

Agricultural & Applied Economics/Economics 477
Agricultural and Economic Development of Africa
Fall 2016
Tuesday/Thursday 1 – 2:15pm 150 Russell Labs

Professor: Jeremy Foltz

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Office Hours: Wednesday 1pm – 3pm

Description:

In this course we will analyze the economic problems and development strategies of countries on the African continent. Students will learn the basics of economic development theory and principles and how it applies to the African setting. The course will analyze both micro development issues such as the implications of imperfect markets in credit and labor and macro development issues such as trade policy and fiscal policies. In addition students will learn key economic features of African countries.

Prerequisites: At least one intro Economics or AAE course.

Required Readings:

Taylor, J. Edward and Travis J. Lybbert *Essentials of Development Economics* Oakland: University of California Press. 2015. (“TL”)

Supplemental readings will come mainly from:

Monga, Celestin and Justin Y. Lin, *The Oxford Handbook of Africa and Economics Volume I: Context and Concepts*. Oxford: Oxford University Press. 2015. (OHAE 1)

Monga, Celestin and Justin Y. Lin, *The Oxford Handbook of Africa and Economics Volume II: Policies and Practices*. Oxford: Oxford University Press. 2015. (OHAE 2)

Course Website: The course has a website on the [Learn@UW](#) site. Homework, readings, and supplemental readings will be available there. Readings that are not in the Taylor and Lybbert (TL) book will be available on the website.

CLASSROOM ELECTRONICS BAN: You MAY NOT use a laptop, tablet, phone, or any other electronic device in class. You will need to take old-fashioned notes with pen and paper. Powerpoints of the lectures will be made available after class online.

Why? Studies and my own experience teaching this class have shown that students taking notes without electronic devices learn more and are less distracted in class.

Accommodation: If you have a disability or other verifiable reasons why you would need to be able to use electronic devices in class, please come see me and I will be glad to make an exception for you.

Course requirements: Undergraduates

- 3% Participation/attendance (judged through pop quizzes, Nov 21 game participation)
- 15% Homework: Three homework assignments
- 50% Mid-Term (**November 2**) and Final exam (**Monday Dec 18, 12:25pm – 2:25pm**)
- 32% Final paper due in class on **December 7**
(Paper 30%, topic and outline 2%)

Course requirements: Graduate students

- 3% Participation/attendance (judged through pop quizzes, Nov 21 game participation)
- 15% Homework: Three homework assignments
- 50% Mid-Term (**November 2**) and Final exam (**Monday Dec 18, 12:25pm – 2:25pm**)
- 32% Final paper due in class on **December 7**
(Paper 30%, topic and outline 2%)

NOTE: Graduate students final papers will be graded on a higher standard than undergraduate papers. Graduate student papers should have the form of a first draft of a journal article for publication in a respected journal.

MAP TEST In addition, all students must pass a map test in order to receive a passing grade in this class. The test requires students to correctly identify the location of countries in Africa and is available at <http://www.jetpunk.com/quizzes/map-quiz-africa.php>. You need to get 51 out of 54 countries right to pass. Once you have done so, print off or screen shot the page showing your score and hand it in in class **September 21**.

ASSIGNMENTS: Assignments and the paper are due on the days specified, on Learn@UW before the beginning of class. Late assignments will receive a grade penalty unless you have a valid and unexpected medical reason.

EXAMS: If you have a conflict with the mid-term or final you should inform me at the beginning of the semester. Otherwise there will be no make-up exams.

Course Outline

(Required readings marked with an asterisk *; Each week's readings are listed in suggested order)

Week 1: September 7: Introduction to development in Africa

- Introduction
- Ethiopia: An African success story?
- * "The Hopeful Continent: Africa Rising" *The Economist*. 2011
- * "Africa's Hopeful Economies: The Sun Shines Bright" *The Economist*. 2011
- * Birrell, Ian. "Our image of Africa is hopelessly obsolete" *The Guardian UK*. 2012.
- African Development Bank "Ethiopia's Economic Growth Performance: Current Situation and Challenges" *AfDB Economic Brief*. Vol 1(5). Sept. 2010.
<http://ethiopia.opendataforafrica.org>
- TL Chapter 1 "What is Development Economics all about?"
- Meier, Gerald and James Rauch "Appendix: How to read a regression table" in *Leading Issues in Economic Development* 8th edition. Oxford: Oxford University Press. 2005.

Week 2: September 12, 14: Economic History of Africa

- Precolonial and slavery, Colonial economics
- Independence, governance, cold-war economics
- History's role in current economic conditions
- * McMillan, M. "Understanding African Poverty Over the Longue Durée" *Journal of Economic Literature* 2016, 54(3), 893-905.
- * Webster, J.B., A.A. Boahen, with M. Tidy *West Africa since 1800*. Hong Kong: Longman publishers. Chapters 5, 6, 19.
- * Bates, Robert *Markets and States in Tropical Africa* Berkeley: University of California Press. 1981. Chapters 1 and 2
- Austin, Gareth, "The Economics of Colonialism in Africa." *OHAE* 1, ch. 27
- Whatley, Warren, "The Economic Legacies of the African Slave Trade" *OHAE* 1

Week 3 September 19, 21: Economic Growth: principles and evidence

HOMEWORK #1 DUE IN THE DROP-BOX, TUESDAY, SEPTEMBER 19 MAP TEST COMPLETION BY SEPTEMBER 21

- Growth theory and models
- Evidence from Africa: Why Africa has grown slowly
- What is pushing economic growth in Africa today?
- * TL chapter 7 Growth
- * Fosu, AK, & EK Ogunleye. "African Growth Strategies: The Past, Present and Future" *OHAE* 2, ch. 1.
- * McMillen, M. & K. Harttgen, "Africa's Quiet Revolution" *OHAE* 2, ch. 2.
- Weil, David, *Economic Growth* Chapter 5, pp. 48-64
- Collier and Gunning "[Why has Africa Grown Slowly?](#)" *J. of Economic Perspectives* 1999

Week 4 September 26, 28: Poverty, Inequality and Poverty Traps

- Definitions & measures of Poverty
 - Inequality
 - Causes of Poverty Traps
 - Evidence on poverty and inequality from Africa
- * TL chapter 4 “Poverty”
- * Shimeles, Abebe, “Poverty: Shifting Fortunes and New Perspectives” OHAE 1 ch. 10
- * TL chapter 5 “Inequality”
- * Bigsten, Arne, “Dimensions of African Inequality” OHAE 1 ch. 11
- Ncube, Mthuli, “Inclusive Growth in Africa” OHAE 1, ch. 9.

Week 5 October 3, 5: Role of agriculture in economic development

- Role of agriculture in the economy
 - Agricultural production functions
 - Agriculture led development strategies
- HOMEWORK #2 DUE THURSDAY OCTOBER 5 (GROWTH ECONOMICS)**
- * TL Chapter 9, Agriculture
- * Gollin, D. “Agriculture as an Engine of Growth and Poverty Reduction: Lessons for Africa” in A. McKay and E. Thorbecke eds. *Economic Growth and Poverty Reduction in Sub-Saharan Africa: Current and Emerging Issues*. Oxford: Oxford University Press. 2015.

Week 6 October 10, 12: Transforming African Agriculture

- Technology Adoption and Induced Innovation
 - Land tenure
 - Farm-size, commercial agriculture, and “land grabs”
- OCTOBER 12: PAPER TOPICS DUE**
- * Dercon, Stefan and Douglas Gollin “Agriculture in African Development: Theories and Strategies” *Annual Reviews of Resource Economics* Vol. 6: 471–492, 2014
- * Jayne, T. Mather, & Mghenyi “Principal Challenges Confronting Smallholder Agriculture in Sub-Saharan Africa” - *World Development*-2010
- * “Investing in Land in Ethiopia” *The Financial Times*. 3/2/16.
- Otsuka, K. “Why can’t we transform traditional agriculture in Sub-Saharan Africa?” *Review of Agricultural Economics* 28(3): 332-37.
- Deininger, Klaus. “Challenges Posed by the new wave of farmland investments. *Journal of Peasant Studies*. 2011.
- Fall, N’Diogou “Views of a Senegalese Agricultural leader” Ch. 11 in Deveze ed. “Challenges for African Agriculture” World Bank Report, 2011.
- Kiriro, Philip, “A Kenyan Agricultural leader’s Standpoint” Ch. 12 in Deveze ed. “Challenges for African Agriculture” World Bank Report, 2011.
- Traoré, Francois. “Views of a Burkinabé Agricultural leader” Ch. 13 in Deveze ed. “Challenges for African Agriculture” World Bank Report, 2011.

Jayne, T. et al. "Africa's Changing Farmland Ownership: The Rise of the Emergent Investor Farmer." Plenary paper presented at the 29th Triennial International Conference of Agricultural Economists, August 13, 2015, Milan, Italy

Week 7 October 17, 19: Foreign Aid and Food Aid

- Poverty targeting
- Foreign aid's role in theory
- Foreign aid's failings
- New roles for foreign aid?

* Elbers, Chris & JW Gunning "What do Development NGOs Achieve?" OHAE-2 ch. 34

* Addison, T. S. Singhal, & F. Tarp. "Aid to Africa: The Changing Context" OHAE-2 ch. 38.

* Quartey, Peter & G. Afful-Mensah. "Aid to Africa: Emerging Trends and Issues" OHAE-2 Ch. 43.

Barrett, Christopher and Daniel Maxwell "Recasting Food Aid's Role" Cornell Food Policy Brief, August 2004

TL Chapter 2

Easterly, William. "Reinventing Foreign Aid" 2008 Introduction pp.1-44

Week 8 October 24, 26 Structural Transformation, Migration and Labor

- Migration economics
- Remittances and economic growth
- Market interlinkages

October 26, homework #3 due (newspaper stories)

* TL Chapter 10, Structural Transformation

* Nyarko, Yaw, "Mobility, Human Capital, Remittances and Economic Transformation" OHAE-2, ch. 26.

* Nsiah, C. and B. Fayissa "Remittances to Africa and Economics"

Freire, ME, S. Lall, & D. Leipziger. "Africa's Urbanization: Challenges and Opportunities." OHAE-1 ch. 31.

Week 9: October 31: The economics of internet and new technologies

* Nakasone, Eduardo, Maximo Torero, and Bart Minten "The Power of Information: The ICT Revolution in Agricultural Development" *Annual Review of Resource Economics*. Vol. 6: 533-550. 2014.

* Aker, Jenny & Joshua Blumenstock. "The Economic Impacts of New Technologies in Africa." OHAE - 2 ch. 19.

MIDTERM EXAM NOVEMBER 2

Week 10: November 7, 9: Credit Markets

- Theory of credit market imperfections and costs
- Empirical evidence from Africa
- Micro-credit in Africa

* TL Chapter 12 Credit and Insurance

- *Demirguc-Kunt, Asli, Leora Klapper, P. Van Oudheusden. "Financial Inclusion in Africa, Obstacles and Opportunities." OHAE-2, Ch 21
- *Ojah, Kalu & Odongo Kondongo. "Financial Markets Development Reflections and the Way Forward." OHAE-2 Ch. 22.
- Conning, J. & M. Kevane. "Why is there not more financial intermediation in developing countries?" Dercon, Stefan ed. *Insurance Against Poverty*. Oxford: Oxford University Press. 2007.

Week 11 November 14, 16: Human Development: Education and Health

- Returns to education
- Child labor and education policies
- Economics of Health Interventions

NOVEMBER 14: PAPER OUTLINES DUE

- * TL Chapter 6, Human Development
- *Oyelere, R.U. "School Enrollment, Attainment and Returns to Education in Africa" OHAE-2,
- *Mwabu, Germano. "Health, Growth and Development in Africa" OHAE-2 ch. 27
- *Berthelemy, JC & J. Thuilliez. "The Economics of Malaria in Africa." OHAE-2 ch. 28.
- Lafraniere, Sharon "Crowds of Pupils but Little Else in African Schools" *New York Times* December 30, 2006.
- Andvig, Jens Christopher "Family-controlled Child Labor in Sub-Saharan Africa A Survey of Research"

Week 12: November 21: Climate Resilience Game

- In class we will play a climate resilience simulation game. In groups of 4 you will compete against other groups to have the highest agricultural production in the face of a variable climate. Groups will make choices like an African household choosing between different technologies (fertilizer, drought resistant crops, and weather information) while they face and uncertain climate.
- Prizes will be given to the winning group and the most efficient group.

Week 13: November 28, 30: Trade and development

- Trade theory
- Evidence from Africa
- Africa and Globalization,
- * TL Chapter 13 International Trade and Globalization
- * Gupta, Sanjeev and Yongzheng Yang "[Unblocking Trade](#)" *Finance and Development* 2006 Vol 43, No. 4.
- Gersovitz, M. 1989. "Transportation, state marketing, and the taxation of the agricultural Hinterland" *Journal of Political Economy* 97(5): 1113-1137
- Deaton, Angus "[Commodity Prices and Growth in Africa](#)" *J. of Economic Perspectives*. 1999 Vol. 13 No. 3, pp.23-40.

Week 14: December 5, 7: Resources curses and Primary Commodity Export

- Dutch disease theory and African examples
- State owned enterprises and privatization in Africa

THURSDAY, DECEMBER 7, FINAL PAPERS DUE IN CLASS. HAND IN ONE PAPER COPY IN CLASS AND AN ELECTRONIC COPY ON LEARN@UW.

- * Elbadawi, IA & NA Mohammed, “Natural Resources in Africa: Precious Boon or Precious Bane?” OHAE-1 ch. 29.
 - * Kevane, Michael. “Gold Mining and Economic and social change in West Africa” OHAE-2, ch. 18.
 - * Stiglitz, Joseph. “Africa's natural resources can be a blessing, not an economic curse” *The Guardian UK, 2012.*
- Gylfason, Thorvaldur [“Natural Resources, Education, and Economic Development”](#)
Paper presented at the European Economic Association September, 2000.

Week 15 December 12

December 12 In class discussions of your final paper

We will divide into topic groups to discuss your final paper and to present your findings to your fellow students.

Wrap Up Readings: Africa’s Blight or Bright Future?

Collier, Paul, “Africa’s New Economic Opportunities” OHEA-1, ch 24

Noman, Akbar and Joseph Stiglitz, “Economics and Policy some lessons from Africa’s experiences” OHAE-2, ch. 46

Basu, AM & Kaushik Basu “Prospects for an imminent demographic dividend in Africa: the case for cautious optimism.” OHAE-2 ch 47

Sachs, Jeffrey, “Africa’s Demographic Transition and Economic Prospects” OHAE-2 ch. 48.

FINAL EXAM: December 18, 12:25pm – 2:25pm location tba

Research Paper Instructions

DEADLINES: (You must hand in a paper topic and outline to receive a grade on your paper. You will receive 2% of your final paper grade from these.)

Topic due: October 12 (at least one paragraph, typed)

Outline due: November 14 (at least one page, typed, with a bibliography with at least 10 references, with scans of the front page of 5 references in the bibliography.)

Paper due December 7 (~15 pages, typed, in print version and an electronic version in MS-Word or rich text format) *****Late papers will be docked a letter grade each day they are late.*****

TOPIC: You should choose your own topic for the term paper, about a country and issue that you find interesting. The topic you choose must be directly related to economic development and an African country. I strongly urge you to speak with me as you develop ideas for your topic. In choosing a topic please follow this rule:

*Define and state your research topic as a single **question** ending with a question mark.*

This is a **requirement** for your topic paragraph. State the question clearly, and satisfy yourself that (i) it is worth researching, (ii) it can be answered adequately in 15 pages.

Here are some examples or research questions: *What is the effect of fertilizer subsidies on hunger in Malawi? Is micro credit effective in increasing women's income in Uganda? What is the economic driver of piracy on the Somali coast? Why has Nigeria failed to grow from oil revenues?* **You will want to find a very narrowly defined topic.**

RESEARCH: You should research your topic using books and academic journal articles. Read around your topic--first widely, then gradually focus in on the topic. When you find a book or article that is relevant, search down the books and articles cited in that book. A good place to start is in the bibliography of various texts used in class. Search the online database *ECONLIT* for academic journal articles. Some academic journals you may want to investigate include: *Journal of African Economies, African Studies Review, World Development, Economic Development and Cultural Change, Journal of Development Studies, Journal of Developing Areas*. Only use the popular press (New York Times, Time, Newsweek) for background research. Note that you may use information from the web, if it is well documented and reliable. What I mean by reliable is that it is research based and ideally published in printed form somewhere.

WRITING: You must write a minimum of 3,000 words (approximately 12 pages), of text in order to get a passing grade. Note that tables, charts, graphs, bibliography, etc. do not count in those 12 pages.

Hints on how to write:

Read *The Elements of Style* by William Strunk, Jr., and E. B. White, to learn how to write. The first 1918 edition is available free online at: [Strunk online](#). But note that the latest edition costs on \$4.68 on Amazon.com and will be the best \$4.68 (plus tax and shipping) you ever spent.

In the paper you should only briefly summarize what others have found, focusing primarily on your own insights. You should avoid long quotes, flowery language, or using the passive voice.

Summarize and evaluate the economic theory behind your topic using information from the class, textbooks, and other sources.

Make sure you focus on answering the research question you pose: (i) by showing how others have answered it, (ii) by evaluating the economic theory relevant to your question, (iii) by analyzing available data, and (iv) by developing your own insights into the problem from doing (i), (ii), and (iii).

Bibliography: You are expected to have between 10 and 20 references in your bibliography. As in all written work you must provide citations for all material that is not your own. A bibliography style sheet can be accessed at:

http://www.oxfordjournals.org/our_journals/ajae/for_authors/guide.pdf

PLAGIARISM: All work you hand in must be your own. Any instances of plagiarism or academic dishonesty on any assignment for this class will be severely punished. For more information on how to avoid plagiarism visit the writing center at:

http://writing.wisc.edu/Handbook/QPA_plagiarism.html

SELF-PLAGIARISM: You may not hand in a paper for this class that has been (or will be) handed in for another class. If you want to write a paper for this class that is on the same general topic as one you are working on for another class, please come see me in advance to approve conditions under which this could be acceptable.