Lessons:

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

• A person or organization that generates or brings forth material.

• 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 desperate 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?

• 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 it gangsta and continue stealin’
- Keep getting deeper into debt
- This means that you will:
  - Stay under the control of the net producer
  - Be a perpetual servant.
  - Always be DEPENDENT 😞
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 and is dated to 2001.
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 ($15Billion), means that Africa had to raise ~ $25 Billion

• This means Africa had to borrow more, further increasing its debt repayments.
Africa as a net consumer

• Africa is dependent on producing nations
  • in times of crisis, Africa always looks 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
• Has more than 67% of the world’s debt
Africa as a servant to Net Producers

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

• A low self esteem among Africans because of asking for help all the time.

• Reduced respect for Africans in the world.

• In any society in the world, beggars are not respected much or treated as equals.
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
  • 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 Marketable Goods in Africa

• Many goods that are imported from outside Africa can be made in Africa
  • 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 regions
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

• 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.
Assignment # 1

• Due tomorrow!

• 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.
EC.S01 Internet Technology in Local and Global Communities
Spring 2005-Summer 2005

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