

Abstract Volume 2 (1990/1991): Industrialization Based on Agricultural Development

According to predictions by international economic and financial institutions, sub-Saharan Africa is the only geo-region where the current economic growth, even at optimistic assumptions, will not be sufficient to improve human living conditions up to the end of the century. The World Bank, for instance, expects the number of poor people in Africa to increase from the present figure of 180 million to 265 million people by the year 2000. Against this background the *African Development Perspectives Yearbook* aims at presenting and promoting theoretical and practical approaches, which redefine a crucial element of economic success and thus can prevent a repetition of "lost decades" for development. The point in question is the very core of modern economic growth – industrialization.

The *African Development Perspectives Yearbook* advocates an industrialization strategy for Africa based on agricultural development and taking full account of the human dimensions of economic progress. The global economic environment of the 1980s, which can be characterised by the debt crisis and the drop in most raw material prices, was generally unfavourable for developing countries. In Africa, particularly, many endeavours to promote industrialization were therefore interrupted.

Furthermore, the economically more developed countries presently have only a marginal interest in sub-Saharan Africa – although particularly now economic co-operation and free access to markets would be necessary in order to improve Africa's plight. Even though African countries de jure have preferential access to the EC markets, as guaranteed by the Lomé-IV Convention, nevertheless non-tariff barriers and the stabilisation of lopsided African production structures by STABEX and SYSMIN programmes have made it difficult for Africa to improve its foreign trade relations.

The establishment of the Single European Market and the expected outcome of the Uruguay Round of GATT negotiations threaten to be further steps in the same direction. Only agricultural products and mineral raw materials will remain capable of being exported, while the export of processed or even semi-processed commodities, which are less prone to price recessions, will still be obstructed. In the past, the compulsion to earn hard foreign currency in order to repay foreign loans often led to increased exports of raw materials and agricultural products, while on the other hand African governments denied further support to food crop production and local industries.

The example of Nigeria, however, to which a separate unit of the *African Development Perspectives Yearbook's* second volume is dedicated, shows that foreign trade influences are not alone responsible for the setbacks in industrialization. The inability to channel capital inflows into viable economic activities can be considered a lost opportunity for development. The oil-fuelled growth of the country's economy seeped away in the swamps of an unbalanced import-substitution policy with its exclusive concentration on the production of consumer goods, too strong tendencies of regional agglomeration, an industrialization based on large-scale and capital-intensive plants dependent on foreign sourcing, and weak inter-sectoral linkages.

A new strategy of industrialization...

In contrast to the case of Nigeria, countries like Zimbabwe, Botswana and Mauritius can be mentioned, which managed to succeed, even if only to a limited extent, in an unfavourable global economic environment. Interestingly enough, these countries show that the public sector plays a stronger role in a successful industrialization strategy than has been asserted in some contributions to recent discussions on development issues.

With these facts in mind, the authors of the *African Development Perspectives Yearbook* emphasise that "wholesale" theories offered before and shortly after the change of paradigms in development theory, have become obsolete. The state cannot be considered to be the driving force in a catching-up industrialization, but equally its complete retreat from structural tasks cannot contribute to a satisfactory solution of development problems. The essential requirement, however, is for highly specified policies, which can also overcome the already observable adjustment-weariness of Third World economies.

An open trade regime, promoting exports, and the provision of institutional links between large-scale and small-scale industries seem to be equally as important as selective involvement of the state in economic activities and

selective external protection policies. Moreover, an industrial rehabilitation programme has to be added which can achieve an efficiency increase, starting from the company level. The highest priority should be given to indigenous or locally developed forms of technology. Recent experience has shown that this kind of specific intervention should even be preferred to an indirect promotion of the economy, for instance by creating a "supportive entrepreneurial environment". However, contrary to what the programmes of the first Industrial Development Decade for Africa (IDDA 1) suggested, the main emphasis should be put on promoting small and medium-sized enterprises. They should be given preferential treatment, for instance by means of trade policies when establishing new industrial projects. There are several reasons for this approach. Firstly, in the past import-dependent large-scale projects were found to be highly vulnerable. This vulnerability can be reduced by local sourcing, by serving local demand, and by exporting to regional markets. Smaller production units are better suited to these tasks than larger ones. Secondly, small-scale production units in the traditional sub-sector, and possibly only these, as suggested by a case study from Sudan, promise linkages between the industrial and the agricultural sector, particularly in rural areas.

This leads to the core of the alternative industrialization strategy advocated by the authors of the *African Development Perspectives Yearbook*: industrialization policy has to be complemented by an active agricultural policy. While this opinion is held by all the contributors to the *Yearbook*, there are, of course, differences of emphasis. The common denominator consists in the realisation that lack of agricultural development impedes overall economic growth because of the shortage of domestic market demand. The authors of the *Yearbook* consider it insufficient only to increase producer prices, which is the conventionally proposed solution. This approach does not take full account of the structure of income and expenditure at the household level. One instead has to distinguish between net purchasers and net sellers of food in farm households.

The minimal programme of a long-term-oriented, and thus agriculture-based industrialization, also includes a redistribution of entitlements to the means of production, i.e. land reform, supporting demand by the creation of non-agricultural employment opportunities in rural areas, and a rise in labour productivity by investment in education and health.

The most radical approach aims at a reversal of the present sectoral priority. The agricultural-demand led industrialization strategy (ADLI) regards strong support for the agricultural sector as the precondition for balanced economic growth. Both the location of production units in rural areas and small towns and labour-intensive processing of agricultural products make a further contribution to strong growth impulses from investment in agriculture. A problem arises, of course, from the fact that an ADLI-strategy brings only a limited expansion of industrial supply. In order to exclude the danger of inflation, this strategy should therefore be supplemented by import-substitution policies, which should not, however, be restricted to consumer goods and urban demand. Authors of the *Yearbook*, who advocate this radical approach, are well aware of the limits set by ecological constraints with regard to an agricultural "big push". The reason is that only parts of Africa's ecozones are suited to intensive agriculture. At most one half of the productive land is suitable for irrigation, whilst ecozones like the Sahel have to be left to extensive use only.

... embedded into a strategy of sustainable development

The alternative industrialization strategy presented so far can only endure when embedded into a comprehensive development concept. Its main elements will consist of

- people's participation in planning their own future;
- poverty alleviation, equality of opportunities, and equitable growth;
- full consideration of environmental demands; and
- solidarity of the international community with Africa (and other poverty zones of the world).

The establishment of political institutions which guarantee permanent and comprehensive involvement of such social organisations as trade unions, churches, and NGOs/voluntary development organisations in decision-making processes is an essential prerequisite for successful and sustainable development. Political consensus, as shown in the *Yearbook* by the example of Mauritius, is a precondition for economic success rather than its result. The second volume of the *Yearbook* also documents Africa's political changes since 1990 and shows that NGOs acquired an increasingly important role in the democratisation process. NGOs can, for instance, even assume classical functions of the state or represent the interests of social formations, e.g. the labourers, whose traditional organisations are endangered by collapsing industrial structures. By reprinting the Popular Charter for Participation, the *African Development Perspectives Yearbook* documents an important step towards the realisation of these ideas.

Sustainable development is not compatible with the perpetuation of gross injustice in income and a lack of equality of opportunities, particularly for women. Women were often excluded from the expanding employment opportunities of the past, but they were nevertheless greatly affected by industrialization and urbanisation. Migration of men to industrial growth areas, for instance, meant a growing work load and increasing social insecurity for the women who stayed behind. On the other hand, in spite of a gender-specific division of labour in the informal sector, there is a tendency for men to enter "female" branches, when they become formalised or their productivity increases. Mere technical improvements designed to increase productivity or reduce women's work load, e.g. motor-driven oil-mills instead of pounding oil-seeds by hand, do not open up better opportunities for survival, as shown in a case study published in the *Yearbook*. The extension of social and political rights, the promotion of rural locations of industries, and trade policies favouring female small-scale producers and traders should be put high on the agenda of economic policies.

In view of the ecological time bomb which is ticking in Africa, consideration of environmental needs is particularly necessary in establishing sustainable development. Desertification on a previously unimaginable scale, the scarcity of water in many parts of the African continent, exports of tropical timber, and other forms of poverty-induced environmental degradation are results of foreign economic power, as well as of "modernistic" patterns of thinking in Africa. The former high level of awareness of the requirements of the ecosystem has become disregarded. A gradually growing new consciousness of ecological interrelations has only recently begun to become apparent in a few African countries, for instance in Ghana, whose example is documented in the *Yearbook*.

Finally, it should be emphasised that the industrialised societies' solidarity in trade, financing, and debt reduction is a precondition for lasting and stable economic and social progress in Africa. As the African countries' debts, in contrast to those of Latin America, are pending mainly with foreign governments and international organisations, a co-operative approach by the governments of the industrialised countries is called for. This is particularly true for the EC as the most powerful trading partner. The European Commission's proposal for ACP countries' debt reduction, which is brought to the attention of the reader of the *African Development Perspectives Yearbook*, seems to be a step in the right direction.

But cooperation should be enhanced not only between the West and the South but also at regional levels. Intra-African foreign trade contributes only 6 per cent of Africa's total foreign trade, compared, for example, to an intra-European trade share of 60 per cent. Until now, intra-African co-operation has not been successfully established anywhere, although there are some promising signs, e.g. the SADCC cooperation. Several contributions to the *Yearbook* analyse possibilities of economic integration. On balance the studies conclude that the formation of supranational trading blocs in other regions of the world makes intra-African co-operation increasingly important in order to achieve competitiveness by means of synergetic effects and economies of scale. The most radical of these contributions even consider a selective disengagement from the constraints of the global economy and advocate collective self-reliance based on multinational-African economic structures as an answer to the forced marginalisation of the continent.

International co-operation, however, cannot be restricted to economic issues. Human rights and environmental conservation are increasingly viewed as indivisible among mankind. Therefore, the authors of the *Yearbook* welcome the inclusion of ecological and human rights issues in international negotiations.

On closer examination of the various elements of sustainable development as a framework for a successful industrialization strategy, two different points become clear. Firstly, every element is in itself both an instrument and a goal of development which puts people at the forefront. This is true for participation in political decision-making as well as for justice and the awareness of the natural environment. Secondly, the various elements are highly interdependent. Poverty, for instance, is an important reason for the overuse or misuse of nature. Thus the struggle against poverty is in fact an indirect method of environmental protection. Furthermore, a policy which accepts the marginalisation of people will, in the long term, not be able to de-marginalise markets and production.