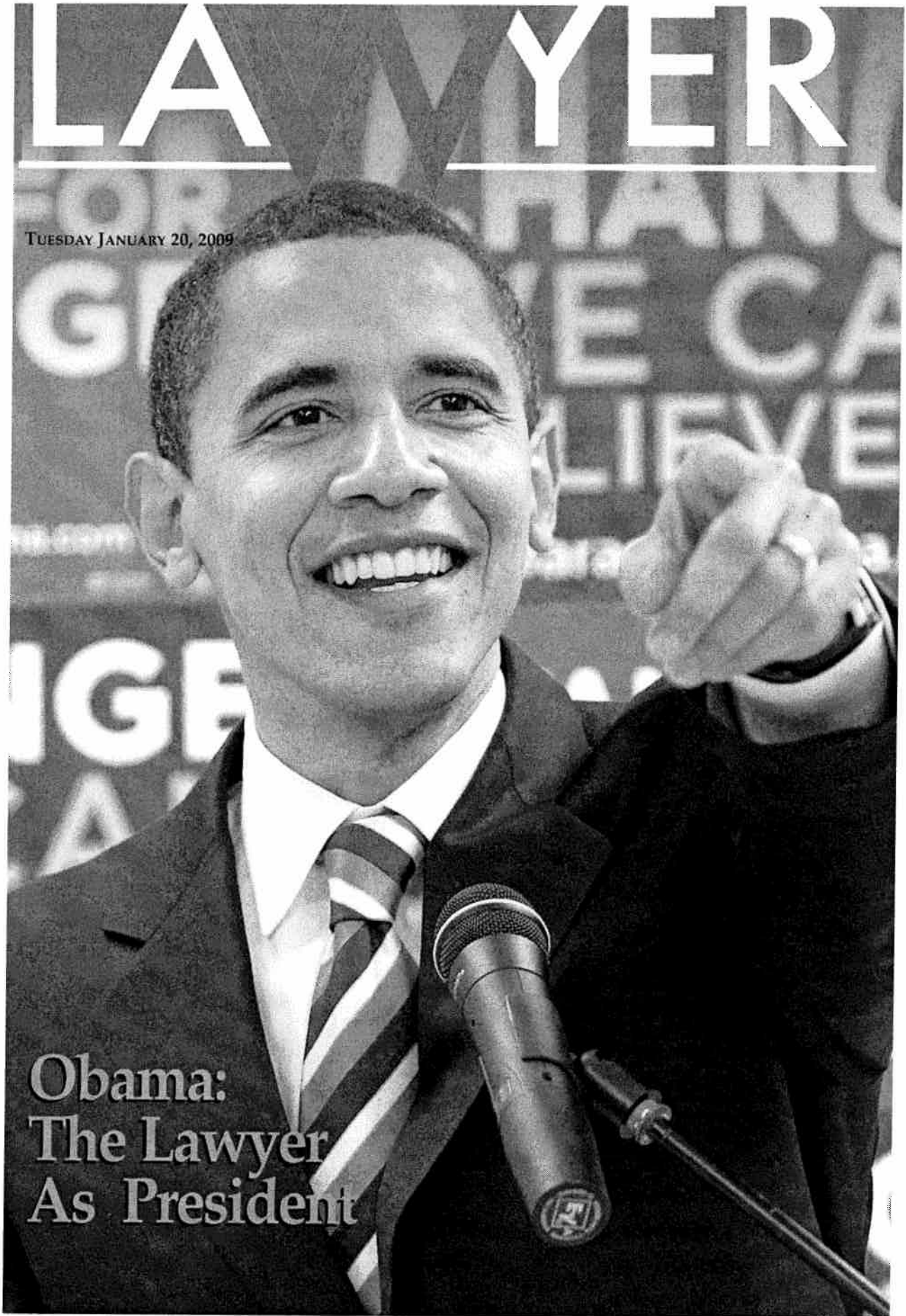


# LAWYER

TUESDAY JANUARY 20, 2009

Obama:  
The Lawyer  
As President





# Obama's African Journey: Why He Must Forget Aid, Embrace Trade

*Thank you for nothing Mr. Bush, says VICTOR S. MROCZKA as he examines African economic and trade challenges facing the Obama Administration which takes office today. He recommends a way forward as he points out that trade is a vital component to the US economic recovery and that Africa is a ready-made partner that can assist in this regard*

**A**frican trade and economic officials, particularly from the smaller states, are beginning to question whether such proposals are the proper course of action for the country at this time and actively saying 'no' when needed. On the public-private and/or private-private level, second generation African stakeholders are increasingly offering counter-proposals to the standard ways of doing business and more value-added trade and economic activities are staying in-country rather than being left for outsiders to complete. This 'African way' would not have been possible without the active engagement of African stakeholders in the normal course of business.

Normally, the transition period and the early days of an actual presidency are focused on vetting possible candidates for the myriad political postings available throughout the U.S. government (and then ultimately selecting and having the U.S. Congress confirm the vetted people for the postings), deciding what policies from the prior President an incoming administration wants to continue versus those it wants to change, and then deciding what issues an administration wants to start addressing on day 1 in order to start building a momentum of accomplishments in the first 100 days. Conventional wisdom dictates that an incoming President should start with less difficult issues first and build momentum towards the more challenging ones as the officials involved gather both institutional knowledge and confidence in governing. Note the mistakes made by the incoming Clinton Administration in 1992 when reform of the healthcare system and the role of gays in the U.S. military were some of the earlier issues addressed, where reform in these areas (and in the case of the latter, the area itself) was considered controversial in the United States.

But this is not your typical political US Presidential transition. While historians try to determine whether former President George W. Bush was one of the worst Presidents in U.S. history, it is objectively unmistakable that the outgoing Bush Administration has experienced a number of political and policy failures on its watch and left them for the next administration to address. For example, some particularly problematic areas that have been left to the Obama Administration are the situations in Iraq and Afghanistan, the ongoing recession, and the numerous business and housing failures that were due in part to a lack of proper regulation during the Bush Administration's term.

When it comes to economic and trade policy towards Africa, the Obama Administration does not get a respite from the particular and immediate problems created by the Bush Administration. While many view US policy towards Africa as one of the few policy areas where the Bush Administration has been somewhat successful, closer inspection allows us to separate myth from reality.

A glaring example of a Bush Administration failure on African policy has been the inability of the United States to get away from an outdated focus on an aid-based philosophy and shift more towards trade- and partner-based initiatives. The United States continues to view Africa through a 1960s/post-colonial lens as stakeholders in need of perpetual dependency rather than focusing more on treating them as level business and trade partners. The other key players in the world economy have already started to shed this legacy and have begun to evolve to the next level of public and private entity interaction.

This movement has enabled them to surpass the United States in terms of political, economic, and trade influence throughout Africa, while at the same time forming enduring relationships going forward. This movement toward partner-based initiatives has been most evident in the increased public and private capacity development throughout Africa on economic and trade issues. On the state-state level, rather than just accept what other

nations are proposing, African trade and economic officials, particularly from the smaller states, are beginning to question whether such proposals are the proper course of action for the country at this time and actively saying 'no' when needed. On the public-private and/or private-private level, second generation African stakeholders are increasingly offering counter-proposals to the standard ways of doing business and more value-added trade and economic activities are staying in-country rather than being left for outsiders to complete. This 'African way' would not have been possible without the active engagement of African stakeholders in the normal course of business.

This brings to mind the old adage of 'give someone a fish and they eat for a day; teach someone to fish and they eat for life.' For example, China and the Middle East countries have approached Africa as sound foreign direct investment destinations and have developed partnerships with numerous private and public stakeholders in which both sides are engaged on a more level playing field, allowing African stakeholders to develop key capacity in otherwise underutilized areas. This has resulted in a decreasing level of US presence and influence as compared to other nations active in the region. While viewing African stakeholders as aid dependents, the United States has steadfastly attached certain conditions to the assistance offered before or while a stakeholder received that assistance. For example, a country may need to undergo various policy reforms before receiving any assistance, even though the recipient country itself may not be ready to undergo such reforms. In contrast, the Middle East countries have simply created economic partnerships with the same countries and allowed those countries to undergo reforms when it is politically or practically feasible for them to do so. This has given African stakeholders an alternate and African-appropriate (while there is no one 'African' way of doing things that can be applied to all African nations, the term 'African' is being used throughout this article as a means of distinction from Western philosophies and methodologies. It continues to remain with each nation the ability to

*Continued on Pg.x*

**When it comes to economic and trade policy towards Africa, the Obama Administration does not get a respite from the particular and immediate problems created by the Bush Administration. A glaring example of a Bush Administration failure on African policy has been the inability of the United States to get away from an outdated focus on an aid-based philosophy and shift more towards trade- and partner-based initiatives**

## Fact Box

Born in Honolulu, Hawaii on August 4, 1961.

Father, Barrack Obama Snr., a Luo from Kenya, was a Harvard-trained economist.

Mother, Ann Dunham, was a white American from Wichita, Kansas.

Barrack in Swahili means 'The Blessed'

Brought up by mother and grandparents, Madelyn and Stanley Dunham.

Attended Columbia University, New York majoring in political science and specialising in international relations.

Graduated from Columbia in 1983 and worked for a year at the Business International Corporation and later at the New York Public Interest Research Group.

In 1988, was admitted to Harvard Law School. In February 1990, was elected first African-American President of the Harvard Law Review.

Met young black lawyer, Michelle Robinson, in June 1989 when a summer associate at the law firm of Sidley Austin. Became engaged in 1991 and married in 1992. Have two daughters.

Taught Constitutional Law for 12 years at University of Chicago Law School.

Joined Davis, Miner, Barnhill & Galland, a 12-man law firm specialising in civil rights litigation and neighbourhood economic development, where he was an associate from 1993 to 1996 and counsel from 1996 to 2004.

Worked as community organiser and practised as civil rights attorney before he was elected to the Illinois Senate in 1996. Gained bipartisan support for legislation to reform ethics and health care laws. Re-elected twice to Illinois Senate in 1998 and 2002.

In 2003, became Chairman of Illinois Senate Health and Human Rights Service Committee when Democrats regained majority in the house after long period of being minority.

Contested for US Senate in the 2004, won by popular majority and sworn in on January 4, 2005, becoming fifth African-American US Senator.

On February 10, 2007, announced candidacy for US presidency on platform of Democratic Party. On June 3, 2008, emerged party's candidate after defeating Hillary Clinton in keenly contested primary.

Won November 4, 2008 presidential election polling 356 electoral votes to Republican rival, McCain's 173, becoming first African-American elected US President.

Sworn-in today, January 20, 2009, as 44th US President.

## • Obama's African Journey • *Continued from Pg. vi*

develop methods of operation that work best for the specific entities involved, whether on a national or enterprise level) trade and economic avenue to utilize and develop. In other words, it is no longer necessary to swallow US dictates when it is not practical to do so, and the public/private bottom line continues to prosper.

In addition to the Bush Administration-created problems, the Obama Administration will also have to deal with a number of other problematic areas that impact the way U.S. stakeholders interact on the continent. For example, there are the ongoing political crises in Zimbabwe and South Africa that hamper the way potential U.S. investors approach those countries and the Southern African region as a whole.

Also, with the ongoing Economic Partnership Agreement negotiations that regional African entities are undergoing with the European Union, the United States faces the very real possibility of being permanently trade-displaced in whole regions of Africa. Finally, there is the immediate reality of dealing with post-electoral crises that currently plague eastern African countries such as Ethiopia, Kenya, and Uganda, where such crises again

impact the way US stakeholders approach the region.

While it is easy to point out the US-Africa challenges faced by the Obama Administration, there are a number of existing mechanisms that the United States can utilize to begin to address them. First and foremost, there is the impact of the current worldwide financial crisis. Like South America, African banking institutions similarly have not experienced the same type of decline as their Western colleagues, mostly because they have had fewer ties to the institutions that are at the root of the ongoing credit problem. This places Africa in a rare position as a solid equity investment destination for currently underutilized capital and one in which U.S. financial authorities, whether public or private, can and should direct such capital (One only needs to read African-based financial publications like *Africa Business*, for example, to see the number of opportunities available to outside investors). How many Western/developed countries can we say that about right now?

Second, trade is a vital component to the US economic recovery and the Obama Administration, correctly, has made the recovery its number one policy priority. Africa is a ready-made partner that can and should assist in this regard and this can be done with little new initiatives to put forward. There are mechanisms already in place by which the Obama Administration could enhance its relationship with various African stakeholders. For example, bilateral forums such as the Trade, Investment and Development Cooperation Agreement (TIDCA) signed in July 2008 could be used to continue to build the US-Southern Africa Customs Union (SACU) trade relationship. Regional forums, such as the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA), and the Southern African Development Community (SADC), can continue to be utilized as effective communication forums to address multilateral African trade issues.

For country-specific and rapid-response trade issues, the United States can utilize its proprietary communication channels in the form of diplomatic exchanges and the USAID trade hubs throughout Africa. Rather than utilize such communication fora to interact with more Westernized African stakeholders (e.g., South Africa,

Nigeria, Ghana, Senegal), the United States should communicate with those stakeholders that are in the beginning or intermediate stages of co-partnership development (e.g., Rwanda, Liberia, Namibia, Mozambique) so as to encourage further progress, but on a stakeholder-appropriate level. All of these, taken together, comprise an easily-available platform for the United States to begin to further develop its economic and trade policy towards Africa, as well as begin the U.S. economic recovery process.

Last but not least is the X factor of President Obama himself. President Obama is viewed in Africa with unprecedented popularity for an incoming US President. The United States, and particularly those officials in charge of implementing US policy towards Africa, should not underestimate the effect that this can have in regaining some of the lost US influence with African stakeholders. While President Obama introduces himself and his policies to countries throughout the world, many African stakeholders are already prepared to interact with President Obama, at least in principle, and some quantifiable gains can be made in sensitive areas (such as the Kenya, South Africa, and Zimbabwe crises identified above), areas that would have been otherwise inaccessible had another candidate been successful in winning the U.S. presidential election.

While this is not a complete list of either problems or potential solutions to US-Africa economic and trade policy, it is a potential starting point for the Obama Administration. Every journey must begin with a first step and this one, even if more immediate, is no different. Now we are left to wait and see how President Obama's African journey develops, where it takes him (and the United States), and what he will see and learn from along the way.

Mrocza is International Trade Counsel at the law firm of Hughes, Hubbard & Reed and is the current Chair of the American Bar Association's Africa Committee. The views expressed in this article are his own and should not be construed to be affiliated in any way with the entities identified above

