

**TOWARDS AN INTEGRATED
INDUSTRIAL DEVELOPMENT AMONG
SADCC COUNTRIES AND THE
PROBLEM OF INDUSTRIAL
DEPENDENCE.**

by

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1. Prospects of Intergrated Industrial Development in the SADCC Region.

No one can dispute the fact that prospects for integrated industrial development in the SADCC Region are wide and bright. The SADCC Indicative Industrial Development Plan (IIDP) has correctly indicated that the SADCC region is very potential for an industrial revolution (SADCC, IIDP, 1987 PP7-8). It has further been emphasized that the potentiality for an industrial revolution is basically facilitated by the existence of abundant inputs. As the Tanzania Daily News of 8th April, 1988 has clearly observed:

“But taken as a whole, the SADCC region has the major essential inputs for industrial revolution. These include large reserves of coal, oil and enormous hydro-electric power resources. The region has abundant underutilized arable land and large reserves of metals which include iron, gold, chrome, diamond, lead, copper, zinc, nickel and cobalt. Investments are required to realize this potential on the basis of the complementarities of resource endowments of the member states and the larger regional market”.

In addition, the World Bank has recognized the manufacturing potential and long-term prospects of development. The Bank has therefore estimated that the industrial growth rate in the SADCC region is likely to range between 2.5 to 4.3 percent by the year 2000 (SADCC, 11 DP. 1987. 26-27).

Another important factor for the industrial potential in the region is the existing prospects for agricultural development. Agriculture is an essential base for realistic and self-sustaining industrial development in any country or region. The SADCC region is well-endowed with basic agricultural and other natural resources, labour and water for meaningful agricultural production. The region has an arable land base of 477 mill. ha of which only 21 percent is unsuitable for crop cultivation, livestock keeping and forestry development (SADCC, FANR, 1984 98). It should, however, be noted that even the 21 percent unsuitable land can be made suitable given high level technological development. Furthermore the natural resources such as soil, agro-ecology and climate are characterised by great diversity among member countries such that it is possible to produce a wider range of crops which can provide a strong basis for industrial development (Mumbengegwi, 1987, 79).

Another factor for the industrial developments prospects is based on national aspirations. Though with some differences in emphasis; all SADCC member states are recognizing the importance of industrialization of their economies, and therefore the need to expand and accelerate the industrialization process in order to be able to attain self-reliance, create employment opportunities and produce commodities to meet the basic requirements of the people. This means that on the whole SADCC member countries are quite anxious for industrial development both at national and regional level.

2. Fundamental Problems of Intergrated Industrial Development:

2.1 The objectives of the SADCC Industrialization Programmes.

Despite the potential and prospects of industrialization in the SADCC region as outlined above, the success of the industrial programmes very much depends on the ability to solve a number of fundamental problems. One of these problems is inherent in the nature and character of objectives guiding the industrialiation processes.

Objectives of SADCC's industrial strategy can be summarised into two main sets. One set of objectives is based on the need to increase the size, scope and diversity of the industrial sectors of member countries in order to satisfy the demands of consumer, intermediate and capital goods produced. Given this set of objectives emphasis is to be placed on the development of core industries. The second set of objectives puts special emphasis on the need to reduce dependence on the imports of industrial products from outside the region, particularly from the Republic of South Africa, by developing integrated and self-reliant industries through increased national and regional industrial linkages (SADCC, AIISACR, 1988, 1 - 2).

These objectives of industrial development programmes are a specification of and based on the broad objectives of SADCC. Objectives of SADCC were formulated through the Lusaka Declaration of 1st April 1980 at the founding of the SADCC Summit. The Lusaka Declaration outlined four broad objectives:

- a) to reduce economic dependence, particularly, but not only, on the Republic of South Africa;
- b) to promote cooperation between states in the region;

- c) to mobilize resources in order to carry out national, regional and international projects; and
- d) to make concerted action to secure international cooperation within the framework of the strategy of economic liberation.

However, it should be noted that the essence of the four broad objectives is economic liberation. Thus the Lusaka Declaration on "Southern Africa Towards Economic Liberation" emphasis on the strategy of the SADCC is to commit member states to work together to integrate their economies and achieve regional self-reliance. Within this framework special emphasis is placed on the strategy "to fight the apartheid system by isolating the South African regime and at the same time reduce dependence of the SADCC region on the economy of South Africa" (Tanzania Daily News, April 8, 1988).

Both the special objectives on industrialization programmes and the broad objectives of the SADCC pose a fundamental problem, that is the problem of conceptualization of the question of economic liberation.

The conceptualization is based on dual economic dependence of the SADCC region. The aspect of dualism is particularly in the objective of "reducing economic dependence, particularly, but not only, on the Republic of South Africa". At the level of industrialization strategy it is intended to reduce dependence on the imports of industrial products from outside the region, again particularly from the Republic of South Africa. This assumes two main points. First that the region's economic dependence is at two levels, at the level of dependence on the Republic of South Africa and at the level of dependence on the outside world other than the Republic of South Africa, notably the imperialist countries. Second, that within this dual

dependence, the most serious form of dependence is that on the Republic of South Africa.

This type of dual conception poses a fundamental problem because of the following reasons. First the dual character of economic dependence appears as a myth given the position of South African economy within the international capitalist system. The South African economy is basically part and parcel of international capitalism. At best it is peripheral capitalism. Second and as a result of the first, is that imperialist economic interests on South African has deep historical roots.

It is a well-known fact that development of capitalism in South Africa accelerated with the discovery of minerals particularly diamonds and gold in the second half of the 19th century. Wealth accumulated from mining also stimulated the development of capitalist enterprises in manufacturing and agriculture by exploiting cheap African labour.

Although developments led to the rise of local capitalist class, the economy has been growing under the hegemony of international monopoly capitalism, dominated by multi-national corporations as Seidman has showed

“The peculiar historical conditions in which South African development took place shaped the emergence of a white South African capitalist class increasing monopolization of industry, and eventually a virile state capitalism. The entire system was, from the outset, enmeshed into world capitalist commerce dominated by giant multinational firms” (Seidman, 1977 37).

In addition to exceptionally rich mineral wealth imperialist interest in the

economy of South Africa has been due to the high rate of profit arising out of the use of very cheap African labour based on the system of apartheid. The rate of profit in the South African enterprises is estimated at between 20 and 25 percent compared with between 12 and 14 in other developing countries (Chitala, 1987, 18). This means that dependence on the economy of the South African Republic is part and parcel of dependence on international capitalism thus rendering the dual conception quite untenable.

2.2. Dependence and the Legacy of Colonial and Neo-colonial Development of Industry:

Another fundamental problem facing the SADCC industrialization strategy is the dependent nature of the industries of member countries. The industrial dependence has historically grown with colonial and neo-colonial types of industries.

Development of industries under these conditions among the SADCC countries can be traced into three main stages. The first stage constitutes the period up to the Second World War. During this stage the main type of industries established were of primary and to some extent also secondary processing. The main aim behind establishing these types of industries was to add value to and facilitate the export of agricultural and mineral raw materials to the colonial metropolitan countries and the world capitalist market.

The second stage begins with the Second World War up to the time when the countries attained national political independence, and in a number of cases this phase overlapped with the early years of national independence. During this phase, in addition to the processing industries some consumer goods industries were introduced in most colonies, concerned with manu-

facturing items such as canned meat and milk and other foodstuffs; soft drinks and beer. The level and scale of industrialization differed from colony to colony. Usually in Africa, colonies with predominant settler economy were provided with more industries than other colonies. For instance in East and Central Africa more industries were established in Kenya and Southern Rhodesia. This type of industrialization was necessary at that historical period in order to resolve the economic crisis brought about by the war situation.

Besides being predominantly characterised by processing and luxury consumer goods, manufacture, another important feature of colonial industries in most SADCC colonies was its smallness as a sector in relation to other economic sectors, particularly those concerned with the production of agricultural and mineral raw materials. In Tanzania, for instance, the contribution of the industrial sector at the time of independence in 1961 was only 8.5 percent of the national GDP (Tanzania, NDP 1. 1964. 37). The small size of the industrial sector was typical of the dependent nature of colonial economy in which its main assigned function was production of agricultural and mineral raw materials for export and serving as markets for industrial manufactured goods from the metropole.

The third stage in the development of colonial and neo-colonial industries was basically characterised by the establishment of three types of industrial strategies in the SADCC region. The most common strategy was the import-substitution industries (ISI), common for the majority of the SADCC countries. The countries that used this strategy are Zambia, Angola, Mozambique and Tanzania. The ISI strategy was stimulated by two main factors. One factor was internally based in the sense that the independent nation states looked upon ISI as an important means of developing self-reliant economies since it reduced the need to

import substantial quantities of manufactured products needed by the people. The second factor based on neo-colonial forces was that ISI were encouraged and even financed in order to create a market for industrial raw materials such as chemicals, machine components and spare parts demanded by the ISI.

The second type of industrialization strategy in the SADCC region during the post-colonial era is the export-led industrialization (ELI). Botswana, Lesotho and Swaziland are the SADCC member states that have evolved the ELI type of industrialization (SADCC, IIDP, 1987 9 - 10). According to this strategy these countries established light manufactures to be exported mainly to the Republic of South Africa and to some extent to the EEC countries. This type of industrialization has mainly been influenced by the periphery and direct dependent nature of the economies of these countries to the economy of the Republic of South Africa. This means that to a large extent this type of industrialization was determined by the market demands of the South African and EEC economies.

The third type of industries have mainly been developed in Zimbabwe and Malawi. This comprise of a mixed strategy (MS) type of industrialization consisting of aspects of ISI, ELI and Basic Industrial Strategy (BIS) in the case of Zimbabwe. In Zimbabwe the MS type of industrialization was stimulated by the predominance of the settler element coupled with the UDI condition which had resulted into the imposition of sanctions on the Rhodesian white minority regime by the international community (Ndlela, 1987 146). Malawi on the other hand adopted the MS industrialization strategy because of her landlocked nature with a situation of relative political isolation.

Despite these differences, colonial and neo-colonial industrialization policies and strategies in the SADCC region were characterised by the

following important features. One feature is the predominance of luxury consumer goods as opposed to basic necessities. Despite the claim of putting emphasis on the production of basic consumer goods under the ISI strategy the tendency has always been to produce goods for luxurious consumption of the well-to-do classes within these countries. In Tanzania for instance investment capital issued by NDC for industries in 1970 had its distribution heavily biased towards luxury goods, constituting 38 percent, followed by processing of raw materials for export 25 percent, while the share for basic necessities was only 1 percent.

The second important feature is the predominance of external funding and the involvement directly or indirectly of multinational corporations. This is quite obvious given the inherent interest of monopoly capitalism, and hence imperialism, in the economies of these countries. In Tanzania, during the First Five Year Development Plan (1964-1969) industrial programme, 78 percent of the funding was external and only 22 percent was estimated to be mobilized from local sources.

The third feature, and which is most important to our present discussion, is the dependent nature of colonial and neo-colonial industries in the SADCC region. We have already observed that colonial industrial strategies were dictated by the changing demands of and crisis in the metropolitan economies. To a large extent the same was true with neo-colonial strategies though the nationalist element was also a factor, though a less dominant one. In other words colonial and neo-colonial industrial strategies have facilitated greater integration of the economies of these countries within the international capitalist system.

2.3 The Problem of Financial Dependence:

An important feature of the SADCC's industrialization programmes is the predominance of external funding and the involvement, directly or indi-

rectly, of multinational corporations. This is quite obvious given the colonial and neo-colonial legacy and the inherent interest of monopoly capitalism in the economies of the SADCC countries.

Main donors of the SADCC industrial programmes as well as other SADCC economic sectors are West European countries and organizations. These include Sweden, Finland, U.K., FRG, France, Italy, Portugal and Austria. There are also other capitalist countries from outside Europe such as the U.S., Australia, Japan and India. International Organizations include the EEC, UNIDO, CFTC, UNDP, EADB, IDU and EID (SADCC: Addendum to Industries and Trade, 1988, p. 22). The rate of external funding of SADCC industrial projects is considerably high in comparison with local funding. SADCC's Annual Conference Report of 1988 indicates that out of total funding of various industrial projects in 7 SADCC countries which was US \$218.34, external funding comprised of US \$174.75, while local funding constituted only \$43.59 this means that local funding constitutes only 20%, while external funding by donor agencies constitutes the remaining 80%. Table 7 shows specific industrial projects in some of the member states indicating the gap between external and local funding.

Furthermore at the same conference in Arusha in 1988 it was realized that by then total requirement of funds for the comprehensive SADCC industrial and other developments was US \$1434.81 mill. of that amount local commitment by member states was in the region of only US \$222.82. All the remaining US \$1211.99 has to be funded by external donors.

Heavy dependence on external funding is one of the major contradictions facing the SADCC industrialization programmes. This is so because the major objective of SADCC industrialization is to reduce dependence on external economies, particularly on the Republic of South Africa. Heavy funding from the international capitalist system is a further reflection of the myth of the dual conception of dependence. Since, in our view dependence

Table 1: Financing of SADCC Industrial Projects

Country	Project	Total funding US \$ Mill.	Local funding US \$ Mill.	External funding US \$ Mill.
Tanzania	Pesticides Plant	32.431	14.530	17.9
Tanzania	Kibo Paper Mill	2.51	0.56	1.95
Zambia	Polister Blend	14.0	4.0	10.0
Malawi	Fertilizer Plant	132.0	23.0	109.0
Zimbabwe	Expansion of Sulphuric Acid	12.0	1.50	10.50
Botswana	Artisan Implements	0.4	-	0.4
Mozambique	Rehabilitation of Cement	25.0	-	25.0

Source: SADCC, Addendum to Industry and Trade Sector Annual Conference (1988) Report, Arusha 1988 p.7.

on the Republic of South Africa is part and parcel of dependence on the international capitalist system, heavy dependence on it in terms of funding of SADCC economic programmes means deepening and consolidation of the system of dependence. This argument therefore, re-affirms the conception that the involvement of international capital on the SADCC economic programmes results into a shift of dependence, from dependence on the Republic of South Africa to that on international capitalism.

2.4. Dependence and the problem of Linkage with other Sectors of the Economy.

One of the obvious indications of a dependent economy is having weak

internal linkages between the various sectors of the economy. In the SADCC region the aspect of weak inter-sectoral linkages is evident at both national and region levels. Weak inter-sectoral linkages is even more obvious between industry and agriculture because both industry and agriculture are sectors which from colonial times have developed strong linkages with the capitalist economies. The situation is such that each member country has stronger economic links with the metropole than with other countries within the SADCC region. For instance trade links between SADCC member countries is very low compared to trade links with capitalist countries. In the SADCC region as a whole the bulk of its trade is with the industrial market economies to the extent of some 64 percent of the region's exports and 77 percent of its imports by 1982. But trade between SADCC member countries accounted for under only 5 percent (SADCC, IIDP, 1987 8). Besides the export of agricultural and mineral raw materials, even with the little manufactured products, the tendency is to export them to outside the region.

The nature and character of development and financing of the SADCC industrial and agriculture projects does not seem to solve the problem of weak internal inter-sectoral linkages. This is due to

- a) lopsided nature of rural-urban dichotomy, particularly given the underdeveloped nature of the working class
- b) the historically determined functional roles of the rural and urban sectors since the colonial period, the nature and character of the international division of labour, and
- c) failure of the economies to facilitate internal accumulation of capital. (Mpangala 1980)

Another likely problem to arise out of the nature of SADCC economic problems and their mode of financing is the perpetuation of the imbalance

between food and raw materials production in agriculture. Under colonial and neo-colonial conditions the imbalance in most SADCC member countries has always been in favour of agricultural raw materials and at the expense of producing food crops. This tendency has resulted into the growth of a food crisis in the SADCC region as well as in other African countries, resulting into the state of food-dependence. In an effort to reverse this situation the SADCC has launched projects to effect self-sufficiency in food in the region, (viz. the launching of the food security programme) Likewise the donors have also placed due emphasis in financing food projects as far as agricultural programmes are concerned.

Although emphasis on food production is a positive and progressive aspect, it is likely to perpetuate and even deepen the problem of weak internal linkage between industry and agriculture if this emphasis on food crops is made while neglecting development in the production of traditional export crops. With the development of manufacturing industries both food and traditional cash crops are very crucial in providing a strong base for internal provision of agricultural raw materials thus facilitating the development of strong internal linkages between industry and agriculture both at national and regional levels. Emphasis on food crops, and neglecting traditional cash crops, will change the form of industrial dependence rather than reduce it.

3. Observations and Recommendations

3.1 Observations:

Given our analysis in this paper three observations are pertinent. One observation is that the dependence of the economies of the SADCC countries both at national and regional level is to a large extent due to lack or absence of industrialization. This means that industrialization is very

central in the region's effort to solve the problems of economic dependence and underdevelopment. It has to be noted that not all types or strategies of industrialization are likely to solve the major problem of dependence because the question of reducing industrial dependence is not simply a question of substituting imported industrial products for locally manufactured goods.

This observation leads us into the second one, that of industrialization under conditions of underdevelopment and neo-colonial economies. First and foremost it demands a substantial change in the industrialization strategies from the colonial and neo-colonial strategies of ISI, ELI and MS into basic industrial strategies. Second, the change in industrial strategies must be carried out side by side with overall structural transformation of the economies in order to effect regional and sectoral integrated economic transformation.

Again the second observation leads to the third one and that is, in order to be able to formulate meaningful strategies of industrial development there is need to develop a clear conceptualization of both industrial and economic dependence of the SADCC region. It has to be noted that the state of dependence is not simply a structural problem, but it is part and parcel of the international capitalist system. Thus such dependence has to be viewed not only at the level of the economy but also at the level of imperialist ideology of neo-colonialism which has an inherent tendency of reproducing the structures of dependence in different forms. This means that imperialist aid and financing of regional integration among developing countries must be analysed in the context of both economic structures and imperialist ideology.

3.2 Recommendations

Our recommendations will be made in three broad areas. The first area concerns the question of developing economic interlinkages in order to be able to effect the development of industrialization which is less dependent. First, development of interlinkages between the various sectors of the economy must start at national level and then at regional level. Inter-sectoral linkages in each of the SADCC member countries is an important pre-condition for the development of economic linkages between the SADCC countries. In order to be able to effect such development of interlinkages first of all it is necessary to develop intermediate technology to facilitate the development of small-scale, medium scale and large scale industries constituting both basic and consumer goods production capacities. Secondly there is need to make efficient use of capital so as to avoid duplication in the industrialization processes (SADCC, IIDP, op.cit. p.28).

The second area concerns development of industrialization strategies in relation to the strategies of developing other sectors of the economy in the SADCC region, particularly the agricultural sector. Although SADCC economic programmes and projects cater for all sectors of the economy there is need to develop a coordinating plan so that it shows how each sector facilitates and is being facilitated by the development of other sectors. This is even more important given the fact that each sector is coordinated by a different SADCC country.

Within the coordinated plan the position of agriculture in relation to that of industry must receive special attention given the fact that agriculture is not only a source of raw materials for most of the industries and a source of food for the industrial workers, but much more so as an important means of internal accumulation of capital necessary and a basis of developing independent industrialization. Development of agriculture within this context given the existing conditions in the SADCC region demands, as a matter of strategic priority, the consolidation of small-peasant agriculture which

constitutes a far greater percentage of agricultural production in the region.

The third area of recommendations is based on policy issues. First, to be able to reduce industrial dependence it is necessary to take concrete measures at national and regional level. These measures should include, among others, regulation of foreign investments and transfer of technology (so that foreign investments or financing should be made only where necessary), maximum mobilization of the SADCC's own internal resources particularly in terms of financial, human and natural resources, and development of more integrative rather than cooperative approach in order to make full utilization of internal resources and affect the development of regional division of labour.

Second, clear policies of transformation must first be effected at national level and then at regional level as the following observation demonstrates.

the conditions for the transformation of the region's economies will not only depend on the forces taking place at regional level but also on the specific conditions for achieving transformation and the role of the state in the individual member countries as well as on their respective roles in the international division of labour (Ndlela, 1987 39).

Third, to be able to effect such policy options the role of states are very central. States are important for creating conditions for achieving transformation at the level of individual member countries. Furthermore states are necessary in formulating clear policy guidelines in the development of clear and concrete strategies as well as in coordinating industrial strategies of member countries.

Of even greater importance, state policies are important in regulating

economic relations first between member countries and second between member countries on one hand and donor countries on the other. This means that state policies in the SADCC region both individually and collectively are crucial in formulating strategies that can facilitate the development of not only independent industries but also independent economies of the SADCC region.

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