Chapter 1 The New Crusaders

"*In Geneva, nations are more or less owned by corporations pitted against each other in the WTO arena, unable to decide for themselves how they and their citizens would like to live and trade*."--Noreena Hertz, *The Silent Takeover*

1.1 The WTO -- How development--friendly?

A new dawn is breaking. Grey-suited men working in bureaucracies are no longer feared. Citizens are led to believe that government has no power, because the multinational knows best, and it will flee if it thinks government intends interfering in its affairs. In an age in which the power of the multinationals matter more than the power of the people, trade has become the key to what free--trade proponents would call freedom, and detractors of liberalisation, a new Pandora's box.

The European Commissioner for Trade Pascal Lamy, shortly after the September 11 terrorist attacks, in 2001, argued in a press conference (find WTOIL reference) that "trade is the key to development." Countless others have attempted to promote this neo--liberal idea, including a whole cross--section of the EU. More recently, former Director--General of the WTO Mike Moore, in a speech at a two--day meeting to present the WTO "benefits" to Eastern European countries, argued that "*WTO membership and trade liberalisation can help to foster prosperity, stability and peace*.http://allafrica.com/stories/200206120397.html " Questioned by civil society (indicate the debates], the European Commission, by using the tag-line of development as justification for liberalisation, has argued that the debate is out of its hands.'

This line of argument, arguably, would be music to the ears of the European Union, because it has conveniently enabled them to sideswipe the charge of liberalisation as a condition for the process of development in developing countries by maintaining that it falls under the remit of the WTO. For example, the European Union has promulgated the Cotonou Agreement as a necessary condition for the 77 African, Caribbean and Pacific (ACP) developing countries to be lifted out of poverty, and be provided for development. Strict adherence to the EU's plans will mean that countries in Africa--more specifically, regions---- will be able to become compatible with the World Trade Organisation's rules-based system. This formidable facilitator of liberalised trade, the WTO, is the first in line of the

New Crusaders. The question, however, is how development--friendly is it? Before I try to answer that, however, it is necessary to elucidate the dynamics of the behemoth one knows as the WTO.

Since the World Trade Organisation was established following the Treaty of Marrakech, in 1995, it has operated under a false claim. It has claimed to be working in the interests of developing countries, least developed countries, and more importantly, development. It would take till November 2001 -- just two months after the September 11 terrorist attacks in New York & Washington – for the trade talks at Doha, Qatar, to take place, and for the world organisation to come out with a so--called "development agenda."

This sudden desire to call the Doha talks a development one holds one critical implication -- that the theme of development had been absent in previous rounds--notably: Kennedy; Tokyo; and Uruguay Rounds. It is also not surprising that this development should take place, especially after the debacle at Seattle in 1999.

It is my contention that development may have been the claim, but an agenda predicated on development has not been the aim. In February this year, when I asked an official from the EU's trade--policy machinery for the member states -- the so--called Committee 133 -- what constituted development, he was quick to point out that market access was right at the top." It goes without saying that market--access without a certain level of development is futile. If developing countries lack appropriate infrastructure for domestic regulation, or monitoring, of trade rules, then, automatically, they operate at a huge disadvantage.

This, inevitably, betrays the WTO, in essence, as a world organisation dedicated exclusively to the promotion of global trade, which means that it has no mandate whatsoever for development--oriented policy. The United Nations' official version of what work the WTO does is not far off. It lists three objectives of the WTO as: firstly, "to help trade flow as freely as possible"; secondly, "to achieve further liberalisation gradually though negotiation"; and finally, to establish "an impartial means of settling disputes". The WTO's booklet comes sufficiently close, calling the institution a "multilateral" one that is "dedicated to helping build prosperity for all peoples of the globe by bolstering a free and fair trading. [system]"However, in that short definition lies the smoking gun--that which betrays the WTO's intentions--free trade. To scratch beneath the surface of the rhetoric coming out of the WTO, you would find that WTO trade is of a different ilk. Some would even go as far as to argue that trade liberalisation under the WTO is anathema to development.

In fact, according to one Geneva diplomat', "the WTO is not a development organization and we do not want to transform it into one. However, it has acquired a developmental dimension, which is becoming more important with the attainment of universal membership." This would seem to suggest that the more members there are in the WTO, the more development--oriented it would be. This, frankly, is a specious argument, because the implication here already, is that the very idea of development has been sorely and woefully absent since 1995. Besides, accession to the WTO, as testified by UNCTAD's exhaustive book (see footnote n#8), is indicative of how problematic membership remains.

Nonetheless, the diplomat's account is a refreshingly honest one from a government official, and even if it says nothing, it gives one more of an idea of what some of the top negotiators of the West think about the WTO. Sadly, but not unexpectedly, candour of this degree is absent from official WTO documents. Conversely, such thinking does still abound in the academic community. Rugman, cited earlier, is one of those, who argue that he does not "see the WTO as a relevant forum for the redress of perceived global income inequalities across the North--South dimension." Instead, he attributes its progress to the liberalisation of trade "in goods between the major "triads" of North America, the EU and Japan."

For Rugman, in his classic business--like cosmology, the World Trade Organisation "embodies several asymmetric elements, on the one hand consistently moving towards trade liberalisation, but on the other, being unable to eliminate the quasi--protectionist policies in some sectors by many of its members." If what this essentially means is that the WTO is a facilitator of trade liberalisation, how can it possibly be open to development?

In the context of regionalism, this realisation of the absence of development is disturbing, because it betrays the whims of another new crusader--the European Union, and its strategy as one predicated on the exploitation of its so--called partners. This claim is not without reason. A long time before the negotiations of September 2002 to bring the ACP countries into the WTO--compatibility mode began, the European Union argued that the Economic Partnership Agreements were necessary to ensure that its partners integrate into the global economy. Furthermore, the ACP countries were promised that by entering negotiations on EPAs, this would help foster poverty--eradication. However, given that the WTO has no explicit mandate for development, or poverty--eradication, it looks like the ACP countries have been served a cold dish of lip--service.

1.2 The European Union--The Hand That Rocks the Cradle?

"*Better to have a handful of might than a sack of justice.*"

--Czech Proverb

William Rose Wallace once wrote, "the hand that rocks the cradle is the hand that rules the world." This allegory could befit the European Union in its relationship with the 77 countries of Africa, the Caribbean, and the Pacific: since 1975, the so--called Lome Accords have come to symbolise the EU's co--operation with the ACP Group. So long has the agreement been in existence that it has lent the British and the French, whose former colonies mostly comprise the group, leverage that can be considered unique in the context of North--South relations.

It is unique because no other two European countries enjoy the priviledge of being actively involved with what is potentially a huge market than those two countries, whose dependants are littered all over the continent in what is fast emerging to be regional groupings. This makes it important for the members of the European Union, as a whole, to benefit from this relationship so that they can collectively offset their rival in trade--the United States. If this makes it seem like it is a competition, it is with good grounds. The speed with which the European Union is pursuing the so--called Economic Partnership Agreements, especially when modalities (footnote: Shefali Sharmla's article--TOR) have yet to be fully--fleshed out in the run--up to the Fifth Ministerial Conference to be held in Cancun, is disturbing.

Consequently, what is emerging is a European Union--essentially "the world's largest trading bloc"--that is fast transforming itself into a powerful economic actor in international trade. According to Bretherton and Volger, "the EU has begun to acquire actor--like characteristics in global monetary politics even if the approach continues to be intergovernmental." This is a significant point, for the arrival of the Euro in January 2002 into a political and economic reality has lent Europe not only the prestige of a power broker, but also given it considerable economic clout with regard to its relations vis--a--vis its ACP partners. Especially so now because it has put the European Union on somewhat of a pedestal within observers of regional integration, who would feel compelled to view this dynamic as a model to be emulated.

Members of the ACP may see themselves as *de facto* partners of the Europeans, but it goes without saying that the ACP countries are weak, with most of them falling under the category of the so--called LDCs—. However, their dependence on what was the European Economic Community up until 1992 when it became a truly homogenous European "Union", is noteworthy. It is arguable that this cooperation--tenuous as it may be–has enabled the EU to be represented *en bloc* at international gatherings, such as the United Nations. It would be understandable if the United States viewed this allegiance with a bit of a green eye.'

More substantially, the EU--US trade war that eventuated in 1999 can be seen as an epitome of the level of frustration by the US vis--à--vis the EU, which is an “actor” in its own right. This contention is not predicated merely on an assumption; the statistics of the EU's growing power is undeniable: “the Community itself maintains 127 overseas delegations and in return 164 states have established permanent diplomatic Missions to the Community/Union.”

Whilst maintaining many delegations overseas may not necessarily reflect the strength of the EU as an actor, it is an explicit indication of its aspirations. Implicit in the use of the word “actor” with regard to the EU, is somewhat of a realization that the European Union has acquired a Realist character. This means that in the context of international relations the EU can be perceived to be an actor in its own right--acknowledged as such by Bretherton & Volger--seeking to maximise its (own) interests in the face of a contemporary economic system that is becoming increasingly polarised into different blocs."' They contend that out of a “three-bloc configuration”, the “third most coherent and equally expansionist point is represented by the EU.”

It goes without saying, therefore, that as much as the European Union may purport to, say, promote and foster regional integration in developing countries, such proclamations of support are only constructive if they can be employed as strategies to offset any potential efforts by their transatlantic cousins in the United States who may feel compelled, in turn, to engage with developing countries. Ultimately, this cloak--and--dagger behaviour transcends the idea of the EU as a power in the global economy, and transforms EU--US relations within the global economy into a game about power politics. Bretherton and Volger lend credence to this idea when they argue that: “there is…a wider political view in which the European Union as an actor has consciously arranged its trade preferences according to a set of political and strategic rather than simply economic purposes.” As I will argue, this political and strategic purpose is only meaningful once the United States comes into the bigger scheme of things.

1.2 The United States--Predatory Crusader?

“*Today…the United States is approaching a folly…It is helping to bring about what it cannot want: the hardening of world politics into three regional blocs–in Europe, East Asia, and the Americas–each organised around a powerful industrial and economic base, and each liable to be suspicious of the others*”–Bernard K Gordon, p.3

As the final actor in the line of New Crusaders, the United States is, arguably, the “greatest exponent of a modern and amoral realpolitik". In 2001, it refused to ratify Kyoto Protocol on the grounds that it would hurt business; it has failed to ratify the International Criminal Court; and in last trade talks in Doha, it obtained a notorious reputation for bully--boy tactics

, which comprised calling up members of developing countries to warn them that if they took particular stances on the negotiations, they would forfeit any aid that would come their way. To boot, it is the worst in providing development assistance, providing, according to UNCTAD's statistics, only 0.1% of ODA..

Far from belabouring the point of the United States as a so-called Bad Kid on the Trade Block, I believe it is important to position it in the context of serious and critical negotiations that it tends to dismiss as cosmetic when, in reality, its arrogance, and lip--service is so evidently seen by all. These negotiations include, *a priori*, the most crucial of all--the upcoming Fifth Ministerial WTO Conference in Cancun, Mexico, where the US is to wrangle with the EU over the issue of agriculture. At the time of writing, a mini-ministerial held in Tokyo, which comprised 22 WTO members, failed to agree over access to medicines for developing countries, and agriculture. This means that the next few months are going to be even more problematic for smaller countries that will necessarily have to concede to certain modalities in order to win favour of aid from the US.

More significantly, what makes the US such an avid crusader is its unique strategy predicated on what I would call alliances. On the face of it, it is arguable that alliances, *ipso facto,* mean little. Some would even go as far as argue that alliances in such a context are not only inevitable, but also necessary. However, with the US, it is worth scratching beyond the surface. In an effort to break up possible coalitions, it has consistently created free-trade areas in South East Asia and the Americas in order to dovetail the regional projects within that region. For example, it has recently signed a free-trade agreement with Chile, which happens to be an associate member of the MERCOSUR grouping. This is significant as it testifies to the US's crusade to disturb, by any means necessary, any possible coalitions of the willing --especially that of MERCOSUR which Brazil's President-elect Lula da Silva has pledged to protect-- that could upset its plans for the so--called Free-trade Area of the Americas (FTAA) that has been scheduled for 2005.

Dot Keet, Senior Researcher at the School of Government, University of the Western Cape is quick, however, to point to the US's plans as predicated on the desire to maximise opportunities for its multinational corporations. This argument does not sit awry with other commentators, such as Marianne H Marchand, who argues in her essay, entitled "*North American Regionalisms and Regionalization in the 1990s*.", that out of the three major explanations "for the sudden interest among the region's political and economic elites in constructing a regional free-trade bloc.", is one explanation that "focuses primarily on the perceived threat from the EU and East Asia.".

Perceived though the threat of the EU and Asia may be to the US, it does lend credence to the idea that the US is unsettled by the shifts in regional politicking, prompting speculation that there may be a few more raised eyebrows in the current Bush administration than currently expected. If there is serious concern, then it is plausible that most likely, it is over the future of US multinationals, and the extent to which they can penetrate markets.

Marchand maintains that on the one hand, "American companies were increasingly wary of competition from European, Japanese and South Korean companies."; on the other, "the relaunching of the EU's integration process from 1985 on was seen as the creation of a 'Fortress Europe' by the US administration and the business community." She concludes ominously that "in response, American economic and political elites started to search for an appropriate answer". It is arguable that this answer was most probably NAFTA.

Keet corroborates this point when she argues that NAFTA was actually created as a need for the US to "influence and engage with the global economy.".However, Keet contends that the decision for NAFTA was taken way back at the start of the Uruguay round, which culminated in the formation of the World Trade Organisation in 1995. Even at that time, she maintains, "the US was actively securing its free-trade area with Canada and planning the extension and consolidation of its regional base into the Americas, starting with Mexico." Echoing Marchand's aforementioned analysis, she opines that "NAFTA is still proving to be a useful , and support, to the US national economy", because "it provides a larger, intermediate, regional base from which US TNCs can engage with the global economy."

This so-called engagement with the global economy is significant, because if it says nothing, it is an indication of the extent to which the multinational has become somewhat of a vestigial appendix at the core of the American mindset. Already, it is becoming common knowledge that a substantial amount of world trade is handled by TNCs. According to Noreena Hertz who provides us with more statistics, these corporations "fed to bursting by global *laissez-faire* capitalism, are now as big as nation states." This enables them to invest all over the globe, and what better way to gain financial hegemony than to ensure that these multinationals become the greatest exponents, and facilitators of US trade policy.

What this indicates is that US trade policy is less strategic, but more predatory. After all, as much as TNCs may represent the quintessential purveyors of Foreign Direct Investment (FDI), their atavistic propensity for profit at the expense of human development has been the basis upon which many an NGO has tried to bring pressure to bear on them to regulate.

However, given the arduous efforts of civil society to regulate these transnational companies, and their equally woeful attempts to restrain the power of TNCs, these corporations have become significantly powerful. Consequently, it has become very difficult to make them accountable due to their many overseas subsidiaries. For example, many TNCs are chartered in nations, principalities or provincial--level states, as in the United States, which compete to offer TNCs the most lax charters with the fewest requirements for auditing. It is easy to see how such difficult--to--regulate, and amorphous organisations would be placed in good stead to exploit the vacuum that nature abhors.

This vacuum would be filled, *par excellence*, by a free-trade area, as exemplified by the formation of NAFTA, comprising Canada, USA, and Mexico. As Bill Rosenberg notes, since the emphasis of the early 80s and 90s "was to…free-trade from government--imposed regulation", the WTO was established, and the EU increasing its membership, removed further trade and investment barriers. Rosenberg also points to the fact that it was at this same time that, rather auspiciously for the US, NAFTA was created. It is plausible to suggest that the creation of this free-trade area in 1994 was perhaps the start of something not so much big as characteristically predatory. The United States had begun to transform its neoliberal paradigm into a reality that could not be ignored by any bloc ---- least of all, the European Union.

For a putative hegemon such as the United States, competing with the European Union could not be more important. The EU is indisputably an actor in its own right, and has tremendous clout, especially because of its association with the ACP countries. This alone is sufficient to irk the US, and trigger it to seek new alliances that are strategic, and that aim to obviate the power of the EU. Whether or not such new alliances are predatory is a moot point. However, it clearly demonstrates the growing tensions between that which rocks the cradle of the economy of most African countries, and that which seeks favour, above all else, for its multinationals that are, by nature, averse to development.

1.4 Conclusion

In the final analysis, it is arguable that emerging from the impending new dawn are the vestiges of a clique of New Crusaders that are both expansionist and powerful. The WTO, like the EU and the US, are both expanding their influence beyond their prescriptions of development. The WTO continues to enter the domain of public services by way of the General Agreement on Trade & Services–
, with the complicity of these two powerful actors.

More significantly, the EU and the US, like latter-day marauders, are no longer content to expand their influence within their respective regions alone; rather they are expanding beyond their borders, with the EU targeting 77 developing countries, through the Cotonou Agreement; whilst the US looks to Asia and APEC as a conduit by which to strengthen its hand within the region. Unlike the crusaders of yore, these new condottières do not brandish swords ready to kill any dissenting infidels. Theirs, as I shall argue, is a subtler strategy.

Such are the designs of the New Crusaders, but what of their religion?

Chapter 2 Lifting the Veil: The New Religion

"*That's me in the corner; that's me in the spotlight losing my religion–trying to keep my eye on you, but I don't know if I can do it*"–REM

2.1 Free trade

The European Union and the United States have become the silent and self-proclaimed purveyors of "development". More often than not, however, their interests take precedence over those of the developing world. Furthermore, although these two actors may not be acting in concert, they remain united in adopting a two-pronged strategy. One in which the actors – the European Union and the United States employ neo-realist tactics to prescribe a comprehensively neo-liberal agenda that is premised not only on free-trade, but global trade liberalisation. This is a classic two--pronged approach that would be difficult for the developing world to reject. In this section, I will concentrate on the first prong–free trade.

If there is one thing that even economists will agree on, it is that free trade is far from free. In order to understand the dynamics of this ambiguous term, we need to look briefly to history. History tells us that there were three dominant models in international trade, namely, mercantilism, liberalism, and structuralism Under mercantilism, (16th through 18th centuries) European states "aggressively sought to generate trade surpluses as a source of wealth for the state." This resulted in the mercantilists seeing trade as "one among many instruments the state tries to use to enhance its wealth and thus add to its power and prestige in relation to the power and prestige of other states." Believing that such state intervention was abusive was the necessary basis for two protagonists who were to change the philosophy of trade relations forever----Adam Smith & David Ricardo.

These two would propose what Balaam & Veseth describe as "a distinctly liberal theory of trade that dominated British policy for over a hundred years." This theory would be based on so--called comparative advantage′
′, which supposedly "increased efficiency and made everyone better off.". To Ricardo and Smith, the world was nothing more than a global workshop, where everyone benefited, and was guided by the "invisible hand" of the market. Thus a new definition, indeed a new economic doctrine, was born----free-trade.

What free-trade actually meant to Smith was that countries ought to be free to produce and export goods and, at the same time, be free to import the goods they desired or could afford, without state interference.' Consequently, Smith would also advocate *laissez-faire* role for the state in the economy. To this end, efficiency and commerce would be the order of the day, fostering a climate where these two parameters would replace war and conflict as the natural order of the international political economy.

Ironically, this *laissez-faire* philosophy has exacerbated problems, such as evidenced by those in the Third World causing more development-averse economies, which have been doled prescription upon prescription of trade liberalisation and free-trade--as dictated by international financial institutions like the IMF and World Bank. Financial Times journalist Martin Wolf lends credence to this line of argument when he writes how "in the 1980s and 1990s developing countries were cajoled--some might even say coerced--into embracing the market system. The World Bank and the International Monetary Fund demanded trade liberalisation as the price of loans that were essential for countries burdened with a heavy load of unpayable debt.—"

With the birth of UNCTAD, developing countries were supposed to get a better deal. However, what the literature has suggested, and the reality has proved, is that the West has for over two decades been pushing developing countries in adopting policies that would run counter to development. In fact, since the 1970s, "scores of developing country governments have had their authority and capacity undermined by structural adjustment policy frameworks that advocate diminished social security and state sector functioning concomitant with the drive for economic openness." This so--called economic openness translates into a liberalisation of developing country markets, as well as an embrace of free-trade.

Yet, even when we look at the principal tenet of free-trade -- comparative advantage – we see that it is flawed, as is explained thus: "the ivory tower theory ignores the reality of the differences in power between traders and producers as well as those between nations. The nature of comparative advantage for a country may alter completely if it has the power and resources to gain such advantage."' However, once again, the literature has indicated that developing countries, due to insufficient infrastructure, are unable to compete on the world market. They consequently become consigned to "continuing in their relatively powerless role as low-cost producers of primary goods for Western consumption.

" Although this is a charge that has often been rained down on the World Bank and IMF, it is worth noting that neither the EU nor the US goes unscathed.

On March 14, 2002, a few days before the first--ever UN Conference on Financing for Development, the White House released a press statement indicating that it would be willing to disburse five billion dollars over the next three budget years as part of a so--called "new compact". Not surprisingly, one of the conditions for this was "more open markets, sustainable budget policies, and strong support for development..." Ironically, the statement failed to see the absurdity inherent in the fact that "The United States is spending $1 billion per month for the war on terrorism."; whereas, it has contributed $976 million to international peacekeeping in 2001".

Whilst this clash of rhetoric with reality is not new, what is most disturbing is the fact that free-trade has been billed as the panacea for development. As Devinder Sharma writes: "the First World…relentlessly and zealously promote[s] 'free trade' as the vehicle for economic growth and development. http://allafrica.com/stories/200207010150.html

Some commentators, such as Theodore H Moran, argue that "the predominance of the evidence suggests that the internationalisation of economic activity has had a positive impact on individual nations, on relationships between nations, and on the international system as a whole." Frankly, such sweeping pronouncements, without concrete evidence, do little to convince sceptics that liberalisation of markets in developing countries is beneficial. Instead, it lends more weight to the argument that the key actors, outlined above, such as the US, have stacked the cards firmly high up against the poor.

Sharma elaborates his line of argument, arguing that "the don of free-trade -- who paces up and down the globe, hand in glove with the corporate executives -- has little or no faith in honesty and integrity", because double standards is its game. The situation has now become so execrable that "whether it is intellectual property rights, the reduction in agricultural subsidies, the trade in agriculture and services, the sanitary and phyto--sanitary measures, or for that matter the question of foreign direct investments, rules and regulations have been so framed that the benefit only percolates to the rich and developed countries."

Ultimately, if the poor nations violate these rules to protect their sovereignty and food security, they are threatened with trade sanctions and economic isolation. Naomi Klein buttresses this argument when she writes in her response to Belgian Premier's Open Letter on Globalisation that "vulnerability to abstract economic theory has become the great class divider."" She maintains that "the rich and powerful countries can pick and choose when to follow the rules but the poor are told that economic orthodoxies must govern every move, that they must throw themselves at the mercy of a free market ideology that even its architects disregard when it's not convenient."

What Naomi Klein is arguing here is that the neoliberal agenda has taken centre--stage. Poor countries, unable to compete on the market, are forced to incorporate this orthodoxy into their system an ideology that has proved erroneous, and indeed inimical, to development. Development has obtained a skewed definition for the New Crusaders, whose perception of sound development-oriented policies is predicated on a strange fundamentalism akin to the crusaders of yore. As Henry C.K. Liu, an investment banker based in New York writes, "Neoliberal values, namely capitalistic democracy and market--fundamentalism, become the new smiling mask for economic exploitation not different from the white man's burden of 19th--century Eurocentrism.'http://www.icda.be/trademarkets.htm

Today, we see that, thanks to the proliferation of NGOs seeking to exert pressure on the EU and the US to effectuate reform, the veil is lifting from that new smiling mask, to which C.K.Liu refers. However, there is nothing risible about the excesses of trade liberalisation that has left the poor desperately poor. Instead, what we see it a Herculean task that awaits both developing countries and civil society to ensure that the next prong, having always operated in concert with free-trade, is not only tackled but, first and foremost, understood.

2.2 Global Trade Liberalisation

The theory behind trade liberalisation may seem self--explanatory. In reality, it is rather complicated. It involves a concatenation of measures that look like they are designed to obviate the power of developing countries in favour of the West–in this case, the European Union, and the United States.

Trade liberalisation, touted by these core actors as the alternative for resolving the serious imbalances in the so--called global economy that prevents developing countries from becoming fully integrated, is essentially about developing countries opening their economies to the hand of the market. It is a new form of fundamentalism that the New Crusaders, along with the West, have steadfastly adopted, and which they expect, and sometimes even demand, that poorer countries live up to.

According to the New Zealand--based Trade Liberalisation Network, trade liberalisation involves the process by which countries decide to reduce or “remove existing barriers to trade in goods and services and investment.”http://www.tln.co.nz/Special--public.asp?PageID=7 It maintains that trade liberalisation is also about establishing “rules for the conduct of international business. This can occur either multilaterally (via the WTO), on a regional basis (via APEC, for example), or bilaterally (via agreements with individual trading partners, such as the C[loser] E[conomic] R[elations Act])

According to Nguyuru H.I.Lipumba, it was the academic Polyani who argued “markets are sustainable only in far as they are embedded in social and political institutions.” Lipumba maintains that it is a myth “to think that a country can attain prosperity by simply opening its markets.” This, therefore, begs the question of why the international financial institutions (IFIs), like the World Bank and the International Monetary Fund are so obdurate in their prescriptions I use the word prescriptions in the sense that, like medication to be administered, developing countries, on condition for aid, are spoon-fed what award--winning investigative journalist Greg Palast has called the *IMF's Four Steps to Damnation*

If ever there were greater exponents of trade liberalisation, it would have to be the IFIs--most notorious–the World Bank and the International Monetary Fund. While the World Bank is quick to admit that “reducing tariffs and other trade barriers will not automatically lead to higher growth”, it is equally quick to point out that “most analyses suggest that unilateral reduction in barriers can produce the greatest and quickest gains.” It lists Chile, China, and Costa Rica as three countries that have successfully lived up to this prescription. However, the United Nations Development Programme, in a comprehensive report on trade published early 2003, begs to differ.

The report argues “a close study of the empirical literature finds no compelling evidence that trade liberalization is systematically associated with higher growth.” Whereas the World Bank report maintains that developing countries have to improve their economy, which would inevitably involve lowering trade barriers, so as to integrate into the world trading system —, the UNDP report contends that “deeper integration with the global economy can make developing countries more vulnerable to external shocks.” The report is hard--hitting: “in many developing countries, trade liberalization has resulted in deteriorating terms of trade–and in some even immiserizing growth, where increased export production is not absorbed in world markets, causing severe damage to terms of trade and a loss in real income. In many developing countries trade liberalization has also increased volatility, threatening the security of livelihoods and incomes.”—'–"

In a report launched by OXFAM last year, the non-governmental development organisation referred to, and castigated, the same fundamentalism of the IFIs: “the IMF, the

World Bank , and most Northern governments are strong advocates of trade liberalisation. In the case of the IMF and the World Bank, advocacy has been backed by loan conditions which require countries to reduce their trade barriers." The report continues that "partly as a result of these loan conditions, poor countries have been opening up their economies much more rapidly than rich countries."

One example of this forced openness lies with Mexico under NAFTA, where, as the poorest member of the three comprising Canada, the US, and Mexico, she has been forced to liberalise her agriculture. According to Wenche Hauge, when Mexico first joined NAFTA, it was compelled to undertake an economic reform program, which has comprised "opening of markets by shutting down marketing boards and parastatal purchasing arrangements." This was compounded by the fact that earlier in 1989, there was a 50 percent fall in coffee prices, triggering a cycle of debt and poverty. Unable to repay their loans because of a fall in coffee prices and income, Mexicans became ineligible for new loans. Consequently, thousands of small growers in Chiapas, the largest grain and coffee producing state, abandoned protection between 1989-93 so, come 1994, Mexicans were unable to gain anything lucrative from market access, because there simply was nothing for them. This was primarily because coffee was exempt from tariffs prior to NAFTA; and so, by joining NAFTA, Mexico had to promise not to participate in the International Coffee Agreement where producers negotiate prices.

This is but one of many examples reflecting how averse liberalisation is to a poor economy. If this says nothing, it is indicative of the type of behaviour that is typical of the plight of many a developing country. For many developing countries, for example, agriculture remains the mainstay of the economy. If their economy were to be liberalised, they would be consigned to exporting to a market that is highly competitive, and protectionist. However, due to a policy of double standards, the West gets off scot-free with protecting its market whilst advocating de--regulation, and openness of its poorer counterparts in the South, and the rest of the developing world.

2.3 Conclusion

In the final analysis, few would deny the potential benefits of an open market premised on free trade, with a degree of trade liberalisation. Both are, potentially, significant components in the fight against poverty. Even the UNDP report maintains "trade can enlarge people's choices by expanding markets for goods and services and by providing stable incomes for households. In addition, increased employment leads to higher incomes that, if spent on health and education, enhance people's capabilities." These carefully-chosen words by the writers of the report suggest that trade, without channelling its benefits to health and education, will not adequately foster development. This is an important point to heed even when considering the theoretical implications of trade for a country's economy.

Liberals, by nature, believe in the good of man. Neo-liberals take this step further by professing that the use of institutions not only brings out our co-operative side, but enables us to avoid conflict or anarchy–the fundament of the Realists'cosmology. This is the reason why, perhaps, neo-liberals, in essence, believe the WTO to be good, because the principles that constitute the bedrock of its work–free trade and global trade liberalisation–can only be beneficial, and not anathema to development. For this to happen, a certain measure of openness is needed.

However, openness requires, and demands, capacity. This is woefully lacking in most developing countries. The reality is that "in many developing countries, large parts of the population do not participate in the formal economy and markets. Without mechanisms to distribute the gains from trade, poor and vulnerable people are unlikely to benefit. Ownership patterns will be reinforced, leaving few opportunities for widespread gains."

As a consequence, what is fast emerging is a world in which IFIs, in collaboration with the New Crusaders, obtain more leverage than is accorded them by member states of the respective organisations. This begs the question of whether there is no alternative. Is trade liberalisation somewhat a pro-development alternative? The West has, for too long, consigned developing countries onto the periphery where transactions with the core become hugely problematic. In this respect, I believe that salvation for the Third World is in the offing–and this can come by way of regional organisations.

Chapter 3 Unity is Strength

3.1 The Politics of ASEAN: From Old and Open Regionalism...

In the last chapter, I used the word "salvation" in reference to the developing world as if to suggest that the developing countries are suffering. Whilst this contention is firmly rooted within the core of my thesis, it appears to sit awry to the views of some ministers in an increasingly progressive region like that of the ten--member ASEAN.

As recently as March 2003, Minister of State for ASEAN-member Singapore, Raymond Lim, in a speech at the International Symposium , argued how Singapore's love affair with free-trade areas (FTAs) was going apace: "Singapore has…always played an active role at encouraging greater liberalisation in the global trading system and strengthening the multilateral framework." On the decision for Singapore to aggressively pursue FTAs, he stated that Singapore saw the pursuit of "bilateral arrangements as parallel and complementary to the multilateral system." He opined "FTAs liberalise our markets and those of our partners. FTAs also allow us to be more adventurous in liberalising, and the results are, to some degree, translated into the multilateral plane. Lim argues that the reason why it is important is that it serves to preface the smooth entry of the country by preparing it for liberalisation at the WTO.

In all honesty, although Singapore is a member of ASEAN, its philosophy of these FTAs does not sit askance with either observers of regional trends, such as the OECDhttp://www.olis.oecd.org/olis/2002doc.nsf/43bb6130e5e86e5fc12569fa005d004c/db1bbc3ddbadceeec1256c770042bc1b/$FILE/JT00135547.DOC—http://www.taipeitimes.com/News/worldbiz/archives/2002/12/11/186794, or even the ASEAN region itself. This may sound strange, for bilateral deals by one member of a country within a region with countries outside a region would, in theory, cause a problematic within the dynamics of intra--regional trade. In ASEAN, however, the policy is very different from that of other well-known regionalisms. It is for this reason why it is to ASEAN's history that we must now turn.

ASEAN regionalism is not like most Third World regionalisms—. This means that whereas most regional projects in the developing world have concentrated on the traditional *raison d'être* of pooling resources in order to maximise their economic potential in a so--called globalising economy, ASEAN's has been predicated on pooling resources to maximise peace and security.

Professor Ali Bayar lends credence to this idea when he writes of how "the main objective of the regional arrangement was not that of a traditional RIA: rather than promote economic integration or even cooperation, it was to strengthen social and political stability and peace in the region." This has not meant an isolation of ASEAN from the rest of the world, but it has forced it into a dynamic that has been going since its inception in 1967. This date is important, because it not only exposes ASEAN as one of the oldest regional projects that was set up at the height of the Vietnam conflict, but an organisation that has weathered many storms, and come out on top. That the members have increased to ten since that time is an indication of its forward--looking policies.

Ramiro Pizarro maintains that the Asia-Pacific region has "appeared to be overwhelmingly concerned with security issues, strongly divided by world ideologies and as a territory where superpowers exerted their antagonism." This assumption would not be without reason for Cold War politics were seriously at play at around this time and it is safe to assume that the creation of the ASEAN project must have met with serious and stiff opposition from a United States that was ensconced within that region during this time. That the United States had been instrumental in writing the constitution for Japan is sufficient indication of the type of leverage it had within the region. To boot, the Korean War that had ended fourteen years earlier had not escaped the minds of members of the Kennedy and Johnson administrations respectively, for they were very well aware of the communist threat, and the need to enforce containment by any means necessary must have been of primordial importance to them.

Pizarro argues, "the influence of the Cold War characteristically aligned the belligerent parts into countries that still had a weak and developing state because their sovereignty had only just been conquered, after centuries of colonialism." Perhaps nowhere was this more evident than in the three countries–for a long time now, members of ASEAN–of Malaysia, Philippines, and Indonesia, where they were "afflicted by incipient communist insurgency."

Presumably, the USA must have seen ASEAN as a necessary bulwark against the much--maligned communist threat–even if, as the literature suggests, there was not much faith in it succeeding. Yet, in terms of regional cooperation in the post-Second World War history of South-east Asia, though ASEAN is considered, according to Öjendal, "by far the most important project–but it is also far from being the only one", it exceeded "from its birth in 1967, the early expectations of the organisation; at first it was typically regarded as just the latest in the series of failed organisations in Southeast Asia." Öjendal maintains that the reason for ASEAN's birth was "to stabilize the participating countries' internal and external environments."

The original five states, in their own right, were countries with different levels of development. Some would say that they were unstable, but definitely required "regional support to be able to channel their energy towards nation-state building rather than external and internal conflicts." Their vision of ASEAN was led by three over-arching objectives", which, arguably, helped shape their political vision, thus eliciting reactions like those cited in Öjendal's article that "ASEAN came into being not in spite of internal conflicts, but because of them." This is significant, because it throws up the question of old versus new regionalism, and open versus closed regionalism. The two are not mutually exclusive.

The debate on different types of regionalism itself is sufficient to generate interminable debates, for the definition of region itself is as elusive as ever. However, in the context of this paper, it is necessary to arrive at a kind of definition that fits under ASEAN. It is for this reason that I will try to clarify the distinction between "old" and "new" regionalism as the literature I consulted suggests.

According to James N Rosenau, old regionalism refers to one that was, in effect, "created on a top-down basis from the outside by the superpowers." In short, old regionalism was predicated on Cold War bi-polarity and, implicitly, was destructive because it pitched two camps firmly against each other when, as a regionalism, it would have acted as a more effective conduit by which peace and security could be fostered. Schülz and Söderbaum arrive at similar conclusions when they argue how the latter type of regionalism did, indeed, often "impose directly, or indirectly, from outside and above in accordance with bi-polar structure of Cold War and mainly in interests of superpowers."

On the other hand, "open regionalism" is something else altogether. In the context of Asia Pacific policy community, it means the "progressive liberalisation of trade within the Asia Pacific region via concerted multilateral trade liberalisation." This type of regionalism speaks for itself: it is essentially premised on the liberalisation of economies within a particular region for the purpose of development. In this respect, the Japanese have been instrumental.

In fact, it is very hard to separate Japan from the development–indeed liberalisation– of the ASEAN region. Pizarro develops this particular aspect in greater depth in his book. He maintains "the region became productively integrated by the transfer of Japan's export capacity, which helped to mitigate the effects of the financial crisis in Southeast Asia, with enormous flows of capital that strengthened its foreign trade." Japan would, in fact, very quickly develop its links with ASEAN's founding countries. Thanks both to FDI and development aid, which helped bolster the regionalization process, the region developed an infrastructure base sufficient to handle industries that were handled and financed by Japanese capital. As a consequence, it transformed the traditional role of ASEAN countries "as suppliers of raw materials for the Japanese market, and placed them on a new footing with world trade, in particular developing a manufactured goods industry whose aim was to export to US markets, and target…other developed countries."

This is significant, because it ties in with what Higgott maintains–that critical to the understanding of old regionalism "is a belief in the virtues of market--led integration." Japan, arguably, fully qualifies under this title, not because it pursued a blind, economic policy of open regionalism based on trade liberalisation. Instead, Japan's policy has been one based on carefully utilising investment and development aid, using its multinationals as a conduit to reach this objective, so that the region could become a qualitatively attractive one.

However, the role of Japan has not always been looked upon positively, prompting speculation that it has a hidden agenda. According to Joachim Ojendal, Japanese involvement in the economies of the ASEAN states has also generated resentments." These have manifested themselves as fears of Japan's aspirations in the region, which primarily have been seen as expansionist. When we look at the role of Japan in the South East Asian region, we can see why one arrives at this conclusion: Japan, according to Claes G Alvstam, comprises more than two--thirds of the total GDP of East Asia. Many people could equally see this as an indication of its role as a formidable player in that region. In fact, its astronomical size permits it to be considered as an economic region in itself, allowing it to be twice as large as the combined economic size of Africa and South America

Having said that, fears over Japan's hegemonic aspirations notwithstanding, Higgott actually ascribes the type of integration that Japan is more interested in, in addition to open regionalism, as "the themes of the Asia--Pacific cooperation movement", which he describes as "impeccable in the faith that they protest to a neo--classical theory of free-trade.

This is not to say that the ASEAN region has pursued this so--called open regionalism at the expense of its development. The critical issue for this part of the world has been more on security and co--operation than anything else. Why, for example, does one see the inclusion of Vietnam', the sworn enemy, as part of ASEAN when, for so long, they were at loggerheads with each other. The cooperation inherent within the philosophy of the governments of the ASEAN region has proved to be exemplary in the sense that the political vision of where the region is going–indeed where it can go in an increasingly globalising world–has transcended state--led motivations, such as those that have characterised that of the ECOWAS region. It has consequently placed ASEAN right at the cusp of historic change–and enabled it to serve as a model of how regions can work, without necessarily following the EU model.

The region has proved that it can do it differently from the European Union. Whether it has been able to do it thanks to open regionalism alone is a moot point. A more plausible, if not palatable, theory is that open regionalism that has found affinity with the openness associated with free-trade, in combination with the so-called New regionalism, has lent ASEAN an air of "maturity" that other regions worldwide, especially in the developing world, could certainly learn from. First, they'd need to know what dynamics are inherent in New Regionalism, and how potentially beneficial or problematic it is before fully embracing it.

3.12 …New Regionalism

There is nothing novel about new regionalism. In the same way that regionalism has become an important trend in international relations by virtue of the dynamic nature of international politics, so has the coming together of ideas within governments led to what commentators are calling the New Regionalism. If one is to come up with a definition at all, it would definitely have to include what we understand as the "old regionalism", which was a trend that started in the 1960s around decolonisation of most of the developing world. Having said that, it is clear that the progressive role of the European Union has fostered a rapid trend towards this so-called New regionalism. Its adoption of the Euro as its economic currency has been seen by many commentators as the apogee of the EU's strength not only as a region in its own right, but as a powerful actor in trade diplomacy, especially when pitted against the United States.

For Schulz and Soderbaum, the reason they believe we can talk of an age of new regionalism has more to do with the fact that regionalism has staged a comeback, than the fact that the elements constituting regionalism are different, and can therefore be considered "new". They call it a "phenomenon", which they claim is still in the making and which emerged in the mid-1980s, starting with the White Paper and the Single European Act, and which has slowly and surely blazed the trail for other potential regions. This Euro-centric view of regionalism is something that Andrew Hurrell would be quick to disagree with. In his opinion, one has to move away from believing that it is the European Union that has set the yardstick for how regionalism should work.." This is perhaps one of the reasons why the ASEAN region makes for such fascinating observation, as it is so very different, and atypical to the European experience.

Nonetheless, it does not make arriving at a definition of new regionalism any less difficult. However, Schulz and Soderbaum make an attempt. For them new regionalism "is a heterogeneous, comprehensive, multidimensional phenomenon, which involves the state, market and society actors and covers economic, cultural, political, security and environmental aspects." What we see from this definition, once again, is a holistic and comprehensive list that takes into account both the state and the market, thus prompting speculation that this so--called new regionalism is not only limited to specific state--led policies, as economic regionalism is defined by Andrew Hurrell, but a whole gamut of factors that affect people the whole world over. For example, few would have taken into account in times of the old regionalism the need to include the environment. Today, things are so very different, as the role of the environment plays a significant role in sustainable development; and consequently, development, which means it affects everyone.

Small wonder, then, that the aforementioned authors point to the fact that "the new regionalism is taking place in more areas of the world than ever before." They maintain that apart from it reflecting the deeper interdependence of today's global political economy, "the new regionalism…cannot be understood merely from a point of view of the single region in question, but only in a global perspective."

According to Pizarro, defining new regionalism is unquestionable: "the new regionalism clearly differentiates itself from the previous schemes because it is defined as "open regionalism" since it proclaims consistency with GATT [now, the WTO] norms." He maintains that this new type of regionalism is "associated with a process of "deep integration" because it transcends free-trade issues by promoting wide economic liberalization projects, which include other areas of the international economic area." It is for this reason that it is paramount to look at ASEAN within the context of this new regionalism as, arguably, ASEAN's particularly unique paradigm of regionalism necessitates further scrutiny.

Far from belabouring the point that ASEAN regionalism is "different" from other developing country regionalisms—, it is also important to place ASEAN in the context of international relations as a whole. We have already ascertained that ASEAN does things differently from other regionalisms. We have also touched on the external influences on ASEAN, such as Japan. These are important, because when compared with a regionalism like that of ECOWAS, where any external influences come from the European Union by virtue of the Cotonou Agreement, we can see that ASEAN is a lot better off I use that term specifically and consciously because, in my opinion, it is clear that regionalism in South East Asia, as practised by ASEAN, is independent of much Western influence. Though it is true that the United States plays an instrumental role, by way of APEC, in that region, it can in no way be compared to the very significant role of the EU in the West African region. In this regard, it is necessary to step back and look at ASEAN regionalism from a bigger perspective.

From the perspective of international relations, ASEAN is an important actor on the world stage, not just because it is a potentially lucrative region that equally attracts foreign investment by multinationals, but the fact that it is very closely related to both China and India, which are two very populous countries, with themselves huge potential for investment. China's entry into the World Trade Organisation in December 2001, shortly after the Fourth WTO Ministerial Conference in Doha, must have come as a huge opportunity for the business community to exploit–least of all the American business one, which must have seen China's entry not only as a way of ensuring that China comply with the rules--based WTO, thus enabling multinational companies to obtain a stake in the world trade pie, but also a great opportunity for the United States to consolidate its footing within that region.

If we look at the number of free-trade agreements that the US has already signed with countries both within and without the ASEAN countries, it is clear that all eyes are on ASEAN, and by one way or another, the US will not let it out of its sights, especially with most of the EU's attention focussed on the 77--member ACP Group. Now is the time, more than ever, for the US to think of being as abrasive and aggressive as possible in ensconcing its position within ASEAN – and, no better vehicle exists to do this as APEC. I will clarify APEC's role further, and try to explain how elements of it are fast transforming APEC into nothing more than a neo--liberal project, in Chapter 4.

Now, it is to Africa we turn where, as we shall see, regionalism that comes under ECOWAS is significantly of a different ilk. It is not to indicate that it is either better or worse, but merely that it has developed the way it has by dint of its own regional consciousness that, far from stating the obvious, sits very much askance with that of South East Asia.

3.2 The Politics of ECOWAS: From Old and Open Regionalism.

Unlike ASEAN, ECOWAS is a region with as distinct a number of countries as that of the European Union. To boot, ECOWAS includes what some might call a *de facto* hegemon, Nigeria. I mention Nigeria now because it is difficult to talk about the ECOWAS region without mentioning this oil--rich country that remains one of the most populous countries on the continent. Indeed, according to Fredrik Söderbaum, “the role of Nigeria can neither be ignored nor underplayed.” Given its astronomical size, it inevitably “dwarfs every other country in the region in demographic size.” What's more, Nigeria's key role in the security of the region is significant.

In 1990, the world awoke to the idea that Africa could, after all, do things for itself. This independence was attributed to the formation of ECOWAS' peacekeeping force, ECOMOG, or ECOWAS Monitoring Group, that was dispatched to resolve the crisis in Liberia– http://www.iss.co.za/Pubs/ASR/10.2/vannieuwkerk.html. Soderbaum maintains that “for a long time, the ECOMOG mission was unsuccessful, but after several years of turbulence, of peace agreements made and broken by most of the warlords, and of failed attempts at dismantling the rebels, the conflict finally ended in 1997 when Charles Taylor was elected President in relatively free and “fair” elections.”

Criticism of the conflict in Liberia notwithstanding, it is crystal-clear that ECOWAS has revolutionised the West African region to such an extent that it is now very difficult to talk about the region without either associating it with Nigeria, ECOWAS, or ECOMOG. David J Francis, of the University of Bradford, puts it another way: “if Hettne and Söderbaum's definition of “regionness” is anything to go by, the expansion into concrete political and security domains is a manifest transformation of the ECOWAS Community from a passive object of international politics, to a subject with capacity to articulate its interests.” In other words, ECOWAS regionalism has made a mark for itself, so much so that, as Francis contends, "these processes have led to the evolution of a regional identity, for example, ECOMOG is synonymous with West Africa and collective security."

If, with ECOWAS there remains what some may consider an unusual preoccupation with security, this would definitely not sit awry in the face of ASEAN regionalism. After all the latter regionalism was conceived of on a very similar premise. Having said that, it is important to place ECOWAS regionalism in the context of international relations, and once we do that, we can see that security rightly remains fundamental to its regionalism. Francis maintains "the expansion of ECOWAS into the security domain reflects the challenges of the new regionalism--globalisation nexus."

Simply put, it is the members of the Community realising that they are unable to address national and regional problems unilaterally; therefore, deciding to handle them "through constructive and sustained pooling of sovereignty at regional level." Francis contends that this is in no way a departure from its original mandate, because "the political and security responses of ECOWAS are in fulfilment of its formative origin." For Francis, he sees that at the heart of the regionalism that is ECOWAS "lies the desire to establish the conditions for peace and avoidance of war, i.e. how regional co--operation can sustain peace, security and development." Soderbaum is less optimistic, calling ECOWAS regionalism an "intriguing and turbulent regionalization dynamic in West Africa in the field of security."

Turbulent though the regionalising process in this region may be, there is no denying that there will be differences of opinion as to the potential success of ECOWAS in the face of rapid globalisation that places more emphasis on international trade, investment and inclusion of the private sector. An observer could be forgiven for thinking that considering the dire and grim prospect of gaining grounds in international trade negotiations and discussions, such as the ACP--EU negotiations, all would be lost. Such an assumption would be short--sighted and erroneous, for it would be dismissing the huge grounds that ECOWAS has gained since it was established in 1975.

The Economic Community of West African States, or ECOWAS, was established by the Treaty of Lagos a good eight years after ASEAN came into existence, on May 28 1975. Its mandate has long been an economic one, with its primary emphasis on the eventual elimination of all tariffs and barriers between the fifteen members, "the establishment of a customs union, unified fiscal policy and coordinated regional policies in the transport, communication, energy and other infrastructural facilities." It was mandated by the treaty to fulfil eight objectives. Of these, the most significant has been the free movement of people.

Nonetheless, it is clear to people like van Nieuwkerk that "the impetus behind the creation of

ECOWAS was the desire to develop an economic cooperation and integration scheme among its 16 West African members."He maintains that discussions began in 1973, which led to the signing in May 1975 in Lagos. However, in order to obtain a better insight into its objective, it is to article 2 of the ECOWAS Treaty that we turn, which it states that the Community aims: "to promote co--operation and development in all fields of economic activity and in social and cultural matters for the purpose of raising the standard of living for its peoples."

On first reading, the impression that one may obtain is that although this article is holistic, it is ambitious. However, it would be a serious understatement to maintain that its ideas have been far from unimaginative. From its controversial setting up of ECOMOG to its aspirations of a regional currency, like SADC, ECOWAS has indeed, blazed the trail for regionalism in Africa.

Usually, to think of Africa is to think of a continent ravaged by famine, war and conflict. The image portrayed by the Western media of this continent is hardly anything but this picture. When there is mention of Africa, South Africa is usually taken as a yardstick for the whole continent. Sometimes, however, a picture does not necessarily paint a thousand words, and when it comes to regionalism in Africa, ECOWAS is an illustration of how Africa can do things for itself without assistance of the West.

According to Dr.Yassin El--Ayouty', out of the five so--called regional economic communities (RECS) that fall under the framework of what was the OAU [now African Union] and its African Economic Community, "SADC and ECOWAS are the trailblazers." The UN's publication *Africa Recovery* again put ECOWAS as one of the frontrunners in the many regional organisations that exist in Africa.http://www.un.org/ecosocdev/geninfo/afrec/vol16no2/162reg1.htm
This is not to belabour the point of ECOWAS, but it is to buttress my point of why it has been necessary for me in this section to highlight a regional organisation that will be engaging in heavy negotiations with the European Union over the so--called Regional Economic Partnership Agreements (REPAs) within the next coming months. Considering that most of the countries within that region are Least Developed Countries (LDCs), as well as the fact that the Cotonou Agreement itself was signed in an ECOWAS country, it is unprecedented in terms of significance.

Especially more so, because the external forces impinging on ECOWAS to collaborate with the EU in these REPAs are greater than anyone could have anticipated. For example, when compared to ASEAN, we see that ECOWAS does not operate on the same playing field. It is true that ASEAN countries also comprise economies that are not as developed as the bigger ones like Indonesia, Brunei, and a non--ASEAN member like Japan. However, it is clear that ASEAN's *laissez-faire* attitude towards their particular type of regionalism, or as some would call open regionalism, has enabled the region to be more dynamic and investment--friendly. It is difficult to say this about ECOWAS, despite the fact that it has one of the highest GDPs in the five regions of Africa

However ECOWAS' low GDP says more about its need for a dynamic and aggressive regional integration in the wake of its negligible stance in the face of the so--called global economy, than it reveals the weaknesses inherent in African regionalism under the framework of the African Economic Community (AEC). This is an important aspect to broach very briefly.

Regional integration in Africa, as I have already indicated, is not a new phenomenon: it has been an underlying dynamic in much of the rhetoric of African leaders. Ghana's Kwame Nkrumah was, perhaps, the pioneer of this when, in 1963, with the birth of the OAU, which he engineered, he proclaimed: "*seek ye first the political kingdom and all else will be added unto you*." Sadly, the inefficiency of the OAU, especially with the fall of the Berlin Wall in 1989 that ushered in a new wave of prescriptive economic policies for Africa, has seriously undermined that dynamic, consequently exposing the semantics of these leaders to be nothing but rhetoric. For Africa it seems, the spirit is willing, but the flesh is weak. There is, however, a glimmer of hope

With the birth of the African Union (AU) that replaced the moribund Organisation of African Unity in July 2002, Africa is, once again, seeing a new dynamic of regional integration being resuscitated. This has not just been one promulgated by agreements such as NEPAD, or the ACP--EU framework that falls under the Cotonou Agreement, but through prominent regional UN agencies, such as the UN's Economic Commission for Africa (UNECA).

In March 2002, for example, UNECA held a conference in which it tried to identify the basis upon which regional integration could be constructed. The traditional one has been closely modelled on the EU's regionalism, the apogee of which is represented by its common currency, the Euro. For ECOWAS, on the other hand, any aspirations towards common currency are not alien, especially since it is foreseen in ECOWAS's treaty. According to Francis, as recently as April 2000, an agreement was signed between Guinea and the region's Anglophone states to create a single currency by 2003, the eventual objective being to merge with the successful CFA--zone established in the francophone countries. In 2002, due to the inability of states to live up to the target dates, it was postponed to 2004.

This highly ambitious project, even if considered unrealistic, has enabled ECOWAS to be regarded by the outside world as a strong player in terms of developing country regionalisms. This is because it has exposed it as a regionalism that, despite its differing levels of development, is willing to make efforts to become integrated into the global economy. At worst, it is an example of how ECOWAS regionalism is far from remaining static from the days of old regionalism when integration efforts were stymied by most of the countries within that region experiencing economic turmoil.

According to Francis, ECOWAS made its name "during the waning days of the 'old regionalism'; i.e. the phenomenon of regional integration between the 1950s and 1970s. Like ASEAN regionalism, ECOWAS emerged within the historical context of the Cold War that was predicated on a bipolar structure. What this means is that as a consequence, the-then European Community integration served as an "attractive example". This is not to say that old regionalism helped more than it hindered–far from it. For, as Francis maintains, the "theoretical interpretations of this 'old regionalism' project was dominated by functionalism, neo--functionalism and classical economics theories", which did little to help the process of integration. It is for this reason that it has been necessary for ECOWAS to be closing the pages to its troubled old regionalism, and looking to one that has generated much debate – new regionalism.

3.2.1. New Regionalism

It must be emphasised that the so-called New Regionalism was the brainchild of Bjorn Hettne and his colleagues at the World Institute for Development Economics Research at the United Nations University in Helsinki (WIDER-UNU) and the Department of Peace and Development Research (PADRIGU) at Gotenburg University, Sweden. Marianne Marchand, mentioned in Chapter 2, is one of the authors who defined new regionalisms, rather than new regionalism as "a multitude of overlapping (formal as well as informal), disjointed and often contradictory regionalisation processes."

For ECOWAS regionalism, this could not be truer, for despite the fact that ECOWAS is considered one of the most advanced African regionalisms, it comprises, according to the UNCTAD Handbook of Economic Integration and Cooperation Groupings of Developing Countries, "one half…of member states (13 countries) [that] have been classified as least developed countries by the UN. Furthermore, the per capita income of the group averaged US$ 375 in 1990, which is substantially lower than the average on the continent.

According to Francis, "ECOWAS new regionalism of the 1990s has departed from the traditional statist integration and now embraces both the formal and informal actors such as commercial actors (companies and traders), NGOs, new social movements and civil society organisations." In a nutshell, the new regionalism under ECOWAS involves "breaking out of the cocoon of the so--called collective self--reliance and protectionism to openness and inclusiveness in trade and market integration."

Having said that, one must be weary of seeing trade and market integration as a panacea for ECOWAS regionalism to be relevant in the wake of an aggressive globalisation. After all, as the UNDP reports in its latest publication, "economic integration with the global economy is a result of successful growth and development–not a prerequisite for it.” Therefore, one must not be in a hurry to dismiss outright ECOWAS regionalism. What one must, however, bear in mind is what Francis argues about this particular regionalism: “ECOWAS new regionalism is not only about integration into the global economy via neo--liberal prescriptions, but is also geared towards taking advantage of the much-neglected informal sector and trans--border regionalisation actors.”

What this means in practical terms is that ECOWAS can utilise this so--called new regionalism, such as it is, to respond to the burgeoning power of economic globalisation by exploiting the processes of regionalisation in West Africa within the wider context of globalisation so that it can be ready to meet the demands of multilateral liberalisation, as prescribed, say, by the European Union via the Cotonou Agreement. What better way for ECOWAS to meet this challenge than by adopting a trade liberalisation scheme that is home-grown, rather than waiting for the West to come and rescue it?

If ECOWAS regionalism is manifestly more about cooperation than ASEAN's, which is more particular in its association with its members, then it comes as no surprise that one greatest exponent of cooperation is by way of economic cooperation, as exemplified by intra--regional trade. According to UNCTAD, this is one “of the most important of ECOWAS objectives”, and has been buttressed by ECOWAS' new treaty, which calls for the creation of an economic union. Unlike the European Union, often looked to as a model, ECOWAS has far to go in attaining significantly noteworthy levels of intra--regional trade.

Although UNCTAD admonishes one to bear in mind when analysing the performance of intra--regional trade that “ECOWAS was created in 1975, its trade liberalisation programme…in 1981, and that for industrial products in 1990, and…a large degree of unrecorded border trade between member states,” the UN agency maintains that world trade of ECOWAS countries did expand “strongly in the 1970s and the first half of the 1980s, after which it declined steadily up to 1991.” However, so low has [and does] intra--regional trade remain that in 1970, it accounted for an “insignificant 2.9 percent of their total world trade.”

There are some who will argue that, in order to resolve the problem of such insignificant intra--regional trade, the better way is to forge economically beneficial alliances, or partnerships, with ECOWAS' Northern partners–in this case the European Union, or more specifically, by way of the Cotonou Agreement. The question, however, remains as to how development--friendly the ACP--EU partnership is, and the extent to which it will deliver, or live up to the lip-service of eradicating poverty.

Chapter 4 Dirty Development

"In support of existing IMF and World Bank structural adjustment programs, both the Cotonou Agreement and AGOA will pressure African countries to continue implementation of structural adjustment policies, while further dividing them and undermining Africa's efforts at regional integration."–Rick Rowden, An Overview of the Increased Coordination of the International Monetary Fund (IMF), World Bank, and World Trade Organization (WTO) Trade Liberalization Policies, 2001

4.1 The Cotonou Agreement—Who's Agreeing?

In what would prove to be a moment of ignominy, in November 2002, in Brussels, a substantial number of ACP states would refuse to succumb to the whim of European parliamentarian Glenys Kinnock who had refused to accept the presence of officials from Zimbabwe for the Fifth ACP--EU Joint Parliamentary Assembly in Brussels http://allafrica.com/stories/200303130838.html. As serious as human rights abuses in Zimbabwe are, it falls beyond the scope of this paper. Furthermore, when compared to that of the tortuous nature of the ACP--EU discussions around the Cotonou Agreement, it looks like a storm in a teacup.

The Cotonou Agreement will be a new treaty that will govern " a substantial part of the relations between the world's biggest market and almost half the countries on the planet for more than twenty years.'"' Whatever ramifications it will have for ACP countries have yet to be seen. It is therefore difficult to make sweeping criticisms about it.

This is one of the reasons why my objective in this chapter is to highlight, in brief, the origins of the ACP--EU agreement under Lomé; and its future with Cotonou. Furthermore, I will endeavour to present the Cotonou Agreement as a neo--liberal agenda that has been prepared for application writ--large by the EU, for the continent of Africa. Meanwhile, the EU slowly cuts its ties with its former colonial subjects, and looks towards its partners to the East of Europe. Appropriating labels such as "neo-liberal" at such an early stage of the negotiations may appear foolhardy, but it has been my contention at the heart of this paper that criticisms of the international financial institutions, like the World Bank and the IMF, are no longer sufficient to move the debate on development forward. Credible alternatives must be found, and this new agreement does have considerable potential to be an alternative that is sound.

However, it falls seriously short on a number of critical issues which, for a developing country, would be potentially life--and--death. Although some of these are very technical and, therefore, fall beyond the scope of this paper, I will attempt to outline them briefly, and endeavour to make them relevant in understanding the nature of the agreement.

At the heart of this paper is the rejection of the neo--liberal doctrine promulgated, as I shall argue, not only by the IFIs, but the European Commission itself. In the context of ECOWAS regionalism, it is especially dire for two reasons.

First of all, especially since regional integration is one of the pillars upon which the agreement will operate, ECOWAS regionalism, for all its moderate successes in the security field, is woefully unprepared for the astronomical and arduous task that lies ahead in its negotiations regarding the Cotonou Agreement.—http://europa.eu.int/comm./trade/bilateral/acp/pr230403_en.htm

Secondly, unlike the ASEAN region, there is no like-minded vision within the ECOWAS countries on how to approach the behemoth agenda of the WTO. Furthermore, there are serious pitfalls that lie in the plan to integrate the region into the global economy through Cotonou. However, to deal with these pitfalls, a measure of stability – not only political, but economic -- that is fundamentally lacking in the region.

As for the quest for global trade liberalisation, no actor other than the United States, has exhibited as much audacity as the European Union. In my opinion, it is displaying the quintessential qualities of what I described as the 'New Crusader' in Chapter 1. In April 2003, the so--called Cotonou Agreement—{} went into effect. It has been promulgated by both the EU and the European Commission as the new approach in the relations between the 15 European Union countries and the 77 ACP countries. According to the EU's official pamphlet, Cotonou, along with the Economic Partnership Agreements (EPAs), are the "EU's global response to the needs of the ACP Group." Yet, already, what we have seen is that the EU countries are not playing much of a role in the decision of this North--South partnership; instead the European Commission is taking the lead –and it is one that is familiar with many of the ACP countries. It involves one of promoting an increasing liberalisation, under the guise of fostering poverty eradication and sustainable development. The EU also claims that this putative relationship will assist in fostering regional integration in the ACP countries. This claim is hardly new: the international financial institutions have claimed to be operating under the ideal of poverty eradication for decades.

Nonetheless, it bears reminding that Cotonou is new and, as rightly pointed out by *Jeune Afrique's* Christian D'Alayer, the actual agreement is almost ten centimetres thick. This means that there is a lot of discussion, wheeling and dealing to thrash over not just for the EU negotiators, but also

ACP countries. For D'Alayer, what remains most attractive about this agreement will be the commercial aspect, which will be more important than anything else."

This contention itself speaks volumes about his perception of the EU towards the ACP economies. Africa is, after all, a blip on the international trade statistics, comprising only two percent of world trade. It is therefore curious as to why the EU is so interested in pursuing this so--called partnership when for 25 years, partnership with the EU has not resulted in a reduction of either poverty, or a reduction in the status of developing country economies into least developed countries. Instead, it has witnessed a significant and sharp decline in overseas development assistance (ODA)'–'. All this has happened despite the number of UN sponsored conferences that have aimed to help push the agenda of the developing world into mainstream development thinking–with little success.

Also, what one has seen has been the success of a neo--liberal doctrine comprising market fundamentalism that has served to aggravate and exacerbate the problems of many of the ACP economies. If the neo-realist, by tradition, sees the international system as one predicated on anarchy, it is safe to assume that in looking at the ACP--EU relations, he/she would look at this partnership from an equally cynical view, which would mean that the deep structure of the system remains not only chaotic, but one based on gains and losses, and, above all, power--political competition.

In my opinion, the neo-realist theory does very little to show one the (true) story of how regionalism can work in the developing world, especially because of the EU's explicit support for it through Cotonou. However, it does provide considerable insight into understanding the extent of the EU's apparent magnanimity by way of the so--called Economic Partnership Agreements, or EPAs, which are essentially free-trade areas that are not, by tradition, development--friendly.

According to Henri--Bernard Solignac Lecomte, a free--trade area (FTA) is a reciprocal preferential trade agreement, under which each party undertakes to abolish restrictions on imports from the other party, thus constituting positive discrimination towards one or several WTO members. The EU is very keen to negotiate with the ACP group through these EPAs. It is potentially a significant gain because, first and foremost, it will provide European multinationals an ample market within which to operate, inadvertently consigning the responsibility of erstwhile development by way of the former ACP--EU cooperation agreement under Lomé aside. If the EU truly were concerned about poverty eradication, as it so claims under Cotonou, it would ensure, first, that astronomical debt servicing is cancelled. As Dr. Rugumama argues, “the arguments for debt cancellation are disarmingly straightforward: debt repayment for poor countries is economically exhausting as it continues to block future development; repayment is politically destablizing as it threatens social harmony; and it is ethically unacceptable as it hurts the poorest of the poor." Secondly, impact assessments of EPAs on development would be conducted. So far, it has been found wanting–and no less than by the Secretary--General of the ACP Secretariat himself.

In a statement delivered to the European Parliament's Commission for Development Co--operation, in March 19 2003, on the negotiations of EPAs, Mr.Jean--Robert Goulongana argued that as far as the ACP is concerned "the EPAs must not consist of mere free-trade agreements but {should} aim mainly at the achievement of sustainable development, elimination of poverty in the ACP states, and their progressive and harmonious integration into the global economy." He maintains that the long and short of it is that "EPAs must be development--oriented by contributing notably to sustained economic growth and increase in the production and supply capacity of the ACP countries…as well as the removal of the physical and other constraints to the development of trade."

Finally, there is nothing to indicate, as Henri--Bernard Lecomte has pointed out, that EPAs and regional integration will be compatible. EPAs, he argues, may actually make trade relations {between} ACP more complicated, and hinder regional integration.

This would be a serious blow to an organisation like ECOWAS that has pitched itself as one of the first to engage in regional EPAs for later in 2003. In a document that I obtained from the ACP Secretariat, it was indicated that ECOWAS and CEMAC had put themselves forward as two of the panoply of regional organisations in Africa that were ready to negotiate Regional EPAs with the EU. Although, according this document, their stance was unequivocally candid ---- "current WTO rules are inherently unfavourable to the development needs of the ACP states, as testified by the outcome of the Ministerial Conference at Doha" ---- , Michael Davenport maintains that it will be "relatively easy to agree the terms of the EPA–at least on the trade side–since access to the EU market is already established for the LDCs and for the non--LDCs by far the most important export good is tariff--free oil." In the same vein, when we take a look at the document again, we see that not surprisingly, out of three issues that were promulgated as important for the ACP group, market access is critical.

At the heart of the debate on the EPAs is not only the issue of market access, by way of the so--called Everything But Arms (EBA) initiative http://www.socwatch.org.uy/en/informeImpreso/pdfs/cotonouagreement2001_eng.pdf–, which stands to benefit LDCs at the expense of developing countries, but also the very important issue of Article XXIV. This, according to Henri--Bernard, is “the WTO's tool to unmask 'marriages of convenience'” What this means is that “the restrictions [the article] posed on the application of regional agreements are supposed to ensure that they are not used as instruments of everyday trade policy, but that they reflect a strong political will for integration on the part of the contracting parties.” What article XXIV specifically does provide is a legal basis upon which the ACP--EU agreement can be negotiated in the framework of the WTO. However, given the fact that the EU is interested in pursuing the EPAs, it begs the question of where the rhetoric of development fits in what is theoretically going to be a free-trade area.

Henri--Bernard maintains that this is because “while the multilateral system is based on rules applicable to all members, an FTA rests on a power relationship that permits the dominant partner, especially within a preferential North-South agreement, to influence the process of liberalisation of the other party as a function of its own interests.”– Most African countries consequently find themselves in a huge impasse whereby they are compelled to negotiate with the EU at the risk of undermining their regional integration. ECOWAS, especially, is a serious case in point, with just under half of the sixteen countries as LDCs.

A case in point is Burkina Faso which is an LDC as well as a member of WAEMU, a customs union, and ECOWAS. It has the choice of keeping non--reciprocal preferences, or going for an EPA between the EU and WAEMU. As Henri Bernard puts it, “it is up to these countries to look at either of the available options, based on their perceptions of the risks and opportunities associated with…them.” Ultimately, Burkina Faso will lose out, in trade terms, finding that it will cost it dearly to opt for an EPA, which would yield very little, or worse, where it would have to open its market with very little hope of obtaining concessions from the EU in return. Conversely, if it were to stay an LDC, there would be no guarantee that the benefit it would obtain from the so--called EBA initiative would yield sufficient economic gain for it.–

.That remains the case for Burkina Faso, but what about a country like either Ghana, or Nigeria, two non--LDCs from the ECOWAS region?

If we take the case of, say, Ghana, we are confronted with an illustration of the potential divisions inherent in the Cotonou Agreement. Ghana may not be oil--rich like its bigger neighbour, Nigeria, but it is neither tied by other allegiances with other regional organisations either. It remains an ECOWAS country. However, with regard to the world market, it is an ACP country, as well as a rapidly developing West African country in its own right. Given that it is not an LDC means that it cannot enjoy preferential market access to the EU. Will this, therefore, prompt Ghana to negotiate a separate deal–as foreseen in the Cotonou Agreement---- with the EU at the expense of its spearheading attempts in fostering regional integration in ECOWAS? Or would it prefer, along the way, to call itself an LDC (as it has fully qualified for an LDC status already)' http://www.icda.be/unldc3/report100501.htm so as to benefit from favourable market access?

It is such questions that have been unwittingly (or wittingly?) thrown up by the EU's multi--pronged approach. In my opinion, it unequivocally serves to illustrate a neo--liberal agenda the EU has cooked up. It is, frankly, aimed to cause a slow and sure fragmentation of the regional organisation that is ECOWAS as many more of the countries seek to either enjoy their preferential market access by way of EPA, and otherwise, rather than putting minds together at the regional level and working with the EU *en bloc*, like ASEAN aspires to do.

Having said that, one of the more interesting aspects of the Cotonou agreement that lends evidence to the neo-realist theory is the use of the language the EU employs to describe the *raison d'être* of the putative partnership. For example, according to outgoing director--general of development, Philip Lowe, interviewed in *Jeune L'Afrique/L'Intelligent*, one of the reasons why the EU has embarked on this ambitious project has been to 'boost trade between ACP countries in the same region and to lay the groundwork for competitive agriculture and industry by offering economic partnership agreements.

The long--term objective is to set up, he maintains, "a veritable regional market that can attract foreign investments." According to Dr.Roberto Savio, director--general of the Inter Press Service, the word competition is but one of many words, and values, that globalization has brought to the international system Other attendant monikers include "modernization", and "free market"–two other words that the EU has enshrined and ensconced within the Cotonou Agreement. Go through any publication on the ACP--EU agreement, and you will uncover the usual rhetoric alluding to the idea that Cotonou will aim to increase competition between ACP economies and increase potential of investment–as if that only mattered!

Small wonder, therefore, that the EU has attracted a lot of critics who equally believe that the EU's partnership with the ACP is nothing more than a cosmetic exercise to show continued solidarity for a project that for a quarter of a century, has yielded very little. According to the Brussels--based European Research Office, (ERO) "questions arise as to whether EPAs, in and of themselves, are likely to provide a stimulus to investment in ACP economies, many of which are either remote from major markets, have poor transport infrastructure…face serious human resource constraints…to investment." The ERO equally questions the Commission's claims on investment, arguing: "the Commission assumes that new investment flows will take place into ACP economies, which will enhance their international competitiveness. However, such new investment flows are by no means a certainty. Indeed, it is far from apparent in what products and sectors individual ACP countries would be first choice investment locations to serve EU markets."

Consequently, this emphasis on investment lends credence to how crystal-clear it has become to so--called globaphobes that globalisation has seriously skewed development against the favour of ACP economies, but even more so when it comes to investment. The Commission, however, does not think this is the case. In July 2002, European Commission official Inge Feustel, at the Commission's regular DG Trade Civil Society Dialogue, argued that Economic Partnership Agreements will trigger investment: "task of investment... is private--sector led, no public sector, which should only provide framework, or facilitate climate conducive to private sector investment." He maintained that the "public sector should create enabling framework for EPAs, ultimately open[ing] ACP economies up to European investors."http://www.icda.be/icdalatest/acp--eu4Julymtg.rtf

Whilst this may be the case, it therefore beggars belief that one of the tenets of this ACP--EU Cotonou Agreement should be an increase in competition and investment. Youssof Cissé is one of those who do not understand the EU's insistence on investment as a conduit for development. He argues that commercial and investment policies do not and will not favour ACP economies. He maintains that these economies are "marginalised by globalisation while the system that governs international trade and investment…has been institutionalised within the WTO does not offer the ACP countries genuine access to the world markets."

According to Dr.Severine M Rugumamu, it is "unrealistic" to advance the idea that "liberalization of ACP economies will lead to competition against products from the EU, to efficiency and to greater investment." He maintains that such "imprudent liberalization" will most likely have adverse consequences on government revenues and balance of payments, as well as promote de--industrialization and massive unemployment. Some observers would be quick to argue that this a high----stakes game that the EU is playing, trying to capture a primary slice of the world's trading system that it inherited, by default, thanks to a lofty, albeit illusory, notion of partnership between colonizers and the colonized.

As much as this critique is damning, much of the evidence suggests that although the negotiations are in their infancy, development could be still--born. True development cannot be achieved merely with neo--liberal tactics, which include market--based and market--led fundamentalism that proposes foreign direct investment (FDI) as the conduit to development, when human and social infrastructure is consigned into the historical dustbin along with Keynes.

Having said that, as much as I have levelled a lot of criticism against the European Union and how it is (ab)using Cotonou for a regional organisation like ECOWAS, a similar tactic is being played out by the US in the Asian region. In my opinion, the US is employing similar neo-realist tactics to prescribe a neo--liberal agenda in the ASEAN region by using APEC to further the interests of the United States.

4.2 ASEAN & APEC–Keeping Your Enemies Close?

Shortly after the Bali bombings in October 2002, it was decided that the Asia Pacific Economic Cooperation (APEC) would meet next in Australia in 2007. This triggered observers of that region to speculate as to how relevant APEC had become, especially with the more concrete and visible presence of ASEAN. Given that its meeting coincided with the bombings, it prompted speculation by some Asian leaders that the summit agenda "had in effect been hijacked by US President George W Bush to galvanize support for his sagging military alliance against Iraq, while pressing economic issues (http://atimes.com/atimes/Asian_Economy/DJ30Dk01.html) were sidelined."

This, arguably, could have been seen as the first sign of the US displaying its hegemonic status in a forum it knew it had the most to benefit from. That meeting failed to discuss how APEC could move forward, because minds were preoccupied, rightly or wrongly, with how to ensure that security was strengthened. Consequently, it prompted one observer to call APEC irrelevant. This was not only because it was dedicating too much time to security, but primarily because for a long time now, APEC has been seen more as an adjunct of South East Asia in general, and of ASEAN in particular.

APEC, or the Asia Pacific Economic Cooperation Forum, was established with 12 founding countries in the wake of the end of the Cold War in 1989. Today, it comprises twenty-one countries, which all have united with the ultimate objective to liberalise their markets. What is particularly unique about APEC is not that most of the members are from ASEAN countries, but that these countries account for nearly half of the world's merchandise trade, half of the global GNP, and approximately forty percent of the world's population. APEC, according to the OECD, is also the "primary mechanism through which Asia--Pacific regional economic integration is being pursued."

According to Pizarro, there are two major characteristics that make APEC stand out from other regionalizing economic processes. These are the fact that APEC is dynamic, as well as having an unstable trade structure. It is dynamic in the sense that "the region's influence on world trade has grown steadily, representing more than half of the world trade in the 1990s"; and it is unstable because of the influence of both Japan and the United States. These two countries' role is significant because, whereas Japan has enabled APEC to enjoy a surplus, the United States, conversely, has triggered a "huge deficit". The roles of these two countries in APEC, however, go beyond this.

Whilst it is noteworthy that the US has played a key role in the region, its role, according to Pizarro, "has been decreasing". He adds that as a consequence, Japan's surplus has grown notably in its trade relationship with East Asian countries. Though Pizarro is quick to argue "these tendencies are part and parcel of a regionalization process through production networks, whereby Japan remains the main supplier of capital goods, technology and intermediate products", I believe that the implications are much more serious than that.

The biggest consequence of this development is that it will trigger the United States into wanting to bring pressure to bear on Japan to scale down its ostensibly expansionist policies. If this means "disciplining" her in an organisation like APEC, then it will do so. Having said that, the weakness inherent in the APEC process that comes out of not taking decisions that are binding will weaken the United States' position. It cannot be taken for granted the potential rivalry that will play out between these two huge economies. If ever there were a fallout, Japan would remain comfortable in the knowledge that it had ASEAN countries behind it–after all, it is that country that has been instrumental in helping foster ASEAN regionalism to what it is today.

To understand how Japan, a non--ASEAN member, has been so critical in the development of ASEAN regionalism, as well as obtain an insight into the genesis of Japan's success, we must turn very briefly to Kevin G. Cai, who attributes Japan's primary success to what has been known as the "flying geese pattern."

According to Cai, the concept was initially the brainchild of Japanese economist Kaname Akamatsu in the 1930s and "is supposed to be a path of development for latecomers who follow the lead of an industrialized economy." The principal idea behind this so--called "flying geese" model is that at a certain point in the life span of a given industry in an industrialized country, it is worth–in fact, it makes good economic sense–to opt out of the production and transfer it to other members of the "geese formation". Cai continues that "in this vertical relationship, Japan follows the United States and Western Europe and tries to catch up, in stages, in the production first of simple consumer goods, then consumer durables, and eventually capital goods."

Acting somewhat like a chain involving production patterns, we see, for example, that at each stage, Japan first imports foreign products for its domestic market, and then starts domestic production to increasingly replace these imports in order that it can eventually penetrate foreign markets. Each new stage thus creates new imports of raw materials (from neighbouring countries) and more advanced capital goods (from the US and the EU), as well as new exports of the goods that are now being produced domestically. Ultimately, there comes a time when the increasing domestic cost of production and competition from what Cai calls a "new entrant" to the region will force Japan to move gradually out of the product in question, reducing exports and starting to import again. Cai maintains that within such a framework, the newly industrialised economies (NIEs) follow the Japanese pattern, while China (and ASEAN) follow the NIEs.

The long and the short of this clarification is that this particular configuration has helped put Japan in very good stead; or as Cai would put it: in a "superior position *vis--à--vis* its neighbouring economies." To underscore how significant this development is, Cai makes an interesting claim–that over the post--war years, Japan has gradually replaced the United States as the number one economic hegemon in the region, and become the dominant economic power in almost all economic fields in Northeast Asian economies. This is a very significant claim of tectonically geo--political proportions.

Seen through the filter of international politicking, this development is sufficient to prompt raised eyebrows in the White House as it monitors the region. According to Bernard K Gordon, the United States is the "principal FDI source in four of Asia's economies, as Japan is in six." Clearly, this statistic, coupled with what one knows about Japan's investments in the ASEAN region, is enough for one to arrive at the conclusion that Japan is a potential hegemon in the region–much more than the US could be.

However, Gordon, a staunch critic of what he sees as the Bush administration's lax attitude towards the formation of regional blocs that could hurt or frustrate the country's attempts to maintain its status as dominant actor, tries to show that despite Japan's role, America still is the greatest source of financing for the region: "the point of this comparison…is not to minimize or explain away Japan's role. It is instead to show that US investment presence is also very large, quite comparable to Japan's, and in terms of geography, widely--dispersed as well." If even such an exponent of US policy like Gordon is beginning to be jittery over the role of Japan, it begs the question of how the Bush administration is looking at the situation.

The literature has so far suggested that the Bush administration is not atypical to most republican administrations – they are fundamentally Realists, seeing the international system as predicated on anarchy. This is one of the reasons why the United States is so keen to assert itself on the world stage in every sphere–from political to economic. The Pavlovian response for people like Bernard K Gordon, who stress the primacy of the United States as a global superpower through the exercise of its formidable Realist ambitions (read: military industrial complex), is that a quintessentially Realist--minded American government should not encourage regionalism. This is because, as Hurrell argues, if states live in a state of anarchy, it is virtually impossible for them to cooperate."If co--operation *does* take place, as evidenced by the ASEAN and ECOWAS regionalisms, then as Nguyen Vu Tung maintains, “ideology is a weak cause and balancing power (or common external threat) is the main reason.” This is perhaps one of the reasons why analysing the role of the United States and its influence over the ASEAN region through APEC is particularly noteworthy. According to two sources, the US has used APEC as a means to fulfil its own end once before.

The first source is Hurrell himself. He argues how the power--political pressure on the United States in the 1980s that saw its competitiveness decline, thus triggering her to look towards economic regionalism as a response to this decline, as well as its relative loss of economic power vis--à--vis Europe and Japan, and a negotiating ploy enabled the United States to do two major things. The first was to use NAFTA as a 'stick' to increase pressure on Japan to open its markets; and APEC as a means of applying pressure on the European Union in the final stages of the negotiations on what was then GATT's Uruguay Round (UR).

Secondly, Jeff Atkinson corroborates Hurrell's argument when he contends that when in the late 80s, negotiations “appeared to be bogged down and there were serious doubts that an agreement would ever be reached, the USA began looking to regional trade agreements as a fall--back option.”– Atkinson maintains that according to the US, if it could not obtain trade liberalisation at the multilateral level, then it was hell--bent on achieving it at a global level, “perhaps it could be achieved at the regional level.”– For Atkinson, the role of the United States in APEC is unequivocal: it is “largely indifferent to the trade facilitation aspects of APEC, and opposed to an increased emphasis on economic cooperation.” Atkinson maintains that the US's sole interest in APEC is “as a mechanism for the liberalisation of trade and investment.”

Small wonder, therefore, that the ASEAN region itself is fearful of APEC. That in 1990, according to Shaun Narine, ASEAN laid out principles to guide its participation in APEC urging ASEAN to “remain a coherent, independent body within APEC [with the need for] APEC to be a non--binding, consultative body which could not impinge on the sovereignty of its members, would respect economic and political differences, and would promote international trade”, is sufficient testimony of the distrust that the ASEAN bloc has for APEC. Furthermore, there is the primary issue of ASEAN's free-trade area, called AFTA.

Established in 1992, the ASEAN states agreed to create a free-trade area they would call Asean Free--Trade Area, or AFTA. According to Narine, if fully implemented, “AFTA will necessarily transform ASEAN from a loosely--knit organisation to an institutionalised economic regime.” Although the primary objective of AFTA is to increase intra--ASEAN trade, Narine maintains that it is not the only reason. He argues that instead, “ASEAN hopes that AFTA will attract more foreign investment to Southeast Asia to take advantage of the regional economies of scale.” To this end, the ASEAN states hope that AFTA can make ASEAN products more competitive internationally. However, as long as there is promotion of a rules-based APEC at the expense of

AFTA, this would not only be foolhardy for the ten--member grouping to pursue, but more significantly, it would put a serious spanner into the works of ASEAN economic cooperation, triggering unwittingly a bigger hegemonic role for the United States.

Chapter 5 Conclusion: Endgame

In the final analysis, ASEAN can, and will continue to, rely on Japan for considerable economic support, as well as depend on AFTA to promote economic integration within the grouping. Whether the United States will continue to remain a threat is a moot point. With the number of trade deals that the United States is signing, it is fast biting its own tail, trying to please every country (and by consequence, itself) by proposing free-trade agreements of its own with Asian economies. It is very quickly beginning to realise that any number of Free-Trade Areas (FTAs) with ASEAN economies will not necessarily obviate the pace of ASEAN integration or, for that matter, stymie the European Union's encroaching power.

One indication of this is the putative US-ASEAN agreement that is seriously in the offing. Asia Times reporter Alan Boyd argues that the US is "ready to establish a new market linkage with ASEAN that will probably become an FTZ [free-trade zone]." –http://atimes.com/atimes/Asian_Economy/DJ30Dk01.html This time, the agreement is being seriously considered "as [the US] seeks to revive the original spirit of APEC within a more complicit framework." And the US might just be serious about this consideration, for it has asked for "a definite timetable for compliance."

Given the ASEAN countries' flexibility and open-mindedness towards free--trade agreements outside the grouping, the US's penchant for proliferating trade agreements can only favour the ASEAN economies that will, ultimately, be considerably boosted. To boot, China and India are waiting in the wings ready to establish a so-called special relationship with the ASEAN group. The latter two countries are not only populous, but have considerable economic clout. To forge a stronger link with the ASEAN grouping can only, again, serve to consolidate the regional economic integration that is being fostered with AFTA.

Having said that, considering that development, as I have uncovered from this project, is not solely about the economy, it is worth pointing out that despite the apparent success of ASEAN, the putative threat of the US will not go away–nor will its neoliberal agenda—". As long as the US remains a close ally of Japan, which is a key contributor (and funder, thanks to its multinationals) to the ASEAN region, the danger to frustrate ASEAN integration will loom large. That ASEAN is supported by its strong economic base (AFTA) is no sufficient guarantee that they're plain-sailing. To date, ASEAN, apart from having a Secretariat, has very few institutions. For ASEAN to succeed in the twenty-first century's so-called global economy, and beyond, it will need to consider a harmonisation of policies (like the EU) in order to confront the external shocks of globalisation. This means that it will need to deliver a concept for the establishment of institutions that can help further support ASEAN regionalism, especially if China, India, and Japan are to become seriously involved as partners in its economic integration.

What this means in theory is that ASEAN will have to adopt what Hurrell calls neo-liberal institutionalism. This theory is “heavily statist”, which means that it is heavily state--led. It involves ways in which states conceived of as rational egoists can be led to co--operate. This might seem anathema to neo-realism, but the truth is that this is the exception to the idea that cooperation (defined as one of the aspects of regionalism) is the antithesis of neo-realism. Here, the state is “viewed as the effective gatekeeper between domestic and international” enabling a successful collaborative management of common problems that would aim to strengthen the state. This taps into why institutions are so important for regionalisms in the developing world.

In principle, they matter because of the benefits they provide, and because of the impact on the calculations of the players and the ways in which states define their interests. Put another way by Nguyen Vu Tung, institutions – “defined as principles, rules, norms and decision--making procedures around which expectations of states converge on specific issue areas” facilitate cooperation through the functions they perform. Furthermore, they help reduce states' uncertainty and “mitigate their fears that others will defect, [thus] inducing co--operation.” Ironically, ECOWAS, which has more institutions than the ASEAN region, may not be as sufficiently prepared to respond to the West as it initially thought.

Crucially, ECOWAS regionalism as a response to the West's push for global trade liberalisation is not as sound. In essence, ECOWAS involvement with the EU through Cotonou will seriously hamper its development, and its very important efforts to foster its own regional integration. Africa is once again on its back as the EU comes in to exploit it for the benefit of its resources. The New Crusaders have truly embarked on a New Scramble for the continent using the New Religion of “free-trade” and “trade liberalisation.” The plight of the ECOWAS countries is not helped much by the fact that three--quarters of the ECOWAS countries are LDCs. This is a serious predicament because it means that, in the first instance, more than half of the ECOWAS countries cannot present a united front when confronted with the juggernaut of the global economy, because it would already be divided along economic lines, through initiatives like the EBA.

Whilst this may look like a god-send for LDCs in Africa in general, for ECOWAS regionalism in particular, it is potentially disastrous, because it will act as a disincentive for

LDCs to graduate to developing countries', which is the ultimate goal. It beggars belief that the EU should even encourage developing country economies to become LDCs so that they can, supposedly, enjoy preferential market access. This is nothing more than the New Crusader dictating to these countries. To me, it is evident why the EU has embarked on such a strategy–markets, which, fast running out elsewhere, need to be explored in Africa. If it happens to be through a revival of a moribund agreement that has not alleviated the plight of Africa for twenty--five years, then all the better for the EU.

According to Iddi Simba, former Tanzanian Minister for Industry and Trade, regionalism is important to developing countries because it does not only help them pool resources, it also acts as a stepping stone: "as weak economies, we find that the only practical method we can apply is to pull our resources together and see how we could help each other in building up that capacity."– He maintains that regionalism is the first step toward multilateralism." More importantly he posits the theory that regional economic blocs aim at creating larger markets with the objective of accelerating economic development and growth among member states. This, however, must not be done at the expense of that ever-elusive concept of development.

Although it is early days, I do not believe that the EU is committed to fostering development-led policies for developing countries–let alone particular regionalisms like ECOWAS. With divisions so rife, it is hard to see any salvation, except for a complete withdrawal of these regional groupings from negotiations. This, frankly, will not happen. The solution, for ECOWAS, is very intense, and it may require an equally neo-realist strategy by some ECOWAS members, such as Nigeria, the effective hegemon. With regard to Asia, the alternative may be no less different.

5.1 Can The Hegemons Strike Back?

If the *de facto* hegemon, such as Nigeria is, decides to shoulder the responsibility of seeking an alternative to global trade liberalisation, then, it follows that in the ASEAN region, one must turn to Indonesia, which is also the *de facto* hegemon. This qualifier for both regionalisms is important because it makes clearer the distinction between which country is most dominant in the respective regions. If size is anything to go by, both Nigeria and Indonesia qualify. This is because, first and foremost, these are two very populous countries.

Indonesia, with its population of around 215 million inhabitantshttp://www.taipeitimes.com/News/archives/2003/05/21/2003052022, is the world's fourth most populous nation, and also has the largest Muslim populationhttp://www.scoop.co.nz/mason/stories/WO0303/S00456.htm. Apart from being the largest archipelagic nation in the worldhttp://idun.itsc.adfa.edu.au/ADSC/RMA/RMAPAPERS/Mak.htm–, it is a country of 18,000 islands. This is a significant point because one tends to associate hegemon with (gargantuan) size, forgetting that a country may be huge, but not necessarily considered a hegemon if it wields little power within a region. Indonesia is no exception to this because, as I have uncovered in this project, Japan is the country that wields considerable economic influence alongside China. Interestingly, both the latter countries are interested in becoming more closely linked with ASEAN, which inevitably stymies the putative hegemonic status of Indonesia. In theory, hegemonic status should have been conferred it by virtue of its position in the ASEAN region.

Conversely, Nigeria enjoys hegemonic status not only because of its size, and oil-rich wealth, but also because of its physically-sprawling territory in the ECOWAS region; this enables it to overshadow the rest of the fifteen other members–including that one member that I would call its "associate hegemon"–Ghana. Nigeria, as I have already indicated, is considered by many observers as a putative hegemon. Its role in the conflict in Liberia of 1990 as a peacekeeper, and even peace enforcer at some point within ECOWAS' ECOMOG grouping, prompted one commentator of the crisis, Comfort Ero, to argue: "beyond the concerns for its national[illegible], the Liberian conflict provided the opportunity to establish itself {Nigeria} as the main influential mediator in the sub-region."http://un_org.tripod.com/liberia/index.html

According to *Africa Business* magazine, it is not difficult to see why this perception of Nigeria prevails. One of the primary reasons for this is because incumbent President Obasanjo, after having been elected in 1999 in what would prove to be the West African country's first democratic elections in as many years, has managed to lead Nigeria forward–not only by way of its oil revenues, which has been described as a curse on Nigeria, with countless commentators … ponder[ing] whether the Nigerian economy would be better-off if the hydrocarbon resources had ever been discovered. It is also because "the world perceives him as a good man doing his best in a very difficult job."" This is especially true particularly because of the progress that the President has made considering the disastrous legacy of corruption and economic mismanagement that the now-deceased General Abacha left after his sudden death in 1999.

Also, so acute, and sensitive, has Obasanjo's task been, especially because of the rhetoric of fiscal discipline that he had to ensure his country pursue from the International Monetary Fund. For such a big country, the solution might have seemed cumbersome, but given the alternative, it was a necessary evil that Obasanjo had to adopt. This has unfortunately cost him his popularity with the IMF, which has been displeased with his desire to discontinue their policies since the summer of 2002: "while avoiding the tough IMF guidelines on financial prudence and increasing expenditure in a whole host of areas may prove popular in Nigeria in the short term, it is uncertain what effect the decision will have upon the Nigerian economy in the longer term." It is this factor that could obviate Nigeria's desire to strive as a hegemon. Evidence of the IMF's displeasure has continued to abate to the extent that in January of 2003, the IMF started what appeared to be a whispering campaign arguing that ECOWAS' common currency, scheduled for 2004, runs a serious risk of being frustrated because of Nigeria. Suspicions arose within the West African region that the primary reason for targeting Nigeria was premised on the fact that Nigeria had stuck fastidiously with what the IMF considers to be "uncontrolled government spending." http://allafrica.com/stories/200301160670.html According to the British Broadcasting Corporation (BBC), an unnamed IMF researcher, who had originally initiated these rumours about Nigeria, specifically argued that: "the corruption in Nigeria, together with the country's tendency to engage in uncontrolled government spending, would make it an unsuitable partner." Nigeria's oil was also targeted as being a source of "unstable" revenue "due to volatile crude prices."

The point about corruption, however, is important. It goes without saying that should Nigeria opt to remain both a political and economic hegemon, democracy and 'good governance' ought not only to be normative, but of primordial importance. The same goes for Indonesia. For example, according to the non-governmental organisation Transparency International, its statistics of 2001 for both Nigeria and Indonesia remain very low. Both countries scored respectively, 1.0 and 1.9 out of a maximum of 10 points. For a long time, it was commonplace to associate bribery with these two countries. In 2003, although elements of it remain, both have made significant progress. In Indonesia, such progress has been to the extent that even the United States, especially after the bombing in Bali in October 2002, has looked upon the country very favourably. In a recent press release from the US State department, the release indicated that the United States views "the Indonesian example of tolerance and democracy as a model for other Muslim countries."

Whilst this association with the United States is also beneficial to the country in terms of market-access for US goods by way of ASEAN, too much proximity by incumbent President Megawati with the Bush administration may cost it as its role of the *de jure* hegemon. Already, the bombings in Bali have unwittingly allied the country to the United States and its fight against terrorism. The US has been making plans to shore up anti-terrorism strategies to this effect to the extent that it is assisting the Indonesian National Police (INP) "in the formation of a counter-terrorism unit". Although this is a significant step for Indonesia itself considering its chequered history with terrorism from the Tamil Tigers, it will most likely deflect attention from its efforts to consolidate ASEAN regionalism. As a consequence, we will see that Japan will–as it has already done–steal Indonesian's thunder and transform itself into both the *de facto* and *de jure* hegemon. In effect, Japan already is both as I have uncovered in Chapters 3 and 4.

Having said that, one strength of Indonesia's, for example, is in its production of pharmaceuticals. According to *Asia Times'* Bill Guerin, Indonesian pharmaceuticals "are the cheapest in Asia after India's and China's, so...members will certainly be able to compete on the ASEAN market."http://www.atimes.com/atimes/printN.html

– Other than Japan, China is also regarded with a considerable degree of distrust, particularly because of its huge potential for becoming an investment base for foreign investment by virtue of its gargantuan market. Guerin maintains that collectively, ASEAN "stands a better chance of competing against China than if its members were to try to compete individually." This applies not only to producing important products like pharmaceuticals, but specifically, the fostering of regional integration. Guerin concedes that the US is bent on utilising bilateral agreements with ASEAN members "and thus compromising ASEAN's commitment to regional integration."

Consequently, this is one of the primary reasons why too close an association with the US will be problematic for Indonesia, and stymie its attempts to integrate more comprehensively within ASEAN. The worst-case scenario that will lead to an obfuscation of Indonesia's attempts at integration will most likely lie with the country collaborating on anti-terrorism activities. Once a certain degree of success has been attained between itself and the United States, the latter will feel impelled to demonstrate its commitment to Indonesia's fledgling democracy by proposing a free-trade agreement on the grounds that it will make it more attractive to foreign investment. This will probably happen especially because of the impact of terrorism that has inevitably turned investors away.

If Guerin's article is any guide, Indonesia, however, is less concerned about becoming a hegemon and more anxious about attracting foreign investment into ASEAN so that China does not deflect it all away: "more pressing for Indonesia than the five other countries, is to lure foreign investment into the region. The free flow of production goods among ASEAN countries should tempt foreign enterprises wanting to set up a global production base." The title perhaps reflects Indonesia's mood aptly: "Indonesia unwilling player in global FTA game."

On the other hand, free trade is no game to Nigeria. It is losing the torch of investment, as it were, to Ghana. It's ECOWAS neighbour continues to be a hot spot for investment. That EU Trade Commissioner Pascal Lamy was in Ghana–rather than Nigeria–for the ECOWAS meeting has less to do with the fact that the country's President John Agyekum Kufour is incumbent Chairman of ECOWAS. Instead, it has more to do with the fact that Kufour, as seasoned businessman himself, has been, and remains keen to foster good governance for the country.

Economically, Nigeria can remain hegemon only by way of its access to oil reserves. This makes it an important player in the region, because the US is also keen to collaborate more with ECOWAS countries, such as Cameroon, that have showed vestiges of oil. However, corruption is still rife, and the country is often torn by religious conflict. This alone is sufficient to turn investors away. If Nigeria is to remain an effective and efficient hegemon, then especially as a non-LDC with its oil-rich wealth, it must avoid, by any means necessary, independent deals with the

EU at the expense of ECOWAS regionalism. It should refrain from signing an independent deal with the EU by way of the Cotonou Agreement, but concentrate its mind instead on fostering better relations with the rest of its ECOWAS neighbours. Furthermore, it must fast-track regional integration within ECOWAS, along with the second non-LDC, Ghana, which is slowly becoming a hotspot for investors because of its stable economy and peaceful nature. South-South trade, as discussed between MERCOSUR and ECOWAS in 2001, must be fostered. A study produced by UNCTAD indicates that South-South trade, contrary to conventional economic theory, would not be trade--diverting.

Failing this, ECOWAS regionalism is in serious danger of being frustrated by the neo-liberal agenda of the EU, and neo-realist tactics that will compel it to use investment and development cooperation as so-called gains for the ECOWAS countries. We know that investment is not the panacea for development, and that alone is insufficient to create a climate of development. In an ideal world, ECOWAS is sufficiently capable of going very far with its own vision of peace and security that fits under the framework of the African Economic Community. But this is not an ideal world. For ECOWAS, the alternative will remain highly problematic, and chances of Nigeria following that which I outlined above remain very slim.