

- 44 The Internet of Trust**
Created to bypass banks, bitcoin's blockchain technology may end up helping them
Andreas Adriano and Hunter Monroe
- 48 Guilt by Association**
Prejudices sway the debate on using capital controls to tame the risks of fickle inflows
Atish Rex Ghosh and Mahvash Saeed Qureshi
- 52 Stagnation Risk**
Ongoing economic problems make the euro area vulnerable to prolonged slow growth
Huidan Lin

DEPARTMENTS

2 People in Economics

Rebel with a Cause

Prakash Loungani profiles Dani Rodrik, the Harvard professor whose warnings about the downsides of globalization proved prescient



42 Currency Notes

The Future Is Plastic

For countries concerned about the environmental impact of their currency, a switch to polymer notes makes sense
Ping Wang

55 Book Reviews

Money Changes Everything: How Finance Made Civilization Possible, William N. Goetzmann
Taxing the Rich: A History of Fiscal Fairness in the United States and Europe, Kenneth Scheve and David Stasavage
The Sharing Economy: The End of Employment and the Rise of Crowd-Based Capitalism, Arun Sundararajan

Illustration: p. 25, Thinkstock; p. 26, Thinkstock; p. 43, ThinkStock; p. 49, Cecile Samuels/Multimedia Services.

Photography: cover, Hoberman Collection/Getty; p. 2, Michael Spilotro/IMF; pp. 6–7, Ralf Hirschberger/dpa/Corbis; p. 8, Melanie Stetson Freeman/The Christian Science Monitor/Getty; p. 10, Dean Hutton/Bloomberg via Getty Images; p. 12, Stephen Jaffe/IMF photo; p. 14, Karen Kasmausaki/Corbis; p. 18, Riccardo Gangale/Bloomberg via Getty Images; p. 22, Flurina Rothenberger; p. 28, Tong Jiang/imaginechina/AP photo; p. 30, Florian Plaucheur/Getty; p. 32, Pius Utomi Ekpei; p. 33, Bettmann/contributor; pp. 34–35, Thinkstock; p. 37, Bernard Gotfryd/Getty; p. 37, Brendan Smialowski/AFP/Getty; p. 38, Bloomberg; p. 42–43, Banknote images used with the permission of the Bank of Australia, Reserve Bank of Vanuatu, and Bank of Canada; p. 44, Jin Lee/Bloomberg via Getty Images; p. 47, Chris Ratcliffe/Bloomberg/Getty; p. 52, Herman Lumanog; pp. 55–57, Ryan Rayburn/IMF photo.

Read online at www.imf.org/fandd

Africa Pausing

STRONG performance by many African economies over the past two decades led some commentators to coin the term “Africa Rising” to describe the region’s surging economic power.

The term graced the cover of *TIME* magazine in December 2012, in an issue that chronicled the region’s decades-long journey from economic anemia to impressive vigor. Beginning in the mid-1990s, many—but certainly not all—countries in sub-Saharan Africa energized their economies, achieving in recent years some of the world’s highest growth. Living standards improved as a result, as did health care and other key services, inspiring hope for a bright future.

The past year has been harsh, however, as the region suffered a sharp slowdown, owing to slumping commodity prices and softer global economic conditions. Drought has struck in some countries. And China—now a major trade and business partner in a number of African countries—is slowing as it retools its economy, sparking fears of further weakening. A wave of pessimism is taking hold, prompting some to wonder if the Africa Rising story has come to an end.

This issue of *F&D* looks at this critical moment for Africa and brings together articles suggesting that many countries are well positioned to ride out this storm despite the toughest conditions in a decade. Our writers express hope that strong growth will resume, albeit with a pause or two along the way.

In his overview, Georgetown University’s Steven Radelet documents changes that leave Africa better positioned to handle this downturn. Marked improvements in governance, the emergence of more adroit leaders and economic managers, and better economic and social policies are a solid foundation for future growth. Although likely to slow in the next few years, he says, the long-term outlook for growth is solid for countries that diversify their economies, increase competitiveness, and further strengthen their institutions of governance.

Antoinette Sayeh, head of the IMF’s African Department, sounds a similar note in her Straight Talk column, arguing that the underlying drivers of growth over the past decade still persist and that a reset of monetary and fiscal policies can help reignite sustainable growth in the region.

Other articles in our Africa feature look at sources of future growth: digital technologies that increase access to financing, regional economic agreements that foster closer business ties, increased women’s participation in the workforce, and a focus on improving infrastructure and health care. We also take a look at a sector that exemplifies Africa’s growing influence and economic energy: Nigeria’s film industry, or “Nollywood,” one of the world’s largest film industries in terms of number of films produced.

Elsewhere in this issue, we are pleased to offer an article on U.S. growth by Robert J. Gordon, whose recent book, *The Rise and Fall of American Growth*, has stirred much thought about the prospects for a long period of muted growth in the United States. Finally, Prakash Loungani profiles iconoclastic economist Dani Rodrik.

Jeffrey Hayden
Editor-in-Chief