# RETHINKING ECONOMIC DECAY IN THE ECONOMIC AND MONETARY COMMUNITY OF CENTRAL AFRICAN STATES (CEMAC)

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The Economic and Monetary Community of Central African States (CEMAC) suffers from a lack of international competitiveness. Despite the fixed parity of the CFA franc to the Euro, the trade surplus has been on the decline. Employment in exposed sectors continues to decline than in any comparable African sub-regional setting, indicating that Central African industry has failed to maintain its outstanding competitive performance. In most countries, industrial wages are extremely low, a situation that has been worsened by inflation subsequent to the depreciation of the CFA franc in 1994.

For almost four decades, high unemployment has been combined with low participation in the labor market, resulting in a remarkably low rate of employment. The decline in low paid jobs in the public sector has been compensated by a slight growth in high skilled employment in the private sectors, resulting in an upgrading of the employment structure with only minor losses in the volume of employment. Nevertheless, there has been a severe and worsening employment problem, and it is here that an analysis of malfunction of the Central African economic institutions must begin.

Unlike most Western European- welfare- states, those living under the poverty line cannot be supported by comparatively liberal unemployment benefits or other forms of social benefits. As a result, many people are kept out of the labor market by extended period of education. Likewise, a low rate of female participation in the labor market has turned families into holding pens for those

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unlikely to find unemployment in a stagnant labor market. Here follow some intrinsic and extrinsic characteristics of social poverty in most African countries:

- An unsupportive policy environment and weak implementation capacity as expressed in both the content of the countries' externally initiated economic reform programs and these programs' evident failure to integrate poverty reducing elements into their operations.
- The failure of economic reforms to lead to robust and sustainable economic growth. The low level of economic growth in Africa has resulted in significant suppression of the productive sectors' output.
- Budgetary allocation patterns in many countries that have been biased against properly targeted and poverty-focused interventions that are pro-poor.
- Poor access to real assets due to, among other things, unfavorable land ownership laws and an unsupportive land tenure system that has worsened the productivity of the majority of the poor who depend on agriculture as the main source of their livelihood.

In *Creating Prosperity in Africa: Ten Keys to Get Out of Poverty (*Inkwater Press, 2006)*,* Eugene Nyambal analyzes Africa's performance in the global economy. He also shows the shortcomings of current policies and explores in an unprecedented manner new ways of conducting reforms in Africa to create wealth. In this exercise, he tries to understand how rich nations were able to move from mass poverty to prosperity and what lessons Africa can learn from these experiences. Most importantly he shows how Africa can design its own future and create more wealth for its people, while abandoning the spirit of aid dependency. Also, he addresses the role of leadership in fostering economic development and argues for a new modus operandi for international financial institutions.

In most Central African states, economic growth continues to be inhibited by a large inefficient excessive public sector employment, growing defense and internal security expenditures, coupled with government's inability to collect taxes effectively. Trade policies favoring labor-intensive and agricultural based exports as substitute imports with domestic raw materials will disproportionately favor the domestic producers of these goods- mainly the poor rural masses. In *The African Economic Dilemma The Case of Cameroon* (Lanham: University Press of America, 1998), Cameroon's economist Ekema Jean Manga points out that, although the private sector is the most significant source of investment capital, incentive structures have not encouraged the private sector to take investment risks. On this ground, he suggests that state organs should increase production by relocating resources to improve the productivity of their own capital and by removing some of the existing disincentives to private sector investment. This implies that  regulatory barriers to private investment constitute also a major obstacle to economic entrepreneurship. This, in turn, explains the burgeoning "Black Market" economy of people unwilling and unable to cope with state-imposed barriers to "economic self determination." Black market activities generate a substantial deadweight loss for public finances, thus hampering state's propensity to play its economic role and deliver accordingly. Needless to say, there is no doubt that forcing economic activities into black markets is nothing but the lost of development opportunities.

The juxtaposition of centralized economic planning and lack of "New Deal" political leadership, coupled with social problems has culminated in the CEMAC's development crisis. The growth of the population has nullified the benefits of increased production, creating new needs and multiplying energies without providing for them other outlet other than predation and strives. For the past ten years, reducing poverty has seen some positive moves in some countries but CEMAC finds itself behind in this fight. Current steps taken by the sub-regional organization do not address the policies that enable the poor to cope on their own, with respect to basic social facilities like education, health, and ecological disasters. Structural reform policies imposed by the World Bank and the IMF are only aimed at preparing member states to pay back loans while sacrificing the health and education of the poor masses at the chauvinist alter of debts. It is clear from these definitions that poor people are socially excluded from the resource base and that this exclusion has not been overlooked. Since people want both development and economic prosperity, it becomes the function of CEMAC states to find mechanisms to implement and enforce development policies in the globalization era.

To conclude, in order to achieve sustainable growth, CEMAC's development policies should be oriented toward cooperative investment in some key sectors such as a viable interstate or regional road network, labor mobility, freedom of movement, human capital development, and private and foreign investment. In other words, poverty eradication should be the motive and the end of any form of regional development policies.