AGRARIAN TRANSFORMATION AND INDUSTRIALISATION

The disconnect between agriculture and the manufacturing industry in Africa remains one of the most important structural constraints of Africa's economies, with negative feedback consequences for development within each sector.

Over-emphasis on export crops has created a dichotomy of spheres in the agricultural sector in most African countries, with the bulk of agricultural investment devoted to the production and marketing of export crops, while production for domestic consumption and industry suffers chronic under-investment. The effect has been the **under-development of domestic production**, which happens to be where the overwhelming majority of Africa's populations earn their livelihoods.

Within this sphere, "families" till farms of less than an acre in size; using little more than hoes, cutlasses and other such rudimentary implements. These are mainly rain-fed, with little irrigation. Supporting infrastructure and services, like roads, are minimal or absent. Extension services and input support, as well as marketing institutions and market stabilising mechanisms disappeared with the onset of World Bank promulgated structural adjustment programmes in the 1980s. Rural banking and other development finance institutions which have attempted to provide affordable rural credit have receded, leaving in their wake as the main source of credit the usurious village money-lender, as well as more recent yet equally restrictive micro-finance institutions.

The (necessarily domestic) market for domestic agricultural production, already narrow in scope due to concentration on the production of food crops, suffers further erosion due to the sustained surges of (subsidised) food imports flooding African markets through the unbridled trade liberalisation inspired by the World Bank and IMF. Extended to industrial raw-materials and inputs, these imports stifle the potential for expanding and diversifying the domestic agricultural market. Such constriction of the market further constrains private domestic investment, whether by rural-based peasants or national commercial farmers.

Side by side this stagnation of agriculture for the domestic market has been the **collapse of domestic industry**, especially the manufacturing sector. The attempts by post-colonial governments to build domestic manufacture, having run into difficulty in the mid-1970s, were brought to a halt (and/or reversed) under structural adjustment. Indiscriminate closures and/or privatisation of state own-enterprises – including well-performing ones, as well as those meant to serve a strategic catalysing role in "crowding-in" domestic private enterprise – went hand in hand with indiscriminate liberalisation of manufactured imports. The effects have been what is now widely acknowledged as Africa's de-industrialisation.

Whatever remains of domestic manufacture consists essentially of pockets of very light manufacture – and even this is under threat from further waves of liberalisation emanating from envisaged international trade agreements. In addition to the burdens of unfair competition from abroad, these operate under essentially unfavourable domestic economic and policy conditions. Here the private-sector policies of most African governments, geared to attract foreign investment, routinely overlook the challenges specific to the domestic private sector. Hence inappropriate macro-economic policies and their outcomes, such as forbidding interest rates resulting from single-minded inflation-targeting monetary policy, have piled onto long-standing problems that have constrained development in this sector, including access to technology, labour, intermediate inputs, and infrastructure. Above all, domestic manufacture remains limited by a barely existent domestic capital goods sector, with whatever seeds sown in the post-independence period washed away long ago with the deluge of structural adjustment.

Thus domestic manufacturing capability remains as it was at the immediate aftermath of colonialism in most African countries. Its stagnation has also largely put paid to its expected catalysing contribution in the transformation of the largely agrarian economies of Africa.

Expressed in this is the failure of the universally hoped-for symbiosis between agriculture and domestic manufacture, each sector respectively supplying the fundamental needs, and providing the impulses for the dynamic transformation, of the other, leading to improved productive capabilities in the entire economy and improved living conditions of the peoples.

In much of the ongoing discussion of the problems of small-scale agriculture, the rural economy, joblessness, and the anaemia and/or non-existence of domestic manufacture, little consistent attention is paid to the factors relating to the agriculture-manufacture interface within the domestic economy. On the contrary, the tendency in mainstream discussions seems to contain the issues and their solutions within each sector. In the case of agriculture, this has been reflected in two largely contending perspectives: one that seeks large-scale agricultural commercialisation as the ultimate solution of the problems of the sector, and the other over-emphasising improvements in the conditions of small-holder food production as the trajectory forward. Discussions in relation to manufacture hardly strain beyond the narrow sphere of so-called agro-processing, a definitive departure from the concerns of early post-independence period and an abandonment of lessons of development experience of much of the world.

In some instances, the potential for inter-sectoral interrelations are formulated as part of processes outside of the entire economy. Such is the case with programmes for integration of domestic agricultural and manufacturing producers into and through global value chains. This approach ignores the danger that this would essentially reproduce new forms of the fundamental constraints attendant upon the primary commodity export structure of Africa's economies.

To address this context, a coherent framework of policy must:

a) formulate the specific problems deriving from the technical conditions and social relations of the agrarian economy as well as of manufacturing industry;
b) restructure the existing relations between two sectors (as well as, if need be, of other sectors of African economies);
c) address the needs of rural small-holders while tapping into their agency;
d) deepen national and regional markets around the conditions for manufacturing and industrial enterprise; and
e) expand opportunity for jobs and decent livelihoods.

Critical to this policy approach is a renewed understanding of the changing dynamics of "rural economy" and domestic manufacture within the overall primary commodity economy; as well as an integrated appraisal of the issues rooted in property and other social relations of power, including gender relations, which define the distribution of access resources, jobs and other means of livelihood.

It is equally essential to build constituency around these issues of knowledge and policy, reinforcing alliances between intellectuals, activists, and the agency of the social groups whose fundamental interests are implicated.