Breaking Free from Europe: Why Africa Needs Another Model of Regional Integration

Peter Draper

a South African Institute of International Affairs, Johannesburg, South Africa

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Support for regional economic integration in Africa runs high amongst the continent’s international development partners and African elites. However, its expression in European forms of economic integration is not appropriate to regional capacities and in some cases may do more harm than good. This lacuna is exacerbated by technical and theoretical analyses rooted either in economics or international relations literature.

This article sets out to reconceptualise the foundations of African economic integration by reviewing key debates within each literature and comparing the results across disciplinary boundaries. Overall, it is concluded that a much more limited approach is required, one that prioritises trade facilitation and regulatory cooperation in areas related primarily to the conduct of business; underpinned by a security regime emphasizing the good governance agenda at the domestic level. Care should be taken to design the ensuing schemes in such a way as to avoid contributing to major implementation and capacity challenges in establishing viable and legitimate states. In doing so, the presence of regional leaders with relatively deep pockets – South Africa in the Southern African case – points to the imperative of building such limited regional economic arrangements around key states.

**Keywords:** Regional integration, Africa, governance, regulations, trade facilitation

The desire to integrate African economies on a regional, and ultimately continental basis is strong. It is shared by African elites and their international development partners. Consequently many formal initiatives have been established to further this goal under the overarching umbrella of the African Union’s plan to achieve a continental common market by 2028.
However, often the rhetoric does not match the reality. African economic integration suffers from a litany of problems, ranging from overlapping memberships, through unfulfilled commitments, to unrealistic goals. Therefore, it is appropriate to reconsider the conceptual foundations on which such integration is based, and in particular their strong European roots. This is not to suggest that Europeans are somehow ‘imposing’ their model of regional economic integration on Africa, for example by pre-selecting African groupings with which to negotiate Economic Partnership Agreements. That is a charge which is often heard in civil society quarters, but to establish it empirically would require a different essay. Rather, the focus on Europe draws its inspiration from the dominance of Europe in sub-Saharan African thinking concerning regional economic integration. Again, this is not to suggest that Africans cannot learn from other models such as the Asian ones; rather the focus is ‘narrowly’ on European influence on (Southern) African norms concerning regional economic integration.

The influence of the European model on (Southern) African thinking is discernible in at least two areas: the political and institutional. At the political level, the underlying rationale is rooted in the ‘liberal peace hypothesis’, which asserts that closer economic integration constitutes ‘ties that bind’ which act to restrain member states from engaging in hostile military actions against each other. This is explored more deeply in the part on the politics of African integration, where it is shown that it has limited applicability to (Southern) Africa. At the institutional level, African regional economic communities (RECs) tend to mimic European Union forms, particularly in their predilection for customs unions.

The purpose in putting forward this analysis is not to engage in ‘Euro-bashing’; rather it is to promote as dispassionately as possible the need for alternative thinking on optimal design of RECs in (Southern) Africa. The approach is to explore the extensive literature on regional economic integration emanating from two broad paradigms: security and economics. Too much writing on the subject is rooted in one or the other approach, which necessarily limits the applicability of the conclusions reached. Therefore, it is necessary to explore motivations from both spheres in order to gain a holistic understanding of the possibilities and constraints. The article sets out to redress this deficit by explicitly considering the political economy of African economic integration and proffering broad proposals for the normative foundations on which attendant schemes should be built. The reference point is the region the author knows best: Southern Africa.

The article is divided into four parts. The following section discusses the politics of regional economic integration, and is cast in terms of the ‘liberal peace’ paradigm derived from the European Union (EU) example. The rationale for this

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1 Dinka and Kennes, Africa’s Regional Integration Arrangements; Draper et al., SACU, Regional Integration; UNECA, Assessing Regional Integration in Africa II; UNECA, Assessing Regional Integration in Africa 2008.
paradigm is explained and its applicability to African political conditions discussed. The basic conclusion reached is that the paradigm has limited ideological applicability to African conditions, whereas its institutional requirements are too onerous. This points to the need for more limited ambitions in the African context. This message is reinforced in the third part where insights from economic theory concerning regional economic integration amongst poor countries are offered. Part four concludes with a set of propositions gleaned from the preceding analysis, wherein the case for less ambition in constructing African regional economic integration arrangements is framed and the appeal to consider an alternative approach is grounded.

**Politics of (Southern) African economic integration**

The political case for building regional economic integration is centred primarily on security considerations. The reference point is principally European, specifically the origins of the European Community centred on managing Franco-German relations in order to avoid a rerun of the first and second world wars. Their subsequent construction of an elaborate European institutional edifice aimed at enmeshing its constituent states in a web of economic relations or “regimes”.

Within this progressively deeper economic integration was an essential element, with the central objectives being to manage resource competition amongst the constituent states and promote mutual wealth creation, which in turn required curtailment (not necessarily abandonment) of mercantilist thinking regarding management of international economic relations.

Thus the European regional integration regime was constructed on the basis of three ideological foundations designed to promote pacification: democracy or ‘republican liberalism’; commerce and trade or ‘commercial liberalism’; and institutions or ‘regulatory liberalism’. At the global level, the General Agreement on Tariffs and Trade (GATT) was constructed on similar ideological foundations, with a core of Western democracies driving the agenda.

The role of strong states (the US in the GATT; France and Germany in the EU) was essential to the success of both regimes. This gave rise to the theory of hegemonic stability, which posits that a hegemon is central to maintaining adherence to liberal international economic regimes, and by extension liberal peace, by underwriting the costs of maintaining the regime (e.g. by providing access to its own

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2 In terms of which member states are prepared to construct collective norms and regulations in order to facilitate compatibility amongst themselves and prevent individual states from engaging in actions destructive of economic activity, in the interests of maintaining (regional) peace. These norms and regulations constitute what Keohane termed an international “regime”, which he regarded as essential to preserve and stabilise the international economy (Keohane, After Hegemony).

3 Draper et al., “Trade, Economic Cooperation, and CPMR”, 213.

market) rather than coercion. But in both regimes member states retained domestic ‘policy space’ so that the overall enterprise constituted what John Ruggie termed an “embedded liberalism” compromise. In other words, both regimes remained fundamentally intergovernmental rather than supranational, the variable institutional forms being determined by sovereign nation states taking the lead in complex interactions with domestic interests. In the EU’s case this has meant a greater degree of supranationality, particularly with respect to regulation of the common market.

Kelly notes that, concerning trade, this encompasses two views: that trade can enhance or that it can undermine the security of the state. The latter perspective leads to a desire to promote economic autarky in order to minimise dependence on foreign powers. This reinforces the point that whilst it is necessary to yield some sovereignty in order to maintain the international regime as a public good, there would always be tensions regarding how much sovereignty to yield and therefore a presumption in favour of intergovernmentalism. The European Union’s success in managing interstate conflict is, understandably, proffered to developing countries. This is particularly influential in the African context owing to that region’s historical and existing links to Europe via trade, investment and development assistance. Yet, as discussed later, the economics of integration amongst developing countries is not obviously conducive to maintaining good relations amongst the states concerned, particularly if it leads to polarised development. Furthermore, there are some examples of members of developing country regional economic groupings resorting to armed conflict to settle their differences, thus proving that regional economic integration does not automatically eliminate conflict.

Nonetheless, Hammerstad notes that in recent years there has been a global revival of interest in the role RECs can play in building security. This has been marked by a shift from traditional realist conceptions in which security of the state, and amongst states, is the key issue, to one centred on people where domestic governance is the pivotal concern. This shift was driven by the end of the Cold War (with its myriad of proxy conflicts) ushering us into a world where internal fragmentation and state failures have moved to the forefront. The logical

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6 The Europeans in order to construct domestic welfare states; the US Congress in order to retain autonomy over US trade policy.
7 Ruggie, “International Regimes, Transactions, and Change”.
8 Gilpin, *Global Political Economy*, 357.
10 *Ibid.*, 76.
12 Hammerstad, *People, States, and Regions*.
13 In Africa in the 1990s and in the first decade of this century inter- and intra-state conflicts broke out in West Africa (Liberia, Sierra Leone, Côte d’Ivoire), Central Africa (the DRC, Rwanda, Burundi, and Uganda, involving also Angola, Zimbabwe and Namibia), and the horn of Africa (Somalia, Ethiopia and Eritrea).
regional corollary is that states are increasingly concerned with security risks generated by their neighbours arising from poor governance and leading to cross-border instability. Therefore, in Hammerstad’s view, regional security communities in Africa are increasingly willing to replace “hard sovereignty” in terms of which interference in other member states’ affairs is expressly forbidden, with regimes that allow for foreign intervention under defined circumstances.¹⁴

Clapham agrees that establishing such structures at the regional level is essential to constructing a broader ‘good governance’ agenda, which in turn provides the basic precondition for enabling economic growth. However, he argues that establishing such structures require that the constituent states share a “common idea of the state”,¹⁵ in other words ideological congruity, by which he refers to the liberal foundations of the European experience. He argues that failure to do so will seed conflict. Since these conditions are difficult to meet in the African context, he asserts that the liberal peace paradigm represented by the European Union is a very challenging proposition for African states,¹⁶ a view largely supported by the economic literature analysed in the third section.

Clapham’s pessimism is rooted in the host of governance challenges African states confront. Furthermore, the current character of many post-colonial African states does not obviously lend itself to constructing a liberal peace; many are managed by former liberation movements or authoritarian, effectively single party governments.¹⁷ Of course, if a small core of relatively democratic ‘liberal’ states with a regional hegemon at the centre were able to construct a viable REC, then potentially this could be expanded to include others; the recent expansions of the EU to include former communist states may offer some hope in this regard. However, this scenario seems unlikely in the short to medium term.

In this light it is important to contextualise the debate over the role of African states in the development of their countries and the associated good governance agenda. There are two dangers inherent in embarking on discussions of this kind. First, engaging in ‘Afro-pessimism’, which at worst is akin to racism connected with alleged continued imperial domination;¹⁸ and second, indulging in what Mkandawire terms the “impossibility thesis” by which he identifies an implicit view in the good governance agenda that African states are incapable of managing their own affairs, owing to the nature of African politics, and therefore should not attempt to construct “developmental states” in the mode of East

¹⁴ The Kenyan then Zimbabwean political deals reached in 2008 and 2009 respectively, imperfect as they are, attest to this new paradigm. Hammerstad, People, States, and Regions, 10.
¹⁵ Encompassing the basis for its foundation and identity; its territorial extent; and the nature of its domestic government. Clapham, “The Changing World of Regional Integration”, 64.
¹⁶ Ibid., 66.
¹⁷ In Southern Africa the only exceptions to this generalisation seem to be Lesotho, Malawi and Zambia.
Asian models. Thus it is important to take account of Mkandawire’s argument that the trouble with the good governance paradigm is that it comes embedded in neoliberal policy prescriptions in terms of which African state capacities have been denuded in line with purportedly liberal conceptions of the ‘minimalist’ or ‘night watchman’ state. In this light it is interesting and perhaps ironic that the same multilateral institutions that pursued the ‘structural adjustment’ agenda in the 1980s and 1990s, with its attendant good governance agenda, also promoted forms of regional economic integration which require relatively strong states to implement them.

What then are the essential features of the good governance critique? Chabal and Daloz provide the archetype for pessimistic analyses of the nature of the African state. They begin by arguing that the nature of politics in ‘black Africa’ needs to be understood in its own terms rather than through the prism of Western models. In their view the failure to do so has led to “historically unrealistic expectations…in terms of the development potential of a modern independent Africa”. Central to their perspective is the notion that whereas Western modernisation theories see development as a chiefly linear process of advance along largely Western lines towards technological and bureaucratic sophistication or “order”, and liberal societies, in their view (black) African societies have acquired the instruments of technological advance whilst remaining “obdurately traditional” in their organisational and political arrangements. They argue further that “success” in the African context is equated with personal material advance linked to neo-patrimonial relations rather than economic growth and “development” linked to an ascetic ethic in the Western (Protestant) sense. In this framework, short-term micro perspectives dominate political action, rather than long-term macro perspectives, impelling political elites or “big men” to prioritise their networks of influence over national development priorities. So, in their view, whilst the trappings of modern bureaucracy are often in place, conduct within them remains traditional and personalised rather than bureaucratic and ordered.

This pessimistic perspective resonates with Herbst’s analysis, in which African states barely control the territory within national borders, never mind a concerted

20 Sally (Classical Liberalism, 28) argues that this conception of the state’s role is alien to those steeped in the classical liberal political economy tradition, as opposed to its modern descendant in formalised, mathematical, neoclassical economics. He argues that the classical liberal tradition accords a central role to the state in establishing and enforcing the basic rules of the game for market participants, but draws the line at state intervention designed to propel specific market outcomes. Naturally, the latter conception is at odds with Mkandawire and other adherents to the ‘developmental state’ paradigm.
21 Chabal and Daloz, Africa Works.
22 Ibid., 142.
23 They note that Asian societies, by contrast, have generally acquired the technological and bureaucratic forms often without acquiring political openness. Ibid., 145.
24 Ibid., 145–62.
development process. This arises from a context where African states are geographically large whilst populations are predominantly small, rural, dispersed, physically disconnected and ethnically heterogeneous, and institutions are characterised by pervasive weakness. In his view, this confluence renders internal political authority tenuous; hence rulers are primarily concerned with maintaining their authority (generally by controlling the capital city) rather than with development. In this formulation, the extent to which they are prepared to cede control to others, internal or external, is sharply limited; whilst in some cases authoritarian instincts compound this dynamic.

This pessimistic literature probably overstates its case. In Southern Africa there are arguably at least three states that function reasonably effectively, albeit not without problems: Botswana, Namibia and South Africa. In all three cases strong institutions coexist with weak and ineffective ones, showing that neopatrimonial relations, even if the dominant form of politics, need not necessarily be decisive.

So, whilst UNCTAD argues that regional integration can promote better institutions and intraregional cooperation, the challenges in the (Southern) African context are formidable. Furthermore, in light of the relative ‘youth’ of states in the region (decolonisation being a very recent historical process), it is not surprising to find that leaders in many countries are reluctant to yield their prerogatives to regional institutions. Instead, regional forums, particularly those comprising heads of state, can provide both a refuge from domestic concerns and a source of external legitimacy. Therefore, gaps can be found between pronouncements made at heads of state level and the translation of those pronouncements into practical implementation requiring actual surrender of sovereignty. Consequently, regional economic integration efforts have been hampered by a litany of problems, albeit with some successes sprinkled in between.

These problems highlight the obvious fact that regional integration in (Southern) Africa ought to be primarily intergovernmental, with a minimum of supranational aspirations. Furthermore, as the theory of hegemonic stability suggests, strong leadership is required in order to drive the construction of even a minimalist agenda. But what should the content of that agenda be? This brings the argument to the economics of (Southern) African economic integration.

Economics of (Southern) African integration

Sub-Saharan African countries generally trade mainly with developed countries (see Table 1), from which inward investment is also primarily sourced, even

26 UNCTAD, Economic Development in Africa, 1.
though there has been some diversification towards emerging markets, especially China, in recent years.\textsuperscript{27} Within this, the bulk of extra-regional exports are undifferentiated commodities that are generally not needed in regional supply chains owing to the serious underdevelopment of the manufacturing industry. Therefore it is not surprising to find that aggregate levels of intraregional trade in Africa remain the lowest in the world, at around 10 percent.\textsuperscript{28}

\textsuperscript{27} Ibid., 56.
\textsuperscript{28} Ibid., 23.
However, in its most recent report on the subject of African regional economic integration, UNCTAD notes that if resource exports are pulled out of the intra-African trade data then the picture changes dramatically: 7 out of 52 countries count Africa as their main export market and 25 count Africa as their second most important export market.\(^{29}\) This is closely associated with the emergence of regional growth poles and the consequent acceleration of intra-African trade centred on them, particularly South Africa, but to a lesser extent Kenya and Nigeria in the sub-Saharan context. UNCTAD’s data show that there is strong evidence of economic concentration, or agglomeration.\(^{30}\) Nonetheless, UNCTAD argues that for 80 percent of African countries manufactured products represent a larger share of exports to Africa than they do in total exports, which indicates some potential for building value-added in manufacturing through regional economic arrangements.\(^{31}\)

Whilst the UNCTAD report offers some reason for optimism, albeit relatively small, the overall picture still stands in stark contrast to the EU, where levels of intra-bloc trade are much higher, typically around 70 percent of the total.\(^{32}\) This contrast is important since African RECs typically emulate the European model, a process encouraged and supported by various European donor agencies. In the EU’s case regional economic integration is rooted in intra, rather than interindustry trade,\(^{33}\) and is based on complex specialisation amongst large and widely diversified economies. And since EU tariff levels (barring agriculture) are low – a testament to the success of the GATT and construction of the common market – the danger of trade diversion\(^{34}\) resulting from reductions in the common external tariff of the customs union is low.

In the African case, economies are small and, allowing for a few exceptions in the form of regional growth poles, trade is oriented towards northern markets rather than neighbours’, and specialisation is rooted in basic comparative advantage.

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\(^{29}\) Some caution should be exercised in interpreting this result since UNCTAD does not measure re-exports, which at least in the Southern African case account for a substantial percentage of ‘intra-African’ trade. (Ibid., 24 and note 10).

\(^{30}\) Table 7 of UNCTAD’s Economic Development in Africa Report (32), lists the 25 main bilateral intra-African trade partnerships by value and top 3 products. Of those 25, only 3 do not feature South Africa, Nigeria or Kenya, and those 3 are North African trading relationships. South Africa features no less than 16 times; Nigeria 6 times (2 of which are with South Africa); and Kenya twice (1 of which is with South Africa). UNCTAD (34) notes that whilst the table reveals some evidence of diversification in intra-African trade relative to the continent’s trade with the world, it nonetheless remains highly concentrated in Southern Africa and around South Africa in particular.

\(^{31}\) Ibid., 32.


\(^{33}\) Inter-industry trade signifies trade across industries, for example resources exchanged for manufactures. Intra-industry trade occurs within industries, for example varied products within the chemicals sector.

\(^{34}\) Trade diversion can occur when external tariffs are maintained, whilst tariffs are lowered only for partners to the trade arrangement.
Thus the economic basis for meaningful exchange and complex specialisation, so crucial to ensuring distribution of the gains from constructing RECs, remains small in sub-Saharan Africa. Furthermore, whilst major unilateral tariff reductions have been made across the sub-continent in the last two decades, they still remain relatively high compared to developed country levels. Consequently, without the opportunities for complex specialisation in intrabloc trade, the danger of trade diversion resulting from intra-REC tariff reductions is substantially higher than in the European case.

Furthermore, proponents of the ‘new economic geography’ advance strong arguments against promoting south-south economic integration schemes amongst poor developing countries. The theory predicts that whilst all countries in such schemes have a comparative disadvantage in manufacturing relative to the global economy, there will be one with less of a disadvantage than the others (i.e. the regional growth pole). Hence industrial activity will tend to relocate to the relatively advantaged country at the expense of the others. This effect will be aggravated by agglomeration economics, whereby industrial concentration in the relatively advantaged country (consider South Africa and Kenya in Southern and Eastern Africa, respectively) will be promoted at the expense of its neighbours. Furthermore, as tariff levels decline overall within the regional economic community, those countries suffering from industrial relocation will also experience trade diversion effects – importing relatively expensive goods from the growing industrial centre (i.e. their neighbour) rather than more efficient global producers, thereby lowering their overall welfare. Meanwhile, the favoured country will gain as regional industry relocates to its soil and real wages rise as a result. Clearly, these effects would generate substantial political tensions over time which in turn would undermine integration processes. They also raise substantial questions concerning the limits to strong regional leadership in driving economic integration in (Southern) Africa.

Offsetting this negative view, there are economic problems associated with the current political fragmentation of states in Africa. Collier and Venables highlight three: increasing inequality in the distribution of natural advantage; costs due to the loss of scale economies in production; and loss of public goods as the scale of political cooperation is reduced.

35 World Bank, Trade Blocs.
36 This process was a substantial factor behind the unravelling of the original East African Community, as Kenya attracted manufacturing investment and relocation at the expense of Uganda and Tanzania. It also partly explains why South Africa continues to ‘compensate’ its customs union partners for their membership of SACU.
37 North-north integration schemes will not suffer from agglomeration since intra-industry trade is a strongly established feature of such arrangements; similarly in north-south schemes inter-industry trade is the basis.
38 Collier and Venables, “Trade and Economic Performance”. 
Concerning their first point, they note that political fragmentation inhibits migration of people to where resources and markets are concentrated,\(^{39}\) which in turn lowers aggregate efficiency and curtails development of urban production centres of sufficient scale to drive productivity increases.\(^{40}\) Moreover, nobody knows how much informal and unrecorded trade takes place across national borders in Africa. Partly this is because borders are not firmly under control, but there is also an element of corruption at play. This perspective is important because, as Bauer notes,\(^{41}\) substantial economic activity in poor countries happens below the radar of official statistics which, as this activity is not formally captured and amenable to modern policy analysis, often suffers from poorly designed policies predicated on the notion that the informal economy is unproductive. Furthermore, he argues that, contrary to popular belief, what we think of as “subsistence production” actually embodies substantial capital investment, albeit off a low base. In this regard, regional trade facilitation measures can help to increase the level of formality in such trade and increase the volume of trade at the same time.\(^{42}\)

Regarding their second point, Collier and Venables note that African markets are very small considered individually, whereas pooling markets through regional economic integration in principle affords greater economies of scale and the potential for regional production sharing, even though it runs the twin risks of diverting trade and agglomeration.\(^{43}\) And since small markets are vulnerable to monopoly/monopsony\(^ {44}\) capture, which may discourage investment in them, widening the market may minimise this problem by offering the prospect for greater competition, although this will again be limited by the nature of existing production structures. Nonetheless, if supported by appropriate trade facilitation measures, the productivity gains through widening regional markets could potentially be substantial. This increases the potential for capturing dynamic gains from trade liberalisation associated with increasing the division of labour.\(^ {45}\)

Collier and Venables’ third point is particularly relevant in the African context where states are weak and their fiscal bases small. In this context regional provision of public goods,\(^ {46}\) notably in the spheres of policy and/or regulatory coordination,
but particularly provision of network services infrastructure (energy, finance, telecommunications, transport), grounded in a trade facilitation agenda has an important role to play in addressing development challenges.

Overall, whilst regional economic integration in Africa could yield net benefits, it is not likely to drive economic development in the manner of East Asian economic growth. Rather, it must be buttressed with north-south economic integration which plays to the region’s comparative advantages, should promote income convergence, and over time should also promote knowledge transfers from developed to developing countries.\(^{47}\) Whilst this approach at first sight would seem to ‘condemn’ African countries to the status of perennial suppliers of primary products to northern markets, this conclusion assumes that comparative advantage is static, which is clearly not the case.\(^ {48}\) Rather, it is arguably through trade and commercial contact with dynamic regions of the world that developing countries grow and diversify their economies.\(^ {49}\) In the final analysis, the major obstacle to economic diversification in the African case is the very low level of economic development to begin with. Integrating with neighbours that also suffer from this problem may mitigate it to some extent by promoting specialisation in commodities trade, and encouraging subsistence farmers and nascent manufacturers to produce for wider markets, but does not hold nearly as much potential to overcome it as integration with dynamic and large external markets.

How does the global economic crisis affect these dynamics? It is not intraregional trade that is driving recessionary impacts on the continent; rather it is Africa’s connection to the outside, principally developed, world that is to blame. The flip side is that regional economic integration does not offer much of an alternative in the medium term since neighbouring markets are generally small and trade levels are low. Furthermore, capital inflows are sourced primarily from outside the region. And seeking to build deeper regional economic integration does not mean it is necessarily going to happen, given the economic and political obstacles. Consequently, African countries will remain locked into current trading relationships with external partners for the foreseeable future.

These dynamics point to a limited regional economic integration agenda, tailored to regional capacities. To sum up, this agenda should comprise three essential elements: promoting productivity gains through widening regional markets by establishing free trade areas (FTAs); trade facilitation; and provision of regional public goods, especially network services infrastructure. Furthermore, it is likely that over a period of time a small set of regional leaders will emerge around which regional economies will increasingly concentrate. The key question then is how

\(^ {47}\) The accession of relatively poor countries into the European Union in various waves provides strong evidence of such convergence effects.  
\(^ {48}\) Sally, *Classical Liberalism*, 40–50.  
\(^ {49}\) Bauer, *From Subsistence to Exchange*. 
those regional leaders can be supported and boosted, with a long-term view to pulling their regions up with them.

Lessons from ‘African’ political economy for African economic integration

What conclusions emerge from the preceding analysis? From the discussion concerning the ‘politics’ of regional economic integration in Africa, four principle conclusions can be drawn. First, there is a major disjuncture between the (admittedly generalised) ideological character of states in sub-Saharan Africa and those in Europe which sharply curtails the possibilities for constructing a liberal peace agenda using the instruments of economic integration. Secondly, many states in sub-Saharan Africa do not have the capacities to manage development processes, never mind engage in complex institutional forms of economic integration along the lines of the EU model. Third, the role of regional leading states is critical; however, with the probable exception of South Africa none would seem to have the capacity (in its broadest sense) to underwrite relevant RECs and secure the liberal peace agenda. At the same time, though, there is some willingness to replace hard sovereignty with soft sovereignty, which lends itself to a good governance agenda, even if that is controversial to some. However, if this is the foundation stone upon which sustainable RECs could be built, that in turn should be on the basis of intergovernmentalism, not supranational structures that demand major sovereignty concessions. This highlights the need to explore alternative models to the EU.

As regards the discussion concerning the ‘economics’ of regional economic integration in sub-Saharan Africa, five major conclusions can be drawn. First, widening regional markets could, on balance, promote dynamic economic development by increasing the possibilities for expanding the division of labour and associated specialisation. Second, pooling capacities to provide regional public goods which would otherwise be under-provided in domestic markets offers substantial promise, particularly where linked to the core development constraints on the supply-side. This revolves around constructing network services (energy; finance; telecommunications; transport) and integrating them in regional markets. This argument underlies the third conclusion, which points to the need to reinforce the centrality of a trade facilitation agenda in its broadest sense, and a focus on regulations linked to network infrastructure, rather than integrating policy approaches per se. The current approach of integrating through formal arrangements, particularly customs unions and their common external tariffs, poses substantial policy coordination challenges to states with often diametrically opposed industrial interests and very limited capacities to harmonise industrial policies in particular. The fourth conclusion is that these dynamics sharply limit the extent to which regional leaders or hegemons can drive economic integration in (Southern) Africa. Furthermore, given
the agglomeration problem and the prevalence of ‘economic realism’ thinking in Africa and elsewhere, the question is whether such states will be seen as acting in the regional, rather than narrow national, interest. Therefore regional leaders need to show good faith by underwriting the REC, notably by providing preferential access to their markets. Outside of Southern Africa the challenge this imperative faces is that the regional leaders (e.g. Kenya; Nigeria) are also mired in poverty, meaning their domestic lobbies are unlikely to buy into such an agenda. Finally, these challenges again suggest that a different approach rather than formal, EU-style, institutional integration may be more appropriate.\textsuperscript{50} Furthermore, regional economic integration is not a panacea for African states; therefore continued economic integration with northern partners in order to capture the dynamic gains from increased openness remains essential.

Bringing together these political and economic insights, there appears to be a case for a limited regional economic integration agenda which steers clear of formal, institution-intensive arrangements that parrot European forms, as seems to be the norm in most current sub-regional groupings in sub-Saharan Africa. The European ‘model’ may be useful as an aspiration, but given its unique geopolitical foundations,\textsuperscript{51} complex governing institutions, elaborate coordination mechanisms, and levels of internal economic integration that developing countries can only dream about, it is very difficult to see how African political economy circumstances could replicate it. The unfolding economic drama in Europe, centred on Greece and its continued membership of the eurozone, reinforces the case for exercising caution. Therefore, a much more limited approach is required, one that prioritises trade facilitation and regulatory cooperation in areas related primarily to the conduct of business;\textsuperscript{52} underpinned by a security regime emphasizing the good governance agenda at the domestic level. Care should be taken to design the ensuing schemes in such a way as to avoid contributing to major implementation and capacity challenges in establishing viable and legitimate states at the national level.

Since the funding to construct such regimes is most likely to be externally sourced this suggests a lower level of buy-in to the scheme in question than would be the case if local resources were used. Hence the presence of regional

\textsuperscript{50}Gilpin, Global Political Economy, 355.
\textsuperscript{51}Gilpin (Ibid.) notes that North American economic integration, whilst more intense in the degree of economic interactions than Europe’s, has not acquired the latter’s institutional forms. He ascribes this difference to geopolitical factors, specifically the need to bind France and Germany after the Second World War and the relative absence of such an imperative in the North American case. It is difficult to imagine intra-African security conditions approximating those of postwar Europe.
\textsuperscript{52}A limited parallel here is the longstanding, if stalled, Asia-Pacific goal of ‘open regionalism’. According to Garnaut (Open Regionalism and Trade Liberalization, 27–8), this approach is based on three premises: (1) non-discriminatory reduction of protection in economies which have the capacity to expand trade as a result of high complementarities or low bilateral transactions costs; (2) expanded provision by governments of regional public goods at lower transactions costs; and (3) market integration driven by profit-seeking business and supported by governments willing to reduce relevant market access barriers. Per the preceding analysis, Sub-Saharan Africa falls short of conditions (1) and (3).
leaders with relatively deep pockets – South Africa in the Southern African case – points to the imperative of building such limited regional economic arrangements around key states. Furthermore, constructing RECs in sub-Saharan Africa must be premised on the strong likelihood that levels of buy-in are likely to be relatively low to begin with since sovereignties are newly acquired. Besides, the politics of patronage probably limit the extent to which regional institutions can promote political careers that are driven primarily by local, not supranational, conditions. To overcome this constraint, strong leadership at the presidential level is probably necessary, as seems to have been the case in the recently re-established East African Community. However, this runs the risk of creating a democratic deficit which, in turn, may undermine good governance and potentially the integration scheme itself for relatively little economic return. Since democratic or liberal governance has relatively shallow roots across the sub-continent there are substantial limits to promoting a liberal peace agenda premised on security concerns. Furthermore, presidential prerogatives must be backed up by strong technocratic capacity at the regional and national levels. Nonetheless, the institutional and policy motives for constructing regional economic integration are important, particularly where they reinforce sound economic governance at home. On balance therefore the effort is worth making.

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