Lessons:

- Define producers and consumers
- Analyze the interaction between consumers and producers
- Define production excellence
- Study Africa as both a producer and consumer
- How can Africa be a more efficient producer
- Group Assignment
- Personal Assignment
Who is a producer?

- A person or organization that generates or brings forth.

- Examples of producers:
  - Manufacturers, authors, record companies, farmers, designers, construction companies, artists, entertainers etc.
Who is a consumer?

- A person/organization who takes in or makes use of what is produced.

- Examples of consumption activities: being treated in a hospital, listening to music, wearing clothes, driving, sleeping etc.

- PS: Almost everything you do involves a certain level of consumption even sleeping requires a bed, bed sheets etc.
Interaction of Consumers and Producers

- Consumers give producers money in exchange for goods

- If you consume more than you produce, you are a net consumer.

- If you produce more than you consume, you are a net producer.
Net consumer

- If you consume more than you produce (in terms of money), it means you won’t have enough money to consume everything you need. This leaves you with a few options:
  - get in debt (promise to pay later)
  - beg the producer to donate to you
  - steal from the producer
Net Producer

- If you produce more than you consume (in terms of monetary value), then you have some money to spare.
- This means that you can use the money to:
  - expand your production ability
  - save for tomorrow / invest for the future
  - donate it to a net consumer
net Consumers vs. net Producers

- Net consumers have to beg, borrow or steal from net producers.

- This means that net producers can easily control net consumers i.e. net consumers are servants to net producers.
What can a net consumer do to get out of the trap?

- reduce your level of consumption i.e. only consume as much as you produce

- increase your level of production i.e. produce at least as much as you consume
Or if you can’t do that …

- Remain a perpetual beggar
- Keep stealing
- Keep getting deeper into debt

This means that you’ll:

- Stay under the control of the net producer
- Be a perpetual servant.
Africa as a producer and consumer

- Is Africa a net consumer or a net producer?

- We’ll look at the value of what Africa produces and the value of what it consumes.

- The data used will come from the world bank website.
Africa as a producer

- Total value of goods and services exported from Africa in the year 2001
  - $114.3 billion

Source: World Bank
Africa as a consumer

- Total value of goods and services imported by Africa in 2001
  - $124.8 billion

- Source: World Bank
Africa is a net consumer!

- In 2001 Africa was a net consumer by:

  - $124.8B - $114.3B = $10.5 Billion

- Adding debt repayments - 15 Billion (World Bank) and it means Africa had to raise ~ $25 Billion

- This means it had to borrow more which further increases its debt repayments.
Africa as a net consumer

- Africa begs producing nations e.g. in times of crisis Africa always looks out to the West (net producers) to help it out
- Africa borrows heavily to support its net consumption.
- Africa contributes 5% to the world’s goods and services
- More than 67% of the world’s debt
Africa as a servant to net producers

- When Africa borrows money, a lot of restrictions and rules that the government has to obey is put as a condition.
- Africa needs the money
- Africa has to obey
- Africa has a diminished role in the world.
- Africa in the news is mostly about war, poverty, disease, aid etc.
Effect of Africa’s net consumer status

- A low self esteem among Africans because of begging for help all the time.
- Reduced respect for Africans in the world.
- In any society in the world, beggars are not respected much.
How to get Africa out of all this

- Reduce Africa’s consumption – limited because of basic needs but there’s a big potential

- Increase Africa’s productivity – this has unlimited potential because Africa as a continent has vast unexploited resources
Reducing Africa’s consumption

- Africa should eliminate unnecessary consumption - Examples
  - importation of goods that harm or are to useless African people e.g. military equipment
  - importation of goods that are already made in Africa e.g. clothes etc
  - importation of goods that can be made in Africa e.g. bicycles, books etc.
Increasing Africa’s productivity

- Africa needs to:
  - Maximize the use of its human resources.
  - Produce goods that can be sold in Africa.
  - Market its goods better in order to reach more consumers.
  - Increase efficiency and excellence in production to produce world class goods.
  - Identify unexploited opportunities to introduce new goods and services to the world.
Maximizing human resources in Africa

- Education should be geared towards maximizing productivity and not merely for employment
- Trained in leadership excellence from an early age
- Africans should be taught to see the big picture of their world and not just focus on personal ends
- Africans should learn how to quickly adopt to new technology and maximize its use
- Africans should learn how to develop their own technology and maximize its use
Producing goods that have a market in Africa

- Many goods that are imported from outside Africa can be made in Africa.
- Examples:
  - Low technology goods such as bicycles, clothes, tools, household products and furniture etc can be feasibly manufactured in Africa.
  - Africans need to identify all such goods and begin producing them in Africa.
Better marketing of African goods

- this would increase the number of people who buy African goods and increase revenues
- Examples: foods, tourism, medicine, cheap labor, culture etc.
- Africans need to study different parts of the world in order to identify how African goods can satisfy the needs of people in different parts of the world
Excellence and Efficiency in Production

- African producers should learn how to achieve excellence in the production process.
- This means that they should continuously improve their production processes in order to best meet their consumers’ needs and to successfully compete in the world.
- Simply put, African producers need to be world class.
Identify opportunities to introduce new goods to the world

- Africa has a rich tradition and heritage with a culture as old as humanity.
- African land is very rich in flora and fauna and Africans have the best knowledge of it.
- Much of this knowledge is unexploited e.g. there is a lot of medicinal plants that Africans have used for many years that could be made into drugs which can be sold to the rest of the world.
- This knowledge needs to be exploited to create new goods in the world market from Africa and increase African productivity.
Group Assignment

- You have 5 minutes to do this:
- In your group choose a good that Africa imports but that you think can be manufactured in Africa.
- Explain why you believe this good can be manufactured in Africa and who you would sell it to.
- What would be the name of your company?
- Choose a representative from your group to give a brief presentation to the class about your good.
Group Assignment Presentations

- Each group has 1 minute to present:
- What is the name of the good?
- Why do you believe it can be manufactured in Africa?
- What would be the name of your company?
Assignment # 1

- Evaluate yourself to find out whether you are a net producer or a net consumer using the same basis we used for Africa.

- Write a one page paper on how you can use your talents, special skills and abilities to become a net producer.