

African Economic Development: A Practitioner's View

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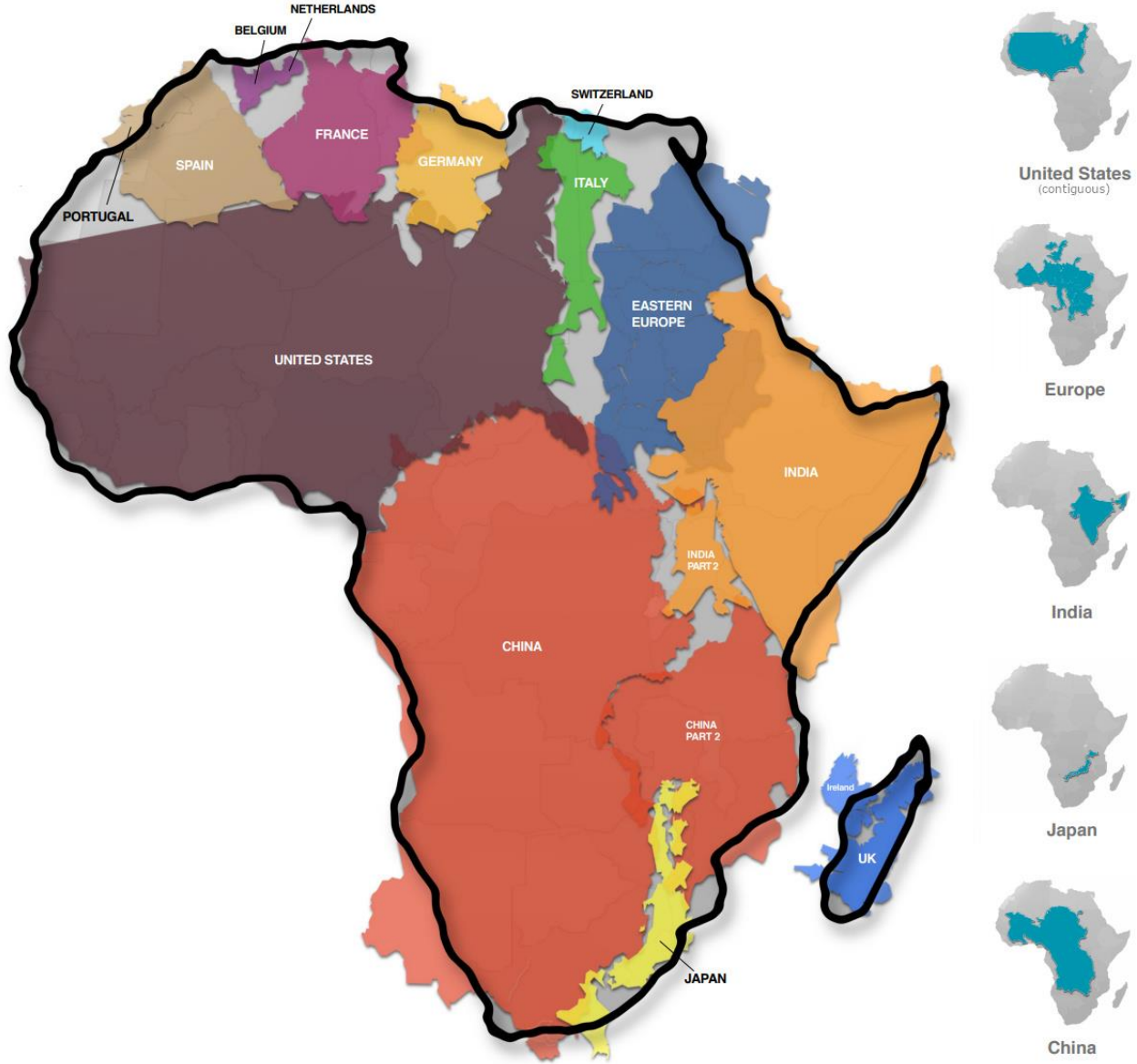
Outline

- Africa as an indiscriminating consumer of conventional wisdom
- Africa is a big continent
- Outline of main development paradigms
- Consequences of indiscriminating adoption of conventional wisdom
- Potential Remedial Action

Africa is a continent not a country

- Africa is a 'big continent'
- Similarities between African countries
- Differences between African countries
- Importance of Differences for development policy

Africa fits in China, India, US and West Europe



Undiscriminating Consumption of Conventional Wisdom

- Dirigisme or state-led development
- Structural Adjustment Policies
- The Add Ons: Augmented Washington Consensus PSRPS, MDGs etc

Dirigiste Policies

- Origins
- Types of Policies

Policy	Orientation
Planning	Active
Prices	Controls
Fiscal	Soft budget
Financial	Directed credit
Monetary	Fixed interest rates
Exchange Rate	Fixed exchange rates and foreign exchange controls
Foreign Trade	High tariffs and quantitative restrictions
Industrial	Import substituting
Enterprise Ownership	State ownership of commanding heights
Public Sector	Central role of bureaucracy

- Critiques

Structural Adjustment Policies

- Origins
- Types of Policies

Policy	Orientation
Planning	None (discouraged)
Prices	Liberalised (getting prices right)
Fiscal	Tighter budgets and reduction of fiscal deficits
Financial	Liberalisation (scrapping of credit allocation guidelines)
Monetary	Higher interest rates, reduced credit creation
Exchange Rate	Liberalised (devaluations, floating rates)
Foreign Trade	Liberalised (lowering of tariffs & removal of quantitative restrictions)
Industrial	None (discouraged)
Enterprise Ownership	Privatisation of SOEs
Public Sector	Reduction in role and size

- Critiques

Add-Ons

- Origins
- Types of Policies

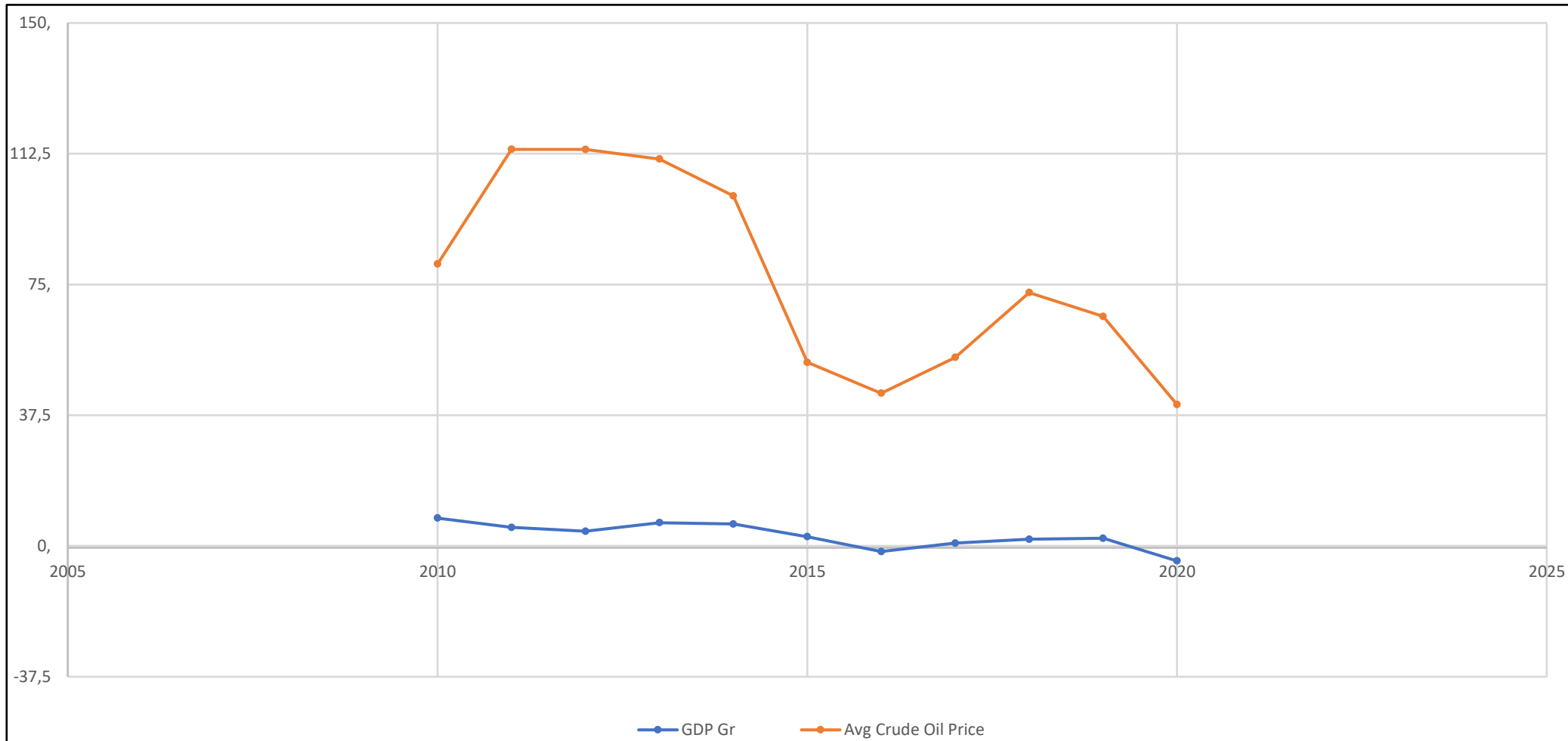
Policy
Corporate Governance
Anti-Corruption
Flexible Labour Markets
WTO Agreements
Financial Codes and Standards
Prudent Capital Account Opening
Non-intermediate Exchange Rate Regimes
Independent Central Banks/ Inflation Targeting
Social Safety Nets
Targeted Poverty Reduction

- Critiques

Causes and Consequences of Unreflective Consumption of Conventional Wisdom

- Causes
 - Little understanding of history of economic thought
 - Lack of engagement in the marketplace of ideas
- Consequences
 - Continued poverty and economic crisis
 - Policy Incoherence
 - Loss of Policy Space and Policy Timidity
 - Decline in Public Sector Capacity
 - Financialisation and De-industrialisation
 - Chasing Red Herrings and Evading Policy Measures

Nigeria GDP Growth vs Crude Oil Prices 2010-2020



Remedies, if any

- Politics Matters
- Building State Capacity
- Transformative Industrial Policy
- Learning from Developmental States
 - not as a blueprint
 - improving coordination
 - minimising macroeconomic volatility
 - playing an entrepreneurial role
 - acting as conflict manager

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