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MACROECONOMIC POLICY REFORMS FOR DEVELOPMENT

THE IMPLICATIONS FOR REGIONAL INTEGRATION IN AFRICA

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MACROECONOMIC POLICY REFORMS FOR DEVELOPMENT: THE IMPLICATIONS FOR REGIONAL INTEGRATION IN AFRICA*

I. INTRODUCTION

To day, there are many African countries implementing World Bank/IMF sponsored macroeconomic management policy reform programmes, which are intended to lay the foundation of the rapid socio-economic transformation and sustainable development of the continent. At the same time, the African continent is dotted with a multiplicity of abortive economic cooperation treaties and protocol agreements, regional integration schemes and institutions which have been established to promote intra-state trade, amongst other objectives, between the African countries.

The challenge facing the African governments, national development institutions and the people at large, is to ensure that the treaties and protocol agreements of regional integration schemes do not remain on the shelves of government ministries and the headquarters of the organizations. However, since the 1980s, the focus on short-term macroeconomic reform programmes in many African countries has led to the neglect of the formulation of long-term development strategies in general, and the substantial efforts made by African governments towards regional economic integration in particular.

To prevent this undesirable outcome, it is essential that macroeconomic policy reform programmes are capable of making an effective and positive contribution to the attainment of the

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multiple and complex objectives of development and regional integration in Africa.

To this extent, the purpose of this paper is to examine the implications of the macroeconomic policy programmes, being implemented in many African countries, on the attainment of the lofty objectives and goals of the regional economic integration and development in Africa. The paper is divided into four Sections. Section I is the introduction. In Section II, a simple conceptual framework is set up. Section III is devoted to an examination of the nature of the impact of the implementation of the macroeconomic policy reforms on regional economic integration efforts in Africa. Finally, Section IV examines the necessity for incorporating the regional dimension of development into the design of national macroeconomic policy reform programmes and the initiation of regional reform programmes like that of UDEAC-CEMAC.

II. A CONCEPTUAL FRAMEWORK OF MACROECONOMIC MANAGEMENT FOR SUSTAINABLE DEVELOPMENT UNDER ECONOMIC INTEGRATION

It is our belief that an understanding and appreciation of African economic development efforts and experience requires a clear definition of the three phenomena- 'economic integration', 'development' and 'macroeconomic management'. This exercise is important because of the need to understand the meaning we shall impart to them as a result of our regarding them inter-dependently. With a simple conceptual framework thus established, we will be able to explore the theoretical problems of macroeconomic management for sustainable development under regional economic integration. This theoretical analysis will then be used to examine the experience of African countries which are currently implementing macroeconomic policy reforms programmes and at the same time pursuing regional economic integration - both of which are intended to foster the socio-economic transformation and long-term sustainable development of the continent.

2.1. Definition of Concepts

(a) Economic Integration

Generally, the theory of economic integration refers to the commercial policy of discriminately reducing or eliminating trade barriers among nations joining together. The degree of economic integration ranges from preferential trade arrangements to free trade areas, customs unions, common markets, economic unions and economic communities. For the purpose of this paper, 'economic integration' will be viewed as the outcome of a union of a number of autonomous political and economic units wishing to cooperate in organizing their production and distribution activities with the objective of obtaining greater economic and non-economic benefits that must be shared between the member States in some acceptable manner within the integration scheme.

The member States, however, aim at preserving within the integration framework a measure of individuality necessitated by such divergent factors as geography, culture, laws, social values, tradition, language and political ideology. Since some of these divergent factors often prevail between individuals of the same political unit, it will be assumed that these differences exist only between member States because within each State all individuals are subject to the same laws and government policies.

Furthermore, under 'integration', the division of economic and social responsibilities between the various member States government is carried out by means of a bargaining process which leads to the fashioning of integration instruments designed to preserve the trade-offs involved in the pursuit of often conflicting regional and national development objectives. The attainment of the trade-offs requires a distinct institutional framework within which both regional and national economic policies are designed and implemented.

To this extent, 'integration' as viewed above has four main features:

- The rights of all member States are protected in the economic union by means of equal representation of all States in the meetings of the organs of the union.

- To prevent the larger and richer member States from out-voting the smaller and poorer ones, there must be institutional guarantees for the renegotiation of sharing additional gains as the economic union evolves over time.

- Nation States which share a regional identity (either for historical, political, economic, monetary reasons etc. like the Central African States) may be capable of helping one another to develop more rapidly than if each country pursued solely nationalistic and individualistic economic development policies.

- Whereas regional governments in a unitary State may not derive their juristic existence from the constitution of the State; under 'integration', the treaty of an economic union is in a sense, a contract which regulates the behaviour of the regional decision-making bodies and member States governments.

To this extent, the integration of African economies and the attainment of full regional collective self-reliance involves three mutually interdependent dimensions namely, "(a) the integration of physical, institutional and social infrastructures; (b) the integration of production structures; and (c) the integration of African markets" (AAP-SAP p.14).

(b) Development

It will probably not alarm the development economist to realize that it is difficult to give a precise meaning of 'development'. This is because there are many definitions of this concept which have appeared in the literature. For some writers, economic development is only one aspect or dimension of general development, because although the nation-state is usually regarded as the unit of development, 'national development' is a term which includes at least social and political changes as well as economic changes.

To some writers, 'development' implies growth accompanied by change, since there are essential qualitative features in the process of development that are often absent in the quantitative growth or expansion of an economy. Some of these qualitative features are improved efficiency of factors of production, the development of institutions, and a change in the society's attitudes and values.

Furthermore, to some economists, 'development' means industrialization. But the entire gamut of the society may not be affected, and indeed, industrialization may only affect a small proportion of the population. Alternatively, 'development' has also been viewed as the achievement of a number of "ideals of modernization". Such ideals include a rise in productivity, social and economic equalization, modern knowledge, improved institutions and attitudes, and a rationally coordinated system of policy measures that can remove the host of undesirable conditions of the social system that perpetuate a State of under-development.

Finally, development has also been seen as 'economic independence' which is usually echoed by leaders of the present-day developing countries or by developed countries whose economies are dominated by foreign investment. The 'dependence' of these countries on exports markets and foreign capital is often regarded as "foreign domination" or "exploitation" which (as the argument goes) must be prevented by adoption import-substitution policies, and limitations on the flow of external private capital. But the emphasis on national identity and independence through inward looking policies may impede rather than stimulate 'development', narrowly defined.

The various meanings of 'development' reviewed above seem to imply change in the economic structure and institutional framework of the society concerned. This change takes the form of rising incomes and increases in the volume of goods and services, which are associated with systematic and predictable variations in such features of the economic structures as output composition of the gross domestic product, rates of savings and investment, income distribution pattern, per capita incomes, consumption levels, utilization of capital and labour, capital-output and labour-output ratios, and the pattern of trade.

Any deviation from the normal path of development of an economy can be made possible through the creation of new international trade patterns, changing tastes of society, new demands and problems resulting from the process of change, or through an economic integration or union of formerly autonomous economic units with the resulting composition and diversification of output of the various units differing substantially from their pre-union internal demand for the goods and services produced.

Bearing the foregoing brief review, "economic development", shall for the purpose of this paper, be defined as a sustained secular expansion of the capacity (total volume of goods and services that can be generated of an economy. The increase in the total output of goods and services resulting from the expansion of an economy must be sustained because a short-term expansion experienced during, say a business cycle, will have a very limited and non-lasting impact on the economy. Consequently, the appropriate time units in which individual business cycles are measured are decades rather than years. A period of say ten years can be considered as being an acceptable period within which sustained development can be observed.

(c) Macroeconomic Management

Macroeconomic management generally refers to the use of macroeconomic policy instruments like fiscal policy, monetary policy and exchange rate policy to stabilize income and promote growth and development over time. In the short-run, macroeconomic management refers to the use of macroeconomic policy instruments to bring about balance of payments equilibrium and full employment without inflation. The objectives of macro-economic management in the short-run include maintaining full employment, ameliorating the rate of inflation, reducing fiscal deficits, eliminating current accounts and balance of payments deficits and effectively managing the external and internal debt to avoid the problems of debt-servicing.

In the long-run, the objective of macroeconomic management is to ensure the achievement of self-sustained economic growth and development. The tools or instruments of macroeconomic management generally comprise of monetary and financial policy, fiscal policy, commercial or trade policy, exchange rate policy and debt management strategy. Fiscal and monetary policies constitute the major tools of macroeconomic management in many countries of the world.

Monetary policy, which includes credit and financial policy, involves the use of changes in money supply and or interest rates to influence the level of income, employment and the general price level. For example, the use of open market operations, redeployment policy, minimum resource requirements, stipulation of liquidity ratios and sectoral credit guidelines. Fiscal policy involves the use of changes in government spending and tax revenues to influence the level of economic activity. For example, an increase in government spending would affect aggregate demand and level of income and employment, positively. Fiscal and monetary policy may be a supplemented with the remaining three instruments, i.e., commercial or trade policy, exchange rate policy and debt management strategy.

There is, however, an urgent need for macroeconomic management policies to address the problems of structural bottlenecks and rigidities characterising the many Africa economies. For example, it is important for comprehensive macroeconomic structural reforms to improve the effectiveness of fiscal and monetary policies and facilitate the resolution of the complex policy quandary of simultaneously achieving short-run stabilisation and long-run economic growth and sustainable development in the African countries.

In fact, the present macroeconomic management policy reforms have not complemented the wide ranging objectives of regional economic integration in Africa with a view to achieving the long term goal of socio-economic transformation and sustained development in the continent. To this extent, macroeconomic management policies should be geared towards establishing self-sustained development by maintaining economic growth, transforming African economic and social structures and ensuring a sustaining resource base in the long-run.

For the purpose of this paper, macroeconomic management will be viewed as a continuous, deliberate coordinated process whereby different sets of instruments of economic policy are manipulated to guide the allocation of public and private resources with a view to achieving some specified financial and physical targets which are consistent with a certain spatial-sectoral production and distribution pattern during a given period.

Its main features consist of the identification and delineation of the economic and social problems facing the society in question; setting production, investment, financial income and resource allocation targets, and devising appropriate institutions for policy formulation, implementation, monitoring and evaluation and adapting them to the changing socio-economic circumstances.

2.2 The Interrelationships Between 'Integration-Development, Integration-Macroeconomic Management' and 'Macroeconomic Management-Development'

Our clarification and definition of the three concepts that are central to our analysis will help to establish the building blocks. As has been suggested early already, however, each of these concepts acquires new meaning when viewed in combination with the others. Since an understanding of Africa's efforts towards sustained development requires the inter-dependence of all three ideas, we must attempt to understand their inter-relationship more fully. To do so, we begin with an analysis of the three pairwise sets of relationships that exist, and conclude with a three-dimensional interjection of the concepts.

(a) 'Integration-Development'

In examining the relationship between 'integration' and 'development', the assumption underlying each objective; is the desire for greater economic improvement in the positions of the member States and the steady increase over time of the capacity of the economy of the economic union as a whole, respectively. The relationship between these two objectives can be examined by using two dimensional diagram shown by Fig. 1 where M_1 and M_2 represent two member States, whilst D_1 and D_2 denote development levels in years 1 and 2, respectively.

Temporal Units

	D_1	D_2	
M_1	M_1 D_1	M_1 D_2	**Spatial Units**
M_2	M_2 D_1	M_2 D_2	

Figure 1: 'Integration' Vs., 'Development'

It is apparent that the objectives of 'integration' and 'development' will conflict since the former stresses the spatial dimension of the distribution of the benefits from integrating, whilst the latter emphasizes only the temporal aspect of the expansion of the capacity of the union economy without considering where the expansion is taking place. For example, an optimal developmental programme might be concentrated in only say M_1 (if it is the most productive member State) but such development may not take place in a spatially "balanced" manner, acceptable to all the member States.

We shall attempt to illustrate more formally the extent and nature of the problem involved in pursuing policies that may lead both to the realization of optimal 'development' and the desired sharing of gains from 'integration'. Firstly, it will be assumed that in an economic union, M_1 is a richer member State, experiencing rapid economic growth whilst M_2 is poorer, with lagging productivity growth. Alternatively, it will also be assumed that both M_1 and M_2 have the potential for economic development but it is greater in M_1 than in M_2. To this extent, therefore, the two member States will be experiencing different rates of development before the economic union - with M_1 having a higher growth rate than M_2.

In the circumstances, therefore, the conventionally - measured GDP of a genuine economic union of M_1 and M_2 will be smaller than that of an individual member State. The difference may be termed the 'opportunity cost' of economic integration. This opportunity cost arises from the fact that under integration, there is need for decentralized production of economic activity that may well be opposed to what an efficient market solution would yield. Thus, if the GDP of an individual member State is denoted as Y_M, the economic cost of establishing an economic union becomes $Y_M - Y_R = A$. The size of 'A' is larger in the case of the first than the second assumption regarding the economic positions of the member States.

However, a collection of Balkan States, M_1 and M_2 each maximizing its own GDP, after allowing for price-level differentials, would have a total product of Y_b. Thus, the economic gain to M_1 and M_2 as a collectivity from integrating rather than Balkanizing can be stated as $Y_M - Y_b = X$. The economic gain (positive) would arise from economies of scale brought about by the enlargement of the size of the market for firms producing below optimum capacity prior to economic integration, external economies which shift specific or general cost curves downward, trade-encouraging fiscal and monetary harmonization policies and factor mobility in the long-run.

Such mobility may redistribute incomes amongst M_1 and M_2, so that one may progress and the other may remain backward. To this extent, the question of sharing the economic benefits generated in the economic union will have to be given very careful attention. Whatever is the situation with respect to the comparative advantages of the various member States regarding the location of industrial projects and other economic activities, no progress can be made with development policies which imply that some member states will be almost exclusively importers whilst others will be predominantly exporters of sub-regionally produced goods and services.

Consequently, a negotiated group of development projects containing many second-best solutions of the location problem will be preferable to locational decisions that are based purely on efficiency criterion. A choice of the latter, may lead to an unacceptable degree of polarization and a subsequent breakdown of the joint cooperation which necessitated the formation of the economic union with a view to fostering the development effort of the member States.

Unfortunately, at the present time, the evolution of opinion regarding multi-state economic development within an integration setting in Africa, has not gone far enough to show the existence of potential or possible industrial linkages, a la Hirschman, which should influence the planning of the pattern of spatial development of an economic union. Rather, the attempt to deal mainly with final goods and services, has led the various contributions to end up with conclusions like member State M_1 should develop its own economic activity. Consequently, what is required in order to ensure spatial development in an economic union is the establishment of economic activities with the objective of enhancing the complementarity inherent in the projects located in the different member States.

For this reason, therefore, spatial development in an economic integration context should be guided by the basic objective of integrating all the economies of the member States since the rationale for economic integration is to exploit the economies of scale and share the benefits arising from a larger market size. In this regard, an acceptable inter-state balance in the level of development must be maintained, at least sufficient to preserve the political support that is absolutely a sine qua non for the viability and sustainability of the economic union.

(b) 'Integration - Macroeconomic Management'

The problem of macroeconomic management under integration follows from the above. 'Integration' is used here as an objective whilst 'macroeconomic management' attempts to use policy instruments to influence the allocation of resources. Thus, macroeconomic management in an integration setting is the policy of allocating public and private resources among the key sectors of the national economy (designated as S_1, S_2 and S_3) to meet the spatial objectives, specifically those of the member States M_1 and M_2. This dual allocation problem between spatial units M_1 and M_2 member States) and the conventional economic national sectors, S_1, S_2, and S_3 (such as agriculture, industry, etc.), can be illustrated with the aid of a two dimensional matrix - See Figure 2.

Economic Sectors

	S_1	S_2	D_3	
M_1	M_1 S_1	M_1 S_2	M_1 S_2	**Spatial Units**
M_2	M_2 S_1	M_2 S_2	M_2 S_2	

Figure 2: 'Macroeconomic Management' under 'Integration

Under an integration setting, macroeconomic management policies are no longer guided by efficiency considerations alone, which may demand the allocation of more resources to the most productive sectors of the economy (which may be located in only one member State), but also by spatial considerations which emphasize a greater distribution of resources between the member States of the economic union.

Spatial considerations will therefore, require 'macroeconomic management' policies under 'integration' to recognize and take into account certain constraints as given data. The most basic constraints include the extent of union and national autonomy in a wide range of economic matters, the existing national factor mobility, political attitudes to migration, the economic and social incentives and the influences of union and national development institutions.

As a consequence of these constraints, macroeconomic management under an integration setting will always impose a different bias in the regional allocation of economic activities from that of a member State with the same basic original factor and geographical endowments. Macroeconomic management policies will therefore attempt to produce a viable mix of sectors S_1, S_2, and S_3, that is relevant to local conditions in each member State.

The issue of where to locate economic activity in an economic union is confronted directly in macroeconomic management in the desegregation of economic activities into regional and national development programmes. This is to ensure that spatial development which results from the trade-offs between 'integration' and 'development' objectives is achieved during the implementation of macroeconomic management policies. In this regard, macroeconomic management attempts to improve the organisation of production and distribution activities within the given integrated regional space which includes all the member States.

(c) 'Macroeconomic Management-Development'

'Development' was defined earlier as an increase in the capacity of the economy of an economic union. 'Macroeconomic management' makes use of certain policy instruments to allocate resources among sectors. Macroeconomic management for development therefore, requires the allocation of these resources between the various economic sectors such as agriculture, industry, trade, education, etc., so as to optimally foster the expansion of the capacity of the regional economy.

The issues involved in macroeconomic management for economic development can be demonstrated with the aid of a two dimensional matrix diagram (Figure 3) where D_1 and D_2 stand for developmental levels in years 1 and 2, and S_1, S_2 and S_3 indicate economic sectors to which resources are being allocated.

Economic Sectors

	S_1	S_2	S_3	
D_1	D_1 S_1	D_1 S_2	D_1 S_3	**Temporal Units**
D_2	D_2 S_1	D_2 S_2	D_2 S_3	

Figure 3: 'Macroeconomic Management' for 'Development'

From Figure 3, it can be observed that in order for macroeconomic management to lead to the desirable development objective, resources would have to be allocated to the economic sectors S_1, S_2 and S_3 taking into consideration potential forward and backward linkages which each of them can generate.

Many structural problems inherent in the development process may influence the scope and direction of the planning process. For example, the prevalence of structural rigidities which hamper productive activity, limited capital resources, shortages of manpower and transport difficulties, etc., would require that macroeconomic management policies in being used to attain the objective of 'development' should also adopt specific remedial measures that will be directed to tackling the above obstacles which may indeed hold back the desirable pace at which development can be achieved.

Having attempted in this section to show the inter-relationship between "Integration-Development"; "Integration-Macroeconomic Management" and "Macroeconomic Management-Development", we will now proceed to carry out a synthesis of the concepts in which a complete 'network' of the relationships between 'integration', 'development' and macroeconomic management' and are examined.

(d) A Synthesis of the Concepts

The purpose of this synthesis is to show simultaneously the network of the relationships between the three concepts of 'integration', 'development' and 'macroeconomic management'. It will be assumed that the organization and distribution of economic activities under 'integration', with a view to achieving sustainable economic 'development', requires the utilization of a set of policy instruments which directly intervenes on the manner in which the member States had hitherto carried out their activities at the national level.

The complete network of the relationship between these three phenomena, 'integration', 'development' and 'macroeconomic management' can be shown with the aid of a three dimensional matrix which is presented in Figure 4. 'Integration' necessitates spatial 'development' which requires that resources be allocated among economic sectors so as to provide some acceptable sharing of benefits between the member States M_1 and M_2. On the other hand, sustainable 'development' requires the allocation of resources among sectors to optimize the expansion of the economic capacity of the economic union as a whole. Since these two goals will in all likelihood conflict, the macroeconomic management policy problem is to arrive at a sectoral allocation of resources that permits "acceptable" attainment levels for the spatial and developmental goals.

In diagrammatic terms, this means that developmental targets (D_2, D_1, D_0) might have to be compromised by allocating resources among sectors in manner that is more consistent with the desires of the various member States (the six middle boxes containing D_1 labels). Note that this is not necessarily consistent with the spatial objectives taken by themselves, which, if followed, would imply an even lower rate of development D_0.

The conflict between the objectives can be shown with the aid of Figure 5. It will be observed from Figure 5 that the conflicting objectives of 'integration' and 'development' must be reconciled through macroeconomic management policies which required that a trade-off be made between them. The trade-off is indicated by the goal-mix (GM) which contains the sectoral allocation of resources between spatial units (member States) as determined by macroeconomic management policies. The attainment of an acceptable goal-mix implies a simultaneous realization of acceptable targets for the objectives of 'integration' and 'development'.

It should be noted, however that the position of the goal-mix box - GM - does not remain stable over time. It can shift more to the right towards the objective of 'development' if greater emphasis is later placed on efficiency considerations by macroeconomic management policies or to the left towards the goal of 'integration', if spatial considerations overshadow those of efficiency, during the design and implementation of macroeconomic management programmes. A movement of the goal-mix box GM to the left would imply a high 'opportunity cost' of integration particularly for the richer member States.

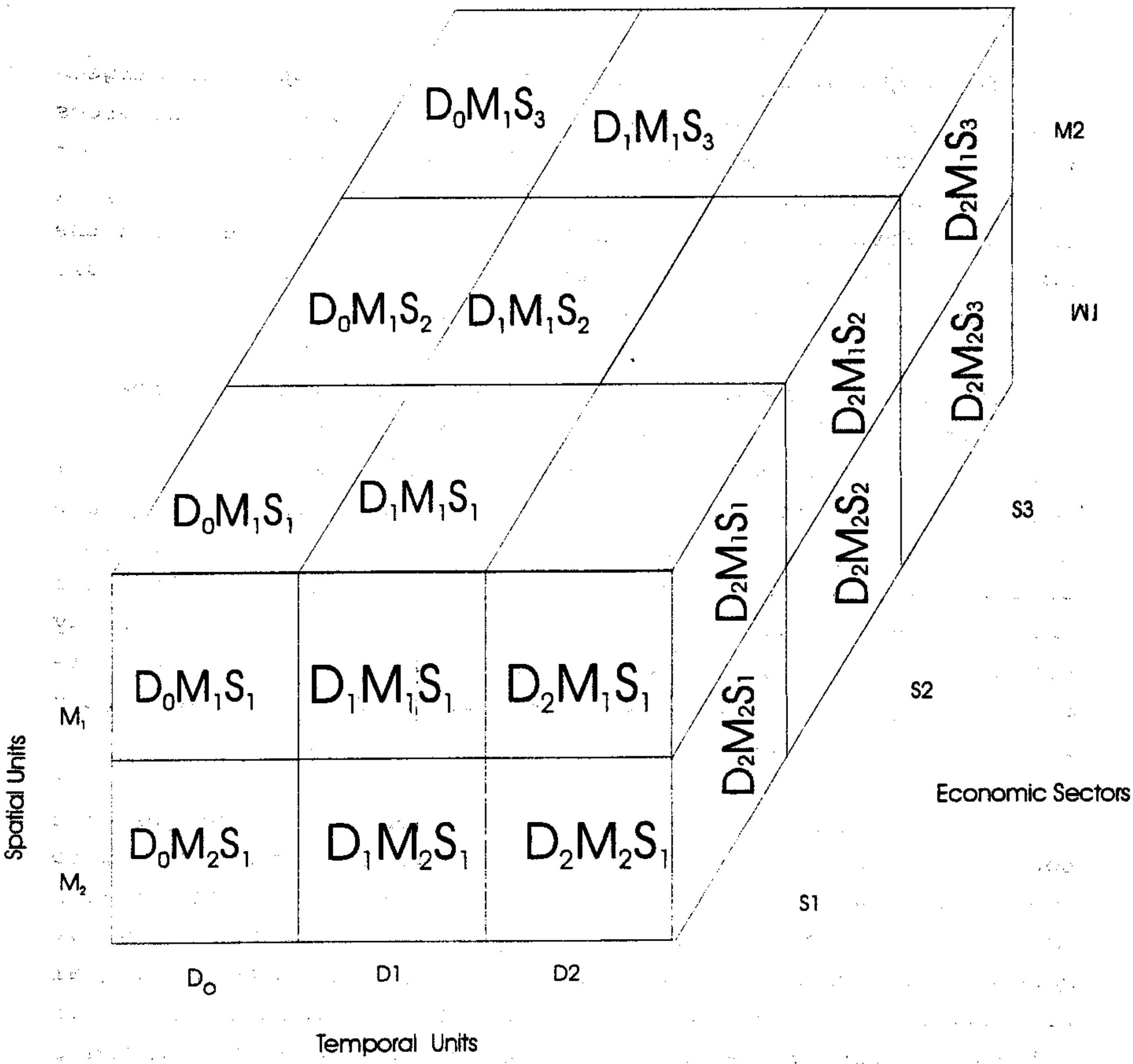

Figure 4: A Synthesis of "Integration", "Development" and "Macro-Economic Management"

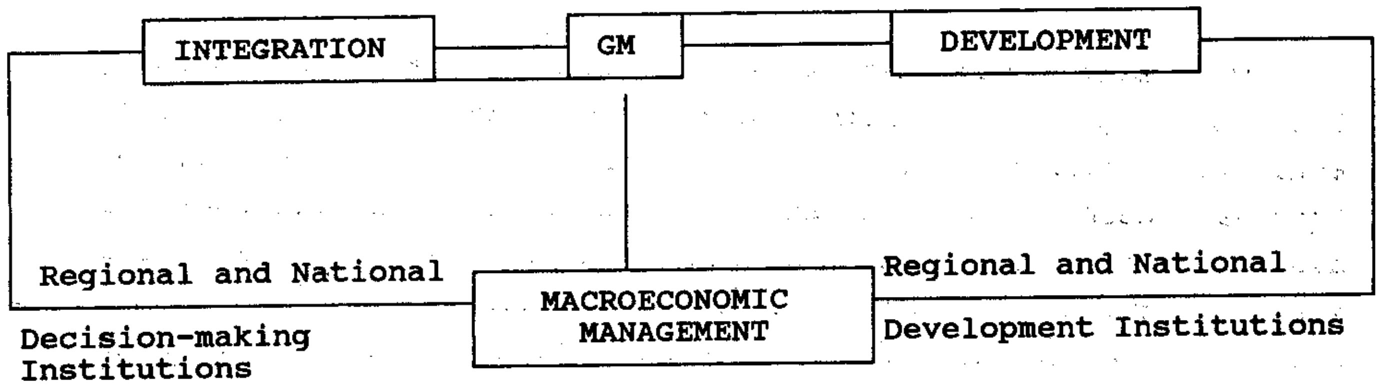

Figure 5: A Complete Network of Relationships Between 'Integration', 'Development' and 'Macroeconomic Management'

On the other hand, a movement to the right would imply a greater rate of expansion of the economies of the most productive member States, at the cost of lower developmental rates in the poorer and less productive States.

Furthermore, it will be observed from Figure 5 that macroeconomic management policies are also subject to institutional constraints which were noted earlier. The constraints limit their ability to produce an appropriate goal-mix. The choice of relevant macroeconomic management policies is also subject to the other influences which we indicated above. These influences result from those member States which may lobby to protect their individual national economic interests during the design of macroeconomic management programmes.

It would appear, therefore, that there is a great deal of interdependence between 'integration', 'development' and 'macroeconomic management' particularly in view of the trade-offs involved in the 'integration', 'development', relationship, and the constraints to which 'macroeconomic management' policies are subject, in their attempt to foster collective 'development' and at the same time produce an acceptable division of the potential benefits from economic 'integration' between the member States.

To complete our task, a final comment is required regarding the stability of an economic union. As concerns 'macroeconomic management' under 'integration', it can be reasonably postulated that macroeconomic policies should encourage a spatial and sectoral distribution of investment resources so as to meet the needs of the member States and therefore promote the stability of the economic union. In its attempt, to keep the union together, and by so doing foster the continual functioning of the regional institutions, macroeconomic management must select an appropriate goal-mix that would maintain long-run stability.

This is important because in order for each member State to cooperate wholeheartedly as a member of an economic union, it must be able to acquire public and private goods and services produced by the union. This ability is determined by the organization of production activities and the pattern of income distribution between the member States. (It should, however, be pointed out that although income distribution between the citizens of each member State may be inequitable, we are concerned here with only the income disparity existing between the member States at the time of integration). Thus, for an economic union to remain stable, an acceptable pattern of distribution of the benefits generated from 'development' must be maintained between the member States.

III. AFRICAN ECONOMIC INTEGRATION EXPERIENCES

Having provided a conceptual frame of reference, concise definitions and the stability relations between the concepts of 'integration', 'development' and 'macroeconomic management', it is important to related them to the particular case of African countries with a view to setting the stage for the recommendations on the need to incorporate the regional dimension of development in the design of macroeconomic management programmes by the African countries.

As concerns 'macroeconomic management', the design and implementation of short-term orthodox structural adjustments and stabilization programmes in many African countries under the auspices of the World Bank and the International Monetary Fund since the 1980s has led to the complete neglect of the long-term objective of socio-economic transformation sustained development of the national economies. To this extent, macroeconomic management policies have not complemented the objective of long-term sustainable development in African countries. This can be explained, by the fact that the classical structural adjustment and stabilization programmes were originally intended to address internal, (e.g., budget deficits) and external, (e.g., balance of payments deficits), disequilibria in the adjusting African countries.

However, since the early 1990s, the Bretton Woods institutions, particularly the World Bank, have introduced the social development and poverty alleviation dimensions to the macroeconomic reform programmes being implemented in African countries. Despite these welcome initiatives, the regional integration dimension of national development has never been given any attention during the design of macroeconomic management policy reform programmes which many African countries have been implementing since the 1980s.

Many African countries have instead, initiated inward-looking economic and financial policies to address their domestic social and economic problems, to the neglect of the obligations they accepted in the various regional economic integration organizations to which they belong. As a result, 'macroeconomic management' programmes have not complemented the objectives of 'economic integration' in African countries. This has led to a number of undesirable results.

Firstly, the financial obligations which many African States contracted under the various Treaties and Protocol Agreements of regional economic integration organisations have never been reflected in their national budgets and development programmes, since no account has been taken of such obligations during the negotiations, design, implementation, monitoring and evaluation of macroeconomic reform programmes by the adjusting countries.

Secondly, because of the emphasis on alleviating domestic financial, and economic, problems in the macroeconomic management reform programmes, African countries have been forced to reduce their financial contributions to regional economic integration organizations and to the multinational development programmes and projects. In the Central African subregion, for example, this has led to the virtual collapse of some regional organisations like the Economic Community of Central African States (ECCAS). It has also led to the accumulation of arrears of financial contributions by member states in some regional organizations like the Central African Customs and Economic Union (UDEAC) - now transformed into the Economic and Monetary Community of Central Africa (CEMAC).

Table 1: Financial Contributions of UDEAC Member States (1986-1992)

Year	Assessed Annual Contribution (million Frs. CFA)	Unpaid Arrears
1986	2,875	2,521
1987	2,700	2,735
1988	2,100	2,273
1989	2,125	2,945
1990	1,829	3,336
1991	1,952	1,091
1992	1,396	2,438

Source: UDEAC, The General Secretariat, Bangui, 1993.

It can be observed from Table 1 that the assessed contributions of UDEAC member States decreased by 50% between 1986 and 1992. Furthermore, the annual contributions to the functioning of the UDEAC General Secretariat were irregular. As a result, recurrent expenditures, particularly staff salaries remained unpaid for many months. The financial problems of the UDEAC - CEMAC have also been aggravated by the accumulation unpaid arrears by member States. For example, in 1992, out of an estimated annual contribution of some 3,123 million CFA francs by all the member States, unpaid arrears were 2,439 million CFA frcs; that is 78% of the total expected revenues. This clearly demonstrates the inability of the member States of UDEAC - CEMAC to support economic cooperation and integration in the subregion. This situation may be explained by the serious socio-economic crisis which all the UDEAC-CEMAC member States have been facing since 1980.

As concerns the Economic Community of Central African States (ECCAS), the General Secretariat has since 1986 experienced considerable financial difficulties due to the none payment and often late payments of member States' contributions to the Recurrent and Investment Budgets. This situation produced negative effects on the realisation of the action programmes of the Community. Table 2 below presents the approved and utilised budget credits between the 1985 and 1988 financial years.

Table 2: ECCAS Budgets (1985-1988) (million ECA Frs.)

Year	Approved Expenditures	Actual Expenditures	Rate of Execution
1985	1,935,238	1,408,346	72.77%
1986	3,198,464	2,311,239	73.00%
1987	2,447,068	2,008,483	82.00%
1988	3,678,330	2,656,165	72.20%

Source: CEEAC, Rapport sur la Première Etape de la Mise en Place de la Communauté, Doc. 03/CEEAC/86/CCEG/89, Bangui, Mars 1989, p.18.

Furthermore, it can also be observed from Table 3 that the proportion of the ECCAS financial resources allocated for the implementation of action programmes during the period 1985-1988 varied between 6.61% and 10.7% of the Recurrent Expenditures. On the basis of the available information in Table 3, it is obvious that very limited financial resources were allocated for the implementation of ECCAS Action Programmes like the studies on the stabilisation of fiscal and customs systems, etc., and virtually nothing for capital investments.

Table 3: Pattern of ECCAS Expenditures (1985-88) (million CFA frs.)

Year	Recurrent(R)	Investment(I)	Action Programme(AP)	AP/R
1985	1,815,238	76,666	120,000	6.61%
1986	2,819,797	76,667	304,000	10.78
1987	2,255,314	15,948	175,806	7.80%
1988	3,312,198	59,103	307,119	9.27

Source: CEEAC, Rapport sur la Première Etape de la Mise en Place de la Communauté, Bangui, Mars, 1989, p. 18.

Finally, it may be recalled that all member States of African subregional economic cooperation and integration organisations (ECOWAS, UMA, ECCAS, UDEAC-CEMAC, SADC, etc.), professed to ensure the gradual complementarity and integration of their national economies through the harmonisation of monetary, fiscal, financial, and industrial policies, free mobility of factors of production, etc., on the basis of effective reciprocity of benefits and costs. Unfortunately, however, the design and implementation of macroeconomic management reform programmes by the member States of the various regional integration organisations has led to a systematic abandonment of these objectives.

The existence of regional Central Banks like BEAC in Central Africa and BEAO in West Africa, (for the Francophone African countries) has not helped the harmonisation of national monetary and banking policies and practices in each of the two subregions. Furthermore, in the case of the UDEAC-CEMAC, the Development Bank of the Central African States (BDEAC), has not succeeded in effectively funding "envisaged multinational development projects in the subregion due to conflicting, national investment policies and inter-State wrangling".

In view of the foregoing prevailing situation, it is important that macroeconomic management policy programmes currently being implemented in many African countries should not only lay the foundation for sustainable development but also take cognisance of the regional integration dimension of national development. This is a must if the desirable long-term goal of rapid economic growth with transformation and sustainable development, through subregional economic cooperation and integration, is to be achieved in Africa during the 1990s and beyond.

There is no doubt that realistic national macroeconomic management policy programmes, which incorporate the regional integration dimension of development, are essential for bringing together all the socio-economic development actors as well as the institutions responsible for steering national and subregional economies and for providing the policy-makers and political leaders with pertinent and operational development policy options.

To this end, pragmatic and well coordinated macroeconomic management programmes can serve as useful instruments for promoting national and regional dialogues on long-term socio-economic development policies and societal choices for the future in Africa. Consequently, the question arises as to what is the way forward if macroeconomic management policy programmes are to address the above touchy problems of African development.

IV. THE WAY FORWARD

As indicated earlier, the macroeconomic management reform programmes currently being implemented in many African countries, place emphasis on reducing the rate of inflation, reducing national budget deficits, eliminating balance of payments deficits, efficiently managing the internal and external debt, etc., have not complemented the considerable efforts which have been made by many African States towards regional economic cooperation and integration. Consequently, therefore, in order for macroeconomic management reform programmes to concretely address the issue of economic integration, it is absolutely important that future macroeconomic policy reform packages incorporate the regional integration dimension of national development in their design.

Specifically, there is need for African countries and the Bretton Woods institutions to jointly collaborate in ensuring that during the design and implementation of national macroeconomic policy reform programmes, consideration is given to regional programmes such as multinational investment projects. To this end, therefore, the design and support for macroeconomic policy reform programmes should:

(a) incorporate from the outset, well-defined strategies, policies and measures which can effectively foster regional economic integration at the national level as well as spelt out the impact of transnational economic adjustment policies;

(b) provide effective support for the harmonisation and coordination of macroeconomic and sectoral policies, including fiscal, monetary, financial, and customs matters with a view to achieving the twin objectives of regional economic integration and macroeconomic management at the national level;

(c) encourage and support the implementation of sectoral reform policies at the regional level; and

(d) support the liberalisation of trade and payments as well as encourage transnational capital flows and investments.

It should be pointed out that some regional economic cooperation and integration schemes like UDEAC-CEMAC have initiated Regional Reform Programmes (RRP). In the case of UDEAC-CEMAC, the main objective of the RRP is to promote both market integration and the integration of productive sectors in the Central African Subregion.

Specifically, the UDEAC-CEMAC Regional Reform Programme consists of measures of liberalisation and internal harmonization of the systems of custom taxes, measures for coherent macroeconomic policies, the attainment of a monetary union and the development of sectoral programmes with emphasis on agriculture, industry, trade, transportation, and strategic planning. It is hoped that with the support of the World Bank, European Union and the French Fund for Economic and Technical Cooperation, the implementation of the UDEAC-CEMAC RRP will soon begin.

Despite the foregoing recommendations and current initiatives taken by UDEAC-CEMAC, it should be borne in mind that the agenda of macroeconomic policy redesigning and institutional reshaping at both the national and subregional levels in Africa is a long and complex one, particularly in view of the prevailing socio-economic crisis which many countries in the continent are presently undergoing. Consequently, any macroeconomic policy reforms, which are intended to address the regional economic integration dimension of national development in African countries, will require determined action by all the governments as well as external support from the Bretton Woods institutions and other international financial and development organizations for many years before the continent can put its economic difficulties behind it and achieve the dual objectives of sustainable development and regional economic cooperation and integration in the 1990s and beyond.

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