

**Ec 82: Political Economy of Africa**  
**Final Examination**

Prof O'Connell

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**Instructions:** The exam is designed to take 2 hours, so there should not be time pressure. Choose any 4 questions and write a short essay that draws on empirical evidence and country examples where relevant and makes reference (constructively, critically, or both) to the analytical frameworks we have developed in the course.

1. In the Braverman/Kanbur analysis, how do (a) general equilibrium effects and (b) the reactions of domestic interest groups alter the predicted consequences of removing a subsidy on the consumption of imported rice, relative to a simple approach that ignores these effects? What are the implications for the design of structural adjustment policies?
2. Explain why the inflation tax is politically enticing for governments, why there are nonetheless tight limits on how much financing a country can get through this channel, and why a central bank with low credibility may end up with the same inflation tax revenues but a much higher inflation rate than a central bank with high credibility. How did the CFA arrangement restrain the over-use of the inflation tax between the early 1970s and the early 1990s? Was there a down-side to this restraint?
3. What is the 'conflict trap'? Critically assess Collier's proposals to ameliorate it in countries with a high risk of conflict.
4. Explain Jean-Paul Azam's two-region model of the political economy of redistribution. Does this model shed light on politics and economic policy in Nigeria?
5. How does Collier's natural resource trap differ from the Dutch disease? How do the appropriate political and economic strategies for managing natural resource abundance differ?
6. The January 2007 presidential election demonstrated the explosive potential of tribalism in Kenya. Are there lessons for Kenya from Tanzania, or from other African countries? Explain.
7. Herbst ends by arguing that the international relations system should find ways to 'de-certify' failed states in Africa, and 'recognize' new ones including sub-national units. What leads him to such a profound repudiation of Berlin/OAU rules? How convincing do you find his argument?
8. Collier argues that African countries may require temporary trade preferences in industrial-country markets for apparel and other labor-intensive manufactured goods. What is the basis for this argument? Is it relevant for all African countries? What domestic reforms, if any, would be required to make temporary preferences an effective spur to manufactured exports from Africa?