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### **Why Free Trade Agreements with the EU will hurt African countries!**

**EPAs is not a Panacea for Africa's Economic and Social Crisis but deepen the Crisis!**

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### **Impacts of Free Trade & Globalization**

Since 2002 the EU, African countries and including the Caribbean states have been conducting negotiations to reach Economic Partnership Agreements (EPAs) that might give opportunities for these states to get access for their products into the EU market. In turn the EU wants to get a free access to the African market. The negotiation has taken too long because of the nature and complexity of the issue and at the same time because of the intriguing approaches of the EU to make any kind of deal that favours more its own companies rather than bringing any tangible results that transform the African society in general, and the economy in particular.

As a matter of fact the negotiations have been conducted between two unequal partners, the EU that produces goods and services amounts to almost \$ 16 trillion and have a share in the world

GDP ca. 18%. On the other hand African countries south of the Sahara produce goods and services worth \$1.07 trillion only. The fact that the EU has such a big share in the World GDP shows also that its position in the world market is not only very strong, but also the level of its economic, political, social and cultural organization is very sophisticated and can outmaneuver weak countries by using its dominant position. On the other hand many African countries do not have integrated market structures from within that are based on vast manufacturing activities, division of labor and science and technology. Since the economic activities are concentrated in few cities and are not operating on high level of scientific organizational foundation, the social and intellectual foundation of many African countries are too weak. Therefore many African governments may not understand the intriguing approaches of the international and regional institutions that operate more on behalf of big industrial processing companies, agribusiness, banks and the like.

Therefore when African countries are taking part in any kinds of international or regional deals or negotiations it will be very difficult for them to go through the thousands of paragraphs and technocratic formulations which do not have any kinds of positive aspects, scientific foundation and real substances that will bring tangible results to the continent. Many knowledgeable persons question the relevance nature of such kinds of conferences and negotiations and ask whether they could bring any kind of positive results that could positively affect the social and economic structures of many African countries. It is by now clear that all kinds of negotiations concerning the economic and social situations of the African continent are simply a waste of time, and are deliberately organized by the capitalist countries to divert the attention away from the real situations that millions of Africans are facing.

As experiences over the last 60 years show that such kinds of partnership agreements of any kinds and economic programs that come from the West do not have the intention and the dynamism to bring workable economic and social order that could benefit the millions of people who have been dreaming of a decent life since time immemorial. This time too it is unlikely that such an economic partnership agreement will be different from the previous ones, and help African countries to build a coherent economy which is based on science and technology. Nor does it help them to build a democratic and just society. On the opposite, it aggravates the existing situations, and disfranchises the African people. Instead of the rule of law and transparency, dictatorship and militarization of the state apparatus in many African countries will be the rule.

In light of this, I will try to show in this article that in the social history of Western Europe and in those East Asian countries that are now leading in certain technological fields, they had never applied free trade economic policy or open their markets for foreign products to transform their society and build a homogenous and strong economy. They had rather practiced protectionism with other inward-looking instruments to develop first of all the home market on strong foundation.

### **The Great Confusion- Social reality and Theoretical construction!**

In the economic history of Western Europe and especially in the economic development of capitalist society, and since the emergence of the Wealth of Nations of Adam Smith there is a widespread belief that the invisible hand and free trade are the dominant factors that are

instrumental in shaping the economy of Western Europe which lead to capitalism as we see it today. Hence market economy and free trade doctrine as was analyzed by Adam Smith and other classical economists become the lingua franca of those policy makers that decide over the destiny of millions of people in their countries. Especially after the Second World War, and since the institutionalization of neo-classical economic thought as the uncontested doctrine and policy which can lead all nations to market economy, almost all historical facts that are vital in shaping the capitalist economy of Western Europe, including the USA and Japan have been deliberately discarded from the school textbooks. After the Second World War, the emergence of the USA as a military, political and economic power gave it a unique position to shape the political, military and economic elite of Third World Countries according to its own interests. The organization of so-called international institutions, the IMF and the World Bank in the Bretton Woods agreement have the sole purpose of selling the ideology of free trade and market economy and fix it into the minds of the political elite of the Third World countries as the only way that can lead backward countries to a democratic society and market economy which can bring prosperity to all the people in each country. Following the Bretton Woods institutions, GATT, and now WTO and other diverse UN economic institutions are all organized on the principle of market economic ideology and free trade doctrine that deliberately and intriguingly advance the interests of the Western capitalist Countries.

Except for a few, who have been engaged in fierce debate about the transformation of Western economy from feudalism to capitalism, and those who have extensive knowledge about the shaping and organization of capitalist economy, there is an accepted belief that other factors, like science and technology, cultural transformation, handcraft activities and trade, city buildings and deliberate economic policies of the Monarchs have never played any role in laying the foundation for a capitalist economy. Since school economic textbooks are organized in this belief they exclude all other factors that are vital for the economic and social development of Western Europe. Therefore there is an accepted belief that the so-called invisible hand that is not historical by nature, and is not a result of cultural transformation but intrinsically exists in the minds of few gifted people, is the motor of the capitalist market economy in all West European countries. As classical economists teach us human beings are egoistic by nature, and when individuals are driven by this egoistic motive and maximize their utility, all the people in a given community will become virtuous in their lives.

This school of thought that is based on empiricist ideology becomes later on the foundation of neo-classical and neo-liberal ideology. Since the fierce debate of the 60s and 70s that came mostly from the side of Marxist economists and economic historians is not known to many students of Third World countries which have been shaping their societies over the last 40 or more years it has become as an accepted fact that there is no alternative than implementing the economic doctrine as is formulated by the neo-classical economists and later on by those monetarist economists who had formulated the Washington Consensus. Most neo-liberal economists think and believe that as the old generation of Marxists and well informed economic historians are dying away the field is totally free for them. Therefore they think that they can swim as they wish in every weak society and manipulate the political and economic elite to perpetuate poverty and underdevelopment. Fortunately there are new emerging and very challenging ideas from critical thinkers who oppose vehemently the existing dogma of a pure market ideology. Physical and quantum economic

theories are the most promising ones which show the way how underdeveloped nations come out of poverty and underdevelopment. Both theories underline the importance of consciousness in transforming a given society through learning by doing. The problem of such kinds of path breaking ideas is that they are not known to many students and practitioners of development policy.

What makes it more problematic is then due to the dominant ideology of neo-classical thinking, and hence neo-liberalism economic policy implementation across the globe, it is practically impossible to challenge the existing dogma. Other alternative theories and economic policies are being discredited as ideologies and do not have any place in this world. Neo-classical theoreticians firmly believe that there is no such thing as real social situation which can be theoretically reflected and analyzed. Accordingly there are no social and political power relationships and ideologies that can dictate and influence the courses of historical, social, cultural and economic features in every country. Hence, people in each country have arrived at the present stage of development without having experienced cultural transformation, confrontation with nature and shaping their destiny sometimes dictated by the social and natural circumstance existing in their countries, and at another time by understanding their own historical roles and by awaking together and consciously changing their own environment for a better life. For neo-liberal theoreticians free market economy has been existed since immemorial, and all countries irrespective of their differences have the same aspirations, and as such all societies are being governed by the same laws.

If we examine the social history of Western Europe that has been accepted by all countries as a model of economic development, things are entirely different and not as neo-classical economists make us believe. Numerous empirical studies show us that before capitalism have become a dominant mode of production in many Western capitalist countries, starting from the 13<sup>th</sup> century onwards enlightened men had confronted the then rigid traditional way of life and ideology in order to bring a better life in accordance of certain laws that are compatible with cosmic laws. Intellectuals of that period had well understood that human beings have the intrinsic capacity to change their own circumstances and hence should not become the victim of natural habits that were responsible for repeated wars, hunger and diseases which had consumed the lives of millions of people across many Western European countries. The case of the Dark Ages is a vivid example of how certain political and social power relationships once they become accepted as ideologies can arrest the development of science and technology. It was therefore well understood that without clearing the mindset of the people from such kinds of backward attitudes and ideologies that favored the few and threw the majority of the people into abject poverty there cannot be real social emancipation and progress.

The primary question at that time was therefore to read the minds of those leaders and priests that were the causes of war, disease, poverty on a large scale and social degradation. Philosophical discourse and later on natural science, especially reading cosmic laws were the two important instruments that become effective to fight against the rigid ideology of the Catholic religion. City building on larger scales that began as early as the 12<sup>th</sup> century, handicraft activities and far trade had contributed to create a suitable atmosphere for philosophical discourse and natural observation. All scientists that appeared starting the 14<sup>th</sup> centuries are the products of this kind of

the changing atmosphere. Renaissance or the rebirth of the Greek Civilization could become a reality when the people get the advantage to see the improvements of their own lives beyond the existing social realities. The originators of Renaissance idea in Italy clearly observed and studied that what until the 13<sup>th</sup> century existed and arrested the human mind was a false ideology that was deliberately produced and organized by certain people in order to maintain the economic and social relationship that had existed until then. ***Like the present day free trade doctrine and market ideology, the Catholic ideology had deliberately darkened the minds of millions of people until it was challenged and shattered by philosophy, science, art and slowly expanding intellectual activity.***

Starting from Renaissance time onwards, European societies must undergo several stages in order to understand their own roles as human beings and define their own fates. Without major breakthrough in the areas of philosophical discourse and dialectical questioning and reasoning other successive ideas like reformation and enlightenment movements could not have been possible. These things have slowly opened the way for liberal thinking. Liberal ideas, though they seem very progressive at that time by those intellectuals that advance this ideology, their main aim is to interpret nature and social realities in the ways not what early philosophers did but to revise and stick at certain phenomenal aspects in order to construct a new social and economic order that favors the then emerging class. Therefore the ideology of market economy is this kind of revisionism that opposes holistic approaches and social transformation on real philosophical bases that can bring at the end social harmony and way of life that is congruent to nature and cosmic laws. On the other hand there are other liberal thinking philosophers, especially the German philosophers who vehemently rejected the reduction of human beings to a mere economic activity, and see in economics as a normative aspect which must be integrated into the entire social process in a civil society.<sup>1</sup> In other words, economic process and development should not negate political, ethical, moral, and religious processes, and must be organized in a just manner to hold a given society harmoniously. Other prominent classical German philosophers of the 19<sup>th</sup> century accused Adam Smith and other British economists of the 18<sup>th</sup> century for neglecting the human spirit and power of thinking and propagating a pure economic exchange activity and production for the sake of production.<sup>2</sup>

What I am trying to show here is that the idea of a market economy and the so-called invisible hand are products of the changing social and political power relationship and not as such as liberals teach us that they have existed since immemorial. People in different countries knew various kinds of market mechanisms which have developed as social and economic necessities without becoming ideologies. Before classical economists have begun writing on this issue different societies have developed division of labor, exchange activities, and organized market places in order to exchange not only their own goods but also to discuss about social and other aspects. What classical economists have done is that they have observed and studied all these processes and tried to interpret them in their own ways. As such there is no one idea, but different approaches to read the then existing social realities and economic mechanisms. The books and numerous articles by Prof. Karl Polanyi prove that there is a completely different interpretation of social and economic realities.<sup>3</sup> Karl Marx has also interpreted and analyzed the evolution and inner logic of capitalism through a different theoretical prism by using the methodology of dialectics for his analysis.<sup>4</sup> Unfortunately Adam Smith is accepted as the only authoritative writer

on this issue and founder of market economy, though since classical times Socrates, Plato, even before them some poets had dealt in depth on the issue of economic progress, division of labor and the necessity of exchange activities.<sup>5</sup>

The economic literature that is deliberately organized as teaching material to narrow the minds of the youth by ignoring all these and other philosophical literatures that brought so many things into light that are very useful for the development of human society has reduced everything to market economy by making it a mere ideology. Though market economy as it is being taught at the universities does not exist in reality many have accepted it as a fact that social realities in capitalist countries are happening in a way how economic textbooks teach us. It has become a simple truth that the so-called market forces are the real agents that create miracles. How such market forces have become a reality in all capitalist countries the economic literature cannot tell us.

The economic and social history of Western Europe teaches us that before market forces have become as forces that could shape the economy governments in each Western European country had intervened on a larger scale to make suitable the situation for further economic development. Governments from the 16<sup>th</sup> century until the end of the 19<sup>th</sup> century did not blindly practice a certain economic policy, but there were intense debates and discussions which economic policy was appropriate that can create social wealth and make a given country strong. From the physiocratic school of thought through Mercantilism and to classical economists there are divergent ideas of how to create social wealth. All schools of thought are reflections of the then existing social realities and the then prevailing **Zeitgeist**. Irrespective of the controversies that existed that time, the social and economic history of Western Europe teach us that without Mercantilism or state interventionist economic policy the development of market capitalism could have been delayed for generations. It is also true that without prior intellectual movements, trade and handicraft activities, such kinds of sophisticated ideas could not have developed. In other words, not as liberal economists teach us that the so-called market forces are the true engine of economic development at the earlier times but conscious economic policies of the Monarchs in each European country that are by themselves products of the then existing cultural and intellectual movements are mostly responsible for the economic and social developments of most Western European countries. That is why the Monarchs of that time are called enlightened Monarchs.

Though these are the facts, and are well documented those who have been brought by a pure market economic ideology, what nowadays called macroeconomic policy, starting the 1950s have turned it into a pure ideology. Because macroeconomic policy is the only accepted policy instrument, and is being practiced worldwide, as the only economic policy that lead countries to a market economy, the elite in each country is compelled to speak the same language without understanding whether this could produce real social wealth based on science and technology. Although facts on the ground prove that in every African country south of the Sahara that such a policy could not produce social wealth for the majority of the masses, and cannot lay the foundation for nation building the political and economic elite could not pose questions why things go into the wrong direction year after year, after one has implemented such macroeconomic policies? In this way the political and economic elite in each African country by becoming the

victim of this kind of wrong ideology de facto hinders the development of market capitalism in many African countries. The belief in a pure market ideology and lack of historical and social consciousness compel many African governments to practice the same policy under different names over many decades.

When many African countries got their independence in the beginning of the 60s of the last century they did not have the chance to develop the intellectual capacity to formulate their own economic policies in accordance with the wishes of their people. Due to this factor and weak institutions that exist in many African countries economic experts from the west seize the opportunity to manipulate the economic policy of these countries in a way that favors more of the capitalist west. Hence, many African countries become pure suppliers of mineral resources and some agricultural products which become the basis of capitalist accumulation. Though some African intellectuals that are not part of the political establishment have tried to show the fallacy and impracticability of such an ideology, political leaders do not want to hear critical and better ideas. They think and believe that what western experts tell them is correct, though the advices are producing damaging results that create social and economic chaos. The end result of this kind of intellectual annexation is poverty, hunger, mass unemployment and disillusion on a higher scale in many African countries. Those African elite which are intimately integrated within the international hierarchical system by parroting the same ideology they have caused great confusion and make millions of people in their countries powerless. Millions of people in each African country by being deprived of all their natural rights become simply the victim of this kind of unholy alliance of development experts of the West and the political elite from within. From this vantage point let's examine the intention of those forces that propagate free trade as the true engine of economic development. At the same time we will see that most capitalist countries have never applied free trade policy to develop a strong home market based on manufacturing activities.

### **Free Trade or Protectionism as Engine of Economic Development!**

When the ideology of free trade was developed in the 18<sup>th</sup> century, it has a clear mission and intention during that time. Those who had developed and advanced this idea clearly understood that the fate of the English manufacture and the market for its products were intimately linked with continuous supplies of raw materials from overseas.<sup>6</sup> Therefore classical economists which advanced the interest of the then emerging economic class vehemently advocated to control certain areas in Third World countries in order to get supply of raw materials. They had at the same time introduced new laws to protect the British manufacture from products which come from overseas and eventually compete with home produced goods. They even went further to destroy the manufacturing industries in India and other countries and converted these countries to suppliers of raw materials and markets for their products.<sup>7</sup>

In England the idea of free trade doctrine is developed within the context of a market economy. The market economic philosophy as has been developed by Adam Smith was not confined to free trade alone. In his Wealth of Nations Adam Smith clearly stated different elements which are very important for the growth of a market economy in general. The division of labor, market size, the issue of manufacture, the aspect of labor as the source of value and numerous other things.<sup>8</sup> When he comes to foreign trade he raises the issue of international division of labor and free trade

doctrine, and defended the Corn Law, which allows Great Britain to import cereal products from abroad.

Undoubtedly Adam Smith and co. were the defenders of British interests, especially the then emerging capitalist class. The Wealth of Nations was written from the perspective of England as a country how she could develop a home market by focusing on the division of labor and manufacturing activities. Though Adam Smith and others had rejected the idea of colonialism<sup>9</sup>, on the other hand they strongly advanced free trade doctrine because free trade is more advantageous than colonizing other countries. The international division of labor that first developed by Adam Smith and refined by David Ricardo was written from the point of view of bringing so-called backward countries under the influence of the British Empire. As such free trade was understood as a mechanism of imperialism<sup>10</sup> to hold backward countries down so that they could remain only as suppliers of raw materials and agricultural products. Accordingly, countries which have not yet developed a manufacturing sector and do not have an expanded division of labor should focus primarily on agricultural production and raw material extraction since these are more advantageous than industrial activities. By developing a model of international division of labor countries that have abundant natural resources, should focus only on extracting the mineral resources and agricultural products which could not be found and grow in England and leave manufacturing activities to England. According to the theory with this kind of division of labor Third World countries could effectively save costs and transform resources to those areas that they are endowed by nature. This kind of specialization and exchanging the raw materials and certain agricultural products with industrially produced goods will help backward countries to develop economically and culturally. On the other side Adam Smith and other classical economists propagated and insisted that the division of labor from within must be based on machinery<sup>11</sup> and expanded internal division of labor, since this will ultimately guarantee England to develop as a nation-state. A strong nation-state will ultimately extend its influence on other nations, control their resources and will define the direction of their developments. Those countries that had followed the advices of Adam Smith and Ricardo by concentrating on only agricultural products thought that this could be alone a source of continuous income and economic growth had to pay heavy prices later on. Portugal that was compelled to adopt this policy transformed her entire resources to the production of wine, and even abandoned cereal production that became the cause of hunger and mass starvation in the 19<sup>th</sup> century.<sup>12</sup> Since farmers had focused on wine production and totally abandoned cereal production, when prices for wine fell on the world market the peasants could not earn enough money to buy food. As a result of such kind of wrong advices not only hunger hit Portugal but also deindustrialization became a common phenomenon. In countries where British and other colonial masters had a direct control had deliberately destroyed the division of labor and manufacturing activities that had hitherto existed and compelled the colonized people to specialize in plantation economy like sugar cane, cacao, tobacco and other agricultural products which were planned for export.

Intellectuals in certain European countries like Germany, who had understood the intriguing aspects of the free trade doctrine and its damaging impacts, vehemently opposed this idea. According to Friedrich List who was a German intellectual, free trade doctrine as it was developed and propagated by Adam Smith and David Ricardo will destroy infant industries in countries where the division of labor has not yet developed and the market is very narrow. Friedrich List

was convinced that before any country engages itself in free trade activities she must first of all develop her internal market on the basis of manufacturing activities. When a given nation is mature and has intact industries she can compete with products that come from abroad. Similarly there was also a strong opposition from the side of those intellectuals with republican idea in the USA around the same period as in Germany. These too had opposed the idea of free trade as was forcibly propagated by the English liberals because it could not help a country that does not have bigger market structures and expanded manufacturing activities to develop as a nation-state. Friedrich List from Germany and Alexander Hamilton from the USA were among others who had rejected the idea of free trade and specialization as they were advanced by the English classical economists. Friedrich List demonstrates the fallacy of this theory like this. **“A mere agricultural nation can never develop to any considerable extent its home and foreign commerce, its inland means of transport, and its foreign navigation, increase its population in due proportion to their wellbeing, or make notable progress in its moral, intellectual, social, and political development[...]**<sup>13</sup> Friedrich List shows again his opposition to a one-sided specialization like this: **A mere agricultural state is an infinitely less perfect institution than an agricultural manufacturing state.**<sup>14</sup> Both Friedrich List and Alexander Hamilton had clearly understood the power of manufacturing activities and machinery in laying the foundation for a strong home market. Only through expanded manufacturing activities and producing suitable means of production for the agricultural sector productivity growth can be assured in this sector and farmers will have a secured and continuous income. When all the economic sectors are interlinked each other, and exchange activities among the various sectors are being supported by the banking sector, expanded capitalist accumulation will be possible.

From this vantage point latecomers like Germany, and especially the USA had adopted educational tariffs (**Erziehungszoll**) for those not yet matured industries or infant industries. Therefore Friedrich List opposed the idea of competition on international level for such a backward economy that of Germany and had fought for the introduction of protective tariff<sup>15</sup> for the infant industries. Following the example of Germany and the USA other relatively backward west and north European countries compared to that of Great Britain pursued similar strategy first of all to develop a strong home market. The free trade advocator Great Britain herself was the most prominent one to pursue a protective tariff in order to develop a strong economy on firmer grounds. Prof. Ha-Joon Chang, in his very famous book **“Kicking Away the Ladder”** clearly demonstrates how many West European countries, including Great Britain and USA adopted a nationalistic agenda in order to develop industrially.<sup>16</sup> Professor Liah Greenfield in her well written book, **“The Spirit of Capitalism: Nationalism and Economic Growth”**, analyzes in clear languages the importance of economic nationalism among other things as one of the most important driving factor for the development of capitalism.<sup>17</sup> Dr. Andreas Etges, in his book, **“Economic Nationalism (Wirtschaftsnationalismus) in USA and Germany from 1815-1914”** proves that the two countries had pursued a nationalistic agenda to develop their economy and become strong as Nation-States.<sup>18</sup> Both Germany and USA had not only fought against pressures that came from abroad in the name of free trade, but also strictly followed from within aggressive industrialization policy by fighting against those forces from within which opposed systematic development and national unity. In all these countries that had pursued a developmental path that was based on nationalism and manufacturing activities the most driving factor was to be inspired by one common idea and agenda, that is **nation building**. In countries where fragmentation and

divisive politics are the rule of the elite, and in societies where the political elite becomes a **vassal** of foreign forces and is integrated within the international hierarchical system and wages war against its own citizen, there cannot be genuine industrialization policy that can slowly encompass the entire nation. Professor Erik S. Reinert in his very important book, “**How Rich Countries Got Rich and Why Poor Countries Stay poor**”, shows the damaging consequences of free trade theory and the so-called international division of labor in blocking any meaning full economic development based on science and technology. According to him agricultural production intrinsically functions with decreasing returns<sup>19</sup> and as such does not lead a given nation towards a fully developed and matured economy with integrated market structures. He clearly demonstrates that for the way out of poverty is, not free trade and pure market economic policy as propagated by Adam Smith, David Ricardo and present day Neo-Classical economists but pursuing a conscious economic policy that is based on the principle of the Renaissance. According to Prof. Reinert, in any society the role of the state must be highlighted<sup>20</sup> and such a state must be organized on the principle of humanistic values in order to awaken the minds of the masses and improve their lives. His development model is a holistic approach and stressing the importance of manufacturing activities, since increasing returns and expanded accumulation are the most effective instruments which enable any country to create true social wealth. He shows through his numerous studies that any nation-state cannot be organized and develop scientifically and technologically on the principle of neo-classical economic doctrine or the present day macroeconomic policy. In other words, neo-classical economic theory or pure market doctrine as is propagated by international institutions and neo-classical economic experts cannot be the foundation of a nation-state. He even shows that those countries that repeatedly pursue the advices of the IMF, the World Bank and the International Community in general will never come out of the poverty trap. In short, free trade doctrine and deal of any kind based on the idea of a pure market economy cannot be a solution for the present day complicated crisis in many African and other Third World Countries.

Undoubtedly the developmental concept of Prof. Reinert, his understanding of the role of the state as the driving factor of economic development and his concept of society is based on the spirit of the German Classics that had developed the idea of the aesthetic state in Weimar of the 18<sup>th</sup> and 19<sup>th</sup> century.<sup>21</sup> Accordingly, any society must be organized on the principle of beauty so as to fully practice its creative power. On the other side free trade diametrically opposes beauty, and it will inevitably lead societies to uncontrolled, ugly and chaotic situations.

After 200 or more years of free trade doctrine, and especially after 60 years of pure market economic policies in many Third World Countries, especially in many African countries south of the Sahara, it must be clear by now that such policies cannot be solution to the economic crisis which is prevailing in these countries but also for the social, psychological, cultural, ecological and political crises that all these countries are facing. Since other aspects are purely depending on the performance of the entire economic sector, those countries that do not have a functioning economy to sustain their people that must also enable them to build a proud nation, will be confronted by political instability, social and cultural degradation. Because a functioning and a coherent economy is a binding factor for all the people that live in a given country, as long as there is no clear idea on this issue, such countries will face permanent crisis and the people will remain disoriented.

The question many well informed intellectuals raise and show is why the West including the USA insist and compel African countries to pursue again and again a free market ideology and a free trade doctrine? Though past policies that were based on the idea of free market had failed, why is the west sticking to this ideology that drives nations to ungovernable situations? If one carefully reads the books of those above mentioned intellectuals like Prof. Chang and Prof. Reinert the West tries to prevent African countries to pursue the same path of economic development as it has practiced itself. It therefore propagates the idea of free trade and a pure market economic policy for all Third World countries as if these policies will bring genuine economic development for these countries. The capitalist west knows that a strong economy based on science, technology and expanded manufacturing activities means sources of patriotism and national pride, and therefore Third World countries must be prevented from pursuing such a path of economic development. Only a weak and fragmented society can be controlled and become pure exporter of some agricultural products and mineral resources. Therefore by creating 'new' and very complex mechanisms and deals the West tries to bring African countries to a situation in which they will never come out of it. They will remain in a vicious circle of dependency, recipient of aid, indebtedness and permanent trade balance deficit that are mechanisms of intervention in the economic policies of each African country. In this way each African country cannot be seen as a sovereign nation that can manage its own affairs. Only on the blessing of the west, African countries can exist.

### **Globalization and Free Trade- The past 30 Years!**

As numerous studies show globalization in its modern form is intimately linked with the changing of production system, intensification of work, revolutionizing the organization and management technic that were introduced in the 20s of the last century by Henry Ford.<sup>22</sup> From that time onwards such a system of industrial organization and intensification of production processes has been taken to unprecedented scale that could also be copied by other western capitalist countries. Especially after the Second World War all capitalist countries could transform their production system from extensive to intensive form of production, and this has enabled these countries to raise their industrial productivity to a scale unknown in human history before the Second World War. Hence, innovations, invention of new technologies become the main driving factors of rationalization investment. This aspect and the organization of diverse international institutions that preach and advance free trade doctrine and market economic ideology empowered capitalist countries to collectively put pressure on weak nations to act and handle as they wish. In other words, the globalization process of the last 80 years and especially of the last 30 years could determine the fate of many African countries; and many countries are not functioning any more as normal sovereign states. Yet as it is supposed and propagated globalization could not fulfill its promises. It rather becomes the main cause of poverty, unequal distribution of wealth, robbery, loss of peace and permanent instability.

After globalization has been propagated as a new avenue of economic growth that can alleviate poverty in many African and other Third World countries millions of people in these countries are not in a better position than compared to the previous decades. Over the last 30 years many African countries have directly or indirectly pursued and practically applied free trade and free market economy with the hope of bringing economic growth that could ultimately fulfill the

aspiration of the people in each African country. Since the IMF and the World Bank, the two Bretton Woods institution got the upper hand after the oil crisis in 1973/74, and after the economic crisis in the West due to the downturn in the economic growth, the neo-liberal ideology had triumphed.

Until the end of the 60s and the beginning of the 70s of the last century all major industrialized countries, including the USA, Japan and South Korea had pursued an interventionist or Keynesian economic policy that paved the way for a profound transformation of most West European economies and social systems. If one examines carefully the policy that all these countries had applied it was not a mere Keynesian macroeconomic policy, but a conscious economic policy that mainly focused on science, technology, R&D, manufacturing economic activities. At the same time they have reorganized the education system so as to produce technically skilled personnel. In order to finance these and other major projects, like housing, bridges, train systems and roads of various types, they have reorganized the banking system to allocate easy credits for small and medium size industries. Since manufacturing activities and industrialization can only take place in cities, towns and villages they had to plan their entire space and support them with effective and dynamic institutions to mobilize all the available resources. With such kinds of protracted measures, and strategic investment activities most West European countries could successfully build their broken economies within 15-20 years after the Second World War. Because of the inherent crisis within the system and due to heated competition mostly among Japan, the USA and Germany, and due to the Dollar glut on the world market, the Bretton Woods system had at the end collapsed. This had given for neo-liberal economists the opportunity to wage a war against state intervention and advocated for a pure market economic policy as the only effective instrument that can bring prosperity in all countries across the globe.

For African countries south of the Sahara, and other Third World Countries neo-liberal economists had formulated what is known the Washington Consensus or the So-called Structural Adjustment Program (SAPs). The main agenda of this program is to implement a pure market economic policy in the African continent under the supervision of the IMF and the World Bank. Therefore everything must be deregulated, and the role of the state must be minimized to such a level so as to enable the so-called market actors to invest and decide over the fate of the economy, vis-à-vis millions of people in each African country. Accordingly, all the instruments, like devaluation, liberalization, reducing budgets from the social sector and reducing or totally abandoning subsidy for food and social projects, it was believed that all these instruments will effectively pave the way for the right allocation of resources, and hence for the materialization of a pure market economy that could guarantee economic growth in each country. It is assumed that if African countries liberalize their foreign trade they could attract investors. This will help many countries to create jobs for millions of people. This will in turn boost demand, and as a result of this the economy will grow. That means by pursuing and implementing economic policies that are formulated in Washington and other West European capital cities, and without any debate from within in each country, many African countries had practically applied a free trade and a pure market economic policy with the hope of seeing a bright future for the majority of Africans.

However, many studies, including studies conducted by the UNCTAD and other non-governmental institutions, and the realities on the ground in many African countries prove that the

promise of the Washington Consensus could not be materialized. The so-called free market actors could not seize the opportunity to invest strategically so as to create bigger market structures in all African countries. The so-called foreign investors have concentrated mainly on plantation economies, like flower, sugar cane, fruits and vegetables and mineral resources that are planned for foreign markets and not to develop the home market in each African country. Because of such kinds of not theoretically well constructed economic policy and non-scientific approach that are alien to the African countries, economic forces from within are pushed mainly to the service sector, and become simply comprador. As this sector grows exponentially products from China, India and other countries including second hand products flooded the markets of many African countries. Instead of market economy on a wider basis and structural transformation, such a pure market economy of the Washington Consensus inevitably shrinks the market size. Instead of diversified and well-organized economic activities, we observe that similar activities that are mainly based on the service sector become the rule of many African societies. That is the consequence of liberalization.

With devaluation of their currencies many African countries as is believed could not sell more of their products on the world market. Since competition among agricultural producing countries is high, and since prices of raw materials and agricultural products, like Coffee and Cacao are determined on the world market and not by the direct producers themselves, devaluation of the currencies will not necessary help African countries to sell more of their agricultural products on the world market. Pure market policies of such kind will compel the peasants to shift their agricultural practices from cereal to cash crop production. Those farmers which believed that by focusing on cash crop production with the hope of earning more income must be frustrated. Due to their shift from cereal production to cash crop production, they must rely for their food on the market. They can buy as long as they have money in their pockets. Therefore devaluation and the shift of cultivation from cereal to cash crop production has condemned millions of peasant households to suffer from hidden hunger, and under nutrition become a common phenomenon in many African peasant households. Devaluation with other policy instruments has rather corrupted the African market. Instead of innovation and productivity growth we observe that the African market is overwhelmed by foreign products. As a result of such policy instruments the African markets become more and more non-transparent, and there is no clear cut division of labor. Especially those industries that heavily rely on imported spare parts and raw materials must be negatively affected. Those businessmen and investors which cannot afford to buy more dollars in order to import spare parts or machines must produce with very low capacity. This means that devaluation has negative impacts on resource allocation, employment, income, demand and the overall performance of a given economy. As is believed devaluation could not improve the trade balance of many African countries. To the contrary, many African countries must suffer trade balance deficits that compelled them to look after credits with still high conditionality that again strangulate the internal economy. More austerity policy means that governments must still be restricted to very limited areas, and are not allowed to invest and create jobs for the millions of people but wait until the economy recovers by itself or until a miracle happens. On the other side the clever IMF experts workout very sophisticated 'poverty alleviation' programs without studying and analyzing the causes of poverty that prevail in many African countries. They could not realize that their different economic policies over six decades are the main causes of poverty and underdevelopment in many African countries.

IMF experts when they formulate pure market economic policies and insist that African governments must apply them their intention is to see a certain amount of economic growth and not to bring an overall economic development. The policy instruments that must be applied to achieve a certain amount of economic growth are not suitable to bring radical changes which can be translated into the lives of the ordinary people in each African country. Therefore because of the nature of their theoretical background and way of seeing what is happening on the ground in any country, economic growth and poverty alleviation are seen as two different goals that need different approaches. They totally forget that the main aim of economic growth is to eradicate poverty and not achieve a certain amount of economic growth for the sake of growth. By bringing such unscientific policies and compelling the elite to introduce them the IMF and the World Bank confuse not only the political elite but also the new emerging class and the young generation in many African countries.

Like liberalization and devaluation, the privatization policy of the IMF and the World Bank could not induce economic growth. The policy has rather created a unique kind of social relationship, which helped the few to accumulate wealth within a short time. Therefore privatization in many African countries and especially in Ethiopia could benefit few people that are intimately linked with the state machinery, and that originate from certain ethnic group. These forces with the backing of the state could easily get cheap credit from the banks, and buy state owned companies and businesses and become multi-millionaire overnight. Since most of them do not have business experiences and work ethic they began pushing those investors and business men to go out of the market. They even go further to expel others from the areas of investments that have been practicing for generations with the intention of earning more profit and accumulating wealth. They believe that when they control strategic sectors of the economy they can control the country and determine over the fate of the entire people. If we compare the Ethiopian case with other African countries it is unique in many cases, and the government deliberately hinders private investors that are not originated from the one region, vis-à-vis Tigre province. ***In this case the reorganization of the state apparatus in Ethiopia after 1993 and its entire economic policy and including privatization and land grabbing cannot be analyzed within the concept of a normal state theory, but from the perspective of globalization and integrating within the international hierarchical system that has changed it to a more predatory state.*** Only with the help of foreign forces the state system in Ethiopia and the ruling elite become predatory and get the opportunity to play divide and rule politics in order to block national cohesion and national sentiments that help the people to rise up together to solve their problems.

In short, the neo-liberal agenda of a pure market economic policy and free trade could not bring any tangible results to the various African countries, especially to the millions of Africans who hope a better future. Market economic policies of the IMF and the World Bank type, and that are vehemently supported by the International Community become a nightmare for millions of Africans, while few could become successful and state apparatus have become heavily militarized. In other words, a pure market economic policy of such a kind that does not reflect the real situation in each country and that is imposed from outside will inevitably create social abnormality that could endanger the entire social fabric in each African country. The consequence is a unique kind of economic, social and political suppression and disempowerment of the masses that can pave the way for unwanted actions and intervention of outside forces in the internal affairs of each

African country. The case of Nigeria is a vivid example how austerity programs, unplanned and not consciously organized economic activities create and will lead to more corruption and embezzlement of the meagre resources that the country needs to repair and organize the entire economy on solid foundation that ultimately bring prosperity to all Nigerian people and create also social and political stability. Though Nigeria earns from oil alone over \$ 60 billion year after year nobody knows where such an amount of money stays. Over the last five decades the country has earned over \$ 600 billion from oil revenue alone, and most of the money is simply wasted rather than being properly invested to improve the lives of the Nigerian people. It is estimated that \$10-\$20 billion will disappear every year. From sub-Saharan Africa as a whole it is estimated that over the last 5 decades over \$ 607 billion to \$ 1 trillion has been lost or left out of the continent to swell foreign banks. From this bleak perspective let's examine whether African countries will get any benefit and transform their economy to a better one if they ultimately arrive to free trade agreement with the EU. The next chapter will examine the genesis of free trade policy in Africa since independence.

### **Economic Partnership Agreement and its Impacts!**

Economic treaties with the EU are not new, and since 1963 there have been agreements and treaties between the African and Caribbean countries and the EU. The first agreement between the EU at that time called the EEC and 18 francophone African countries was signed in Yaoundé. The aim was to give commercial and financial aid to these countries. In 1969, at the Yaoundé II other African countries become part of the treaty. The central aspect of the agreement was to expand the scope of the first agreement by introducing preferential trade for African countries that were members of the treaty and at the same time to get raw material access to the EEC. In 1975 in the Lomé convention stabilization program for raw materials (STABEX) and 'development aid' become part of the agreement. The agreement was expanded from 1979 onwards until 1995 by including other elements like food security and self-reliance, structural adjustment and problems of dealing with debt and issues of democracy, human rights and good governance, regional cooperation and European Development Fund (EDF). Especially, in the Lomé agreement of 1984 attention was shifted from industrial policy to mere food security. This shows the nature of the agreement to limit African member states to certain areas while neglecting an overall developmental plan based on systematic industrialization. Though experiences in most western European countries show that systematic industrialization coupled with other economic enhancing measures are the most effective instruments to deal with such kinds of crises most African countries are facing why such a shift to few specific aspects was necessary, is a matter of speculation.

The foundation for the new Economic Partnership between African, Caribbean and Pacific states (APC) and the EU was laid in 2000 in Cotonou by expanding the agreement previously reached to remove tariffs on almost all products that are imported by the EU, including Sugar and Beef. It was at the same time agreed to shift the attention to a more 'participatory development' paradigm. In article 1 of the Cotonou agreement, it was agreed that: ... ***“reducing and eventually eradicating poverty with the objectives of sustainable development and gradual integration of the ACP countries to the world economy.”***<sup>23</sup> become one central issue in which both parties agreed. The agreement also raises the importance of shifting to a new paradigm of 'participatory

development' to help the continent. How this new paradigm looks like, and how sustainable development can be materialized and to what kind of society the supposed sustainable development leads, and whether this can bring equitable distribution in each member country is not clear. When we scrutinize again the concept participatory development, does it mean that the people in each African country will have the right to participate in development issues? Or does it mean that the political elite in each African country with some experts from the EU will decide over the fate of million Africans? This and other issues about the general context of development and its goal are not clear. Besides these how free trade and real development can go side by side is not systematically analyzed. From the experiences of other countries we learn that free trade cannot lead economically backward countries to a homogenous market capitalism that is based on science and technology and on a vast division of labor.

Fact is that such a free trade agreement with the EU must be compatible with the rules of the WTO. If African countries sign an agreement with the EU, they cannot get any more favorable trade preferences that has until then existed. Secondly, African countries that sign the Partnership Agreement must be abide by the rules of the WTO, and the so-called reciprocal tariff agreement must be effective. Though there exist valid information from well informed and respected intellectuals that the WTO is nothing than a lobbyist organization,<sup>24</sup> especially controlled by some American multinational corporations that have accumulated huge amount of wealth and controlling some of the world's wealth, it is unclear why the EU as a democratic and civilized institution insists that African countries must accept the rules of the WTO. At the same time the Partnership Agreement entails three fundamental elements, namely, development relationship, political relationship and economic relationship. The question is how all these aspects can effectively be materialized and their scientific and philosophical foundations are not clear. It is not also clear whether these three elements are within the concept of the WTO which advances a pure free trade policy across the globe. It seems that the agreement, if it will be accepted and operational it cannot be any more than a technocratic and technical agreement than a transformative agenda with clear scientific and philosophical foundation to build the continent on more firm foundation.

The other question that can be posed here is why is it necessary to make free trade agreements when some African countries are already members of the WTO? Why do many countries need extra free trade agreements like regional trade agreements or one region with another institution like the EU, again EU with America, etc.? What is the essence of all these scattered agreements if there is one established organization, like the WTO? Do not such diverse free trade agreements on bilateral and regional basis, some countries with another institution, and one continent with another contradict the spirit of the WTO?

From this vantage point no one knows what will be the impact of the oncoming free trade agreement, known as the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the USA, will have on many African countries, if EPAs will become effective one day? As is well known, TTIP is not a classical free trade agreement to simply reduce and slowly abolish tariffs on goods and services. The main agenda of TTIP is the reduction and slowly abolishing of non-tariff barriers. Under non-tariff barriers one can understand and define many things that one thinks that they are barriers to free trade and investments in other countries. These are like

abolishing consumer protection rights, such as not declaring the types of the ingredients that may exist in each food item to make the consumer aware of the elements in each food substance, protecting personal data, protecting workers right, and investment criteria. The main spirit of TTIP is to abolish all these basic rights that the consumers and workers in the EU have fought for long and have been practicing them over many decades. If TTIP will be accepted in a closed door agreement, the EU will be abide by the rules of TTIP, and is not permitted to close its door or discriminate imported items by labeling special stamps on them to make aware the consumer so that he can have enough information what kind of foods he buys and consumes. Likewise, workers will inevitably lose their rights and cannot be seen as equal partners by their employers. Due to the competition which exists in the labor market it will be easier for the employers to make pressure on the workers and compel them to work under severe conditions. The question which we have to impose is, does this not contradict by itself the spirit of the WTO? Does it not such an agreement between the USA and the EU has wide range consequences on the people of the EU countries? What will be the impact of such a free trade agreement on many African countries if this is the case? Food items that are imported from the USA, will only be sold in the super markets in the European Community, or can also be exported to African countries by changing their labels and declaring as if they originate from the EU countries?

On the other side the USA had already signed free trade agreements with some African countries. The African Growth and Opportunity Act (AGOA), that became effective since the year 2000 is by itself a free trade agreement. Its main agenda is by propagating trade as an engine of economic growth, to tighten African countries more within the sphere of American influence. Through free trade agreement and other cooperation measures the USA want to counter attack Chinese involvement in many African countries. Though it seems that African countries may get some advantages, its main agenda is to deepen the old division of labor and prevent at the same time a holistic approach of economic and social development that is based on science, technology and manufacturing activities. Under the agreement though many African countries could export more of their agricultural products, this does not mean that such an agreement will help African farmers to come out of poverty. The situation in many African countries proves that such a free trade agreement with the USA could not improve the life of the peasants and workers. It will only benefit those individuals who are engaged in export and import activities.

Other than this kind of free trade agreement there are also bilateral agreements between the USA and various African countries in order to pave the way for a general free trade agreement. The so-called Trade and Investment Framework Agreement (TIFA) is a systematic approach towards a free trade agreement to make the situation more favorable for American big companies. In the name of boosting trade and investment, raw material extracting companies will get access to the mineral rich areas of the continent, exploit and ship them to America. It must be clear that multinational companies of any type are not interested in developing the continent. Their main motive is to exploit the continent's resources and ship them to their countries to process them there. As experiences over the last 60 years show that many African and Latin American countries could not get any benefit from the activities of multinational companies. Many African and Latin American countries still suffer from the ecological, economic and social damages that multinational companies have inflicted. Many American multinational companies are the causes of unequal development, political suppression, and political instability, social and economic

degradation in many Third World countries. In other words, new investment activities which come from abroad won't help African countries to develop as dynamic nation-states. All such kinds of agreements that are signed and become operational in the name of free trade will rather bring more confusion than clarity in the African society. They do not help Africa and the African people to articulate on the essential issues that are crucial to eradicate poverty and build an economic and social system that could bring justice and harmony in each country. They rather deepen the existing social and political relationship, and through that poverty will be produced and reproduced on a higher scale.

Coming to the economic partnership agreement between the EU and African countries, it is now almost over 10 years since an agreement has been reached to work towards a partnership agreement. Due to the complex nature of the issue and the way how the EU commission handles the issue, especially not to be abiding by its first agreement about development issues the final agreement has been delayed. We hear that African ministers who took part in the negotiations are not in good terms with the commission of the EU, and the EU brings new ideas and tries to reach a deal in its own favor. For example in the Cotonou agreement it was stated that ACP countries can decide over development issue concerning their countries. On the other hand the EU wants to bypass or ignore such an agreement that has been accepted by both parties. From the African ministers who are in charge of this affair we read the following statements: “[...] **Minister observed that European Union mercantilist interests have taken precedence over the ACP's developmental and regional interests.**”<sup>25</sup> Further African ministers complain like this: “... we remain concerned that the EU is abusing its position in the partnership to persuade the ACP countries that the New or Singapore Issues are for development and by implying that there may be penalties if they reject.” Further “**We, Minister of Trade the member states of the African Union [...] express our deep concern about the pressure on some countries and regimes to sign the interim EPAs, thus prejudicing the progress made in the negotiation process.**”<sup>26</sup> Many who read such kinds of complaining statements from African ministers may wonder why the EU acts like this towards African countries if it wants to reach a workable agreement that may benefit both parties.

We are told and read from time to time that the EU is a **value oriented community (Werte Gemeinschaft)** that is being governed by principles that could also benefit other nations and can also be as an example to be accepted by all nations as a norm so that the people in each country exercise full freedom. We know also from the European philosophers of the 18<sup>th</sup> and 19<sup>th</sup> centuries that every person and each country should handle in ways not to harm other nations. According to Immanuel Kant, the famous German philosopher of the 19<sup>th</sup> century we learn in his Categorical Imperative that: “**Act only on that maxim whereby thou canst at the same time will that it should become a universal law.**”<sup>27</sup> Further Kant teaches us like this: “**Act in such a way that you always treat humanity, whether in your own person or in the person of any other, never simply as a means, but always at the same time as an end.**”<sup>28</sup> The EU that allegedly advances and practices freedom, liberal ideas and justice in its member states should have applied also these norms in other continents and should insist that the countries with which it works should practice these principles. In Western societies where civilized norms are the rule, and even when children talk are taken seriously, when African ministers raise their voices about certain controversial issues, why are they not heard, and their concerns will be turned down?

When we look at the entire process of free trade and development aid related agreements until the present day the intention of such kinds of agreements between the EU and African countries or certain African countries with the WTO or the so-called AGOA have never worked in favor of African countries and will never help Africa to get the right path of development. As the concept free trade implies, once certain countries sign such a deal there is no backward movement and only to abide by the rules even if the consequences are damaging. Secondly, from the concept we learn that, and as experiences show if countries open their markets for foreign goods, especially infant industries will be negatively affected, and this will have grave consequences on employment, income, demand and the entire economic process of a given country.

As we observe over the last 30 years with free market economic policy many African and Latin American countries could not develop well-structured economies that are transparent and which are based on manufacturing activities. Many researches and studies prove that free trade and globalization become breeding grounds of mafia like structures in Latin and Central American countries. Because many Latin and Central American countries are exposed to military dictatorship, and since all these countries were compelled to practice free market related economic policies millions of people are compelled to live in favelas, and some cities in these countries are practically non-governable. Many studies also show that free market economy is responsible for the emerging of new oligarchic type of social relationships that simply exploit the resources of these countries and use them for their own benefits without investing in education of all types, well organized cities and infrastructures to maintain a harmonious social order. Prof. Reinert proves that free trade inevitably leads not to civilization but to **primitivization of societies**.<sup>29</sup> If African countries will reach a free trade agreement with the EU or the USA their fate will not be different from the Latin and Central American countries.

As we know African countries have nothing to offer other than agricultural products and mineral resources. Even if they reach an agreement that does not mean that they can sell more of their products in the EU market. Expect coffee, Cacao and other products that only grow in tropical climate, countries like Holland, Spain, Italy, Greek and some other European countries produce agricultural products with the aid of modern technology throughout the four seasons without any problem. Since the EU market is already saturated with fruits and vegetables that come mainly from south European countries and Turkey, it will be difficult for African countries to compete with these countries. Though African countries have comparative advantages in growing some agricultural products like tomato, vegetables of all types and some other agricultural products they will still be in a disadvantage position to hold foot in the EU market. The sunny climate is more favorable to grow tomato throughout the year in many African countries without using plastic houses. It is well known that tomatoes which grow in open air with sunny climate are healthier than tomatoes which grow in plastic houses. Capitalism in its greed for more profit by bypassing natural laws make it possible that fruits and vegetables that grow only seasonally can now be planted in plastic houses. This means also that there is no genuine farming culture in many capitalist countries.

From this perspective and from the perspective of the unfavorable terms of trade between agricultural and industrial products it is unwise to make any kind of free trade agreement that cannot bring any tangible benefit for the African masses. In other words, African countries must

exchange more of their agricultural products to get one machine or one industrial product. As experiences over the last 60 years teach us this time too African peasants will never be freed from their huts and practice a decent life by driving Mercedes or BMW like the European farmer who farms with the help of machines, eat balanced diet and live in villas or comfortable country houses. Irrespective of any kind of free trade deal the African peasant will remain a simple plantation worker without being seen by his master as a matured person with equal rights. For example those laborers who have been working throughout their lives for the United Fruit Company in many Central American countries remained at the end sick and unable to work anymore. They have never practiced true freedom and enjoyed a decent life. Even their children, unable to go to school remain simple laborers for big American companies that destroy the fauna and flora of many Central American countries. Such a system is today responsible for the desolate and violent situations in many Central and Latin American countries. It is also true that such a plantation economy is responsible for the emergence of dictatorship in many Central American countries. Though in the past 20 years elections have taken place in many areas because of the complicated system such a plantation economy has created governments are unable to create an orderly organized structure that can create wealth. Though this may not happen with the EU, the fear is not unfounded.

From this bleak perspective what many observers raise as questions is: why is the EU making pressures on many African governments to reach an agreement by any means? Why the EU plays a divide and rule policy though this is not the norm by which the institute is being guided? Why all these hasty measures, though there is enough time to wait for more years, until African countries have accomplished their home works? In other words, African countries must bring their houses in order before they reach any kind of free trade agreement with any kind of international institution. Can we deduce from the pressure what the EU is making on many African governments that it bothers for the continent and its approaches are honest? Since the EU is nothing other than representing big companies, it cannot do other than pursuing the interests of these big companies that are searching for cheap labor and hunting raw materials across many countries. The competition with China becomes now a very big headache for the EU and from this point of view it is advantageous to reach a deal with African countries before it is too late. Though the fear of the EU is justified, on the other hand to see the African continent only as a source of raw materials and cheap labor, it is a shortsighted calculation that cannot go further. At the same time this kind of calculation is against natural rights what every human being possesses by birth. As such every country on this earth has the right to develop socially, economically, culturally and politically and cannot and should not be reduced to exporter of raw materials alone.

If the burning issue for the EU is genuine economic development, why are those countries that become membership of the organization after the down fall of communism, like Rumania, Bulgaria and other Baltic countries that are members of the institution over 10 years, could not practice any genuine development? Why many young people are going out of their countries in search of job opportunities in other countries? Why the EU is looking helpless when the Greek economy and society fall apart and are compelled to practice austerity program that strangulate more the economy? When the EU with its bureaucratic machine and expertise could not help its own member countries to bring their economy on the right track, how can it help African countries to materialize a ' participatory and sustainable development ' ? As long as these and several other

questions cannot be answered it cannot be worthy for African countries to reach a partnership agreement and even to seat and negotiate about the issue.

When we come to a theoretical argument free trade doctrine opposes the idea of international division of labor. For the EU and the USA that make pressure on other countries to accept free trade policy this concept is not as such clear. According to the teachings of Adam Smith and Ricardo if countries specialize according to the resources they have at their disposals which they possess them by nature and exchange them with industrially produced goods, welfare in all countries will be maximized. In other words, they can develop economically and socially. Even if we accept this doctrine as true, unfortunately many European countries and including the USA produce the same kinds of fruits, vegetables and dairy products and export them to other countries though many Third World countries could produce the same types of vegetables and fruits with better climatic and soil conditions. The story won't stop here. Many African and other Third World Countries will be compelled to apply the same kinds of seeds that are produced in the laboratories of developed capitalist countries. This shows the annexing nature of the free trade policy that at the end compels weak nations to lose their sovereignty and the ability to produce multiple crops and vegetables to feed their people. Let's see the consequences of such a free trade policy if it will become effective.

### **The Economic Consequences of Free Trade Policy!**

The question now, will such kind of an agreement that may be effective one day have positive impacts on the African economy? Do African countries experience economic development, which makes them self-sufficient, and dynamic enough with an expanded and trickle-down effect in all areas? Do African countries become at the end the Master of Science and Technology that is the engine of expanded accumulation? The answer is no. Under free trade agreement of any kind African countries will never develop an economic system that is evolutionary and organic by nature that can bring also the society together in each African country. If African countries will sign an agreement of this kind their fate will remain the same. They will remain as producers and exporters of few agricultural products that do not grow in the northern hemisphere and raw materials. The main aim of the free trade agreement is nothing other than to get a strategic access to the raw material producing areas without any valued-added effects. In other words, the main intention of the forces that advocate free trade is not to transform the African society from the present underdevelopment and disordered society to a more ordered and highly organized society on the basis of science and technology, but to make the continent more dependent and as a passive agent.

From short term perspective if African countries reach a deal to make effective the free trade regime, they lose income tariffs that will have negative consequences on the entire economy. Especially those countries that are dependent mainly on such kinds of indirect taxes, will lose an over proportional amount of earning. Countries like The Gambia, Cape Verde, Benin, Senegal, Togo, and Ghana that earn 34%, 25%, 18%, 18%, 17% and 16% of their state budget from import tariffs respectively will lose incomes equivalent to 22% for The Gambia, 20% for Cape Verde, 9% for Benin, 11% for Senegal, 8% for Togo and 12% for Ghana<sup>30</sup>. To compensate such short-falls these countries must raise indirect taxes on consumer and other items that will hurt the people in each country. That means millions of people will be compelled to buy either less or substitute with

other products, with adverse consequences on the general economic performance of each country. If consumers buy less, this means that private companies will be compelled to produce less with few workers.

If the free trade agreement becomes effective many African governments will not only lose income, but also the entire economy will be affected. Since the countries that agree must open their markets for the EU products, goods that are being produced at home will be affected negatively. Especially farmers will not only lose income, but will also be compelled to introduce seeds that will be imported from the EU. One of the intentions of such a deal is to make African farmers dependent on seeds that are being manufactured in the European laboratories. Since high breed and genetically modified seeds cannot grow without fertilizers and pesticides, African countries will be compelled to buy these products from the EU. With such kind of an agreement the continent will entirely be dependent on foreign products for her survival and will ultimately lose her sovereignty.

Free Trade Agreement will not make African farmers free and self-sufficient. It makes their lives complicated and very hard. They will be compelled to produce standardized products that are suitable for the EU market. Only those products that are compatible with the EU standards, and that are contradicting nature will have accesses to the EU market. That means African farmers instead of producing multiple products for their diets will be compelled to practice monoculture agricultural farming system. This will inevitably affect the fauna and flora in many countries. At the same time since farmers are driven to produce only those products that can be sold, farming culture and healthy social relations that have hitherto existed will be negatively affected, and money making becomes the main driving motive of any kind of economic activity. Such a habit once it holds foot it will have damaging consequences on the entire social fabric in many African societies.

In essence free trade negates increasing returns that is based on ever developed manufacturing activities. The internal market in many countries will never develop as long as African countries will remain producers of few agricultural products and raw materials. Without a broad home market each country cannot create jobs for those who seek jobs. If the majority of the people will not get jobs they will be compelled in informal economic activities that cannot produce enough wealth by themselves. Free Trade Agreement whether it is coupled with sustainable development or not cannot bring dynamic changes in the African societies. Historically seen social transformation and dynamic changes can only take place not under the regime of free trade, but only when the people of a given country and its government raise together and are determined to build their society. Such an approach needs a holistic perspective and needs the transformation of the mindset of certain groups that believe in social emancipation and progress. From this perspective free trade is an enemy of genuine social emancipation and true individual freedom. It undermines real human values and ethical norms and suppresses human creativity. If free trade becomes effective and is taken as a standard economic activity, individuals cannot rationalize anymore their handlings and cannot control themselves.

From this vantage point the supposed sustainable economic development that the EU promises for the African countries will never be materialized without reforms from all sides in each African country. Unfortunately educational reforms, that are suitable for technological development,

cultural reforms that raise the cognitive and creative power of the masses, city buildings and infrastructural projects that bring the African masses in each country together, and that are the main factors for a sustainable economic development are not part and parcel of such an agreement. From the intention of the agreement and from the inherent logic of free trade, it is practically impossible to transform the continent towards a dynamic system without radically reforming the education system. On the other hand genuine economic development can only be possible without the intervention of foreign forces, and if the intellectuals in each African country will have the chance to participate in theoretical debates and formulate a workable economic plan that at the end could generate wealth for the majority of the masses. African countries must learn from the past lesson that foreign intervention of any kind will aggravate the existing conditions. From import substitution industrialization through the basic needs and to the so-called structural adjustment program the advices of foreign experts have drown the continent into vicious circle of dependency and economic crisis that are responsible for the situations that are prevailing in many African countries.

From the experiences of Europe, Japan and South Korea we learn that without reforming the political system these countries could not have achieved economic development of such a magnitude. Under such kinds of circumstances that are prevailing in many African countries free trade agreement will enrich the few and pauperize the masses. Free trade will rather alienate Africans from their own resources of any kind, and will prevent them to build asset of any kind that will enable them to live a comfortable life. As experiences show even in capitalist countries because of the intrinsic mechanisms that the system has developed millions of people who work very hard could never build houses and accumulate wealth to sustain their life. In Africa too, if free trade agreement will be effective, the majority of the African people could not build cheap houses as they like to enjoy life. They will be compelled to live in slum areas by the new comprador class that is not interested to see a well-organized and civilized society. Under such kinds of circumstances where the masses are being refrained from any kinds of active involvements in organizing their lives, they cannot create true community life. Only when they have their own communities in which they can actively participate and decide over their fates they become true citizen.

In short, such a free trade deal is not in the interest of Africa. Many African countries will be hindered to develop their own visible economic system that make them free and give them the opportunity to develop spiritually and organically on all sides so that they could one day see a proud continent.

### **The Political Consequence of a Free Trade Agreement!**

One of the main tenets of the agreement is to work politically together, and to promote good governance, democratic rights and the rule of law. Though these are not clear from the perspective of participatory democracy and empowering of the African people to decide over their own fate, that are crucial important for economic and social development of any country, the political concept of the EU overlooks the fundamental problems of many African countries. We observe and analyze from the perspective of a capitalist society political institutions of various types are the main driving factors for social and economic transformation in any country. This can be reached in two different ways that contradicts the approaches of the EU.

Historically seen many European countries must undergo fundamental changes in their political setup to build a political system that is conducive for social and economic transformation. Without Renaissance, reformation and enlightenment the political system in many West European countries could not have reached such a degree of market freedom. The emerging of a middle class that was competent in many areas and that did not want to accommodate itself with the old feudal and aristocratic order had necessitated political reforms. However, after the middle class has won the battle and after capitalism has developed from a simple and scattered form of commodity production to oligopolistic forms of production with very sophisticated organizational and management system, the political system becomes more functional than holistic by character. It does not have any more emancipatory role. It rather compels the masses to develop a consumption culture that have negative consequences on the cognitive power of the masses. Since consumption culture becomes by itself a religion, the essence and practicability of politics has been reduced to fulfill this ideal rather than enlightening the people. Fortunately this kind of concentration of power and social polarization gave ultimately room for the development of a civil society to defend the interests of the masses at various fronts. Over the last thirty years, triggered by such kinds of concentration of power, unequal distribution of income, ecological destruction, few could see the danger of such kinds of moves that will have negative impacts on the social fabric of the society in many capitalist countries. The development of civil society is an answer to such kinds of abnormal situations.

The introduction of such kinds of political process and developing civil society organizations that can checkup the political system needs tireless efforts from all sides. It must be a holistic approach that could ultimately lead to a genuine social, cultural and economic transformation. The second and short-cut method is the developmental state approach that is a top-down approach and that needs enlightened and determined leadership to pave the way for slow but organic political movement. This is the Japanese road, and does not also need foreign intervention. These two aspects are not within the concept of the EU, and the concept of the EU logically contradicts the above approaches that any country needs to develop as a viable society with all attributes what a nation-state needs to sustain its own people.

As I stated in the introduction of this article the negotiations that have been conducted until now are between two unequal partners. It is clear that when the EU initiated such a free trade negotiation proposal it has its own intention and agenda. The EU is backed by big companies of different types and as such it represents the interests of these big companies. Therefore the main intention of the EU is not to bring wide range political and economic reforms in the African continent. On the other hand African governments and their institutions like the AU are not backed by big industries, banks, insurance conglomerates and agribusiness. In many African countries well-organized civil society organizations do not exist. Intellectual movements are very weak. Small holder peasants and workers do not have their own strong trade union organizations. In other words, it will be very difficult for many African governments to participate in such kinds of free trade negotiations as long as they are not supported by big companies and sophisticated intellectual movements. It will therefore be easier for the EU to advance its own interest and be accepted without major challenges.

The other most important aspect that is mostly overlooked by many governments is whether such kinds of free market policies and free trade negotiations are compatible with the constitution of each country. It is very doubtful that the constitutions of member countries of the AU or the spirit and declaration of the AU itself do allow such kinds of free trade negotiations and deals with foreign countries or regional or international organizations. We are not also sure that parliamentarians of each African country have already discussed and passed legislations which are compatible with the constitutions of their countries to negotiate over free trade with other countries or institutions. As long as such kinds of negotiations are not supported by the constitution of each member country of the AU, and as long as such a deal is not supported by the spirit and declaration of the AU, an agreement which will have greater impacts over the life of millions of people, cannot be acceptable. It even contradicts the spirit and the constitution of each member country of the EU. Since the EU is an institution with values (Werte Gemeinschaft) and is strictly abide by the principle of the Rule of Law to make free trade negotiations with countries that do not respect each procedure of the rule of law is like breaking its own principles.

What one observes over the last 30 or more years is that many governments across the globe do not care about their constitutions, and make policies and deals that totally destroy the social fabrics of their own societies. Since many governments across the globe have taken the neo-liberal ideology as the only economic policy that induce economic growth, and since many governments are not advised by philosophers, sociologists, psychologists, historians, city planners, and other intellectual forces that want to work for their country within the spirit of humanism, neo-liberalism becomes the only dominant ideology that decides over the fate of 7 billion of people on this earth. In such a beautiful world where highly educated people with sophisticated knowledge exist and write about many issues, to see a world dominated by handful ideologically motivated economists who produce poverty on a higher scale is very sad. It seems that many governments do not understand their own handlings, and simply listen to what neo-liberal economists tell them.

From this vantage point the political relationship that can be established- there already exists- strengthens the status quo in many African countries, and the rule of law and good governance as is supposed by the EU, cannot be materialized. The fact that such an agreement will have its own limitation, cannot open the way for the formation of conscious civil society organizations. Since free trade compels many not to be engaged in intellectual activity, and because of the unenlightened nature of political institutions in many African countries, the probability of the development of conscious civil society organizations that vehemently confront and oppose neo-liberal ideas is very low. As experiences over the last three or more decades teach us it rather creates abnormalities which will be more suitable for the emergence of new politically unconscious class. Such a class will have the opportunity to seize political power and perpetuate underdevelopment. This in turn favors the development of oligarchic forces that will control the resources of each country. The intermingling of the political class with such kinds of oligarchic forces will undoubtedly undermine democratic rights of all types. In other words, the political dialog and the intention to work together will not lead African societies to political and social emancipation.

## **The Social and Cultural Consequences of a Free Trade Agreement!**

Economic reforms from within and free trade agreements of such a kind will have their own impacts on the social process of the African continent. As studies in many country show and the reality on the ground prove that the introduction of various types of neo-liberal economic policies over the last three or more decades have their own negative impacts over the social process in many African countries. Economic policies that were introduced in the name of reforms have created unequal development in all sectors and in the society in general. Instead of bringing genuine reforms they have worsened the situations in many countries. The bleak situations in many African countries prove that reforms have always negative impacts, and as such the word reform has lost its original spirit and intrinsic value. Any country makes economic and political reforms, because the previous one does not work properly, and cannot bring the desired positive results. After the introduction of reforms in the name of market economy and free trade when things become worse one must ask himself why the reforms could not bring any kinds of improvements.

Many think and believe that poverty is normal, and as such it is a necessary by-product of such kinds of reforms. Even some think that the majority of the masses are condemned by nature to live like this. Since neo-liberalism and neo-classical thinking have been taken as true, challenging such an ideology is being seen equivalent to question the words of God. In actual fact neo-classical and neo-liberal economic policies have nothing to do with science and do not reflect the realities on the grounds that exist in many countries. Since neo-liberalism is a class biased and ideologically motivated policy it will automatically shift resources of various kinds from those who are weak to those who are strong. Therefore those forces that seize the opportunity and are supported by various policy instruments to get access to economic resources could not become an engine of economic development. They push the masses to areas where true wealth cannot be created. They prevent the emergence of a conscious and strong middle class that can invest strategically and purposefully.

From this vantage point globalization and forced liberalization have pushed many to be engaged in economic activities that could not create wealth for the majority of the masses. In short market economic reforms of the last 30 years could not create clear-cut social and technological division of labor that could ultimately help certain groups to become socially, politically, ecologically and culturally aware. In other words, globalization and free trade of the last 30 years have created in many African countries as in many Latin and Central American countries unique kinds of social forces and social behavior that are damaging the social fabric of many African societies. There is a danger that many African societies copy the American way of thinking and violence culture as is well studied by Thorstein Veblen and that are wide spread in many American cities.<sup>31</sup> As in many Central and Latin American countries those who become rich without working very hard will create their isolated communities, shopping centers, and places where they meet their equals and enjoy their lives while they are excluding millions of their countrymen from taking part in such kinds of activities. In short, free trade creates favorable situations for social instability, for the spread of habits that are mostly imported from foreign countries that especially destroy the mentality of the youth. At the same time such kinds of abnormal situations that are created by the unholy alliance of foreign forces and internal forces, Third World governments will be compelled to strengthen the police and military apparatus to control grievances and protests that might arise from the masses. That means many underdeveloped countries will be confronted by a paradox

situation; and instead of studying the causes of such kinds grievances and protests, they rather think that the masses are responsible for such kinds of disturbances. Since globalization and free trade have the power of overshadowing the commonsense of many governments and make them believe that they have god given rights to decide over the fate of millions of people, they will be unable to rationalize the consequences their handlings, raise questions and take drastic measures to correct the abnormal situations what they have created.

If we go further and examine the effects of the economic policies of the last 30 or more years that have been introduced in the name of market economic reforms, they have created more unstable and chaotic situations that are very difficult to control. They have created not well and harmoniously organized cities, towns and villages, but the policies rather created shanty towns and hundreds of slum areas in many African and Latin American countries. These shanty towns become inevitably breeding grounds of all kinds of criminal activities, prostitutions, drug dealings and the like. Most African and Latin American governments are not aware of such kinds of situations and they simply allow the development of such kinds of activities by simply introducing economic policies that inevitably produce abnormal conditions. We witness that such an ugly situation becomes common in Ethiopia after the introduction of the so-called structural adjustment program. After the present government of Ethiopia under the leadership of the 'wise leader' as is called by his western mentors, Meles Zenawi, has introduced the so-called structural adjustment program under the auspicious of the IMF and the World Bank, in short the international community, Ethiopia that holy land of the Christians and Muslims become breeding grounds of drugs, prostitution and other ugly activities that have destroyed the social and cultural fabric of our society within less than one generation. **Greed, Power and War** become the symbol of the Ethiopian ruling class, and while it deliberately destroys its own society once for all. It is waging a systematic war against all fronts as if it is controlled remotely to instigate violence so that our innocent brothers, sisters' fathers and mothers live in permanent fear. In short, the present government of Ethiopia by introducing a neo-liberal economic policy that is supported by the international community and that is praised permanently by well-known economists and chief economists of certain known banks, as a success story in showing economic growth that does not have its equivalent somewhere, converted Ethiopia to a hell. By that the government of our country becomes the unconscious tools of those forces that want to erect global governance with the hope of controlling the resources of Ethiopia as in many African countries.

The question that can be raised here is why such kinds of market economy reforms and free trade doctrine have caused such kinds of fatal situations, though the policies were formulated by distinguished experts from the IMF and the World Bank? Why did such policies become the causes of social instability in many Third World Countries rather than creating harmonious conditions? The answer is very simple: pure market economic or neo-liberal free trade doctrine contradicts social laws, and true human consciousness. Societies in general have natural like laws that cannot be mathematically modelled or arbitrarily left to market forces that pursue their own egoistic motives. Since all societies have their own historical, social and cultural experiences there are no universal formulas that can be applied in all societies. As plants that yield particular fruits, like coffee or any other plant need suitable conditions to grow and give fruits, societies too need suitable conditions to work properly and human beings become creative. Since plants or crops need careful cultivation from time to time in order to become productive, societies too must be

controlled and cultivated so that they can properly function under certain normative laws that can be acceptable by all the people who live in a given country. The difference is that human beings have the capacity to widen their scope of thought and consciousness as long as they get the necessary education that can mold their mindset. Therefore in order for any society to work properly and become self-reproductive, careful planning and system of consciousness must be introduced that enable each individual to reflect, reason out and raise questions when things cannot work in a proper way. Since neo-classical economic theory is based on empiricism and positive laws it automatically compels human beings to accept what policy makers formulate and apply it. It is assumed that experts who are trained by positive science cannot make mistake. They are like God. What they say, even though it has damaging consequences must be accepted. This kind of thinking has been existing since the days of Socrates and Plato, and both had vehemently fought against the Sophists that represented that time the existing social order that was responsible for moral degradation, imperial war and all kinds of evils that ultimately destroyed the Greek Civilization. ***Like that time too, present day neo-liberal economists represent such kinds of thinking that are the causes of war, hunger, poverty and social instability across the globe.***

If the Economic Partnership Agreement becomes effective, though does not go that much far as globalization and free trade of the American type, it will have undoubtedly negative impacts on the cultural and social fabric of many African countries. Since such an agreement may be introduced in societies where human consciousness of various types have not yet developed, in societies where social norms and traditional cultures have been lost in the name of modernity, and where the concept of modernity is being understood negatively such kind of free trade agreement will negatively affect existing social relationships and will create negative consciousness. Since such a free trade agreement does not know what human values, cultures, traditions, human spirit, and since it has the sole intention of reducing nations to pure economic activity, purely based on trade and not on systematic production activities based on science and technology, it will inevitably become the source of social instability and human cultural degradation. Hence, African countries could not develop new scientific and philosophical norms by which they will be able to shape their societies in accordance with the needs of their people.

The best alternative to such kind of free trade agreements is to make economic negotiation on bilateral basis that can really advantageous to both parties. Such negotiation and an agreement must not be seen from short-sighted and short goal perspective but must be seen from the perspective of the coming hundred years. Economic partnership must be based on clear philosophical idea with humanistic values with the sole purpose of advancing real peace not only in two countries, but within a region and on a global scale. Such an agreement must be free from ideological bias and dominance perspective, and must be based on the free will of the people concerned. There must not be any pressure from outside. Pressures and interventions in the affairs of undeveloped societies will complicate their social fabrics. Since societies have their own laws like nature, too much pressure and intervention will interrupt their organic and evolutionary development. It must be understood that the world must not be seen as a place where only economic activities do take place but also an arena where cultural, social and other human attributes will take place. And as such this world must not be dictated by neo-liberal economists who do not understand social history, human culture, tradition, spirit, aesthetic, and other norms that are very essential for human understanding across the globe.

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