ECONOMIC DIPLOMACY AND POVERTY REDUCTION IN LIBERIA: ANALYSIS OF ELLEN JOHNSON SIRLEAF'S FOREIGN POLICY

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Abstract

The study examined the linkage between economic diplomacy and conduct of Liberia's external relations with emphasis on her post civil war era. The broad objective of this study is to examine how the use of economic diplomacy helped in the implementation of poverty reduction strategy and the implication for sustainable development of Liberia. The central thesis of this study is that the use of economic diplomacy in the conduct of Liberia's external relations coupled with the pro-poor policy did not address the poverty inflicted on Liberia arising from the civil war but rather exacerbated it. Secondary source of data was employed. Content analysis of texts, journals, seminars/conference papers, official publications, magazines,, newspapers were effectively utilized. We recommend a pro-active foreign policy of economic diplomacy that will enhance poverty reduction in Liberia.

The triumphancy of global capitalist regime over socialism following the collapse of Soviet block has ushered in accelerated economic globalization. This process kicked off at the end of World War II with the internationalization of production relations against Mercantilism, hence, Aina (2006:2) remarked that "as a consequence, growing interdependence prevalent in the West since the 70's and 80's immediately spread across the globe and the capitalist rules came to dominate international economy changing along side, the political face of the world".

Weak economies in the present global regime are trapped from growing unless they adapt fast to the new rules of the game. The trend requires a re-strategization of foreign policy priorities to economic issues targeted at internal development stratagem. In this process, Liberia is not left out in the transformation of her foreign policy thrust to largely economic diplomacy, hence, Jeremiah J. Kringar Harris, Former Liberian Assistant Minister of Foreign Affairs averred that:

> all hopes for the rebuilding of Liberia must now rest with the new government that will be elected in October, 2005, and the good will of the International Community. This of course, will demand an extraordinary display of diplomatic dexterity (Jeremiah, 2005:1)

A country's foreign policy is the compass that guides and shapes the behaviour of that country in international arena. According to Rosenau (1976), foreign policy may be "aggressive or submissive, long range or short range, economic or diplomatic". Similarly, Asobie (1991:35) noted that "while foreign policy is the substantive aspect of external relations, diplomacy is the procedural aspect". It is thus "the process of putting into effect foreign policies of nation states" (Petrovsky, 1998).

By Diplomacy we mean "the management of international relations by negotiation, the method by which these relations are adjusted by ambassadors and envoys the business or art of the diplomats" (Nicolson,1950:15;Asobie,2002:47).The process of negotiation leads to compromise as a means of solving political and economic problems in international arena. Okolie, (2008:1) maintained that diplomacy is the art of making compromise in international political matters which promote rather than jeopardize the basic interest of a nation. According to Asobie, it is the process of bargaining among states in order to narrow arrears of disagreement reached.
He further remarked that economic diplomacy may be defined in one of three ways thus:

> A. As the management of international relations in such a manner as to place ascent on the economic dimension of a country's external relations. Thus, he noted that economic diplomacy is the conduct of foreign policy in such a manner as to give topmost priority to the economic objectives of a nation.
> B. Economic diplomacy as the appreciation of economic instrument in negotiation and bargaining with other countries.
> C. As a set of strategies and tactics formulated and applied for the achievement of a fundamental restructuring of the existing international order (Asobie, 2002:47- 48).

Asobie's definition attest to the fact that at the base of economic diplomacy is the pursuit of foreign policy and the development principles through predominantly economic precepts (Okolie, 2008). Economic diplomacy therefore, reinforces the effective implementation of economic reforms post war policy of rapprochement, reconstruction and reconciliation in Liberia.

The above foreign policy denotes the primacy of economic issues over security matters after the civil war era. Liberia is designed to survive and prosper economically and politically under the regime of Ellen Johnson Sirleaf. To achieve this, the role of economic diplomacy as a tool for promotion of national interest gained primacy within her foreign policy advisers. This study analyzed economic diplomacy of SirLeaf Ellen Johnson's regime with emphasis on poverty reduction.

Meaning of Economic Diplomacy

By diplomacy we refer to the display of creative and intuitive power capabilities in government-to-government relations, through accredited national representatives. For the avoidance of doubt, diplomacy is not foreign policy, though it is often employed as a synonym for it. "While foreign policy broadly represents the principles, objective and attitudes struck by one State towards another; diplomacy is a key instrument employed for conveying and giving effect to the spirit of foreign policy"(Bridge, 45:135).

As an instrument for the formulation, implementation and monitoring of foreign policy, it promotes pacific settlement of disputes, differences or conflicts through lobbying, negotiation, mediation, conciliation, arbitration; treaty making; information gathering and reporting. Today, diplomacy is the hallmark of international relations. Without the value of diplomacy in world politics, the present world system (without World Government) would have been too chaotic, jungle-like and anarchical for the survival of human civilization. Every issue begs diplomacy. Every relation invites diplomacy.

Economic Diplomacy and Poverty Reduction in Liberia

Liberia possesses the unenviable reputation of being classified amongst the poorest nations in the world today. Despite the glaring evidence of the pervasiveness of poverty in the Liberian economy, the attitude of Liberian leaders is not to deny its existence. According to Sam Odera Oteng (2006:10) Liberia's 14 years of civil war, "cost the country more than 250,000 lives, devastated the social and cultural fabric of society, destroyed infrastructure, and generated widespread poverty and disease. From a pre conflict middle-income country, Liberia became a post conflict state in which 75% live below the poverty line of US$1 a day. More than half of the population is in dire poverty, living with less than $0.5 per day".

It reflects inability to meet social and economic obligations; lack of gainful employment, skills, assets and loss of self-esteem. It is anchored on limited access to social and economic infrastructures such as education, health, potable water and sanitation, thus limiting the chance of advancing welfare to utmost level of capability.

The Liberian economy before the 1980s was described as a middle income economy and a potential developing industrial nation in view of large deposit of diamond and other minerals. However, this positive scenario of Liberian economy was replaced by negative trends that signaled its transformation into captive economy that is characterized by poverty. Between 2006 when the political landscape of Liberia was democratized following the election of 2005, the incidence of poverty was put at 80 percent. An interesting thing in the incidence of poverty is its permeation to every segment of the Liberian society.

In a discussion of this nature, what readily comes to mind is to what extents have Liberia invested in human capital as a solution to poverty? Significant economic growth in any country hinges on deliberate investment in its human capital. Out and Adenuga (2006) contend that no country has achieved sustained economic development without substantial investment in human capital. Human capital, therefore, is at the epicenter of national economic growth and development. As has been observed by Out and Adenuga (2006:2-3):

> People are assets – in fact, a country's most valuable assets. It is essential for human development that these assets be deployed sensibly. A defective incentive system can result in a waste of human resources and often, too, in a higher incidence of poverty and greater inequality in the distribution of income. It is not enough to use existing resources wisely, we must also add to the existing resources through human capital formation.

Therefore efforts were geared towards tackling capital shortage which was identified as the major constraint to development. Soyode (1983:48) observed that:

> when machines and equipment have been put together to facilitate a process, the productive capacity is "enfeebled" when there is shortage of personnel to execute plans, use, maintain and repair equipment and machinery, as well as shortage of supervisory staff.

A country which is desirous of developing must have an appropriate mix of manpower from high-level to low-level and anything in-between. Harbison appreciates this when he states that a country which is unable to develop its human resources, cannot build anything else whether it be a modern political system, a sense of national unity or a prosperous economy, where there is disagreement is where the emphasis should be placed: widespread literacy; high-level manpower; or middle-level manpower or the appropriate mix.

Most countries pursue a simultaneous development of all classes of labour in order to meet the demands of wide spectrum developmental objectives. Balogun, et al, (2003) traced the precipitating factor to the manpower crisis in Liberia to the adoption of the conditionalities of SAP especially the implementation of currency devaluation. As they put it:

> A major consequence of the rapid depreciation of the Liberian dollar was the sharp rise in the general prices level, leading to a significant decline in real wages. The low wage in turn fuelled a weakening purchasing power of wage earners and declining aggregate demand. Consequently, industries started to accumulate unintended inventories and, as rational economic agents, the manufacturing firms started to rationalize their workforce. In the public sector, an embargo was placed on employment (Balogun et al, 2003:222-223).

In the words of Dr. Suzanne Kathleen McCoske in a discussion on the relationship between Liberian government and rubber plantation workers maintains that the history of low wages in Liberia is age long. He further avers that In the beginning of plantation operations, common laborers were paid from two to four shillings a day, unheard of fabulous wages in Liberia but the government objected saying that Liberian farmers were protesting on the ground that high wages drew away their labor. Even bank clerks in Monrovia get but two pounds, ten shillings a month.

The impact of low wages on productivity represents a watershed in human capital development in Liberia as it had far-reaching effect on every aspect of the Liberian system. The institution involved in human capital development was sucked into the eddy of crisis that enveloped the government. With dwindling resources government could not meet the obligations of funding. The effect of this economic crisis was overwhelmingly negative. It is generally agreed that human capital is indispensable both in unleashing the forces of development and in sustaining development. Human capital formation is characterized by the enhancement of people's skills, knowledge, productivity, creativity and inventiveness. These factors, aforementioned, assist the people, indeed empower them to identify their own priorities and implement programmes and projects of direct benefit to them and the country. The collective deployment of the people's potentials translates to economic growth and development. The development trajectories of Southeast Asian countries bear testimonies to the indispensability of human capital development in railroading the economy into the tracks of development. As Balaam and Veseth (2004:342) notes:

> The combined impact of investment strategies in education and job training in the NICs (newly industrializing countries) has resulted in a quality labour force, creating increased economic efficiency, industrial flexibility, and greater economic equality. Government initiatives in reducing the illiteracy rate and providing adequate access to job training are evident in comparatively higher enrolment rates and government investment in rating an educated and skilled workforce. The important point here is not that government expenditures on education have resulted in economic development, in a number of NICs, the emphasis on education has led to the growth of literate and skilled work force, which has been essential to the success of the industrial and investment policies and has promoted growth in productivity.

Liberia did not seem to have evolved a framework for the harnessing of its human capital. The exemplification of this was the dearth of policies concerned with deliberate and sustained human capital development. Out and Adenuga (2006) noted that planning in Africa was devoid of official consideration of the importance of human capital in the development process. What preoccupied planners was the accumulation of physical capital for rapid growth and development. But capital alone cannot transform a society. Soyode (1983) opined that even where capital is adequate, the absence of adequate supply of manpower lead to stunted development. The mindset of Liberian development planners, prior to and in the years following independence in 1847, was that a major inhibitor to Liberia's economic development was dearth of capital. Therefore efforts were geared towards tackling capital shortage which was identified as the major constraint to development.

Economic diplomacy of Ellen Johnson SirLeaf introduced negativities that robbed the economy of whatever remained of its buoyancy which left everyone evolving strategies on how to cope. The salaries of Liberian workers became peanuts as the devaluation of the Liberian dollar currency. It eroded the purchasing power of that currency. The scenario is worse today as the value of Liberian dollar is six hundred (600) to one (1) American dollar.

Table 1 **Liberia's Socioeconomic Indicators at a Glance 2006-2011**

Economic Indicators	**2006**	**2011**	**Sources**
Real GDP Growth Rate (%)	9.4	7.1	MOPEA
Real GDP est (US million)	433	988	MOPEA
Nominal GDP (US million)	603.8	1,153	IMF,World Bank
Public Sector workforce (active duty civil servant)	45,0000	34,000	LISGIS, MOL
Informal Sector employment	470,000	672,352	LISGIS,MOL
GDP per capita (Current US$) Estimate	150	260	MOPEA
Inflation Rate (est. average %)	7.4	7.9	CBL
External debt (US $ Million)	3,203	224.3	CBL
Domestics Debt (US Million)	302	281	CBL
National Budget (US $ Million)	80	516	MOPEA
Mobile Telephony Users	586,716	1,569,708	LTA
Size of Labor Force (Millions)	N/A	1,133	MOL
Number of Employed	N/A	1,091	MOL
Imports (US $ Million)		551.1	CBL
Exports (US $ Million)		148.8	CBL
Trade balance deficit	-39.7	-46%	CBL
Land use for Rice Production (Hectares)	130,000	190,000	World Bank Indicators
Banking Sector Highlights			
Number of Commercial Banks in 2006	5	11	CsBL

Source:http://www.mopea.gov.lr/doc/GOL%20Achievements.pdf extracted on 02/04/12

Table one presents socio-economic indicators in Liberia. The Human Development Index (HDI) measures the average progress of a country in human development. The Human Poverty Index (HPI-I) focuses on the proportion of people below certain threshold levels in each of the dimensions of the human development index – living a long and healthy life, having access to education, and a decent standard of living. From the above table the GDP Per Capita in 2006 is 105 while in 2011 it amounts to 260 percent. By looking beyond income deprivation, the HPI-1 represents a multi-dimensional alternative to the $1.25 a day (PPP US$) poverty measure (UNDP, 2009).

Table 2: Population Living Under 1.25 and 2 Dollar (PPP) a Day (2) for Selected African States.

Country	$1.25<	$2<
Angola	54.3	70.2
Benin	47.3	75.3
Botswana	31.2	49.4
Burundi	81.3	93.4
Cameroon	32.8	57.7
Central African Republic	62.4	81.9
Chad	61.9	83.3
CDR	59.2	79.5
Egypt	<2	18.4
Ethiopia	39	77.5
Gabon	4.8	19.6
Ghana	30	53.6
Guinea	70.1	87.2
Kenya	19.7	39.9
Liberia ++	8.7	94.8
Malawi	73.9	90.4
Morocco	2.5	14
Mozambique	74.7	90
Niger	65.9	85.6
Nigeria	64.4	83.9

Source: Wikipedia (2008) list of countries by percentage of population living in poverty. Retrieved on August 25, 2009

The HPI-1 measures severe deprivation in health by the proportion of people who are not expected to survive to age of 40. Education is measured by the adult illiteracy rate. And a decent standard of living is measured by the unweighted average of people not using an improved water sources and the proportion of children under age 5 who are underweight for their age (UNDP, 2009). Poverty, food prices and hunger are inextricably linked and hence, abound in Liberia. Poverty causes hunger. Not every poor person is hungry, but almost all hungry people are poor. Millions live with hunger and malnourishment because they simply cannot afford to buy enough food, cannot afford nutritious foods or cannot afford the farming supplies they need to grow enough good food of their own. Hunger can be viewed as extreme dimension of poverty. It is more often than not labeled the most delicate and critical manifestation of poverty which always results to Man's loss of self esteem.

Conclusions

The above table shows that Liberia is rated between 8.7 and 94.8 percent in the poverty chart. These tables with other explanations therein validate our thesis that despite the introduction of economic diplomacy by Ellen Johnson SirLeaf, poverty still remains endemic in Liberia. We recommend a pro- active foreign policy of economic diplomacy and its honest application that will attract poverty reduction in Liberia.

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