

William & Mary

Fall 2019 Syllabus

AFST 309-01/ECON 300-02: African Economic Development

Lecture Time and Place: MWF 11:00 am – 11:50 am, Washington Hall 301

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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 900 million people with an average per capita income of \$1800 in 2014. The region was slightly richer than much of Asia until the 1970s but faltered subsequently. Along with parts of South Asia, its persistently high poverty rate poses one of the greatest challenges to development economics. This course helps students understand and appreciate key underlying factors for Africa's historically weak economic performance, whether some of its development challenges are unique to the region, and the strategies and policies to address them. The course starts by looking back at historical events that are believed to have shaped the evolution of institutions and economic structure in SSA, i.e., slavery and colonialism. It then proceeds to a range of other competing explanations for the region's unfavorable socioeconomic outcomes during the post-independence era up until the late 1990s. Although inevitably selective, this discussion makes a distinction between domestic versus external factors, and policy versus exogenous factors. Fortunately, African countries embarked on a remarkable turnaround since 2000 achieving strong economic growth and poverty reduction. The course examines the major drivers of this economic upturn and potential roadblocks that may threaten its sustainability. We will then discuss the prospect of economic structural transformation in African based on the extraction of its abundant natural resources. Recognizing the exposure of households to recurring economic, political and environmental shocks, the courses highlights the role of social protection programs in Africa, and some of their unintended consequences. The course ends with a discussion on human capital and entrepreneurship in Africa.

This course has a COLL300 attribute and the theme for this semester is “***Movement/Migration***”. It is well known that African countries have experienced mass migration of people for centuries. Forced migration of millions of Africans during the Arab, Indian ocean and transatlantic slave trades have left lasting adverse effects on the political and economic institutions of African countries while also generating a large – often disadvantaged and marginalized - African diaspora around the world. Mass migration of Africans to high-income countries continues in modern times in search of better economic opportunities and/or freedom from political, religious and other forms of persecution. Internal displacement due to natural and manmade disasters is quite common in Africa. There is also a steady migration of workers from rural to urban areas as African economies undergo structural transformation. Remittances from the diaspora have been important sources of finance for economic growth while also providing, at least in some instances, funding for rebel movements and civil war. The African diaspora in the West contribute to social and political reforms in the home countries through their support for democracy and human rights. Growing access to mobile phones, the Internet and social media seem to have accentuated the role of the diaspora in the social, economic and political changes in Africa making migration and movement ever more impactful.

Requirements and Grading

This course requires intermediate microeconomics and basic statistics. However, students with introductory courses in economics can also enroll with the prior approval of the instructor.

Assignments and Exams

Course assessment begins with a Map Quiz on September 13 which accounts for 5% of your final grade. Please start familiarizing yourself with the map of Africa provided on the last page of the syllabus. You will be given an empty map and asked to name 25 Sub-Saharan African countries. Your first midterm exam will have a 15% weight while the second midterm carries a 20% weight. You will also have a non-comprehensive final exam of 30% 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. Therefore, 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 the basic idea is to summarize the major points address by a speaker and highlight potential connections with economic development in Africa.

Reflection Paper I

Muhammad Baqir (Wednesday 9/18, at 5:00pm in the Sadler Center): This talk can be linked with the role of migration and the diaspora on social, political and economic changes in Africa as the diaspora exert their influence through better technological platforms for exchange of information, social values and finance.

Reflection Paper II:

Michael Gomez :(Wednesday 11/06/19, at 5:00pm in Sadler Center): This talk can be connected with our lecture sessions on slave trade and the African diaspora.

Reflection Paper III

Nancy Frey (Wednesday 11/13/19, at 5:00pm in Sadler Center): This talk can be connected with our discussion on the role of mobile phones in Africa, as discussed in Miguel (2009), not only in creating employment opportunities but also in facilitating the flow of market information and financial transfers between migrant workers and their families, etc.

Students are also required to present a project at the COLL 300 End-of-Semester Symposium. The date for this academic festival is December 4, from 5-6:30pm in the Sadler Center. Students can adopt different formats for this project including posters, power-point slides, short videos, etc., that speak to this semester's theme and the course content. This will be a group

assignment where each group will have approximately 5 students working on a shared topic. This project makes up 15% your final grade. Attendance is obviously mandatory, and we will discuss the exact nature of the projects as the semester progresses. The symposium has so far proved to be an exciting academic festival allowing students to approach the same topic from different disciplinary perspectives. The following link takes you to a gallery of 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 a discussant for specific readings when requested by the instructor. You are allowed three days of absence from class due to sickness or other exigencies without having to provide official documents. However, you cannot miss more than two consecutive classes. Official notice is needed from the relevant office – such as Student Affairs - if you are going to miss more than three sessions 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 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 shifted to your other exams.

Table 1: Summary of Course Evaluation

Assessment Type	Weight	Dates
Map Quiz	5%	September 13
Midterm Exam I	15%	September 27
Midterm Exam II	20%	November 1
COLL 300 Reflection paper I	5%	September 23
COLL 300 Reflection paper II	5%	November 11
COLL 300 Reflection paper III	5%	November 18
COLL 300 Symposium Project	15%	December 4
Final Exam	30%	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 a double asterisk (**) are SUGGESTED additional readings for students who want to know more about a particular topic. The rest are REQUIRED materials that you are expected to read before each class.

1. Introduction: Characterizing Africa’s Geography, Population and, Social and Economic Development

2. A Historical Perspective on African Economic Performance (Weeks of 9/02 and 9/9)

2.1. 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 for historical data on the transatlantic slave trade including the number of slave voyages from Africa from the 16th to the 19th century, and the number of slave who embarked and disembarked in different locations.

2.2. 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. (Weeks of 9/16 and 9/23)

3.1. 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.

3.2. Geography

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

3.3. 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.

3.4. 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 27.

4. Challenges of Aid Effectiveness in Africa (Week of 9/30)

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

5. Africa's Economic Turnaround and Poverty Reduction Since 2000 (Week of 10/07 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: 10/12 – 10/15

6. Cases of African Economic Success: Botswana, Mauritius and Ethiopia (Week of 10/14 and 10/21)

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

Second Midterm Exam: Friday, November 1st

7. Vulnerability and Social Protection Programs in Africa (Week of 11/04)

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.

8. Natural Resource Rents and Industrialization in Africa (Week of 11/11)

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.

Week of 11/18: Preparation for COLL 300 Symposium

Thanksgiving Break 11/27 – 12/01

9. Human Capital and Entrepreneurship in Africa (Week of 12/02)

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

World Bank – Africa Region: www.worldbank.org/afr/

New Economics Papers on Africa: 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/>