

# College of William and Mary

## Fall 2018 Syllabus

### **AFST 309/ECON 300: African Economic Development**

Lecture Time and Place: MWF 11:00 am – 11:50 am, Morton Hall 102

Instructor: Admasu Shiferaw

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Office Hours: TTR 2:00-4:30pm; Other days by appointment

### **Course Description**

Sub-Saharan Africa (SSA) is home to nearly 962 million people with an average per capita income of \$2500 in 2015. The region was richer than much of Asia until the 1970s but faltered subsequently. Along with parts of South Asia, its persistently high poverty rate poses the greatest challenge to development economics. This course closely examines key underlying factors for Africa's weak economic performance, and whether some of the development constraints are unique to the region. We begin with historical events that are believed to have shaped the evolution of institutions in SSA, and proceed to a range of competing explanations for its post-independence socioeconomic outcomes making a distinction between domestic versus external factors, and policy versus exogenous factors. Fortunately, African countries have made a remarkable turnaround after 2000, with strong economic growth and poverty reduction. This course addresses major drivers of this recovery and issues that have implications for the sustainability the recent growth momentum. The course also addresses the prospect of economic transformation based on extraction of Africa's abundant natural resources. Because large sections of the African population remain vulnerable to economic, political and environmental shocks, we will discuss the role and design of social protection programs, and some of their unintended consequences. The course ends with microeconomic issues regarding human capital and entrepreneurship in Africa.

This course has a COLL300 attribute where the theme for this semester is “*Bodies That Matter*”. This theme undergirds critical topics addressed in this course that have implications for long-term economic development in Africa. The exposure of African people to Western powers during slave trade and colonialism and their effects on the evolution of African institutions and production systems are critical to understanding modern day economic relations and performances in the region. Within Africa, ethnic and linguistic identities of individuals continue to bear on their socioeconomic status and opportunities. Discrimination against women and their exposure to sexual violence and displacement during civil wars or in relation to adverse weather shock are issues that need special attention.

## **Requirements and Grading**

This course assumes familiarity with economic and statistical concepts at the intermediate level. However, students with introductory courses in economics and statistics can also enroll with the prior approval of the instructor.

## ***Assignments and Exams***

Course assessment begins with a Map Quiz on September 14, accounting for 5% of your final grade. Please start familiarizing yourself with the map of Africa provided on the last page of this syllabus. You will be expected to locate about 25 countries in the map of Sub-Saharan Africa.

There will be two midterm exams each accounting for 15% of the final grade and a non-comprehensive final exam of 25% weight.

In addition, you will be required to write three reflection papers based on the talks by invited speakers for this semester’s COLL 300 theme. Each reflection paper, typically a one-pager, will have a 5% weight hence collectively accounting for 15% of your final grade. The reflection papers will only be graded if you attend the COLL 300 talks, which is mandatory. So, please mark the dates on your calendar and make sure you attend those sessions. Further instructions for the reflection papers will be provided in due course but students are required to

summarize major points address in the talks and highlight connections with economic development in Africa.

*Reflection Paper I:*

**Fredy Peccerelli** (Wednesday, September 19, at 5:00pm in Commonwealth Auditorium): This talk can be connected with civil war in Africa, the Guns-Slave cycle during the slave trades, resistance movements against colonialism, or with the brutal colonial practices such as that of King Leopold II of Belgium in the Democratic Republic of Congo.

*Reflection Paper II*

**Bernedette Muthien** (Wednesday, October 10, at 5:00pm in Commonwealth Auditorium): This talk can be connected with the discussion on health and education policy in Africa where, for instance, abolition of user fees for targeted groups like women and children has been considered to address health disadvantages of women and children.

*Reflection Paper III*

**Micha Cardenas** (Wednesday, October 17, at 5:00 in Commonwealth Auditorium): This talk can be connected again with colonialism in Africa where arbitrary drawing of borders by Europeans split the same ethnic group into different countries or brought together distinct people into one country. In the past, these features have led to rebel groups getting support from neighboring countries with similar ethnolinguistic and religious heritage, hence preventing government forces from defeating rebel movements and thereby prolonging civil wars.

Here is the link to the three visitors: <https://www.wm.edu/as/undergraduate/coll/300/campus-coll-300/bor-visitors/index.php>

Students are also required to present a project during the end-of-semester COLL 300 symposium. This project could take many different forms including posters, short videos or other presentations that speak to this semester theme. This will be a group assignment where each group will have approximately 5 students working on a shared topic. This project will have a 15% weight in your final grade. The symposium has so far proved to be an exciting academic festival allowing students to approach a common topic from the perspective of

different disciplines. The following link takes to a gallery projects presented at last year's COLL 300 symposium: <https://www.wm.edu/as/center-liberal-arts/campus-coll300/coll300-academic-festival/2017-fall-gallery/index.php>.

Class participation is very important and includes regular class attendance, asking and answering questions, and becoming discussants for specific readings when requested by the instructor. You are allowed three days of absence from class related to sickness or other exigencies without having to provide official documents. However, you cannot miss more than two consecutive classes. Official request is needed from the relevant College office for class absences beyond three days and this should be presented to me in advance except for emergencies. Students are expected to take all exams at the designated times indicated in Table 1. I do not reschedule designated exam dates. If you miss a midterm exam, you need to provide a written excuse from the relevant office so that its weight can be reassigned to your other exams.

Table 1: Summary of Course Evaluation

Assessment Type	Weight	Dates
Map Quiz	5%	September 14
Midterm Exam I	15%	September 21
Midterm Exam II	15%	October 26
COLL 300 Reflection paper I	5%	September 26
COLL 300 Reflection paper II	5%	October 17
COLL 300 Reflection paper III	5%	October 22
COLL 300 Symposium	15%	November 30
Final Exam	35%	TBA

## **Course Outline and Readings**

There is no textbook for this course. The readings listed below will be made available to students in PDF format on Blackboard. Articles marked with \*\* are SUGGESTED additional readings for students who want to know more about a particular topic. The rest are REQUIRED readings.

### **1. Introduction: Characterizing Africa's Geography, Population, Income and Social Development.**

### **2. Historical Perspectives on African Economic Performance (Weeks of 09/03 and 09/10)**

#### ***The Trans-Atlantic Slave Trade:***

Nunn, Nathan. 2008. "The Long-term Effects of Africa's Slave Trades", *Quarterly Journal of Economics* 123,1, 139-176

Nunn, N. and L. Wantchekon. 2009. "The Slave Trade and The Origins of Mistrust in Africa" NBER Working Paper 14783, National Bureau of Economic Research.

\*\*Evans, E.W., and D. Richardson. 1995. "Hunting for rents: the economics of slaving in pre-colonial Africa," *The Economic History Review* 48,4, 665-686.

Online Resources:

Please visit [www.slavevoyages.org](http://www.slavevoyages.org) for historical data on the transatlantic slave trade including the number of slave voyages from Africa from the 16<sup>th</sup> to the 19<sup>th</sup> century, and the number of slave who embarked and disembarked in different locations.

#### ***Africa's Colonial Legacy***

Acemoglu, D., S. Johnson and J. Robinson. 2001. "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review* 91, 5, 1369-1401

Bertocchi, Graziella and Fabio, Canova. 2002. "Did colonization matter for growth? An empirical exploration into the historical causes of Africa's underdevelopment," *European Economic Review* 46, 1851-1871.

\*\*Alam, M.S. 1994. "Colonialism, decolonisation, and growth rates: Theory and Empirical Evidence," *Cambridge Journal of Economics* 18,3, 235-257

### **3. Explaining Africa's Post-Independence Economic Performance. (Week of 09/17)**

#### ***Ethnic Fractionalization***

Easterly, W. and R. Levine. 1997. "Africa's growth tragedy: policies and ethnic divisions," *Quarterly Journal of Economics* 112, 4, 1203-1250.

\*\*Easterly et al. 2006. "Social Cohesion, Institutions and Growth," *Economics and Politics* 18, 2, 103-120.

#### ***Geography***

Bloom, D. and J. Sachs. 1998. "Geography, Demography, and Economic Growth in Africa," *Brookings Papers on Economic Activity* 2, 207-295.

#### ***Distinguishing Policy Vs Exogenous Growth Factors***

Collier, P. and J. W. Gunning. 1999. "Why Has Africa Grown Slowly," *Journal of Economic Perspectives* 13, 3, 3-22.

### ***First Midterm Exam: Friday, September 21.***

### **4. Understanding Civil War in Africa (Week of 09/24)**

Collier, P. and A. Hoeffler. 2004. "Greed and grievance in civil war," *Oxford Economic Papers* 56, 4, 563-595.

\*\*Collier, P. and A. Hoeffler. 1998). "On economic causes of civil war," *Oxford Economic Papers* 50, 4, 563-573.

### **5. Challenges of Aid Effectiveness in Africa (Week of 10/01)**

Fosu, A. 2016. "Aid Effectiveness and Its Discontents in Sub-Saharan Africa," GDN Paper Series on The Future of Aid Effectiveness Research in Africa.

Hailu, D. and A. Shiferaw. 2016. "Determinants of 'Exit' from High Aid Dependence," *Journal of African Economies* 1-29. doi: 10.1093/jae/ejw012.

\*\*Lancaster, C. 1999. "Aid Effectiveness in Africa: the Unfinished Agenda," *Journal of African Economies* 8, 4, 487-503.

\*\*Alesina, A. and D. Dollar. 2000. "Who Gives Foreign Aid to Whom and Why?" *Journal of Economic Growth* 15, 1, 33-63

## **6. Africa's Economic Turnaround and Poverty Reduction Since 2000 (Week of 10/08 and 10/15)**

Miguel, Edward. 2009. *Africa's Turn?* MIT Press, Boston Review Books.

Pinkovskiy, M., and X. Sala-i-Martin. 2014. "Africa is on time," *Journal of Economic Growth* 19, 311-338.

\*\*Young, A. 2012. "The African Growth Miracle," *The Journal of Political Economy* 120,4, 696-739.

## **Fall Break: 10/13 – 10/16**

## **7. Cases of African Economic Success: Botswana, Mauritius and Ethiopia (Week of 10/22 and 10/29)**

Acemoglu, D., S. Johnson, and J. Robinson. 2002. "An African Success Story: Botswana," CEPRI Discussion Paper 3219, Center for Economic Policy Research

Sobhee, S. 2009. "The economic success of Mauritius: lessons and policy options for Africa," *Journal of Economic Policy Reform* 12,1, 29–42

Shiferaw, A. 2016. "Building Productive Capacity in Ethiopia," Background Paper for the UN Committee on Development Policy (CDP).

\*\*Beaulier, A. S. 2003. "Explaining Botswana's Success: The Critical Role of Post-Colonial Policy," *Cato Journal* 23,2, 227-240

\*\*Subramanian, A. and Roy, D., 2001. "Who can explain the Mauritian miracle: Meade, Romer, Sachs, or Rodrik?" IMF Working Paper, WP/01/116

## **Second Midterm Exam: Friday, October 26.**

## **8. Vulnerability and The Design of Social Protection Programs in Africa (Week of 11/05)**

European Report on Development. 2010. "Social Protection for Inclusive Development: A New Perspective on EU-Cooperation with Africa" European Communities, Brussels. Chapters 2-4.

Shiferaw, et al. 2017. "Social Insurance and Labor Market Outcomes in Sub-Saharan Africa: Evidence from Ethiopia" IZA Discussion Paper No. 10903.

## **9. Natural Resource Rents and Industrialization in Africa (Week of 11/12)**

Morris, M. and J. Fessehaie. 2013. "The industrialization challenge for Africa: Towards a commodities based industrialization path," *Journal of African Trade* 1, 25-36.

Shiferaw, A., and D. Hailu. 2017. "Resource-based Industrialization in Africa: An Analytical Framework," policy paper prepared for the UNDP Regional Service Centre for Africa, Addis Ababa, Ethiopia.

## ***Thanksgiving Break 11/21 – 11/25***

## **Week of 11/26: Preparation for COLL 300 Symposium**

## **10. Human Capital and Entrepreneurship in Africa (Week of 12/03)**

Health and Education:

Morestin, F., and V. Ridde. 2009. "The Abolition of User Fees for Health Services in Africa: Lessons from the Literature", Policy Brief, University of Montreal, Canada.

Schultz, T.P. 2004. "Evidence of Returns to Schooling in Africa from Household Surveys: Monitoring and Restructuring the Market for Education," *Journal of African Economies* 13, 95-148.

Entrepreneurship:

Bigsten et al. 1999. "Investment in Africa's Manufacturing Sector: A Four Country Panel Data Analysis," Oxford Bulletin of Economics and Statistics 61, 489-512  
Udry, C. and S. Anagol. 2006. "The Return to Capital in Ghana," *American Economic Review*, 96, 388–93

Bigsten, A., P. Collier, S. Dercon, M. Fafchamps, B. Gauthier, J. Gunning, et al..2003. "Credit Constraints in Manufacturing Enterprises in Africa," *Journal of African Economies*, 12, 104–25

\*\*Shiferaw, A. 2015. "Constraints to Private Investment in a High-Growth Environment: Firm-level Evidence from Ethiopia," Working Paper No. 168, Department of Economics, The College of William and Mary.





## Useful Websites:

African Development Indicators:

<http://data.worldbank.org/data-catalog/africa-development-indicators>

African Development Bank: <http://www.afdb.org/en/knowledge/>

UN-Economic Commission for Africa: [www.uneca.org](http://www.uneca.org)

World Bank – Africa Region: [www.worldbank.org/afr/](http://www.worldbank.org/afr/)

New Economics Papers on Africa: [http://econpapers.repec.org/scripts/nep\\_pf?list=nep-afr](http://econpapers.repec.org/scripts/nep_pf?list=nep-afr)

Centre for the Study of African Economies (CSAE, Oxford University, UK):

<http://www.csae.ox.ac.uk/>