CHAPTER 1: Introduction and Conceptual Framework

The concept of regional integration is nothing new to Africa. Africa has been the forerunner of economic integration initiatives as far back as 1910 with the establishment of the South African Customs Union (SACU), the oldest customs union in the world. Since then, the number of regional economic units have surged, especially in Africa during the post colonial 1970’s which has ultimately led to the creations of eleven regional economic groupings. Of the fifty-three nations of Africa, all belong to at least one regional economic unit (see illustration 1, p13). As the number of regional agreements between industrialized nations grow and mature, for example, the North American Free Trade Agreement (NAFTA), the European Union (EU), and the Asia Pacific Economic Cooperation (APEC); the push for meaningful integration initiatives across Africa has taken center stage.

The Economic Community of West African States (ECOWAS) is the major regional economic unit of West Africa and the focus of this paper. It was envisioned as a platform to promote cooperation and integration in order to raise the living standards of its people. Unfortunately, ECOWAS has been steadily sidetracked from its main objectives through many factors including, civil conflict, mismanagement of natural resources, corruption, and interference from former colonial powers. Already feeling the effects of marginalization by other economic blocs within Africa such as the Common Market for Eastern and Southern Africa (COMESA), the issues of sustainable development, growth and stability are approaching critical importance for West Africa.

1.1 - Need for the study

West Africa is currently shrouded by socio-economic problems and seemingly little is being achieved though monies, analysis, and extensive efforts are being exerted on the sub-region. A study of the sub-region by a citizen of the sub-region could shed light on the implicit nuances of the region that authors not from the sub-region may have overlooked. The fifteen member nations of ECOWAS in theory poses hundreds of billions of US Dollars in natural resources and many avenues for sustainable macroeconomic success, however many goals set by the region and individual member states have fallen short.
Though there have been many studies of the region and suggestions for success, this work focuses on the realities that fuel the problems of ECOWAS and proposes an approach through the economics of business, human resources and infrastructural developments to realizing the goals set forth by ECOWAS. This study is necessary because West Africa is in imminent danger of being marginalized by both continental and global organizations through neo-colonial objectives if it does not reorganize itself to establish sustainable development. This work is a prescriptive example and alternative to the current outlook for ECOWAS.

1.2 - Nature of Problem

As the world advances economically with matured financial markets, the quickening development of information technology and the freed movement of people and goods globally, ECOWAS must minimize its shortfalls and concretize its initiatives to be a player in the new global economic order. ECOWAS is inherently endowed with natural resources of which are relatively cheap and easily accessible throughout the region. However, ECOWAS collectively lacks infrastructure, developed human resources, a developed private sector, and political stability to maintain any integrated economic development. Furthermore, poverty, inefficiency, inadequate education, deplorable health care, and frequent civil unrest hinder the objectives of the sub-region to a crippled pace.

1.3 - Background of Problem

From its very beginning, ECOWAS was ineffective. The organization did not have established foundations to deal with logistics, infrastructure, human resources, or strong economies that were needed to realistically promote a regional body. Furthermore, West Africa had been going through a series of political upheavals and instability that created a spiral of governmental leadership crisis’ and divisions among the population. However, the fledgling organization had the benefit of theoretical prowess because of the sub-regions immense resource wealth, but was flawed because it did not appreciate the colonial ties (much of which were economically binding) many of its member states maintained with their former masters.
Other significant events were also shaping the world economic scene and inadvertently pushed the formation of ECOWAS at the time. The Cold War was vibrant and many African Nations were forced to choose between the ‘Capitalist West’ and the ‘Communist East’, Europe was fermenting its economic and political powers internally, and America was waging war in Asia and controlling much of the Western hemisphere of Central and South America. Sub-Saharan Africa was left with the benefit and distinction of being a source for a substantial percentage of the world’s raw materials, however, the region could not show much in terms of economic or infrastructural development as most of its resources were exported raw and processed elsewhere.

Through all the aforementioned realities, ECOWAS was setup as a way to buttress the depletion of the regions resources while maintaining sovereignty over them and building wealth for the population. The next step of ECOWAS was fortunately yet unfortunately conflict resolution, which created a tailspin for its integration functions as the region witnessed a long period of civil unrest and political upheaval, which lingers until this day. For all these reasons, a synthesis for sustainable development, growth, and stability in the sub-region is needed now more than ever.

1.4 - Significance of Study

This work analyzes the importance of regional economic integration and how nation states have benefited or been hindered by integration. The study then looks at the framework of ECOWAS since its inception and an assessment of the organization to explain the organization's current status and briefly compares ECOWAS to other regional bodies. Finally, this study looks at ECOWAS not as a regional body, but as consortium of small, localized initiatives designed to benefit all parties directly involved and then to foster a greater purpose as the organization reforms itself for the realistic benefit and development of the sub-region.

1.5 - Objectives of Study

This work has three objectives: one, to examine the overall importance of economic integration and its benefits and hindrances to nations; two, to briefly summate the Economic Community of West African States and the pros and cons of its existence;
and three, propose a synthesis for sustainable economic development, growth and stability for a revised ECOWAS with realistic and relevant benefits to the West African populace.

1.6 - Limitations of Study

This study was limited by access to original documentation as made available by the ECOWAS representative office in Monrovia, Liberia and also by the timeliness of data on the sub-region. Successive wars, coup d’états and various forms of socio-economic instability made the acquisition of data dependent upon third party sources such as the United Nations, the World Bank Group, and various news and media organizations. Original sources and interviews were limited as documentation in Liberia had been lost or destroyed due to the civil conflict in that country. Furthermore, financial resources were limited, making travel to the ECOWAS head office in Abuja, Nigeria impossible.

1.7 - Scope

This study will look at ECOWAS from its inception in 1975 and the events surrounding its creation and then explore several major turning points in the organization’s history, especially the end of the cold war in 1989, which shifted the position of ECOWAS from economic unit to conflict resolution body. The study will also look at the current status of ECOWAS in its regional socio-economic and political relevance. Special emphasis will be given to the dealings of contemporary ECOWAS and why the organization does not and cannot be effective in its present form. Finally, a projection of ECOWAS and its objectives will be suggested for its effective utilization.

1.8 - Literature Review

The impetus for regional integration draws its rationale from standard trade theory, which states that free trade is superior to all other trade policies. Free trade pundits therefore ultimately envision a globalized world through the elimination of trade barriers (Andriamananjara 1999). A critical assessment of the contemporary economic history of Africa reveals that what is today known as globalization is
neither a new notion nor a novelty. From this perspective colonialism and imperialism would constitute forms of globalization (Asante-Darko 1999). As an extension of these principles, therefore, free trade among two or more countries will improve the welfare of the member countries as long as the arrangement leads to net trade creation (Geda and Kibret 2002). In principle a country or region endowed with natural resources, such as ECOWAS stands to gain tremendously from such regional integration as their proximity and appropriate utilization of complementary resources should lead to net welfare gains for the populace based on the formation of intraregional cooperation.

The most common argument of any regional body is that, an economy increases welfare through an enlarged market. Economies of scale and scope are reached as well as higher degrees of divisions of labor (Hansohm 2002). This is regarded as important as most West African economies, as individual units, are relatively small. Furthermore, West African economies tend to be based on a limited catalog of revenue generating commodities. Daniels and Radebaugh (2001) argue most of the world’s trade occurs among countries that have similar characteristics (e.g., developed countries with other developed countries). For this reason, complementarity and efficiencies could be realized if each economy of the regional body focuses on a competitive strength and strategic positioning.

Understanding the potential of West Africa, the regions leaders established the Economic Community of West African States on May 28th, 1975 in Lagos, Nigeria with fifteen original signatories. In addition to agreements at the regional level, attempts have also been underway to create economic cooperation (and ultimately meaningful economic and political integration) among African countries at a continental level. This effort culminated in the signing of the African Economic Community (AEC) Treaty (or the Abuja Treaty) in 1991. This agreement and many other regional agreements follow the successful example of the European Union. Gabel and Whiten (1997) reveal that EU citizens publicly support European integration because they view the economic conditions as favorable due to the “subjective” economy and its overall benefit to individual citizens rather than “objective” measures of economic indicators.
Furthermore, the case of West African integration is delicate because the region has strong colonial ties to Europe of which many of the economies have been engineered purposely for supplying raw materials to former colonial powers. Roughly one-fourth of emerging economies depend on one country for more than half of their export earnings (Daniels and Radebaugh 2001). Though a complex relationship, the colonial ties of West Africa are secondary to the promotion of peace and stability brought to the region through meaningful integration. As was the case of the European Union and its formation at the close of World War 2 as powerhouses such as France and Germany particularly sought to find constructive, interlocking relationships to build their economies and avert further bloody conflict.

Success or failure of regional integration initiatives should be evaluated in the context of the objectives it sets to achieve, and the political, economic and institutional context under which it operates (Geda and Kibret 2002). Suranovic (2004) argues, one does not compare the monetary costs of production or even the resource costs (labor needed per unit of output) of production. Instead, one must compare the opportunity costs of producing goods across countries. In the case of broader African regional integration, ECOWAS was envisioned to eventually form a larger common market area among other regional blocs such as the Arab Maghreb Union (AMU) and COMESA. Unfortunately, the realities of integration have eluded many African nations as most regional groupings on the continent fall short of meaningful economic integration.

The goals of achieving meaningful economic integration and increased welfare within a regional bloc such as ECOWAS have several factors strongly against it. Economic integration directly pits nations against one another in several ways. Having already alluded to colonial manipulation, ECOWAS also lacks economic development and infrastructure. Third, studies indicate that the performance of regional blocs is mainly constrained by problems of ariation in initial conditions, compensation issues, real political commitment, overlapping membership, policy harmonization, and poor private sector participation (Geda and Kibret 2002). Most regional integration schemes are also not focused on key objectives, but overloaded with multiple tasks. It is not always clear that regional initiatives do have a comparative advantage in the area of intervention (Hansohm 2002). To exacerbate the aforementioned issues, Hansohm's research also reveals that governments tend to have an unwillingness to:
surrender sovereignty of macroeconomic policy making to a regional authority; face potential consumption costs that may arise by importing from a high cost member country; accept unequal distribution of gains and losses that may follow an integration agreement; and, discontinue existing economic ties with non-members (Geda and Kibret 2002). These problems seem to have made building successful economic groupings in Africa a daunting task, despite its perceived importance in an increasingly globalized world.

ECOWAS is the major regional economic unit of Sub-Saharan Western Africa and the focus of this work. The region encompasses 15 nations of which one member is an island state. ECOWAS constitutes a total landmass of 5,112,903 square miles and a population of approximately 251,646,263 people with a combined gross domestic product of just over 342.5 Billion USD (CIA: The World Fact Book, 2004).

Unfortunately, today’s ECOWAS has been steadily sidetracked from its main objectives through seemingly insurmountable problems including, civil conflict, mismanagement of natural resources, corruption, poor health care, inadequate education, lack of development, lack of modern infrastructure and interference from former colonial powers. Axline (1997), Ewing (1967), Asante-Darko (1999), Okolo (1985), Morgan and Ellis (1984), each present research that demonstrate underdeveloped countries do not satisfy the criteria of customs union theory and that they will not reap the traditional welfare gains from integration. Especially problematic is the case of wide spread corruption and graft. Anoruo and Braha (2005) have found corruption reduces economic growth by discouraging productive utilization of capital and encouraging resource mis-allocation. Indirectly, corruption reduces economic growth by lowering investment in both physical and human capital. Notwithstanding its challenges, ECOWAS was formed and for good reason at the right time. West Africa was and still is the source for substantial amounts of the industrialized world’s raw materials, yet the region lagged dramatically in terms of infrastructure and economic development initiatives. The crafters of ECOWAS realized this and sought ideally to promote value creation of the regions natural wealth. “…as the ultimate objective of their efforts accelerated and sustained economic development of their states and the creation of a homogeneous society, leading to the unity of the countries of West Africa, by the elimination of all types of obstacles to the free movement of goods, capital and persons” (ECOWAS Treaty, 1975).
As with any regional organization, a period of evolution, and revision of objectives, goals and actions must be in order, if not to cope with assured interactions with the extra-regional world, then to accommodate the changing needs of the intra-regional populace. As ECOWAS, and Africa as a whole, became more matured in European-Western style democracy and self-governance, the economic-politico framework of the region began to shift. ECOWAS evolved from merely promoting trade, free movement, and policy harmonization, to becoming concerned with conflict resolution, environmental issues, enforcing international laws, promotion of small and medium scale enterprises, labor unions, education initiatives, gender equality, and humanitarian projects. Through a number of protocols and periodic assessments, ECOWAS was revised to address key areas of improvement and currently acts more as a regulating agreement than loose guideline to integration. While its original crafting in 1975 left much ambiguity, broad powers to the ECOWAS Authority and lack of accountability to its institutions, the revised ECOWAS treaty of 1993 curbed several overarching powers of the major political stakeholders.

As regional blocs are concerned, ECOWAS is inherently ineffective, if not for its inability to adequately deal with its many challenges; but because it has little focus or success in achieving meaningful results. Its individual economies did not have the proper development foundations for integration, resource generation has been sparse and resource allocation has been overwhelmingly shifted to intraregional peace and security. This is especially apparent following the policy changes of the US towards Africa after the fall of communism. With no competing superpower to choose from, ECOWAS nations, who may have been leaning towards communism, had a total switch in policy of which there was a military component added to the ECOWAS treaty.

The infighting of nations, civil wars and regional intervention has shifted large swathes of development funds to war torn nations such as Liberia, Sierra Leone, Ivory Coast and at times the Biafra region of Nigeria with its separatist movements. Furthermore, the initiation and continuation of these wars and infighting has been heavily marred in misconceptions including tribalism and lack of national unity / identity. On the contrary, the mechanisms that ignite and fuel civil conflict, which are very much attributed to extra-regional influences, support exploitation of cheap
resources that can be more easily garnered through conflict, which results in mismanagement, lack of local markets and intraregional dis economies of scale and scope (Collier 1999).

It is no coincidence that after the fall of colonialism in the 1960’s of West Africa that there has been a re-scramble or re-colonialization effort to curb African solidarity within the region by supporting bloody conflict with weapons primarily garnered from the US, EU and former Soviet Union (Chomsky 2000). These factors have for many years sidelined the initiatives of ECOWAS especially after the fall of the Soviet Union. The more general principle is that if an international organization does not serve the interests that govern US policy, there is little reason to allow it to survive. (Chomsky 2000).

Because the rule of law in world finance and commerce are spearheaded by ultra conservative US think tanks and organizations such as the Bretton Woods Committee, which in turn heavily influences the policies of all major regional financial institutions including; the World Bank, the International Monetary Fund, the World Trade Organization, and all regional development banks in the global economy, any regional bloc that has the potential to independently challenge such a wide reaching organization through resource bargaining power and meaningful integration, stands to face much opposition if it were not to fall snugly within the confines of the organization’s stipulations.

Already fragile in the rules of European-Western self governance, ECOWAS has been very open to extra-regional influences and overarching colonial ties which in many clearly obvious ways led to and fueled civil conflict for many years not allowing the other facets of ECOWAS to flourish because of an absolute preoccupation with conflict resolution. To exacerbate conflict resolution and lack of emphasis on other development goals, The United Nations Department of Peacekeeping Operations (DPKO) in December 2003 issued an appeal to Member States to expedite the deployment of troops they have offered for current United Nations Missions and to be prepared to provide troops for anticipated future operations in various parts of Africa (UN News Service, 17 Dec 2003). These are tell tail signs that not only are civil conflicts in Africa a serious problem, but they are only expected to get worse before they decrease in number and intensity. For example, between 1993 and 2003, Sandline
International and Executive Outcomes (para military soldier for hire firms) have trained, supplied, and fought along side an estimated 90 private armies (rebel movements, etc) in Africa (Ross 2003). Furthermore, according to Collier and Hoeffler (1998) there is a statistically accurate formula for civil war and stipulates that any nation with high and/or favorable degrees of; deep political and economic development failures; easily lootable raw materials that are highly taxable; high % of GDP from the export of primary commodities; and high number of young men under 15; is at risk. These factors are all rife within ECOWAS nations. Contrary to contemporary belief, several interesting researches have come from Elbadawi and Sambanis (2000), Collier (2000), who postulate the instance of ethnic diversity and social issues is not a factor for increased civil unrest, but a hindrance to it. The causes of war, they state are heavily dependent upon economics and lack of economic opportunities. These researches should not be seen as contradiction to the effects of colonialism, but an added variable to understanding the problems of sustainable development in ECOWAS nations and how colonialisms constriction of broad based economic development has hindered the bloc.

ECOWAS is in need of restructuring, refocus and a renewed commitment to a select and achievable list of goals with a clearly definable plan based on simple principles that the average citizen can understand, take part in and benefit from. Mingle (2003) and Geda and Kibret (2002) all argue that meaningful development within ECOWAS will be illusive if numerous legal instruments and structures are not in place to address conflicts by the ECOWAS Heads of State and Government. Furthermore, if blindly taking cues from the UN Millennium Goals for Africa, ECOWAS would be doing its populous a great disservice. The Millennium goals aim to: Eradicate extreme poverty and hunger, Achieve universal primary education, Promote gender equality and empower women, Reduce child mortality, Improve maternal health, Combat HIV/AIDS, malaria and other diseases, Ensure environmental sustainability, and Develop a global partnership for development (UN Millennium Goals, 2005). The Millennium Goals unfortunately do not describe how Africa is supposed to generate the money, skills or know-how to solve these problems without substantial assistance from extra-regional bodies. The Millennium Goals are implicitly promoting a debt burdened Africa that may be caught in a never ending cycle of UN, US, EU aid dependency, hence placing future generations of Africans in indentured servitude to extra regional influence, technologies, food security, medical treatment, and culture. The UN defines sustainable development as, “Development that meets the needs of the present
without compromising the ability of future generations to meet their own needs” (UN Division for Sustainable Development, 2005). How can it therefore suggest and promote a list of goals that are only achievable with surplus funding, unified political will and international infrastructural / logistical facilities in place, all of which West Africa lacks?

For these reasons ECOWAS must take a leadership role in addressing its own problems and focusing specifically on a short list of programs that will directly benefit the general population and eventually lead to a strong middle class of tax paying individuals that most ECOWAS nations are in dire need of. Mutangadura (2005), Daly (1990), (Brown-Weiss 1992), Collier (1999), Ewing (1967), and Geda and Kibret (2002) all theorize that regional integration in Africa should reorient itself if it is to enhance economic growth. The only true hope for an effective economic union in West Africa is to establish vibrant local economies that actively and dynamically trade goods and services. The crux of this proposed ECOWAS is formulated around 3 basic goals; 1) wealth generation through an extended network of active and robust local private sector small and medium sized businesses; 2) health care and education through the utilization of traditional health care and educational values; and 3) scalable infrastructure and development through interlocking communities, trading posts that build free market hubs, and efficiencies through specialization. Other key restructuring issues should include: an emphasis on areas where regional schemes have comparative advantages – reducing the multiplicity of objectives; more emphasis on policy coordination – rather than on trade integration; rationalization and integration of schemes; introduction of the principle of variable geometry (on a regional and sub-regional level) – rather than trying to include all at one time and thus letting the slowest dictate the speed of actualization; and consideration of compensation mechanisms for less developed economies (Hansohm 2002). The long experience of the EU could provide lessons.

This synthesis can in no means guarantee peace or conflict resolution but can strongly promote peace through interaction. What this plan describes is a means by which the local populations of ECOWAS with the proper mixture of government and regional policy support may maintain a system that the majority will benefit from. The key is for all initiatives to be readily understandable to all, functional in scheme and scope, and to be of direct benefit to all.
1.9 - Research Methodology

The research methods employed in this study were qualitative analysis and deductive research. The qualitative analysis method is used to accumulate and assess the benefits and negative aspects of economic integration and weigh whether the overall affect for the populace is at stake. Deductive research is later utilized on ECOWAS and its historical and present situation to assess the relevance of the organization and how the current structure can be augmented. This paper then develops a synthesis for West Africa through practical strategies based on contemporary issues, business initiatives and the political structure of the sub-region.

This research reviewed and extrapolated appropriate literature and relevant materials from available libraries, Internet sources, government archives, and interviews of select individuals close to the foundation and operation of ECOWAS.

1.10 - Organization of Thesis

This thesis is organized as follows: Chapter one is the introductory section. It provides an overview of the study and addresses the following; need for the study, nature of the problem, background of the problem, significance of the study, objectives of the study, limitation of the study, scope, literature review, research methodology, and organization of thesis. Chapter two explores factors conducive to regional economic integration. Chapter three explores factors against regional economic integration. Chapter four describes a brief synopsis of the Economic Community of West African States. Chapter five explains a general assessment of ECOWAS. Chapter six creates a synthesis for sustainable economic development, growth and regional stability. Finally, chapter seven creates an overall conclusion for this paper. This work provides an alternative to the current framework of ECOWAS from a business perspective that may have been overlooked by other concerned parties in the sub-region.
Illustration 1: African Regional and Sub-Regional Economic Blocs

African Regional & Sub-Regional Economic Blocs

AMU: Arab Maghreb Union
CEMAC: Communauté Économique et Monétaire de l’Afrique Centrale
COMESA: Common Market for Eastern and Southern Africa
EAC: East African Cooperation
ECCAS: Economic Community of Central African States
ECOWAS: Economic Community of West African States
IOC: Indian Ocean Commission
MRU: Mano River Union
SACU: South Customs Union
SADC: Southern African Development Community
UEMOA: Union Économique et Monétaire Ouest Africaine