This course offers an examination of a select range of key economic development issues that have faced Sub-Saharan Africa (SSA) over the past several decades. The course is aimed at undergraduate students and post-graduates who wish to develop their knowledge of SSA economies and issues. The course is suitable for non-economists who have some familiarity with economic concepts and with African countries. The course is designed to develop students’ economic knowledge with a relatively non-technical approach about issues facing African countries.

Although SSA countries are far from homogeneous, it is possible to identify common economic trends over the past few decades. After an initial post-independence expansion, most countries in Africa suffered relative economic decline or stagnation during the lost decades of the 1980s and 1990s, leading The Economist magazine in 2000 to dub Africa “the hopeless continent”. Much changed subsequently and many countries experienced booming growth over the next decade, driven in part, by rapidly growing investment in their abundant resource sectors. Since the global financial crisis (2008-2009) and the end of the commodity super-cycle, the “Africa rising” scenario has been called into question as big
challenges re-emerge including: widespread poverty, inequality and unemployment; aid dependence; on-going conflict in some regions; and the stresses of providing infrastructure for burgeoning urban populations.

In addition to the above topics, the course covers: a review of economic development since independence; the debate over the role the state; the role of the IMF and World Bank in Africa; globalisation and its impact on policy; the debate on agriculture and minerals versus industry as a source of growth; the ability of regional integration to effect change in Africa; traditional and new forms of financing for development; and the impact of changing demographics in Africa. In addition, the course will pay special to South African economic issues and includes two local field trips.

Instructors

Professor Mark Ellyne (Convenor)

Professor Mark Ellyne has been Adjunct Associate Professor in the School of Economics at the University of Cape Town since 2010. Previously he worked as a senior economist in the African Department of the International Monetary Fund for 20 years. During that time, he had extensive experience with IMF lending and adjustment programs in many African countries and served as the IMF Resident Representative in Uganda (1992-95) and Zambia (2001-03). More recently, he has served as a consultant to the Southern African Development Community (SADC) on the issue of liberalising exchange controls in the region and done consultancy work on external debt for the South African Treasury. Professor Ellyne’s research interests include macroeconomic policy, monetary policy, and regional integration.
**Professor Anthony Black**

Anthony Black is Professor in the School of Economics at the University of Cape Town (UCT). He is a former director of the School and currently directs the research unit, Policy Research in International Services and Manufacturing (PRISM). His main research areas include international trade, foreign investment, industrial development and the automotive industry. Black played a key role in the establishment and implementation of the South Africa’s Motor Industry Development Programme and subsequent policy aimed at developing the automotive industry. He has acted as a consultant to a number of African governments as well as international organisations such as UNCTAD and UNIDO. His latest book is an edited volume entitled ‘Towards Employment Intensive Growth in South Africa’. Black holds degrees from the universities of Sussex, Natal and Cape Town.

**Professor Leonce Ndikumana**

Léonce Ndikumana is Chair and Professor of Economics at the University of Massachusetts, and Honorary Professor in the School of Economics at the University of Cape Town. He has an exemplary record of accomplishments in research and in using scholarship and leadership to bring life improvements to some of the most impoverished people on the planet. In addition, Ndikumana has an extraordinary life story; from confronting political persecution as a prisoner of conscience in his native Burundi, he has achieved exceptional success as a scholar, teacher, leader, and mentor. In 2006, he took a leave and embarked on a journey in the world of development policy, starting at the United Nations Economic Commission as Chief Macroeconomist (2006-2008) and moved on to the African Development Bank as Director of Research and Director of Operations Policy (2008-2011). He returned to UMass as the inaugural Andrew Glyn Professor of Economics (2011-2014), a joint position between the Political Economy Research Institute (PERI) and the Economics Department. He is Full Professor in the Economics Department since 2011 as well as Director of the African Development Policy Program at PERI. Léonce Ndikumana’s research is informed and guided by this dual interest in academic research and development policy.

The professors will be assisted by two post-graduate tutors, with master degrees in economics, who will provide background assistance for students in all areas, but particularly with the panel debates and assignments.
**Prerequisites**
Students should normally have two years of undergraduate economics or the equivalent knowledge of basic macroeconomic concepts. The course does not require advanced technical skills, but students should be competent to do independent research.

**Assessment**
The course assessment is structured along four elements for learning and evaluation: (i) class participation and discussion of required readings; (ii) a presentation on some of the topics of debate; (iii) an essay; and (iv) an exam. The course grade will be weighted as follows: (i) class participation (10%); (ii) panel presentation (15%); (iii) essay (25%); and (iv) final exam (50%).

**Panel debates**
There will be four panel debates on the topics below. Each panel will consist of two teams of two or three students (depending upon class size). Each team will present and defend an opposing perspective regarding the topic under discussion. A portion of the class participation grade will be linked to the panel performance. This is an exercise in team work and making a public presentation. Each team must work together to make a coherent power point presentation. The opening presentations require each team member to talk for about 15 minutes. After each team makes its presentation, there will be an opportunity for questions from the class. Then there will be a rebuttal from each side, allowing about two minutes per team member. At the end of the discussion, we will take a straw poll of which teams arguments were most compelling. A preference lottery will be launched at the beginning of the course to assign students to a panel and a team. The teams are then responsible for deciding on the presentation strategy and division of work, with the caveat that all team members should equally participate during the debate. The reading list is intended to provide background for the class participants and serve as a starting point for the panellists, who should seek additional sources as well.

**Essays**
Students are required to write one essay of 1500 words for the course. They may choose among the range of topics covered during the course (or other topics approved by the instructors). The essay topic should be framed as a question or issue and is intended to be a “policy think piece” where the student presents the background to an issue and defends his/her position.
on it. The essay should be written in an academic format, with footnotes and references.

**Recommended Preparatory Reading List**

Registered students will be sent an electronic copy of the course Reader in advance of the course.

The following books also provide a good general background for the course.


A basic reading list will be provided for each topic. Additional readings will also be provided on Vula (UCT’s online course support system). Students are encouraged to look up topics online, including from The Economist, The African Development Bank, The World Bank, and African Economic Outlook.

**Topics**

**Day 1**

**Session 1: Africa’s Economic Development Since 1960.** This session provides an introduction to the course. It will survey African economic developments since independence and introduce a number of the themes which will be dealt with in latter sections of the course. This will include explanations of Africa’s economic decline in the 1970s and 1980s as well as the evidence of a significant turnaround since the turn of the century. We will address the question of whether the growth acceleration of 2000-2014 represents the beginning of sustainable development in Africa or whether it is largely due to a commodity cycle that has now turned downwards. Manufacturing development is a standard indicator of development, and is lagging behind other sectors in Africa. On the other hand, there is a rising middle class in Africa and better institutions.
Session 2: Writing Workshop and Data Workshop. Students will be given a presentation on the style of writing expected for the course assignment. This is aimed at writing a succinct, 1500-word policy note. We will also provide time to consult with students who want to discuss essay topics. The data workshop session is aimed at showing students where to find some of the standard sources of macroeconomic data for African countries and providing them access to the UCT computer system.

Day 2

Session 3: Growth and the Washington Consensus--thinking about economic policy. This session looks at economic growth from both a technical point of view and from a policy point of view. On the technical side, we introduce the basics of the Solow growth model to show how economists examine the sources of growth in an economy. From the policy side, we review the debate over the Washington Consensus and review the Post-Washington Consensus.

Session 4: The Role of Agriculture. Agriculture remains extremely important in many African countries, especially as a source of employment. The session will address a number of debates such as its importance in pro-poor strategies and its role in economic development. We will consider whether the agriculture has been neglected and explore appropriate strategies to develop the sector.

Day 3

Session 5: Economic History of South Africa - Some Key Messages. The session provides a brief review of the economic history of South Africa (focussing on the post-Apartheid period) and focuses on several of its current problems which are typical of many middle income countries (MICs). The discussion explains why many MICs have “dual” economies.

Session 6: Experimental Land Reform in South Africa - The Case of Solms-Delta Farm. The class will visit the Solms-Delta (SD) cooperative wine estate, which is an ‘ethical’ wine producer engaged in a dynamic process of social transformation for its residents and employees. The Farm has experimented with an ownership programme that was established with the objective of breaking the cycle of poverty and dependency among historically disadvantaged tenants and workers of Solms-Delta. Students will learn about the current land issues in South Africa.

Day 4
Session 7: Globalization and the Bretton Woods Institutions. This lecture addresses the meaning and impact of greater globalization, particularly in the context of the balance of payments (BOP) from an international capital flow perspective and from the point of view of greater global interconnectedness. In an economic sense, this translates into greater cross-border flows. We also discuss Dani Rodrik’s ‘trilemma’ to understand some of the options and trade-offs that countries must face in becoming more globalized.

Session 8: Poverty, Inequality and Growth. Africa came out of two decades of economic stagnation in the mid-1990s, and subsequently achieved high rates of economic growth (until the collapse of commodity boom a few years ago). Nevertheless, poverty appears to have even deepened in many parts of the continent, and inequality has risen. In this session, we examine recent trends in poverty, inequality and growth in sub-Saharan Africa, and investigate how these important indicators impact each other.

Day 5

Session 9: What Route to Industrialisation in Africa? Industrialisation is the *sine qua non* of development—or is it? Most African countries remain heavily dependent on agricultural and/or mineral commodities. We will look at the debate between proponents of the ‘resource curse’ and their critics and whether resources can form the basis for industrialisation. We also consider the question of whether Africa lacks comparative advantage in manufacturing and if so why? What are the obstacles to pursuing an Asian-style, light manufacturing export strategy?

Session 10: Township Tour and visit with local cooperative. The class will visit a local cooperative in a township to see the challenges faced by small-scale business. The ‘townships’ are segregated, low cost, mass housing estates created to house black South Africans during the Apartheid era.

Day 6

Session 11: Growth, Employment and Industrial Policy in Africa: South Africa – Growth, Employment and Industrial Strategy. This detailed case study will focus on industrial development in South Africa and the rest of Africa through the lens of the automotive. The class will examine the competitiveness of South Africa’s automotive industry in the face of globalisation and consider the constraints and possibilities for the development of the automotive industry in the rest of Africa.
Session 12: Panel Debate: Role of the State: Regulate the Economy and Level the Playing Field vs. Leading and Participating in the Economy as a Developmental State. This panel debate will consider the role of the state and focus on the choice between the developmental state and the more private-sector-oriented free market, where the state regulates but does not participate in commercial activities. The Con side (against the free market approach) should describe what is meant by the ‘developmental state,’ which is very interventionist and is generally modelled after Japan, Korea and some other Asian economies. We are interested in applying this debate to South Africa, which seeks to be a developmental state, and the rest of Africa.

Day 7

Session 13: Financing for Development and Domestic Resource Mobilization. This session begins with the broad issue of sources of finance for development in Africa, and then focuses on domestic resource mobilization through taxation. It will compare African tax ratios with other low income countries to better understand intrinsic fiscal problems. In the process it explains the ‘natural resource curse’.

Session 14: Panel Debate: Sub-Saharan Demographics – Is the Growing, Young, Labour Force a Source of Development or a Social Burden? Africa will experience a demographic boom throughout the 21st century providing it with a young and growing labour force. Will this be a windfall of cheap labour to the production process or a burden on the economy, owing to high unemployment and social discontent?

Day 8

Session 15: The Causes and Impacts of Conflict in Africa. Does Africa suffer from more conflict than other continents, and what economic impact does this have? We examine some of the linkages between the institutions, distributional outcomes, and conflict.

Session 16: Panel Debate - Donor Aid - Global Benefits Exceed the Costs vs. Aid Generates too Many Negative Externalities. The traditional case for a donor aid was simply a response to the policy assessment that low income countries had a shortage of capital, which was needed to increase investment and raise growth. Thus, donor aid from advanced industrial countries was a key element of the development equation. In recent years, some have argued that donor aid is part of the problem—by raising corruption, creating a culture of aid dependency, and the loss of ownership over policy.
Day 9

Session 17: Capital Flight and Illicit Capital Flows. We examine the nature, channels, drivers and implications of capital flight and more generally illicit capital flows, which have become a major development problem for African countries. We discuss both the domestic and global dimensions of the problem. We present evidence and discuss possible strategies to tackle these problems at national and global level.

Session 18: African and SADC Regional Integration. We look at the long-term African Union plan for regional integration and then focus on the Southern Africa Development Community’s (SADC) plan for monetary union. The session explains the economic logic underlying the benefits of regional integration as well as the disadvantages of tight economic integration.

Day 10

Session 19: Independent Study

Session 20: Exam