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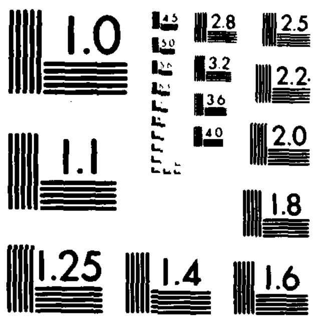

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The Economic Community of West African States (ECOWAS) in Comparative Perspective: The Lessons of Asian, Caribbean, and Latin American Integration,

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In 1975 fifteen West African States signed the treaty creating the Economic Community of West African States (ECOWAS). The signatories were Benin, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo, and Upper Volta.[1] Although the launching of ECOWAS represented one of the most recent of numerous examples of regional integration among developing countries, it was the culmination of a long and complex history of West African economic cooperation dating to the colonial era and continuing today in a broad range of institutional manifestations.[2] The size, diversity, and economic and political importance of the countries comprising this grouping mean that the ultimate success or failure of ECOWAS will have major repercussions on the African Continent and beyond.

It is certainly too early to make any judgements concerning the performance of ECOWAS, but it is possible to specify some of the ingredients for eventual success based on lessons learned from other regional integration experiences around the world. A comparative perspective for the assessment of ECOWAS's chances for success is provided by empirical and theoretical study of a wide range of integration schemes in Europe, Latin America, the Caribbean, Asia and Africa.[3] Major examples include:

Europe - The European Community (EC)
The European Free Trade Association (EFTA)
The Council for Mutual Economic Assistance (CMEA)

Latin America - The Latin American Free Trade Association (LAFTA)
- The Central American Common Market (CACM)
- The Andean Group (ANCOM)

Caribbean - The Caribbean Community and Common Market (CARICOM)
- The East Caribbean Common Market (ECCM)

Asia - The Association of South East Asian Nations (ASEAN)
- Regional Cooperation for Development (RCD)

Africa - The East African Community (EAC)
- L'Union douanière et économique de l'Afrique centrale (UDEAC
- The Mano River Union (MRU)

Although European integration, particularly as represented in the European Community, has been the most successful and the most studied of these examples, it is the least relevant as a basis for evaluating ECOWAS. This is because the original goals of European integration, peace and security through cooperation, and the economic basis for this cooperation, traditional customs union theory, do not apply to attempts at integration among developing countries. The main goal is industrialization to bring about a higher level of economic development and eventually create the modern economic conditions which are taken as givens in customs union theory.[4] Thus the lessons for ECOWAS must be drawn from other developing areas, not from the European experience, which is likely to be misleading.

Although there is great diversity among the conditions of Latin American, Caribbean, Asian, and African integration some general observations can be made concerning their success or failure. First, success can be defined as the maintenance of a viable and working integration scheme which contributes to the development of the region. Second, certain characteristics of the various integration schemes and member countries can be identified, characteristics which make success more or less likely.

Because of the difficulty in defining and measuring the terms involved in assessing success or failure, caution must be exercised in drawing conclusions. There does, however, seem to be solid economic evidence of contributions to trade in manufactures and the employment due to integration in some cases, for example Central America,[5] but for the most part there is little evidence to date as to the real developmental impact of integration in developing areas. This is in part due to the very long term nature of these effects.

It is equally difficult to define a viable and working integration scheme. It would seem clear that LAFTA has stagnated and that the EAC has collapsed, but the situation is ambiguous in the CACM where member countries have engaged in warfare, ANCOM and UDEAC, where member countries (Chile and Chad, respectively) have formally withdrawn, and CARICOM, where two of the most important member countries (Guyana, and Jamaica) have engaged in mutual trade restrictions. Despite these questions it is possible to specify the elements which will contribute to a greater likelihood of success. Regional integration can be better understood today within the context of collective self-reliance. This latter term refers to cooperation among developing countries on a South-South basis as part of the larger struggle to bring about a redistribution of world production, control over the creation and allocation of surplus in the developing countries, and the power to make decisions on matters affecting their own societies. Collective self-reliance implies restructuring the links between the

Third World and industrialized countries through the creation of new links among developing countries. Clearly this approach goes beyond the goals of traditional customs unions and provides a much broader basis for understanding and evaluating integration among developing countries in general, and ECOWAS in particular.[6]

Although nearly all regional integration schemes in developing areas are based on the establishment of a free trade area or a customs union, no longer does this trade liberalization approach reflect the major thrust of regionalism. Within Latin America this is most evident in the Andean Group which has gone farthest toward a system of sectoral programming, an example of integration policy most closely adapted to solving problems of development.[7] In ASEAN we have an example of proceeding with sectoral programming without undertaking trade liberalization on a region-wide basis.[8] This tendency is symptomatic of a trend in regional integration toward more intensive integration on a less extensive scale: the adoption of policies much more "positive" and <u>dirigiste</u> in nature within a limited sector of activity, and perhaps among a smaller group of countries, in the form of sub-regional integration. The Andean Group's emergence as a sub-regional grouping out of LAFTA, and CARICOM's move to "deepening" rather the "widening" the integration movement are examples of this trend. It remains to be seen whether the sub-regional movements of the East Caribbean Common Market and the Mano River Union are also reflections of this trend.[9] Often the political compromises required to adopt these more advanced policies can only be achieved among a smaller grouping of states.

The reasons behind this trend become evident when one examines the various integration policies in the context of the requirements of regional integration in West Africa and other developing areas. First, integration must bring about an increase in net benefits for the region. Second, it must provide for a distribution of those benefits which is satisfactory to all members of the region. And third, it must contribute to the increased capacity of the region to maintain an internal dynamic of development, reducing the influence of outside forces. Moreover, it must accomplish these tasks within the social, economic, and political conditions prevailing in the region.[10]

Traditional customs union theory demonstrates how an economic union can achieve the first of these goals, achieving a real increase in welfare for the region as a whole. The requisite conditions of an industrialized economy and the lack of attention to inter-country distribution of gains put into question the role that the freeing of trade approach many play in integration among developing countries. If trade integration has a small contribution to make to economic development, however, it may play a significant but double-edged role in the politics of integration. All regional integration schemes have resulted in a rather quick increase in intra-regional trade. This effect, which is generally perceived as a significant benefit by the member countries, may provide an incentive to further steps toward integration, particularly since other visible benefits are not likely to be seen in the short term. However, because of the tendency for these gains in trade to be distributed unequally, the difficulty in translating them into developmental benefits, and their tendency to increase the role of foreign investment, the ultimate effect of trade liberalization may be to undermine the basis for cooperation in taking further steps toward integration. These further steps may include joint projects to develop a regional infrastructure, regional planning or sectoral programming, and inter-country allocation of industry, all of which are more likely to make a greater contribution to development and require greater political coordination than trade liberalization.

Intra-regional disparities, and the tendency for economic integration to reinforce them make explicit policies to effect more equal distribution of benefits necessary. These mechanisms may involve a simple transfer among member countries, or it may involve an allocation of productive activity among the territories of the region. In either case they involve a direct intervention into the economic forces operating in the region, a political action which requires agreement among the member governments beyond simply eliminating obstacles to trade. Perhaps the clearest lesson drawn from integration in Latin America, the Caribbean, Asia and Africa is that the most effective redistributive measures are those which formally allocate specific industries to particular member countries based on a negotiated political compromise. Whether in the form of ANCOM's sectoral programming, ASEAN's complementation agreements or package deals, CACM's regime of Integration Industries, or the moribund provisions for industrial allocation in EAC's Kampala Agreement, the adoption of policies to allocate industrial activity among member countries is a key element to the success of regional integration.

Also of primary importance are regional policies aimed at increasing the role of local production and control in the regional economy through policies to regulate foreign investment and the transfer of technology, as in Decision 24 of the Andean Group or the Draft Agreement of Foreign Investment and Development of Technology which CARICOM failed to adopt.[11] The complex nature of the integration policies required to respond to the difficult problems of development, the rather high administrative and institutional requirements for implementing them, the controversial nature of the matters they deal with, and the perceived threat they pose to some of the established interests of the region pose formidable political obstacles to their adoption and implementation. This is even further complicated by the national tendency to perceive development gains relative to the gains of regional partners rather than in absolute terms. The decline of LAFTA, collapse of EAC, conflict within CACM and trade restrictions in CARICOM all underline the importance of this nationalistic influence with regard to the perceived gains from integration.

The contradiction of regional integration lies in the fact that the kinds of policies most likely to contribute ultimately to development are the most difficult to adopt and implement. Sectoral programming provides a clear example of this. It is a policy that creates net benefits for the region by expanding productive capacity, permits equitable distribution of benefits by allocating production among member countries, and contributes to reduction of external dependence by providing a defined role for local participation. Precisely because it affects these crucial questions it raises issues of intra-regional distribution of benefits, laissez-faire economics versus dirigisme, the role of multinational versus national companies, and the influence of metropolitan countries in the region. Yet, since sectoral programming does represent an attempt at more intensive integration on a less extensive scale it provides a basis for political compromise. Negotiations can take place and compromises may be struck over the principal issues within a limited sector which allow the perceived opportunity costs to be clearly defined and trade-offs to be made.

On a broader scale regional development planning offers a context in which sectoral programming can be integrated. Fraught with greater political difficulties because of its broader scope no regional integration scheme has yet moved to this stage, although CARICOM has been studying the possibility for a number of years.[12] It is one area where the rationalization of regional production could be combined with the economy of scale in the use of one scarce resource, administrative skill.

These elements relating to the nature of regional integration illustrate the extent to which the process has moved away from the laissez-faire approach of freeing trade toward a framework for the formulation and implementation of regional policies to restructure the existing economic relationships among member countries and with the rest of the world. The ultimate success or failure of ECOWAS will depend to a great degree on whether or not the leaders of the member countries and the officials of the organization take advantage of the lessons offered by previous integration experiences in developing areas.

On the basis of integration experiences from other regions a series of indicative questions can be formulated.

1. Is the ECOWAS General Secretariat capable of playing a vital and dynamic leading role in initiating proposals, formulating policies, implementing measures and negotiating compromises among member governments on difficult integration issues? The crucial role of the secretariat in the integration process is underscored by the experience of the CACM, CARICOM, and the Andean Group.

2. Does ECOWAS go beyond the creation of a customs union to emphasize the developmental benefits of integration such as a regional infrastructure, agricultural self-sufficiency, and structural transformation whereby regional production corresponds more

to regional needs? The Andean group's experience in sectoral programming and CARICOM's initiative in regional agricultural planning emphasize the importance and the difficulties in moving in this direction, while LAFTA is witness to the problems of attempting integration based premarily on trade liberalization.

3. Does ECOWAS recognize and respond to the need to provide the less advantaged member countries with specific guarantees of benefits from integration? More importantly, do these guarantees go beyond special exemptions and transfer payments to include a guaranteed share of the industrial activity of the region, and are they spelled out in a formula as part of the overall integration agreement? The need for such measures is perhaps the most widely recognized lesson of regional integration, and has been the most crucial factor in all examples of integration among developing countries.

4. Are there provisions in ECOWAS for true economic and political regionalization, including increased local control of the economy, greater diversification of extra-regional trade, and increased economic and political autonomy from the traditional dominant metropolitan powers in the region? The ultimate success of ECOWAS as an exercise in collective self-reliance will depend on the adoption of policies which restructure regional ties with the outside world. Examples of these kinds of policies are the regulation of foreign investment and transfer of technology as embodied in ANCOMs Decision 24 and CARICOM's coordination of foreign policy and proposed Draft Agreement on Foreign Investment

and Development of Technology. It is in this area of policy that extra-regional agreements may play an important role in complementing or thwarting regional advances. The Lomé convention, which had a significant impact on Caribbean integration is also likely to have an influence on ECOWAS.

If on the basis of the ECOWAS treaty, of the institutions that have been created, of the progress made in the embryonic period, and of the events of the next few years an affirmative answer can be given to the preceding questions, then there is some reason to believe that the past history of regional integration has provided useful lessons for the present West African experience.

FOOTNOTES

1. Since then membership has increased to sixteen with the adherence of the Cape Verde Islands, September 21, 1977.

2. For the background and origins of ECOWAS see Aguibon Yansane "The State of Economic Integration in North West Africa South of the Sahara: The Emergence of the Economic Community of West African States (ECOWAS), African Studies Review, XX (September 1977): 43-87. Also Bruce Zagaris, "The Economic Community of West African States (ECOWAS): An Analysis and Prospects", Case Western Reserve Journal of International Law, 10 (1978), 93-122.

3. For basic information on these integration schemes see UNCTAD, Economic Cooperation and Integration among Developing Countries. TD/B/609, Geneva, 1976. Also Centre for Development Planning, Projections and Policies of the Department of International Economic and Social Affairs of the United Nations Secretariat, "Salient Features of Economic Cooperation among Developing Countries," Journal of Development Planning, No. 13 (1978): 1-72.

4. F. Kahnert et al. Econo..ic Integration among Developing Countries (Paris: OECD, 1969). Tayseer Jaber, "The Relevance of Traditional Integration Theory to Less Developed Countries," Journal of Common Market Studies, IX (March 1971): 254-67. Hiroshi Kitamura, "Economic Theory and the Economic Integration of Underdeveloped Regions," in Latin American Economic Integration, edited by Miguel S. Wionczek (New York: Praeger, 1966): 42-63.

5. William R. Cline and Enrigue Delgado, eds. Economic Integration in Central America (Washington: The Brookings Institution, 1978).

6. See W. Andrew Axline, "Underdevelopment, Dependence and Integration. The Politics of Regionalism in the Third World," International Organization, 31 (Winter 1977): 83-105.

7. Lynn K. Mytelka, Regional Development in a Global Economy. The Multinational Corporation. Technology, and Andean Integration (New Haven: Yale University Press, 1979).

8. H.W. Arndt and Ross Garnaut, "ASEAN and the Industrialization of East Asia," Journal of Common Market Studies, XVII (March 1979): 191-212.

9. Benjamin Higgins, Andrew Axline and Ozay Mehmet, The Mano River Union: An Assessment of Past Performance and Some Guidelines for the Future (London: Commonwealth Secretariat, 1979).

10. Constantine V. Vaitsos, "Crisis in Regional Economic Cooperation (Integration) Among Developing Countries," World Development, 6 (June 1978): 718-769.

11. Constantine V. Vaitsos, Regional Integration cum/versus Corporate Integration: A Review on the Motives, Conduct and Implications of Transnational Enterprises in Regional Economic Cooperation Processes Among Developing Countries. (New York United Nations Centre on Transnational Corporations, 1978).

12. W. Andrew Axline, Caribbean Integration. The Politics of Regionalism (New York: Nichols Publishing and London, Frances Pinter, 1979).