

'Industrialisation as key to fighting poverty'

By Ivor Ichikowitz, Executive Chairman of Paramount Group, Africa's largest defence and aerospace firm

A new industrial revolution is required to lift developing economies from poverty.

It will be an industrial revolution very unlike the one driven by the steam and rattling machinery of England's wool and cotton mills.

It will be a revolution for the 21st century, a revolution that leapfrogs the dirty technologies that have been worn out and found out as bad for the planet and its people.

Developing economies such as those of sub-Saharan Africa - where six of the world's 10 fastest growing economies are to be found - will power to new prosperity through clean, collaborative innovation which will skip them to positions at the cutting edge of the new.

The established systems of the First World - which are already becoming a cumbersome drag on innovation - could well become a millstone to progress.

Businesses in countries like Ghana will race forward, powered by digital innovation, and free to test and install the latest flexible systems without the brake of a large monthly fixed costs bill.

They will be able to take the latest ideas and concepts from the Silicon Valleys and Silicon Roundabouts of the rich nations and make them a reality before others have decided what to do.

Africans have long prided themselves on the ability to adapt existing "foreign" technologies to more relevant local use and the revolution will see this reach a new zenith.

However, it will not only be digital. The advancing skills base of Africa, serving a burgeoning consumer culture driven by the 300million-or-more of the continent's middle class, will see an ever-increasing provision of higher-value products.

New forms of mass production will develop, funded by more relaxed markets which allow industrialists to source capital more readily.

Not everything is yet in place for this change to come and some of the key building blocks must still be constructed – transport, water and energy infrastructure need to be reliable to avoid holding back economic growth.

Some countries will need to invest in security and policing to stabilise their nations.

However, with stable government, funded by better organised party systems and the increased tax take from greater public spending, a new democratic confidence will emerge.

This positive new environment for industrialisation will see African countries doing record amounts of business with their neighbours.

Increasingly, common markets will develop informally but the greatest growth will be seen among the pro-active nations who initiate new trade agreements quickly.

At borders across the continent, tariffs will be lightened or lifted altogether as common markets lead to less protection of domestic industry, allowing the markets to determine who supplies which goods.

Those borders will also see increased professionalisation of controls, slashing the corruption of arbitrary delays and illegal payoffs.

Internationally, the exchange of currencies will become quicker, easier and more stable.

In time, there will be overwhelming demands for a continent-wide trade organisation, a pan-African "BRICS", which will become the institution that serves as the lynchpin in this process.

The African BRICS should serve as a hub-and-spoke system to balance industrial development to ensure all nations can share in growth and inequalities are tackled.

By then, South Africa might well have been left behind by its neighbours to the north, if current trends continue.

However, there will be industrialists and entrepreneurs filling Africa with jobs, boosting skills and driving unheard of levels of choice and comfort in a continent which has for too much of its history been inescapably linked to poverty and suffering.

These dreams are just that for now. But industry, both digital and manufacturing, might yet prove that the dreamers were actually visionaries.

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