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Theodore Ahlers & Harinder S. Kohli (eds.), *Africa Reset: A New Way Forward*, Oxford University Press, 2017, 260 pp. \$44 Hardcover.

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Abstract. The African continent for long has been an enigma for development economists, with several countries witnessing coexistence of rich natural resource base, pockets of underdevelopment and political instability. With the Sustainable Development Goals (SDGs) as a target, it is now imperative that the African countries, particularly the nations facing development challenges, need to contemplate and adopt a long-term action plan. However, the existing literature suggests that addressing the concerns of African countries requires both structural and regulatory reforms. Given the proliferation of regional trade agreements (RTAs) in the world today, along with deepening of de-globalizing forces, the practical concern for the African countries is to increasingly participate in Global Value Chains (GVCs) and International Production Networks (IPNs), enhance value-addition within the domestic economy, promote equality in opportunities and create employment for the growing young population therein. In a sense Africa is at a juncture, where Asia stood several decades back. The volume edited by Ahlers and Kohli, an attempt to analyze the reform and consequently the growth path in Africa, is therefore a timely contribution to the existing literature..

Keywords. Political economy, Economic thought, Politics, Economic system.

JEL. B10, L66, Q18.

1. Introduction

The book has twelve chapters including the introductory and concluding ones. The analysis in the volume on Africa's future is based on the assumption that the world would not witness any great political, economic or environmental instability in the next four decades. Kohli and LeClair discuss the broad framework of the volume and income distribution across the continent. It is observed that the upper-middle income countries are spread in the north (oil exporters) and southern (commodity exporters) part of the continent. On the other hand, Sub-Saharan, Central and East African countries are characterized by low income.

Given the current underperformance of Africa vis-à-vis the global standard on several socio-economic indicators, Ahlers projects the economic scenario in Africa in 2060. Though the poverty ratio would decrease considerably with rise in GDP per capita, the sharply rising population growth would continue to be a concern. One crucial point is that underperformance has not been determined by endowment

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(e.g., economic size, access of seaport, presence of oil or other exportable resources), but by prudence of entrepreneurial class, integrity of institutions and robustness of political will. The chapter concludes that in order to grow with the world economy, the continent must undertake seven steps, namely – facilitate demographic transition, address commodity price vulnerability, promote private sector, ensure higher productivity, lower conflicts, mitigate climate change effects and reduce inequalities.

Focusing on Africa's tough challenge to reduce inequality and create employment, Fox notes that the prevailing sense of exclusion in Africa is not limited to economic sphere but extends to political participation as well. While the upper-middle income countries have witnessed economic transformation and diversification, the resource-rich countries are crucially dependent on high commodity prices. Private sector participation has deepened in the low-income countries but rural poverty and urban open unemployment continue to remain as major areas of concern. The set of recommendations include – enhancing youth employment through policy reform (e.g., skill development), addressing undercurrents in informal economy, ensuring gender equality through female empowerment and service delivery reform (e.g., education, health, IT platforms) and so on.

Given the narrow human capital base in several African countries, Alavuotunki and Reinikka call for educational quality reforms, both in terms on number of institutions and their coverage. Despite increasing trends, public spending on education is however meagre in several African countries, with limited funds for recruiting quality teachers and their periodic training. The other major problem is the weak link between educational expenses and the outcome (i.e., learning by the pupils). The poor outcome of the school system training leads to lower labour productivity of the workers, cumulating the growth bottlenecks further. The quality and sincerity of the teachers in the public schools is another bottleneck, which is relatively better in the private schools. The analysis recommends major educational reforms, focus on universal basic education and appointment of motivated teachers with good subject knowledge among other steps, for improving quality of education delivered.

As share of primary sector is likely to decrease in Africa in coming days, Cleaver focus on the possible implications of the same on employment, food security and nutrition. While average yield for wheat and sorghum is higher than corresponding global average in African countries, the scenario is gloomier for several other crops, resulting in imports. In particular for Sub-Saharan Africa (SSA) total factor productivity, labour productivity and land productivity is well below global average since 1990 and availability of new crops lands are drying up. The lower productivity is caused by multiple factors, namely - low fertilizer uses, high transportation cost, access to water, climate change effects, policy mismanagement, prevalence of weak institutional framework etc. The analysis recommends greater room for private investments, regulatory reforms to improve ease of doing business, enhancing access to agri-finance, infrastructure augmentation (e.g., road and irrigation framework), access to pre and post-harvest technical services etc.

Given the structural and macroeconomic impediments in African countries, Loser and Vilkelyteanalyze the impact of commodity terms of trade (TOT) in Africa. The changes in commodity prices and TOT are highly correlated, and the commodity TOT fluctuation is felt more severely by the emerging economies, vis-à-vis their advanced counterparts. The scenario is particularly visible in the African context with limited diversification in export basket in recent years. On one hand in

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case of declining TOT, even rise in export volumes might lead to lower export earnings. On the contrary, a major proportion of the increased purchasing power might be spent abroad. The result calls for the countries to be vigilant on possible decline in TOT with development repercussions on one hand, and adoption of appropriate stabilization mechanism and wealth management funds on the other.

Given limited diversification of the African economy, Bond views the future economic prospects in the backdrop of balancing growth and increasing rural-urban migration. While state-led industrialization (e.g., Ghana) dominated till mid-80s, reforms at the behest of International Monetary Fund (IMF) and World Bank (e.g., Senegal) followed upto late nineties. In the new millennium, participation of private sector has improved with certain progresses in investment climate. However, the industrialization drive is compromised by lack of economies of scale, prevalence of poor infrastructure, weak regional integrations and poor skill base. The analysis recommend creation of regional rather than national markets and growing participation in GVCs-IPNs, deepening trade in tasks and establishment of well-connected industrial clusters.

One of the prime obstacle for industrialization in Africa is the lack of infrastructural services, and Bond reviews the prevailing scenarios in key segments. Electricity access is quite varied across African countries (e.g., South Africa and Zimbabwe), given wide range of factors, namely – poor technology choice, inadequate regional cooperation, lack of financing etc. The transport sector on the other hand suffers from ‘soft’ constraints (e.g., norms, certifications), cartelization, lack of regional policy framework etc. Several limitations are there for communication and water and sanitation infrastructure services as well. In order to finance the current gap, private sector participation need to be promoted through improvement of business environment, standardization of investment frameworks, regulatory reforms to make investment simpler etc.

With rising urbanization, rural-urban migration and the consequent urban expansion in Africa, Ingram underlines the urgency of projecting population growth and according creation of amenities. An inverse relation exists between projected population growth and current income, with the former being higher in SSA and South-Central Asia. While decline in dependency ratio and emerging urbanization in SSA may facilitate growth, prevalence of unemployment may also fuel social unrest. The expansion of urbanized areas may reduce the agricultural lands, with food security consequences. On the other hand, lack of gridded arterial roads may lead to increased cost of water, power and other networked utilities. Hence policymakers need to focus on infrastructure financing with specific revenue plans for utilities created, addressing climate change concerns, adopting technologies to create smart cities etc.

The global trade is increasingly shifting towards intermediate products with development of RTAs with deep reform commitments, which is relatively weaker in the African context. Analyzing the African RTAs, Tuluy attempts to figure out the future reform agenda on this front. Intra-bloc trade is relatively low in Africa owing to several factors, namely – small economic size, dominance of rural economy, lack of economic diversification etc. While African Union has been established in 1963, and examples of successful economic cooperation (e.g., Mombasa-Nairobi-Addis Ababa Corridor, West Africa Gas Pipeline) and harmonization (Minimum Integration Programme) are not scarce, deeper integration is not happening owing to several factors, e.g., inadequate cross-border infrastructure links, unease of doing business (e.g., multiple documentation requirements), overlapping RTAs (e.g. possible rules of origin confusions) etc.

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Development of regional institutions and implementation of complementary reforms would be crucial in overcoming these impediments to freer trade flows.

While Africa is performing better as compared to the scenario two decades back, newer threats to its growth process are also emerging. Michailof notes the emerging challenges as divergence in growth pattern, rising tensions even within successful countries, regional destabilization and conflicts in several countries (e.g., Nigeria) etc. The threats arising from links between demography and natural resources, limitations of the state machinery, lack of agricultural modernization and consequent environmental degradation, lack of opportunities hurt the civil society severely. Given the complexity in most of the conflicts (e.g., ideological, religious, social, ethnic) an early solution to them is not easily forthcoming. Possible solutions to these challenges might be reached through consolidation of state apparatus, reform in educational and training framework, job creation, achieving sustainable population growth, defeating the fundamentalist elements and so on.

The last chapter by Kohli and Kato notes that for fulfilling Africa's growth potential, appropriate policies for maintaining higher and inclusive growth path, achieving balanced population growth, improving education system, ensuring rural transformation, attracting a vibrant private sector, mitigating climate change challenges etc. would be crucial. However most important of all would be having a strong political will to adopt bold policy measures.

The volume provides a comprehensive account of the challenges and opportunities to be faced by Africa over the next four decades. A more detailed discussion on the international debt related challenges in Africa, both from multilateral and bilateral (e.g., China) perspective, would have been interesting read. Overall the present volume contributes significantly to the existing literature and should be an important point of reference for policymakers and researchers alike.



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