

Sub-saharan Africa and the Global Financial Crisis: the big shock and after

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Did SSA avoid the immediate effects
of GF Crisis?

No

Did SSA recover from the GF Crisis?

Yes (directly) and no (indirectly)

Delinked?

The de-linked 'hypothesis'

Potential channels of transmission:

- Banking systems in global markets?
- Private capital flows?
- ODA?
- Trade?

Country Group Name	Subject Descriptor	Units	Scale	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sub-Saharan Africa	Volume of exports of goods	Percent change		-0.099	6.188	9.600	10.497	-0.665	7.550	1.953	-5.114	5.614	1.926	3.159	3.616	2.051	7.924	5.089
Sub-Saharan Africa	Terms of trade of goods	Percent change		3.419	1.703	4.304	9.478	7.848	4.800	9.062	-12.730	13.140	10.490	-1.533	-2.557	-4.199	-14.131	2.071

International Monetary Fund, World Economic Outlook Database, April 2015

Subject Descriptor	Units	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Trade volume of goods and services	Percent change	3.771	5.435	11.016	7.688	9.242	7.915	2.903	-10.327	12.517	6.666	2.911	3.331	3.349	3.176	4.077
Commodity Price Index	Index, 2005=100	58.143	64.979	80.412	100.000	120.651	134.816	172.225	120.529	152.086	191.889	185.654	182.877	171.474	112.330	107.828
Commodity Non-Fuel Price Index	Index, 2005=100	76.876	81.647	94.088	100.000	123.078	140.159	151.301	127.438	161.249	190.039	170.988	168.994	162.279	134.893	127.972
Crude Oil (petroleum)	U.S. dollars	24.950	28.892	37.760	53.354	64.273	71.128	97.035	61.777	79.030	104.008	105.007	104.069	96.247	51.623	50.359
Commodity Food and Beverage Price Index	Index, 2005=100	82.375	87.966	99.045	100.000	110.000	126.147	156.871	136.124	152.646	182.400	174.809	174.616	170.968	144.298	138.109
Commodity Metals Price Index	Index, 2005=100	54.320	60.706	81.705	100.000	156.196	183.312	169.013	136.530	202.320	229.719	191.034	182.902	164.133	127.532	115.603

Stylised facts

- Key role of trade
- Shock followed by bounce
- Followed by 'new normal'?
- New global imbalances and volatility
- Accumulated leverage creates new fragility

Crisis weakens the ability to respond

Hysteresis

Weakened institutions:

- Fiscal space
- Trust and inequality
- Civil society fragmentation
- Education and transition to work (lost generation?)

Migration

Crisis weakens the ability to respond

Creative destruction?

The idea that crises are cathartic: destruction of existing production systems (capital) leads to new growth potential. (Marx, Schumpeter)

Could it happen in SSA?

No:

State led policy for economic diversification?

Financial development finances new enterprise?

Unjustified pessimism?

Pessimism of the intellect, optimism of ...

?