Floor Discussion of the Aryeetey Paper

Not surprisingly, the overview and summary nature of Ernest Aryeetey's paper resulted in a wide range of comments on critical issues of African integration such as the problem of multiple membership, the need for private sector involvement and the lack of interest and capacity of both national and regional officials to implement integration agreements. Given the disillusioning experiences with integration efforts in Africa, these issues provoked vivid reactions.

The topic of rationalising regional integration institutions elicited comments from numerous participants who noted the tendency of countries to retain membership in several regional organisations without particularly contributing to the objectives designed by them. Samuel Wangwe, Executive Director of the Economic and Social Research Foundation in Tanzania, pointed out that not only is there a duplication of activity resulting from the existence of multiple integration organisations, but in some cases, certain institutions have even attempted to undermine the activities of other organisations. "More attention needs to be paid to designing institutions which can be complementary to the main agenda of regional integration," he said.

Sam Tulya-Muhika, Chairman of the East African Cooperation Forum, a group which seeks to promote private sector participation in East African integration efforts, welcomed the frank manner in which participants expressed their criticism. "I'd like to say I'm glad there's an attempt to rationalise the regional integration institutions in Africa because at one stage, about twelve years ago, when we were doing research on integration, some of us remember that Benin did not pay salaries to its civil servants for three years. But at the same time Benin was a member of more than twenty regional institutions. So one wondered how it could afford to be an active member of all these." He also alluded to the fact that of the more that 200 regional organisations in Africa, at least 150 are government organisations.

Another vivid example of Africa's poor record in putting in practice its regional integration arrangements was given by Patrick Ncube, a consultant from South Africa. "Most of these integration schemes really are being designed as a means of getting funds from donors, rather than as a conviction that the Africans want to unite themselves. Look at the structure of most of these schemes. There is this meeting of officials which recommends projects to the ministers, and then to the presidents, and then it's endorsed. And, after that, it's given to the donors for financing. I think that this is a major flaw, which means to say that the donors then are going to

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pick and choose what they would like to finance, and at the end of the day, you don't have a programme. At best you have a programme as determined by the donors; this is absolutely at best. At worst, you have a fragmented programme where the donors have picked up what they want, and they've left a mish-mash which you cannot work with."

According to Nigerian economist Uka Ezenwe, part of the blame for Africa's integration failure must be laid, however, with the former colonial powers. "Let me give you the example of ECOWAS. When it was making quite remarkable progress towards West African integration, France came as usual and introduced a totally new body, the Economic Monetary Union of West Africa. This issue of membership rationalisation is very important, and I think it is the best way to make progress with integration efforts.

The other issue is how to put regional integration schemes into practice in terms of production integration and market integration. I think we're talking about the same thing all the time. You cannot have production integration without trade integration or vice-versa. They are different sides of the same coin, and the effort of increasing production is a delicate issue. The trade aspects would normally be handled by the treaties of these various regional organisations, but I would like to stress the crucial importance of this issue of trade integration.

My other concern is the negative influences of extra-African bodies in African integration which up to this point have been straightforward and open. For example, we have had numerous problems in West Africa with French interference. Each time some progress was made, they presented a new scheme, as they did in the case of ECOWAS. I think one way forward is to appeal to other countries to leave Africa alone so that we can attempt to manoeuver on our own."

Edward Tiagha, regional adviser for industry and technology development for the UN Economic Commission for Africa, supported Ezenwe's view and stressed that African countries should focus their attention on improving relations within their own region rather than with the former colonial powers. "Most of the decisions that are taken as far as integration is concerned in Africa, are external to Africa, and they are usually based on the language divide. It is clear in West and Central Africa that whatever the French-speaking Africans decide, the English-speaking Africans try to counteract.

My point is that African countries are not really masters of their own destinies. When it was recognised in the mid-eighties that structural adjustment programmes were a hindrance to regional integration, the Economic Commission for Africa, the ECA, presented a very worthwhile paper called the African Alternative Framework for Structural Adjustment

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Programmes. As usual, the World Bank underplayed this paper, and more importantly, the African countries themselves underplayed this paper. As a result, it took five years for people to recognise that the ECA was talking about the 'human face' of integration and adjustment, and recognition of this was vital if African integration was to be considered. So again, we have no one but ourselves to blame when we set up these organisations and fail to utilise them.

Learning from the experience of NAFTA, I think it would be catastrophic to try to link ourselves to Europe because we've not been able to link ourselves to ourselves. As Dr. Asante and other speakers have mentioned, the Mexican experience should really tell us that you don't integrate for integration's sake. You integrate when you have internal structures which function. If we link up with our traditional colonial powers in order to facilitate our ties, we may find it very disappointing.

What I would propose instead is that we look at integration within Africa itself. Most of our trips to North Africa have proven that many North African countries are indeed willing to consider integration arrangements with sub-Saharan Africa. But probably because of inadequate information and fragmented markets, they've not been able to do it. Instead, they deal with Europe which is closer and has the infrastructure.

We have to identify the critical poles of countries which can serve as an impetus for regional integration in Africa, and we should not dismiss South Africa even though it has just come into the fold. I think South Africa can be used as a strong neighbour to help with integration of the Southern African region and of course, this can then move on to the West African region and the Central African region. I don't think, quite honestly, that we should depend on all the other countries outside of Africa."

Samuel Wangwe disagreed with Tiagha and Ezenwe on this point and suggested that instead of simply rejecting relations with former colonial powers, a fresh look at them should be taken. "I think there is potential for cooperation between the North and the South. Both South/South and the North/South cooperation attempts have performed poorly in the past, so success cannot be the basis for chosing to emphasise one configuration over the other. So why do we continue to examine the prospects for progress with South/South relationships and discard North/South potential out of hand? We should ask whether there are lessons to be learned from the manner in which we have conducted North/South relationships. Can we re-examine the Lomé Convention and ask, 'Is it the form in which we have been participating, or is it the participation *per se* which is wrong?' I don't believe we have answered this question of the form of participation in an entirely satisfactory way.

As we have seen, once a structure or a pattern of trade has been estab-

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lished, it's not easy to change it. If the major trading partner is Europe, we cannot cut it down to minimum within a short period, even if we desired to do so. As a result, the question of how to manage the relationship will arise. Some good examples have already been presented, and I think that these disruptions of our efforts by the North challenge us to decide collectively on how to handle these relations. Instead of looking only South/South, I believe that Africa must decide how to conduct itself in the Africa/North relationship. If we don't face this issue, it will be difficult to counter disruptive influences from the North. I would suggest that the challenge we are now facing is redefining the forms in which we have been relating to the North; we need to be more conscious about it and face it squarely."

Patrick Ncube elaborated on his point that many of the integration schemes were designed primarily to attract donor funding, and argued that donor involvement acted as a limiting mechanism for private sector involvement in regional integration. "How can the private sector enter into a situation where donors and national governments are involved since the funding is meant for the government and not for the private sector, even though this is the entity which should be most involved in integration?"

Although the UN Economic Commission for Africa was reknown for favouring government-led regional integration, Edward Tiagha was now among the first participants to recognise that the private sector should play a crucial role in development.

"As it concerns the role of the private sector, it is clear that the African governments themselves cannot undertake this whole process of regional integration, because it has been proven that they're extremely inefficient to do that. Of course, in the face of the world economic order, the organisation of the world economic order, like the Uruguay Round Agreement and especially the stringent conditions – I'm talking now from the industrial point of view – imposed by the Uruguay Round, such as the ISO 9000, governments must depend on the private sector for efficient production of their goods and services to enhance integration.

This aspect actually was debated in a meeting that was held in Botswana by the Conference of African Ministers of Industry. This conference, for the first time, recognised that the private sector has to be exploited. They told heads of state and governments of Africa that more has to be done to support the private sector in order to facilitate its full involvement in the industrialisation of Africa. Because when we talk about regional integration, we don't want to talk about Africa as a place where goods from outside are stocked, but as a place which produces its own goods.

In Botswana, we also talked about taking measures to support the private sector in organising and mobilising itself to contribute effectively to industrialising our countries, and to also encourage small, medium-scale

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enterprises for high productivity, and to support and strengthen our institutions, and re-establish development institutions."

Lynn Salinger, from Associates for International Resources and Development, combined the themes of the role of the donor and the role of the private sector in her comments. "Countries should not wait for donors to help them invest in regional activities, rather, regional integration will not be successful unless we have a demand-driven, private-sector motivation that requests the activity." Sam Tulya-Muhika followed with a challenge to explore the possibility of organising the private sector to become an informed force which can provide oversight on government and donor activity. "An appropriate and effective division of labour would be as follows: The private sector generates and manages the demand, and the government manages the supply so that the supply is demand-driven to service the private sector." Alieu Jeng, Principal Economist at the African Development Bank, agreed with the need for more private sector involvement. "After all, it is the private sector which produces the goods and services and moves these goods and services across regions for intra- and extra-regional trade."

Colin McCarthy from the Department of Economics at the University of Stellenbosch expanded on the issue of political commitment raised in Aryeety's paper. He agreed with Aryeety that the lack of commitment to regional integration should not be ascribed to an absence of belief. "It is more a problem of reconciling national and regional problems. And if you consider the domestic problems African countries face, it becomes clear that one cannot reasonably expect a government to cede major policy decisions which affect their domestic situation to some kind of supra-national organisation."

Daniel Ndela, a consultant from Zimbabwe, agreed that national policy cannot be ignored when discussing regional integration. "Is regional integration in Africa at the centre of national policy? I doubt it. The centre of national policy is based on the issue of the instability of the macroeconomic regime. When the ministers of finance are designing central government policy, regional integration is a side issue." Jeng suggested that the political will for economic integration can be generated through informed studies which illustrate to politicians that there are benefits to be gained by integration and, indeed, costs to be borne by failing to integrate.

McCarthy also suggested that the linear model used in discussions of integration is not particularly helpful in the case of Africa. "While it serves as a useful descriptive framework, the assumption that Africa will follow a path from customs union, common market to economic union would be misleading and not very helpful in policy formulation." He referred to Francophone Africa where monetary integration exists without trade integration as a case which defies the linear logic of the model. Jeng mentioned that the African Development Bank has taken a more practical approach in their study on economic integration. Their work is centered around the concept of regional cooperation which is based on a progression from coordination to harmonisation and eventually to market or economic integration. "We have chosen this approach because our analysis indicates that there are certain sectors that lend themselves, immediately, to coordination of sectoral investments across the region. Transportation, communications, energy and the industrial manufacturing sector are areas where countries can move rather quickly in terms of coordinating their investments in infrastructure on a regional basis."

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