The Problem of Industrialisation In Africa (1)

AT the CENTRE of the preoccupations of the governments and people of the independent African States is that of economic growth. Now that some 200 million Africans live under sovereign African governments and no longer under the harsh tyrannical rule of foreign imperialists, they are setting their sights on the higher material standards and fuller life which were the main aim of the struggle for national independence.

by

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To appreciate Africa's urge for economic growth, one needs only look at her present economic and social situation. Africa's 250 million people constitute 8 per cent of the world's population, and they inhabit a continent covering nearly a quarter of the earth's land surface. Africa has enormous mineral resources—copper, gold, diamonds, bauxite, chrome, manganese, cobalt, tin, uranium, iron, coal as well as a number of rare mineral ores essential to modern industry.

She has considerable energy resources—coal in the south, oil and gas in the north (the prospecting now taking place will probably unearth supplies of these in other areas of the continent, too), and water power, especially in the west, centre and east.

She has immense and varied timber resources and produces many valuable agricultural items, both foodstuffs and raw materials for industry—cocoa, coffee, palm oil, sisal, pyrethrum, tobacco, cotton, maize, tea, groundnuts and so on.

ENORMOUS PROBLEM

Yet Africa's share of world output is only 2 per cent. The net value of her annual output is only £9,200 million—about half that of the United Kingdom which has a population only one-fifth that of Africa's.

An analysis made in the mid-1950s showed that Africa possessed only 2 per cent of the world's stock of tractors; and she received only 1 per cent of the world's supplies of nitrogenous fertilisers. Latest figures show that Africa produces only 2 per cent of the world's electricity. Africa's per capita income —£40 a year (32 if we exclude the Republic of South Africa)—is less than one tenth that of the industrial countries.

These figures are sufficient to show the enormous problem that faces Africa. But for most African states, the task is even greater, for the figures for Africa as a whole do not sufficiently bring out the extent to which industrial developments have hitherto been concentrated in a few areas of heavy Western investment and considerable white settlements. One can take the figures for the distribution of electricity produced in Africa in 1957—a sure index of the distribution of industry in Africa:—

PRODUCTION OF ELECTRICITY IN SELECTED AFRICAN COUNTRIES AND TERRITORIES

(In millions of kilowatt-hours)

	1957
Belgian Congo	2,489.0
Nigeria	331.0
Sierra Leone	14.34
Kenya	268.0
Mauritius	43.3
Uganda	148.8
Northern Rhodesia	1,054.0
Nyasaland	9.5
Southern Rhodesia	1,363.0
Ethiopia	72.56
French Equatorial Africa	39.0
Madagascar	62.4
French West Africa	168.0
Ghana	282.0
Liberia	30.54
Angola	95.8
Mozambique	81.8
Sudan	60.1
Union of South Africa	18,947.0

(*Source*: Economic Survey of Africa Since 1950: UN. 1959)

These figures show that no less than 94 per cent of all the electric energy produced in Africa in 1957 was concentrated in four territories—the Republic (then Union) of South Africa, Southern Rhodesia, Northern Rhodesia and the Congo (formerly Belgian). The Union of South Africa alone accounted for about 74 per cent of the total output.

TERRIBLE HERITAGE

With the low economic level existing in Africa it is not surprising to find that her illiteracy rate often reaches 95 per cent, or that disease, ill-health and malnutrition are widespread.

The independent African States are beginning to battle against this terrible heritage of colonialism, but it must be remembered that most of them only became independent in 1960, and several even a year or two later. Therefore, one cannot say more than that the first steps (and sometimes not even that) are being taken to break the colonial pattern of the economy and lay the basis for rapid economic growth.

Under colonial rule Africa was converted into a huge plantation, turning out foodstuffs and industrial crops for Western consumption, and a rich mining base from which valuable ores were shipped to Western factories. The production of minerals and agricultural items was based on low wages for the workers and low pay for peasant producers. Where crops were produced on European plantations and farms, these, too, were based on low wages together with low prices for land. Thus a major aspect of Africa's colonial economy was the production of cheap raw materials for export.

For her manufactured goods, Africa was compelled to rely on imports from the industrialised Western powers—imports which were often manufactured from the very raw materials which Africa herself had exported.

Since the prices of Africa's raw material exports tend to rise more slowly than the prices of her imported manufactured goods (and sometimes raw material prices even slump heavily), Africa loses millions a year through the unequal exchange, and the gap between Africa and the economically advanced countries becomes wider and wider. There are many examples which show that despite a considerable expansion in the volume of raw materials produced and exported, the fall in prices has resulted in African States obtaining practically no benefit from their greater production efforts.

Thus, when Uganda became independent in October 1962, it was revealed that over the previous eight years, she had increased the volume of her domestic exports by 80 per cent, but the value of these exports had gone up by less than 5 per cent (*Guardian: October 9, 1962*).

In 1960, according to United Nations FAO reports, the difference in value between Africa's exports of logs and imports of wood products amounted to a loss to Africa of about £43 million. This is just for one item, wood, so it can be easily imagined how much Africa loses each year through the unfavourable terms of trade if one were to take into account all the commodities exported and imported.

HEAVY LOSSES

Figures recently released by the Nigerian Government are a striking demonstration as to how Africa suffers from this warped division of labour in the world.

Nigeria is now the World's second largest cocoa producer, having recently overtaken Brazil. Yet she is now earning less from her cocoa exports than before, despite the huge increase in the actual volume exported. In 1954-1955, Nigeria exported under 84 thousand tons of cocoa, for which she received £30 million. In 1961-1962, Nigeria exported 186,000 tons, which earned only £29 million. In other words, *Nigeria increased her export volume over this period by well over 120 per cent, yet her earnings dropped by over 3 per cent.* If 1961-1962 prices had been the same as 1954-1955, Nigeria would have earned from her cocoa exports in 1961-1962 as much as £70 million instead of £29 million. Thus, the fall in cocoa prices on the world market represented *a loss to Nigeria of no less than £41 million.*

But even this does not represent the whole picture, for while the prices of Nigeria's cocoa exports have been falling, the prices of the machines and manufactured goods which Nigeria imports from the imperialist countries have been rising. So that the £29 million which Nigeria cocoa exports earned in 1961-1962 represents, in terms of actual commodities which Nigeria can buy, considerably less than £29 million would have bought in 1954-1955.

It is therefore not surprising that Nigeria's Federal Prime Minister spoke bitterly at last year's Commonwealth Premiers' Conference of developing countries being 'caught in a vicious trap,' as a result of the deteriorating terms of trade. He went on to point out that Nigeria's losses in this way exceeded the 'aid' she had received from the West.

The disastrous effects to Africa of the present warped division of labour between the imperialist countries and the economically developing countries are underlined by the incredible extent to which Africa has been made reliant on imports for even the most elementary of things. In a number of French-speaking territories in West and Central Africa, one can buy bottles of gum labelled 'Best Senegalese Gum. Made in France'. The raw material is transported all the way from Senegal to France, where it is processed and bottled—and then the bottled gum travels all the way back to Senegal for sale.

In Liberia, it is said that the new Ducor Palace Hotel in Monrovia was built entirely from imported materials (apart from some local stones). Even the nails had to be imported. Liberia's limited industrial development, it should be stressed, is by no means an exception in Africa.

IMPORT SUBSTITUTION

As these examples show, industrial development in Africa has, in most cases, hardly started. The net value of Africa's total industrial output is under £1,000 million—or less than that of Sweden. But even this is only part of the problem, for one-third of Africa's 'industrial' output is accounted for by mining, most of it to assist overseas industries, and another third is estimated as originating from small-scale handicrafts. Thus, manufacturing on modern lines, i.e. factory production, produces only about £350 million a year for the whole of Africa (excluding the Republic of South Africa). This is a total value equal to less than 5 per cent of the national income.

While Africa's modern manufacturing sector produces goods to the value of only £350 million a year, her imports of manufactured goods come to over £1,800 million: and for decades the major share of these imports has been of consumer goods, very often manufactured from the very raw materials which Africa exports.

Import substitution by local manufacture is beginning to take place in the independent African States, notably in Ghana and Egypt. This is helping to save considerable amounts of foreign exchange which can be used to purchase machinery and other capital goods and thus assist industrialisation.

It is indicative of the changes taking place in Africa that machinery and equipment, which in 1950 accounted for only 3 per cent of African imports,

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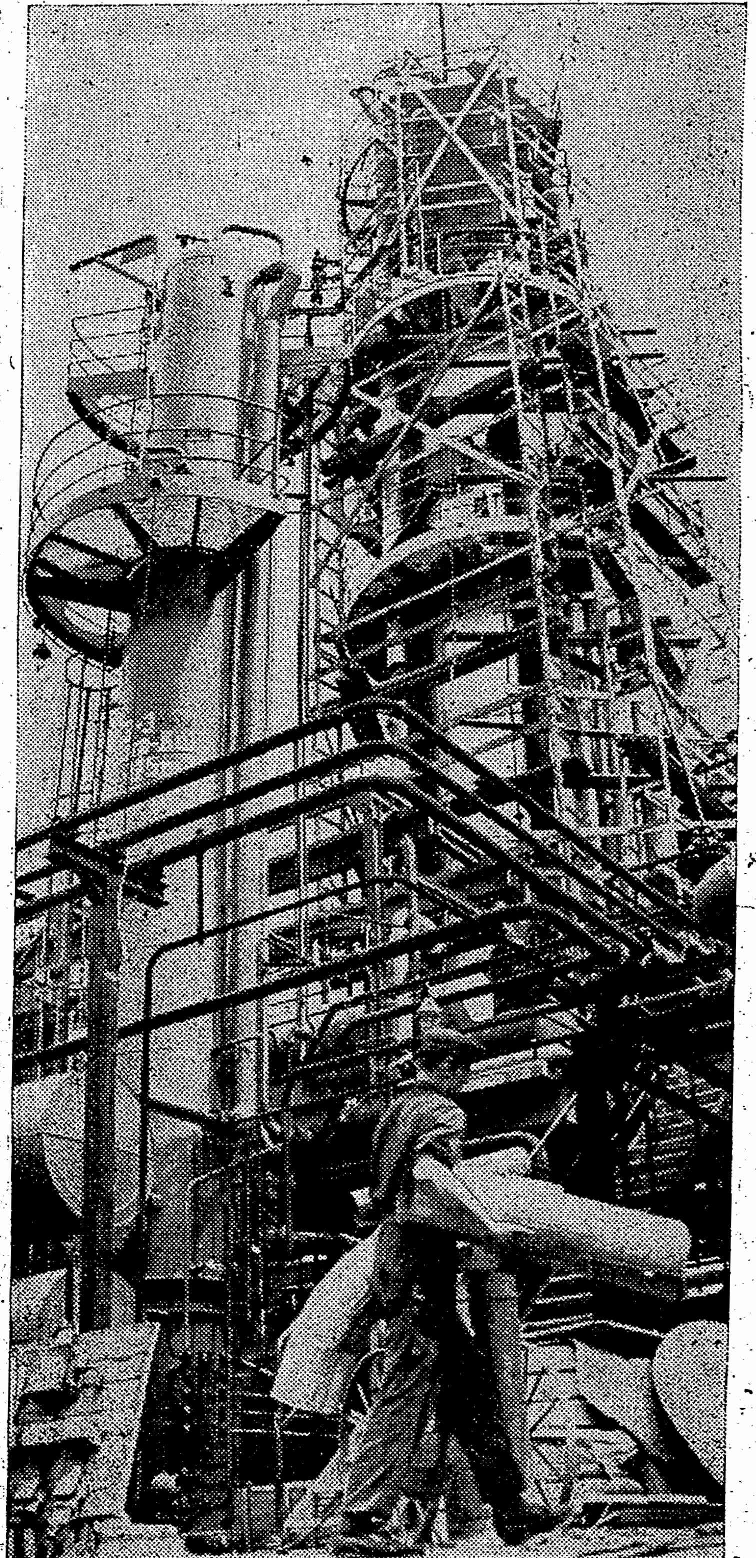

THE PROBLEM OF INDUSTRIALISATION IN AFRICA

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reached 12 per cent by 1960; their volume increase in those ten years was seven-fold.

Africa spends enormous sums every year importing foodstuffs. Sierra Leone last year, for example, spent over £5 million—about 16 per cent of her total imports—on food. Ghana still has to spend a similar percentage. Obviously, there can be no manufactured import substitution for food—yet, all the same, industrialisation can help enormously to solve this kind of problem.

It has been estimated that if grain to feed India's additional population over the next five years were imported, the cost would be about £350 million. But this is only the beginning. If, instead of importing fertiliser, a new fertiliser factory were to be built each year in India, to produce 350,000 tons of ammonium sulphate, the foreign exchange cost would be reduced to only £40 million. And the foreign exchange costs of a heavy machine-building factory to manufacture machinery to be installed in such a fertiliser plant every year would be about £8 million. Thus, by an initial and single expenditure of £8 million, India could save hundreds of millions of pounds otherwise spent on importing grain.

ENORMOUS ADVANTAGES

The same report contains similar calculations for mining machinery plant and heavy electrical equipment, resulting in vast savings. For £110 million, including £60 million of imported machinery, India could install a million-ton steel plant with an annual product value of £30 million. But if the £60 million were invested in a heavy machine-building factory, then, allowing for imports of about £40 million a year, it could produce each year roughly £60 million worth of machinery or the equivalent of the imported machinery needed to set up a million-ton steel plant. Once such a heavy machinery plant went into production, it would be possible out of India's resources to start a new million-ton steel plant every year!

The above examples demonstrate only too clearly the enormous advantages to be gained by industrialisation and the speed with which the whole economy can march forward if the basic heavy industry is there. It is therefore completely understandable that Guinea's economic plan should stress that industrialisation is the basis of her economic independence, and the surest way to progress because it is in that sector that the productivity of labour is highest. It is therefore industrialisation which will facilitate a rapid development of the country's wealth, without which the nation would be condemned to stagnation.

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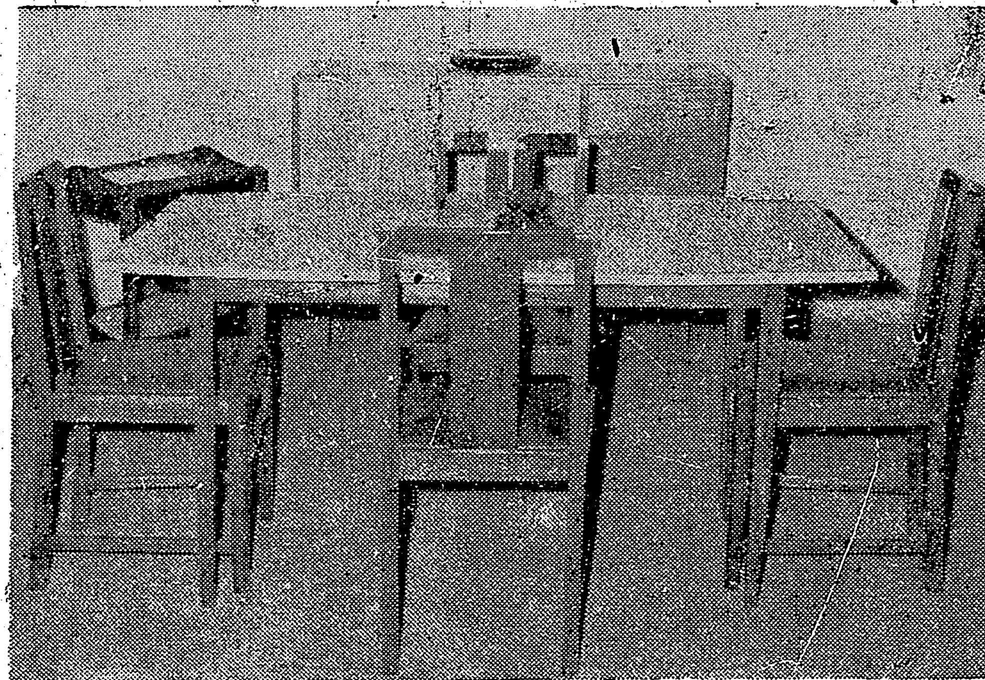

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