

chapter 13



OBJECTIVES

At the end of this chapter, students should be able to:

- explain the meaning, types, objectives and feature of economic integration;
- describe a typical developed common market;
- discuss the development and the problems of economic integration in Africa;
- give a background to the creation of the New International Economic order.

13.1 Introduction

Majority of the developing countries lack the basic resources required for effective formation and implementation of its various development plans. This challenge calls for economic co-operation among these developing countries in order to assist each other in pursuing rapid economic development within a given region. This economic cooperation on a regional basis is called economic integration. This chapter will examine the types, objectives and features of economic integration, the development and problems of economic integration in Africa and the existing.

13.2 Meaning, Types, Objectives and Features of Economic Integration

Economic Integration is a process which involves the merging of the policies of separate economies in a given region in order to form larger economic unions to achieve economic objectives. A distinguishing feature of economic integration is that in most cases, regional organisations are guided by the principle of protectionism or economic control among member countries. Examples of economic integrations include the preferential area, free trade area, customs Union, Common market and an economic Union.

(a) Preferential area: Members who associate in a preferential area agree to grant one another more favorable tariff concessions which are not usually granted to

those outside this block. In this case, tariffs are lowered on mutual basis than those tariffs imposed on non-member countries. The difference between the two tariff levels is regarded as the preferential margin. Preferential area has some elements of political formation under tone because most examples relate to the preferences the colonial masters usually granted to their dependencies. Example includes the preferential treatment USA granted to Philippines and her other dependencies; British or French Preferential Concession to their former colonies respectively.

(b) Free trade area: A free trade area exists for member countries which agree to eliminate all kinds of restrictions on import from their member nations. This form of economic integration depends on the rule of association. The main objective is to increase trade between members, with expected increase in welfare which agrees with comparative cost advantage. However, in a free trade area, members are free to enter into bilateral or multilateral trade agreements with non-member countries. Examples of free trade include: The European Free Trade Area (EFTA) which was formed in 1959 by Denmark, Norway, Sweden, Austria, Portugal, Switzerland and the United Kingdom (although UK, Ireland and Denmark withdrew in 1973 to join EEC); The Latin America Free Trade Area (LAFTA) comprising countries like Brazil, Argentina, Peru and Chile.

(c) Customâ€™s union: In a customâ€™s union, members generally establish free trade on good grounds of member countries. They remove all kinds of restrictions on imports, but they impose a common tariff on import for non-member countries. A customâ€™s union attempts to achieve a higher economic integration than a free trade area because her external tariff policy gives her a higher degree of protectionism. The customâ€™s union of the French speaking West Africa countries (except Togo) is a good example. There is also the central Africa Union formed by Congo, Gabon and the central Africa Republic.

(d) Common market: This form of economic integration functions on a principle based on free movement of certain factors and encourages fair competition within the community. It involves all factors common to free trade area and customâ€™s union. The word com mon suggests a loose form of association of membership in an area within which there are no barriers to the movement of goods, services or persons. It encourages common taxation policy, social security system, transportation and other related issues which promote membership welfare. In pursuit of the common market objective, members may adopt a common agricultural or industrial policy and eventually a common currency. The final stage of this type of integration is political (ideological) integration. In a common market, decisions made by a supranational authority are binding on member countries. Examples of common market are:

(i) The European Economic Community (EEC)

(ii) The Economic Community of West African States (ECOWAS); and

(iii) The defunct East Africa Common Market (EACM).

(e) Economic union: This Union is regarded as the higher level of economic integration than the common market. It possesses all the attributes of a customâ€™s union. It attempts to remove, by policy objectives, all internal obstacles to free movements of labour and capital. It attempts co-ordination and harmonization of policies involving economic planning, industrialisation, fiscal and monetary polices. The ultimate goal of economic union is to ensure economic integration based on unification of productive forces. To attain these objectives, the union sets up a supranational authority whose decisions are mutually binding on

members. The Supra-national body ensures that discriminating policies among members are suppressed or eliminated, example includes, the Council for Mutual Economic Assistance (CMEA).

13.3 A Typical Developed Common Market: The European Economic Community (EEC)

The European Economic Community, better known as the European Common Market (ECM) is a typical example of a developed Common market. The following discusses in detail its structure and composition.

(a) Membership: The common market was established in 1958 with France, Italy, Belgium, Western Germany and Luxemburg as foundation members. By 1973, Britain, Ireland and Denmark joined the market bringing the community membership to nine. There are also associate members to the community to which France managed to initiate 18 of her former dependencies as associates. Associate members not only gained by provision of preferential treatment in the form of tariff reductions but also from financial and technical assistance provided by the European Development fund. (EDF).

(b) Institutions of the EEC: By the treaty of Rome in 1960, the community established a council of ministers and a court of justice. The Council of ministers is made up of one delegate from each member nation, and it takes important decisions. The commission is the main administrative and executive body through which the community accomplishes its tasks. It consists of nine members, each serving a term of four years. The major functions of the commission include:

(i) Supervision of the application of treaty provisions and other measures adopted by the organs of the community.

(ii) Formulation of recommendations or opinions in regards to measures covered by the treaty in cases where the community deems it necessary.

(iii) Participating in preparation of decisions made by the council and the assembly. The court of justice is composed of seven judges appointed for six years. The court has the functions of adjudicating in disputes arising out of the treaty. It also passes final judgment on the legality of actions taken to implement the treaty establishing the EEC. The community has sub-committees like economic and social committee which is composed of professionals and workers drawn from member states. The EEC has also set up a bank (the European Investment Bank (EIB) which takes charge of capital investment within the community.

Objectives of the EEC

The EEC objectives are broadly stated as: Promoting the harmonious development of economic activities, seeking continuous and balanced expansion of increased economic activities, and seeking more rapid improvement in the standard of living of member states. Other objectives and measures to achieve are:

(i) Removal of custom duties, import and export quotas among members.

(ii) Establishing a common tariff and commercial policy for members.

(iii) Abolition of all obstacles to free movement of goods, services and persons within the community.

(iv) setting in motion a common agricultural policy

(v) establishing natural laws for efficient promotion of the common market.

(vi) Adoption of certain measures for co-ordinating policies at the domestic level which ensures healthy completion.

(vii) Acceptance of associate membership of dependent overseas territories within the community.

Benefits of Common Market to Members

(a) The common market encourages keen competition since tariff barriers are removed; thus, less efficient firms are eliminated leading to expansion of more efficient industries.

(b) Membership of the community encourages free flow of capital. This policy is enhanced by the establishment of the European Investment Bank. Increased investment is encouraged since the less developed members of the community are provided with funds or aids.

(c) Performances of growth rates show that members have generally attained faster economic rates of growth within the few years of its association.

(d) Membership of the community has led to reduction of unemployment problem especially for those countries with surplus manpower like Italy and Britain, and elimination of labour shortage for countries like Western Germany.

(e) The common market gives rise to a larger market structure and greater economies of scale. With a population of over 260 million, EEC is a potential producer-consumer market.

(f) Efficiency in productive factors leads to mass production of goods and services. This leads to lower price increases in trade and possibly greater increases in real incomes and better welfare.

Problems of the EEC

The EEC as an integrated economic entity has its setbacks like any other large community. These setbacks are listed below and are seen as problems of how to:

(i) Raise enough funds in a period of high rates of inflation to promote technical development.

(ii) Rationalise farming or harmonise policies on agriculture

(iii) Subsidise the export of surplus produce

(iv) Admit associate members with ideological differences.

(v) Implement treaty on free movement of people at a period when almost all the members of the community are affected by increasing unemployment rates.

Relevance of the EEC to the West African Economies

The EEC has become a very important and powerful economic block commanding a high percentage of the world's total trade. It has strong economic and trading ties with almost all countries. It also has preferential commercial relations with many less developed countries of which West African Countries are included. The EEC has a wide market known for consumption of primary goods which are majority products from the West African countries. Most of these products include: Agricultural products (cocoa, palm oil, crude oil etc.) By the Yaoundé convention of 1963, France initiated her 18 African countries into the association. But since the bulk of external trade ties with France, decisions by the EEC that hinder external trade relations will certainly affect the growth rate of the French West African countries. On the other hand, it seems the type of association granted to the French West African countries has a political overtone whereby the interests of the West African states are fragmented (one for the France phone and other for the Anglophone countries). This type of association does not set a good model for the West African common market.

13.4 Development and Problems of Economic Integration in Africa

As far back as 1964, the late president Tubman of Liberia stressed the need for economic integration in West Africa. This idea was given consideration when the United Nations Economic Commission for Africa also emphasised formation of viable regional groupings in Africa by sponsoring some regional meetings. The establishment of emergent regional grouping was made possible through sustained efforts of a core group of states in the region especially when Nigeria and Togo entered into bilateral trade agreement.

Economic Community of West African States (ECOWAS)

In 1973, the council of ministers of the organization of African Unity (OAU) meeting in Lome agreed to the formation of the West African Economic Community, while the treaty establishing ECOWAS was signed in Lagos on the 28th May 1975. There were initially 15 states, but Cape Verde joined the community later. ECOWAS has at present 16 member states made up of the Republic of Benin, Cape Verde, Gambia, Ghana, Guinea, Nigeria, Senegal, Sierra Leone, Togo, Burkina Faso, Mauritania, Cote d'Ivoire, Guinea-Bissau, Mali, Niger and Liberia.

Institutions of ECOWAS

(a) The council of heads of state: This is the sole authority of the community. It meets once in a year as the main policy making authority whose decisions are binding on all member states.

(b) The council of ministers: This has two representatives from each member state. It meets twice a year, having the responsibility to review the developments made within the policy of the community and to keep it functioning.

(c) The executive secretariat: Lagos was chosen as the secretariat but it has been relocated to Abuja the capital of Nigeria. Togo is the headquarters of the special fund. The chief executive officer of the community is the secretary whose function includes responsibility for the administration of the secretariat.

(d) The commissions: There are four technical and special commissions of the community, with each member having one representative at a time. Their functions include formulation and implementation of specific programmes and projects of the community. Their proposals are usually submitted to the council of ministers for approval through the executive secretary.

(e) The tribunal: This acts as a court of justice. It ensures that law and justice are obeyed. Disputes or disagreements arising from the interpretations of the treaty and the protocols are handled by the tribunal.

Objectives of ECOWAS

Article II of the Treaty of ECOWAS clearly stated that it shall be the aim of the community to promote co-operation and development in all the fields of economic activity particularly in the fields of industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial matters social and cultural issues.

The above objectives are bent on achieving the following:

- (a)** Raising the standard of living of its people.
- (b)** Increasing and maintaining economic stability.
- (c)** Fostering closer relations among its members.
- (d)** Contribution to the progress and development of African continent.

Protocol of Accounts as Agreed by Members

- (a)** Agreement on contributions to the community's fund for co-operation, compensation and development by members.
- (b)** Agreement on contributions to the community's budget.
- (c)** Agreement on the type of products from member states.
- (d)** Agreement on loss of revenues which members would incur for the period custom barriers are lowered and abolished within the given period of 15 years.

The Rationale for the Establishment of ECOWAS

- (a)** To widen the market: ECOWAS is targeted to increase the inter-regional trade in commodities which originate from West African sub-region. This would create potential wider markets, which will attract investment.
- (b)** A long-term expansionary effect would stimulate demand as well as consumption which leads to increased investment, thereby increasing the rate of economic growth in the community.
- (c)** Within the community, there are diverse factor endowments. Some countries are rich in mineral resources while others have abundant human resources. If the members effectively pool their resources and harmonise policies, they would reap economic benefits.
- (d)** The formation of ECOWAS strengthens the bargaining power of member countries in international markets. As producers of primary products and other raw materials, they are capable of exerting influence on other markets like the EEC and EFTA which depend on their products for industrial raw materials.
- (e)** Creating a customs union in the subregion alone leads to harmonisation of tariffs. Internal tariffs usually become lower, consequently leading to promotion of trade among members.
- (f)** The members of the community can participate in joint development projects, infrastructural facilities especially in the areas of transportation and communications.
- (g)** To establish socio-cultural and political ties among members. In the long run, members of the community may be tempted to formulate an ideology which will lead to a political union.

Problems of ECOWAS

There are many constraints to the speedy achievement of ECOWAS. Some of these problems are economic, political, social or cultural.

(a) Low level of inter-regional trade:

Members of the community produce almost identical commodities or services and these make specialisation and co-operation difficult. So, level of trade among member countries is very low.

(b) Overdependence on import and export duties for revenues:

The formation of a community makes it possible to have a common external tariff policy by members. Members would therefore lose revenue which they usually derived from import and export duties since most of them depend on these duties for fiscal policies.

(c) Unfavorable result of inequalities: Disparity in the level of economic development among members could easily lead to fear of domination. For instance, when ECOWAS Treaty was ratified by all member states, and the initial operating costs were shared among members, Nigeria, alone contributed 32%, while Ghana

and Cote d'Ivoire contributed 13% each. It seems natural that sharing of benefits be proportional to the contributions made, though some members may resent the idea.

(d) Diversity of currency system: There exists different currency systems within the community unlike the EEC that adopted a common currency (Euro). This problem affects commercial activities and trade relations since it is not easy to convert one currency against another. This problem however, is to be taken care of by the West African Clearing House. The possibility to introduce a common currency system within the sub-region exists in future as the community becomes stronger and more mature.

(e) The existence of diverse interests: The associating member countries have diverse cultural, tribal and religious interests. These factors can hardly be isolated from the levels of their economic performances. By implementing the treaty on free movement of people or labour, some countries can easily take advantage of this agreement to invade and perhaps disrupt the economy of other countries that have more job opportunities.

(f) Poor transportation: Transportation links are necessary to facilitate trade, movement of capital and people within the sub-region. However, infrastructural facilities like good roads and railways are inadequate. The community's budget proposals would have to take into account heavy expenditure on such developmental projects like common West African port authority, a West African airline, the West African Railway Corporation etc. The existence of these transportation systems would make economic integration more meaningful.

(g) Difficulty in communication as a result of two languages: The existence of two major language structures (English and French) makes communication difficult. However, in ECOWAS, bilingualism (the use of the two languages as official language for the community) is introduced, and this encourages mutual understanding and trust.

(h) Fear of political instability: In the community, there is this fear of constant changes of heads of states thus, leading to change in governments. Some governments have already committed themselves fully to the membership of ECOWAS, others promised solidarity. But frequent change of heads of state, means a lot on policy implementation of the treaty.

(i) Difference in political system and ideologies: Each member of a subregion constitutes a political entity pursuing different economic and social goals with different political system and ideologies. Their administrative policies and objectives are different. For instance, Nigeria practices mixed economy, while Mali seems to favour African socialism, and others practice different systems of economy. It will be difficult to harmonise these ideologies.

13.5 The East African Community (EAC)

The East African community also called the East African common Market (EACM) was formed by Uganda, Kenya and Tanzania. The treaty was signed on June 6th, 1967 when the three heads of state met in Kampala. The duration of the treaty was indefinite but it provided for other states, to join the community. The other states that joined include: Rwanda, Burundi, Zambia, Malawi, Mozambique, Zimbabwe, Botswana and Malagasy Republic.

Institutions of the Community:

(a) The executive authority: This authority was responsible for the overall direction and control of the functioning of the community. Authority was vested on the head consisting of the President of Tanzania, the President of Uganda and the President of Kenya.

(b) The East African Ministers: The authority appointed one minister from each member-state. The ministers assisted the authority in the exercise of their executive functions. They provided advice on matters concerning the community and were assisted by deputy ministers.

(c) The councils of EAC: The treaty established five councils namely

(i) the common Market council;

(ii) the communications council;

(iii) the economic consultative and planning council;

(iv) the financial council; and

(v) the research and social council. The council replaced the previous system of ministerial committees. The treaty clearly assigned specific functions to each of the councils. For instance, the common market council was to ensure the functioning and development of the East African Common Market (EACM) to settle problems arising from implementation of the treaty that concerns EACM arrangements.

(d) The legislative assembly with three ministers and their deputies appointed from each country. Among the nine members appointed, a chairman for the assembly, a secretary general and a council were also nominated. The main function of the assembly was to pass bills dealing with community matters. Such bills required the assent of the heads of state to become Acts of the community.

(e) Other institutions: These include a Court of Appeal for EAC, the Common Market Tribunal, the East African Industrial Court and the East African Tax Board, for instance, was set up as an advisory body to keep, under review, the administration of the East African income Tax department and the Customs and Excise department, also to study the correlations of tax systems and assist in taxation planning.

Objectives of the East African Common Market (EACM)

The principal objective of EACM was to;

(a) Strengthen and regulate industrial, commercial and other relationships within the community.

(b) To achieve accelerated, harmonious, balanced and sustained development of the member countries which were meant to share the benefits of the community equitably.

(c) The treaty provided for the establishment, of a common market as an integral part of the community. The market was sustained through such services as the East

African Development Bank, the harmonization of fiscal balance of payments, monetary and planning policies.

(d) To administer the common infrastructural services through the four corporations under the treaty for common services, and to provide the machinery to facilitate co-ordination of the activities of member states, on any matter deemed to be of common interest.

(e) To encourage free movement of labour, capital and goods within the community; a common payment union; regional, industrial and agricultural specialisations; a common tariff and customs union; a common export promotion policy; and above all, a central legislative assembly charged with posing of bills on treaty matters.

Achievements of EACM

(a) The main achievement of EACM was the creation of a wider market within the community.

(b) East African countries were in a better position to negotiate from a position of strength with foreign entrepreneurs (importers and exporters) as well as with foreign governments, institutions and creditors alike. Thus companies incorporated within the community enjoyed economies of scale production.

(c) The establishment of the common market brought about the East Africa Stock Exchange market through which funds were mobilised for security and investment in the sub-region.

(d) The common market made possible the operation of comparative cost advantage to be made real as production resulted in increased supply and prices for locally manufactured goods.

(e) As capital accumulation is a basic problem of development in Africa it was easier for the community to pool their financial resources for investment enabling even the weakest state to embark on viable projects. The East African Development Bank was created to redress imbalance of industrial location and development among the community members.

(f) Uganda, being geographically landlocked gained immensely from membership of the community because she had easy access to the sea through railways.

(g) Kenya, on the other hand, reaped the greatest benefit when judged by the volume of trade revealed by statistical figures of their annual tones of goods.

This was mainly due to her willingness to great concessionary trade terms to Tanzania and Uganda, which consequently helped to facilitate free flow of Agricultural and manufactured goods from these community members.

Failure of EACM

At the beginning of the treaty, it seemed that the associating member states had a common political goal i.e. to achieve independence for their countries. Each state became politically independent and also achieved economic viability. At this point, the member states seemed to slumber in their ideologies and began to pursue different economic objectives which threatened the existence of the community. Ethiopia proclaimed socialism, Kenya favored capitalism while Uganda went on the war path against multinationals and nationalisation of British assets. Member states were no longer interested in implementing the treaty as a result of political instability within the sub-region as there was mistrust and lack of confidence in the leaders of the common market. Also distortions and market imperfection within the community helped to create problems for the associating members. Inequality in the distribution of benefits of the common market might probably have caused some friction or misunderstanding among the co member countries.

13.6 The New International Economic Order (NIEO)

Background to the creation of NIEO

The demand for establishing NIEO was put forward in 1964 by the Asian and Latin American countries tagged "Group 77" under a session of the United Nations Commission for Trade and Development (UNCTAD). This was in the effort to bring about a restructuring of the forces of demand and supply in a free market mechanism of the world economy by the developing countries. The developing countries have realized their inability to form strong economic negotiating blocks against the industrialized developed countries in order to obtain stable prices for their primary products. The prices obtained in their foreign trade relation tend to be very low, and they experienced deteriorating terms of trade leading them into large financial debts. NIEO was established as an attempt by the developing countries to attain sustained economic growth in order to catch up with the developed countries. The Group had a natural tendency to enlarge its population because of pursuit of common objectives, so by 1979, it had numbered up to 120. The group was internationally recognised because of its diversity in size, levels of economic development, wealth and ideology. Some of these countries are socialist, capitalist, theocrat and fascist. The purpose of coming together is to enable the individually weak countries in Asia, African and Latin American countries in particular to deal in the term of greater strength and equality, with their counterparts from the developed countries, the west in particular.

Specific Objectives of NIEO

(a) Integrated programme for the marketing of primary products: This emphasises on the control of fluctuation of commodity prices of primary products and to ensure stable sources and prices to producers. The mechanism for the achievement of the purpose lies in the creation of an International Common Fund (ICF) which could be used to finance buffer stocks. Price stabilisation through series of consumer packs supported by multi-buffer stock funds to finance specific commodities had been suggested. The group has achieved initial success, having won the approval to stabilise prices through buffer stock mechanism for such "core" commodities as coffee, copper, cocoa, cotton, jute, hard fiber (sisal), sugar, rubber, tea, and tin.

(b) Rescheduling of official debts: The international account and payment obligations of developing countries show that they have accumulated huge financial deficits and obligation outstanding in their balance sheets. As they are unable to pay these debts, the group has helped in negotiating for outright cancellation of the official debts which they owe to the developed, industrialised nations. At other instance, they have pleaded for the rescheduling of debts or loans so that repayment could be made after a period of 25 years.

(c) Monetary reform: The group, realizing the problem posed by gold which serves as the principal reserve asset of the world's monetary system and the pressure on the American dollar in world markets, proposed the use of Special Drawing Rights (SDRs) to replace gold. This proposal yielded fruit because the International Monetary Fund (IMF) adopted SDRs in place of gold to express reserve assets and to allow a regulated floating exchange rate mechanism. The IMF has also set up a trust fund to assist the least developed countries. This mechanism is achieved by selling off at least one-sixth of its gold holdings.

(d) Technology transfer: Another important economic issue is the transfer of technology from the developed industrialized countries to the developing countries. The developing countries have the desire to be given consideration to acquire technology either directly from the countries which are already technologically advanced. This demand has been given consideration. UNCTAD considered the demand and set up an Advisory Committee on transfer of technology to the developing countries. They further stressed the need to help the African countries in particular and other Third World countries. They also assured the African countries that an African Centre for technology would be established.

13.7 Problems of Economic Integration in Africa

The following are problems of economic integration in Africa:

(a) Similarity in products: Most African Countries produce commodities which are similar in nature, their agricultural and mineral products are also similar in nature, and therefore their international trade relations are more with the unit side world than within the continent.

(b) They have little or no direct economic or political closeness to their fellow African countries due to different monetary and currency zone of which they inherited from the former colonial masters of which they maintained close economic and political contacts.

(c) Their monetary, fiscal and financial system are different and incompatible. This is because their currencies are not usually convertible and in most cases, commercial transactions are carried out through the use of hard currencies like dollar, pounds and Euro.

(d) Mutual relationships with fellow African countries would tend to reduce their accumulations from tariffs and quotas, since majority of the African countries depend on tariffs and quantitative restrictions on trade. E.g. Togo.

(e) Some African countries are more endowed with mineral and human resources than others, leading to some being more developed than others. The more developed African countries prefer integrating with developed countries so as not to retard their level of development and lack of adequate finance to execute

development plans which has led to many of the African countries depending on the external world for assistance. This thereby affects the level of their integration among themselves.

Summary

1. Economic integration is a process which involves the merging of the policies of separate economies to form larger economic unions to achieve economic objectives.

Types of Economic Integration

- (a)** Preferential area
- (b)** Free trade area
- (c)** Customs union
- (d)** Common market
- (e)** Economic union

The European Economic Community

The following are its structure and composition:

- (a)** Membership
- (b)** Institutions
- (c)** Objectives
- (d)** Benefits to members
- (e)** Problems
- (f)** The relevance to West African economies

Economic Community of West African States (ECOWAS)

The following are the composition of the community:

- (a)** Membership
- (b)** Institutions
- (c)** Objectives
- (d)** Rational for the establishment
- (e)** Problems

The East African Community (EAC)

- (a)** Membership
- (b)** Institutions
- (c)** Objectives
- (d)** Achievements
- (e)** Failure of the common market

The New International Economic Order (NIEO)

- (a)** Background of the creation of NIEO
- (b)** Membership of NIEO
- (c)** Objectives of NIEO: Integrated programme for the marketing of primary products, rescheduling of official debts, monetary reforms and technology transfer.

Class Activities

1. Students should write down the main features of the following forms of economic integration:

- (a)** Customs union
- (b)** A free trade area
- (c)** A common market.

2. Students should compare the instruments of ECOWAS with those of the EEC.

3. The teacher should draw the map of West Africa, Locate the ECOWAS and show also their capital.

Revision Questions

Objective Questions

1. The major problem facing the Economic Community of West African States (ECOWAS) as an economic integration, is the

- (a)** Increasing population
- (b)** Willingness of members to co-operate

(c) Geographical contiguity

(d) Weak trade relations. **(SSCE 2003)**

2. The Economic Community of West African State has been slow in achieving its objectives because of

(a) Political instability in member states

(b) The activities of multinational

(c) Inadequate personnel at the secretariat

(d) Inadequate international support. **(SSCE 2004)**

3. Which of the following is not a member of Economic Community of West African States (ECOWAS)?

(a) Cape Verde

(b) Mauritania

(c) Cameroon

(d) Nigeria **(SSCE 2010)**

4. Trade among West African countries is poor because the:

(a) Countries are self-sufficient

(b) Communication links are weak

(c) Number of banks is insufficient

(d) People are not enterprising **(SSCE 2010)**

5. Which of the following is not a type of economic integration?

(a) Customs market

(b) Common Market

(c) Economic Union

(d) Free trade area

Essay Questions

1. In what ways will West African countries benefit from economic integration?
(SSCE 2002)

2. (a) What is economic integration?

(b) Highlight any three problems of economic integration in West Africa.
(SSCE 2007)

3. Explain any five objectives of the Economic Community of West African states (ECOWAS)(SSCE 2009)

4. (a) What led to the formation of the New International Economic Order?

(b) Explain the specific objectives of the New International Economic Order?

5. (a) What do you understand by East African Community

(b) What are the institutions of the community?

Glossary

Economic integration: This is a process which involves the merging of the policies of separate economies in a given region in order to form larger economic unions to achieve economic objectives.

Free trade area: This area exists for member countries that agree to eliminate all kinds of restrictions on import from their member nations.

Customs union: Members of this union generally establish free trade on good grounds of member countries and they remove all kinds of restrictions on imports, but they impose a common tariff on import for non-member countries.

New international economic order (NIEO): NIEO was established as an attempt by the developing countries to attain sustained economic growth in order to catch up with the developed countries.