shall set up a mechanism for consultation with such socio-economic organisations and associations.

CHAPTER XX
RELATIONS BETWEEN THE COMMUNITY, THIRD COUNTRIES AND INTERNATIONAL ORGANISATIONS

ARTICLE 83 CO-OPERATION AGREEMENTS

1. The Community may conclude co-operation agreements with third countries.
2. In pursuit of its objective, the community shall also co-operate with the organisation of African Unity, the United Nations system, and any other international organisation.
3. Co-operation agreements to be concluded in accordance with the provisions of paragraphs 1 and 2 of this Article shall be subject to prior approval by the Council upon the proposal of the Executive Secretary.

CHAPTER XXI
RELATIONS BETWEEN MEMBER STATES, NON-MEMBER STATES, REGIONAL ORGANISATIONS AND INTERNATIONAL ORGANISATIONS

ARTICLE 84 AGREEMENTS CONCLUDED BY MEMBER STATES

1.Member States may conclude agreements among themselves and with non-member States, regional organisations, or any other international organisation, provided that economic agreements are not incompatible with the provisions of this Treaty. They shall, at the request of the Executive Secretary, transmit copies of such economic agreements to the Executive Secretary who shall inform Council thereof.
2. In the event that agreements concluded before the entry into force of this Treaty between Member States or between Member States and non-member States, regional organisations or any other international organisations are incompatible with the provisions of this Treaty, the Member State or Member States concerned shall take

appropriate measures to eliminate such incompatibility. Member States shall, where necessary, assist each other to this end and adopt a common position.

ARTICLE 85 INTERNATIONAL NEGOTIATIONS

1. Member States undertake to formulate and adopt common positions within the Community on issues relating to international negotiations with third parties in order to promote and safeguard the interests of the region.
2. To this end, the Community shall prepare studies and reports designed to help Member States to harmonise better their positions on the slid issues.

CHAPTER XXII
GENERAL AND FINAL PROVISIONS

ARTICLE 86 HEADQUARTERS OF THE COMMUNITY

The Headquarters of the Community shall be situated in the capital of the Federal Republic of Nigeria.

ARTICLE 87 OFFICIAL AND WOKING LANGUAGES

1. The official languages of the Community shall be all West African languages so designated by the Authority as well as English, French and Portuguese.
2. The working languages of the Community shall be English, French, and Portuguese.

ARTICLE 88 STATUS, PRIVILEGES AND IMMUNITIES

1. The Community shall enjoy international legal personality.
2. The Community shall have in the territory of each Member State:

a) the legal powers required for the performance of the functions assigned to it under this Treaty;
b) power to enter into contracts and acquire, hold and dispose of movable and immovable property.

3. In the exercise of its legal personality under this Article, the Community shall be represented by the Executive Secretary.
4. The privileges and immunities to be recognised and granted by the Member States to the officials of the Community, its institutions and their respective headquarters shall be as provided for in the General Convention on Privileges Immunities of the Community and the Headquarters Agreements.

ARTICLE 89 ENTRY INTO FORCE AND RATIFICATION

This Treaty and the Protocols, which shall form in an integral part thereof, shall respectively enter into force, upon ratification by at least nine signatory States, in accordance with the constitutional procedures of each signatory State.

ARTICLE 90 AMENDMENTS AND REVISIONS

1. Any Member State may submit proposal for the amendment or revision of this Treaty.
2. Any such proposals shall he submitted to the Executive Secretary who shall notify other Member States thereof not later thirty (30) days after the receipt of such proposals. Amendments or revisions shall not be considered by the Authority unless Member States shall have been given at least three months notice thereof.
3. Amendments or revisions shall be adopted by the Authority in accordance with the provisions of' Article 9 of this Treaty and shall be submitted for ratification by all Member Sates in accordance with their respective constitutional procedures. They shall enter into force in accordance with Article 89 of this Treaty.

ARTICLE 91 WITHDRAWAL

1. Any Member State wishing to withdraw from the Community shall give to the Executive Secretary one year's notice in writing that shall inform Member States thereof. At the expiration of this period, if such notice is not withdrawn, such a State shall cease to be a member of the Community.
2. During the period of one year referred to in the preceding paragraph, such a Member State shall continue to comply with the provisions of this. Treaty and shall remain bound to discharge its obligations under this Treaty.

ARTICLE 92 TRANSITIONAL AND SAVINGS PROVISIONS

1. Upon the entry into force of this revised Treaty in according with the provisions of Article 89, the provisions of the United Nations, Vienna Convention on the Law of' Treaties adopted on 23 May, 1 969 shall apply to the determination of the rights and obligations of Member States under the 1975 ECOWAS Treaty and this revised Treaty.
2. The ECOWAS Treaty of' 1975 shall be deemed terminated when the Executive Secretariat has received instruments of ratification of this revised Treaty from all Member States. The Executive Secretary shall notify the Member States in writing thereof.

3. Notwithstanding the provisions of paragraph 2 of this Article, all Community Conventions, Protocols, Decisions and Resolutions made since 1975 shall remain valid and in force, except where they are incompatible with the present Treaty.

ARTICLE 93 DEPOSITORY AUTHORITY

The present Treaty and all instruments of ratification shall be deposited with the Executive Secretariat which shall transmit certified true copies of this Treaty to all Member States and notify them of the dates of deposit of instruments of ratification and shall register this Treaty with the Organisation of African Unity, the United Nations Organisation and such other organisations as the Council may determine.

ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS) TREATY DONE AT COTONOU, REPUBLIC OF BENIN, ON THE 24TH OF JULY, 1993.

- APPENDIX II-

REGIONAL TRADING BLOCS

Andean Pact

The Andean Pact was established in 1969 with the participation of Bolivia, Colombia, Ecuador, Peru, and Venezuela. Like the other preferential trade groupings being formed around that time in Latin America and elsewhere among developing countries, the Andean countries' main objective in creating the group was to enlarge the small domestic markets of member countries and thus promote industrial development via regional rather than domestic import substitution. The growth of industry in member countries was to be achieved in two ways: a) a common industrial policy consisting of industrial planning at regional level; b) trade liberalisation among member states. A parallel objective of the group was to achieve an 'equitable' distribution of cost of benefits of the integration process through micro-management of the industrial policy (industrial planning) at regional level and special treatment of less developed members (Bolivia and Ecuador). The latter were granted, for example, the right to liberalise their regional imports less rapidly and less fully than the others, and they were chosen to host certain industrial activities.

The combination of industrial planning and the preferential treatment of the less-developed member countries, however, introduced from the outset so many exceptions and exemption into the regional liberalisation program and caused so much resentment in the other members that the Pact had only a small impact on the trade orientation of its members. Indeed, between 1969 and 1978, i.e. in the ten years following the formation of the group, intra-Andean import trade as share of their total imports fluctuated between 2 and 2.5 percent. The creation of the Andean Group exercised a bigger impact on their intra-export trade, as the industrial planning generated trade flows among the members that did not exist before, especially in manufacturing products. Intra-group export trade in manufacturing grew to an all time high of 32 percent of total manufacturing exports in 1983, tripling from its early 1970s' level. In 1989, with the declaration of ICA, the Andean Group initiated a process of accelerating integration that culminated in the creation of a free trade area in January 1991 between Bolivia, Colombia, and Venezuela with Ecuador and Peru joining the area in July 1992. This time around, the member countries totally eliminated tariff and NTBs on internal trade; did away with the preferential regime of the less-developed members; and all but abandoned the common industrial policy of the past. They also replaced the old Andean Investment code with a new one that granted national treatment to foreign investors. Finally, in November 1994 they approved a CET with 4 rates and limited variability (5-20 percent) with the maximum rate set to be lowered to 15 percent in the future. Bolivia negotiated to keep its own, lower tariff rates (5 and 10 percent). These changes in the internal arrangements of the Andean Pact appear to have exerted a very strong impact on the level and intensity of their internal trade.

Association of South East Asian Nations (ASEAN)
Member states: Brunei (since 1984) Indonesia, Laos (since July 1997), Myanmar (since July 1997) Malaysia, the Philippines, Singapore, Thailand, and Vietnam (since July 1995).
Date founded: August 1967

ASEAN was created to foster peaceful national development of its member states through cooperation. In its early years therefore ASEAN was not a preferential trade arrangement (PTA). It was only in 1977 when a limited PTA was first adopted by ASEAN member states. However, even then the arrangements were quite narrow in scope and coverage. By 1980 it covered an estimated 2 percent of intra-ASEAN trade, and only 5 percent by 1985. Several reasons, including the product-by-product nature of negotiations, the non-genuine offers of preferences, high domestic content requirement, the possibility of having long lists of exclusions, and the limited nature of preferences themselves explain the negligible impact of the PTA scheme.

In 1991, the idea of an ASEAN free-trade area (AFTA) was proposed by the Thai Prime Minister and subsequently adopted in January 1992 during the fourth ASEAN Summit meeting in Singapore. The original goal of AFTA was ultimately to reduce tariff rates on intra-ASEAN trade to between zero and 5 percent within 15 years beginning in January 1993, through the adoption of a common effective preferential tariff (CEPT) scheme. The scheme divided goods into two categories: the fast-track goods whose tariffs would be reduced to 0-5 percent within 7 or 10 years (depending on whether the initial tariff was below or above 20 percent) and the normal-track goods on which tariffs would be reduced more slowly and in two stages. Later, during the ASEAN summit meetings of 1993 and 1994 the planned tariff liberalisation was accelerated and other changes were adopted whereby 11,000 tariff items (circa 20 percent of total tariff lines) were to have the reduced tariff by January 1994, fast -track items were to be liberalised by the year 2000 and normal-track tariff reductions would be achieved by the year 2003 instead of 2008. Vietnam, which joined ASEAN in 1995 and AFTA in 1996, was granted a ten-year implementation period ending in 2006. ASEAN countries' internal export and import trade shares in 1995 stood at about 23 and 16 percent, respectively. Although these shares have increased since AFTA's creation, it is hardly a result attributable to ASEAN's free trade arrangement since the intensity of intra-ASEAN trade actually declines over the same period (see data and statistics).

Further readings and useful web sites:

http://www.ase.or.id/ - web page of ASEAN

ASEAN Secretariat (1995a) An Overview, Jakarta, Indonesia. (1995b) Fifth ASEAN Summit, Jakarta, Indonesia. Edwards, R. and Wong, K. (1996) Regional Cooperation: ASEAN, AFTA and APEC" Chapter 1. In Edwards, R. and Skully, M. (Eds.) ASEAN Business, Trade and Development, Butterworth and Heinemann, Australia. Frankel, J. and Wei, S. (1996) ASEAN in Regional Perspective, Centre for International and Development Economics Working Paper no. C96-074, University of California at Berkley. Emiko, F. and Martin, W. (1999) Economic Effects of Joining the ASEAN Free Trade Area (AFTA): the Case of the Lao People's Democratic Republic. Panagariya, A. (1993) 'Should East Asia Go Regional? No, No, and Maybe.' Policy Research Working Paper No. 1209, Washington DC: The World Bank.

Communauté Economique de l'Afrique de l'Ouest(CEAO)/Union Economique et Monétaire Ouest-Africaine (UEMOA)

Member states: Benin, Burkina Faso, Cote d'Ivoire, Mali, Mauritania, Niger, Senegal. Guinea Bissau joined the group in May 1997.
Date founded: 1973, changed name to UEMOA in 1994.

CEAO/UEMOA represents the third and the fourth attempts, respectively, by West African States that belonged to the former federation of French Western Africa to maintain the arrangements for monetary and economic cooperation which were established during the colonial era. All its members except for Mauritania belong to the French Franc Zone and use a common currency, the CFA franc. CEAO's objective was to create a customs union among the partners and to promote 'equitable and balanced' economic growth of all its members. To achieve the latter objective, CEAO Treaty envisaged a made-to-measure structure of tariff and tax preferences on intra-CEAO trade in industrial products to suit the 'protection needs' of various member states. This created an distorted structure of effective protection that did not conform to any economic criterion and prevented effective market integration to take root. Facilitated by the devaluation of the CFA franc in January 1994, there have been fresh attempts at re-launching the process of integration amongst the franc zone countries of Western Africa by expanding the scope of the monetary union of the seven partners to goods and services markets. The new initiative, UEMOA, is supposed to set the pace for a new form of integration that is outward oriented, does away with the past deficiencies and import-substituting philosophy of CEAO, and prods the member countries towards the adoption of a more liberal and less distorted trade and tax regimes. At the time of writing, these measures have not been yet finalised.

Sources: World Trade Organisation (1995) Regionalism and the World Trading System. Geneva: WTO Secretariat; and IMF (1994) *International Trade Policies: The Uruguay Round and Beyond,* Volume II, International Monetary Fund, Background Papers. Washington.

Cross Border Initiative (CBI)

Signatory countries: Burundi, Comoro, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe
Date founded: 1990

The idea of CBI was borne at the Maastricht Conference on Africa in 1990 and is sponsored by all major multilateral organisations, including the IMF, the World Bank, and the EU. The Initiative calls for a 'road map' to trade reform whereby the signatory countries move towards a 'harmonised' external tariff ranging from 5 to 25 percent with an average of 15 percent, which is considerably lower, both in level and variability, than the existing external protection in member states. The reduction in external protection is supposed to be completed by 1998, the same date set for the removal of all barriers to internal trade. The idea is that the simultaneous reduction of external protection and intra-group trade liberalisation would minimise the trade diverting impact of tariff preferences and provide an incentive for the more protectionist countries to liberalise their trade regimes.

Sources: IMF (1994) *International Trade Policies: The Uruguay Round and Beyond,* Volume II, International Monetary Fund, Background Papers. Washington.

North American Free Trade Agreement (NAFTA)

The North American Free Trade Agreement (NAFTA) between Canada, Mexico, and the US officially entered into effect on January 1, 1994, successfully concluding negotiations that had begun in the early 1990s. The agreement liberalises barriers to trade and investment between the three partners, while leaving their external barriers vis-à-vis third countries under the jurisdiction of each member state. Subsequent to the signing of the NAFTA, two supplementary agreements in the area of environment and labour standards have also been negotiated. NAFTA provides for phased reduction of tariff barriers and tariffication of non-tariff barriers, relaxation of investment restrictions and harmonisation of standards between the three countries over a period of ten to fifteen years. For agricultural products NAFTA has separate agreements for US-Mexico and Canada-Mexico trade. Trade in agricultural products between US and Canada is governed by the provisions contained in the Canada-US free trade agreement. NAFTA also contains special provisions for a number of critical products/sectors such as autos, textiles and apparel and petrochemicals. Several reasons are advanced in the literature as to the motivations of the contracting parties, especially Mexico, and US to sign a free trade agreement. As far as Mexico is concerned, the main reasons for her interest in signing an FTA with the US are argued to be its desire to secure free and preferential access to the vast market of her principal trading partner; the favourable impact of the agreement on attracting foreign investment; and her desire to lock-in the trade liberalising policies which had been carried out since mid-1980s, including Mexico accession to the GATT in 1986.

Whatever the motivation of the parties concerned, NAFTA appears to have had a significant effect on Mexico's trade with her regional partners, most especially the US. This point emerges quite clearly from the increasing share of the other NAFTA partners in the total (and non-fuel) trade flows of Mexico. Between 1965 and 1990, Canada and US together accounted for roughly two-thirds of Mexico's total (as well as non-fuel) imports and exports. During the 1990s, however, NAFTA's share in Mexico's (total and non-fuel) imports and exports jumps by almost 10 percentage points, to 87 percent and 76 percent, respectively, in 1995. Mexico's exports to NAFTA began increasing already in the second half of the 1980s, but this was most likely due to trade liberalisation in Mexico that led to an increase in exports (and imports) as well as to the fact that as Mexican exports increased they more intensely directed towards the vast and relatively more open markets of the Northern American countries. Another spate of growth in Mexico's exports to the US/Canada markets occurred in 1992, namely two years prior to signing of NAFTA, presumably in anticipation of NAFTA and the cross-border investment it might have generated from US/Canadian firms. A similar pattern is observable in the intensity index, which measures the change in trade between two or more countries relative to the change in the trade of same countries with the rest of the world. The index, which was roughly equal to 3.5 during the entire period from 1965 to 1990, increases by 30 percent to a value of 4.3 in the 1990s. Equally important changes are also noticeable in Mexico's share of the US market: US (non-fuel) imports from Mexico increase from 4 percent of its total imports in 1985 to 6 percent in 1990 and 8 percent in 1995; US (non-fuel) exports to Mexico also increase from 6 percent to 8 percent of its total exports over the same period of time. By contrast, US-Canada and Mexico-Canada bilateral trade flows do not manifest any particular trend retaining their traditional value of roughly 20 percent and 1 percent, respectively.

For an analysis of NAFTA see: Arndt, S (1996) North American Free Trade: An Assessment, Open Economies Review, Vol. 7, No. 1 (January) pp. 77-92. Bhagwati, J., and A. Panagariya (1996) Preferential trading areas and multilateralism: strangers, friends, or foes. In Bhagwati, J. and Panagariya, A. (Eds.) The Economics of Preferential Trade Agreements, AEI Press, Washington DC. Casario, M. (1996) *North American Free Trade Agreement:* Bilateral Trade Effects, Contemporary Economic Policy, Vol. XIV, January, pp. 36-47. NAFTA web page at: http://www.nafta.org/index.html

Preferential Trade Area for Eastern and Southern African States (PTA)/ Common Market for Eastern and Southern Africa (COMESA).

PTA was formally borne by the Treaty of Lusaka in 1981 between East and Southern African states of Angola, Burundi, Comoro, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Sudan, Swaziland, Uganda, Tanzania, Zambia and Zimbabwe. By the early 1990s, PTA's membership extended to eighteen countries in the region. The Treaty of Lusaka envisaged an ambitious program of internal trade liberalisation; the development of industry, agriculture, human resources, and communications within and between member countries; and ultimately the creation of an economic community in the sub-region. Initial action concentrated on trade promotion through tariff preferences and the establishment of the PTA ClearingHouse to minimise the use of scarce foreign exchange for internal transactions. Despite the good intentions and the establishment of the Clearinghouse, the PTA did little to expand trade among its members. In the 1990s intra-PTA export and import trade shares were around 5-6 percent, lower than their level in the mid seventies, i.e. prior to PTA formation. Dissatisfaction with PTA's progress and the new wave of regionalism in the continent led PTA members to draw up a new treaty establishing COMESA in December 1993, which effectively replaced the PTA in December 1994. The objective of COMESA is once again to create a free trade zone that would evolve into a customs union with a CET by the year 2004 and into a common market thereafter.

Sources: Foroutan, F. (1993) 'Regional Integration in Sub-Saharan Africa: Past Experience and Future Prospects.' In De Melo, J. and Panagariya, A. (Eds.) New Dimensions in Regional Integration. Cambridge: Cambridge University Press; and IMF (1994) *International Trade Policies: The Uruguay Round and Beyond,* Volume II, International Monetary Fund, Background Papers. Washington.

Southern African Customs Union (SACU)
Member states: Botswana, Lesotho, Namibia South Africa, and Swaziland
Date founded: 1910

SACU is the oldest, and by most accounts the most effective, integration scheme in Africa. Its goods and factors markets are well integrated. Trade in goods and services (other than agriculture) within the Union is totally free of barriers, but imports from the rest of the world face a common external tariff and a common excise tax the proceeds of which flow into a consolidated revenue fund. The revenues are then shared by the Union partners according to a complicated revenue-sharing formula. Because South Africa is the dominant economy within the Union whose external trade policies determine those of the entire Union, the revenue sharing formula grants the BLNS states more revenues from the fund than strictly justified by their total share in the Union's external trade as a means of compensating the latter for their loss of sovereignty in matters of trade policy. All SACU members but Botswana are also members of the Rand Monetary Area with the central Bank of South Africa acting as the central Bank of the Area as a whole.

Since the end of the Apartheid era, there has been an ongoing debate as to whether SACU would or should survive in its current format. At least two factors contribute to the uncertainty surrounding SACU's future. The first element of uncertainty is the conflict posed by the coexistence of SACU and SADC, both of which include South Africa, especially if the latter were to become an effective preferential regional trade scheme (a de facto enlarged SACU) with South Africa at is core. The second and related factor of uncertainty is represented by the ability and/or willingness of South Africa to continue its compensation program to the current or any future members of an enlarged SACU as well as the willingness of the other members to stay in SACU in the absence of such payments. On the one hand, although South Africa's trade with Southern African partners (excluding SACU) is small, around 5 percent of her total exports, this trade represents 30 percent of South Africa's manufactured exports. Moreover, some recent estimates indicate that the prices of South Africa's manufactured goods sold in the region may be as much as 15-25 percent higher than the fob prices of comparable goods. It is thus unlikely that in the absence of a generous compensation, the current SACU members will be willing to continue their open market policy towards South Africa, or other countries in the region may enter into a serious free trade agreement with her. On the other hand, South Africa is under increasing fiscal pressure to curb her fiscal compensation to SACU members, let alone to extend them to others. The future of SACU/SADC will depend on the resolution of these conflicting interests.

Sources: Foroutan, F. (1993) 'Regional Integration in Sub-Saharan Africa: Past Experience and Future Prospects.' In De Melo, J. and Panagariya, A. (Eds.) New Dimensions in Regional Integration. Cambridge: Cambridge University Press; and IMF (1994) *International Trade Policies: The Uruguay Round and Beyond,* Volume II, International Monetary Fund, Background Papers. Washington.

Union Douanière et Economique de l'Afrique Centrale (UDEAC) relabelled in 1994 as Communauté Economique et Monétaire d'Afrique Centrale (CEMAC)
Member states: Cameroon, Central African Republic (CAR), Chad, Congo, Gabon, Equatorial Guinea (member since 1985)
Date founded: 1966

The French Central African countries share a long history of cooperation and common institutions beginning with the creation of French Equatorial Africa in 1910. UDEAC was formally founded in 1966 by the Treaty of Brazzaville. UDEAC countries also belong to the French Franc Zone with the CFA franc as their common currency. The original Treaty of Brazzaville envisaged a customs and monetary union with the complete removal of internal tariffs and non-tariff trade barriers among the member countries and the establishment of a common external tariff and common customs administration for trade with the rest of the world. However, the Treaty was extensively revised in 1974, de facto abolishing the CET and restricting the intra-union trade in manufactured goods to those produced by firms enjoying the privileges of the Taxe Unique (TU) system. The TU regime in UDEAC aimed at tailoring the structure of tariff preferences on internal trade to the desire of the participants to protect their limited industrial capacity, resulting in an extremely distorted and complex structure of domestic and trade taxes that bore no relation to any economic logic.

In the early 1990s UDEAC countries launched a process of renewal of the Union with the aim of replacing the existing structures of exceedingly complex and distorted external and internal indirect taxes with a simplified and transparent one. The reform package included, among other things (a) the adoption of a common external tariff in lieu of the previously existing three separate taxes on imports with a simple rate structure comprising four rates (5, 10, 20 and 30 percent); (b) the abolition of TU (or its domestic variant, TIP in Cameroon) in July 1994 and its replacement with a generalised system of preferences for intra-UDEAC trade, with the preferential tariff initially set at 20 percent of the MFN tariff but programmed to fall to zero by January 1998; (c) the replacement of separate indirect sales taxes on imports and domestic output with a unified, quasi-value added tax applicable at the same rate to all sales irrespective of origin. These and other reforms have resulted in a considerable decrease in the level and variability of nominal and effective protection across all industries in Cameroon, where the reforms have been implemented to a greater degree than in the rest of member countries (see more details in the data and statistics section). To what extent these reforms will stimulate further economic and trade integration of the member states with each other remains to be seen.

Sources: Foroutan, F. (1993) "Regional Integration in Sub-Saharan Africa: Past Experience and Future Prospects." In De Melo, J. and Panagariya, A. (Eds.) New Dimensions in Regional Integration. Cambridge: Cambridge University Press; and IMF (1994) *International Trade Policies: The Uruguay Round and Beyond,* Volume II, International Monetary Fund, Background Papers. Washington.

The EU Proposed FTA with South Africa

One initiative of the EU, unprecedented in sub-Saharan Africa, is a proposed FTA with the Republic of South Africa. The proposal was born out of South Africa's desire to obtain full Lome' status and the EU's reluctance to grant it. Negotiations for the proposed FTA began in 1995 and by January 1998 had gone through their 16th round. According to the EU proposal, the FTA would require the contracting parties to eliminate their tariffs on intra-bloc imports within a period of ten to twelve years, with two important exceptions: a) the EU would preserve its full tariff (10-25%) on certain agricultural products which --according to the Commission's estimates--amount to some 4 percent of EU's imports from South Africa; b) the latter liberalises its barriers more gradually and maintains protection for certain industries that are considered sensitive either in South Africa itself or in other SACU members. The proposed FTA, which is expected to be finalised in near future (negotiations are expected to be concluded by mid-1998), would exercise a significant impact on South Africa's trade policy and trade flows, given that EU constitutes its single main commercial partner (30% of exports, 44% of imports and 50% of FDI). For further analysis and information see the bibliographic references provided below.

Further readings and useful websites can be accessed at http://europa.eu.int/en/comm/dg10/infcom/euromove/w-trade/en/cover.htm The *European Union and World Trade*, a document providing information on EU and WTO, Uruguay Round and EU's trade policies.

-APPENDIX III-

ECOWAS STATISTICS

Table A1. ECOWAS US dollar exchange rates (1979 and 1995)

ECOWAS States	**1979**	**1995**
Benin	201.0 CFA	555.2 CFA
Burkina Faso	201.0 CFA	555.2 CFA
Cape Verde	n.a.	n.a.
Côte d'Ivoire	201.0 CFA	555.2 CFA
Gambia	1.8 Dala	9.6 Dala
Ghana	2.8 Cedis	1046.7 Cedis
Guinea	18.7 Sylis	961.6 Sylis
Guinea Bissau	33.4 Pesos	14482.0 CFA
Liberia	1.0 Dollar	1.0 Dollar
Mali	402.0 Francs	555.2 CFA
Mauritania	45.9 Ougui	125.9 Ougui
Niger	201.0 CFA	555.2 CFA
Nigeria	0.6 Naira	22 Naira
Senegal	201.0 CFA	555.2 CFA
Sierra Leone	1.0 Leon	617.7 Leon
Togo	201.0 CFA	555.2 CFA
Nigerian Naira on Monday, August 7, 2000		
Currency	**NGN/1 Unit**	**Units/1 NGN**
US Dollar	103.7	0.009699
British Pound	156.027	0.006448
Euro	94.1181	0.01069
CFA Franc	0.1446	7.0514

Source: United Nations (1992) Statistical Yearbook and http://www.Nigeria.com

Table A2. Political Independence of ECOWAS States

ECOWAS States	Metropoles	Date of Independence
Benin	France	August 1, 1960
Burkina Faso	France	August 5, 1960
Côte d'Ivoire	France	August 7, 1960
Cape Verde	Portugal	
Gambia	United Kingdom	February 18, 1965
Ghana	United Kingdom	March 6, 1957
Guinea	France	October 2, 1958
Guinea Bissau	Portugal	September 10, 1974
Liberia	N.A.	July 26, 1847
Mali	France	September 22, 1960
Mauritania*	France	November 28, 1960
Niger	France	August 3, 1960
Nigeria	United Kingdom	October 1, 1960
Senegal	France	August 20, 1960
Sierra Leone	United Kingdom	April 27, 1961
Togo	France	April 27, 1960

* Note that Mauritania handed in its notice of withdrawal from ECOWAS in December 1999 and has effectively ceased to be a Member of ECOWAS from December 2000.

Source: CIA, The World Factbook, 1992

Figure 1. Map of ECOWEAS (prior to Mauritania's withdrawal in 2000)