Globethics Repository



Beyond macroeconomic concerns to development issues

This page was generated automatically upon download from the Globethics Repository. More information on Globethics see https://www.globethics.net. Data and content policy of Globethics Repository see https://repository.globethics.net/pages/policy.

Item Type	Preprint
Authors	Rwegasira, Delphin
Publisher	UNRISD
Rights	With permission of the license/copyright holder
Download date	2026-11-16 17:27:59
Link to Item	http://hdl.handle.net/20.500.12424/179285



The **United Nations Research Institute for Social Development** (**UNRISD**) is an autonomous agency engaging in multidisciplinary research on the social dimensions of contemporary problems affecting development. Its work is guided by the conviction that, for effective development policies to be formulated, an understanding of the social and political context is crucial. The Institute attempts to provide governments, development agencies, grassroots organizations and scholars with a better understanding of how development policies and processes of economic, social and environmental change affect different social groups. Working through an extensive network of national research centres, UNRISD aims to promote original research and strengthen research capacity in developing countries.

Current research programmes include: Civil Society and Social Movements; Democracy, Governance and Human Rights; Identities, Conflict and Cohesion; Social Policy and Development; and Technology, Business and Society.

A list of the Institute's free and priced publications can be obtained by contacting the Reference Centre.

UNRISD, Palais des Nations
1211 Geneva 10, Switzerland

Tel: (41 22) 9173020
Fax: (41 22) 9170650
E-mail: info@unrisd.org
Web: http://www.unrisd.org

Copyright © United Nations Research Institute for Social Development.

This is not a formal UNRISD publication. The responsibility for opinions expressed in signed studies rests solely with their author(s), and availability on the UNRISD Web site (http://www.unrisd.org) does not constitute an endorsement by UNRISD of the opinions expressed in them.

Beyond Macroeconomic Concerns to Development Issues

Delphin RWEGASIRA

Draft paper prepared for the discussion at the UNRISD meeting on
"The Need to Rethink Development Economics",
7-8 September 2001,
Cape Town, South Africa.

Introduction

This note, by outlining the research and capacity-building experience of the African Economic Research Consortium (AERC), argues that renewed interest in development economics can be assisted in part by the development of locally-based responsive and empirical knowledge. This process can be substantially aided by international networking and dissemination, which in turn would lead to a broader expansion of knowledge on development. The evolution of AERC beyond a macroeconomic network to embrace wider questions of development policy is seen as rooted in Africa's own realities of searching for substantially higher growth and ways of reducing widespread poverty.

Macroeconomic Concerns and the AERC

There is consensus based both on theory and on the development experiences of many countries that on the whole, macroeconomic stability is essential for long-term economic commitments that contribute to a healthy and sustained saving-investment process. The latter is in turn necessary, though by no means sufficient, for the sustained growth needed to underpin significant changes in average well-being. Thus, in situations where reasonable macroeconomic stability cannot be assumed to exist, such stability would be an important concern in respect of promoting development. The African economic crisis of the 1980s—that saw the United Nations General Assembly, for the first time, devoting considerable attention to the economic plight of a particular region, (Sub-Saharan Africa)—was in part reflected in clearly worsening macroeconomic conditions in many countries of the region.

Various things had to be done at various levels to address the many questions posed by that crisis. But one thing was clear; in order to mobilize the requisite domestic and international resources for financing reasonable growth rates in countries, some 'respectable' macroeconomic frameworks had to be put in place, as a minimum step. That in turn required political commitments and decisions as well as human and

institutional capacities. In the context of Sub-Saharan Africa, the macro-frameworks were to be particularly motivated by the imperative of mobilizing both short-term (stabilization) and long-term (development) resources, which, by definition, implied extensive negotiations with multilateral and bilateral financiers. In these circumstances, the inadequacy of local human and institutional capacities to analyze macroeconomic issues, explore alternative frameworks, and effectively negotiate with external funders quickly became apparent.

The African Economic Research Consortium (AERC) was established in the late 1980s in response to that capacity gap. The motivating belief in establishing the Consortium was that development was more likely to occur where there was sustained sound management of the economy; and where there existed an active, well informed group of locally-based professional economists to conduct policy-relevant research. The mandate of AERC was seen as enhancing the capacity of locally based researchers to conduct policy-relevant economic inquiry, promoting the retention of such capacity, and encouraging its application in the policy context. In implementing this mandate, the generation and sharing of quality knowledge was importantly perceived as having an international dimension. Thus professional networking, though locally driven in the African region, sought to extend beyond the region to include resource persons and other recognized scholars as well as to disseminate research results internationally.

The augmentation of capacities in policy analysis and research was also pursued through graduate training in economics, at both Master's and doctoral levels. International networking also characterizes the training programme in terms of developing course contents, externally-examining courses, and the teaching of more advanced graduate courses. And, the research and training programmes developed some synergy, as graduate training led to the expansion of the research network while the work of the latter fed into teaching programmes.

Given the history sketched above, the research concentrated initially on two traditional areas of macroeconomic policy—balance of payments management, and domestic financial management. Towards the mid-1990s, the thematic coverage was, however, extended to trade policy and regional integration. And, following a careful independent review of the research programme, a major gap was identified in the themes covered, so that a new group on Poverty, Income Distribution and Labour Market Issues was created later in the 1990s. Currently, the principal themes are macroeconomic policy, stabilization, and growth; trade, regional integration and sectoral policies; finance, resource mobilization, and investment; and poverty, income distribution and labour market issues. Other important changes were also taking place within the research, training, and other programmes of AERC, but clearly there were real forces at work that were shaping the thematic and other sub-programmes within the network.

The African Challenges and AERC Response

Relative to the situation in the late 1970s and 1980s, the economies of Sub-Saharan Africa to-day have registered notable improvements on the macro-

stabilization front. It may be said in this regard that the concentration of AERC research on building capacity in macroeconomics over the more than a decade of the Consortium's existence has been consistent with that welcome turnaround. As well, the various macroeconomic and adjustment policies of the past decade and a half have assisted the modest per capita income growth in the region. This may represent the beginning of a reversal of the long-term negative trends, although the process as yet remains uncertain. Even with some cautious optimism, however, the turnaround has clearly not yet delivered the robust growth rates that would be comparable to long-term rates elsewhere in the developing world or that could begin to address meaningfully the widespread problem of poverty in the continent. Thus, African economies still face major challenges in respect of the growth process and the reduction of poverty.

The challenges of weak economic growth and increasing poverty in Africa have, therefore, engaged serious policy thinking at a broader level, and influenced the AERC research agenda. A relatively obvious and early extension of the research agenda beyond macroeconomics was, as indicated earlier, the addition to thematic groups, of trade policy and regional integration. This was supplemented by a major collaborative research project on Regional Integration and Trade Liberalization in Sub-Saharan Africa. In the integration and trade fields, the research endeavour was shifted into higher gear by mounting collaborative efforts between senior African researchers and their counterparts from outside the continent to address that set of important development issues. Importantly, in terms of generating development knowledge, the approach taken included country and regional case studies.

The trade research agenda has subsequently been extended through another related collaborative project on Africa in the World Trading System. The overall objective of this now completed project was to identify and examine the critical and analytical and policy issues involved in Africa's economic links with the rest of the world. The primary concern was the context of the emerging global trading system driven by the World Trade Organization (WTO). By bringing together experienced African and international researchers, the project has built a critical mass of expertise on the key analytical and policy issues addressed, which has proved extremely valuable to African policy making on world trading issues. A further extension still has been the more recent research effort, partly aimed at assisting African countries in participating in the unfolding international trade negotiations. This is being pursued through an additional collaborative project on African Imperatives in the New World Trade Order. The primary objective of the research component of this project is to develop analytical support and policy advice for policy-makers with respect to the on-going WTO negotiations on the 'built-in agenda', agriculture, and services. Hence, it will focus on a comprehensive review of the Uruguay Round Agreements and their implementation from an African perspective. Subsequent research work would seek to address problems and challenges associated with three international trade initiatives: the expected new full-scale round of multilateral trade negotiations within the WTO framework (which could be launched in 2001); the forthcoming negotiations between members of the African, Caribbean and Pacific (ACP) group and the European Union (EU) for establishing permanent regional economic partnership agreements between

the EU and groups of ACP states (scheduled to be launched in 2002); and African countries participating in the Africa-US trade relations under the African Growth and Opportunity Act (AGOA).

Beyond trade, AERC research, as already intimated, has also sought to build usable knowledge—again through international networking and country case-studies—in the important set of topics pertaining to poverty, income distribution and labour markets. Research in this set of issues is now proceeding through both thematic (largely capacity-building) efforts and the more policy-responsive collaborative modality. Within the latter, the research project initially included two distinct but closely interrelated components. The first one consisted of research that was broadly analytical and/or empirical in nature but region-wide in scope and focus. Twelve papers written by recognized scholars in this field provided the broad conceptual framework and the state of the art assessment of the various dimensions of poverty in Africa today. A volume on "The State of Poverty in Sub-Saharan Africa", consisting of these papers, is being processed for publication and some of the framework papers have already been published in international journals. The second research component consisted of twelve country case studies. Each study was conducted by a team of African researchers, assisted in some cases by non-African researchers from collaborative institutions. These studies focused on poverty assessment, profiles, and analyses of macroeconomic and sectoral policies to alleviate poverty within the context of economic growth. The case studies sought to emphasize the money-metric dimensions of poverty.

Following the completion of that first phase of the poverty project, research is being extended by AERC beyond measurement concerns, given that new date sets have become available in a number of African countries and that new methodological contributions to poverty analysis have emerged. Quite apart from these reasons, poverty reduction has, of course, assumed continuing and increasing importance as a policy target in Sub-Saharan Africa (and in other low-income countries). In addition, it is now recognized that poverty is a multidimensional phenomenon, reflecting also deprivation in non-economic aspects of life such as spiritual or immaterial assets, and lack of voice and empowerment in society. Despite measurement difficulties, there is a need to being to bring to the fore non-economic factors in the study of poverty and in the formulation of poverty reduction policies.

The second phase of the project will take the effort beyond measurement questions to engage in explanations of poverty and to assist in policy formulation. The specific objectives will be to:

- enhance the understanding of poverty trends and poverty dynamics in specific countries in sub-Saharan Africa;
- diversify poverty measurement to include non-money metric measures such as nutrition- and asset-based measures;
- study the relationship between poverty, malnutrition, disease epidemics (especially HIV/AIDS and malaria), and human capital in general;
- assess responsiveness of poverty to economic growth and income distribution;

- examine various dimensions of poverty in the context of economic policy reforms, including labour market reforms;
- study linkages between poverty, social capital, agricultural development, rural institutions and globalization; and
- inform policy makers, donors, the corporate private sector and civil society of the changing status of poverty in Africa.

AERC research has as well sought to explain Africa's growth performance over longer-term (covering the period from the 1960s). As implied earlier, this has largely been motivated by the relatively poor record since the mid-1970s. A collaborative research project on the subject seeks to explain economic growth performance and to identify and analyse the major impediments facing Africa's development. In methodological terms, the project aims to combine and integrate the more general cross-country macro-growth approach with three Africa-specific approaches that focus, respectively, on government (political economy), private agents, and markets. It thus goes beyond the typical elements of the cross-country growth literature to address micro and structural characteristics of key agents and markets whose performance impinges on the growth of African economies. The case study component of the project is designed to cover nearly 30 countries. Each country case study would apply the four approaches specified in the thematic component (macro, political economy, private agents, markets). The purpose is to produce accounts of economic growth performance for all countries separately based on each of these four perspectives. In particular, the country case study will attempt to explain the deviation of a given country's growth performance from the African macro-growth profile on the basis of findings derived from the other three approaches.

It may be mentioned that the AERC research project on growth has now been generalized, in the context of the work of the Global Development Network (GDN), and replicated in the other regions of the developing world as well as in the transition economies.

Apart from responding to Africa's challenges of weak growth, rising poverty, and uninspiring international trading, AERC research is also turning to address issues arising from the rapid globalization of the world economy (and society). There is already common talk, supported by empirical observations (on the pattern of foreign private capital flows, for instance), that Africa is becoming increasingly marginalized. AERC policy research and training in the coming years will, therefore, assist in seeking ways of reversing the marginalization of the continent.

Given the development policy context for Africa, as sketched above, and AERC's own past concentration on macroeconomic research as well as it strength—underpinned by subject focus and impact—four flagposts have been identified to guide the Consortium's research programme in the medium-term: macroeconomic and financial issues; poverty, income distribution and labour market topics; long-term economic growth in Africa; and the African economy in the global context.

Conclusions Relating to Development Economics

As aptly put in the paper prepared for this conference by Prof. Joe Stiglitz[1], a new development agenda must centre around identifying and explaining key characteristics of developing countries, and especially those that differentiate them from the more developed countries and exploring the macro-economic implications (e.g. for growth and stability); and describing the process of change– –how institutions, including social and political institutions, and economic structures are altered in the process of development. We may add, as implied in Brian van Arkadie's paper[2] for the conference that the new development economics, apart from necessary theorizing, should be useable and practical to assist in policy formulation and policy making. That is what would make the field grow in terms of attracting students of economics and policy practitioners alike.

Given these desirable directions for the new development economics, three main conclusions can be drawn from the research and capacity-building experience of the AERC. First, locally-based research networks should be encouraged and assisted to build responsive and applicable development knowledge. The development of this demand-driven knowledge can be greatly assisted by international professional networking and can, therefore, be internationally shared and contribute to the growth in understanding of the functioning of the economies of developing countries. Issues relating to macroeconomic management, to growth and poverty-reduction, and to opportunities and constraints posed by globalization can be indigenously and empirically studied from the point of view of local and regional challenges, but also enriched by international networking and broader economic knowledge.

Second, and perhaps obvious, research and training should be seen as two sides of the same 'development' coin. Graduate training in particular should increasingly seek to be responsive in terms of explaining and assisting economic development (addressing key questions pertaining to public sector management, the role of the private sector, the contributions of civil society, etc). In addition, the more advanced graduate (doctoral) training should get stronger international support so that it could be used as an important vehicle for generating locally-based rigorous knowledge for national and international development. The Collaborative PhD in Economics for Sub-Saharan Africa, recently approved by the AERC Board, can be in part be seen in this light.

Third, it is necessary to point out that our knowledge of the development scene, especially in Africa, is increasingly pointing to the importance of political economy issues (beyond strictly economic considerations). Thus, issues like governance, corruption and the study of post-conflict economies have been cited as deserving the attention of the AERC network. Given the prevalence of such concerns in the developing world, the new development

[1] Stiglitz, J.E, "An Agenda for the New Development Economics", (August 2001)

[2] Van Arkadie, B, "Some Thoughts on the Agenda for Development Economics", (August 2001)

economics should find ways of addressing them adequately. And, that may require inter-disciplinary approaches and cooperation, perhaps involving other social science insights and networks.