“Neo-Functionalism”: Relevancy for East African Community Political Integration?

by

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Abstract

This study examines the relevance of neo-functionalism in relation to transforming the East African Community (EAC) into a political federation. Thus, it is revealed by this study that the failures of the EAC to integrate smoothly into a political union can be partly explained by the inability of the EAC secretariat to push member states to comply with agreements. And furthermore, it is concluded that the choice of integration strategy is not a big part of the EAC’s integration problems, and that the EAC’s target of having a full-fledged political federation within a particular short timeframe is causing substantial stress to regional stakeholders.

Introduction

The East African Community (EAC) is an intergovernmental organisation (IGO). As can be seen in Figure 1, the EAC currently comprises the states of Burundi, Rwanda, Kenya, South Sudan, Tanzania and Uganda. The EAC was officially re-established on 7 July 2000, after a former version (i.e. the 1967 EAC) crumbled; the previous version of the EAC was dissolved on 1 July 1977.1 The old version of the Community was made up of the states of Kenya, Tanzania and Uganda. These three states are also known as the ‘EAC founders’ of the new EAC. The new EAC (i.e. the 2000 EAC) came into being on 30 July 2000, shortly after Kenya, Tanzania and Uganda signed the Treaty to establish the EAC on 7 November 1999 in Arusha, Tanzania. Burundi and Rwanda joined the Community on 1 July 2007. South Sudan is the newest member of the Community, having joined on 2 March 2016.

In its current state, the EAC is not yet a federation. However, according to Article 5(2) of the EAC Treaty, the ultimate goal of the Community is to have a federal government (i.e. political unification).

Nonetheless, it is unclear when the political federation agenda will be tabled before the member states and the EAC’s citizens; it also remains to be seen how the formation of the federation will be achieved. The EAC intends to gradually progress from a customs union towards a common market and monetary union, finally culminating in a political federation. This integration process appears to follow the ‘neo-functionalist’ pattern. Neo-functionalism believes that cooperation in one field has a knock-on effect on the next field of cooperation, ultimately making further steps towards integration inevitable. The theory relies heavily on non-state actors, such as the secretariat and civil societies, to push an IGO towards full-fledged political federation.

This study examines the relevance of neo-functionalism in the process of transforming the EAC into a federation. It also examines why the EAC’s goal of political unification has not been fully realised as expected. After introducing the study, the discussion continues by contextualising regional integration. It will continue by discussing neo-functionalism and intergovernmentalism theories and their relevance to the EAC’s integration processes. It will also reflect on Brexit’s implications for the EAC’s integration processes. Finally, the study will end with a conclusion.

Figure 1: Current EAC states²
Regional Integration in Context: How does the EAC Fit In?

Regional integration is the process by which two or more nation-states agree to cooperate and work closely together to achieve peace, stability and wealth. This cooperation usually begins with economic integration and, as it continues, comes to include political integration. Political integration is the highest level of integration an IGO can achieve. “Political integration is the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities toward a new centre, whose institutions possess or demand jurisdiction over the pre-existing national states.”

There is an extensive scholarly debate as to whether political integration comes by default following successful integration on economic areas, or whether it is something that has to be agreed upon from the outset. This question has been extensively examined by scholars such as Haas, Deutsch, Mitrany and others. Consequently, this debate has created several contentious political integration theories. Some of these are realism, neo-liberalism, neo-structuralism, neo-functionalism and intergovernmentalism. This study, however, focuses on neo-functionalism and intergovernmentalism due to their relevance to the EAC’s integration processes.

While both theories agree on the possibility of transforming an IGO into a political federation, they differ on the modality and timing of its formation. This will be explored in more detail later, but neo-functionalism assumes that once initial integration processes have been agreed to, full-fledged political federation (supranational organisation status) will come about by default. The member states will then be required to surrender their sovereignties in full to the supranational organisation. By contrast, intergovernmentalism proposes that a political federation will never come about by default. Member states have to agree from the outset if their integration process is to culminate in political unification. A political federation formed through intergovernmentalism allows member states to retain much of their sovereignty.

The EAC’s integration history dates back to 1919, when Kenya, the then Tanganyika and Uganda – all then under British administration – formed a customs union. As with many IGOs, the EAC’s integration process started with economic cooperation. In the future, however, the EAC is aiming for political federation. According to Article 5(2) of the EAC Treaty, the Community is going to integrate gradually, moving towards forming a political federation through the following four major stages:

1. a customs union: free movement of goods produced within the Community and some form of common barrier to external trade;
2. a common market: free movement of labour, goods, services and capital, as well as right of establishment and right of residence;
3. a monetary union: cooperation in monetary and financial matters, harmonisation of macroeconomic policies;
4. cooperation in political matters, which will lead to a political federation: political affairs, regional peace and security, and defence.

While IGOs such as the European Union (EU), the Association of Southeast Asian Nations (ASEAN) and the Economic Community of West African States (ECOWAS), just to mention a few, have some sort of political cooperation, the EAC’s ambition for political integration is absolute, i.e. it wants to form an East African Federal Government. No other IGOs have a similar goal clearly stated in their Treaty. It is worth noting that the previous versions of the EAC did not have political unification as a goal; the goal of political unification is exclusively an aim of the current Community. However, the 1967 EAC, by the time it collapsed, was already a monetary union with a currency board and a parity currency. The parity currency meant that each country had its own currency but converted on par, i.e. one Ugandan shilling equalled one Kenyan shilling, which equalled one Tanzanian shilling.11

**Neo-Functionalism: EAC’s Integration Dilemmas**

According to Article 5(2), Article 7(1) (a) and Article 123(2) of the EAC Treaty, it appears that the EAC integrates through the neo-functionalism strategy. This is further enshrined in its operational principles that the EAC is a people-centered and market-driven organisation. Neo-functionalism is one of the international relations (IR) theories that focus on regional integration. Neo-functionalsists place a major emphasis on the role of non-state actors and social interests as dynamic forces for integration.12 In IGOs, for example, neo-functionalism considers the secretariat the ultimate power behind full-fledged political integration. The secretariat allows an IGO to be governed separately from its member states. While member states remain an important part of the integration process, they do not yet influence the direction and extent of changes.13 For that reason, member states are not as important as the secretariat in the regional integration process. Once member states have signed the initial agreements, it is up to the secretariat to execute the enforcement and management functions of the IGO. Unfortunately, the EAC secretariat appears to not have necessary enforcement capability.14 The EAC secretarial does not have any mandate to penalise any member state or institution following their failure to enforce agreements. There are some proposal to transform the Secretariat into a commission with full autonomy, not only to make decisions on regional matters, but also to reprimand rogue partner states.15

As pioneered by Haas in his book *The Uniting of Europe* in 1958, neo-functionalism is an extended version of functionalism. It attempted to resolve some of the inbuilt flaws of the concept of regional integration propagated by functionalism. According to Mitrany, a founding father of functionalism, a supranational authority would be established based on functions and needs, which linked authority with needs, scientific knowledge, expertise and technology.16 While functionalism trusts member states to unite the globe through specialised institutions, neo-functionalism believes that the secretariat and social groups are the ones that must push for full political integration. Neo-functionalists focus on regional integration using a ‘bottom-up’ approach. The bottom-up approach means that cooperation (in this case, economic cooperation) should start right from the bottom line and, through time and trust, member states should precede to political cooperation.
The bottom-up approach, as it was described by Haas, is a “spillover” process, whereby cooperation in one field necessitates cooperation in another. According to Haas’ concept, spillover is an essential way of increasing cooperation between states, necessitating integration in one policy area, which subsequently has a knock-on effect, creating pressure for further integration in neighbouring policy areas. Eventually, through the spillover process, the member states of a regional organisation would find themselves integrated to the point where they are unable to stop full political integration. In its simplicity, “spillover refers to a situation where co-operation in one field on some policy areas such as currency exchange rates, taxation, and wages necessitates co-operation in another”. According to neo-functionalists, there are two kinds of spillover: functional and political. Functional spillover or economic spillover is the interconnection of various economic sectors, and would create automatic integration among policy areas. Political spillover is the creation of supranational governance models. At the political stage, spillover is likely to need the support of the member states in the form of political will.

Neo-functionalism focuses on the immediate process of integration among states, i.e. regional integration. Initially, states integrate in limited functional or economic areas. Thereafter, partially integrated states experience increasing momentum for further rounds of integration in related areas, which will later open the way to full-fledged political unification-supranational organisation. Haas believed that, once an initial commitment has been made, the forward momentum of integration is inevitable. This is perhaps an important area where neo-functionalists have failed to clarify how spillover effects would link the economic integration stage with political integration. The supranational organisation referred by the neo-functionalists means the IGO will be run through common economic, social and security policies under a single president. The member states will have to surrender their entire sovereignties to the supranational organisation.

Ever since its failure to make the EU a supranational authority, neo-functionalism has inspired a great deal of scholarly criticism. These scholarly criticisms are anchored on the fact that neo-functionalism overlooks important theoretical and practical ingredients of regional integration. The theory is blamed for being too ambitious (the EU could one day wake up to find itself the ‘United States of Europe’) and simplistic (spillover would make integration inevitable without setting a time limit), as well as for underestimating the value of national sovereignty (member states’ resistance to and discretion when implementing integration polices). On account of his failure to put a time limit on how long spillover would take, Haas finally had to abort his own regional integration ideology on the assumption that it was no longer viable.

It appears that one of Haas’ greatest mistakes was to rely excessively on the automation of neo-functionalism, believing that political integration would come about by default once initial agreements were signed. Based on that failure, Deutsch views regional integration differently from Haas. According to Deutsch, regional integration does not necessarily have to create a supranational body. Deutsch defined regional integration as “a relationship among units in which they are mutually interdependent and jointly produce system properties which they would separately lack”. When analysing Deutsch’s ideology of regional integration, it becomes apparent that he was probably referring to economic integration.
Deutsch continued by saying that it is also possible for regional integration to result in political integration, but that has to be agreed from the outset by imposing four strategies: a) maintaining peace; b) attaining greater multipurpose capabilities; c) accomplishing some specific tasks; and d) gaining a new self-image and role identity. The main difference between Haas’ and Deutsch’s approaches to regional integration lies in the fact that Haas assumes that a supranational body would emerge gradually and by default, whereas Deutsch insists that such a union would only be realised through prior agreements and would never come about by default. It is important to understand that all regional integration starts at the level of economic cooperation. It is up to the member states to agree on whether they would like to move on to further stages or stop at economic cooperation.

Unfortunately, as it was not possible for the spillover process to make the EU a supranational authority, as suggested by Haas, the EAC has so far failed to integrate as was expected. The spillover process that was expected to be observed in the Community in the areas of a customs union and a common market has, so far, failed to push the Community into a monetary union. A monetary union is a prerequisite for political unification. Perhaps political unification is currently unthinkable. Frankly speaking, the EAC is, at the moment, deemed to be in an earlier stage of integration, despite some initiatives on monetary unification.

In recent times, there have been some good results in relation to establishing a customs union and a common market. However, cooperation in these areas is not enough to spill over into a monetary union. The real tests of the integration process begin at the monetary union stage, which would, at its apex, lead to the creation of a single currency, which is a prerequisite for a political federation. As a role model and given the tremendous turbulences that the EU monetary union has gone through, the EAC has staked on the monetary union stage. The monetary union protocol was signed on 30 November 2013, but there has been lots of bluffing regarding its implementation. The earliest possible date for a full-fledged monetary union is expected to be in the year 2025. This is, however, solely dependent on the political wills of the member states to finish up parts of the customs union and common market. The issue of overlapping memberships of the EAC states in the different regional organisations creates overlapping commitments have resulted in duplication of effort and occasionally inconsistent aims in the EAC regional integration initiatives. For example, on the one hand, Burundi, Kenya, Rwanda and Uganda are state parties to the Common Market to the Eastern and Southern Africa (COMESA). On the other hand, Tanzania has a membership of the Southern African Development Community (SADC). Both COMESA and SADC have a single currency as their long term goal. This is surely contradicts with the EAC’s single currency goal.
Intergovernmentalism: Will it Rescue EAC’s Political Integration Ambitions?

As noted, one of the failures of Haas’ neo-functionalism strategy was that it ignored the roles of member states in pushing forward the political integration process. The role of member states in the form of political will is always significant in any attempt to make an IGO a supranational authority. It is claimed that the failure of the EAC to realise a customs union and common market has been partly caused by a lack of political will. The failure or slowdown of the EAC’s attempts to integrate within the political arenas was almost predicted from the beginning. This can be partly explained by the overly ambitious target of having full-fledged political unification within an unreasonable timeframe. Initially, the EAC expected to reach its goal of political unification within 15 years of signing off the Treaty. While the slowdown of political integration was expected by many, it is surprising that there is a lot of bluffing, even on the economic level, keeping integration on hold. At those stages, spillover effects were expected to do their magic; unfortunately, it appears that political will is also needed. While seeking some political will at earlier stages of cooperation (e.g. economic integration) would clearly go against neo-functionalists’ expectations, it appears that, for the EAC, full-fledged political union requires a full blend of spillover and political will. A weak secretariat and a lack of powerful institutions to execute and monitor economic integration processes might be among the reasons for this slowdown.

Delays in the implementation of a monetary union, for example, are putting a great deal of stress on stakeholders, particularly regional leaders. Most of the leaders are either reaching retirement age or are about to finish their political life. The current leaders are very optimistic about political unification, so their leaving office without establishing a clear roadmap to political unification would be a big setback for the future of the EAC. The situation is now leading to what is called a ‘coalition of the willing’, whereby some of the member states are deviating from the group in an attempt to fast track political unification. Initially, Kenya, Rwanda and Uganda formed a ‘coalition of the willing’ together. They sidelined Burundi and Tanzania on the basis of the assumption that those states are less optimistic about the proposed political federation. Recently, Kenya and Rwanda changed their course regarding full political unification; they have now abandoned Uganda by joining the pessimistic group initially formed by Burundi and Tanzania. Arguable, the future of the EAC is now in the hands of regional economists, who are supposed to convince the member states of the viability of monetary cooperation. Unless monetary cooperation is fully realised, the goal of political unification will remain far off on the regional horizon.

In an attempt to fast track political unification, the EAC has decided to put some features of political unification into practice before finalising the monetary union stage. By sensitising the ‘political wills’ of the member states, the EAC thinks that all unfinished stages (within the customs union, common market and monetary union) would be fast tracked in reverse order, i.e. through a top-bottom approach. The term ‘political will’ may be described as a strong desire or determination on the part of a government or state to make something happen. This is, however, clearly against Haas’ spillover process, which requires a bottom-up approach. Instead of relying on spillover, the EAC is now seen to adopt an ‘intergovernmentalism’ approach, whereby political unification depends on the political wills of its member states.
As suggested by Stanley Hoffmann, ‘intergovernmentalism’ is a regional integration process that allows member states to control the level and speed of integration.39 The EAC’s new approach to pre-empt some of the political unification goals coincides with Bach’s ideology of a full-fledged federation. Bach suggests that political integration involves the strengthening of a political system, with particular reference to the scope and capacity of its decision-making process.40 The nexus between spillover and political will also aligns with neo-functionalists’ own hypothesis, which holds that spillover is for economic integration, while, at the level of political integration, political will has to be blended with spillover for better results.

What Can the EAC Learn from ‘Brexit’?

It is impossible to discuss regional integration without mentioning the EU as a role model. Other regional organisations, the EAC in particular, follow in the footsteps of the EU, which is a role model in terms of how it enforces regional agreements on free trade, oversees free movement within the EU region, controls the factors of production (such as people and capital), and uses a single currency (the Euro). All of this progress has nearly made the EU a supranational organisation. The EU has a single voice on international politics and it also has a significant influence on the world economy and security. Despite these great achievements, the EU is far from being a flawless institution. There is a huge concern that in the EU there are few mechanisms allowing citizens to get involved in major decisions affecting their daily lives. Brexit is just a symptom of the EU’s flaws in the democratic arena. The British public decided to leave (Brexit) the EU in a June 2016 referendum because the EU was not paying attention to the social problems caused by the right of free movement within the EU region.41 Brexit is a wake-up call for the EAC, reminding it to consider the involvement of the EAC’s citizens at every integration stage if it really wants to be a people-centred organisation, as stipulated in its Treaty. It also needs to stick together if it wants to gain better bargaining power in international trade. However, there are concerns that some of the EAC’s member states are not onboard with the EAC’s missions. For example, on 20 June 2016 the EAC signed an Economic Partnership Agreement (EPA) with the EU that will give the EAC’s member states preferential trade deals with the EU region.42 Very suddenly, Tanzania said it would not sign an EPA with the EU following Brexit.43 This is not the first time that Tanzania has disappointed other member states. For example, Tanzania is the only EAC member to also be a member of SADC. Like the EAC, the SADC’s economic integration involves the creation of a single currency in the future. This clearly creates a conflict of interest among the EAC’s members, and this is perhaps one of the reasons why Tanzania is slowing down economic and political integration in the EAC. Other things to be considered by the EAC are:
While the Community is speeding up the political integration process without having realised the previous stages of integration (customs union, common market and monetary union), it is hard to see any evidence of the people’s involvement in this course. For example, according to Article 48(1) of the EAC Treaty, the member states are required to elect nine members of the EAC’s parliament without the involvement of the general EAC public. This is one of the many inbuilt flaws within the EAC’s democratic processes that have to be addressed before it is too late.

In recent times, there has been lots of pressure from some of the member states to speed up federation. However, neither the EAC nor its member states have been open with the general public about what model the federation will adopt. Will it be a one-tier system (supranational organisation) with a single president and common policies across the region, or will it be a two-tier system (intergovernmental organisation) with a single federal president and shared economic and security policies among the member states? While the EAC is presumably in favour of a one-tier federal system, most of the heads of states prefer a two-tier system for sovereignty reasons. Although the EAC’s citizens will make a decision through a referendum on the federation’s model, there has been no effort to educate the people on the pros and cons of the different models. There is a further concern that the EAC’s jurisdiction does not support referendums.

The issue of the free movement of people and factors of production has been, for a long time, a flash point in the Community. This is a more serious issue between Kenya and Tanzania, the Community’s largest economies. On the one hand, Kenya has excess capital and manpower that need to be invested somewhere else, probably in Tanzania. On the other hand, Tanzania has a less skilled workforce but abundant and undeveloped arable land, which it fears could be taken away, mostly by Kenyans.⁴⁴ While this disagreement and mistrust continue, the EAC’s citizens are caught in the middle. Freedom of movement, as stipulated in Article 104 of the EAC Treaty, depends on the achievement of the goal of a common market, which is yet to be fully realised.

Conclusion

As it was not possible for Haas’ neo-functionalism theory to transform the EU into a full-fledged political federation, the EAC has so far failed to integrate as expected. Despite some commendable economic progresses, the integration in the area of a customs union and a common market has not been enough to encourage spillover into a monetary union. Monetary cooperation is taken as a prerequisite for a full-fledged political federation; this is the stage that the EAC is currently struggling to achieve. Because the EAC is a people-centered market-driven organisation, integration through intergovernmentalism is absolutely out of the question. Neo-functionalism, as an alternative, needs a strong secretariat to push member states to comply with the Community’s vision.
It is the assumption of this study that the Secretariat’s spirit of pushing compliance is somewhat missing in the EAC. This gap is claimed to be one of the inbuilt flaws of the Community itself. Within the EAC there is a tendency of neglecting of the people’s powers in the integration processes. Unless the EAC’s public is full involved, there is high chance of Community to disintegrate like what happen in Brexit.

Whatever the reasons that prevented neo-functionalism from making the EU a supranational body, it is the opinion of this study that neo-functionalism is still a relevant integration approach for the EAC. Nevertheless, as suggested by Haas himself, a perfect balance between functional and political spillover should be maintained by winning the political wills of the member states. Given the historical perspectives on the region and the economic and social disparities between the member states, a blend of spillover and political will would surely elevate the EAC to a full-fledged political stage; however, this is not going to happen in the near future. It has to be remembered that spillover at the level of economic cooperation and political will at the level of political cooperation are also dimensions of neo-functionalism.

The overly ambitious target attached to the EAC’s political federation is alleged to be a problem; however, it is not too late for the EAC to achieve political unification. The Community has currently existed for 16 years, and this period of time is not sufficient for the member states and civil societies to build the necessary trust among themselves and push the Community into a full-fledged political federation.

Reference Notes


2 Modified by the author from Google Maps.


8 Ibid. 1.


10 Ibid, 7.


12 Ibid. 6.

13 Ibid.


15 Ibid.


19 Ibid.

20 Ibid.


22 Ibid.


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23 Ibid.


28 Ibid. 14.


30 Ibid., p.158.

31 Ibid.

32 Ibid.


