Chapter 1

INTRODUCTION
1. INTRODUCTION

This Chapter provides a comprehensive introduction to the study. Firstly, a brief background of the research, the rationale of the study, aim and objectives, and the methodology used in carrying out the research are discussed. It then goes on to give a brief review of the literature which will be used, the significance of the study in International Relations and limitations encountered during the research. The Chapter ends with a layout of the entire study.

1.1 BACKGROUND

Over the years, the discourse of economic integration has increasingly been highlighted in the agenda of many regions across the world and in Africa especially as a way of increasing economic opportunities and promoting economic growth. Although integration processes had already been set up by some African countries, the formation of the European Union (EU) served as an inspiration and strengthened many other African countries’ pursuit of a united African continent. However, given the current crisis facing the euro zone and its impact on the internal political structures\(^1\) it is important to understand the extent to which economic integration influences internal governance, especially in the African context. Therefore, this research report analyzes the impact of economic integration on the internal governance\(^2\) of member states, using Cameroon’s membership of CEMAC\(^3\) as a case study.

\(^1\) Not only have some political leaders been asked to step down, as seen in the case of Greece, other countries such as Italy were asked to hold early elections which resulted in the resignation of the Italian Prime Minister Silvio Berlusconi.

\(^2\) The World Bank uses six indicators to explain the ‘governance’ term and these indicators include: Political Stability, Voice and Accountability, Rule of Law, Government Effectiveness, Regulatory Quality and Control of Corruption. However, this study will focus on the Political Stability, Rule of Law and Control of Corruption indicators to examine the dynamics between economic integration and governance in the Cameroonian context. This is because rule of law and control of corruption are related to the respect for institutions, laws and interactions among players in civil society, business, and politics, while political stability often signifies the lack of violence, selection, accountability and the replacement of authorities. In
The study employs the Viner’s Customs Union\textsuperscript{4} and the Optimal Currency Area\textsuperscript{5} theories to examine the processes involved in the formation of an economically integrated regional body and its influence on good governance\textsuperscript{6}, which has become a key requirement of international donors including the World Bank, as a vital tool in achieving economic growth and sustainable development\textsuperscript{7}. Firstly, the study provides an overview of the concept and process of economic integration with a particular reference to theories used in explaining economic integration\textsuperscript{8}. This research then closely examines the Republic of Cameroon, then CEMAC as a regional economic body by first studying the history of the Central African sub-region. It then goes on to examine the history, structure, objectives and shortcomings of the CEMAC body. Because of its significant regional importance and its strong ties to the Central African region, a detailed focus on Cameroon\textsuperscript{9} - which is considered an economic hub within

\textsuperscript{3} The Economic and Monetary Community of Central Africa is a regional economic integrated body made up of six countries: Chad, Central African Republic, Gabon, Equatorial Guinea, Republic of Congo and Cameroon. It is commonly known by its French name: Communauté Économique et Monétaire de L’Afrique Centrale with CEMAC as an acronym.

\textsuperscript{4} Viner’s Customs Union theory laid down the foundation for the economic integration theory by focusing on the dynamics of \textit{trade creation} and \textit{trade diversion}. \textit{Trade creation} refers to redirection of trade flows due to the establishment of a \textit{free trade area} or a \textit{customs union} while \textit{trade diversion} refers to the diversion of trade from a more efficient exporter to a less efficient one through the creation of \textit{free trade agreements} or \textit{custom unions}. See: Viner 1950.

\textsuperscript{5} This theory emphasises the breaking down of national economic boundaries and combination of several national economies into a larger territorial unit through a series of levels which include: \textit{Free trade area}, \textit{Customs union}, \textit{common or single market} and \textit{economic and monetary union}. See: Robson 1968.

\textsuperscript{6} Voice and Accountability, Government Effectiveness and Regulatory Quality will not be used because of their emphasis on the perceptions of citizens’ participation and freedom, public service quality, and the formulation of policies that promote development of private sectors: all of which deviate from the subject of this study which is more interested in the political and decision-making aspects of governance.

\textsuperscript{7} World Bank, \textit{Governance}, Washington, D.C., 1993

\textsuperscript{8} Viner’s Customs Union and the Optimal Currency Area theories.

\textsuperscript{9} In addition, Cameroon holds a respectable position in this organization and despite being a member of the Economic Community of Central African States (ECCAS), its membership and ties to the Central African region does not significantly overlap with other continental economically integrated bodies as opposed to many other
the Central African sub-region due to its economic potential in the sub-region – will help in understanding the extent to which regional economic integration influences governance.

According to Robson (1968), “economic integration between sovereign states has some claim to be regarded as one of the leading aspirations of international economic policy in the mid-twentieth century, so much so that this era has been termed ‘the age of integration’”\(^\text{10}\). The integration of states is a complex process which cannot be explained by a single theory, and several theories in international relations argue for the interdependency and cooperation of states as a means of not only helping to overcome the disadvantages of small size, and surviving the current economic and political environment\(^\text{11}\) but also because with the impact of globalisation of the world economy, the local has interpenetrated the global and vice versa. This has led to the issue of boundaries and/or frontiers among states becoming socio-economically imaginary and as such, these challenges would need to be turned into opportunities.

Furthermore, regionalization and globalization have increasingly become tag-lines which are used to characterize the development and evolution of the world’s economy in the post-war era and states would need to be more organized in order to meet up with these exigencies brought about by the globalised economy. While globalization is used to refer to the global liberalization of trade and factor flows, regionalization on the other hand is used to characterize the increasing number of regional integration blocs\(^\text{12}\).

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Due to increasing challenges from globalization and the World Trade Organisation’s (WTO)\textsuperscript{13} liberal rules for world trade systems, regional integration has progressively become an important part of most countries’ strategies towards economic transformation for several years, African states included. The then Organisation of African Unity, (OAU) and now the African Union (AU) strongly believe that for any socio-economic, political and cultural integration of Africa to take place there should first be the strengthening of regional economic integration which will facilitate social interaction of the players among members states and hence enhance the African continental\textsuperscript{14}.

O’Neill (1996) adds to this by stating that “regional integration is a multifarrious rather than a unidimensional process…its dynamic or momentum is neither teleologically induced nor fixed, but infused with mixed motives and variable influences”\textsuperscript{15}. However, the need for integration for most African countries not only stems from economic concerns, but is also in part due to the development of their political and social environments which cannot easily be disassociated from each other\textsuperscript{16}. Robson (1968) further argues that “in post-colonial Africa, there exists a fairly widespread desire to free the continent from its external dependence and to provide the safeguards and benefits of interdependence through a continental, or at any rate, a wide geographical, system of institutions capable of harmonizing the common interests of African states and presenting a united front in external affairs”\textsuperscript{17}.

Since gaining independence from colonial powers, African states have sought several ways to achieve development and integration and this has always been an important subject in

\textsuperscript{13} This acronym is used to refer to the World Trade Organization.

\textsuperscript{14} See, Groom and Heraclides (1985).


\textsuperscript{16} Robson, 1968: 11

\textsuperscript{17} Robson, P. 1968: 11-12
the minds of African leaders; which led to the establishment of the Organization of African Unity in 1963, followed by the African Development Bank and subsequently evolving from the Organisation of the African Unity (OAU) into the creation African Union (AU) with a view to making the African Union more flexible and efficient. The AU is currently the building block of many African projects and under its direction, the African Economic Community (AEC) was established and “has been the continental framework for economic integration since 12 May 1994”.

All of these organizations (past and present) were and still are, considered to be vital to the political stability and economic growth and of the continent. Therefore the effective integration and management of these different organizations are very important to the political and socio-economic development of the continent.

Based on this fact, the issue of economic integration between African countries has continued to deepen over the past decades and Africa currently contains a wide range of Regional Economic Communities (RECs) which can be divided into two main categories: those recognized by the AU and sub-regional economic communities (also known as SECs). The AU only recognizes eight RECs which they consider to be the building blocks of a greater African integration; however, other SECs have been known to play a significant influence in sub-regional politics. One of such SEC is the Economic and Monetary

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18 Groom and Heraclides (1985)


20 Ibid. p.5

21 These eight include: The Southern African Development Community (SADC), the Economic Community of West African States (ECOWAS), the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of Central African States (ECCAS/CEEAC), the Intergovernmental Authority on Development (IGAD) and the Community of Sahel-Saharan States (CEN-SAD).

22 Njinkeu and Mangeni, 2004: 5
Community of Central Africa, commonly known by its french acronym CEMAC (Communauté Économique et Monétaire de L’Afrique Centrale)²³.

Robson (1968) argues that in Africa, “there is a widespread belief that if economic growth is to be accelerated, external links must be substantially supplemented by strengthened intra-African links”²⁴. It is also argued that in the African context, there are many more intergovernmental co-operations at economic levels than there are at political levels, mainly because most African states are more willing to commit economically than they are willing to give up on their sovereignty²⁵.

Although there are several examples of economic integration in Africa, it cannot in any way be separated from political issues and there is still a large gap between the aspirations and the achievement of such regional bodies²⁶. Despite the constant challenges, African Regional Economic Communities (REC) are created to achieve three fundamental objectives: promoting market integration, the development of regional infrastructure and strengthening stability, predictability and transparency in regional governance²⁷. In addition, these REC and SEC bodies are set out to work hand-in-hand with the AU and AEC to effectively address and monitor the root causes of conflicts such as the role ECOWAS played in the recent Cote d’Ivoire political insurgency. The member states of CEMAC are: Cameroon, Central African Republic, Republic of Congo, Gabon, Equatorial Guinea, and Chad²⁸.

²³ CEMAC is also considered to have emerged as a sub-group of ECCAS.

²⁴ Robson, 1968: 12

²⁵ Ibid. p. 15

²⁶ Ibid. p. 21

²⁷ Ibid. p. 20

²⁸ Njinkeu and Mangeni, 2004: 4
1.2 PURPOSE OF THE STUDY

1.2.1 Rationale of the study

The creation of regional integration blocs has not only triggered an extensive array of literature in many fields but it has sparked off interesting works in the area of trade theory dealing with the effects of regional integration on trade and resource allocation. The most outstanding of these works is the customs unions theory highlighted in Viner’s Customs Union theory approach which mainly concentrates on the trade creation effect and the trade diversion effect. Until recently however, many of such researches were primarily focused on the challenges and prospects of integration and did not make mention of the dynamic effects of integration, such as the effect of integration on economic growth, its impact on infrastructural development, its effect on Human Resource Development and employment, education and even politics.

In light of the above argument, it could then be asked: what is so important about economic integration and its effect on member states? Some authors have argued that economic integration, with respect to increasing flows of trade and foreign direct investment, significantly contributes to lowering the degree of corruption in host countries due to the fact that integration increases market competition and efficiency, reduces rents, and boosts the dissemination of good governance. However, these arguments blatantly ignore the interaction between economic integration and the local political environment despite the fact that REI has increasingly been highlighted in many political agenda throughout the continent.

29 See the following works: Leshaba, 2002; Haji, 2009; Omotunde, 1991; Sako, 2006

30 See Viner, 1950.


Therefore, the questions which immediately arise relative to this study and which the author would like to explore include:

- What role does economic integration play in the governance within member states?
- How significant is CEMAC influence on Cameroon’s governance?

Although Cameroon is a small market in the global economy, it holds a significant market power in the CEMAC region, therefore focusing on Cameroon provides a platform for investigating the dynamics in the relationship between economic integration and the domestic governance of its member states. The key point of this research therefore, is to draw a justified parallel relationship between economic integration and the governance of Central African states. It is not only aimed at systematically examining the ways in which economic integration influences the political stability, rule of law and control of corruption indicators of governance within the Cameroonian context, but it also seeks to analyze and compare the ways in which the adoption of a single currency significantly influences the aforementioned indicators of governance in this central African state.

1.2.2 The aim and objectives of the study

The main aim of this research is to investigate the impact of CEMAC as a sub-regional economic community on the control of corruption, rule of law and political stability of Cameroon as a member state. In order to achieve this, certain key objectives of this research are highlighted as:

- A detailed discussion of the CEMAC structure, its integration policies and processes; its benefits and challenges in the central African region.

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Bearing in mind that governance here refers to the World Bank’s definition of governance and more specifically, the control of corruption, political stability, and rule of law indicators.
In terms of this objective, the study identifies the regional economic objectives of Central Africa, and uses Viner’s trade theory and the OCA theory to identify the integration model that is being used within CEMAC and the model that will best optimize the mobilisation of regional resources while minimising the level of external dependence. An examination of challenges currently faced by CEMAC is also discussed in order to understand a way forward for the institution.

- An examination into CEMAC as a sub-regionally integrated economically and monetary body is discussed, as well as its progress thus far.

Under this objective, this study ascertains if the steps taken towards integrating the central part of Africa are the right ones. The purpose here is to analyze if there is a wide gap between the set goals and results which have been achieved so far, and the fundamental contradictions between the ideas on paper and everyday challenges.

- Examining and presenting the statistics on Cameroon’s economic, political and governance structure within the Central African region. Also analyzing the current governance of Cameroon and the role of regional ties on this governance.

This study makes use of an exploratory qualitative analysis method to prove whether or not economic integration, as well as the adoption of a single currency has a significant influence on the governance of Central African states in general and on Cameroon in particular.

- Determining whether free trade, foreign direct investment, and trade openness have any impact in the diffusion of good governance in Cameroon.

In this regard, this study examines the current economic policies and trade agreements which are currently in place by the Cameroonian government and how this affects the various dimensions of governance discussed in this study – political stability, control of corruption
and rule of law. In order words, will economic integration contribute more effectively and efficiently to the promotion of good governance in Cameroon?

1.3 BRIEF LITERATURE REVIEW

This study draws from existing literature on the subject of economic integration, integration in Africa, good governance and Cameroon, in order to efficiently build up on the arguments and relationship between economic integration and governance. It first examines current debates on good governance and its significance to economic growth and development. The study then goes on to discuss economic integration by using Viner’s Customs Union theory and the Optimal Currency Area theory to examine the importance of economic integration on economic growth and development.

The World Bank further argues that governance is “the method through which power is exercised in the management of a country’s political, economic and social resources for development”\(^{34}\). It goes on to provide six indicators of governance: Political Stability, Voice and Accountability, Rule of Law, Government Effectiveness, Regulatory Quality and Control of Corruption\(^ {35}\). However, since this study is focused on understanding the effect of economic integration on the political decisions of African states, data collected will not include the Control of Corruption indicator.

Economic integration is a term which is often used to describe all forms of “international economic co-operation including at least free trade areas, customs unions, common markets and economic unions”\(^ {36}\). On the other hand, several definitions have been


\(^{35}\) World Bank, 1993

\(^{36}\) Robson, 1968: 25
provided to describe the governance term. Firstly, the United Nations Development Programme (UNDP) defines governance as “the exercise of economic, political and administrative authority to manage a country’s affairs at all levels. It comprises the mechanisms, processes and institutions, through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences”\(^{37}\).

Cameroon is a country found in the middle of the central part of Africa is bordered by: Gabon, Equatorial Guinea, Central African Republic, Chad and the Republic of Congo. It was colonised by two European countries (France and Britain) thereby forming the two Cameroons: French and British Cameroon. While French Cameroon gained its independence from its colonial powers in 1960 and became the Republic of Cameroon, the British part gained its independence the following year and in 1972, a new constitution was created to form a unitary state known as the United Republic of Cameroon which later evolved in 1983 to the Republic of Cameroon as it is still known today.\(^{38}\)

With a population of approximately 19.60 million, this country has a multiparty democratic system, a GDP of approximately US$ 22.39 billion and currently ranks 183 in the world with its US$ 1,180 GDP per capita, thereby making it one of the ten highest in sub-Saharan Africa\(^{39}\). Its major exports are known to be going to France, Italy, South Korea, Spain and the United Kingdom, however, this country has started building closer economic ties with its neighbouring central African countries whom together not only form the CEMAC sub-regional economic body, but also use the same monetary Franc CFA currency\(^{40}\).

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\(^{39}\) Ibid. These facts are clearly stated on the CIA world Fact Book website.

\(^{40}\) Ibid.
Like many other third-world countries, the Republic of Cameroon has since the early 1990s set out on an extensive reform programme which is aimed towards adapting the country to the new conditions of a modern integrated society with the vision of becoming an emerging economy by 2035.\(^{41}\) At the economic level, Cameroon is on an unprecedented path to restructuring, privatizing and rehabilitating State-Owned Enterprises (SOEs) and projects\(^{42}\). It is in this regard that the country has signed many agreements with certain international, regional and sub-regional organizations such as CEMAC. Also at the political level, the legislative and statutory instruments on individual and collective public freedoms (which include the freedom of thought, the freedom of association and also political and trade union freedoms) have been put in place in order to strengthen the rule of law and promote good governance\(^{43}\).

### 1.4 METHODOLOGY

In order to address the abovementioned research questions and objectives, the research uses the case study approach to dissect the impact of Cameroon’s membership of CEMAC on its internal governance. As argued by Yin the case study approach is a very useful research methodology when trying to discern the ‘how’ and/or ‘why’ certain events occur.\(^{44}\) In particular, case studies are valuable when trying to analyze contemporary events, emergent phenomena and situations when ‘relevant behaviours cannot be manipulated’.\(^{45}\) The strength of the case study also lies in the range of evidence extracted from multiple data sources (e.g.  

\(^{41}\) Ibid.  
\(^{42}\) Ibid.  
\(^{43}\) Ibid.  
\(^{44}\) Yin 2003  
\(^{45}\) Ibid. p. 7
INTERRODUCTION

Interviews, archival documents, and print media). The author therefore makes use of a wide range of qualitative methods such as the examination of primary sources, including policy documents, official reports; and secondary archival sources in the form of textbooks, journals, organization websites, magazine articles, commentaries, and encyclopaedias, in order to extract information and build up arguments.

The study also builds on work that has already been done on the subject, shedding more light on elements of past research, observations, and evidence, in order to strengthen the theoretical background on the issues presented in the study. Although quantitative methodology can be used to numerically measure governance, using a quantitative method does not provide an in-depth explanation in terms of specifically helping us to understand CEMAC’s impact on Cameroon’s internal governance. Therefore, because the aim of this research is to understand the dynamics in the relationship between economic integration and governance, the qualitative research method is more suitable as it draws on thorough understanding and description.

1.5 SIGNIFICANCE OF THE STUDY

Several studies have been carried out on the integration of the European Community as well as on regional integration in Africa; including ECOWAS, SADC and even the EAC, and these studies make use of the liberal school of thought which suggests that nations can indeed work together for the greater good. However, little has been done to critically

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46 This research method is a more inductive /interpretive method which emphasises on understanding and description as opposed to prediction.


examine the influence of economic regional bodies on African states, particularly on the governance of these African states, which the World Bank has clearly stated as being a requirement for development. Thus, this study is very important since most research on this topic is focused on regions other than Africa.

The topic is also relevant due to the fact that Africa is trying to strengthen its regional integration process and there exists a series of issues that need to be addressed by African countries individually and collectively in order to ensure the success of these processes. This study further uses a close examination on the CEMAC sub-regional economic body to demonstrate its current political and economic challenges.\(^{49}\)

The country used as a case study has strong ties mostly to the central part of Africa and this research sets out to examine if this kind of approach is best suited in influencing the governance of regional economic community member states. Furthermore, Schiff (2002) indicates that there is a new trend of analysis which is focusing mainly on developing countries due to the fact that developing countries are turning to regionalization as a tool for development, therefore, their effectiveness and impact on member states should be examined.

### 1.6 LIMITATIONS OF THE STUDY

It is important to note that there are several factors that would influence the governance structures of most African states. Some of these would include cultural factors, sociological factors, the role of the African Union and other RECs.\(^{50}\) In addition, International Relations as a discipline presents us with a variety of theories that can be used to explain the interaction of states in an international arena. However, given the broad nature of

\(^{49}\) Emphasising the importance of this organization is the fact that more than 35 million people live in this CEMAC region which is a significant number is given the fact that Africa is made up of approximately 1 billion people. See: the CIA World Fact Book (2011).

\(^{50}\) AU, 2007: 23
‘integration’, this study will only focus on the economic integration of CEMAC member states with a detailed focus on Cameroon as a case study. It is also important to note that while some theories may give a different explanation for the formation of an economically integrated regional body and its relationship with governance, this study focuses on the OCA theory, and Viner’s trade theory. Furthermore, due to the size, structure and background of the CEMAC regional body, the results may not explain the dynamics of other African organisations and countries that simultaneously belong to multiple RECs.

This study also relies more heavily on existing literature as opposed to any other method of research; therefore the findings are based highly on the opinions of other authors in the field. In addition, due to the time constraint and nature of the study, any given conclusions is based solely the Cameroon case study and the findings do not adequately explain the formation of a larger multination integration. Also, because the topic has been narrowed, the study does not look into other definitions of governance and factors which may have a very significant impact on the governance of other African states. Finally, since this study is only focusing on one member country (Cameroon), findings cannot necessarily apply to other countries.

1.7 STUDY LAYOUT

Thus far, the introduction of the research has been given, which consisted of the aims, objectives, methodology, significance and limitations of the study. The rest of the research is organised in five chapters. Chapter two provides a general historical background to the study by giving a detailed overview of Cameroon’s political and socio-economic profile. Using data

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collected as far back as 1996, the chapter examines the trends in Cameroons economic and political environment.

The third chapter is a review of the existing literature on the subject, paying close attention to both the traditional and modern theories of regional economic integration. It starts off by giving the definitions of terms used in the study as presented by a wide variety of authors. It then focuses on a detailed explanation of the theories of economic integration used in this study: Viner’s Customs Union and the OCA theories. This section of the study also examines the current literature on the effects of regional economic integration, with a particular interest on the African context and the CEMAC sub-regional body. The conclusion of this section sheds more light on the gap in existing literature, briefly reiterating the significance of this study.

Chapter four then examines the origin and development of the CEMAC region and the profile of its states. It provides a brief discussion on the Central Africa sub-region and goes on to give a descriptive overview of the rationale behind the formation of a Central African economic integration programme. It further examines the history, structure, as well as its underlying objectives of CEMAC. Finally, it looks at the operation of CEMAC as an organisation, an application of the relevant economic integration theories to the institution, challenges and opportunities facing CEMAC, and ends by paving a way for the case study used in this research.

The fifth chapter focuses on Cameroon as a case study, examining the current governance of the country in great details, and going forth to discuss the ways in which being a member of CEMAC influences control of corruption, political stability, and the rule of law of member states. It also looks into the macroeconomic policies, monetary systems, trade reform structures and agreements currently in place in Cameroon in relation to the central region, and how this affects the aforementioned indicators of governance in the country.
Chapter six sums up the arguments put forward and is a conclusion of the study. It goes on to discuss the recommendations for a more efficient economic integration in relation to governance, highlighting the importance of regional economic integration to Africa and ends with suggestions for future research.