

# College of William and Mary

Syllabus–Fall 2016

## **ECON 300 (AFST 309): African Economic Development**

Lecture Time and Place: TR 11:00 am – 12:20 pm, Morton Hall 38

Instructor: Admasu Shiferaw

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Office Hours: MW 2:15-4pm; Other days by appointment

### **Course Description**

Sub-Saharan Africa (SSA) is home to nearly 900 million people with an average per capita income of \$1800 in 2014. 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 constraints are unique to the region. We begin with historical events that 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 and policy versus exogenous factors. Fortunately, African countries have made a remarkable turnaround since 2000 with strong growth and poverty reduction. The course addresses major drivers of this recovery and issues of sustainability. Because large sections of the African population remain vulnerable to economic shocks, we will discuss the role and design of social protections programs, and some of their unintended consequences. The course ends with microeconomic issues regarding human capital and entrepreneurship in Africa (Cross-listed with AFST 309 - 01).

## **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. Since a few of the reading materials involve regression analysis, basic skills on interpretation of regression results will be provided during the course. Prior knowledge of regression is NOT required although it is a plus.

### ***Assignments and Exams***

Course assessment begins with a Map Quiz on 15 September 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 20% of the final grade and a non-comprehensive final exam of 30% weight. In addition to these individual level evaluations, there will be group assignment with a 15% weight on topics pertinent to Africa. Each group (about five students) will give a 30 minutes presentation followed by a 10 minute discussion. Detailed instruction on the group assignment will be given in due course. Class participation is extremely important and accounts for the remaining 10% of your grade. Students will take turns to be lead discussants on a given topic, which constitutes a large part but definitely not the only aspect of your class participation. I expect you to take the exams at the designated times indicated in this syllabus. If you miss an exam, you must bring a written excuse from the relevant College office. In this case you will take a comprehensive final exam which will carry a weight of approximately 50%; the other mid-term exam accounts for the remaining 20% of the weight.

You are allowed three days of absences from class without having to provide official documents. However, you cannot miss more than two consecutive classes. I also 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 gets reassigned to your other exams. Official request is needed from the relevant office for class absences beyond three days and it should be presented to me in advance except in case of emergencies.

### Summary of Course Evaluation

Assessment Type	Weight	Dates
Map Quiz	7%	September 15
Midterm I	20%	October 06
Midterm II	20%	November 10
Group Presentation	18%	November 15, 17, 22
Class Participation	10%	
Final Exam	25%	TBA

### ***Course Outline and Readings***

There is no textbook for this course. The readings listed below will be made available on Blackboard in PDF format. All are required readings except the ones marked with an asterisk (\*) which are SUPPLEMENTARY readings.

#### **Week of 08/24: Introduction**

#### **Week of 08/29: Historical Perspectives on African Economic Performance**

##### ***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, Nathan and Leonard Wantchekon. 2009. "THE SLAVE TRADE AND THE ORIGINS OF MISTRUST IN AFRICA" NBER Working Paper 14783, National Bureau of

Economic Research.

\*North, Douglass. 1994. "Economic Performance Through Time," *American Economic Review* 84,3,359-368.

### ***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.

## **Week of 09/05: Explaining Africa's Post-Independence Economic Performance.**

### ***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.

## **Week of 09/12: Understanding Civil War in Africa**

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.

## **Week of 09/19: Foreign Aid and Economic Development in Africa**

Mosley, P.1996. "The Failure of Aid and Adjustment Policies in Sub-Saharan Africa: Counter-examples and policies proposals," *Journal of African Economies* 5, 3,406-443

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

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

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

## **Week of 09/26: Africa's Economic Turnaround Since 2000**

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

## **Week of 10/03: Continued Discussion on Africa's Economic Turnaround**

### ***First Midterm Exam, Thursday October 06***

### ***Fall Break: 10/08 – 10/11***

## **Week of 10/10: Cases of African Economic Success: Botswana, Mauritius and Ethiopia**

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

### **Week of 10/17: Growth and Poverty Reduction in Africa**

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

### **Week of 10/24: Vulnerability and The Design of Social Protection Programs in Africa**

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

### **Week 10/31: Understanding the Unintended Consequences of Social Protection**

Shiferaw, et al. 2016. "Social Insurance and Labor Market Outcomes in Ethiopia" Discussion paper.

### **Week of 11/07: Education and Health Policy in Africa**

#### ***Education***

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.

#### ***Health***

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.

### ***Second Midterm Exam: Thursday November 10.***

### **Week of 11/14: Group Presentations (continues on 11/22)**

### **Week of Nov. 24: Thanksgiving Break**

### **Week of 11/28: Entrepreneurship in Africa**

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



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/>