

The Economics of Africa
Economics 3640
Spring 2023

Thursdays, 3:30 p.m. to 6:15 p.m.
Memorial Gymnasium 211

Instructor

Mark Plant

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Office Hours – Thursdays, 1 p.m. to 3 p.m. in Monroe 330 or by appointment

Overview of the course -- Students will examine the economic problems confronting the countries of sub-Saharan Africa and become familiar with economic tools used to analyze developing economies. After briefly surveying the history, geography, and demographics of Africa, the course will provide students with a framework for analyzing macroeconomic problems. We will then consider the panoply of problems confronting the continent, sector by sector – growth, fiscal discipline and debt dynamics, balance of payments and monetary policy, trade – underscoring the linkages among policy problems as well as the similarities and differences between countries. In doing so we will examine key impediments and facilitators to accelerated growth and poverty reduction.

Prerequisites -- Principles of Microeconomics and Macroeconomics (ECON 2010 and ECON 2020) are prerequisites for the course. Intermediate Microeconomics and Macroeconomics (ECON 3010 and ECON 3020) would be helpful. The course will cover concepts from international trade, development economics, labor, and public finance, but no prior knowledge of these areas will be essential. There will be some quantitative analysis presented and used in class; calculus is not necessary.

Structure of the course – The course will meet once a week for 2.5 hours (plus a 15-minute break) and will be a combination of lecture and discussion, with participation encouraged.

Class Requirements and Grade Determination There will be one midterm exam (35 percent), a final exam (35 percent) and a short paper (30 percent). Active class participation will be given favorable consideration in the determination of the final grade.

Recommended texts:

African Development (AD) by Todd J. Moss and Danielle Resnick, 3rd edition (2018), Lynne Rienner Publishers, Inc.

The Bottom Billion (BB) by Paul Collier (2008), Oxford University Press.

Both books are available for purchase in paperback at the bookstore.

BB is also available in e-book form from the Library:

<http://proxy01.its.virginia.edu/login?url=https://ebookcentral.proquest.com/lib/uva/detail.action?docID=415838> and/or

Virgo link: https://search.lib.virginia.edu/sources/uva_library/items/u10135774

While there are references to **The Bottom Billion** on the syllabus, I suggest you read it from beginning to end, rather than chapter by chapter. Additional readings can be found on the internet.

Students are expected to read all material under the heading “**Readings**” and watch “**Videos**.” The heading “**Data**” indicates data sources that will either be used in class or could be helpful for the class paper. Articles under the heading “**Details**” provide added details to the topic and/or are source documents for the lecture – you should read according to your interest and time.

Laptops are allowed but audio and video recordings of class lectures are not permitted. Please do not use laptops for purposes other than taking notes, participating in class data exercises, or following the lecture PowerPoint presentations. Please mute **cellphones** and refrain from texting or other internet activity during class.

The midterm exam date is firm – March 2, 2022. No exceptions will be made.

Papers are due on April 20, 2022. A separate handout on the paper assignment will be available.

The following course plan is tentative and will be updated as we progress through the course. If you miss a class, please check with another classmate or the instructor for the assigned readings for the next class.

Course Plan and Readings

January 19 – Introduction to the Course

Readings: AD, chapters 1 and 2 (required), chapter 3 (optional)
BB, chapter 1

[“The African Century” by Abebe Selassie, Finance and Development, December 2021](#)

[“Africa is an Opportunity for the World: Overlooked progress in governance and human development” by Landry Signé and Ameenah Gurib-Fakim, Brookings Institution, January 2019.](#)

[“By 2050, a quarter of the world’s people will be African – this will shape our future,” by Edward Paice, The Guardian, January 2022.](#)

Data: [ONE data tracker on Africa](#)

[“Will Africa Ever Change – Africa in Data” Our World in Data Project,](#)

[Development Initiatives – Development Data Hub](#)

Details: [“Does Africa Matter to the United States?” by Charles Ray, Foreign Policy Research Institute, January 2021.](#)

[“The Future of Africa” by Mo Ibrahim, Unicef UK. Undated.](#)

January 26 – Poverty and inequality in Africa – diagnosis and challenges

Readings: AD, chapter 10
BB, chapters 2-6

Ten Facts About Poverty in Africa: <https://borgenproject.org/10-quick-facts-about-poverty-in-africa>

[“Africa might have dodged a bullet” Abay et al, World Bank, September 2022.](#)

Data: Human development index -- <http://hdr.undp.org/en/content/human-development-index-hdi>

World Development Indicators -- <https://databank.worldbank.org/source/world-development-indicators>

Details: [Poverty in a Rising Africa, by Katherine Beegle, et al., World Bank, 2016](#)

[“The \(Sometime\) Tyranny of \(Somewhat\) Arbitrary Income Lines,” Charles Kenny, Center for Global Development, October 31, 2017.](#)

[“Inequality and growth,” blog by Prakash Lougani and Jonathan Ostry, IMF, 2017](#)

February 2 – Economic Growth in Africa – solution or illusion?

Readings: AD, chapter 6

[Regional Economic Outlook – Sub-Saharan Africa, International Monetary Fund, October 2022, Web page and chapter 1 of report.](#)

[Africa’s Economic Growth Decelerates Sharply – UNCTAD, October 2022](#)

Data: World Bank data set: <https://data.worldbank.org/indicator>

IMF African Economic Outlook data:
<https://www.imf.org/external/datamapper/datasets/AFRREO>

Details: **Africa – Why Economists Get It Wrong**, by Morten Jerven, 2015, Zed Books, London, chapter 1

[“Can Sub-Saharan Africa be a Manufacturing Destination?” Vijaya Ramachandran, October 2017, Center for Global Development.](#)

February 9 – The Washington Consensus – stabilization and then what?

Readings: AD, chapter 7

[What is the Washington Consensus? Douglas Irwin and Oliver Ward, PIIE, September 2021](#)

[“Africa and the Washington Consensus, Finding the Right Path” by Trevor A. Manuel, **Finance and Development**, September 2003,](#)

Details: [“A Short History of the Washington Consensus” by John Williamson, Petersen Institute for International Economics, 2004,](#)

“The Washington Consensus” by Jason Symoniak, **New Voices in Public Policy, volume V, 2010/11**, George Mason University
<http://journals.gmu.edu/newvoices/article/viewFile/14/14>

February 16 – Fiscal policy – balances, spending and taxes

Readings: [“Fiscal Policy: Taking and Giving Away” by Mark Horton and Asmaa El-Ganainy, Finance and Development](#)

[“Enhancing Domestic Resource Mobilization: What are the Real Obstacles?” by Sanjeev Gupta and Mark Plant, April 2019.](#)

[“A Looming Crisis in Public Finances Spells Trouble for Universal Health Coverage,” Y-Ling Chi, et al. November 2022.](#)

Data: <http://www.imf.org/external/datamapper/datasets/AFRREO>

[Policy Responses to COVID19 – Policy Tracker, IMF](#)

Details: [Covid-19: Ten Policy Priorities for Africa’s Recovery, Growth, and Transformation. ACET, 2021.](#)

[“How Fiscal Policies in Africa Can Respond to The Global Financial Crisis,” by John Weeks, The Centre for Development Policy and Research, University of London, September 2009,](#)

[“Cyclical Behavior of Fiscal Policy among Sub-Saharan African Countries,” Marcio Villefuerte and Tetsuya Konuki, IMF, 2016.](#)

February 23 – Monetary policy – financing and inflation

Readings: [“Monetary Policy: Stabilizing Prices and Output” by Koshy Mathai, Finance and Development, undated.](#)

[“Why Monetary Policy Is Irrelevant in Africa South of the Sahara” by John Weeks, Centre for Development Policy and Research, SOAS.](#)

Data: [Botswana Article IV Press Release and Staff Report, IMF, July 2022](#)

Details: [“Tackling Rising Inflation in Sub-Saharan Africa,” IMF Regional Economic Outlook for Africa, October 2022](#)

[“Financial integration in Africa: implications for monetary policy and financial stability by Benedicte Vibe Christensen, BIS, undated.](#)

[What is the Most Effective Monetary Policy for Aid-Receiving Countries?” by Prati and Tressel, UN DESA, 2006](#)

March 2 – Midterm exam (90 minutes). Optional discussion forum at a venue to be determined, hosted by the instructor.

March 9 – Spring Break

March 16 – Filling the financing gap – exchange rates and trade

Readings: AD, chapters 12 and 13
BB, chapter 10

[“Choosing an Exchange Rate Regime” by Atish Ghosh and Jonathan Ostry in Finance and Development, December 2009](#)

[“Expanding African Trade to Boost Growth and Reduce Poverty,” World Bank, February 2022.](#)

[“ Intra-African Trade: A path to Economic Diversification and Inclusion” Vera Songwe, Brookings Institution 2019.](#)

Videos: [“The Impossible Trinity”](#)

[“Aid versus Trade,” Ngozi Okonjo-Iweala, TED talk, June 2007](#)

Data: <http://www.imf.org/external/datamapper/datasets/SPRLU> (export diversification from IMF)

<https://wits.worldbank.org/countrystats.aspx?lang=en> (trade data – World Bank)

https://www.wto.org/english/res_e/statis_e/statis_bis_e.htm?solution=WTO&path=/Dashboards/MAPS&file=Tariff.wcdf&bookmarkState=%7b%22impl%22:%22client%22,%22params%22:%7b%22langParam%22:%22en%22%7d%7d (World Trade and Tariff data from the World Trade Organization)

<https://data.oecd.org/agrpolicy/agricultural-support.htm#indicator-chart> (agricultural support data from the OECD)

Details: [“Exchange Rate Regimes in Sub-Saharan Africa: Experiences and Lessons,” in Regional Economic Outlook: Sub-Saharan Africa, October 2016](#)

[Background on the CFA Franc Zone, International Monetary Fund](#)

March 23 – Looming Financing Gaps – building a resilient and sustainable economy

Readings: [“Mind the Gap in SDG Financing” Gaspar et al, IMF, 2019.](#)

[“Climate Finance Needs of African Countries,” Guzman et al, Climate Policy Initiative, June 2022](#)

["The Landscape of Climate Finance in Africa," Meattle et al, Climate Policy Initiative, September 2022](#)

[ONE Africa COVID19 Tracker, ONE, September 2022.](#)

[Analysing long-term socio-economic impacts of COVID-19 across diverse African contexts, UNDP, 2021 \(executive summary \(pp. 5-8\) required, the rest is optional\)](#)

Data: [Climate Finance in Africa Source Data](#)

March 30 – Aid: old and new theories, new and old actors

Readings: AD, chapter 8
BB, chapter 7

["Official Development Assistance" ONE, undated.](#)

["10 Essential Facts About Chinese Aid in Africa" by Brad Park in **The National Interest**, November 30, 2015.](#)

Video: ["Aid for Africa? No thanks." TED talk by Andrew Mwenda](#)

Data: [Commitment to Development Index, Center for Global Development](#)

["Aid Statistics at a Glance, OECD](#)

[European Union aid](#)

[Quality of Official Development Assistance \(QUODA\) 2021](#)

Details: [Commitment to Development Index 2021](#)

April 6 – Debt and Debt Relief

Readings: AD, chapter 9

[An Urgent Plan to Avert the Debt Crisis, ONE, September 2022](#)

Data: [African Debt](#)

Details: ["Questions and Answers on Sovereign Debt Issues, IMF, April 2021](#)

["Debt Relief Under the Heavily Indebted Poor Countries \(HIPC\) Initiative," IMF Factsheet, November 2017.](#)

["The Joint World Bank-IMF Debt Sustainability Framework for Low-Income Countries"](#)

April 13 – Multilateralism and Africa

- Readings: [“The IMF at a Glance”](#)
- [“Who are We – The World Bank”](#)
- [“Mission and Strategy – The African Development Bank”](#)
- Video: [Fighting Climate Change with SDRs, Center for Global Development](#)
- Detail: [“What are the main criticisms of the IMF and the World Bank?” Bretton Woods Project, 2019.](#)
- [“IMF Support for Low-Income Countries”](#)
- [“The World Bank in Africa”](#)

April 20 – The Private Sector – a willing development partner?

PAPERS DUE BY 3 p.m.

- Readings: AD, chapter 14
- Details: [Private Sector Development in Africa, UNECA, 2021](#)
- [How to Attract Private Finance to Africa’s Development, IMF, 2021](#)
- [Supporting Small and Medium Enterprises in Sub-Saharan Africa through Blended Finance, Runde et al, CSIS, July 2021](#)
- [Public-Private Infrastructure Finance in Sub-Saharan Africa: No Sign of Upward Trends, Nancy Lee and Mauricio Cardenas, Center for Global Development, February 2022.](#)

April 27 – Conflict and Governance

- Readings: AD, chapters 4 and 5
BB, chapter 8, 9 and 11
- Data: <http://info.worldbank.org/governance/wgi/#reports>
- Details: [“Results Not Receipts” Charles Kenny, Center for Global Development, June 2017](#)

[“Good and inclusive governance is imperative for Africa’s future,” John Mukum Mbaku, Brookings Institution, June 2020](#)

[Mo Ibrahim Foundation](#)