

# CHAPTER I

## INTRODUCTION

### A. Background

The United States is a federal republic of 50 states located in the middle of the Pacific Ocean and on the east bordering with the Atlantic Ocean. The U.S. gained its independence on July 4th, 1776 and became the fourth largest country in the world after Russia, Canada, and China (USAGov, 2019). In the war era, unlike other countries that implemented a monarchy system in their government, the United States was a country whose sources of its power were built on the modern principle of democratic constitutionalism. Although there was a civil war on American land in 1860-1865 involving hundreds or even millions of soldiers who fought using advanced industrial weapons, after war ended the United States became united again, the government was able to mobilize millions of soldiers and their weapons as one great force. Through the act of President Teddy Roosevelt, the 26<sup>th</sup> U.S. President who presented himself as a world leader with a great reputation to negotiate the conflict resolutions between Russia and Japan during World War I, America showed its participation and indirectly conveyed to the world that it was able to be a party to extinguish the flames of war that were rife in the western nations. In 1945, during World War II, America showed its capability again by dropping two atomic bombs on Japan, each of which destroyed a city, putting an end to all existing conflicts. These two major events cemented the United States of America's reputation as unrivaled actor (Ansary, 2019).

With the end of the Cold War in 1991, which was marked by the collapse of the Soviet Union eventually brought the United States out as victorious in the ideological war against the Soviet Union. With this victory, the United States continues to strengthen its country by maintaining its hegemony in the international world order and spreading the ideology which adhered to that is democracy. The end of the war elevated the United States to a position of world leadership that is almost

unrivaled by other states so that most American policymakers acknowledge that as the world's dominant power, the United States must bear the responsibility for restoring global stability in the political, security, and economic sectors following the war ended (Jackson & Sorensen, 2013). As a superpower that has great influence, maintaining, and establishing diplomatic relations with various states globally is very important, starting from states around the American continent itself to states located on the African continent. The approach taken by the United States in building relationships with other states is by negotiating, ratifying agreements, conducting business relations, and making policies both bilateral and multilateral in nature.

After the end of the war period, the world was in a bipolar system so the foreign policy made by a country would of course, adjust to the situation at that time. In 2000, the United States under the administration of President Bill Clinton issued a policy which was shown for Sub-Saharan Africa due to the consideration that this region has enormous opportunities to be developed yet has not fully explored so it needs more effort and helps to improve. Sub Saharan African which is an area with abundant natural and human wealth, makes this region has a potential to be developed but for reasons such as low quality of education, poverty, rampant crime cases, the high rate of free gun ownership, and drug trafficking have become the main problems that hinder the development of this region (Tieku, 2012).

The small amount of capital and forms of investment in this region, even some states in this region are still classified as less developed countries, have made America take part in dealing with problems in the Sub-Saharan Africa region to create a stable world situation in terms of political, social, and economy by enacting a foreign policy known as African Growth and Opportunity Act which was later shortened to AGOA (Lobe, 2000). The United States government made a policy to go through a program called AGOA where this policy is implemented directly under the representative body of the

United States to carry out activities that can boost productivity for people's business in Sub-Saharan Africa with offering benefits as easy market access by eliminating trade barriers in order to encourage economic growth and build regional integration that is oriented towards free markets, although increase the flow of trade and investment (Maulani, 2017).

There are three primary objectives of AGOA, which hoped that it would be benefited both parties in charge, that is the U.S. and the Sub-Saharan African continent. The first goal of AGOA is to significantly boost trade and investment between the United States and Sub-Saharan African countries, the second goal is to increase economic and social benefits for U.S. investors and businesses, and the third goal is to support environmental financial advancement reforms in Sub-Saharan African countries (Brammah, 2020). Nonetheless, there are criteria that must be met for countries in Africa to enter AGOA, namely by practicing a very democratic process in all the activities involved in it so that no human rights violations occur. Dictatorships and bad economic management are also strictly prohibited because if a partner country does so, this country will be disqualified from the AGOA agreement.

By understanding the reasons of the United States' decision to make an agreement that is luminous for African countries through the African Growth and Opportunity Act that considered very beneficial for Africa, this research aims to determine how big the impact that generated by AGOA and its programs as a U.S. foreign policy to boost growth in South Africa as one of the countries in Africa that become the beneficiary country of AGOA. Utilizing the qualitative research method, this research scrutinizes the United States official documents, AGOA official websites, Africa national report, and relevant literature to achieve the research objectives.

While previously much research was conducted in analyzing the effectiveness of AGOA implementation in the Sub-Saharan African continent, in this research, the author will shed some light on the impact of the United States foreign policy within AGOA on the developments in South Africa, by

examining the implementation and what kinds of a program facilitated by the United States in improving South Africa which currently the condition is much more developed than before. By using a rational choice theory to see how the state as the main figure in international relations acts and makes decision to achieve its national interest, and foreign aid theory which argue that the aid investment given by a developed country has a positive impact and influence on a recipient country, this research aims to analyze further the impact elicited by the U.S. foreign policy in AGOA by elaborating on what is the reasons behind the creation, the program that conducted and the goal of this policy.

An article published by Frazer and Biesebroeck (2010) found that the absence of tariffs in the procedure for importing goods from Africa to America and vice versa brought great benefits to Africa as a country whose economic status is still developing. Despite the challenges involved in transaction costs in African countries due to significant differences in nominal currencies, AGOA had a large robust impact on economic growth in Africa. In a different study, Condon and Stern (2011) added that the free market framework created in AGOA is viewed as a means of steadily raising the industrial potential of newly independent nations in Africa and its neighboring continents and integrating them into the global trade system, thus making Africa currently have a considerable position in the economic sector among less developed countries. However, other studies done by Devermont (2020) sees that over the decades, U.S. strategy in the area has become far too broad, filled with sub-objectives, and preoccupied with hundreds of inputs rather than results so that its effectiveness is questionable. Yet this research sees that in its implementation, AGOA is indeed very helpful for Africa to get out of the socio-economic and political problems that have been rooted for a long time so that this intensifies the development of Africa itself.

## **B. Research Question**

Based on the description of background above, the research question that arises is “What is the contribution and the impact that generated by the U.S. Foreign Policy on African Growth and Opportunity Act (AGOA) towards the development in South Africa?”

## **C. Theoretical Framework**

To answer the problem formulation related to a phenomenon expressed by the author regarding the impact produced by AGOA for development in South Africa, as a justification, a basis in the form of applicable ideas and concepts is required. The author employs two theories in this study to explain and answer the formulation of linked problems. Theory is a set of developed ideas that provide a definition and proposition in order to see and explain why a phenomenon occurs in a thorough and systematic manner (Kerlinger, 1978). The author's theoretical research is part of the theory of international relations, which mutually supports one another in resolving the problem formulation. The following are two of the theories that used in this research:

### **1. Rational Choice Theory**

From the explanation above, this research focused to know what the impact of AGOA towards the development in South Africa where the discussion starts on explaining the rationality behind U.S. foreign policy on the implementation of AGOA that supports growth on the African continent, including South Africa, by using rational actor theory, which explains how state behavior to maximize national interests is reflected by foreign policymaking. In this case, AGOA is understood as a U.S. foreign policy made to achieve its national interests. Jackson and Sorensen (2013) state that the basic assumption brought by the rational actor thought conveys that the government is united and has rational reasons behind every decision taken so that the government wants to achieve well-defined foreign policy goals. A strategy contained in

this framework sees rational reasons in the foreign policy-making process. This framework also assumes that the type of government applied in a country affects the process of making its foreign policy as well as the situation in the country that later on will influence the kind of foreign policy that was created.

As one of the models of foreign policy decision-making introduced by Graham T. Allison (1969), the rational actor theory can be understood as a model of foreign policymaking in which the state acts as the main actor. Rational itself can be interpreted as a choice that is logical, reasonable, and is the best choice for both the country itself and other countries. Allison also added and emphasized that any decisions made by the state are rational. The rationality that comes from a preference for logic is not only reasonable but also includes a long decision-making process by going through a comparison process between many options so that at the end, which option is the most beneficial and effective will be chosen by the state to issue its statement or policy in responding certain phenomena.

Famous scholars and international politicians who also support this rational actor model in the decision-making process are Hans J. Morgenthau, Joseph Schelling, Henry Kissinger, who embrace realism and neorealism also confirm this rational actor model as one of the decision-making processes. In this rational actor model, the unitary state as key players who act rationally must be calculating the cost and benefits of the policy that has been chosen to maximize utility, and the most important of any foreign policy taken or created by a state is certain to achieve its very various national interests.

The foreign policy itself is a state's effort to achieve its national interests, which is shown outside the territory of a country, both bilaterally and multilaterally, by utilizing the national power which possessed by a country. By involving state ideals, strategies, actions, methods, guidelines, along with understanding and agreement, as well as the

contribution of national governments related to international organizations, and non-government actors outside the country, not all implementation of state's foreign policy can be controlled because the scope of work of the foreign policy is beyond their sovereignty (Carlsnaes, 2002). Foreign policy can be understood as the basic strategy of a country or ways to communicate to achieve a certain goal or national interest. Through its foreign policy, the state can show its existence by involving a government in international issues or the surrounding environment.

Consist of various sets of actions with separate objectives in their implementation, foreign policy has three different approaches. As developed by a famous foreign policy analyst, Graham T. Allison in 1971 assumed that there were three types of decision-making models that ultimately created a foreign policy: the rational actor model, the bureaucratic politics model, and the organizational process model (Vanhoonacker & Wangen, 2016). Meanwhile, in the formulation of foreign policy, a country must be reflected in the situation, both that occurs in the external and internal environment of the country by considering the objectives to be achieved and the means and capabilities it has.

In this regard, the United States foreign policy is inseparable from the president in office, making American foreign policy always experiences change. The presidential transition makes it almost impossible for U.S. foreign policy to pursue a consistent strategy nevertheless, after the end of World War II in 1945, the foreign policy of the United States as a superpower certainly has a significant influence on the developing countries in the world. Africa, as one of the countries that already have close relations with America, is a country that feels the impact of America's foreign policy in the AGOA, which has indeed been shown to support developments in Africa.

As the basis for the occurrence of a foreign policy, the United States national interests are manifestations of

American principles which is projected onto the international arena. The goal of this interest is to create and maintain an international environment that is most conducive to the peaceful pursuit of U.S. ideals. In other words, the values of the United States as they apply to the external world are at the heart of the national interests that may be attained through the development of foreign policy. Simo (2018) assumed that even AGOA was first designed as a preferential trade arrangement, there is a capability even if it is certain that the United States intends to make AGOA becomes a reciprocal trade agreement. Basically, every policy made by a country has its own aims and objectives, especially the U.S. who will never deal with a country unless they have their own national interest.

In practice, the U.S. does not make all countries in Africa can have access to the American duty-free market since the membership system applied in AGOA is considered exclusive due to the conditions of the recipient country, which are strict. As reported by William (2015), the total 49 candidate countries in Sub-Saharan African, currently only 39 countries are eligible for the preferential allowance. In this case, it seems very clear that there are American national interests that must be safeguarded so that there are limits to the agreement within AGOA that the U.S. is trying to enforce.

## **2. Concept of Foreign Aid**

Besides the use of rational choice theory, this research also employed the concept of foreign aid to answer the research question. Foreign aid is defined as a country's support to another country that facilitates the transfer of financial resources or goods, such as food or military equipment, as well as technical advice and training. Grants or soft credits, such as export credits, can be used as resources. Official Development Aid, or ODA is the most prevalent sort of foreign aid, and it is support given to help a country develop and poverty eradication. Typically,



governments send overseas help to further their own strategic interests, such as improving their own country's security. As a result, foreign aid in the form of economic help can be utilized to avert international problems. To enable a country to gain diplomatic recognition foreign aid can be used as a country's way to obtain diplomatic status. Another purpose of foreign aid is to advertise an economic growth rate, for example, by establishing a foreign policy program that requires the recipient country to use aid to purchase services or manufactured goods from donors and to spread the language and culture, and vice versa, where the two parties who contribute to the program mutually benefit (Williams, 2021).

In addition, in providing foreign aid, countries also have other goals to support the development of a country and help a country to improve its conditions such as to alleviating suffering caused by natural or man-made catastrophes such as famine, illness, and war, promoting development economics, assisting in the development or strengthening of political institutions, and addressing a variety of transnational issues such as disease, terrorism, and other crimes, as well as environmental destruction. In fact, it's impossible to say which of these goals is the most significant because most foreign assistance programs are structured to fulfill multiple of them at once.

The history of foreign aid begins with the initial type of foreign aid that is military support which was aimed to assist conflicting parties that were regarded as strategically significant in some respect. Foreign aid was used as a diplomatic measure by the US, the Soviet Union, and their allies during the Cold War era to build alliances and strategic benefits. The form and extent of foreign aid in this century may be traced back to two key events that occurred after World War II, the first of which is the establishment of the Marshall Plan which is a United States's sponsored program to rehabilitate the economies of 17 western and southern nations and second, the formation of major

international institutions such as the United Nations, the International Monetary Fund, and the World Bank. In view of the creation of AGOA as a U.S. foreign policy to assist development in South Africa, it is very clear that this is related to the concept of foreign aid which has been described previously where in this policy there are goals to be achieved by America.

Bandyopadhyay and Vermann (2013) expressed their views on a historical review of U.S. and other countries' foreign aid, in which they found that when integrated with theories and empirical facts that mostly support the theories, the motives of donating countries in providing foreign aid have diverse over the decades. But there are two things that stand out among the myriad reasons why other countries including the United States continue to send foreign aid to other countries namely humanitarianism and country's strategic interests which both of these reasons have existed in different and changing proportions since World War I, and both were still exist until today. In looking at the reasons for the creation of the U.S. foreign policy that was made specifically to assist the development of countries in Africa and AGOA implementation that boost the development in South Africa that can categorized as the United States foreign aid, there is a strategic interest that America wants to obtain which this will be discussed further in this research.

#### **D. Hypothesis**

Based on the background, the theory and the concept mentioned above, the author has a hypothesis that the contribution of AGOA as the United States foreign policy in helping and give the impact towards development in South Africa which is as follows 1) By increasing the productivity of the economic sector to stimulate exports to several countries so that this region is attractive to investors, and 2) Makes it easy for African markets to improve their economic capabilities by

giving duty-free access and eliminating trade barriers for African products that will enter America.

### **E. Scope of Research**

From the various states within Africa that became partners with the United States in increasing the value of democracy, economic growth, security, and trade in the region under AGOA as the U.S. foreign policy, the analysis of this study will focus on the scope of its application in one state within Africa namely South Africa because this region is considered quite progressive in improving economic governance and is also able to expand the country's potential to the global market. The discussion will also focus on the relationship between the United States and Africa which underlie the creation of this foreign policy, the implementation of AGOA programs, and the impact of AGOA on development in South Africa. Although the implementation has been in place since 2000, the agreement that will continue until 2025 makes the author very interested in knowing more about what is in the process of implementing the U.S. Foreign Policy under this AGOA agreement.

### **F. Research Methodology**

In describing the topic raised by the author, a qualitative descriptive research method is used by looking at the descriptions of previous authors who also wrote similar studies. Based on the explanation that has been explained in the background section of the case study, this research will be wrapped with the information sought from relevant data related to the topic the author puts forward from various printed sources such as research, books, journal articles, to special reports from government websites which this technique are commonly known as data collection techniques in the form of library research or librarian studies.

In a literature written by Connaway, and Powell (2010) stated that sometimes the data contained in a research is misunderstood and poorly presented so that there is a need for a library research technique, that is an effort to see relevant topics and to multiply information sources that make the

discussion about the Impact of the United States Foreign Policy on African Growth and Opportunity Act (AGOA) to the Development in South Africa becomes richer. By using this library-related research technique, the author can get a better understanding about the data contained in readings that can be used as a source of the writing.

### **G. Thesis Structure**

The writing system of this study consist of the framework of clear outline from three chapters, the following are the description of the divided outline.

**CHAPTER I** This chapter contains the introductory part where the explanation about the background of the study, research question that arise, theoretical framework, hypothesis, scope of research, research methodology, and thesis structure.

**CHAPTER II** This chapter explains the relations between United States and Africa which has gone through several period of time and gradually gave birth to the creation of foreign policy under AGOA. This chapter will also answering the research question that mentioned earlier in the introductory part that will discuss about the AGOA as the United States foreign policy as well as its impact towards the development in South Africa which will be explained clearly using the conceptual framework that has been discussed in the previous chapter.

**CHAPTER III** This chapter presents the conclusion from the whole chapter and suggestion for future authors that discuss about related topic.