

The Economics of Pan Africanism: A Political Economy Perspective

MOGES Abu Girma

Abstract

The economic landscape of Africa is clustered with small and fragmented national economies. This economic feature has hampered the emergence and sustainability of integrated continental economic system that has considerable potential to transform the economic, political, and social situation of Africa. Pan-Africanism as an economic and political movement can promote sustainable and vibrant economic system in the continent. However, it takes serious reforms that undo the burden of ineffective and extractive institutional history of the continent. Despite the recent relative improvement in the economic growth performance of African countries, the sustainability of growth and structural transformation process largely depends on the extent to which Africans reform their largely extractive economic and political institutions and pave the way for realizing new growth opportunities. This paper develops a political economy argument on the necessities and challenges of establishing a vibrant and integrated continental economic space and explores new areas of initiatives that would address the limitations of current approaches.

Keywords: Africa; Economic growth; Institutions; Economic integration; Political economy.

I . Introduction

Africa emerged from the ordeals of colonialism with deeply traumatized population, widespread poverty and backwardness, weak economic and institutional infrastructure, dual economic structure within national economies, arbitrarily drawn and fragmented political boundaries, and vulnerability to persistent tension and instability. The 1960s were considered commonly as the decade of political independence of the continent even though the struggle against colonialism and apartheid somewhat continued in different corners of the continent for much longer period. The initial conditions of liberation and the legacy of colonialism throughout Africa left little room for optimism and magnified the daunting challenge that the new African countries confronted and had to address within a fairly short period of time.

The African leaders realized quite early that the nominal political independence of the continent should be backed by genuine economic independence to bring about sustainable economic and social

development in Africa (Nkrumah 1963). The central challenge of African societies and countries was how to initiate and sustain economic growth and development that would eventually ensure their political and social transformation. Should they seek a continental approach, a regional effort, or national development agenda which in due course of time would support a meaningful and sustainable African union and renaissance? What would be the most plausible path to manage the contour of violence and insecurity that was posed not only by the European colonizers and their local sympathizers but also by the historical legacy of ethnic and bilateral conflicts? Would the new leadership and institutional arrangements of the liberation movement be capable of handling the post-independence challenges of the continent or should it be approached from a new perspective? These issues remain today pressing and imperative.

The economic foundations of the colonial regimes were based on extractive political and economic institutions. The new leadership had the urgent task of establishing inclusive institutions for sustainable economic development. Political independence held promises and potential possibilities for economic, social, and cultural development of the continent (Nkrumah 1963; Rostow 1960). The 1960s was a unique period in the political history of Africa in that a large number of countries achieved their political independence from European colonial rule. This political phenomenon opened the possibilities and potentials for economic development provided that new institutional arrangements more suitable for the newly independent nations were to take shape in the context of an emerging global political economy.

The year 1963 marked one of the most remarkable efforts of the African countries in setting up a continental institution whose central objective was to ensure the total political liberation of the continent. The Organization of African Unity (OAU) was established and started to play important role in providing both material and political support for the liberation movements against colonial rules in different corners of the continent. Despite a few thorny challenges, the tide against European colonialism had already gathered sufficient momentum by the middle of 1960s and soon colonial rule lost its ground. While the OAU was instrumental in maintaining sovereignty of the newly independent nation states, it kept itself away from addressing pressing challenges within African countries that frustrated the capacity of nations to achieve sustainable economic development and political stability. African states jealously guarded their sovereignty and the OAU by design was incapable to address problems that had consequences across borders and at continental level. The post-colonial Africa was dotted with conflicts and instability in the face of economic stagnation and widespread poverty. Africa waged its economic development effort within a difficult social and political environment and without undertaking the necessary reforms to reshape extractive economic and political institutions across the continent.

Does pan-Africanism make economic and political rationale? Or is it a political rhetoric with marginal economic or even political merit? Despite the considerable potentials of pan-Africanism in promoting sustainable economic development, the failure of leadership and determination to reform the extractive political and economic institutions has hampered the development possibilities of African economies. This paper develops a political economy and institutional analysis of the potentials and constraints of the pan-

African movement. The central thesis of the paper is that while pan-Africanism has considerable potential to promote economic and political development, the movement confronts a deep rooted vested interest in protecting the prevailing extractive economic and political institutions that continue to hamper sustainable and inclusive development process. In this context, the article argues that gradual but steady promotion of intra-African trade, production, and resources mobility coupled with economic, institutional, and political policy synchronization could make the pan-Africanism movement a potent force to improve the welfare of Africans. Most of these initiatives are predicated, however, by the existence of a functioning and inclusive political and economic institutional benchmark across countries on the basis of which pan-African economic space prevails and becomes operational.

The rest of the paper is organized as follows. Section two reviews the literature on the economic and political views on the pan-Africanism movement. Section three addresses the characteristics and tendencies of African countries in terms of development and political affinities towards establishing a unified and integrated African political and economic space. Section four extends the discussion with critical analysis of the potential strategies and their constraints in realizing the movement. Section five draws concluding remarks.

II . Literature Review

Pan Africanism as a concept broadly refers to what Kodjoe described as the acceptance of oneness of all African people and the commitment for the betterment of all people of African descent (Kodjoe 1986). This, of course, could broadly mean all of humanity given the fact that our ancestors all came from the African continent. In a way, we are all Africans. A more contemporary interpretation of the concept confines itself to two sets of people that currently reside in Africa and African descendants who reside outside of Africa or the African Diaspora (Fosu 1999; Walters 1993).

The concept of Pan-Africanism defined as the domain that consists of Africans residing in Africa and the African Diaspora suggests maximizing affinity and the welfare of all requires considerable mobilization effort and set of institutions that facilitate the participation in and benefit from the process of engagement. The dispersion of Africans from Africa took broadly two waves the first of which was undertaken through slave trade and the more recent one is more of self-motivated migration to the rest of the world. The current estimate of the African population is about 1.03 billion (United Nations 2013). Moreover, the African Diaspora is estimated to be about 170 million people residing all over the world but with high concentration in the Americas. Most of the Diaspora are descendants of slaves from Africa who were victims of slave trade and had lost most of their contacts with their African roots. Recent migrants, on the other hand, maintain close contact with the place of their origin which enables them to remain engaged in the economic, social and political affairs.

The African diaspora has continued to grow with recent migrations reflecting both push and pull

factors of both economic and political nature (Walters 1993; Collier 2013). This is accompanied by recent expansion of migration within Africa which constitutes the African Diaspora who live away from their place of origin. The challenge is what can be done to effectively use the number, skill, technical knowhow, capital, and entrepreneurship of all these potential resources to promote sustainable and steady economic development of Africans. In the same context, what economic and socio-political forces motivate the African diaspora to identify itself with their country of origin? Could this relationship of identity and affinity be relevant for the economic development potentials of the continent? These are some of the issues in the economic analysis of pan-Africanism.

The call for Pan-Africanism, at least initially, was motivated and driven by political imperatives which attempted to use the collective and united struggle of African people everywhere to help the abolition of slavery in the Americas and the liberation of Africa from European colonialism. The political liberation was considered the more urgent and shared objective of Pan-Africanism.

The experiences of post-colonial Africa have mixed features when it comes to the issue of how the consolidation of the new nation state status stood in tension with the objectives of forming supra-national identity and unity. Pan-African nationalism has to contend with the newly acquired nationalist sentiments and the old ethnic and tribal loyalty that predominated much of the institutions of the continent. Much of the discussion about Pan-Africanism has focused on the continental and regional initiatives. Leaders of the liberation movement did not manage to replace the extractive political institutions of the colonial era with a more inclusive institution of pluralistic and democratic systems and the rule of law. Even those with aspirations to embrace the democratic rule soon fell to the temptations and appeals of continuing the coercive institutions of authoritarian and dictatorial rule. To support such an approach, most pursued economic policies that promote the interest of the few elite at the expense of the masses leading to stagnation and widespread poverty.

The macro perspective of pan-African movement was dominated by rhetorical statements by political leaders whose practical constraint at the national level would hardly allow them to delegate power to supra-national institutions. As a result, or perhaps despite the rhetoric, leaders of the newly independent nation states across the continent developed the infrastructure for centralization and authoritarianism. The ideals of the rule of law and the emancipation of Africans from the legacy of coercion were eventually shelved and a new brand of autocratic and dictatorial forces took shape in one form or another. Those who survived in the political cannibalism, with a few exceptions, were strong men with brutal legacies of repression of their own people.

The form of political leadership and the political institutions by which individuals and parties come to power shape the way decision are made both at national and continental levels. The continental and regional organizations increasingly became clubs of dictators and autocratic rulers with very limited, if any, involvement of the public in the process. This had limited the capacity of these organizations to engage the broad masses and to cultivate shared goals and identity across the continent.

Whereas the anti-colonial struggle was dominated by revolutionary currents and support from anti-European colonial and socialist movements, the liberation movement did not have the coherence and synchronization to share the system of newly emerging nation states (Padmore 1972; Young 1982). As a result, the new nations were typical in terms of peculiar national features and domestic forces that remained to preoccupy the new leadership after liberation. This trend was also accompanied by the realities of the cold war creating the incentive to align and experiment with socialism or operating with the non-alignment movement. These movements and experiments could not undo the legacy of extractive and coercive institutions that dominated the African continent during the colonial rule. Instead, more coercive and brutal institutions emerged orchestrated by the local elites with help from their foreign patrons.

The economic structure of the newly liberated countries were not only backward but also featured dual structures in which the majority of the population earned its livelihood from subsistence agriculture in rural areas whereas pockets of urban based industrial and mining industries operate with relatively small contribution in output and employment. These economies faced the challenges of how to industrialize and create employment opportunities for the masses by channeling labor power from low productive rural based agricultural sector to higher productive industrial sector in urban areas. The challenges of industrialization and the mobilization of the necessary investment resources from both domestic and foreign sources was the main policy challenge of the day.

This approach to economic development emphasized the role of the state in the development process and central planning to bring about concerted effort to economic resource mobilization and allocation. In the process, the private sector and market forces were marginalized and discouraged leading eventually for the government to control the commanding heights of the economy and crowding out the private sector. The African economies were poor and backward at the dawn of independence and post-colonial economic performance has been dismal where stagnation and poverty dominated the continent.

There have been competing theories with regard to explaining the poor growth performance of the African economies (Easterly and Levine 1997; Landes 1999; Venables 2010; Acemoglu and Robinson 2013; Beinhocker 2007). Most, if not all, agree that economic growth performance is highly dependent on economic policies and institutions in which economic agents undertake their decisions and respond to overall incentive structures. Sustainable economic growth and development requires countries putting their policies and institutions right and responsive. The central theme of the neoclassical economic theory is that individual decision makers to a large extent would promote collective social welfare by optimizing their choices under their respective resource constraints. In the long-term, the economy eventually moves to its stable potential steady state.

The role of the private sector is crucial in the process whereas the government sector could play only a supplemental role in basic but critical areas of infrastructure development, external relations and national defense, stable macroeconomic environment, the rule of law and the protection of property rights, and manageable system of taxation. The experiences of newly industrialized countries suggest that the

government sector can indeed play crucial role in industrialization process by addressing the challenges of market failure and weak private sector development. The relative role of the private-public sector in economic affairs is dynamic and should be viewed as ever evolving process where both sectors operate to address critical hurdles in the development process.

Market failures are pervasive in developing countries. So do government failures. The art of economic policy-making demands balancing the two forces in a pragmatic and realistic way. The private sector in Africa has been repressed and stunted to such an extent that it operates far below its potential in subsistence and informal sectors. Despite reform measures to liberalize their economies and allow market forces to play more active role in the allocation of resources and the private sector to play a leading role in their development effort, most African economies operate in an environment in which non-market forces are dominant and the state assumes a commanding role in their economies. Liberalization reform measures have improved the role of the market and the private sector in an increasingly large number of African countries and yet there is much more to be desired before these forces are given the roles that commensurate with their potentials.

African economies are fragmented and least integrated relative to other regions depriving these economies the benefits of production network and participation in the global value chains. However, these features have to be critically examined from the perspectives of deeply rooted economic and political realities of the continent that is not compatible with pan-African economic and political integration. By implication, current efforts to political and economic unity of the continent, despite its huge potentials, remains unattainable unless the underlying forces are addressed. Initiatives for economic and political integration under the auspices of pan-Africanism in post-colonial Africa, and the necessary reform measures that should be undertaken at national and regional levels to realize these goals, have not been rewarding enough to necessitate radical institutional reforms.

The extractive institutions that were set in pre-colonial Africa and consolidated during the colonial era have remained in place and the elite makes effective use of them for enriching itself at the expense of the majority of Africans. Whereas the cost of the conventional system is huge in terms of lost opportunities and standard of living for the masses, the cost is spread across powerless and voiceless families who are caught in the vicious cycle of repression, lack of opportunity, and poverty. However, as public choice theory argues, this system rewards the few extremely well and the intensity of protection of vested interest has been growing over time with what is at stake (Mueller 2003). This process consolidates itself with all available instruments of repression and the stake increases with the passage of time. It takes nothing short of radical change of revolutionary proportions to establish a functional institutional framework and do away with extractive economic and political institutions.

III. Development and Political Affinities

The theoretical perspective of the previous section strongly suggests that the economic rationale of Pan-Africanism, though continental in framework, should be established on optimal pillars that would facilitate both vertical and horizontal integration. The current national pillars are relatively weak and the political framework in which they operate does not allow effective cultivation of developmental affinity. In search of better framework, decentralized local clusters combined with de-fragmented intra-Africa production, trade, investment, and innovation network need to be considered. It is imperative that the overall objective of continental Pan-Africanism takes shape through horizontal and vertical linkages and mobility with shared institutions and gradual harmonization of policies.

The long term development hurdle of African countries has been the prevalence of extractive economic and political institutions that protected the few elite at the expense of the masses. These institutions were imposed on Africans either by foreigners or now by local elites by coercion. Africans have been deprived of economic development and condemned to abject poverty mainly because of the weaknesses of law and order, property rights, violation of political rights, and legacies of these systems. Africa is characterized by complex diversity, ethnic and linguistic fragmentation, and geographical variations (Easterly and Levine 1997; Venables 2010). Moreover, the legacy of slavery and slave trade across African communities has been such that there is a deep rooted suspicion and mistrust across communities. Slavery and slave trade were coercive and brutal systems of extractive institutions. Slavery operated on the basis of violence and deprivation of the weak in society who fall victim to the brutal and the powerful. Slave trade was possible only in a system of slavery and it was undertaken with active participation of the local elite who traded slaves for repressive instruments and weapons to consolidate the relative power violence of the elite. Creating political, cultural, and institutional affinity across African countries by necessity involves remodeling, reforming, completely changing, and replacing with new policies and inclusive economic and political institutions. This is a slow and challenging objective but there is no short cut to achieve a sustainable basis for continental approach that serves the economic and social development of Africa.

Whereas extractive economic and political institutions may not necessarily prevent episodes of economic growth, such an approach could not generate sustainable and shared economic growth and development. After all, the elite has vested interest to grow the economy so long as they are in a position to extract more and enrich itself and sustain the system. However, by depriving property rights and security, the system prevents creative innovation and progress in structural transformation processes of their economy.

As the experiences of developing countries with extractive institutions and relatively huge inflow of foreign investment resources indicate, sustainable economic growth and development could hardly be achieved by the inflow of investment resources from abroad. The effectiveness, sustainability and

reliability of foreign aid and capital flow for initiating and sustaining economic growth and structural transformation of African economies has been the weak link in the development experience of African countries (Easterly 2006; Easterly and Levine 1997).

Creating cooperation among individuals and communities within nations or across national boundaries requires shared affinity and identity which nationalism came to serve in various ways. Strong nationalism had caused various problems and was considered as one of the underlying causes of the conflicts and violence within and across countries. However, nationalism in terms of its sense of oneness and belongingness serves important purpose for the community of people to pursue shared objectives and aspirations for the common good beyond the individual (Collier 2013). Apparently, the weakness of nationalism and reliance on tribal identity is considered one of the challenges that most African nation states faced in creating an integrated and coherence system of governance without which national development efforts could be frustrated. However, the hurdles for economic and socio-political development are not dominantly caused, even if they might have some contribution, by ethno-linguistic fragmentation but rather by the prevalence of extractive economic and political institutions that formed a system of exploitative relation which serves the few at the expense of the majority (Acemoglu and Robinson 2013). This robs society the opportunity to initiate and sustain inclusive economic system that rewards innovation and effort as well as promotes the accumulation of physical, human capital, and innovation in the system.

In the context of pan-Africanism, the ultimate motivating and uniting force would be the emergence of a vibrant pan-African nationalism that would make possible member countries and communities to cultivate shared developmental, social, and political affinities across the continent (Nantambu 1998; Walters 1993). African nationalism could emerge only if the ethnic and tribal loyalty gives way to a new consciousness among the African communities and this remains the daunting task facing pan-African movements. The new consciousness could express itself in the eventual freedom of Africans to move across countries and boundaries without losing their linkage with their community of origin and exploring the opportunities that the continental economic and socio-political environment provides.

Economic activity and international trade in general and intra-African trade in particular plays important role in establishing the process of integrated pan-African economic space. Table 1 highlights the economic and demographic features of Africa which exhibits the economic challenges as well as potentials for further growth. African economies have recently exhibited remarkable growth rate in productivity as well as merchandise trade. The value of trade increased from about \$298 billion in 1995 to \$349 billion in 2000 and further expanded to \$1,460 billion in 2013 (UNCTAD 2014). Africa exported to the rest of the world about \$700 billion worth of goods and services whereas the continental economies collectively imported about \$760 billion worth of goods and services by 2013. The continental economies exhibited significant growth in trade than the rest of the world both exporting to the world and serving as market for a whole range of imports from the rest of the world. The total value of African international trade exhibited

Table 1: Africa: Basic Economic and Demographic Indicators

Description	1960	1990	2000	2011	2060*
1. Demographic Indicators					
Population (Total) (millions)	283	627	803	1,034	2,797
Population ages 0-14 (% of total)	42.9	44.5	42.4	40.14	29.7
Population ages 15-64 (% of total)	54	52.4	54.3	56.32	63.2
Elderly Africans ages 65+ (% of the total)	3	3.1	3.3	3.55	7.1
Urban Population (% of total)	18.7	32	34.5	39.7	55.9**
2. Economic Indicators					
GDP Total, PPP, (Constant 2005 International Dollar), (billions)	139.4	449.1	584.9	953.9	
GDP per capita, PPP, (Constant 2005 International Dollar)	493	717	729	922	
Labor Force (Total) (millions)	na	225.3	299.7	404.9	

Source: World Bank. 2014. World Development Indicators Database; United Nations.2013.

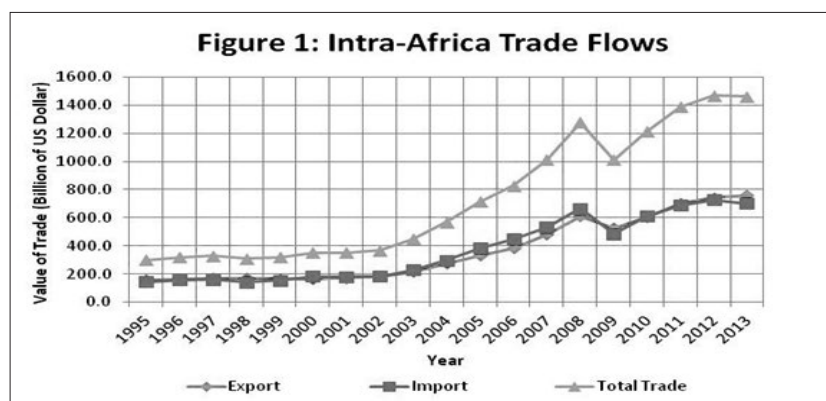
Note: * Population projection data for 2060 are based on median variant projection of world population prospects for 2012 revision

** Projection for urbanization refers to the year 2050.

an average growth rate of 8.8 percent during 1995 to 2013 setting a healthy trend among African economies towards openness to international trade. The pace of trade expansion accelerated since 2002 reaching a remarkable annual growth rate of about 11 percent. This is particularly important as the prime drivers of the growth in international trade both in terms of export destination and origin of imports are emerging market economies such as China and India opening up new opportunities and economic cooperation among developing countries. However, the share of African trade in global trade remains very low as it remains at about 3 percent in world trade indicating a significant potential for further growth in the future.

There is also an important expansion in trade activities among African economies. Total intra-African trade increased from \$28 billion in 1995 to \$31.6 billion in 2000 and to \$147.5 billion in 2012 representing a remarkable average growth rate of 9.8 percent during the period under consideration and a corresponding average of 12.9 percent from 2000 to 2012. International trade within the continent, as Figure 1 illustrates, has expanded with the orientation of most economies towards exports both to other African markets as well as to the rest of the world. Economies that have some manufacturing and processing capabilities have benefited from the recent trend that opened opportunities for new market or expansion of existing market outlets.

It is also notable that trade activities within the continent remains relatively small and most of the international trading partners of the economies in the continent are elsewhere in the rest of the world. This trade structure is partly the reflection of the nature and characteristics of the commodity composition of economies in the continent and the lack of forward and backward linkages and infrastructure that could



promote production network and value-added chain. A larger share of expansion in the value and volume of trade happened with the rest of the world than within the continent itself. This relatively weak intra-African trade could expand further with the expansion of more efficient and cost effective transportation network across the continent and the processing and manufacturing capabilities of local enterprises in the continent. This will open more expansion in the size of the market not only for final products but for raw material and intermediate inputs in the production process and expansion of the value-added chain.

Intra-African trade is growing and yet, as Table 2 summarizes, the share of trade activities that is flowing within the continental economic and market space remains relatively small and the dominant market and source of imports for African economies are outside the continent. It takes sustained structural transformation of the production and technological capability of African businesses to change the content and diversity of the production activities that would enable trade and hence investment to focus on the local economies and sustain their growth. The economic and trade regimes of developing countries are typical in their reliance on export of primary products and the import of manufactured products and services from the rest of the world and this is fully reflected in the collective continental trade flows of Africa. There are some regional and national variations within the African continent and yet the overwhelming picture reflects the trade regime and overreliance on a few primary export commodities destined for markets outside the continent. In comparison, developing Asia and America perform relatively better in orienting their international trade activities more on their regional economic space.

The weakness of intra-Africa trade flows is closely related to the fragmentation of the African economies and the high cost of tariff and non-tariff barriers to trade across borders (World Bank 2012). The high cost of transportation and trade barriers discourage African economic agents to engage less in mutually beneficial exchange activities. This is particularly important in commodities, staple food items, and intermediate inputs that have a rising demand across African countries. It is also important to note that the structure of these economies and the trade relationship that correspond to them is such that it does not facilitate trade flows within a rather similar and rival economic activities linked with export destinations

Table 2: Africa: Intra-African Trade Flows (percentage of total exports or imports)

	Export Trade		Import Trade	
	2001-2006	2007-2011	2001-2006	2007-2011
Africa	9.8	10.9	13.5	12.7
Eastern Africa	14.1	13.9	9.3	7.1
Middle Africa	1	1.3	2.5	3.1
Northern Africa	2.9	3.9	3.7	3.8
Southern Africa	2.1	2.1	10.7	7.9
Western Africa	10	9	12.5	10.2
Developing America	17.6	20.6	19	21.1
Developing Asia	45.1	50.1	49.3	53
Developing Oceania	3	3.3	2.3	2.7
Europe	71.4	70	67	64.4

Source: UNCTAD, 2013

Note: Intra-regional trade indicates the flow of imports and exports by their origin and destination within the respective regional economies.

outside the continental economy.

Foreign direct investment has served as important mechanism in creating economic integration across national economies and forming value chains that have been instrumental in improving productivity and serving as vehicle for introduction of new technology. The African continent has for long failed to attract foreign direct investment both in terms of volume as well as quality of technological innovation to better exploit the potentials of the continental economies. The share of Africa in the global FDI inflow remains depressing low at about 4 percent of world FDI flows or about \$57 billion as of 2013 (UNCTAD 2014b). This has not shown tangible improvement over the years and the local capacity to generate investment resources through domestic saving and channeling to investment purposes remains weak. The African region hence largely remains starved of investment resources for sustainable economic development.

There are some encouraging trends in recent years that indicate rising FDI inflows from other developing countries of Asia into African economies and better performance in intra-Africa FDI flows. Investment by South African, Kenyan, Angola, Egyptian, and Nigerian companies in other African economies has created wider opportunities and deeper economic integration across countries within the continent and given the current state of cross border investment initiatives much more could be achieved once this processes get momentum. The healthy growth rate of African economies over the last decade and the rapid population growth have been factors in the rapid growth of the size of the African market attracting further investment and innovation by continental as well as other potential foreign investors. The tendency of intra-African investment projects to focus on manufacturing and services, unlike the focus of other FDI inflows to natural resource extractive projects, has created better linkages and employment

opportunities in African host countries (UNCTAD 2014b). The volume and share of intra-African investment flow is not yet large enough to make its impact on the value chain of African economies and yet its features and composition attests to the fact that effective economic integration could be supported by deeper and sustained investment initiatives within and across African economies.

The issue of population mobility within countries and across political boundaries has been a topic of recurrent discussion with implications on the migrants, the host communities, and those communities left behind. The advancement of transportation and communication technology has made both the pull and push factors accessible to individuals to make their decision with regard to their place of residence and work. Conventionally, migration from rural to urban areas and employment in emerging industrial and services sector was a typical reflection of economic and social transformation in developing countries.

This process of mobility of labor force from agriculture to the modern sector necessitated adjustment in life style and educational training that facilitated the transition. African societies have predominantly been agrarian and rural and yet there has been rapid urbanization in recent decades and the process of urbanization is bound to continue for the foreseeable future. As Table 1 indicates, nearly 40 percent of the African population resides in urban areas whereas the majority still lives and works in rural areas. This is a remarkable growth of urbanization from the situation at the dawn of independence in 1960 where less than 20 percent of the population in the continent was living in urban areas. Current projections suggest that by the middle of the current century, more than half of the African population is expected to live in urban areas suggesting significant mobility of population from rural to urban areas.

There is also an emerging trend in population mobility across national boundaries with an overall tendency of net migration of people from less developed to more developed regions of the world. This situation has set a new trend and it is driven by both opportunities that advanced countries offer to people in less developed countries and the push factors that necessitated families and individuals to migrate away from their country of origin.

International migration has accelerated over decades with a typical feature of people migrating from less developed regions to more developed regions. Accordingly, as Table 3 summarily depicts, there is a net outmigration from Africa to the richer countries of the world. This is part of a global trend and the host countries generally have a more prosperous economies and standard of living which serves to attract more people to consider migration for economic reasons. The future policy choices of host countries in terms of attracting and welcoming immigrants will exert significant influence for the foreseeable future (Collier 2013; Kelly 2004). The divergence of income between the developed regions and the less developed regions made it more appealing for people in poor countries to migrate and increase their opportunities. Whereas migration is driven mainly by economic reasons, its implications stretch to social and political spheres both in the host countries and countries of origin.

There are three reinforcing processes that have been considered important factors behind the acceleration of international migration since the 1960s. These are the growing income gap between

Table 3: Africa: Net Population Migration Trend (thousands)

Year	Africa	Sub-Saharan Africa	More Developed Regions	Less Developed Regions
1960-1965	-950	-237	2287	-2287
1990-1995	-1015	-450	11558	-11558
1995-2000	-3417	-1137	13923	-13923
2000-2005	-2099	-429	17142	-17412
2005-2010	-1779	-184	17412	-17412
2010-2015*	-2481	-741	13170	-13170
2045-2050*	-2492	-1763	11596	-11596
2060-2065*	-1740	-1230	8145	-8145

Source: United Nations. 2014. World Population Prospects: The 2012 Revision. Note:

* projection based on median variant estimation on fertility rate.

countries in general but between the rich countries of West and the rest. This has produced significant pulling factor attracting a significant share of the brightest and most capable youth in poor countries to search for opportunities away from their countries of origin. Moreover, migration involves significant investment on the part of would be migrants and the risk of establishing themselves into a new environment. With gradual rise in the income of developing countries, it became increasingly affordable for aspiring migrants from poor countries to make it to the rich countries. Finally, the cost of adjustment somewhat eases with the size of the diaspora community in the host countries providing the logistical and adaptation process more accessible to future migrants (Collier 2013). This also has indirect influence in motivating future migrants in the countries of origin to get informed and generate exposure that will be helpful in the adjustment process. In a sense, the diaspora community and especially family members in the diaspora start to play as role models to future aspirants. These features are important in understanding the process and pace of migration from poor to richer regions of the world.

Migration affects in various ways people left behind. The diaspora exerts influence in the economic and political life of their country of origin, their community, and collectively their continent. One of the important spheres of influence of the diaspora community in their countries of origin is the flow of remittances to family members and to a certain degree in investment activities. Remittances are significant and increasingly important for poor countries and families. Official remittance inflow to Africa has reached about \$56 billion in 2012 as compared to about \$11 billion in 2000 (World Bank 2014). This represents about 3 percent of the total GDP of the continent.

This is a modest ratio and yet it compares significantly with the inflow of foreign direct investment or net ODA inflow to the continent. The relative importance of remittances in small countries, such as Senegal Cape Verde with remittance to GDP ratio of about 10 percent, is even more significant than the average African remittance inflow suggests. These observations indicate that there is significant role that the

African diaspora can play in the economic dynamism and growth of Africa. These macro perspectives would have magnified impact at micro and family level since most of the remittance inflow is directed to helping family members at the country of origin. Remittances are even more significant and critical in the family budget of poor countries to manage their life. Whereas prestige spending and basic consumption expenditure dominates the use of remittance inflows, its impact is being felt in real estate investment in an increasingly large number of urban areas across the continent from Dakar and Accra to Addis Ababa and Nairobi. In the process, the remittance inflow help recipient countries in terms of earning hard foreign currency that are important to finance the import requirements of their economies.

IV. African Union: Policy Coordination and Renaissance

The driving force behind the pan-African movement was political aspiration that sought to unite Africans against colonialism and racism. The projects of the Organization of African Unity (OAU) and now the African Union (AU) closely follow this political philosophy and how to mobilize Africans for their political and economic independence and collective welfare. The ultimate goal has remained to promote political unity across the continent and establishing a United States of Africa. The contemporary version of the aspiration for pan-Africanism and unity comes from the urgent priorities for economic and social development, areas where the African continent lags far behind most other regions. Can pan-Africanism promote economic and social development of Africa and what kind of approaches could Africans pursue to realize their aspiration?

The African Union and its effective operation could be instrumental in enabling the continent better manage the challenges of a rapidly changing world. This also enables Africa not to be left behind in the recent global trend towards international economic integration extending from the European Union, North American Free Trade Area (NAFTA), and the Association of South East Asian Nations (ASEAN). The third perspective is related to forming a coalition of resistance among African countries to minimize unwarranted pressure from abroad in dealing with African governments. This pressure comes not only from the West but also from emerging powers such as China and India that tend to exploit the weakness of African countries. A united Africa hence can speak in one voice and synchronize its agenda on a number of regional and global issues.

The manner and speed of establishing a political union of the continent has remained a contentious issue. The first articulation of the idea was formed in 1960 in a pan-African conference in Cairo, Egypt, in which both radical and gradual approaches were argued in favor or against the immediate formation of a United States of Africa. The radical views were promoted by leaders like Kwame Nkrumah of Ghana whereas the gradualists were championed by Julius Nyerere of Tanzania. Both sides made their passionate arguments and yet the experience of the past half century suggests that the formation of a political union has been a daunting task. It is also imperative to note that both sides have important regional power

supporters making the continental agenda to be nothing but a gradual movement. This was followed by a somewhat compromised agreement with the formation of the Organization of African Unity (OAU) in 1963. The recent reincarnation of the aspiration of pan-Africanism and forming the United States of Africa has quite similar division of opinions and priorities as well under the auspices of the African Union (AU), which was established in 2002, replacing the OAU.

Whereas immediate formation of a federal structure of government has some proponents, the regional powers such as South Africa, Nigeria, and Egypt have consistently supported a gradual approach to unity. The main players contend that Africa has to address its immediate challenges such as weak governance, democratic institutions, poverty, and marginalization of the African economies in global trade, investment, and innovation processes. The change in priorities of the African integration project suggests the route for pan-Africanism necessarily takes regional economic integration processes that would eventually lead to a synchronized and unified economic, political, and social space.

In the absence of a definite agenda and program of action to immediate political union, intermediate actions that range from regional integration and economic community have taken the main feature of international measures within the continent. Whereas regional integration projects and their effective operation could serve as a stepping stone towards African economic community and eventually to African Union, most of them largely failed to achieve even their modest objectives of promoting economic cooperation and development (Young 1982; Easterly and Levine 1997; UNCTAD 2013; 2013b).

It is imperative to emphasize, however, that the regional economic integration approach could hardly be successful until and unless African countries are seriously implementing the measures to do away with extractive economic institutions that are supported by extractive political institutions. A progressive continental institution could not be built by the sum of extractive national institutions that dominate the continental political economy landscape. It takes learning and adapting the experiences of successful inclusive institutions from Africa and elsewhere, such as Botswana, to make the transition from economic and political stagnation to sustainable economic growth and democratic political system.

There are renewed efforts in recent years to accelerate regional integration across the continent in a bid to prepare the environment for the eventual emergence of the African Economic Community. The policy coordination effort to harmonize the priorities and objectives of the regional economic communities and expanding the scope and domain of existing regional institutions into a continental sphere is getting support from continental institutions. This is backed up with an increasing flow of intra-Africa investment which is growing at modest rate from very low level. Once this process takes momentum and the continental value chain of local enterprises increases, the depth and linkage of the African production units would have more opportunities to expand sustained growth in output, investment, factor mobility, market expansion, and employment opportunities. There are still considerable hurdles towards realizing these potentials as national economies are very slow to opening up their economic domains for the continental players to operate at full potentials (UNCTAD 2014b; World Bank 2012).

However, even if deeper trade and investment integration across the continental economic space provides opportunities for improved productivity and growth in the enlarged economic space, in the absence of inclusive economic and political institutions that engage and reward the majority of Africans reform efforts might end up further empowering a few elites across the continent to spread their exploitative network across the continent. It is therefore important to emphasize that pan-Africanism in the economic and socio-political sphere requires setting the necessary conditions for inclusive economic and political institutions at national and sub-national levels. The path towards pan-Africanism could therefore be built on the foundations of inclusive institutional benchmarks across member countries.

V. Concluding Remarks

The economic rationale for pan-Africanism is faced with strategic challenge and its prospects depends on the policy choices that African countries make at national and continental level to operationalize the ideals into practical policy actions. The current strategy has focused on building national building blocks that are expected to develop into regional economic communities which in turn ultimately realize an African economic community that will serve as the basis for pan-African political and social development. However, this approach has in built features that weaken the pan-African nationalism and identity and hamper mutually beneficial and economically sound initiatives. Realizing the economic potentials of pan-African domain requires building inclusive economic and political institutions and their supportive system of laws and norms that would serve as engine for building an integrated and sustainable African economic growth process.

The current series of extractive economic and political institutions are the central bottlenecks for growth, investment, market size, infrastructure, human capital formation, property rights, human security, and improvement in productivity and standard of living of the African population. It is imperative for African countries to pursue reforms that address these challenges in time before pursuing decentralization and supra-national initiatives and institutions. Pan-Africanism does make economic sense provided that it is based on new political and economic institutions that motivate and rewards all Africans. The immediate task is to cultivate a shared and commonly implementable framework of policy reform that enable African communities replace extractive institutions by decentralized, participatory, and inclusive institutions that would support sustainable and continental economic development.

References

- Acemoglu, Daron and James Robinson 2013 *Why Nations Fail: The Origins of Power, Prosperity and Poverty*
London, Profile Books.

- Beinhocker, Eric 2007 *The Origin of Wealth: Evolution, Complexity, and The Radical Remaking of Economics* Cambridge, Harvard Business Review Press.
- Collier, Paul 2013 *Exodus: How Migration is Changing Our World* New York, Oxford University Press.
- Easterly, William 2006 *The White Man's Burden: Why the West's Effort to Aid the Rest Have Done So Much Ill and so little Good* Cambridge, MA, MIT Press.
- Easterly, William and Ross Levine 1997 "Africa's Growth Tragedy: Policies and Ethnic Divisions", *The Quarterly Journal of Economics* 112(4), pp.1203-1250.
- Fosu, Augustin Kwasi 1999 "An Economic Theory of Pan-Africanism", *The Review of Black Political Economy* 27(2), Fall, pp.7-12.
- Kelly, Paul 2004 "Punching Above Our Weight", *Policy* 20(2), pp.29-34.
- Kodjoe, Ofuately 1986 *Pan-Africanism: New Directions in Strategy* Lanham, University Press of America.
- Landes, David 1999 *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor* New York: W.W. Norton & Company.
- Mueller, Dennis 2003 *Public Choice III* Cambridge, UK, Cambridge University Press.
- Nantanmbu, Kwame 1998 "Pan-Africanism versus Pan-African Nationalism: An Afrocentric Analysis", *Journal of Black Studies* 28(5), May, pp.561-574.
- Nkrumah, Kwame 1963 *Africa must unite* London, Panaf Books.
- Padmore, George 1972 *Pan-Africanism or Communism. The coming struggle for Africa* New York, Anchor.
- Rostow, W. Walter 1960 "African Economies: Lessons of History", *Africa Today* 7(7), pp.5-8.
- UNCTAD 2013 *Economic Development in Africa: Intra-African Trade- Unlocking Private Sector Dynamism* New York, United Nations Publication.
- UNCTAD 2013b *Global Value Chains: Investment and Trade for Development* New York and Geneva, United Nations Publication.
- UNCTAD 2014 UNCTAD statistics Database, available at www.unctad.org. Accessed on August 14, 2014.
- UNCTAD 2014b *World Investment Report 2014: Investing in the SDGs-An Action Plan* New York and Geneva, United Nations Publication.
- United Nations 2013 *World Population Prospects: The 2012 Revision*. CD-ROM Edition.
- Venables, Anthony 2010 "Economic Geography and African Development", *Papers in Regional Science* 89(3), pp. 469-483.
- Walters, Ronald 1993 *Pan Africanism in the African Diaspora: An Analysis of Modern Afrocentric Political Movements* Detroit, Wayne State University Press.
- World Bank 2012 *De-Fragmenting Africa: Deepening Regional Trade Integration in Goods and Services* Washington D.C., World Bank.
- World Bank 2014 *World Development Indicators Database*, available at www.worldbank.org. Accessed on August 18, 2014.
- Young, Crawford 1982 *Ideology and Development in Africa* Connecticut, Yale University Press.

