



Draft

Economic Research Southern Africa Activity

April 2015 – March 2016

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Director's Statement

ERSA is a nationally funded programme designed to both broaden the scope of economic research in South Africa, and to deepen its quality in order to ensure greater international exposure of economic research conducted in Southern Africa.

Toward this end ERSA has been mandated by its Board to publish a Working and Policy Paper series, provide financial incentives to researchers to publish their papers in peer reviewed scholarly journals, run a Workshop programme across a range of distinct focus areas in economics, and to provide support to graduate students in economics in Southern Africa.

This report provides an overview of our activities, which are detailed in the remainder of the annual report.

Two significant developments during 2015/16 were the completion and presentation of the second independent external review, and a set of discussions surrounding the future strategic direction of ERSA's activities, specifically the mandate of the ERSA programme.

The external review was comprehensive, and employed a methodology that allowed users and donors of ERSA to provide feedback both through survey responses, and through direct personal interviews. The external review is available online on the ERSA website. Pleasing is the strong expression of support of the quality and usefulness of the ERSA programmes by their users.

Since the principal donor of ERSA expressed the need for more policy directed output and programmes, the board of ERSA initiated a consideration of the strategic priorities of ERSA, particularly surrounding the workshop activity of ERSA. At present this discussion is still ongoing, and awaits finalization.

What follows covers the historical legacy programmes of ERSA.

The **Working and Policy Paper** series has grown to a total of 612 published papers. Approximately 100 papers are appearing in the series each year, while the peer review process that selects the papers for publication referees considerably

more contributions. The volume of publication, the width of coverage of sub-fields of economics, and the range of methodologies represented in the ERSA Working and Policy Paper series is unmatched by any other working paper series in Southern Africa.

The success rate of ERSA Working Papers appearing in scholarly journals also continues to rise steadily. The number of published papers has reached 272 (a 44% publication rate – high for any working paper series), of which 182 have appeared in international journals, and 90 in national journals. The high publication rate of the Working Paper series reflects the quality of referee input in helping to ready papers for peer review in journals, as well as the quality of the papers that are being published under ERSA's auspices.

The success of the Working & Policy Paper series is also evidenced in the number of downloads of papers from our website. The downloads has moved from 58,626 in 2013, to 103,281 in 2014, 79,627 in 2015, to 39,611 in the first 5 months of 2016. This is well above any other working paper series that is published in Southern Africa.

An additional feature of the Working Paper series is that it now consistently represents an important starting point for publications of emerging young faculty and graduate students. The feedback from the refereeing is clearly helping in preparing papers for journal submission, and improving the likelihood of acceptance of the papers by journals.

A consistent objective of ERSA has been to ensure that the research that it publishes has a policy impact. Toward this end, since 2015 ERSA has published a **Research Brief** series, issued once a week (though the series existed in more infrequent issues since 2013). This presents summary results from research, in concise and non-technical form. The series is circulated to the full ERSA database of email contacts, and is published on the website and by social media. Over the period to the close of the financial year, a total of 61 Research Briefs have been circulated.

As for the Working and Policy Paper series, downloads of the Research Briefs from the ERSA website attests to their success. Downloads have risen from 1,105 in 2013,

to 2,143 in 2014, 2,818 in 2015, to 1,612 in the first 5 months of 2016. Since the Research Briefs are circulated in full to the ERSA mailing list, downloads will reflect a fraction of the total number of reads of the series.

Workshop activity continued across all of ERSA's research groups. During 2015-2016, 14 workshops were held, and attendance at the workshops continues to represent a diverse representation of national institutions and demographics. A total of more than 89 institutions, of which 55 were South African, have been represented at ERSA workshops during this reporting period. Total attendance at the Workshops was 365, with 65 attendees coming from policy and government departments (18% of the total), 275 from universities, and 25 from the private sector.

The **ERSA Policy Associates**, during their three year tenure at ERSA have published 11 journal papers, 17 Working and Policy Papers, presented 14 policy seminars and 43 academic and conference seminars. The Policy Associates are also actively contributing to the publication of the Policy Brief series, two of the new ERSA Research Nodes were convened by Policy Associates, and they are led the training that is being conducted under the ERSA Internship Programme.

The two incumbent full-time Policy associates have concluded their contract with ERSA. That Biniam Bedasso is moving on to a fellowship with Princeton and Oxford, and Nonso Obikili has accepted a position with the African Heritage Institution, the premier Nigerian policy think tank headed by the former Governor of the Central Bank of Nigeria, Prof. Charles Soludo, is clear testament to the quality of the work that the Policy Associates have delivered over their tenure with ERSA. We congratulate them, wish them well in their future career, and will follow their development with interest.

Under the **ERSA scholarship scheme**, a total of 55 scholarships have been awarded to date, 52 for Masters, and 3 for PhD study. During the course of 2015 – 2016, 27 applicants responded to ERSA's scholarship funding invitation of R80000 for a one year full time Master's programme in Economics. Of these applications, 9 successful candidates from a diverse range of institutions throughout South Africa were selected and awarded with an ERSA scholarship for 2016. The demographic

breakdown of the 9 awardees is as follows: 1 black female, 1 white female, 3 black males and 4 white male.

The **Skills Development Initiative**, which is aimed at raising the technical skills of young faculty members for an active research career, continues with the final workshop on Panel Data Analysis for the 2nd cohort scheduled for May 2016, and a call sent out for applications for a new cohort (3rd) to attend the first training session on Time Series Techniques scheduled for early November 2016.

Meanwhile the 1st cohort successfully completed their 3rd and final training session on Cross-Sectional Techniques in November 2015.

Feedback from participants at the Skills Development workshops continues to be extremely positive. Delegates are proving successful in developing publication activity after workshop attendance, both in terms of working paper and journal paper production. The skills obtained should strengthen their capacity in this regard and increase motivation for research and publication of their research ideas.

ERSA's **Internship Programme** went ahead as scheduled during July 2015. During this period, ERSA hosted 6 interns, all from different South African institutions from around the country. The internship programme has proved to be a valuable tool for interns to gain experience. As a direct result of the internship programme one of our interns has now started a PhD at the University of Cape Town under the supervision of ERSA Policy Associate Co-Pierre Georg.

The **Measuring Institutions Project** headed by Dr Mare Sarr from UCT, continued with the second meeting held in November 2015 in Cape Town, followed by the 3rd meeting which took the form of a 2-day training session held in January 2016 for a comparative Latin American case study, supplied by Chile. Researchers from Côte d'Ivoire, Ghana, Nigeria and Senegal are collaborating on the development of consistent measures of institutions that have wide geographical coverage, and cover an extended time period, so as to capture distinct institutional dispensations and forms of governance. We anticipate the results from this phase of the project to be public by June 2016 for Côte d'Ivoire et Ghana. The Senegal case study is currently experiencing delays in the external validation stage. Countries for which such series

already exist include South Africa, Zimbabwe, Malawi, Zambia, Tanzania, Namibia, and more recently Nigeria and Kenya.

Noteworthy is that ERSA has received strongly positive and congratulatory feedback from the IMF regarding the innovativeness and rigour of the institutional measures, and I am pleased to note that the IMF has indicated an intent to employ the measures in its work.

As always, ERSA has benefited from the time, effort, and contributions of many people, particularly the research group convenors, and those who serve in the editorial process of the Working and Policy Paper series. Members of the Skills Development Committee have continued to work at generating a broader and more inclusive academic community in South Africa. Both ERSA Deputy Directors have been also borne a substantial burden on their time, particularly surrounding the strategic review of ERSA.

Once again, the ERSA Office team of Gloria Halland, Yoemna Mosaval and Megan Gelderbloem have distinguished themselves by their efficiency and dedication without none of our operations would be feasible.

The funding that ERSA has enjoyed from National Treasury continues to deserve the ongoing sincere thanks and recognition of the economics profession in South Africa.

There is no doubt in my mind that the strength of research activity in economics in South Africa would be far weaker at present, without the extensive support that National Treasury has extended to the profession over the past 11 years. We look forward to continuing to work with Treasury in pursuing the strategic objectives set out by the ERSA Board.



Johann Fedderke
Director

Summary of Existing ERSA Mechanisms

Economic Research Southern Africa (ERSA) is a programme whose primary objectives are:

- To provide for the management of a research programme focused on growth, employment and broadening participation in the South African economy.
- To create a network of economic researchers based in South African universities and to deepen economic research capacity in Southern Africa.
- To expand and broaden economic research capacity in Southern Africa, train and mentor young economists and create a supportive network to link Southern African economic researchers.
- To draw a broad and representative range of South African economists into a programme of policy-oriented research, and to encourage independent and expert economic research.

ERSA employs seven mechanisms designed to facilitate research activity in economics:

- The Research Group Programme
- A Working Paper and Policy Paper series.
- A Workshop Series.
- An Academic Visitorship programme.
- A programme of prizes for the best economics students in South Africa
- A Scholarship Programme in Graduate Studies in Economics
- Skills Development Programme
- An Internship Programme

In terms of governance, the Director of ERSA is accountable to the Board of ERSA for the use of the funding, and to the Academic Committee of ERSA for the academic content, direction and quality of its activities.

The ERSA Board

Membership of the ERSA Board consists of representatives of the donors to the ERSA programmes, the private sector and representatives of the academic community of economists in South Africa. Specifically, membership consists of:

- The Chair of the Board: Elias Masilela

- National Treasury: Monale Ratsoma, Konstantin Makrelov, Michael Sachs
- Private Sector: Chris Loewald, Elna Moolman
- The Director of ERSA: Johannes Fedderke
- Deputy Directors ERSA: Jan van Heerden, Nicola Viegi
- The Chair of the Academic Committee: Alain Kabundi
- Nominated Representative Academic Community: Waldo Krugell

The Academic Committee

Membership of the Academic Committee is determined by professional standing, and in the case of the Director of ERSA in ex office terms.

Membership for the 2015/16 period was as follows:

- Paul Alagidede, University of Witwatersrand
- Philippe Burger, University of the Free State
- Lawrence Edwards, University of Cape Town
- Johan Fourie, University of Stellenbosch
- James Fairburn, University of KwaZulu-Natal
- Johannes Fedderke, Director: ERSA
- Shakill Hassan, SARB & University of Cape Town
- Alain Kabundi, Academic Committee Chair, University of Johannesburg
- John Luiz, Graduate School of Business, UCT
- Andrea Saayman, North West University
- Asrat Tsegaye, University of Fort Hare
- Jan van Heerden, Deputy Director, University of Pretoria
- Nicola Viegi, Deputy Director, University of Pretoria

Meetings of the Academic Committee in order to provide oversight functions over the work of ERSA, and in order to consider any proposals placed before Academic Committee occur around June and November of each calendar year.

Current ERSA Office Bearers

The ERSA programme employs four research policy associates, and three administrators. It has a Director, and two Deputy Directors who contribute time to its activities on a part-time basis. Currently these office bearers are as follows:

- Director: Johannes Fedderke

- Deputy Directors:
 - Jan van Heerden
 - Nicola Viegi
- Policy Associates:
 - Biniam Bedasso
 - Co-Pierre Georg
 - Nonso Obikili
- Office Manager: Gloria Halland
- Program Co-Ordinator: Yoemna Mosaval
- Administrator: Megan Gelderbloem

The Research Group Programme

The objective of the ERSA research programmes are to identify leading researchers in core areas of research activity in economics in which there is critical mass, and to build networks of young scholars and emerging graduate students around the established researchers.

Currently, ERSA recognises five core research groups including four new node research groups.

These have been in the following areas:

Core Areas

- Macroeconomics and Economic Growth
- Microeconomics, Labour and Inequality
- Trade and Industrial Organisation
- Economic History
- Public Economics

Node Areas

- Financial Economics
- Theory
- Econometrics
- Political Economy

Research groups typically meet 2 times a year for workshop programmes relating to the presentation of new research findings, for networking and for the hosting of training workshops in new methodological departures in their areas.

The Working and Policy Paper Series

ERSA publishes two paper series. Publication is in electronic format on the ERSA website, at www.econrsa.org.

The Working Paper series is intended to carry research output that is of the strongest possible academic quality.

The Policy Paper series emphasizes findings that are policy relevant, but also aspire to highest possible standards of analytical rigor.

The key difference between the two series is thus principally one of the immediacy to policy relevance.

ERSA working paper submissions have changed to an electronic online format. Completed papers are submitted by authors via this online journal.

Evaluation is completed by the ERSA editorial team, consisting of the Director and Deputy Directors of ERSA for assignment to referees. In addition two or three affiliates from each research group have recently been appointed as associate editors in order to assist with this process. Referee's reports require author responses, and determine acceptance into the ERSA paper series.

Acceptance into the ERSA paper series is associated with a small financial incentive; publication in a peer reviewed learned journal is associated with an additional financial incentive, determined by the international academic standing of the journal in terms of the ISI rating service.

The Workshop Programme

One of the prime purposes of ERSA is to facilitate the exchange of ideas, in order to generate an acceleration of research activity.

An important mechanism designed to increase the interaction of academic and policy researchers will be the conduct of regular research workshops, in which invited participants present relevant research findings, identify new agendas for future work, and explore opportunities for collaboration.

The intention is to allow for workshops with three possible focuses:

- *Research Workshops*: Workshops whose primary purpose is to present research findings from both Southern African and international researchers that are "cutting-edge". The purpose of the workshops is to disseminate findings amongst researchers and policy makers, and to explore avenues for further work.
- *Training Workshops*: Workshops whose primary purpose is to disseminate new research techniques to as wide and inclusive an audience of Southern African researchers as possible. The primary objective of these workshops is to ensure that Southern African researchers remain abreast of international analytical innovations and research directions, and to disseminate national research strengths to as wide and inclusive a set of researchers as is feasible.
- *Networking Workshops*: Workshops whose primary purpose is to stimulate networks of researchers around research clusters, in order to realise critical mass in important research questions facing the Southern African region. Particularly important here is the inclusion of researchers from less active research institutions, in order to facilitate their participation in research initiatives and debates. Equally, the initiative is designed to include new researchers, and graduate students, in order to expose them to leading national and international researchers.

The opportunity to host workshops is open to any institution and/or researcher in Southern Africa. Applications are considered by the Academic Committee of ERSA, assessed for quality, and approved or rejected accordingly.

The Academic Visitorship Programme

The intention of the visitorship programme is to facilitate the interaction of South African researchers in economics with leading international scholars. In particular, the objective is to enable the transfer of human capital to South African researchers, as well as the collaboration of South African researchers with international scholars on research programmes of common interest.

The explicit intention of the academic visitorship programme is to:

- Attract leading international scholars.
- Facilitate academic exchange between Southern African institutions.

It is vital to note that the intention of the programme is not only to attract and interact with leading international scholars, but also to allow Southern African academics to increase the extent of their interaction, including in particular academics from historically disadvantaged institutions.

The Scholarship Programme

The long-term health of the economics discipline depends crucially on the quantity, but above all on the quality of future generations of researchers.

Retention of graduate students of the highest quality in Southern African graduate programmes has become increasingly difficult, particularly students from designated groups. This is often the case due to the opportunity cost of continuing with graduate courses, as well as the direct cost of course registration.

For this reason, ERSA introduced a scholarship programme with the intention to build long-term excellence in research and policy analysis in the field of economics.

While academic excellence is a necessary criterion, crucial too is the credible demonstration of the ability to succeed in a credible postgraduate programme in economics.

The Economics Prize Programme

As a means of incentivizing study in economics, ERSA introduced a mechanism for the recognition of student performance in the economics discipline.

To this end, ERSA grants monetary awards to the best two economics students in South Africa across all universities, in each year of study. The prizes nevertheless allow universities to recognize the best achievers in each year of study, and to motivate them to study further in economics.

The Skills Development Programme

Another important new initiative launched by ERSA over the past few years has been the Skills Development Programme. The objective of the initiative is to raise the technical

abilities of researchers in South Africa, by leveraging established researchers into a systematic skills development initiative.

In designing this training programme, consideration was given to a number of factors. First, we recognised the fact that to develop an individual's research capacity requires more than just a training programme in basic analytical techniques. There is need to have the right resources to do research and the individual must be keen. However, it is evident that without adequate skills, even when the resources are available and the individual is keen, he/she may still not be able to carry out quality research that can be published in good peer reviewed journals nor be able to supervise quality postgraduate research. Hence, we consider this training in the application of tools of economic analysis, focusing on basic econometric techniques, very important, especially in view of the fact that in the past the training in economics in South Africa had placed less emphasis on econometrics. Hopefully with some foundation laid, many may be able to benefit from the more advanced training programmes which would broaden the research capacity in South Africa.

The Internship Programme

The objective of this initiative is to provide up to six students pursuing a postgraduate degree in economics an opportunity to gain exposure and experience to policy relevant research work in the South African context.

The internships are eligible to any South African citizen who has shown academic excellence in economics studies with priority given to designated groups.

Report from the Chair of the Academic Committee 2015/2016

This year has been a very productive in terms of Working Papers published. Every year the number of published working papers has been increasing, and this year has been exceptional. The popularity of ERSA Working Paper Series (WPS) can be attributed to the fact researchers are using ERSA WPS as a vehicle of making the research visible to the academic community at large. In addition, the WPS cover a wide scope of topics in economic such that no field is left orphan. From January 2015 to March 2016, 105 papers were published, compared to 82 papers in the previous year. This year alone 40 papers have been published compared to 32 papers in the previous year. Research briefs have also increased in popularity owing mainly to their easy accessibility way beyond the academic audience. In total 51 research briefs were published since March 2015, of which 15 are published this year alone. This success would not be possible without constant efforts of editors and various reviewers. Besides working papers and research briefs, 13 workshops have taken place since January 2015. Importantly the number of workshops has declined due to the restructuring process ERSA is facing.

I am confident that the current transformation ERSA has embarked into will broaden the scope of ERSA and make it even more effective. I trust the National Treasury and the academic community will continue to provide supports which are crucial to enhance the quality of academic profession in economics in South Africa. Lastly, I thank executive members for their commitment and efforts which continue to make ERSA a successful story.



Alain Kabundi: Chair - Academic Committee
May 2016

Income and Expenditure Statement: 1 April 2015– 31 March 2016

Economic Research Southern Africa (NPC)

(Registration number 2010/002225/08)

Annual Financial Statements for the year ended 31 March 2016

Detailed Income Statement

Figures in Rand	Note(s)	2016	2015
Revenue			
Fund income		11,384,000	10,780,000
Other income			
Interest received	10	461,003	445,950
Uni wider project income		42,203	32,990
		503,206	478,940
Operating expenses			
Accounting, payroll and statutory fees		160,035	152,657
Advertising		68,184	200
Auditors remuneration	12	-	41,890
Bank charges		20,557	23,865
Board and academic committee meetings		199,523	258,486
Cleaning		12,809	12,469
Computer expenses		-	13,693
Conference fees		23,993	4,082
Department of Labour costs		25,990	16,732
Depreciation, amortisation and impairments		76,626	63,801
Employee costs		2,414,114	2,744,221
Entertainment		5,164	9,768
External review costs		445,740	-
Fines and penalties		-	528
IT - communications		60,887	51,928
IT - monthly contract		107,892	119,142
IT - software		2,959	2,139
IT - hardware		-	7,419
Insurance		31,725	29,517
Interns		122,435	198,190
Lease rentals on operating lease		726,317	655,783
Legal expenses		-	35,564
Office expenses		8,329	9,931
Placement fees		-	36,734
Postage		10,687	5,255
Printing and stationery		51,897	6,467
Prizes		184,600	149,227
Renovations and alterations		-	22,829
Repairs and maintenance		1,192	7,523
Research fees		2,391,907	962,116
Research initiative: Economic Growth - Measuring institutions		364,368	293,413
Research subscriptions - Scholar One		79,753	74,530
Scholarships		660,000	685,000
Skills development workshop		305,774	203,119
Small assets written off		-	33,404
Stipends- boards and conveners		172,609	161,819
Subscriptions - Business Day		4,374	-
Telephone and fax		30,240	29,256
Travel		265,606	464,366
Uni wider project costs		60,256	12,195
Website management		68,135	47,568
Workshops		1,688,228	2,668,640
		10,852,905	10,315,465

1. Policy Research Programme

Report from the Deputy Director Research 2015/2016

The year 2015/2016 has seen a consolidation of ERSA research work. The work of our research associates has produced highly relevant research which has been published nationally and internationally, while contributing to our understanding of the South African economic dynamics. The policy associates reports that follows describes in details these research output.

Ersa has also successfully completed the first phase of its participation to the UNU/Wider National Treasury project on firm level analysis using administrative SARS data. The results of our work, titled "Markups and Concentration in South African Manufacturing Sectors: an analysis with administrative data", is been presented to national policy makers and to national and international academia.

Overall the work done demonstrates the positive and direct role that ERSA can play in promoting the development of economic research and contribute positively to the policy process in the country

On the other hand we are rapidly moving at the end of the first research cycle of the organization. The research fellows currently employed by ERSA will be soon at the end of their contract and they are finding prestigious international opportunities. This gives us an opportunity to build the reputation of the organization and its linkages with African and international research institutions. Also, this requires to start planning the next research cycle of the organization, its research structure and its objectives, in light of the experience of the last three years and the new strategic direction of the organization.

Nicola Viegi, Deputy Director Research
May 2016

ERSA Policy Associate Report: Biniam Bedasso

The work I have done as ERSA Policy Associate during the last one year can be summarized as follows:

1. I have got one paper accepted for publication in an international peer-reviewed journal.
2. I have got one paper published in ERSA working paper series.
3. I produced two policy/research briefs based on academic papers written on the higher education in South Africa and property rights institutions in developing countries.
4. I assisted in organizing the third ESRA Political Economy workshop in Johannesburg.
5. I supervised two summer interns who participated in two projects related to the higher education and industrial policy in South Africa.
6. I have started working on a UNU-WIDER commissioned project on horizontal inequality in South Africa.

The paper I have written on college major choice and inequality in South Africa has attracted significant attention from the academic and journalistic communities. Accordingly, I was asked to prepare a short, non-technical version of the paper for a widely-read online outlet called 'The Conversation'. Some of the findings of the paper were used to shade light on the economic foundations of the 'fees must fall' movement.

One of the papers I have published while at ERSA, "Ethnicity, Intra-elite Differentiation and Political Stability in Kenya", has earned me the Africa Affairs African Author Prize 2014-2016 which will be handed to me in September 2016 at the University of Cambridge.

Biniam Bedasso, ERSA Policy Associate
April 2016

ERSA Policy Associate Report: Co-Pierre Georg

I joined ERSA as a Policy Associate in June 2013 on a part-time basis (~1 day per week). My primary task is to coordinate the financial economics node. My secondary task is to create contacts with the SARB to enable more researchers from South Africa (but also internationally) to conduct research projects in collaboration with the SARB and using SARB data.

In the reporting period from March 2015 to March 2016 I organized one workshop, at the Farm Inn in Pretoria and in collaboration with the South African Reserve Bank in November 2015. Our keynote speaker was Prof. Atif Mian from Princeton University, who is a world-leading expert on housing markets and SME financing. The workshop consisted of two parts. On the first day we combined the workshop with the SARB Financial Stability conference and about 25 ERSA delegates were able to attend this high-level policy conference. On the second day, we moved to the Farm Inn close to Pretoria for an ERSA workshop with about 25 participants. Most of them presented their ongoing work. What made the workshop special was that we had a number of international and senior academics, who were in Pretoria for the SARB conference, join the workshop and provide feedback to more junior academics. This was most useful because the juniors presented very early stage work and received, according to participants, most useful feedback on how to improve their projects.

The other thing that made the workshop special was that we concluded it with a "World Cafe" discussion, which is a structured discussion format to facilitate discussions about "The State of the South African Economy" among participants. The format is nice because it mixes groups and brings together participants who not normally interact. I chose this format because I noticed that at the last workshops there was a bit of segregation between academics from different institutions in South Africa. I think the exercise was very useful and I will repeat it at a future workshop.

I finished a consultancy at the SARB where I developed the Supervisory Data Explorer, a tool that allows policy makers to analyze supervisory data in real time. I conducted a study of the interconnectedness between shadow banks and banks in South Africa and reported to the Financial Stability Committee twice during this period. The tool is currently in use at the SARB and has been used e.g. to study

linkages between money market funds and ABIL before it's default. Going forward, the tool will enhance the SARB's capability to monitor various linkages in the South African financial system. As a follow-up to this project, I am currently consulting with the SARB to write a report on the Asset Management sector in South Africa. The report will include a detailed analysis of the sector and also include an analysis of existing data gaps and recommendations how to close these and how to improve the regulation of asset managers in South Africa. I am very happy about these developments because not only did they allow me to address one of the key events (the ABIL default) in the financial markets in the past couple of years, but also to have a direct and measurable policy impact. We have created a good dataset about shadow banks in South Africa and I am still busy combining this data with banking data and other data available at the SARB.

Over the past year, I taught a module in Econometrics at the UCT School of Economics as well as the first part of an Econometrics course with the MCom on Financial Risk Management that AIFMRM, where I am currently based at UCT, is convening. I am the deputy director of AIFMRM and was acting director while our director David Taylor was on sabbatical.

My group at UCT currently consists of one Postdoctoral Researcher, who will finish in June 2016, and five PhD students. My second Postdoc, a PhD from Stellenbosch, accepted a full-time Lecturer position at Stellenbosch in January 2016 and I was very excited to have contributed keeping him in academia by providing him with a 'gap year' while he was applying for positions. I was able to hire two more PhD students because I received a grant of R1.8 million from the Volkswagen Foundation to study "Spillovers of QE in industrialized countries on emerging markets" together with colleagues from Goethe University Frankfurt and NYU. One of the two PhD students is Jesslyn Jonathan, who was an ERSA intern in 2015. I am also supervising Michael Rose, who works on collaboration in academia, and co-supervising Gideon du Rand, who works on microeconomics of banking. I am currently busy working on a paper with Gideon and a co-author at the Bank of Canada, which we believe has excellent publication potential. In addition, I am supervising Esti Kemp, who works at the Financial Stability Department at the SARB and works on Shadow Banking in South Africa. In addition, I just concluded hiring three new Postdocs: Suraj Shekhar (PhD Penn State), Daniel Opolot (PhD Maastricht) and Christine Makanza (PhD UCT) who

will join me between June and August this year. While I am excited about all three of them (I advertised the position at a good time and received over 80 applications), I am particularly excited to have Christine with me. We will be working on a book about the future of the SA economy where the unique angle is that we look through the eyes of young South African and develop a vision of what young people can do to improve the state of our economy. An overview of my general research agenda is attached.

In January 2016 I published an ERSA working paper with Michael Rose entitled "Mirror, Mirror on the Wall, Who is the Most Central of Them All?". I published two ERSA research briefs in July and August 2015 about the Greek sovereign debt crisis. I contributed to the policy debate by publishing about 6 op-eds in South African newspapers, including two large pieces printed in the Business Day.

Finally, I am associate editor of the ERSA working paper series.

Co-Pierre Georg, ERSA Policy Associate

April 2016

ERSA Policy Associate Report: Nonso Obikili

I joined ERSA in July of 2013 tasked with broadening and deepening research on various topics in Economics. I am also tasked with conducting and publishing economic research particularly on topics in economic history, economic development and political economy. I have worked towards achieving these goals since then.

Since the last update in April 2015 I have published two papers in academic journals. The first publication is forthcoming in the *Economic History Review* and is titled "The Impact of the trans-Atlantic Slave trade on local political fragmentation in Africa". The second is published in the *Journal of African Economies* and is titled "The Impact of the Slave Trade on Literacy in Africa: Evidence from the Colonial Era".

I have two working papers which are currently being polished before being sent out. The first is "The Impact of Political Competition on Economic Growth: Evidence from Municipalities in South Africa". The second is titled "Markups and Concentration in South African Manufacturing Sectors: An Analysis with Administrative Data" with Johannes Fedderke and Nicola Viegi.

I also have papers which are in various stages of progress. "Climate, Yams and pre-colonial social organization in Africa" is currently a work in progress, and "Group Based Inequality: Patterns and Trends in South Africa" with Biniam Bedasso is also currently a work in progress. The group based inequality project is a joint project with UNU-WIDER.

Since April 2015 I have made presentations at the Economic Society of South Africa annual conference 2015, the World Economic History Congress 2015, the African Economic History Network annual conference 2015, the IMF/SARB workshop, the South African Reserve Bank, the National Treasury Department of Intergovernmental Relations, and the SARS/UNU-WIDER/National Treasury workshop on administrative data. I have also made presentations at the ERSA Economic History workshop in May, the ERSA political economy workshop in February, the University of Kwazulu-Natal, the University of Lagos, the Nigerian Institute of Socio-Economic Research, the Central Bank of Nigeria, and the Cape Town University of Technology Educational Sciences Department.

Nonso Obikili, ERSA Policy Associate
April 2016

2. The Workshop Programme

Statement by the Director of Capacity Building, ERSA 2015/2016

Working and policy paper series

ERSA has published 591 papers as at the end of March 2016. We have 12 Associate Editors to whom papers are assigned, who choose blind reviewers to read the papers. We have changed from a double blind system to one where only the reviewers are unknown to the authors, because it has become very easy to determine who the authors of papers are.

Journal publications

272 of the 591 working or policy papers have appeared as journal publications – 182 in international journals and 90 in national journals. That gives a conversion rate into journal publications of 46 per cent. The remarkable statistic is that 67 per cent of all the journal publications are international.

Academic Workshops

The workshops continued across research groups. During the past year 14 workshops were held and attendance at the workshops continued to represent a diverse representation of national institutions and demographics. A total of more than 89 institutions, of which 55 were South African, were represented at ERSA workshops during this reporting period.

Skills development training

The Skills Development Initiative continues with 2nd cohort due to complete their final workshop on Panel Data Analysis scheduled for May 2016, and a call sent out for applications for a new cohort (3rd) to attend the first training session on Time Series Techniques scheduled for early November 2016.

Meanwhile the 1st cohort successfully completed their 3rd and final training session on Cross-Sectional Techniques in November 2015.

Feedback from participants at the Skills Development workshops has been extremely positive, and some of the delegates already have developed publication records

subsequent to their attendance at the Workshop. The skills obtained should strengthen their capacity in this regard and increase motivation for research and publication of their research ideas.

Scholarships to Master's students

55 scholarships have been awarded to date, 52 for Masters, and 3 for PhD study. During the course of 2015 – 2016, 27 applicants responded to ERSA's scholarship funding invitation of R80000 for a one year full time Master's programme in Economics. Of these applications, 9 successful candidates from a diverse range of institutions throughout South Africa were selected and awarded with an ERSA scholarship for 2015. The demographic breakdown of the 9 awardees is as follows: 1 black female, 1 white female, 3 black males and 4 white males.



Jan van Heerden, Deputy Director Capacity Building

May 2016

Introduction

The Workshop Programme of ERSA continues to be one of the most active and widely used mechanisms that ERSA makes available to researchers in Southern Africa.

During 2015-2016, ERSA has hosted a total of 16 workshops across a wide range of areas in economics. The workshops have served the purpose of research dissemination, of training, as well as networking amongst researchers and policy makers, in order to lower transactions and dissemination costs of new results. In addition, ERSA pays close attention to the need to include young graduate students and academics from universities that have not traditionally been central to research activity in economics in South Africa, in order to allow wider participation in core research and policy debates that concern economists.

The areas covered by the workshops have included the following:

- Skills Development: Cross Sectional Techniques (Cohort 2)
- Joint Public/History: The Fiscal History of Sub-Saharan Africa
- History: Longitudinal Data in Africa History
- Macro Monetary: Economic Policy Challenges Ahead
- Trade and IO: 4th International Workshop on the Economics of Competition and Industrial Organization
- Theory: 3rd Economic Theory Workshop
- Skills Development: Panel Data Analysis (Cohort 1)
- Public: Microsimulation Modelling
- Finance: 3rd Annual Financial Economics Workshop
- Measuring Institutions in Africa: 2 Day Training workshop
- Econometrics: Bayesian Statistic in Econometrics
- Measuring Institutions in Africa: 2 day training meeting
- History: What church records can tell us about economic development
- Political: The Third Political Economy Workshop
- Theory: The Final Economic Theory Workshop
- Special: Politics, Finance and Growth Conference

A full list of workshops, including their institutional affiliation, the location in which they were held, for the April 2015 – March 2016 period, is listed in Table 1. A fuller description and report back for each workshop can be found in Appendix I.

Use of the workshop mechanism has been widespread by different universities in South Africa. Organisers of workshops have included the University of Cape Town, University of the Free State, University of Fort Hare, University of Pretoria, University of Witwatersrand and the University of Stellenbosch, amongst other contributors and participants.

International participation has been more widespread, and includes the following presenters:

1. Kleoniki Alexopoulou, Wageningen University – Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
2. Mohammed Mustafa Ali, Sudan International University – Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
3. Jutta Bolt, Rijksuniversiteit Groningen - Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
4. Erik Green, Ekonomisk-Historiska Institutionen - Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
5. Ellen Hillbom, Ekonomisk-Historiska Institutionen - Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
6. Noel Johnson, George Mason University - Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
7. Christian John Makgala, University of Botswana - Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.

8. Felix Makwinja, Malawi Government - Presented at the Joint Public and History, titled "The Fiscal History of Sub-Saharan Africa", held at STIAS, Stellenbosch from 25-26 May 2015.
9. Angus Dalrymple-Smith Wageningen University - Presented at Economic History workshop, titled "Longitudinal Data in African History", held at STIAS, Stellenbosch from 26-27 May 2015.
10. William Collins, Vanderbilt University - Presented at Economic History workshop, titled "Longitudinal Data in African History", held at STIAS, Stellenbosch from 26-27 May 2015
11. Jason Long, Wheaton College - Presented at Economic History workshop, titled "Longitudinal Data in African History", held at STIAS, Stellenbosch from 26-27 May 2015.
12. Michiel de Haas, Wageningen University - Presented at Economic History workshop, titled "Longitudinal Data in African History", held at STIAS, Stellenbosch from 26-27 May 2015.
13. Neil Cummins, London School of Economics - Presented at Economic History workshop, titled "Longitudinal Data in African History", held at STIAS, Stellenbosch from 26-27 May 2015.
14. Christopher Redl, Queen Mary University of London - Presented at the Monetary workshop titled "Economic Policy Challenges", held at the South African Reserve Bank Conference Centre, Pretoria, from 26-27 August 2015.
15. Thomas Youle, Dartmouth College - Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.
16. Stephan Frübing, Centre for European Economic Research (ZEW) - Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.
17. Ulrich Laitenberger, Centre for European Economic Research (ZEW) - Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.
18. Iwan Bos, Maastricht University - Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.

19. Andrea Gunster, ETH Zurich – Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.
20. Joseph Harrington, The Wharton School, University of Pennsylvania – Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.
21. Johannes Paha, Justus Liebig University Giessen – Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.
22. Felix Kübler, University of Zurich – Presented at the 3rd Economic Theory Workshop, held at the University of Pretoria, from 10-11 November 2015.
23. Falko Fecht Frankfurt, School of Finance and Management - Presented at the 3rd Annual Financial Economics Workshop, from 25-26 November 2015.
24. Adeline Pelletier, IE Business School – Presented at the 3rd Economic Theory Workshop, held at the University of Pretoria, from 10-11 November 2015.
25. Philipp König, DIW Berlin – Presented at the 3rd Economic Theory Workshop, held at the University of Pretoria, from 10-11 November 2015.
26. Francis Breedon, Queen Mary University of London – Presented at the 3rd Economic Theory Workshop, held at the University of Pretoria, from 10-11 November 2015.
27. Don Rubin, Harvard – Presented at the Econometrics workshop titled “Bayesian Statistics in Econometrics” from 4-5 December 2015.
28. Elizabeth Zell, Harvard - Presented at the Econometrics workshop titled “Bayesian Statistics in Econometrics” from 4-5 December 2015.
29. Ronald Wintrobe, University of Western Ontario – Presented at the Third Political Economy Workshop, held at Sunnyside Park Hotel from 16-17 February 2016.
30. Wanda Mimra, ETH Zurich – Presented at the Final Economic Theory Workshop, held at the University of Pretoria from 14-15 February 2016.
31. Pierre Fleckinger, MINES ParisTech – Presented at the Final Economic Theory Workshop, held at the University of Pretoria from 14-15 February 2016.
32. Panicos Demetriades, Leicester University – Presented at the Politics, Finance and Growth Conference, held at the South African Reserve Bank from 30-31 March 2016.

33. Svetlana Andrianova, Leicester University– Presented at the Politics, Finance and Growth Conference, held at the South African Reserve Bank from 30-31 March 2016.
34. Johan Rewilak, Leicester University– Presented at the Politics, Finance and Growth Conference, held at the South African Reserve Bank from 30-31 March 2016.
35. Robert Lensink, Groningen University– Presented at the Politics, Finance and Growth Conference, held at the South African Reserve Bank from 30-31 March 2016.
36. Loe ten Cate, Groningen University– Presented at the Politics, Finance and Growth Conference, held at the South African Reserve Bank from 30-31 March 2016.

A total of 365 people attended the 16 ERSA workshops of 2015/16. A breakdown of the attendance by demographic characteristics is provided in Table 1 below. What is clear is that attendance at conferences is not only diverse in terms of demographic characteristics, but also in terms of institutional affiliation as illustrated by Table 2.

Table 1 : Demographics of Workshop Attendance: April 2015 - March 2016

Workgroup	Name of Workshop	Convenor	Date	Institution/Place	WM	BM	WF	BF	Total
Skills Development	Cross-Sectional Techniques: Cohort 2	SD Committee R. Van Eyden R. Naraidoo	May 15	UP, Pretoria	0	4	2	4	10
History & Public - Joint	The Fiscal History of Sub-Saharan Africa	J. Fourie & P. Burger	May 15	STIAS, Stellenbosch	25	3	10	7	45
History	Longitudinal Data in African History	J. Fourie	May 15	STIAS, Stellenbosch	7	16	5	4	32
Monetary	Economic Policy Challenges Ahead	N. Viegi	Aug 15	SARB, Pretoria	27	26	4	11	68
Trade & IO	4 th International Workshop on the Economics of Competition and Industrial Organization	W. Boshoff	Sept 15	High Constantia, Cape Town	13	7	4	1	25
Skills Development	Panel Data Analysis (Cohort 1)	SD Committee R. Van Eyden	Nov 15	UP, Pretoria	0	8	0	2	10
Theory	3 rd Economic Theory Workshop	A. Zimper	Nov 15	International Hotel School, Cape Town	11	6	0	2	19
Public	Microsimulation Modelling	P. Burger	Nov 15	NMMU, George	4	13	2	9	28
Measuring Institutions	2 day training workshop	M. Sarr	Nov 15	Southern Sun Newlands, Cape Town	0	4	0	0	4
Financial	3 rd Annual Financial Economics Workshop	C. Georg	Nov 15	Farm Inn, Pretoria	6	11	1	2	20
Econometrics	Bayesian Statistics in Econometrics	M. v Maltitz	Dec 15	Monkey Valley, Cape Town	11	7	4	2	24
Measuring Institutions	2 day training workshop	M. Sarr	Jan 16	Penn State, USA	1	2	1	0	4
History	What church records can tell us about economic development	J. Fourie	Jan 16	Lutheran Church, Cape Town	10	8	7	0	25
Political	The Third Political Economy Workshop	G. Garzarelli	Feb 16	Sunnyside Park Hotel, Johannesburg	6	12	1	9	28
Theory	The Final Economic Theory Workshop	A. Zimper	Mar 16	UP, Pretoria	3	7	1	2	13
Special/Macro	Politics, Finance and Growth Conference	S. Koch	Mar 16	SARB, Pretoria	9	20	4	5	38
	Total				133	154	46	60	393

Table 2: Institutions represented at ERSA Workshops

ABSA

Accounting, University of Stellenbosch

Actuaries Without Frontiers

African Bank

African Institute for Mathematical Science

Airports Company SA

Alexander Forbes

American Cancer Association

Applied Fiscal Research Centre (AFReC)

Association for Savings & Investment South Africa (ASISA)

Aurecon

Australian National University

Bank of Namibia

BANKSETA

BA Isago University, Botswana

Benguela Health Group

Black Sash

British Museum

Bureau for Economic Research (BER)

Cadiz Securities

California Polytechnic State University

Cape Peninsula University of Technology

Cass Business School

Central European University

Centre for Affordable Housing Finance

Centre for Competition, Regulation and Economic Development

Centre for European Economic Research (ZEW)

CEPR

Cellule d'Analyse des Politiques Economiques du CIRES

Central bank of Congo

City of Cape Town

City of Johannesburg

Clinton Foundation

Columbia University

Community of Mandela Rhodes Scholars

Competition Commission South Africa

Conningarth Economists

Consultative Group on International Agricultural Research (CGIAR)
Council for Health Service Accreditation of Southern Africa
Council for Scientific & Industrial Research (CSIR)
Creamer Media
Dartmouth
De Nederlandsche Bank
Denmark
Departamento de Historia Economica e Instituciones Universidad Carlos III
Department of Agriculture, Fishing and Foresteries
Department of Basic Education
Department of Economic Development, Environment & Tourism, Eastern Cape
Department of Economic Development, Environment & Tourism, Limpopo
Department of Economic Development, Environment & Tourism, Mpumalanga
Department of Economic Development, Gauteng
Department of Health
Department of Health: Western Cape
Department of Labour
Department of Mineral Resources
Department of Trade and Industry
Department of Transport
Development Bank of South Africa
Development Policy Research Unit (DPRU)
Discovery
Discovery Financial Consultants
DNA Economics
Durban University of Technology
Düsseldorf Institute for Competition
East London Industrial Development Zone
Eastern Cape Department of Health
Econex
Edward Nathan Sonnenbergs Inc
Ekonomisk-historiska Institutionen
Elsenburg
ENS Cachan
Eskom
ERSA
Erasmus University, The Netherlands
European School of Management and Technology

ETH Zurich
Feasibility Pty Ltd
Ferere Hospital East London
Financial & Fiscal Commission
Financial Planning Institute
Financial Services Board
Frankfurt School of Finance and Development
Free State Treasury
Free University of Brussels
Friedrich Schiller Universitat Jena
Frost & Sullivan
Gauteng City-Region Observatory
Gauteng Provincial Government
Gauteng Provincial Treasury
Genesis Analytics
George Mason University
Georgia State University
Ghana Statistical Services
Glen Steyn Consultants
Government Technical Advisory Centre
Graduate Institute
Great Zimbabwe University
Gulu University
Harvard University
Health Systems Trust
Helen Suzman Foundation
Hollard Insurance
Human Sciences Research Council (HSRC)
Imperial College Business School & Centre for Health Policy
Independent
Industrial Development Corporation
INSTAT – Madagascar
International Development Research Centre, Canada
International Labour Organisation
International Monetary Fund
Kenya Bankers Association, Nairobi, Kenya
KZN Treasury
Jack Hammer Executive Headhunters

Justus Liebig University Giessen
J-PAL
KPMG
KZN Treasury
Leicester University
Liberty Life
London Business School
London School of Economics
Lund University
Maastricht University
Malawi Government – Ministry of Health – Mangochi District
Mapungubwe Institute for Strategic Reflection
MediClinic Southern Africa
Medical Research Council
Mercantile Law, University of Stellenbosch
Metropolitan Human Resources Management
MINES ParisTech
Mistra
Mosswick Investments
Moulay Ismail University
Multichoice
Mpumalanga Department of Finance
Mpumalanga Provincial Government
MSG Afrika Investment Holdings
National Agricultural Marketing Council
National Energy Regulators of South Africa
National Film and Video Foundation
National Treasury
National University of Lesotho
National Youth Development Agency
Nedbank
Nelson Mandela Metropolitan University
New York University
NKC Independent Economists
Nomura International
North West University
North West University – Mafikeng Campus
Northern cape Provincial Government

Norwegian University of Science & Technology
Office of the Premier: Limpopo
Ogilvy & Mather
Old Mutual
Organização Nacional Acreditação (ONA, Brazil)
Owen Graduate School of Management, Vanderbilt University
Oxford Policy Management
Oxford University
Oxford University Press
P&DM Wits
Pan-African Investment & Research Services
Paris School of Economics
Parliament
Penn State University
Petronas
Ports Regulator of South Africa
Princeton
Presidency Office
Provincial government of the Western Cape
Public Investment Corporation
Quantec
Queen Mary University London
Rand Merchant Bank
RBB Economics
Regenesys School of Public Management
Reserve Bank of Zimbabwe
Redeemer University
Renaissance Capital
Resolve
Rijksuniversiteit Groningen
Rhodes University
Royal Netherlands Institute of Southeast Asian and Caribbean Studies
SA Savings Institute
Sanlam
Sapienza
Sorbonne
South African Bureau of Standards
South African Government

South African Institute of International Affairs
South African National Treasury
South African Reserve Bank
South African Revenue Services
Southern African Labour & Development Research Unit (SALDRU)
Standard Bank
Stanford University
Stanlib
State University of New York
Stats SA
Stellenbosch Business School
Stockholm University
Sudan International University
Swiss Federal Institute of Technology
Swiss Finance Institute
Tariff and Trade Intelligence
Thebe Employee Benefits
The Presidency
Timnet Management Consulting
Tinbergen Institute
Trade and Industrial Policy Strategies
Transunion
Transnet
Treatment Action Campaign
Tshwane University of Technology
T-Systems International
Tyson Properties
United Nations Economic Commission for Africa, Ethiopia
United States Census Bureau
Universitat de Barcelona
Universitat Hamburg
Universidad de los Andes
Universidad de la Republica
Universitat Pompeu Fabra
Universite de Montreal
Universite Cheikh Anta Diop
University Kyoto
University of Alberta

University of Arizona
University of Bielefeld
University of Bologna
University of Botswana
University of California, Berkley
University of Cambridge
University of Cape Coast
University of Cape Town
University of Cape Town (Historical Studies)
University of Cape Town: Graduate School of Business
University of Constantine
University of Dar es Salaam
University of Fort Hare
University of Frankfurt
University of Ghana
University of Glasgow
University of Gothenburg
University of Groningen
University of Guelph
University of Guanajuato – Mexico
University of Helsinki
University of Johannesburg
University of KwaZulu Natal
University of Lagos
University of Limpopo
University of London
University of Mannheim
University of Namibia
University of National and World Economy, Bulgaria
University of Nigeria
University of Pretoria
University of South Africa
University of Southern Denmark
University of Stellenbosch
University of Swaziland
University of Sussex
University of the Free State
University of the Western Cape

University of Western Ontario
University of the Witwatersrand
University of the Witwatersrand: Graduate School of Business
University of Venda
University of Tilburg
University of Toulouse 1
University of Tuebingen
University of Venda
University of Zululand
UNU-Merit
US Embassy - Pretoria
Utah Valley University
Utrecht University
Vaal University of Technology
Vanderbilt University
Vryburg
Wageningen University
Walter Sisulu University
Western Cape Department of Health
Wesbank
Wheaton College
Wharton, University of Pennsylvania, Philadelphia
World Bank
WHU Otto Beisheim School of Management
ZEW Centre for European Economic Research

3. Working, Policy Paper and Research Brief Series

The ERSA Working and Policy Paper series remain very active, and constitutes a core element of the ERSA initiative to stimulate the range and depth of research in economics in Southern Africa.

Evaluation is completed by the ERSA editorial team, consisting of the Director and Deputy Directors of ERSA for assignment to referees. In addition two or three affiliates from each research group have recently been appointed as associate editors in order to assist with this process. Referee's reports require author responses, and determine acceptance into the ERSA paper series.

Submissions are subject to standard academic peer review, and acceptance into the series results in a R5000 financial pay-off. Subsequent publication in peer reviewed journals attracts an additional financial reward, on a nonlinear scale depending on the professional status of the journal accepting the paper. Journal rankings are provided by the ISI Thomson Web of Science impact factor adjusted ranking according to the total citations criterion, which is an international standard for journal rankings in economics.

The core objective of the mechanism is the provision of a clear incentive mechanism to researchers to both increase output, and to attempt to place their work in as highly placed a journal internationally as is feasible.

The rate of publication of working papers still remains at a satisfactory level. In the last annual report, ERSA was able to report the publication of 510 Working Papers and 20 Policy Papers. Since April 2015 to March 2016, this has increased to 591 Working Papers, and 21 Policy Papers.

The distribution of the topics of papers is wide ranging, and represents the general coverage of the ERSA mechanism.

What is especially pleasing about the papers appearing in the ERSA series is that they are meeting a high success rate in terms of publication in peer reviewed journals. To date, 272 out of the 591 Working Papers have been published, with a

number of additional papers forthcoming. Thus the publications rate currently stands at 46%. Also noteworthy is that of the published papers, 182 have appeared in internationally ranked journals, and 67 in unranked journals, giving a 67% proportion for internationally ranked as opposed to unranked.

The evidence is thus consistent with stated objective of ERSA to increase the publications profile of South African economists, and in particular to raise the international profile of Southern African based publications in economics. Given the structure of the financial incentive mechanisms surrounding the Working and Policy Paper series, this is not altogether surprising.

Research Briefs

Research Brief 23

Title: Father's Employment and Sons' Stature: The Long Run Run Effects of a Positive Regional Employment Shock in South Africa's Mining Industry

Martine Mariotti, May 2015

Abstract: It is now well known that early life environmental conditions affect a person's well-being over their lifetime. Adult height outcomes provide a valuable window into a person's in utero and early childhood nutritional intake such that within the same genetic group taller individuals have been exposed to higher quality nutritional intake. Height is important in that it relates to general health as well as cognitive development. Individuals with adequate early childhood nutritional intake are likely to be taller, healthier and more educated. Conversely, shorter individuals would have been exposed to poorer quality nutritional intake and would have poorer health as well as educational attainment which limits their opportunities in the job market.

Research Brief 24

Title: Transformation, Job Creation and Subsidies to Creative Industries: The Case of South Africa's Film and Television Sector

Alan Collins and Jen Snowball

Abstract: Many governments have tried to stimulate economic growth via creative industries policy. South Africa is no different, but has the additional aim of achieving social and labour market transformation post-apartheid. In 2004 the South African Department of Trade and Industry (DTI) introduced the "Film and Television Production Rebate Programme", with the main aim being to attract large budget foreign films to facilitate foreign capital inflow and skills transfer. It was amended in 2008 to include support for the local film and television industry, and in 2011/2 to include post-production activities for foreign productions, and the removal of a R10m subsidy cap for local and international films. The stated aims of the incentives are (i) to attract big budget production and post-production film and television projects; (ii) to stimulate the industry, encouraging job creation and skills transfer; and (iii), the "enhancement of the international profile" of the South African film and television sector (DTI 2012).

Research Brief 25

Title: The Effects of Teacher Strike Activity on Student Learning in South African Primary Schools

Gabrielle Wills

Abstract: In South Africa, teacher unions and industrial action are defining features of the schooling landscape. In recent years, schools have seen the most intensive industrial activity among teachers in post-Apartheid history, either in the form of full-blown strike action or 'work-to-rule' behaviour. Consequently teacher unions, and specifically the most dominant South African Democratic Teachers' Union (SADTU), have been heavily criticised for their disruptive effects on the general functioning of the schooling system and on student learning. In response South Africa's ruling party, the African National Congress, tabled a proposal for the declaration of teaching as an 'essential service' to prevent further losses to schooling days and the general disruptive outcomes of industrial action in schools. However, very little is known about whether teacher strike action has in fact had negative consequences for student achievement.

Research Brief 26

Title: How do we explain the persistently high rate of unemployment in South Africa? Exploring Preference Shifts in Capital and Labour Demand

Heinrich R. Bohlmann and Marthinus C. Breitenbach

Abstract: Our research attempted to quantify the magnitude of shifts in industry preferences between capital and labour in the South African economy over the period 2007 to 2013. This research also aimed to help explain the country's persistently high rate of unemployment. Over this period real GDP growth averaged 3.5% with average employment growth of only around 1.6% per annum. With only moderate productivity growth over the period, growth in capital stock was found to be much higher than employment growth.

Research Brief 27

Title: A Disaggregated Analysis of Product Price Integration in the Southern African Development Community

Neil Balchin, Lawrence Edwards and Asha Sundaram

Abstract: Integrated product markets are characterised by the absence of (or very low) barriers to commerce and the movement of goods. More integrated product markets are expected to experience higher volumes of bilateral trade, stronger competition and greater convergence in relative prices. Progress towards greater market integration should be reflected in lower price differentials for similar products across markets.

Research Brief 28

Title: Programmatic Procurement: A Political Economy Review of the Transnet Freight Rail Competitive Supplier Development Programme (CSDP)

Ayabonga Cawe

Abstract: Public procurement policies in a nation such as South Africa do not only serve as purchasing guidelines. They also function as a tool of socio-economic development, historic redress and industrial policy. South Africa faces significant infrastructure challenges, in the energy and transport sector, as a result of decades of underinvestment by public entities, such as Transnet, in those sectors. Transnet has projected R300 billion in spending to upgrade their operational infrastructure over the next two decades. Incidental labour absorbing sectors in the component manufacturing and other sectors

have been affected by low public investment, with reduced orders from a dominant firm like Transnet. With the need for public investment in rail infrastructure established, the report analyses some of the dynamics underpinning the use of public spending as an instrument of industrial development.

Research Brief 29

Title: Private Shareholding and Public Interest: An Analysis of an Eclectic Group of Central Banks

Jannie Rossouw

Abstract: Although the title seems to be a contradictio in terminis, this paper identifies a small eclectic number of central banks with private shareholders on which little has been published. It is shown that only the central banks of Belgium, Greece, Japan, South Africa, Switzerland and Turkey allow shareholding by the general public, while the Bank of Italy and the 12 Federal Reserve Banks in the United States allow shareholding by commercial banks only.

Research Brief 30

Title: The Impact of Political Competition on Economic Growth: Evidence from Municipalities in South Africa

Nonso Obikili

Abstract: This paper examines the impact of political competition on economic growth. I argue that under certain circumstances, political competition can be a hindrance to growth and to improvements in the provision of public services. Using South Africa as a case study, I show that municipalities with lower levels of political competition have grown faster over the last 20 years and have shown the most improvement in supply of some public goods.

Research Brief 31

Title: A Dream Deferred: the Microfoundations of Direct Political Action in Pre- and Post-democratization South Africa

Biniam E. Bedasso and Nonso Obikili

Abstract: The public display of discontent is an essential feature of a democratic political order. In a democratic society, citizens can employ direct or indirect political action to ensure that their voices on political and economic matters are heard. However, persistent protests might endanger the stability of young democracies particularly because the economic legacies of the old autocratic regimes tend to outlive the defunct political structures. This contributes to simmering discontent. In South Africa, the steady increase in direct political action in recent years symptomizes a worrying trend of institutionalized mechanisms failing to address socioeconomic malaise.

Research Brief 32

Title: The role of banks in money creation

Nicholas Spearman

Abstract: The phrase "banks create money" forms part of popular discourse, but it conveys an erroneous message of the banks' role in the money creation process. The topic is particularly relevant today because the notion that banks can create money out of nothing has generated public anger and recent publications by the BoE fuel the misunderstanding. Without clarity, the misguided belief that banks create money out of

nothing will continue to influence models of the financial sector and monetary policy interventions

Research Brief 33

Title: Financial Liberalisation and Economic Growth in the SADC

Pierre Le Roux and Clement Moyo

Abstract: The major priorities of the SADC include trade, economic liberalisation, poverty eradication and infrastructure development to support regional integration. SADC have set a number of policies or targets to foster regional and economic integration amongst member countries. These targets include having a SADC free trade area, customs union, common market and the establishment of a monetary union. In order to achieve these targets SADC have proposed greater co-ordination between its member countries with regards to macroeconomic variables such as inflation rates, current account deficits as percentage of GDP, fiscal deficits as a percentage of GDP and public debt as a percentage of GDP.

Research Brief 34

Title: Four Lessons from the Greek sovereign debt crisis

Co-Pierre Georg, Hylton Hollander, Michael E. Rose

Abstract: Over the past five years the Greek economy has steadily deteriorated to three quarters of its size. Arguably, the inability of Greece to endure the global financial crisis had its roots in an unsustainable fiscal path and a shallow economic system. We study the Greek case to draw some important lessons for South Africa. While South Africa has some harrowing parallels to Greece, two important differences work in our favour: a deep and liquid financial market and monetary policy autonomy.

Research Brief 35

Title: The Importance of New Power Generation in South Africa

Jessika A. Bohlmann, Heinrich R. Bohlmann and Roula Inglesi-Lotz

Abstract: The lack of adequate and reliable electricity supply has been directly affecting the South African economy since the first series of blackouts occurred in 2008. Recognising the looming crisis, Eskom and the Department of Energy launched the New Build Programme in 2005 whereby previously mothballed coal-fired power stations such as Camden and Grootvlei were recommissioned and two new modern coal-fired power stations, Kusile and Medupi, with a generation capacity of 4800MW were commissioned to be built. However, delays in the building of these new power stations, inadequate maintenance of existing plants, along with a steady increase in demand relative to a stagnant supply culminated in a second wave of load shedding across South Africa at the end of 2014. At the time of writing, South Africa's economy is in desperate need of an expansion of electricity supply to facilitate economic growth and development. In this regard, the role of Kusile and Medupi is essential, and provides the motivation for the research conducted in this study.

Research Brief 36

Title: Debt must be invested, not consumed

Co-Pierre Georg, Hylton Hollander, Michael E. Rose

Abstract: International capital flows often follow what Charles Kindleberger called a debt cycle. A young debtor country has net external debt, which it increases even further by

running a current account deficit. A mature debtor runs a current account surplus, which repays the external debt. At some point, the young debtor country turns into a young creditor and builds net claims on the rest of the world. Finally, a senior creditor country has net savings but runs them down in a current account deficit. South Africa is facing the risk of being stuck in the status of a young debtor country because debt taken on today is not invested, but rather consumed.

Research Brief 37

Title: Measuring the impact of educational interventions on the academic performance of academic development students in second-year microeconomics

Leonard C. Smith and Vimal Ranchhod

Abstract: The poor academic performance of students at South African tertiary institutions is cause for concern and is reflected in low graduation rates across the sector. Of particular concern is the low graduation rate achieved by students who come from socially and educationally disadvantaged backgrounds. In response to this situation tertiary institutions have introduced a variety of academic development (AD) programmes and courses designed to enable such students to realise their full academic potential.

Research Brief 38

Title: A regional perspective on AID and FDI in Southern Africa

H. Bezuidenhout

Abstract: The global trend for official development assistance continues to decline in favour of philanthropic focussed and specific assistance on the one hand and Foreign Direct Investment (FDI) on the other. A further development in the global development sees 2015 the introduction of the New Development Bank (NDB) (NDB, 2015). This multilateral bank sponsored by the BRICS states aim to provide development support for the developing world with less interference in domestic affairs than the Worldbank. The new model will mostly be funded by China and provide long-term low or zero percent interest (Forbes, 2015).

Research Brief 39

Title: Rising unemployment in post-apartheid South Africa: temporary or persistent?

Dieter von Fintel and Rulof Burger

Abstract: The fact that South Africa's high unemployment rate continued to rise during the first decade after the political transition - and this despite the same period coinciding with the economy's longest business cycle upswing - suggests that the labour market was undergoing a shift of its own to a new high unemployment equilibrium, that was not driven by short-run cycles. Which factors facilitated this long-run change, and how should we view this episode in light of future labour market prospects?

Research Brief 40

Title: Loud and Clear: Can we hear when the SARB speaks?

Monique Reid and Stan du Plessis

Abstract: Communication has become critically important for modern monetary policymakers. The reasons are two-fold: to ensure appropriate accountability for increasingly independent central banks and to improve the management of expectations. However, research has tended to focus more on the effects of the actions of central banks, rather than their communication. In South Africa all previous studies of the extent

to which the South African Reserve Bank (SARB) 'creates news' or 'reduces noise', investigate the movement of market interest rates in anticipation of, or in response to, monetary policy action. In constructing an index to capture the nature of the forward-looking communication in the SARB's monetary policy statements, this research (Reid and Du Plessis, 2010) extends the South African literature by concentrating specifically on the SARB's communication.

Research Brief 41

Title: A comparison of inflation expectations and inflation credibility in South Africa: results from survey data

Jannie Rossouw, Vishnu Padayachee and Adel Bosch

Abstract: Inflation expectations receive considerable attention in the inflation reports of central banks in inflation-targeting countries as they play a key role in informing monetary policy. Inflation expectation surveys among consumers in South Africa are undertaken with the financial assistance of the central bank, while inflation perception surveys among consumers are a private initiative. Inflation perceptions describe and/or report views of consumers on past price level movements and historic inflation, while inflation expectations of consumers describe and/or report views on the expected future trend and movement in price levels and, therefore, inflation.

Research Brief 42

Title: Towards conserving the rhino: an economic analysis

Douglas J. Crookes and James N. Blignaut

Abstract: Populations of southern white (*Ceratotherium simum simum*) and black (*Diceros bicornis*) rhino are threatened by poaching to the extent that the survival of the species is in question. Debate has revolved around different ideological positions, with proponents firmly adopting different positions, either a pro-market approach (legalised trade) or an anti-market approach (no legalised trade). Ideologically-based debates rarely have constructive outcomes since each party is defending their argument based on an a priori position that is unlikely to be influenced by the other as that would imply the capitulation of an ideology in favour of the other. Our two years of research into the subject had as its objective a systematic and empirical (model-based) evaluation of whether the trade in rhino horn should be legalised or not.

Research Brief 43

Title: Labour market and monetary policy in South Africa

Vincent Dadam and Nicola Viegi

Abstract: Unemployment is the defining characteristic of the South African economy. The dimension of the problem has generated a large academic and political literature studying its determinants and characteristics. This literature sees the rise of unemployment in South Africa as a combination of structural changes in labour demand with an increase in capital intensity and skills-based technical progress, and institutional constraints on the labour-supply side, especially downward rigidities of wages due to bargaining institutions and relatively high reservation wages.

Research Brief 45

Title: Portfolio Flows in a two-country RBC model with financial intermediaries

Haakon Kavli and Nicola Viegi

Abstract: Policy makers in emerging markets are increasingly preoccupied by the effect of global capital flows on the stability of their economy. Over the last decade, emerging markets have been battered by huge waves of capital inflows and outflows, seemingly unable to exert any control on their own economy. Commentators often argue that once a small economy opens to international financial market its policy is dictated by global factors at the expense of internal objectives. There is a large literature analysing the issue but few formal analysis that capture the link between global factors, capital flows and local economic conditions. Kavli and Viegi (2015) in the paper titled "Portfolio Flows in a two-country DSGE model with financial intermediaries" present a model to illustrate the effect of global capital flows on a small emerging economy and to help identifying the policy options available to an emerging market policy maker.

Research Brief 46

Title: How Does Human Capital Shape the Social Contract?

Biniam Bedasso

Abstract: This research brief presents the key findings and potential policy implications of an empirical paper on the link between education and institutions. Specifically, the paper seeks to examine the impact of education on corruption and law-and-order at different levels of political and economic development. In so doing, I attempt to investigate the contribution of aggregate human capital to the underlying social contract. The choice of corruption and law-and-order as outcome variables of social contract is meant to have both the classical liberal (John Locke) and absolutist (Thomas Hobbes) schools of thought, respectively, represented in the analysis. I use country level panel data on education, corruption, law-and-order and other controls for as many countries as data is available.

Research Brief 47

Title: Accounting for Productivity Growth: Schumpeterian versus Semi-Endogenous Explanations

Johannes W. Fedderke and Yang Liu

Abstract: In this paper we analyze whether empirical evidence across a range of countries and manufacturing sectors favours semi-endogenous or Schumpeterian accounts of efficiency gains. Which theoretical framework finds support carries profound implications for policy. Under Schumpeterian productivity growth there exists the prospect sustainable unbounded growth. Under semi-endogenous growth productivity is constrained.

Research Brief 48

Title: College Major Choice, Spatial Inequality and Elite Formation: Evidence from South Africa

Biniam E Bedasso

Abstract: Recent protests across several universities in South Africa suggest that the impact of inequality on human capital formation may have become profound enough to affect social cohesion in the country. In a country like South Africa and in an era where education is an important driver of social mobility, inequality perpetuates itself through human capital formation. As one goes up the education ladder, differences in income will be as much about the type of training acquired as about the number of years spent in school. Hence, understanding inequality, especially in the middle part of the income distribution, requires having a good grasp of factors influencing the allocation of heterogeneous human capital. The impact of the allocation of specialized training is likely

to be pronounced in countries such as South Africa where it has more power to shape the composition of elites and the nature of the middleclass.

Research Brief 49

Title: Indirect Taxation and Gender Equity: Evidence from South Africa

Daniela Casale

Abstract: The paper explored the equity implications of indirect or consumption taxes (VAT, excise duties and the fuel levy) from a gender perspective, using detailed expenditure data from the 2000 Income and Expenditure Survey. While a growing literature on the incidence of indirect taxes investigates their impact on the income distribution in developing countries, there is little work on whether indirect taxes have differential gender outcomes. Although the indirect tax code does not explicitly differentiate between men and women, an implicit gender bias is likely to exist in taxes that are levied on consumption expenditure, because men and women (and their households) spend their incomes on different types of goods, or on goods that are taxed differently. To estimate the gender incidence of indirect taxes, households were classified as 'female-type' or 'male-type' according to their demographic and economic attributes, namely headship and the presence and employment status of adult men and women in the household.

Research Brief 50

Title: Is Water Shedding Next?

James Blignaut and Jan van Heerden

Abstract: South Africa has experienced frequent power outages, better known internationally as "brown outs", but locally referred to as "load shedding." The question we posted in this research was whether we were heading in the same direction when considering water? Is water shedding inevitable? We asked these questions since South Africa is a country classified as having chronic water shortages, a condition exacerbated by climate change and the rapidly increasing demand for water. Could we avert a water shedding crisis by being proactive?

Research Brief 51

Title: Border Tax Adjustments to Negate the Economic Impact of an Electricity Generation Tax

R. Seymore, M. Mabagu and J van Heerden

Abstract: In the 2008 Budget Review, the South African government announced its intention to levy a 2c/kWh tax on the sale of electricity generated from non-renewable sources. This measure was intended to serve a dual purpose of helping to manage the current electricity supply shortages and to protect the environment (National Treasury 2008).

Research Brief 52

Title: How does a change in the excise tax on beer impact beer retail prices in South Africa?

Caitlan Russell and Corné van Walbeek

Abstract: Alcohol abuse in South Africa is a major problem, resulting in many thousands of needless deaths every year, including those of many innocent third parties. This has prompted the Minister of Health, Dr Aaron Motsoaledi, to introduce legislation to

Parliament to introduce measures that are aimed to reduce alcohol use and abuse. Even though a majority of adults indicate that they do not consume alcohol, those that do drink often so in excess and/or irresponsibly. In fact, South Africa's "pattern of drinking" is one of the worst in the world, being surpassed only by Russia and some ex-Soviet countries.

Research Brief 53

Title: Emerging multinational corporations: Theoretical and conceptual framework by **Mustafa Sakr and Andre Jordaan**

Abstract: A process of going multinational could tangibly improve competences of corporations and governments of emerging markets, particularly those based in Africa. They are assumed to be interested in adopting what is referred to as outward foreign direct (OFDI) promotion policies envisaging initiating and boosting the global orientation of their own firms. In other words, shifting their firm's orientation, from focusing mainly on the domestic market as a unique destination to being an international actor. To assure effectiveness of OFDI promotion policies, the policy maker should be well acquainted with the key salient features of multinational corporations (MNCs) based inside the borders of his national economy.

Research Brief 54

Title: Nowcasting Real GDP growth in South Africa
Alain Kabundi, Elmarie Nel and Franz Ruch

Abstract: A common problem policymakers, economists and forecasters face is the lack of essential economic data in real time. The information needed is often only available at lower frequencies and published with a considerable lag. This is the case with real gross domestic product (GDP), which is the single most relevant variable describing the path of the economy. GDP is used, together with inflation, to substantiate the direction of monetary policy. However the delay in GDP releases makes it difficult to predict the current state of the economy with accuracy. One way to improve this accuracy is to use higher frequency economic information more readily available in real time. Although some forecasters use judgement to incorporate higher frequency data into their forecasts, most models cannot incorporate this data because of three common challenges. First, higher frequency data are not released in a synchronous fashion, which means there tend to be gaps towards the ends of the sample. Second, information is not released at the same frequency; a quarterly projection model cannot use daily data. Finally, most traditional econometric models are unable to accommodate a large set of information.

Research Brief 55

Title: Underemployment in South Africa
Rochelle Beukes, Tina Fransman, Simba Murozvi & Derek Yu

Abstract: When reference is made to the South African labour market it is often described as being inflexible, characterised by the shortage of skilled labour and over-supply of semi-skilled and unskilled labour. Other structural issues also bring to mind the mismatch of skills possessed by the labour force in relation to skills required by the economy. As a result, for many years, South African economic policy has been centred on the reduction of unemployment. Despite this, one of the major socio-economic issues South Africa is still grappling with to date remains the persistently high level of unemployment (5.5 million of the labour force were unemployed, while unemployment rate was 26.3% in the first quarter of 2015).

Research Brief 56

Title: Festival Fringe Production and the Long Tail
Jen Snowball

Abstract: In the past 15 years, there has been a worldwide proliferation of arts festivals, including so-called “fringe” festivals (Finkel, 2009; Botha et al., 2012; Garrison, 2012). Originally, fringe festivals occurred on the edges of main festival programmes, and encouraged more experimental and avant-garde productions, providing alternative, rather than substitute, experiences to shows on the main programme (Frew and Ali-Knight, 2010). Research has shown that, in addition to the economic or financial impact of arts festival, they can also play an important role in the maintenance and development of cultural and social capital, identity formation, and even social change (Getz, 2010; Snowball and Willis, 2006; Snowball and Webb, 2008).

Research Brief 57

Title: Climate, Technological Change and Economic Growth
George Adu and Paul Alagidede

Abstract: A change in the global climate has been seen by many as a key threat to long-run economic growth. Many potential channels of transmission have been identified both theoretically and empirically, and a negative growth effect from climate change is not a conclusive one. Following the oil price shocks in the 1970s, the world entertained such fears with regards to the world exhausting its supply of energy resources. However, technological innovation has almost removed the fear of energy exhaustions. The interesting question that this paper asks is whether technological change will make nonsense of the fear that climate change will halt worldwide economic growth and hamper poverty reduction efforts in the developing world. Since countries and regions differ in terms of their ability to develop and adopt new technology, the impact of climate change on economic growth will differ across the regions of the world. Even in the world of equal access to existing technology, differences in factor endowments will imply differences in the impact of climate change across regions, unless technological change is neutral (benefits all factors of production equally) and the share of the climate sensitive sector in aggregate output is equal across regions of the world. None of these conditions is likely to hold in practice. The obvious implication is that climate change will affect world income distribution by hurting some countries more than others. There are two possible adaptation responses. • Developing and applying climate resistance technologies to mitigate the negative effects (both direct and indirect) of climate change; • Developing and applying technologies that reduce the dependence of the economy on climate sensitive sectors. Fortunately, these two responses are complementary. However, these require that both the rate and the direction of technological change are endogenous.

Research Brief 58

Title: Piketty’s Capital and Private Wealth in South Africa
Anna Orthofer

Abstract: In his bestselling *Capital in the 21st Century*, Thomas Piketty drew the world’s attention to the fact that private wealth in rich countries had grown significantly faster than national incomes for more than four decades. Since wealth tends to be concentrated in far fewer hands than incomes, this observation raises concerns about increasing levels of inequality.

Research Brief 59

Title: Financial Innovation and Money Demand in Sub-Saharan Africa

J Paul Dunne and Elizabeth Kasekende

Abstract: Understanding the relationship between money demand and its determinants has been an important research focus over the years, mainly because of its importance for monetary policy. Recently, however, evidence has emerged for a number of countries to suggest that the traditional money demand relationships may have changed and a popular explanation for this has been the rapid growth in financial innovation. While the effect of financial innovation on money demand has been widely researched in industrialised countries, few studies have focussed on developing countries, which is rather surprising given the remarkable growth in financial innovation in some developing economies. Sub-Saharan Africa not only saw financial reforms and the liberalization of exchange rates and interest rates in the 1980s and 1990s, but more recently the introduction of ATMs and debit cards and even more recently the phenomena of mobile money, which started in Kenya in 2007 and quickly spread to other countries.

Research Brief 60

Title: Recent Growth Performance in Sub-Saharan Africa (SSA): What should Policy Makers in these countries be concerned with?

Beatrice Desiree Simo-Kengne

Abstract: The recent decades have witnessed a series of global turbulence with significant impact on the economic performance worldwide. Unlike western economies which have been weighed down by weak economic activity, the recovery has remained strong in developing countries and particularly in Sub-Saharan Africa (SSA) with an average economic growth rate of 5.8 percent in 2012, higher than the developing countries average of 4.9 percent (World Bank, 2013). This favourable growth prospect is broadly attributed to oil production, mining, agriculture, services and the domestic demand (McKinsey Global Institute, 2010). However, SSA countries still face significant challenges in terms of limited economic diversification, poor governance and quality of institutions and unemployment which will adversely impact their long term economic growth path.

Research Brief 61

Title: Latecomer challenge: African Multinationals from the periphery

Grietjie Verhoef

Abstract: Multinationals from emerging markets display different characteristics from the early multinationals from the first world. The growing trend of internationalisation of business from Africa trails the trend from East and South East Asia. Recently outward foreign direct investment (OFDI) flows from Africa is rising. The OFDI from Southern Africa constitutes the largest proportion of OFDI from the continent, with OFDI from North Africa in the second position. South Africa is the single largest contributor of OFDI in 2013. The policy context of East Asia has encouraged entrepreneurship and provided a policy context conducive to the development of corporations able to seek access to global markets. In Africa East Africa is the fastest growing market outside South Africa, from where business globalisation occurs. The domination of South African firms globalising will increasingly come under threat as conducive policy contexts in East Africa may attract investors desirous of utilising that environment.

Research Brief 61

Title: Sometimes you don't make enough money to buy food: An analysis of South African Street wastes pickers income

Jacoba Viljoen

Abstract: One of the aims of the National Development Plan (NDP) is the eradication of poverty and the reduction of inequality (NPC, 2011, p. 354). To ensure that "individuals are engaged in meaningful activity, and vulnerable groups and citizens are protected from the worst effects of poverty", effective policies are needed (National Planning Commission, 2011, p. 409). Policies should further be based on informed decisions. Policies based on uninformed decisions, might harm the intended beneficiaries.

Table 3 : ERSA Working Paper – Publication Breakdown

Number	Author/s	Title	Journal	Ranking
01	J Fedderke, C Kularatne & M Mariotti	Mark-up Pricing in SA Industry	2007, Journal of African Economies	International
02	M Demertzis & N Viegi	Inflation Targets as Focal Points	2008, International Journal of Central Banking	International
03	S Hassan	Optimal timing of defections from price-setting cartels in volatile markets	2006, Economic Modelling,	International
05	J Fedderke, J Luiz & R de Kadt	Using Fractionalization Indexes: deriving methodological principles for growth studies from time series evidence	2008, Social Indicators Research,	International
06	L Edwards & A Behar	Trade liberalisation and labour demand within SA manufacturing firms	2006, Studies in Economics and Econometrics,	National
12	J Fedderke & A Romm	Growth Impact and Determinants of Foreign Direct Investment into SA, 1956-2003	2006, Economic Modelling,	International
15	J Fedderke & J Luiz	The Political economy of institutions, stability and investment: a simultaneous equation approach in an emerging economy – the case of SA	2008, Journal of Development Studies,	National
18	J Fedderke & P Flamand	Macroeconomic News ‘Surprises’ and the Rand/Dollar Exchange Rate	2005, Studies in Economics & Econometrics,	National
21	K Pauw & L Edwards	Evaluating the general equilibrium effects of a wage subsidy scheme for SA	2006, South African Journal of Economics,	Internationally ranked

22	J Fedderke & J Luiz	Fractionalization and long-run economic growth: Webs and direction of association between the economic and the social – SA as a time series study	2007, Applied Economics,	International
23	J Fedderke & G Szalontai	Industry concentration in SA manufacturing industry: trends and consequences, 1972-96	2008, Economic Modelling,	International
24	S Koch	The AID and MAID Systems: South African Household Data Pitfalls	2007. Studies in Economics and Econometrics,	National
26	J Fedderke	An analysis of industry concentration in SA manufacturing, 1972-2001	2009, Applied Economics	International
27	J Fedderke	Technology, human capital and growth	2006, SARB, Banco de Mexico and the People's Bank of China (eds). Economic Growth, Proceedings of a G20 seminar held in Pretoria, SA on 4 – 5 August 2005.	International
28	J Kibambe & S Koch	South African Hospital Efficiency: DEA Applied to a Gauteng Sample of SA Public Hospitals	2007, South African Journal of Economics	Internationally ranked
29	J Fedderke & J Luiz	Does human generate social and institutional capital? Exploring evidence from time series data in a middle income country	2008, Oxford Economic Papers	International
31	C Simkins	The determinants of educational attainment	2012, Economic History of Developing Regions	National
32	A Zimper	A fixed point characterization of the dominance solvability of lattice games with strategic substitutes	2007, International Journal of Game Theory	International
33	W Simbanegavi	Informative Advertising: Competition or Cooperation?	2009, Journal of Industrial Economics	International
36	Z Bogetic & J Fedderke	Forecasting investment needs in SA's Electricity and Telecom Sectors	2006, South African Journal of Economics	Internationally ranked

38	P Burger & M Marinkov	The SA Phillips curve: How applicable is the Gordon model?	2008, South African Journal of Economics	Internationally ranked
39	J Fedderke & Z Bogetic	Infrastructure and growth in SA: Direct and indirect productivity impacts of 19 infrastructure measures	2009, World Development	International
40	A Guerdjikova and A Zimper	Flexibility of choice versus reduction of ambiguity	2008, Social Choice and Welfare	International
42	N Samouilhan	The relationship between international equity market behaviour and the JSE	2006, South African Journal of Economics	Internationally ranked
43	J Fedderke	Industry structure and labour markets flexibility in the SA manufacturing sector: A time series and panel data approach	2011, Economic Modelling	International
47	U Schmidt & A Zimper	Security and potential level preferences with thresholds	2007, Journal of Mathematical Psychology	International
49	N Samouilhan	The Price of Risk on the JSE	2007, South African Journal of Economics	Internationally ranked
50	A Kabundi	Synchronization between SA and the US: A structural dynamic factor analysis	2009, South African Journal of Economics	Internationally ranked
51	R Gupta	Forecasting the SA Economy: A DSGE- VAR approach	2010, Journal of Economic Studies	International
52	E Muchapondwa, F Carlsson & G Kohlin	Can local communities in Zimbabwe be trusted with wildlife management?: Evidence from contingent valuation of elephants	2008, South African Journal of Economics	Internationally ranked
54	P Aghion, M Braun & J Fedderke	Competition and productivity growth in South Africa	2008, Economics of Transition	International

55	J Geldenhuys & M Marinkov	Robust estimates of Okun's Coefficient for South Africa	2007, South African Journal of Economics	Internationally ranked
56	D Lam, C Ardington & M Leibbrandt	Schooling as a lottery: Racial differences in school advancement in urban South Africa	2010, Journal of Development Economics	International
57	D Casale & D Posel	Bridewealth and the marital earnings premium for men	2010, Economic Dev & Cultural Change	International
58	A Zimper	Half empty, half full and the possibility of agreeing to disagree	2009, Journal of Economic Behaviour and Organization	International
59	C Ardington, A Case and V Hosegood	Labor supply responses to large social transfers: longitudinal evidence from South Africa	2009, American Economic Journal, Applied Economics	International
60	W Simbanegavi	Exchange Rates and Product Variety	2009, International Journal of Finance and Economics	International
61	D Posel & C Muller	Is there evidence of a wage penalty to female part-time employment in South Africa?	2008, South African Journal of Economics	Internationally ranked
63	D Hodge	Economics, realism and reality: a comparison of Maki and Lawson	2008, Cambridge Journal of Economics	International
64	N Pillay	Theory consistent formal risk measures	2010, Oxford Bulletin of Economics and Statistics	International
65	W Akpalu, E Muchapondwa & P Zikhali	Can the restrictive harvest period policy conserve mopane worms in Southern Africa? A bio-economic modelling approach	2009, Environment and Development Economics	International
67	M Bittencourt	Inflation and financial development: Evidence from Brazil	2010, Economic Modeling	International

68	R Gupta & J Uwillingiye	Measuring the welfare cost of inflation in South Africa	2008, South African Journal of Economics	Internationally ranked
72	H Amusa	Fiscal Illusion at the local sphere: An empirical test of the flypaper effect using SA municipal data	2008, South African Journal of Economics	Internationally ranked
74	A Zimper	A parsimonious model of subjective life expectancy	2013, Theory & Decision	International
75	S Muller	Begging the question: Permanent Income and Social Mobility	2010, Economic Letters 108: 291-295	International
76	C Ardington, M Leibbrandt	Orphanhood and Schooling in SA: Trends in the vulnerability of orphans between 1993 & 2005	2009, Economic Development and Cultural Change	International
77	A Hofmeyr, J Burns and M Visser	Income Inequality, Reciprocity and public good provision: An experimental analysis	2007, South African Journal of Economics	Internationally ranked
78	J Fedderke & Simbanegavi	Price Elasticities and Pricing Power in Emerging Markets: The Case of Petrochemical-Derived Plastics in South Africa	2012, South African Journal of Economics	Internationally ranked
79	M Aziakpono	Exchange rate pass-through to import prices in SA	2008, South African Journal of Economics	Internationally ranked
81	R Gupta & E Ziramba	Costly tax enforcement and financial repression	2008, Review of Banking, Finance and Monetary Economics	International
83	A Hofmeyr	Social networks and ethnic niches: An econometric analysis of the manufacturing sector in SA	2010, South African Journal of Economics	Internationally ranked
84	L Bonga-Bonga	Modelling the rand-dollar future spot rates: The Kalman Filter approach	2008, African Finance Journal	National

86	M Bittencourt	Macroeconomic performance and inequality: Brazil 1983-1994	2008, The Developing Economies	International
89	W Boshoff & J Fourie	Ship Traffic and the economy of the Cape Colony: 1652-1794.	2010, European Review of Economic History	International
90	E Muchapondwa	Estimation of the aggregate agricultural supply response in Zimbabwe: the ARDL approach to cointegration	2009, Afjare	National
91	W van der Merwe & J Burns	What's in a name? Racial identity and altruism in post-apartheid South Africa	2008, South African Journal of Economics	Internationally ranked
92	A Zimper	Asset pricing in a Lucas 'fruit-tree' economy with the best and worst in mind	2011, Journal of Economic Dynamics & Control	International
93	J Fedderke	Testing creative destruction in an opening economy: The case of the SA manufacturing industries	2013, Economics of Transition	International
95	J Luiz	Perceptions regarding entrepreneurship in an emerging and culturally diverse economy: A SA survey	2011, SAJEMS	National
97	A Zimper	Revisiting independence and stochastic dominance for compound lotteries	2008, B E Journal of Theoretical Economics	International
98	L Bonga-Bonga	National savings and fiscal policy in SA: An empirical analysis	2009, Acta Academica	National
101	M Bittencourt	Macroeconomic performance & inequality: Brazil 1983-1994	2009, The Developing Economies	International
102	E Giovannetti	Asymmetry and discrimination in internet peering: evidence from the LINX	2009, International Journal of Industrial Organization	International

103	S Das	Adaptive Bayesian Analysis for Binomial Proportions	2009, South African Statistical Journal	National
104	A Zimper	On attitude polarization under Bayesian learning with non-additive beliefs	2009, Journal of Risk and Uncertainty	International
109	E Gilbert	Does survivorship bias really matter? An empirical investigation into its effects on the mean reversion of share returns on the JSE securities Exchange (1984-2006)	2010, Investment Analysts Journal, Vol 72	National
111	J Fedderke, & W Simbanegavi	SA Manufacturing industry structure and its implications for competition policy	2008, Journal of Development Perspectives	National
112	F Gwenhamo	Measuring institutions: The Zimbabwean Case	2012, The Journal of Peace Research	International
113	D Casale & D Posel	Unions and the gender wage gap in South Africa	2010, Journal of African Economies	National
115	L Rangasamy	How persistent is SA's inflation	2009, South African Journal of Economics	Internationally ranked
116	W Krugell	Local municipalities and progress with the delivery of basic services in SA	2010, South African Journal of Economics	Internationally ranked
118	J Luiz	Factors influencing foreign direct investment of SA financial services firms in sub-saharan Africa	2009, International Business Review	International
119	D Hodge	Growth, employment and unemployment in SA	2009, South African Journal of Economics	Internationally ranked
120	E Muchapondwa	Using economic incentives in conservation oriented regional management in Southern Africa	2012, Journal of Sustainable Development	National

122	L Bonga Bonga	Forward exchange rate puzzle: joining the missing pieces in the rand-US dollar exchange market	2009, Journal of Studies in Economics and Econometrics	National
130	W Akpalu	Ostracism and common pool resource management in a developing country: young fishers in the laboratory	2011, Journal of African Economies	International
135	E Muchapondwa	Assessing the viability of small-scale wind turbines in different scenarios in SA	2011, Journal of Energy in Southern Africa	National
139	R Seymore	The impact of an electricity generation tax on the SA economy	2010, Journal of Studies in Economics and Econometrics	National
141	J van Heerden	Is Water Shedding Next?	2009, Water SA	National
142	S Koch	Dynamic Health Care Decisions and Child Health in SA	2010, Journal of Income Distribution	International
144	F Gwenhamo	Foreign direct investment in Zimbabwe: the role of institutional factors	2011, South African Journal of Economics	Internationally ranked
146	M Aziakpono	Dynamic returns linkages and volatility transmission between SA and the world market equity markets	2009, Journal of Studies in Economics and Econometrics	National
147	H Bezuidenhout	A regional perspective on Aid and FDI in Southern Africa	2009, Int Adv Econ Res	International
149	A Kabundi	Could we have predicted the recent downturn in the South African housing market?	2009, Journal of Housing Economics	International
150	J Luiz	Evaluating the performance of SA economics departments and economists	2009, South African Journal of Economics	Internationally ranked

153	D Posel & D Casale	Sex ratios and racial differences in marriage rates in South Africa	2011, Applied Economics	International
154	S Hassan	In sample predictability does not imply opportunities for profitable trading in real time: evidence from the cross-section of SA common stocks	2011, Australian Journal of Management	International
155	M Reid	Loud and Clear? Can we hear when the SARB speaks?	2010, South African Journal of Economics	Internationally ranked
156	S Hassan	The equity premium and risk-free rate puzzles in a turbulent economy: evidence from 105 years of data from SA	2010, South African Journal of Economics	Internationally ranked
157	Er Danan, A Guerdjikova & A Zimper	Indecisiveness aversion and preference for commitment	2011, Theory and Decision	International
158	R Burger et al	Rising unemployment in a growing economy: A business cycle, generational and life cycle perspective of post-transition South Africa's labour market	2014, Studies in Economics and Econometrics	National
160	D Igan, A Kabundi et al.	Three cycles: Housing, credit and real activity	2011, Journal of Housing Economics	International
161	U Schmidt & A Zimper	The harmonic sequence paradox reconsidered	2011: British Journal of Mathematical and Statistical Psychology	International
162	J Luiz & R Fidal	An economic analysis of sports performance in Africa	2011, International Journal of Social Economics	International
163	F Gwenhamo	The composition of foreign capital stocks in SA: the role of institutions and domestic risk	2013, Economic Modelling	International
165	J Fedderke	Measuring institutions: indicators of political rights, property rights and political instability in Malawi	2011, Social Indicators Research	International

168	Ayo Akanbi	Role of governance in explaining domestic investment in Nigeria	2012, South African Journal of Economics	Internationally ranked
169	M Bittencourt	Polarization, Populism and Hyperinflation: some evidence from Latin America	2012, Economic Governance	International
173	J Rossouw, V Padayachee & A Bosch	Inflation expectations and inflation credibility revisited: a multinomial analysis of SA data	2011, SAJEMS	National
177	J Agbor	How Colonial Education practices helped shape the pattern of decolonization in West Africa	2014, International Journal of Development and Conflict	International
178	R Hasson	Climate change disaster management: Mitigation and adaptation in a public goods framework	2010, Ecological Economics	International
179	J Kibambe	Some policy experiments using a marshallian macroeconometric model: Case of South Africa	2012, Macroeconomic Dynamics	International
181	D Casale & D Posel	English language proficiency and earnings in a developing country: the case of South Africa	2011, The Journal of Socio-Economics	International
182	S Hosking	The value of the trout fishery at Rhodes, North Eastern Cape, Sa: A travel cost analysis using count data models	2011, Journal of Environmental Planning and Management	International
183	M Sarr et al	On the Looting of Nations	2010, Public Choice	International
184	J Fourie	A history with evidence: Income inequality in the Dutch Cape Colony	2011, Economic History of Developing Regions	International
187	Z Chinzara	Macroeconomic uncertainty and emerging market stock market volatility: the case for South Africa	2011, South African Journal of Economics	Internationally ranked

189	R Naraidoo & I Paya	Forecasting monetary policy rules in South Africa	2011, International Journal of Forecasting	International
191	M Bittencourt	Financial development and economic growth in Latin America: is Schumpeter right?	2012, Journal of Policy Modelling	International
193	D Casale	Indirect taxation and gender equity: evidence from South Africa	2012, Feminist Economics	International
194	J Luiz	Foreign direct investment and the internationalization of SA mining companies into Africa	2013, Emerging Markets, Finance and Trade	International
195	N Monkam	Mobilizing tax revenue to finance development: The case of property taxation in francophone Africa	2011, Public Finance & Management, Vol 11	National
196	M Chitiga	Analysing alternative policy responses to high oil prices using an energy integrated CGE micro simulation approach for SA	2012, Environment and Development Economics	International
198	Z Chinzara	Risk return tradeoff and the behavior of volatility on the South African stock market: Evidence from both aggregate and disaggregate data	2012, South African Journal of Economics	Internationally ranked
202	A Duncan	Volatility spillovers across SA asset classes during domestic and foreign financial crises	2012, Economic Modelling	International
203	R Inglesi-Lotz & J Blignaut	SA's electricity consumption: A sectoral decomposition analysis	2012, Applied Energy	International
204	R Inglesi-Lotz	Electricity intensities of the OECD and South Africa: a comparison	2012, Renewable and Sustainable Energy Reviews	National
205	D Posel	Gendered trends in poverty in the post-apartheid period: 1997-2006	2011, The Journal of Socio-Economics	International

208	A Zipmer	Optimal liquidity provision through a demand deposit scheme: The Jacklin critique revisited	2012, German Economic Review	International
209	J Eita	Determinants of stock market prices in Namibia	2012, Journal of Applied Business Research	National
210	D Casale	Relative standing and subjective well-being in SA, the role of perceptions expectations and income mobility	2011, Social Indicators Research	International
212	S Koch	An analysis of Specialist Surgeons and their practices	2011, SAJEMS	National
213	J Fourie	Settler skills and colonial development	2013, Economic History Review	International
215	F Tregenna	What are distributional implications of halving poverty in South Africa when growth alone is not enough?	2011, Applied Economics	International
217	H Ngalawa	Dynamic effects of monetary policy shocks in Malawi	2011, South African Journal of Economics	Internationally ranked
219	J Luiz	Constructing institutional measures: indicators of political and property rights in Mozambique, 1900-2005	2013, International Journal Policy, Admin & Institutions	International
220	J Fedderke	How do rights matter?	2013, World Development	International
221	D Liu	Business Cycle and Bank Capital Regulation: Basel II Procyclicality	2012, Economic Modelling	International
222	J Luiz	Determinants of Foreign Direct Investment of South African telecommunications firms into sub-saharan Africa	2012, Telecommunications Policy	International

225	A Sundaram	The impact of Trade Liberalization on Micro Enterprises: Do Banks Matter? Evidence from Indian Manufacturing	2015, Oxford Bulletin of Economics and Statistics	International
226	W Boshoff	Gasoline, diesel fuel and jet fuel demand in South Africa	2012, J.Stud.Econ.Econometrics	National
227	K Brick et al.	Risk Aversion: Experimental Evidence from South African Fishing communities	2012, American Journal of Agricultural Economics	International
229	S Koch	Clean fuel-saving technology adoption in Urban Ethiopia	2013, Energy Economics	International
232	M Kohler	Measuring the impact of trade finance on South African export flows	2011, SAJEMS	National
237	K Behrens & A Pholo-Bala	Do rent seeking and interregional transfers contribute to urban primacy in sub-saharan Africa?	2011, Papers in Regional Science	International
238	G Verhoef	Global since Gold: The globalization of conglomerates: explaining the experience from SA: 1990-2009	2011, The Globalization of South African Conglomerates, 1990-2009	National
239	M du Preez et al	The recreational value of beaches in the Nelson Mandela Bay area, South Africa	2011, J Stud Econ Econometrics	National
240	A Zimper	Do Bayesians learn their way out of ambiguity?	2011, Decision Analysis	International
241	M du Preez	The impact of social housing developments on nearby property prices: A Nelson Mandela bay case study	2013, South African Journal of Economics	Internationally ranked
243	W Akpalu	Demand for cooking fuels in a developing country: To what extent do taste and preferences matter?	2011, Energy Policy	International

244	C Delavallade	What drives corruption? Evidence from North African Firms	2013, Journal of African Economics	International
245	S Koch	Property rights, institutions and source of fuel wood in rural Ethiopia	2013, Forest Policy and Economics	International
248	S Koch	Does one size fit all? Heterogeneity in the valuation of community forestry programmes	2011, Ecological Economics	International
249	J Visagie	A reconsideration of what and who is middle class in South Africa	2013, Development Southern Africa	National
250	M Cakir	Trade Shocks from BRIC to South Africa; A Global VAR Analysis	2013, Economic Modelling	International
251	J Luiz	The economics of information technology in public sector health facilities in developing countries: the case of South Africa	2013, BMC Medical Informatics & Decision Making	International
252	L Bonga-Bonga	Volatility spillovers between the equity markets and foreign exchange market in South Africa	2013, South African Journal of Economics	Internationally ranked
253	A Duncan	Global financial crises and time-varying volatility co-movement in World Equity Markets	2013, South African Journal of Economics	Internationally ranked
257	J Dikgang	The valuation of biodiversity conservation by the SA Khomani San 'bushmen' community	2012, Ecological Economics	International
258	M du Preez et al	Measuring the indirect costs associated with the establishment of a wind farm: An application of the contingent valuation model	2012, Journal of Energy in Southern Africa	National
260	J Fourie	The Determinants of African Tourism	2012, Tourism Management	International

261	C Claasen	Chinese Foreign Direct Investment in Africa	2012, African Journal of Business Management	National
264	J Ngoie	Modeling and policy analysis for the US Science Sector	2013, Journal of Policy Modeling	International
265	M du Preez	Determining the impact of low-cost housing development on nearby property prices using discrete choice analysis	2012, J.Stud. Econ Econometrics	National
268	J Fourie	The wealth of the Cape Colony: measurements from probate inventories	2012, Economic History Review	International
270	J Baten et al	Slave numeracy in the Cape Colony and comparative development in the 18 th century	2014, The Economic History Review	International
271	L Grzybowski	Fixed-to-Mobile substitution in the European Union	2014, Telecommunications Policy	International
272	D Gelo	Contingent valuation of community forestry programs in Ethiopia: Controlling for preference anomalies in double-bounded CVM	2015, Ecological Economics	International
273	S Hove	Terms of Trade Shocks and Inflation Targeting in Emerging Market Economies	2015, South African Journal of Economics	Internationally ranked
275	D Liu	Will the SARB always succeed in fighting inflation with contractionary policy?	2013, South African Journal of Economics	Internationally ranked
277	D Gelo et al	The impact of common property right forestry: Evidence from Ethiopian Villages	2014, World Development	International
278	M Reid	Inflation expectations of the inattentive general public	2015, Economic Modelling	International

280	A Zellner et al	Evaluation of the Effects of Reduced Personal and Corporate Tax Rates on the Growth Rates of the U.S. Economy	2014, Economic Reviews	International
281	D Hodge	Commodity prices, the exchange rate and manufacturing in South Africa: what do the data say?	2016, African Journal of Economic & Management Studies	National
282	W Krugell et al	Micro-evidence on day labourers and the thickness of labour markets in South Africa	2014, SAJEMs	National
283	A Mahomed	Islamic Economics: Still in search of identity	2013, International Journal of Social Sciences	National
284	J Fourie et al	Literacy at South African Mission Stations	2014, Journal of Southern African Studies	National
285	T Leshoro	Estimating the inflation threshold for SA	2012, J.Stud.Econ.Econometrics	National
286	S Koch	The consistency of merger decisions in a developing country: the SA competition commission	2014, South African Journal of Economics	Internationally ranked
288	M Rogan	Poverty and headship in post-apartheid SA: 1997-2008	2012, Social Indicators Research	International
289	R Burger	The unintended consequences of education policies on South African participation and unemployment	2015, South African Journal of Economics	Internationally ranked
290	J Fedderke	The cost of rigidity: The case of the SA labour market	2012, Comparative Economic Studies	International
291	A Zimper	The emergence of 'fifty-fifty' probability in a conditional savage world	2012, Fuzzy Sets and Systems	International

293	J Fourie	Ethnic reunion and cultural affinity	2012, Tourism Management	International
294	J Snowball	Are arts events a good way of augmenting the economic impact of sports? The case of the 2010 Soccer World Cup and the National Arts Festival in SA	2013, International Journal of Arts Management	International
296	A Zimper	A decision-theoretic model of asset price underreaction and overreaction to dividend news	2012, Ann Finance	International
300	J Fedderke	The objectivity of NRF Peer Review Based Ratings in SA	2013, Scientometrics	International
303	E Makaudze	Assessing the economic value of El Nino Based seasonal climate forecasts for smallholder farmers in Zimbabwe	2012, Meteorological Applications	International
304	J Mbonigaba	The cost effectiveness of intervening in low and high HIV prevalence areas in South Africa	2013, South African Journal of Economics	Internationally ranked
307	S Hove	Monetary policy and commodity terms of trade shocks in emerging market economies	2015, Economic Modelling	International
308	I Kanyama	Quality of institutions: Does intelligence matter?	2013, Intelligence	International
314	A Hoeffler	Can international interventions secure the Peace?	2014, International area studies review	International
316	A de Waal	Monetary policy and inflation in SA: A VECM augmented with foreign variables	2013, South African Journal of Economics	Internationally ranked
319	M Zerihun et al	A Greek Wedding in SADC? Testing for Structural Symmetry Towards SADC Monetary Integration	2014, The African Finance Journal	National

320	J Agbor et al	Does Famine Matter for Aggregate Adolescent Human Capital Acquisition in Sub-Saharan Africa?	2014, African Development Review	National
321	S Makanjari	Evaluating the prospects of benefit sharing schemes in protecting mountain gorillas in Central Africa	2013, Natural Resource Modelling	International
322	M Sarr	Risk preferences and environmental uncertainty: implications for crop diversification decisions in Ethiopia	2012, Environ Resource Economics	International
324	M Cakir	Business cycle and co-movements between South Africa and the BRIC countries	2013, Applied Economics	International
326	H Ngalawa	Interaction of formal and informal financial markets in quasi-emerging market economics	2013, Economic Modelling	International
327	V Gorlach	The impact of Economic Freedom on Economic Growth in the SADC: An individual component analysis	2015, J.Stud.Econ.Econometrics	National
328	A Maredza	The impact of the Global Financial Crisis on Efficiency and Productivity of the Banking system in SA	2013, Mediterranean Journal of Social Sciences	National
331	D Lee	Using a choice experiment to manage the excess demand challenges facing the Sundays River Estuary recreational fishery in SA	2014, Water South Africa	National
333	J Fedderke	The productivity impact of infrastructure in Turkey, 1987-2006	2014, J. Infrastructure Systems	International
335	I Kanyama	Time-varying parameters in the almost ideal demand system and the Rotterdam model: will the best specification please stand up?	2013, Applied Economics	International
337	P Blaauw	Happy in the informal economy? A case study of well-being among day labourers in SA	2013, International Business & Economics Research Journal	International

339	D Lee et al	Improving navigability on the Kromme River Estuary: A Choice experiment application	2014, Water South Africa	National
341	M Bittencourt	Inflation and Economic Growth: Evidence from the Southern African Development Community	2015, South African Journal of Economics	Internationally ranked
343	M du Preez	A cost benefit analysis of concentrator photovoltaic technology use in SA: A case study	2013, Journal of Energy in Southern Africa	National
344	P Alagidede	Short run under pricing of initial public offerings (IPOs) in the JSE	2012, Review of Development Finance	International
347	J Agbor	Effects of Primary, Secondary and Tertiary Education on Conflict Intensity in Africa	2015, Economies	International
348	A Mahomed	International trade and labour demand Elasticities: Is there any empirical evidence from SA	2013, J.Stud.Econ. Economics	National
349	F Botha	Life satisfaction and Education in SA: Investigating the role attainment and the likelihood of education as a positional good	2013, Social Indicator Research	International
352	J Dikgang et al	The effect of land restitution on poverty reduction among the Khomani San 'Bushmen' in South Africa	2015, South African Journal of Economics	Internationally ranked
354	A Zimper	Bank-Deposit contracts versus financial-market participation in Emerging Economics	2015, Emerging Markets Finance and Trade	International
355	P Wa Cipamba	The export-output relationship in South Africa: an empirical investigation	2015, J.Stud.Econ.Econometrics	National
356	M Kohler	Co2 emissions, energy consumption, income and foreign trade: A SA perspective	2013, Energy Policy	International

359	C May	Copious structural shifts in exchange rates of the South African rand	2015, J.Stud.Econ.Econometrics	National
360	H Hollander	The equity price channel in a New-Keynesian DSGE model with financial frictions and banking	2016, Economic Modelling	International
361	M Bittencourt	Economic Growth and inequality, evidence from young democracies South America	2014, Macroeconomic analysis & Int Finance	International
363	F Botha	Family functioning and life satisfaction and happiness in SA households	2013, Social Indicators Research	International
365	N Kilimani	Water resource accounting for Uganda: use and policy relevancy	2015, Water Policy	National
366	D Lee	Managing some motorized recreational boating challenges in SA estuaries: A case study at the Kromme River Estuary	2015, South African Journal of Economics	Internationally ranked
367	H Ngalawa	Southern African customs union revenue, public expenditures and HIV/AIDS in BLNS countries	2014, SAJEMS	National
369	J Mbonigaba	Modeling the cost-effectiveness of HIV/AIDS interventions in different socio-economic contexts in SA (2007-2020)	2013, Mediterranean Journal of Social Sciences	International
370	G Thondhlana et al	Dependence on environmental resources and implications for household welfare: Evidence from the Kalahari Drylands, South Africa	2014, Ecological Economics	International
371	J Fourie	The Quantitative Cape, A review of the New Historiography of the Dutch Cape Colony	2014, South African Historical Journal	National
374	H Ngalawa	Anatomy of the Southern African customs union: structure and revenue volatility	2013, International business & economics research journal	International

376	J Fedderke	Promotion and Relegation between Country Risk Classes as Maintained by Country Risk Rating Agencies	2015, Procedia Economics and Finance	International
377	F Tregenna	Sources of subsectoral growth in South Africa	2013, Oxford Development Studies	International
378	N Obikili	The impact of the Slave Trade on Literacy in West Africa: Evidence from the Colonia Era	2015, Journal of African Economies	International
379	M du Preez	Nonparametric estimation of a hedonic price model: A SA case study	2013, J. Stud. Econ. Econometrics	National
381	M Reid et al	A Sticky Information Philips Curve for South Africa	2014, South African Journal of Economics	Internationally ranked
382	N Obikili	Social Capital and Human Capital in the Colonies: A study of Cocoa Farmers in Western Nigeria	2014, Economic History of Developing Regions	International
384	J Dikgang et al	The economic evaluation of dryland ecosystem services in the South African Kgalagadi area and implications for PES involving the Khomani San	2014, Journal of Environmental Economics and Policy	International
385	S du Plessis et al	Slave prices and productivity at the Cape of Good Hope from 1700 to 1725: Did everyone win from the trade?	2014, Cliometrica, Journal of Historical Economics and Econometric History	International
386	N Nicholls	The impact of statistical learning on violations of the sure-thing principle	2015, Journal of Risk and Uncertainty	International
388	F Botha	Determinants of Student Satisfaction with Campus Residence Life at a SA university	2015, Social Indicators Research	International
389	J W Fedderke et al	Does massive funding support of researchers work?: Evaluating the impact of the South African research chair funding initiative	2014, Research Policy	International

390	A Zimper	Biased Bayesian learning with an application to the risk-free the puzzle	2014, North American Journal of Economics & Finance	International
395	J Visagie	Race, Gender and Growth of the Affluent Middle Class in Post-Apartheid South Africa	2014, Development Southern Africa	National
396	M Kohler	Differential electricity pricing and energy efficiency in SA	2013, Energy	International
399	A Zimper	On the impossibility of insider trade in rational expectations equilibria	2014, North American Journal of Economics & Finance	International
400	D Gelo	Decentralization, market integration and efficiency-equity trade-offs: Evidence from Joint Forest Management in Ethiopian villages	2016, Journal of Forest Economics	International
401	J Snowball	Transformation, job creation and subsidies to creative industries: the case of SA film and TV sector	2013, International J of Cultural Policy	International
404	M Bittencourt	Inflation and Economic Growth: Evidence from the Southern African Development Community	2015, South African Journal of Economics	Internationally ranked
407	L Grzybowski	Estimating broadband diffusion in the EU using NUTS 1 regional data	2014, Telecommunications Policy	National
410	D King et al	Modelling stock return volatility dynamics in selected African markets	2014, Economic Modelling	International
413	S Oumar et al	An assessment of the performance of the Cameroon water corporation for the period 1967 to 2013	2014, Journal of Applied Business Research	National
414	M Sarr et al	Resistance to the regulation of common water resources in rural Tunisia	2015, Land Economics	International

416	H Bohlmann	Quantifying shifts in primary factor demand in the SA economy	2016, Development Southern Africa	National
417	M Nchake	Price setting behavior in Lesotho: stylized facts from consumer retail prices	2015, South African Journal of Economics	National
421	N Balchin et al	A disaggregated analysis of product price integration in the Southern African Development Community	2014, Journal of African Economies	International
422	A Kabundi et al	Monetary policy and heterogeneous inflation expectations in South Africa	2014, Economic Modelling	International
425	J Fourie	The missing people: Accounting for the productivity of indigenous populations in Cape Colonia history	2015, The Journal of African History	International
429	S Chetty et al	The experience of private investment in the South Africa water sector: The Mbombela Concession	2014, Development Southern Africa	National
430	A Brink et al	Did primary healthcare user fee abolition matter? Reconsidering South Africa's experience	2014, Development Southern Africa	National
438	N Obikili	An examination of sub national growth in Nigeria: 1999-2012	2015, South African Journal of Economics	Internationally ranked
440	S Mishi et al	Remittances and Sustainability of Family Livelihoods: Evidence from Zimbabwe	2014, Journal of Economics and Behavioural Studies	National
441	F Botha	The Good African Society Index	2014, Social Indicators Research	International
446	H Ngalawa	A portrait of informal sector credit and interest rates in Malawi: Interpolated monthly time series	2014, The African Finance Journal	National

448	P Piraino	Intergenerational earnings mobility and equality of opportunity in South Africa	2014, World Development	International
454	H Hollander	Credit spread variability in the U.S. business cycle: The Great Moderation versus the Great Recession	2016, Journal of Banking and Finance	International
456	B Tibesigwa	Multiple and concurrent sex partnerships and social norms: young adults' sexual relationships in the metropolitan communities of Cape Town	2015, Sexuality Research and Social Policy	International
457	J Rossouw	Private shareholding: an analysis of an eclectic group of Central Banks	2016, SAJEMS	National
459	W Krugell	The Spatial Persistence of Population and Wealth During Apartheid: Comparing the 1911 and 2011 Censuses	2014, Economic History of Developing Regions	National
462	N Kilimani	Water taxation and the double dividend hypothesis	2015, Water Resources and Economics	National
470	B Tibesigwa	Investigating the sensitivity of household food security to agriculture-related shocks and the implication of social and natural capital	2015, Sustainability Science	International
471	Y Getachew	Optimal public investment, Growth and Consumption: Evidence from African Countries	2016, Macroeconomic Dynamics	International
473	M Groneck	A life-cycle model with ambiguous survival beliefs	2016, Economic Modelling	International
478	H Bohlman et al	The impact of the 2014 platinum mining strike in South Africa	2016, Economic Modelling	International
481	T Greyling	Construction and Analysis of a Composite Quality of Life Index for a Region of South Africa	2016, Social Indicators Research	International

483	B Bedasso	A Dream Deferred: The microfoundations of direct political action in pre and post democratization South Africa	2015, Journal of Development Studies	International
485	Wei Ma	A simple method for computing equilibria when asset markets are incomplete	2015, Journal of Economic Dynamics & Control	International
499	N Mahonye	Mechanism between mining sector and economic growth in Zimbabwe, is it a resource curse?	2015, Environmental Economics	International
503	S du Plessis	Measuring core inflation in South Africa	2015, Social Indicators Research	International
508	J Fourie	The invisible hand of Thierry Henry: How World Cup qualification influences host country tourist arrivals	2015, Journal of Sport Economics	International
510	N Marwa	Technical and Scale Efficiency of Tanzanian Saving and Credit Cooperatives	2016, Journal of Developing Areas	National
514	J Luiz	The impact of ethno-linguistic fractionalization on cultural measures: Dynamics, endogeneity and modernization	2016, Journal of International Business Studies	International
515	F Stofberg et al	The short-term economic impact of levying e-tolls on industries	2016, South African Journal of Economics	National
520	D Crookes	Debunking the myth that a legal trade will solve the rhino horn crisis: A system dynamics model for market demand	2015, Journal of Nature Conservation	National
522	L Grzybowski	The role of network effects and consumer heterogeneity in the adoption of mobile phones: Evidence from SA	2015, Journal of International Business Studies	International
529	N Marwa	Financial sustainability of Tanzanian saving and credit cooperatives	2016, International Journal of Social Economics	International

Policy Papers

01	J Fedderke	From Chimera to Prospect: SA Sources of and Constraints on Long Term Growth, 1970-2000	2006, in Borat, H. and Kanbur, R., eds., Poverty and Policy in Post-Apartheid South Africa, HSRC Press	National
02	S Koch & M Peet	Non-tariff Barriers Faced by SA Firms: Are there any Lessons?	2007, South African Journal of Economic and Management Sciences	National
07	Z Bogetic & J Fedderke	International Benchmarking of South Africa's Infrastructure Performance	2006, Journal of Development Perspectives	International
10	C van Walbeek	Official revisions to SA National accounts data: magnitudes and implications	2006, South African Journal of Economics	Internationally ranked
13	Evan Blecher	The impact of tobacco advertising bans on consumption in developing countries	2008, Journal of Health Economics	International

Statement by the Chair of the ERSA Editorial Committee

The Board

ERSA

Dear Sirs/Madams

ERSA Working Paper Series – April 2015 to March 2016

On behalf of the editorial committee I would briefly like to report on the state of the ERSA Working Paper Series (hereafter "The WPS").

Since the start of the WPS in 2005, we have accepted and published 591 working papers, 21 policy papers and 61 research briefs.

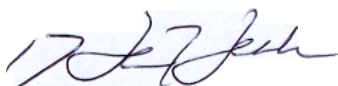
The popularity of the WPS has been growing, and this is clear from the fact that in the period Jan 15 – March 16 there were 222 papers received to be sent out for review. 42 of these were accepted unconditionally, 26 were rejected outright, while most others were sent back with comments to be revised and resubmitted. During the above mentioned reporting period, 105 working papers were published.

The editorial committee has been expanded to 14 persons to include all the recently appointed "Affiliates" of ERSA. These persons are leading researchers in South Africa and can publish in the WPS without review, if they so wish. They would only receive funding for the research upon publication in recognized journals.

The electronic platform, namely ScholarOne Manuscripts, is working very well and we have addressed most if not all teething problems with it.

The WPS is still the premier series in Economics to publish the first versions of significant research articles, and will continue to encourage more and better research in Economics in the future.

Yours truly,



Jan van Heerden

4. ERSA Sponsored Visitors

ERSA provides funding for international visitors to attend both ERSA Workshops and stand alone visits to South African academic institutions.

See below a list of international visitors to ERSA Workshops in the 2015 – 2016 period.

1. Kleoniki Alexopoulou, Wageningen University – Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
2. Mohammed Mustafa Ali, Sudan International University – Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
3. Jutta Bolt, Rijksuniversiteit Groningen - Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
4. Erik Green, Ekonomisk-Historiska Institutionen - Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
5. Ellen Hillbom, Ekonomisk-Historiska Institutionen - Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
6. Noel Johnson, George Mason University - Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
7. Christian John Makgala, University of Botswana - Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
8. Felix Makwinja, Malawi Government - Presented at the Joint Public and History, titled “The Fiscal History of Sub-Saharan Africa”, held at STIAS, Stellenbosch from 25-26 May 2015.
9. Angus Dalrymple-Smith Wageningen University – Presented at Economic History workshop, titled “Longitudinal Data in African History”, held at STIAS, Stellenbosch from 26-27 May 2015.

10. William Collins, Vanderbilt University - Presented at Economic History workshop, titled "Longitudinal Data in African History", held at STIAS, Stellenbosch from 26-27 May 2015
11. Jason Long, Wheaton College - Presented at Economic History workshop, titled "Longitudinal Data in African History", held at STIAS, Stellenbosch from 26-27 May 2015.
12. Michiel de Haas, Wageningen University - Presented at Economic History workshop, titled "Longitudinal Data in African History", held at STIAS, Stellenbosch from 26-27 May 2015.
13. Neil Cummins, London School of Economics - Presented at Economic History workshop, titled "Longitudinal Data in African History", held at STIAS, Stellenbosch from 26-27 May 2015.
14. Christopher Redl, Queen Mary University of London - Presented at the Monetary workshop titled "Economic Policy Challenges", held at the South African Reserve Bank Conference Centre, Pretoria, from 26-27 August 2015.
15. Thomas Youle, Dartmouth College - Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.
16. Stephan Frübing, Centre for European Economic Research (ZEW) - Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.
17. Ulrich Laitenberger, Centre for European Economic Research (ZEW) - Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.
18. Iwan Bos, Maastricht University - Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.
19. Andrea Gunster, ETH Zurich - Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.
20. Joseph Harrington, The Wharton School, University of Pennsylvania - Presented at the 4th International Workshop on the Economics of Competition

and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.

21. Johannes Paha, Justus Liebig University Giessen – Presented at the 4th International Workshop on the Economics of Competition and Industrial Organization, held at High Constantia, Cape Town from 7-8 September 2015.
22. Felix Kübler, University of Zurich – Presented at the 3rd Economic Theory Workshop, held at the University of Pretoria, from 10-11 November 2015.
23. Falko Fecht Frankfurt, School of Finance and Management - Presented at the 3rd Annual Financial Economics Workshop, from 25-26 November 2015.
24. Adeline Pelletier, IE Business School – Presented at the 3rd Economic Theory Workshop, held at the University of Pretoria, from 10-11 November 2015.
25. Philipp Konig, DIW Berlin – Presented at the 3rd Economic Theory Workshop, held at the University of Pretoria, from 10-11 November 2015.
26. Francis Breedon, Queen Mary University of London – Presented at the 3rd Economic Theory Workshop, held at the University of Pretoria, from 10-11 November 2015.
27. Don Rubin, Harvard – Presented at the Econometrics workshop titled “Bayesian Statistics in Econometrics” from 4-5 December 2015.
28. Elizabeth Zell, Harvard - Presented at the Econometrics workshop titled “Bayesian Statistics in Econometrics” from 4-5 December 2015.
29. Ronald Wintrobe, University of Western Ontario – Presented at the Third Political Economy Workshop, held at Sunnyside Park Hotel from 16-17 February 2016.
30. Wanda Mimra, ETH Zurich – Presented at the Final Economic Theory Workshop, held at the University of Pretoria from 14-15 February 2016.
31. Pierre Fleckinger, MINES ParisTech – Presented at the Final Economic Theory Workshop, held at the University of Pretoria from 14-15 February 2016.
32. Panicos Demetriades, Leicester University – Presented at the Politics, Finance and Growth Conference, held at the South African Reserve Bank from 30-31 March 2016.
33. Svetlana Andrianova, Leicester University– Presented at the Politics, Finance and Growth Conference, held at the South African Reserve Bank from 30-31 March 2016.

34. Johan Rewilak, Leicester University– Presented at the Politics, Finance and Growth Conference, held at the South African Reserve Bank from 30-31 March 2016.
35. Robert Lensink, Groningen University– Presented at the Politics, Finance and Growth Conference, held at the South African Reserve Bank from 30-31 March 2016.
36. Loe ten Cate, Groningen University– Presented at the Politics, Finance and Growth Conference, held at the South African Reserve Bank from 30-31 March 2016.

Stand-alone visits are intended to initiate an exchange of leading research methodologies between SA based researchers and leading international academics. Ideally, the purpose is to build long-term collaboration research activity between SA and international researchers.

5. ERSA Economics Prizes

As a means of incentivizing study in economics, ERSA introduced a mechanism for the recognition in student performance in the economics discipline.

To this end, the Academic Committee introduced monetary awards to the best two economics students in South Africa across all universities, in each year of study. While very moderate in amount, the prizes nevertheless allow universities to recognise the best achievers in each year of study, and to motivate them to continue studying further in economics.

The prizes are R1000 for the first placed student, and R800 for the second placed student.

The following universities have applied for and are being awarded the prizes for their top students and are also given a donation of R3500 towards hosting a departmental social function to honour their top students. Details of student prize winners are listed in Table 4.

Table 4: Prize Winning Students

Institution	Placing	First Year	Second Year	Third Year	Honours	Masters	PhD
Monash U	First Place	MN Mwiche	N Nelson	C Williams			
				FK Chola			
National U of Lesotho	Second Place	S Mpoha	YS Mankanda	M Hall			
	First Place	LJ Mantsi	T Mahlokoane	LG Mokitimi	MF Hloele		
Nelson Mandela Metropolitan U	Second Place	KC Makalane	TE Noi	R Jabari	MT Benjamin		
	First Place	MB Jonas	J van Ree	NC Apopo	CS Allen	T Conradie	C Ettmayr
North West U Potchefstroom Campus	Second Place	IH Nakai	A Keils	MAN Hoareau	V Hibbers NM Long	A Fotoyi K Malindi	W Kavila HB Khobai
	First Place	R Van Rooyen	L Du Toit	JA Pain	K Vermaak	L Ferreira	
North West U Vaal Campus	Second Place	C Bredenhann	L Strydom	ML Kruger	M Groenewald	JJ de Villiers	
	First Place	FH Bosman	JM Pieterse	T Mjeso	JJ De Jongh		R Nishinwe-Niyimbanira
Tshwane University of Technology	Second Place	SH Mohlamme	ND Komane	N Mogagabe	M Sgammini		AC Ogbokor
	First Place	TD Shongwe	TM Thbana	S Plaatjie	NR Phiri		
U Cape Town	Second Place	PB Nyathi	GD Mashala	LA Maleka	NL Mahlangu		
	First Place	RJF Newby	MP Hawken	MD Dyer	D Ferrandi	C Stapleton	
U Fort Hare – Alice	Second Place	DM Hobbs	EE Zyde	RA Hill	D Stefan	A Midgley	
	First Place	R Soda	M Mbiko	S Mazwane	B Landiwe		
U Fort Hare – E.L	Second Place	L Chipembere	G Tele	S Ngangelizwe	N Gengele		
	First Place	N Silas	U Jama	S Caza	MT Karimunhenga		
U Free State	Second Place	L Foki	A Dzuda	AK Kopeledi	C Mavhunga		
	First Place	J Meyer	S Mansvelder		B Dikoko		
U Johannesburg	Second Place	E Scheltema	J Conradie		T Bulara		
	First Place	MS Manyatsi	MAD Folgado	K Mogari	K Corlett	KJ Matswalela	L Fourie KC Mulamba
	Second Place	JN Kunene S Pachikani	LP Kgaladi	N Nhlapo	ME Mfongeh	D Webb	
U KwaZulu-Natal	First Place	A Nandlal	A Ahmed	NS Biyela	SD Sangweni	L Devnarain	
	Second Place	M Baxter	A Ferah Shazaada	MTC Plumstead	SS Nkulu	A Govender	

U Limpopo	First Place	PD Letsoalo	N Lebelo	KC Maluleke	D Khoza		
	Second Place	NG Mavasa	BL Naap	K Nchabeleng	CF Manamela		
U Pretoria	First Place						
	Second Place						
U Stellenbosch	First Place	WB Ackerman	CL McCann	D Botha	TC Bothma	MC Ball	
	Second Place	LJN Ressouw	WJ Wilken	WJ Roelofse	DF Stephens	AA Davids	
U Western Cape	First Place	C Erasmus	AYV Walters	JK Feder	MC Gordon	F Chiparashwa	AT Habte
	Second Place	C Ludolph	R Mohonoe	KJ Kruger	K Mungai	F Fredericks	
					S Mtandana		
U Witwatersrand	First Place						
	Second Place						
Walter Sisulu U	First Place						
	Second Place						

6. ERSA Economics Scholarships

The ERSA Scholarship initiative was reinstated at the end of 2013. Ten scholarships to the value of R80000 were offered to South African citizens, enrolled full-time for a master's degree in Economics at a South African institution. Specific selection criteria were academic excellence and ability to succeed in a credible post-graduate programme in economics, with a further requirement for students, to work in South Africa as economists for the period of one year after obtaining the master's degree.

From a total of 27 applications received, nine candidates from a diverse range of institutions were unanimously selected by the scholarship committee (Profs Jan van Heerden (chair), Asrat Tsegaye and Dr Johan Fourie), to receive an upfront payment of R70000 to be followed by R10000 upon submission of their final dissertation to the ERSA working paper series.

See below list of Scholarship Awardees for 2016.

Student Name	Institution	Course
Dylan Peter Brewer	University of Pretoria	Master's degree
Jacques de Jongh	North West University - Vaal	Master's degree
Michael Levin	University of Cape Town	Master's degree
Akhona Mili	University of Fort Hare	Master's degree
Kagiso Molefe	North West University	Master's degree
Heinrich Nel	North West University - Vaal	Master's degree
Sinethemba Sangweni	University of KwaZulu-Natal	Master's degree
Katrien Smuts	University of Stellenbosch	Master's degree
Thlalefang Moeletsi	University of the Witwatersrand	Master's degree



7. Skills Development

30 November 2015

Attention: ERSA Board
Economic Research Southern Africa
Claremont
Cape Town

Dear Sirs

Report: ERSA Skills Development Workshop (Panel Data Econometrics)

In this document we present a report on the final workshop in a series of three workshops hosted by the Department of Economics at the University of Pretoria, between 2 and 6 November 2015.

Over a course of three years, selected young academics with limited econometrics background employed in Economics departments of South African universities, attended workshops on Time Series Econometrics, Microeconometrics and Panel Data Econometrics in Pretoria. It has been rewarding to witness participants' academic development over this period. We believe that the programme has achieved its objective of contributing to the deepening of economic research capacity overall. Furthermore, we believe that through this final workshop we have managed to build capacity in the econometric analysis of Panel Data.

The report is organised under the following headings:

- Background;
- Selection of participants;
- Format and timing of delivery of the programme;
- Topics covered during the workshop; and
- Feedback from participants and our impressions.

We thank ERSA for the opportunity granted to the participants to be part of the programme and for lecturers from the University of Pretoria to be involved in the training.

Sincerely,

Reneé van Eyden

Professor
Department of Economics

**Report: ERSA Skills Development Workshop
Panel Data Econometrics
Presented at the University of Pretoria
2 – 6 November 2015**

Background

During November 2012 a proposal for the offering of basic Econometrics training for academics from South African universities was presented to, and accepted by the ERSA board. The motivation of the project stemmed from the fact that a significant number of academics affiliated with South African Universities, and employed within Economics departments around the country, are inadequately skilled in Econometrics. They are consequently not able to take advantage of the advanced training programmes in economic modelling techniques offered by ERSA, neither are they suitably equipped to conduct empirical research and/or supervise students. This project aimed to bridge this gap by providing basic econometrics training at a level accessible to persons with limited background in Econometrics.

The approved project comprised three components that were offered to ten deserving academics selected from South African universities spread over a three-year period (this was extended to a second cohort of ten academics, lagging the first programme by six months). The first component, focussing on Time-series Econometrics was offered during the week of 4 – 8 November 2013, Microeconometrics was offered from 3 – 7 November 2014, and Panel Data Econometrics from 2 – 6 November 2015. Upon completion participants were issued with a certificate of attendance.

Selection of participants

The ten academics selected by the ERSA Skill Development Committee, include representatives from the University of Venda (2), the North-West University, Mafikeng campus (2), University of Fort Hare (3), University of Zululand (1), Walter Sisulu University, Mthatha campus (1), and the University of Limpopo (1). They all hold master's level degrees and are all appointed in lecturer positions at their respective institutions. The majority are currently enrolled for a doctoral level degree, and in their applications expressed the need for a deeper understanding of econometric techniques to equip them better to do research and also to supervise students, which form part of their responsibilities. The participants in the workshop

are listed below, together with their affiliation and most recent academic qualifications.

	Institution and position⁽¹⁾	Highest previous qualification and current enrolment
Ms Aluwani Maiwashe	Part-time lecturer Dept. Agricultural Economics & Agribusiness Management, University of Venda, Thohoyandou	MCom (Agr Economics), University of Venda Currently enrolled for PhD (Agr Economics), University of Venda
Mr Andrew Maredza	Lecturer School of Economic & Decision Sciences, North-West University, Mafikeng Campus	MSc (Economics), University of Zimbabwe MCom (Economics), University of Fort Hare Currently enrolled for DCom (Economics), University of Fort Hare
Mr Dumisani Hompashe	Lecturer Department of Economics, University of Fort Hare, Alice	MCom (Financial Markets), University of Fort Hare Prospective PhD candidate
Mr Elisha Mavodyo	Lecturer University of Zululand, KwaDlangezwa	BCom Hons (Economics), University of Zimbabwe MBA, Midlands State University, Zimbabwe Currently enrolled for DCom (Economics), University of Zululand
Mr Forget Kapingura	Lecturer Department of Economics, University of Fort Hare, East London campus	MCom (Economics), University of Fort Hare Currently enrolled for DCom (Economics), University of Fort Hare
Ms Gisele Mah	Lecturer School of Economic & Decision Sciences, North-West University, Mafikeng Campus	MCom (Economics), North-West University, Mafikeng Campus Currently enrolled for PhD (Economics), North-West University, Mafikeng Campus
Mr Sibanisezwe A. Khumalo ⁽²⁾	Lecturer Department of Economics, University of Fort Hare, Alice	MCom (Economics), University of Fort Hare. Currently enrolled for a DCom (Economics), University of Fort Hare
Ms Tembeka Ndlwana	Lecturer and Acting HOD Economics Department, Walter Sisulu University, Mthatha Campus, Unitha	Master's degree (Economics), City University of New York (CUNY)
Mr Tichaona Pfumayaramba	Lecturer Department of Agr Economics, University of Venda, Thohoyandou	MSc (Agr Economics), University of Zimbabwe Currently enrolled for PhD (Agr Economics), University of Venda
Mr Stephen Zhanje	Lecturer Department of Economics, University of Limpopo, Turfloop Campus, Polokwane	MSc (Economics), University of Zimbabwe

Notes:

- (1) Position as at the start of the project
- (2) Mr Sibanisezwe Khumalo replaced Ms Siybulela Onceya who left the service of the University of Fort Hare.

Format and timing of delivery of the programme

The workshop was conducted in a computer lab at the Department of Economics at the University of Pretoria, with the aim of participants not only acquiring the necessary theoretical background, but also being exposed to hands-on empirical application, using software EViews and STATA. For the time series course, EViews

was used exclusively. (STATA was the software of choice for the workshop on cross-section techniques, while both EViews and STATA have been used in the Panel Data course.

A typical day started at 8:30 and ended at 16:30 with a lunch break of one hour and a mid-morning and mid-afternoon coffee/tea break of 20 to 30 minutes. Early morning coffee/tea was available at 8:00, with water provided in the venue.

With specific reference to the Panel Data workshop, extensive lecture notes with text book references and practical exercises with solutions were made available in printed form and on CD and web site link. Time was divided between theoretical discussions and practical applications. Lecturers involved in the Panel Data workshop were Prof. René van Eyden and Manoel Bittencourt.

Workshop participants freely and frequently made use of the opportunity to raise questions and take part in discussions. Since delegates have had prior exposure to the software, everyone kept up fairly easily.

Topics covered during the workshop

For this workshop the following prior knowledge was assumed to be in place: basic statistical methods, such as the calculation of means and standard deviations, as well as hypothesis testing, primarily t , z , F and χ^2 distribution based tests. It also assumed a fair understanding of matrix algebra. Finally, it assumed a modicum of understanding of the structure of programming. A combination of EViews and STATA software was used in the demonstration of techniques.

Topics:

1. Introduction to Panel Data Modelling
 - a. Benefits and Limitations
 - b. Efficiency of Parameter Estimates
 - c. Identification of Parameters

2. The Static Linear Model
 - a. The Fixed Effect (LSDV, Within) Model
 - b. The First Difference (FD) Estimator
 - c. The Random Effects Model
 - d. Fixed Effects of Random Effects?
 - e. One-way vs. Two-way Error Component Models
 - f. Seemingly Unrelated Regression with Error Components

- g. Example and Practical Exercise in EViews and STATA
3. Hypothesis Testing with Panel Data
 - a. Tests for Poolability
 - b. Tests for Individual and Time Effects
 - c. Hausman's Specification Test
 - d. Serial Correlation Tests
 - e. Heteroskedasticity Tests
 - f. Example and Practical Exercise in EViews and STATA
 4. Simultaneous Equations with Error Components
 - a. Endogeneity of Regressors
 - b. Instrumental variables (IV) (Within 2SLS, Between 2SLS, Error Component 2SLS, Generalized 2SLS)
 - c. Example and Practical Exercise in STATA
 5. Dynamic Linear Models
 - a. An Autoregressive Panel Data Model
 - b. Nickel (1981) bias and corrections
 - c. The Anderson-Hsiao (IV) Estimator
 - d. The Arellano and Bond (1991) (DIF-GMM) Estimator
 - e. The Arellano and Bover (1995) Estimator
 - f. The Blundell and Bond (1998) (SYS-GMM) Estimator
 - g. Too Many Instruments
 - h. Example and Practical Exercise in STATA
 6. Panel Heterogeneity and Cross-section dependence
 - a. Extend intercept heterogeneity to slope heterogeneity
 - b. Mean Group (MG) estimator of Pesaran and Smith (1995)
 - c. Pooled Mean Group (PMG) estimator of Pesaran, Shin & Smith (1997, 1999)
 - d. Swamy's (1970) Random Coefficients (RC)
 - e. Zellner's (1962) Seemingly Unrelated Regression (SUR) estimator
 - f. Cross-section (between group) dependence: Pesaran's (2006) Common Correlated Effects (CCE) estimator
 - g. Examples and Practical Exercise in STATA
 7. Panel Time Series (Non-stationary Panels)
 - a. Panel Unit Root Tests Assuming Cross-sectional Independence
 - b. Panel Unit Root Tests Assuming Cross-sectional Dependence
 - c. Spurious Regression in Panel Data
 - d. Panel Cointegration Tests
 - e. Example and Practical Exercise in EViews

Feedback from participants and our impressions

Without exception the delegates were extremely grateful for the opportunity granted to them, and they were eager to participate and learn. Overall it was a positive experience for all involved.

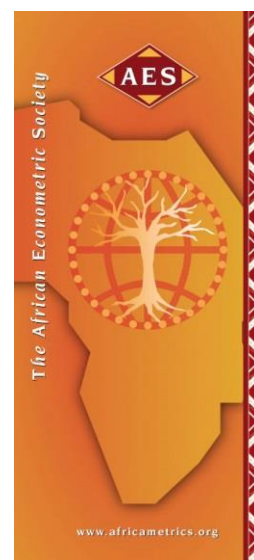
Even though we have witnessed a great deal of growth and development, some of the delegates may still need some guidance in getting an article published. We have invited participants to stay in touch in which case we will offer some informal guidance in this regard.

We thank ERSA for the opportunity granted to the participants to be part of the programme and for lecturers from the University of Pretoria to be involved in the training. We undertook to keep contact with the delegates and we invited them to contact us when they need assistance in applying the techniques they were exposed to during the workshop.

African Econometrics Society

A note on ERSA's support of the AES website

The Africa Standing Committee and respective Conference Organisers acknowledge ERSA's contribution with much appreciation. Mr. Tanton has been extremely helpful and efficient in updating the website to reflect the transition of the AES to the Econometric Society Africa Region, as well as posting the information for the 2016 conference



Economic Research Southern Africa's involvement in sponsoring the website (www.africametrics.org), making resources available for the maintenance and updating of the website, dates back to 2007 when the 12th Annual Conference of the African Econometric Society (AES) was hosted by the University of Cape Town. For the first number of years, Ms Alison Siljeur was responsible for maintaining the site, while Mr Charles Tanton took over this responsibility at the beginning of 2013.

During 2014 the AES transitioned into the Africa Regional Chapter of the Econometric Society. The 2014 and 2015 Meetings were hosted by the Ethiopian Economics Association in Addis Ababa and by the University of Zambia in Lusaka, respectively. The 2016 Africa Meeting of the Econometric Society will be held in South Africa again, with the Department of Economics, University of Pretoria hosting the event at the Kruger Gate Protea Hotel in Mpumalanga. Even though the Call for papers is posted on the website of the Econometric Society (<https://www.econometricsociety.org/meetings/future-meetings>), the Africametrics.org website, is still used for posting announcements regarding logistics, academic program, etc., see <http://www.africametrics.org/>.

Appendix I: Workshop Reports: April 2015 – March 2016

1 & 2 “The Fiscal History of Sub-Saharan Africa” & “Longitudinal Data in African History”, 26-29 May 2015, STIAS, Stellenbosch – Johan Fourie

The Economic History research group held two workshops during the current budget year. The first of these was a joint workshop with the Public Economics group on the Fiscal History of Africa and attended by 23 scholars. In addition to the South African scholars, the workshop attracted several international scholars (from LSE, Lund, and Wageningen, to name a few), many of them funded through a grant made available by the British Academy (joint application by Leigh Gardner and Johan Fourie). The programme of the workshop is provided in addendum 1.

The keynote was Noel Johnson from George Mason University. His research on the emergence of fiscal capacity in Europe provided an excellent backdrop to contemporary discussions of fiscal institutions and how to best support them in a developing country context. The involvement of several policy makers at the workshop was therefore pleasing to see, and an indication that economic history can make a valuable contribution to our understanding of contemporary policy issues.

The second workshop, held immediately following the first, was on microdata in African history. More than 30 participants attended the workshop, with many economists from other fields, like development economics, participating. The stellar field of international scholars was one reason for the interest by economists: William Collins (Vanderbilt), Jason Long (Wheaton), Marcella Alson (Stanford), and Neil Cummins (LSE) were all present. It was an especially useful experience for students who could witness the often intense debates between the US scholars.

Because there is still R100k budget left, a small workshop is planned for January. The workshop will be on ‘What church records can reveal about economic development’. We have invited Felix Meier zu Selhausen, a postdoc student from Sussex University who will present his ongoing work on collecting, digitising and transcribing Anglican individual-level baptism, marriage and burial records from 8 African countries. These records are often the only individual-level records we have of Africans for the precolonial and colonial period, and can reveal much about the impact of colonialism on African living standards.

For the next budget year, one workshop is planned for November 2016. (We have taken note of the proposals of the consultancy.) The preliminary invited keynote will be Marianne Wanamaker, a labour economist and economic historian from the University of Tennessee. The theme is likely to be around demography and gender. The African Economic History Network has also awarded South Africa the right to host the 2017 African Economic History Network meetings. The plan is to combine this event – which attracts up to 100 participants annually – with an ERSA workshop in November 2017.

Addendum 1:

The fiscal history of sub-Saharan Africa

DAY 1

- 8.30-9.00 Registration and Welcome
 9.00-10.00 Session 1
 Noel Johnson (George Mason), Fiscal Capacity and the Development of Market Enhancing Institutions
 10.00-10.30 Coffee
 10.30-12.30 Session 2
 Christine Makanza & Paul Dunne (Cape Town), 'Fiscal consolidation, fiscal policy transmission and current dynamics in South Africa'
 Kleoniki Alexopoulou (Wageningen), 'Obey or pay: Taxation, migration and forced labour in Portuguese Mozambique'
 12.30-13.30 Lunch
 13.30-15.30 Session 3
 Olusegun Ayodele Akanbi (South Africa), 'Sustainability of fiscal policy in an oil-rich economy: The case of Nigeria'
 Christian John Makgala (Botswana), 'Revenue collection and service delivery by the tribal administration in colonial Botswana, 1900-1966'
 15.30-16.00 Coffee
 16.00-17.00 Session 4
 Leigh Gardner (LSE and Stellenbosch) and Jutta Bolt (Groningen), 'Decompressing history? Pre-colonial institutions and local government finance in British colonial Africa'

DAY 2

- 9.00-11.00 Session 1
 Josue Mbonigaba (Kwa-Zulu Natal) and Saidou Baba Oumar (Kwa-Zulu Natal), 'Health expenditure and health status in low and middle income countries: evidence from simultaneous panel regressions'
 Philippe Burger (Free State), Krige Siebrits and Estian Calitz (Stellenbosch), 'The road back to fiscal sustainability in South Africa'
 11.00-11.30 Coffee
 11.30-12.30 Session 2
 Hammed Amusa (Financial and Fiscal Commission) and Ramos Mabugu (Financial and Fiscal Commission), 'The contribution of fiscal decentralization to regional inequality: empirical results for South African municipalities'
 12.30-13.30 Lunch

13.30-15.30 Session 3

Abel Gwaindepi (Stellenbosch): State building in the colonial era: An investigation of the revenue and expenditure patterns of the Cape Colony, 1820-1910

Chendetai Dame (Stellenbosch): The efficiency of Sub-Saharan African Governments in raising revenue through taxation

15.30-16.00 Coffee

Addendum 2:

Workshop programme

Wednesday, 27 May

Session 1 (Chair: Ellen Hillbom, Lund)

09:00 Arrival and welcoming

09:30 Marcella Alsan (Stanford): The Effect of the TseTse Fly on African Development

10:30 Tea

Session 2 (Chair: Patrizio Piraino, UCT)

11:00 Nonso Obikili (ERSA): Climate, Yams and Pre-colonial Centralization in Africa

11:30 Mpho Mtlhola (Wits): The Effect of Unions on Wages

12:00 Bokang Mpetla (Stellenbosch): The living standards of black South Africans before and during apartheid

12:30 Rulof Burger (Stellenbosch): Convexity of heterogeneity? Estimating the shape of the earnings profile using a South African schooling policy shift from the 1990s

13:00 Lunch

Session 3 (Chair: Carolyn Moyo, UP)

14:00 Jason Long (Wheaton): Grandfathers Matter(ed): Occupational Mobility Across Four Generations in the U.S. and Britain, 1850-1940

15:00 Jeanne Cilliers (Stellenbosch): Structural change and occupational mobility before and after industrial take-off: A micro-level case study of 19th century settler South Africa

15:30 Tea

16:00 Neil Cummins (LSE): Longevity and the Rise of the West: Lifespans of the European Elite, 800-1800

18:00 LEAP launch (Second floor, Schumann building, Bosman Street)

Thursday, 28 May

Session 4 (Chair: Angus Dalrymple-Smith, Wageningen)

09:00 William Collins (Vanderbilt): Up from Slavery? Intergenerational Mobility in the Shadow of Jim Crow

10:00 Dieter von Fintel (Stellenbosch): The pre-colonial roots of structural unemployment

10:30 Tea

Session 5 (Chair: Sophia du Plessis, Stellenbosch)

11:00 Chris Garbers (Stellenbosch): The impact of the agricultural minimum wage on farmworker employment in South Africa: A fixed effects approach

- 11:30 Carolyn Moyo (UP): Globalisation and Conflict: Evidence from sub-Saharan Africa
- 12:00 Thobeka Ncanywa (Fort Hare): The Dinaledi intervention programme in Eastern Cape schools
- 12:30 Michiel de Haas (Wageningen): Export crops and resilience in British Colonial Africa
- 13:00 Lunch

Session 6 (Chair: Bheki Mngomezulu, UKZN)

- 14:00 Jane Mpapalika (Wits): The determinants of risk premium in African countries.
- 14:30 Stan du Plessis and Sophia du Plessis (Stellenbosch): Mapping institutional differences in the two Boer Republics
- 15:00 Ellen Hillbom (Lund) and Jutta Bolt (Groningen): Social structures and income distribution in colonial sub-Saharan Africa: The case of Bechuanaland Protectorate 1921-1974
- 15:30 Tea

Session 7 (Chair: Agostino Inguscio, UCT)

- 16:00 Christie Swanepoel (Stellenbosch): "Impending ruin" or "remarkable wealth"? The role of private credit markets in a settler colony
- 16:30 Johan Fourie (Stellenbosch): The Cape of Good Hope panel: problems and possibilities
- 19:00 Conference dinner (Hussar Grill)

Friday, 29 May

Session 8 (Chair: Leigh Gardner, LSE)

- 09:00 Bheki Mngomezulu (UKZN): Why do longitudinal studies matter in African history?
- 09:30 Mohammed Mustafa Ali (Kassala): The Role of FDI in Augmenting Farmer Females' Agrarian Productivity in Eastern and Southern African Countries
- 10:00 Angus Dalrymple-Smith (Wageningen): Slave Ship Provisioning, c. 1680-1808. Did the Atlantic Trade Boost West African Commercial Agriculture?
- 10:30 Tea

Session 9 (Chair: Abel Gwaindepi, Stellenbosch)

- 11:00 Njabulo Mkhize (UNISA): The Sectoral Employment Intensity of Growth in South Africa, 2000-2012
- 11:30 Erik Green (Lund): The development of agrarian capitalism and settler farming in Southern Rhodesia revisited: Measuring the role of tenant labour
- 12:00 Discussion: The future of historical longitudinal data in Africa
- 13:00 Lunch

3 Monetary , 26-27 August 2015, SARB, Pretoria – Nicola Viegi

The 5th Annual Monetary Economics and Macroeconomic Modelling workshop was held in Pretoria on the 26th and 27th of August. This year the focus of the workshop was on the main policy challenges facing South African policy makers in the near future. The first day of the workshop started with a presentation by Dr. Davide Furceri of the IMF on secular stagnation and the decline trend in world real interest rate. The day continued with three more discussion panels on fiscal and monetary policy issues, labour market and inequality.

The second day instead gave an opportunity to South African PhD and Post-doc students to present their current work on macroeconomic issues to senior academics, national policy makers and Dr. Furceri, who played a very active role in guiding and advising the students.

Overall the workshop was a great success, with more than 60 participants in the two days, from academia, National Treasury, the South African Reserve Bank and other national and international organizations.

4. International Trade and Industrial Organisation workshop on IO and Competition Policy, High Constantia Conference Centre, 7-8 September 2015, Workshop Convenor: Willem (Wimpie) Boshoff

This workshop is an annual workshop focused on encouraging research in competition policy and industrial organisation. The aim was to connect South African researchers in competition and IO to each other and to expose them to international researchers who can help to raise the quality of the South African papers. The community of South African researchers working in this field is small, but the signs from this year's workshop is encouraging – presentations included two PhD proposals in this field.

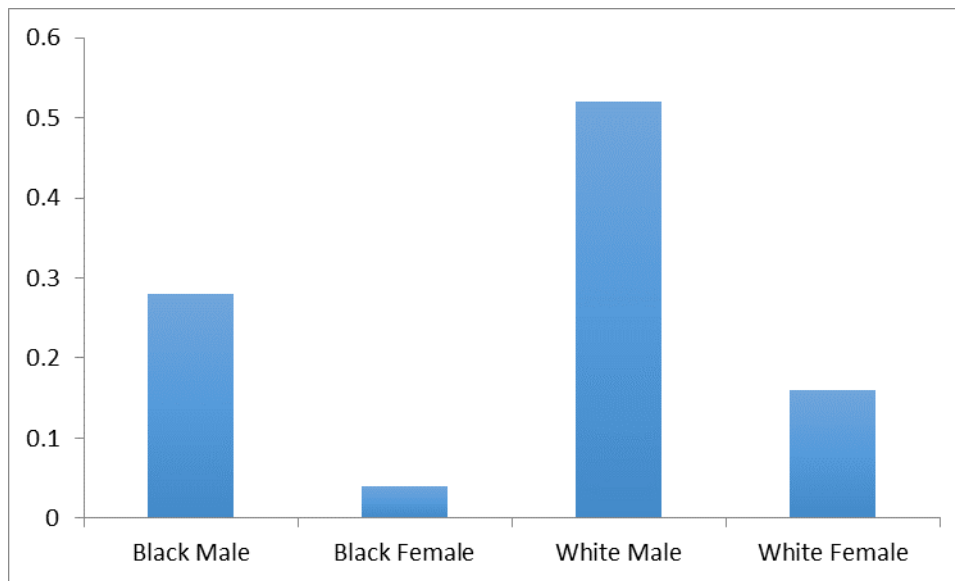
The one-and-a-half-day workshop was organised around a visit by Prof Joe Harrington (Wharton) to South Africa. Professor Joseph Harrington holds the Patrick T. Harker Chair of Business Economics and Public Policy at the Wharton School of the University of Pennsylvania. He received his PhD from Duke University. Prior to joining Wharton, he was Professor of Economics at Johns Hopkins University, where he was also Departmental Chair from 2007 to 2012. Prof Harrington's research focuses on the economics of collusion. He is a distinguished scholar and has published in the leading journals including the American Economic Review, Econometrica, and Management Science. His work on understanding observed collusive practices and developing markers of collusion has had a significant impact on the literature, but his 80+ publications and two textbooks cover a range of topics in competition and microeconomics more broadly. Prof Harrington is a regular keynote speaker at international events and serves on the editorial boards of all the leading industrial organization journals. He is also a past president of the Industrial Organization Society. In addition to his scholarly record, Prof Harrington has extensive policy experience at a senior level and his research has been presented before various competition authorities in the US, Europe and South Africa.

Most papers focused on cartel-related topics, but there were also empirical IO demand papers. Similar to the practice in previous workshops, each paper was assigned a discussant, which significantly enhanced the quality of the debate.

The intended target audience were researchers, academics and graduate students in the fields of IO and competition policy as well as competition policy practitioners. 25

participants registered for the workshop. There was a particularly strong group of visitors from the Competition Commission (5 people). The rest of the participants came from a diverse set of institutions including eleven universities, two research institutes and a consulting firm.

32 percent of the participants came from historically disadvantaged backgrounds and 20 percent were female, as shown:



This year's second workshop is a continuation of the earlier workshop in March 2015, which in turn built on the 2013 event (the 2014 event was a smaller event aimed at taking stock of our progress).

The South African presentations at the workshop can be split into new draft papers (4), PhD proposals (2) and a research proposal (1). We are confident about the quality of the draft papers and the proposed PhD work (one of the candidates received valuable feedback from Prof Harrington during the workshop and have since been registered). I am very encouraged by increased interest in IO research from economists at the Competition Commission. It would appear that we are moving towards our goal of creating a more vibrant community of researchers. In this regard, future workshops will also include new PhD proposals, potentially from more candidates in the Competition Commission.

The feedback from the group – including prospective PhD students attending – was very positive. They found the in-depth discussion of papers especially helpful. The international and local participants were impressed by the quality of facilities and location of High Constantia. We recommend this venue for future workshops by other ERSA clusters.

5. Third Economic Theory workshop, Inn on the Square, Cape Town - 10-11 November Workshop Convenor: Alexander Zimper

The workshop went over 1.5 days with a full programme including 20 participants (see table below). The first and the last presentations were given by our international guest Dr Felix Kuebler who also gave comments from an editor's perspective (among others he is AE of the top 5 journals *Econometrica* and *Review of Economic Studies*).

#	Title	First Name	Surname	Affiliation	Comments
1	Ms/Dr	Gisele	Mah	North West University	Discussant
2	Mr	Alex	Backwell	University of Cape Town	Presenter
3	Mr	Adeola	Oyenubi	University of Cape Town	Discussant
4	Mr	G.	Charles-Cadogan	University of Cape Town	Presenter
5	Mr	Michael E.	Rose	University of Cape Town	Presenter
6	Mr	C	George	University of Cape Town	Discussant
7	Mr/Dr	Andre	Hofmeyer	University of Cape Town	Presenter
8	Mr/Dr	Dambala Gelo	Kutela	University of Cape Town	Presenter
9	Mr	Alexander	Child	University of Cape Town / DNA Economics	Presenter
10	Miss	Nontembiso Euginia	Dwesini	University of Fort Hare	nothing
11	Mr	Simiso	Msomi	University of KwaZulu Natal	Discussant
12	Mr	Ntokozo	Nzimande	University of KwaZulu Natal	Discussant
13	Mr	Alex	Zimper	University of Pretoria	Presenter
14	Mr/Dr	Wei	Ma	University of Pretoria	Presenter
15	Mr/Dr	Kaushal	Kishore	University of Pretoria	Discussant
16	Mr	Gideon	Du Rand	University of Stellenbosch	Presenter
17	Dr	Hylton	Hollander	University of Stellenbosch	Presenter
18	Mr	David	McClelland	University of Witswatersrand	Discussant
19	Mr	Felix	Kuebler	Zurich	Presenter
20	Mr/Dr	Philpp	Koenig	DIW, Berlin (UCT visitor)	Discussant

Apparently, we did ok with respect to our budget since we spent only little more than the ZAR 100 000 I had been aiming for.

ERSA BUDGET	R 200 000.00
ACCOMMODATION & CONFERENCE EXPENSES	
Inn on the Square	R 51 000.00
TRAVEL COSTS	
Airtickets for local delegates	R 18 000.00
Shuttle services for the workshop	R 3 500.00
Flight for Speaker	R 20 834.80
Dinner	R 6 000.00
OTHER EXPENSES	
Car Rental - Alex	R 4 072.00
TOTAL	R 103 406.80
Surplus	R 96 593.20

Critical remarks

The workshop went well and most participants benefitted to different degrees from it. That said, I was not entirely happy with several aspects, most of which I could, in hindsight, have avoided myself. Here is a list of these aspects:

While the quality of the presentations was rather volatile, two presentations were downright bad. In future I plan to be even more selective with respect to presentations.

The quality of most discussions was bad. Instead of presenting slides with detailed comments to the audience, the majority of the discussants simply mumbled from their seats that they liked the paper. In the future I will send out instructions about proper discussions.

One lady was apparently free-riding on the workshop since she did not contribute at all, i.e., she did not even give a discussion of the paper allocated to her.

The CBD of Cape Town is not a pleasant place for workshops because of the after hours security situation.

6. Microsimulation workshop, Nelson Mandela Metropolitan University – George Campus, George, 12-13 November 2015, Workshop Convenors: Krige Siebrits and Wynnona Steyn

The Public Economics Group held a workshop on microsimulation modelling in George on 12-13 November 2015 in partnership with the South African Revenue Service (SARS). This was a follow-up to an earlier workshop on the same theme held at the University of Pretoria on 5-6 August 2013. Ms Wynnona Steyn – an economist from SARS with many years of experience in microsimulation modelling – was the presenter. The objectives of the workshop were to introduce the attendees to microsimulation modelling in a practical manner by presenting and discussing applications of various models for tax policy analysis. The following models were discussed: a personal income tax model, a value-added tax model, customs and excise duties models, a corporate income tax model, and an Excel-based computable general equilibrium model.

Affiliations: The workshop attracted 26 participants (including the presenter). A significant number of these had not attended workshops of the Public Economics Group before. Tables 1 and 2 show the institutional affiliations of the participants and the sectoral representation. Fully 77% of the participants were from academic institutions, with the remainder from public-sector institutions (19%) and the private sector (4%). Eleven South African universities were represented at the workshop, including the University of Fort Hare (five representatives), the Tshwane University of Technology, the University of South Africa and the University of Venda.

Demographics: Table 3 contains the racial and gender breakdowns of the participants. Fully 73% of the participants were black, while 39% were female.

Table 1: Affiliations of workshop participants	
Affiliation	Number of participants
University of Fort Hare	5
SARS	4
University of Stellenbosch	3
University of Cape Town	3
Nelson Mandela Metropolitan University	2
Department of Transport	1
North West University	1
Standard Bank	1
Tshwane University of Technology	1

University of KwaZulu-Natal	1
University of Pretoria	1
University of South Africa	1
University of the Western Cape	1
University of Venda	1
Total	26

Table 2: Sectoral representation of workshop participants	
Sector	Share of participants
Academic	77
Government	19
Private	4
Total	100

Table 3: Demographic representation of workshop participants	
Demographic group	Share of participants
Black males	42
Black females	31
White males	19
White females	8
Total	100

Budget: A surplus of R50 404 was generated. The details of the expenditures are listed in Table 4.

Table 4: Budget for ERSA workshop	
ERSA BUDGET	R200 000.00
ACCOMMODATION & CONFERENCE EXPENSES	
Accommodation	R44 000.00
Catering	R6 100.00
TRAVEL COSTS	
Domestic flights	R89 495.90
Shuttles	R10 000.00
Total expenditure	R149 595.90
Surplus	R50 404.10

Overall assessment: The workshop was a success. Ms Steyn presented the various models in a particularly clear manner, and readily discussed applications of interest to individual participants. Furthermore, all the models discussed during the workshop were made available to the participants for personal use (Ms Steyn's SARS colleague, Ms Winile Ngobeni, deserve thanks for undertaking the distribution of the files). I have no doubt that all the participants are now capable of undertaking basic microsimulation modelling using the models discussed at the workshop, while those keen to build their own models have the skills to embark upon the development thereof.

Apart from the uncomfortably low temperature setting of the air-conditioning, the computer lab at the George Campus of the Nelson Mandela Metropolitan University was an ideal venue for the workshop, while the Oakhurst Hotel in George provided excellent service and comfortable accommodation. I would like to thank Ms Yoemna Mosaval and other ERSA staff for all the work that contributed so much to the success of the workshop.

7. Financial Economics, The Farm Inn, Pretoria 25-26 November 2015, Workshop Convenor: Co-Pierre Georg

In the reporting period from March 2015 to March 2016 I organized one workshop, at the Farm Inn in Pretoria and in collaboration with the South African Reserve Bank in November 2015. Our keynote speaker was Prof. Atif Mian from Princeton University, who is a world-leading expert on housing markets and SME financing. The workshop consisted of two parts. On the first day we combined the workshop with the SARB Financial Stability conference and about 25 ERSA delegates were able to attend this high-level policy conference. On the second day, we moved to the Farm Inn close to Pretoria for an ERSA workshop with about 25 participants. Most of them presented their ongoing work. What made the workshop special was that we had a number of international and senior academics, who were in Pretoria for the SARB conference, join the workshop and provide feedback to more junior academics. This was most useful because the juniors presented very early stage work and received, according to participants, most useful feedback on how to improve their projects.

The other thing that made the workshop special was that we concluded it with a "World Cafe" discussion, which is a structured discussion format to facilitate discussions about "The State of the South African Economy" among participants. The format is nice because it mixes groups and brings together participants who not normally interact. I chose this format because I noticed that at the last workshops there was a bit of segregation between academics from different institutions in South Africa. I think the exercise was very useful and I will repeat it at a future workshop.

8. Second Annual Econometrics workshop: Bayesian Statistics in Econometrics, Monkey Valley Resort, Noordhoek, 5-6 December 2015, Workshop Convenor: Michael von Maltitz

Goal: The second Econometric Modelling workshop, held in Cape Town, took on the theme of Bayesian Statistics in Econometrics. The workshop was intended for Southern African econometricians already familiar with Bayesian concepts, looking to expand their utilisation of Bayes within their own economic research, and incorporate cutting edge Bayesian technologies. We were privileged enough to be joined by Prof. Donald Rubin, from Harvard, one of the world's most influential statisticians in the field of Bayesian statistics and causal inference (400+ peer-reviewed articles, 180 000 citations at an h-index of 114, 35+ PhDs, and more than a dozen books).

Attendance: In total there were 14 attendants (4 White male, 1 White female, 7 Black male and 2 Black female). The institutions represented were:

Competition Commission (1)	ERSA (1)
Harvard (1)	Mistra (1)
Nedbank (1)	University of Cape Town (2)
University of the Free State (3)	University of Johannesburg (3)
University of KwaZulu-Natal (1)	

Topics covered: On the first day, we started with a tutorial on using R and BUGS to easily model economic problems in a Bayesian paradigm, presented by Mr Sean van der Merwe (UFS). This was followed by a presentation on the Utility of Bayesian Inference in Instrumental Variable Models by Prof. Donald Rubin (Harvard), a paper presentation on Bayesian Modelling of Preference Uncertainty in Double-Bounded Contingent Valuation Elicitation Method by Dr Dambala Gelo (UCT), a presentation on Assessing the Performance of Predictive Mean Matching in Sequential Regression Multiple Imputation by Mr Seun Komolafe (UFS), and my own presentation on Uncomplexing Complex Survey Data. Within one or two of the talks, Prof. Rubin was able to spot what he classifies as "low-hanging fruit" – topics that would be easy to research and publish while still contributing significantly to the Bayesian econometric field. At the end of the day, a few participants presented research ideas for consideration. Valuable feedback was provided, in particular by the technical modelling expert, Mr Sean van der Merwe, on how to realise the research in a

Bayesian paradigm. On the second day, Prof. Rubin presented a second paper entitled 'Are Job Training Programs Effective? The two papers presented by Prof. Rubin stimulated particularly vibrant and interesting discussions.

Output plan: Dr Gelo's paper seems ready for publication after some minor edits. We hope that he will submit through the ERSA channels. I will be working on one of the "low-hanging fruit" that Prof. Rubin identified within Mr Komolafe's research.

Of particular interest is the fact that through the discussions that originated during workshop, Prof. Rubin has recommended that one of the participants, Ms Kannemeyer, apply for a PhD at Harvard (or another earmarked institution) with his support. Ms Kannemeyer has already begun applying to the named institutions.

Comments: I would have liked to spend a day with several of the workshop participants in order to finalise their outputs. Unfortunately, due to the restructuring of the ERSA workgroups, this will not be likely, so I have little power in enforcing work on the projected outputs from the workshop.

However, in contrast with the first Econometric Modelling Workshop, every participant was able to contribute to the discussions in one way or another – the fact that we specified that the workshop was meant for researchers already familiar with Bayesian methods made the time spent together far more valuable.

It should also be noted that it was an extreme privilege to have such a prestigious researcher as Prof. Rubin at the event; this would not have been possible without the extremely competent administration and generous funding of ERSA, and for these the participants and I are extremely thankful. Prof. Rubin's insight into Bayesian statistics, and causal inference in particular, was extremely well received by the participants. It was highly beneficial to see how complicated topics in causal inference could be broken down in expert fashion into completely understandable problems, with solutions that seemed natural, or trivial. It is this calibre of expert (one who can make a complex topics seem simple) that is needed in order to inject enthusiasm about cutting edge methodologies into the current econometric research in Southern Africa.

From a logistical standpoint, most of the delegates found the accommodation completely satisfying. However, there were delay issues with the transport from the airport on arrival which were extremely embarrassing and problematic – forcing a guest such as Prof. Rubin to wait for more than an hour, after 8pm, without dinner, because the driver was continually “5 minutes away” was unacceptable. This delay also meant that we missed the late dinner that was planned for us at the resort. However, the manager was able to at least bring us a snack plate at 10pm.

Budget: As far as the budget is concerned, we seemed to have generated a surplus of **R3 880**. Additional funding for the prestigious guest, Prof. Donald Rubin, was obtained from the South African Statistical Association (SASA) and the University of the Free State (UFS).

EXPENSES
EXPENSES FOR ECONOMETRIC MODELLING WORKSHOP

ERSA BUDGET	R 200 000.00
Allocation from SASA	R 23 000.00
Allocation from UFS	R 90 000.00
TOTAL BUDGET	R 313 000.00
ACCOMMODATION & CONFERENCE EXPENSES	
Monkey Valley Resort (incl dinner)	R 63 520.00
TRAVEL COSTS	
Airtickets for local delegates	R 53 800.00
Shuttle services for the workshop	R 14 500.00
Towards flights for Don	R 173 000.00
Domestic Flights for Don (JHB - CPT - BFN - JHB)	R 4 300.00
TOTAL EXPENSES	R 309 120.00
Surplus	R 3 880.00

9. What church records can tell us about economic development, The Lutheran Church, Cape Town, 22 January 2016, Workshop Convenor: Johan Fourie

We had R100k remaining in our ERSA Econ History budget after two workshops in 2015, and I decided to organise a small workshop on a topic that is attracting increasing attention, even though it is rather peripheral still. Churches were some of the first institutions to keep systematic records of colonised Africa, and these records are now becoming increasingly useful to investigate African living standards before and during colonialism.

We invited Felix Meier zu Selhausen, a researcher at the University of Sussex who spent several years in Africa photographing Anglican church records. His massive database is now being transcribed and will be used to measure fertility, occupational mobility and living standards in precolonial and colonial Africa.

25 scholars (32% black) from across South Africa attended the event, held in the Lutheran Church conference centre in Cape Town (at no cost). Our final budget therefore reflected a surplus of more than R20k.

The final programme is included below. Although it was only a one-day event, there were excellent opportunities for networking too. A new project, focusing on Anglican records in South Africa, has resulted from the workshop. The working paper can be expected in 2017.

Because of changes at ERSA, this was the final ERSA Economic History workshop. I would like to thank Yoemna, Gloria and Megan for their excellent support in helping to organise all sixteen workshops, of which I've attended fifteen. ERSA's support for economic history has breathed new life into what I consider an incredibly important field, especially in bridging the gap between economics and the other social sciences and humanities. I would also like to thank Sophia du Plessis (who was the first convenor), and all the scholars who have contributed to our workshops. I hope that we can rely on ERSA's financial and administrative support in future in promoting and expanding the field further in South Africa and the rest of the continent.

Programme:

- 10:00 Welcome and introduction | Johan Fourie, Stellenbosch
- 10:15 Following the cross: What church records can tell us about social and economic development in Africa | Felix Meier zu Selhausen, Sussex University
- 11:30 The fertility of South African settlers: evidence from church records | Jeanne Cilliers, Stellenbosch
- 12:30 Lunch
- 14:30 Social Mobility among Christian Africans: Evidence from Ugandan Marriage Registers, 1895-2011 | Felix Meier zu Selhausen, Sussex University
- 15:30 The data revolution in African Economic History | Ed Kerby, LSE
- 16:00 Tea
- 16:30 The Lutheran Church records | Teun Baartman and Sally Tittlestad (heritage consultants)
- 17:15 A debt to the church: patterns of credit and debt in the early Cape Colony | Christie Swanepoel, Stellenbosch

10. The Third ERSA Political Economy workshop, Sunnyside Park Hotel, Johannesburg, 16-17February 2016, Workshop Convenor: Giampaolo Garzarelli

Objective: The Third Political Economy workshop, held in Johannesburg, was particularly interested in themes of corruption, dictatorship, fiscal federalism, intergovernmental grants, political entrepreneurship, and regulation. Ultimately, however, the workshop had a catholic scope in terms of both papers and background of delegates. For the motivation was to familiarize African and particularly Southern African scholars as much as possible with some of the vanguard research areas of the field, such as economic implications of alternative forms of state, economic analysis of criminal organization, the empirics of political economy measures of institutional efficiency, and theory of the firm analysis of traditional political economy problems. In this sense, the intention was to have scholars broaden their views and topics of research, in both empirical and theoretical directions.

We had the privilege of hosting two international academics: Prof. Ronald Wintrobe of the University of Western Ontario, Canada, and Professor Emma Galli of Sapienza – University of Rome, Italy. Both scholars made significant contributions to political economy, especially in its Public Choice incarnation. Wintrobe is considered a world authority on dictatorship, bureaucracy and rational analysis of the public sector who published in top journals (AER, JPE, etc) and authored or co-authored a significant number of important books; Galli is an expert in Public Choice, more recently interested in problems of corruption, especially from the empirical angle, who has publications in high profile specialized outlets, such as the European Journal of Political Economy, Public Choice, and Economic Inquiry, and has also authored or co-authored some books.

Both Prof. Wintrobe and Prof. Galli gave two keynote lectures each. Prof. Wintrobe presented his work on the North Korean dictatorship and on Mafia decision-making; while Prof. Galli her work on decentralization and corruption and decentralization and control of state expansion.

Attendance: In addition to the four keynote papers, there were another nine papers presented; for a total of 13 papers and 11 presenters (including the keynotes the presenters were: 4 white males, 2 African females, 2 African males, 1 North African

female, 1 South African female. According to our figures, however, there were a total of 28 participants (some were co-authors who did not present, others were scholars interested in the workshop, bringing the total number of African delegates to 15). The institutions represented were (overall, including non-presenters, in no particular order):

KZN Provincial Treasury (1)	North West University (1)
Glen Steyn & Associates (1)	Vaal University of Technology (1)
University of KwaZulu-Natal (2)	University of the Witwatersrand (5)
University of Pretoria (2)	University of Fort Hare (1)
UNISA (2)	MISTRA (1)
South African Reserve Bank (3)	SAESO – North West (3)
Great Zimbabwe University (2)	ERSA (1)
University of Western Ontario (1)	Sapienza – University of Rome (1)

Topics covered: On the first day, Prof. Wintrobe opened the workshop with his first keynote lecture on Korea. The participants presented papers on government debt in South America, economic freedom and economic growth, institutional efficiency, district size and schooling attainment, the organizational economics of the state, and choice and constraints in the Vaal. Prof. Galli closed the first day with decentralization and Leviathan. On the second day Prof. Wintrobe opened the workshop with his paper on the decision making of organized crime. The participants presented papers on government debt in a VECM analysis, on money creation, and state formation in precolonial Southern Africa. Prof, Galli closed the workshop with her paper on government decentralization and control of corruption.

All the papers presented stimulated questions and lively discussion.

Output plan: Most of the papers presented, in line with the spirit of the call, were preliminary in nature. But the idea is that they would be submitted within 18 months to journals. However, the paper by Garzarelli and Limam on Institutions and Efficiency received an acceptance at the ERSA working paper series conditional on minor revisions.

Comments: I think that we all received very valuable feedback on our research from the workshop. Moreover, we all extremely benefited from the networking created by the workshop.

Budget: As far as the budget is concerned, we seemed to have generated a surplus of R752.05 from the ERSA funds of R200,000. Additional funds for Prof. Galli's flight were covered by the Institutions and Political Economy Group (IPEG) of Wits (About 800 Euros).

EXPENSES FOR THIRD POLITICAL ECONOMY WORKSHOP

TRAVEL COSTS	
Flight for Guest Speaker - Ron Wintrobe	R 39 749,68
Local Delegates Flights	R 22 875,00
Shuttle Transfers	R 6 500,00
OTHER EXPENSES	
Honarium - Ron Wintrobe	R 20 000,00
Honarium - Emma Galli	R 20 000,00
Car Rental - NW delegates	R 5 537,50
Reimbursment - Manoel Bittencourt UBER shuttle	R 893,37
TOTAL	R 199 247,95
Surplus	R 752,05

11. Asymmetric Information in Markets and Organizations, University of Pretoria, Pretoria, 14-15 March 2016, Workshop Convenor: Alexander Zipper

The workshop took the form of a series of lectures given by Prof. Pierre Fleckinger (Mines and Sorbonne, Paris) and Prof. Wanda Mimra (ETH Zuerich) about asymmetric information in economics. In particular, the following topics were addressed:

Introduction: Private information in markets and organizations: Overview and framework

Part 1: Credence goods and expert markets

- 1.1 The Basic Credence Goods Set-up
- 1.2 Providing the Right Incentives for Experts
- 1.3 Expert Markets: Evidence from the Field and the Lab

Part 2: Information disclosure and incentives in organizations

- 2.1 Disclosure and information design
- 2.2 Incentives in firms and markets with strategic intermediaries
- 2.3 Information intermediaries: Some applications and evidence

Lively discussions arose around topics that are relevant to South Africa, e.g., optimal regulation of a monopolist (ESKOM); overcharging, overtreating, undertreating by medical experts.

Everything about the workshop and its organization went very smoothly—many thanks to Megan Gelderbloem at this point.

The workshop was aimed at highly motivated participants who all had to submit a recent working paper or publication as closely related to the workshop's topic as possible. As a consequence, the number of accepted participants was rather small (please see the table below; while Manoel Bittencourt was a no-show, Mrs. Nicky Nicholls from UP joined instead).

#	Title	First Name	Surname	E-mail	Affiliation
1	Mr	Dumisani	Hompashe	DHompashe@ufh.ac.za	University of Fort Hare
2	Ms	Progress	Hove	proggyhove@gmail.com	Vaal University of Technology
3	Mr	Kin	Sibanda	sibandak@ufh.ac.za	University of Fort Hare
4	Ms	Hlekani	Kabiti	kabitihlekani@yahoo.co.uk	University of Venda
5	Mr	Courage	Mlambo	200706118@ufh.ac.za	University of Fort Hare
6	Mr	Tendai	Chimucheka	TChimucheka@ufh.ac.za	University of Fort Hare
7	Dr/Mr	Marwa	Nyankomo	nyankomo.marwa@gmail.com	University of Stellenbosch Business School
8	Dr/Mr	Manoel	Bittencourt	manoel.bittencourt@up.ac.za	University of Pretoria
9	Mr	Mpoifeng	Molefinyane	mmolefinyane@dsbd.gov.za	University of Pretoria
	Mr	Kaushal	Kishore	Kaushal.Kishore@up.ac.za	University of Pretoria
10	Mr	Alex	Zimper	Alex.Zimper@up.ac.za	University of Pretoria
11	Mr	Pierre	Fleckinger	pierre.fleckinger@mines-paristech.fr	MINES ParisTech & Paris School of Economics, France
12	Ms	Wanda	Mimra	wmimra@ethz.ch	ETH Zurich, Switzerland

There was a slight over-run of the budget (see below), which corresponds to the extra dinner I invited the presenters to. Since Gloria gave me pre-authorization for this, I suppose that this is in order.

ERSA BUDGET	R 96 880.20
ACCOMMODATION & CONFERENCE EXPENSES	
University of Pretoria, Hatfield Campus	R 0.00
Catering - Alders	R 4 615.00
Accommodation @ Brooklyn Manor	R 12 750.00
TRAVEL COSTS	
Airtickets for local delegates	R 13 532.00
Shuttle services for the workshop	R 4 410.00
Flight for Speaker Pierre and Wanda	R 21 181.40
Dinner	R 6 704.00
OTHER EXPENSES	
Honoarium - Pierre Fleckinger	R 17 000.00
Honoarium - Wanda Mimra	R 17 000.00
Car Rental - East london delegates	R 2 000.00
TOTAL	R 99 192.40
Surplus	-R 2 312.20

12. Politics Finance and Growth, South African Reserve Bank Conference Centre, Pretoria, 30-31 March 2016, Workshop Convenor: Steve Koch

The workshop that was held over March 30 and 31 was a joint effort, funded in part by a grant from the Economics and Social Science Research Council, in turn funded by DFID, Economic Research Southern Africa and the South African Reserve Bank.

The workshop was rare, in my view, as it brought together microeconomists and macroeconomists, as well as theorists and empiricists. A total of 16 papers were presented, and the workshop was kicked-off by Panicos Demetriades, Professor of Economics at Leicester University and former Governor of the Central Bank of Cyprus, who spoke about the political interference that he endured in his short tenure at the bank, amongst other things.

The internationally-based researchers engaged extensively with the local researchers, providing comments following presentations, as well as meeting with them during breaks. A few of these discussions have been incorporated in papers that I have seen submitted to the ERSA WP series. I am also aware of a few conversations that have begun to develop in the direction of collaborative research, although I am only aware of one such project (and it is not with me).

Papers were presented by International researchers from Leicester University, Gottingen University, and Huddersfield University. Local researchers were also represented, although the majority of those were from Stellenbosch (especially their development finance program) and Pretoria. One individual, currently based at the Competition Commission, presented research, as did researchers based at Monash and UCT. Additional participants included postgraduate researchers at NMMU, Rhodes, UNISA, the National University of Lesotho, the University of Fort Hare, University of Venda, North West University, Zululand and the Regenesys School of Public Management.

There was also an extensive set of participants from the Research Bank; approximately 401 Bank employees attended the keynote speech. Between 10-15 of them continued to participate though the rest of the conference. An Economist with

the US Embassy and another from the IMF were in attendance, as were government officials from KZN Treasury, Free State Treasury and DETEA.

I would like to thank ERSA for the support that it was able to provide to help make this a successful researcher.

For you information, I attach separately, the programme and the expenditure report, which focuses only on the ERSA contribution. As you can see, we did not spend the entire budget. In fact, it might be possible still for us to contribute back to ERSA from the ERC grant, but we will not know that for another month or two.

**Politics, Finance and Growth Workshop,
South African Reserve Bank,
March 30-31, 2016**

March 30 2016			
900		Coffee	
945		Welcome	
Session	Presenter	Title	Authors
1000	Panicos Demetriades	Political Economy of the Euro Area Financial Crisis	Panicos Demetriades
Session	Presenter	Title	Authors
1100	Godfrey Ndlovu	Household Microeconomic Determinants of Financial Exclusion in Zimbabwe	Godfrey Ndlovu and Francois Toerien
	Alain Kaninda	Decomposition of Inequality in Financial Access in South Africa	Alain Kaninda and Steve Koch
	Nyankomo Marwa	Social and Technical Efficiency of Savings Groups in Eastern and Southern Africa	Nyankomo Marwa and Komlan Sedzro
1230		Lunch	
Session	Presenter	Title	Authors
1315	Manoel Bittencourt	Democracy and Education: Evidence from the Southern African Development Community	Manoel Bittencourt
	Carolyn Chisadza	Education and Fertility: Panel Evidence from sub-Saharan Africa	Carolyn Chisadza and Manoel Bittencourt
	Matthew Clance	Bank Crises and International Trade	Matthew Clance et al
1445		Coffee	
Session	Presenter	Title	Authors
1500	Berta Silva	An Alternative Model for Resilience: The Community-based Savings Group	Sylvanus Ikhide and Berta Silva

Master Mushonga	Financial Sustainability of Cooperative Financial Institutions in South Africa: An Empirical Investigation	Master Mushonga, Nyankomo Marwa and Thankom Arun
Innocent Bayai	Financing Structure and Outreach of Selected SADC Microfinance Institutions	Innocent Bayai and Sylvanus Ikhide

March 31 2016

900

Coffee

Session	Presenter	Title	Authors
930	Robert Lensink	Financial Liberalization and Financial Instability	Robert Lensink
	Johan Rewilak	The New International Database on Financial Fragility	Johan Rewilak
	Svetlana Andrianova	Political Economy of Financial Underdevelopment	Svetlana Andrianova
1100		Coffee	
1115	Tumisang Loate	Local Credit Conditions and Global Financial Cycles: A Panel Analysis	Tumisang Loate and Nicola Viegi
	Ronald Rateiwa	Financial Structure and Economic Growth in Selected African Countries: Time Series Evidence	Ronald Rateiwa and Meeshach Aziakpono
	Nicola Viegi	The Transmission of Portfolio Flows to Credit; An Empirical Analysis Using South African Banks Balance Sheets	Haakon Kavli and Nicola Viegi
1245		Closing	
1300		Lunch	

EXPENSES FOR POLITICS, FINANCE AND GROWTH - 30 & 31 March 2016

ERSA BUDGET	R 120 000.00
ACCOMMODATION & CONFERENCE EXPENSES	
Accommodation	R 48 600.00
TRAVEL COSTS	
Local flights	R 42 453.00
Shuttles	R 11 060.00
Dinner	R 4 706.50
Refund: Thato Yaona	R 964.00
TOTAL	R 107 783.50
Surplus	R 13 180.50

Appendix II: ERSA Working and Policy Papers published: April 2015- March 2016

Working paper 511

Title: Cape of Perfect Storms: Colonial Africa's first financial crash, 1788-1793

Author(s): Roy Havemann and Johan Fourie

Publication date: April 2015

Classification-JEL: N27, N17, N20

Keywords: financial crisis, Eighteenth century, institutions, banking, Africa Exchange rate, export performance, efficiency-driven economy

This paper investigates the causes and consequences of colonial Africa's first financial crash, which happened in South Africa's Dutch Cape Colony. The 1788–1793 crisis followed a common sequence of events: trade and fiscal deficits were monetized by printing money, credit extension accelerated, the exchange rate fell sharply and inflation spiked. The domestic conditions were compounded by a deterioration of international conditions and political uncertainty. The final straw was the collapse of the Cape's own Lehman Brothers – an unregulated merchant house, run by a prominent Cape family, which had been indiscriminately issuing the equivalent of promissory notes. The policy response during the crisis included fiscal austerity, an attempted reorganization of domestic financial intermediation and continued monetary easing, which depreciated the exchange rate and triggered inflation. A new domestic bank was created. Yet the Cape economy would not recover quickly; the effects of the Cape's first financial crash would be felt deep into the nineteenth century.

Working paper 512

Title: Trade Linkages and Business Cycle Co-Movement: An Empirical Analysis of Africa and its Main Trading Partners using Global VAR

Author(s): Emilie Chanceline Kinfaek and Lumengo Bonga-Bonga

Publication date: April 2015

Classification-JEL: C32, C51, F44

Keywords: Trade linkages, GVAR model, business cycle synchronization, Africa

This paper assesses the extent of trade linkages and shock transmission between African economies and its main trading partners, namely China, Europe and the United States (US). Using the global vector autoregressive (GVAR) model, the paper investigates how shock transmission between Africa and its main trading partners evolves over the periods before and after the 1990s. Moreover, the paper assesses the extent of business cycle synchronization between Africa and the three trading partners during the same periods. The results suggest that before 1990s, Europe had significant trade linkages with Africa in that shocks to imports and exports in Europe impacted positively on exports and imports in Africa, respectively. However, after the 1990s, Europe's influence has reduced in favour of China. The results also suggested that the period of significant and strong trade linkages between Africa and China corresponds to the synchronization of their business cycles. This is not the case with Africa and the Euro area as well as Africa and the US, where trade linkage did not translate into business cycle synchronization. Moreover, the results indicate that the US remains the source of contagion for African economies.

Working paper 513

Title: The effects of social media on cognitive development in undergraduate economics students

Author(s): Ling Ting and Naiefa Rashied

Publication date: April 2015

Classification-JEL: A20, A22

Keywords: Social media, teaching and learning, critical thinking

The study attempts to evaluate the effectiveness of social media on cognitive development among undergraduate economics students at a South African university. The study collects data on student postings to discussion topics posted on Facebook and Twitter. The use of 3 well-known rubrics for evaluating cognitive development: Garrison, Anderson, and Archer (2001), revised Bloom's taxonomy (Anderson et al. 2001), and Greenlaw and Deloach (2003), are used. Results indicate that student posts fall mainly into lower levels of thinking suggesting that social media may not be effective in cultivating critical thinking. Moreover, these results shed light on the voluntary versus mandatory nature of participation, the time length for student responses, and "big think" style questions in a developing country context (i.e. poor internet).

Working paper 514

Title: The Impact of Fractionalization on Cultural Distance Measures

Author(s): John M Luiz

Publication date: April 2015

Classification-JEL: Z10, M16, O10

Keywords: Cultural distance, ethno-linguistic fractionalization, cultural measures

We examine the impact of ethno-linguistic fractionalization (ELF) on existing cultural measures employed in various social sciences. Not only do high levels of fractionalization affect the use of statistical means to account for cultural distance, we show that it is not constant and therefore the dynamics of change need to be addressed. This provides us with an opportunity to bridge the cultural distance and institutional distance literature as institutions impact upon culture and MNEs, and institutional development is, in turn, affected by these. We call for a more realistic assessment of what is being captured in cultural measures and for recognition of the complexity of the notion of identity formation and its dynamics. Countries may have different underlying cultural schisms, including ELF, and its introduction will allow for a richer exploration of distance and diversity in the social sciences.

Working paper 515

Title: The Short Term Economic Impact of Levying E-tolls on Industries

Author(s): Francois J Stofberg and Jan H van Heerden

Publication date: May 2015

Classification-JEL: C68, L91, R11, R48

Keywords: Computable General Equilibrium Models, Regional Economics, Policy Modelling, Transport Cost

TERM is used to analyse the short term regional economic impact of an increase in industries' transport costs when paying E-Tolls. Market-clearing and accounting equations allow regional economies to be represented as an integrated framework; labour adjusts to accommodate increasing transportation costs, and investments

change to accommodate capital that is fixed.[2] We concluded that costs from levying E-Tolls on industries are relatively small in comparison to total transport costs, and the impact on economic aggregates and most industries are negligible: investments (-0.404%), GDP (-0.01), CPI (-0.10%). This is true even when considering costs and benefits on industries as well as consumers. Industries that experienced the greatest decline in output were transport, construction, and gold. Provinces which are closer to Gauteng, and have a greater share of severely impacted industries, experienced larger GDP and real income reductions. Mpumalanga's decrease in GDP was 17% greater than Gauteng's.

Working paper 516

Title: Financial Liberalisation and Economic Growth in the SADC

Author(s): Pierre Le Roux and Clement Moyo

Publication date: May 2015

Keywords: Financial Liberalisation, economic growth, SADC

Attaining high levels of economic growth and development has been one of the goals of the Southern African Development Community (SADC). This paper investigates the relationship between financial liberalisation and economic growth in SADC countries. Annual data for the 15 SADC countries for the period 1985-2011 was used to develop a fixed effect model, generalised method of moments (GMM) as well as the fully-modified OLS (FMOLS) cointegration test. The results revealed that there is a positive relationship between financial liberalisation and economic growth in SADC but there is no long-run relationship between the two variables. This suggests that the relationship between financial liberalisation and economic growth is a short-run phenomenon. It is recommended that the SADC adopt measures to increase the level of financial openness in the region in order to increase economic growth. However, prior to the increase in the level of financial openness, well-defined property rights and a sound regulatory framework should be in place to monitor the financial liberalisation process in order to avoid financial crises.

Working paper 517

Title: "Impending ruin" or "remarkable wealth"? The role of private credit markets in a settler colony

Author(s): Christie Swanepoel and Johan Fourie

Publication date: May 2015

Classification-JEL: I10, J64, J71, J82

Keywords: Credit markets, long-term investment, Cape Colony, Africa

Credit markets develop hand in hand with a market economy. Pre-industrial credit markets, like credit (and capital) markets today, developed in order to smooth consumption, ease trade, and enable long-term investment. Yet in the eighteenth century Cape Colony, a Dutch settlement at the southern tip of Africa, commentators of the day were skeptical about what an active credit market could contribute to the economy: for them, borrowing was a sure sign of poverty. Historians have expressed the same view. We present a different picture of the Cape Colony. We use 4,160 probate inventories, listing 12,637 credit transactions and 12,580 debt transactions, to show that the main reason for borrowing was long-term capital investment in property through bonds, and that a particular driver of the Colony's extensive use of credit was slave ownership. We also show that those who benefited from the Colony's thriving credit market were rich, not poor.

Working paper 518

Title: The Impact of a Shopping Centre on the Value of Adjacent Residential Properties

Author(s): M. C. Sale

Publication date: May 2015

One of the most significant changes in the South African retail landscape over the past few decades is the increase in the number and size of retail shopping centres situated in, or close to, residential areas. These shopping centres have the potential to generate both positive and negative externalities which may, in turn, be capitalised into adjacent residential property prices. However, policy makers are still unsure as to the effect of commercial land uses such as shopping centres on surrounding property prices. This study sheds light on this issue by considering the relationship between the Walmer Park Shopping Centre, situated in Nelson Mandela Bay, and surrounding residential property prices. The results of this study indicate that, in the case of the Walmer Park Shopping Centre, a statistically significant correlation between proximity to the mall and adjacent property values is present.

Working paper 519

Title: Optimal Information Transmission

Author(s): Wei Ma

Publication date: May 2015

Classification-JEL: D73, D83

Keywords: Information transmission, Dynamic game theory, Subgame perfect equilibrium

This paper addresses the issue of how a given piece of information should be transmitted from a better-informed doctor to an ill-informed patient. The information to be transmitted is expressed as a probability distribution on a space of the patient's possible health states. For a formal analysis of the issue we develop a two-person dynamic game, in which the doctor sends a sequence of messages to the patient to inform him of his health state, and the patient, after receiving each message, chooses an action in an attempt to improve upon his current health status. We study some standard properties of the equilibria of this game; in particular, we show that it has a subgame perfect equilibrium.

Working paper 520

Title: Debunking the myth that a legal trade will solve the rhino horn crisis: A system dynamics model for market demand

Author(s): Douglas J. Crookes & James N. Blignaut

Publication date: May 2015

Journal: Journal for Nature Conservation

Keywords: Platinum mining strike, computable general equilibrium, UPGEM

There is considerable debate in the literature over whether or not to legalise the trade in rhino horns. Here a system dynamics model is developed that considers five components: rhino abundance, rhino demand, a price model, an income model and a supply model. The results indicate that income elasticities are much greater than previously observed, while demand is relatively insensitive to price. At the same time, legalising the trade without income modification policies did not prevent extinction. The theory of s-curve growth may provide some indications of future

growth patterns of Asian economies. Results suggest that, even though the demand curve for rhino horn may be downward sloping as conventional theory predicts, non-conventional demand management strategies may be more effective than price orientated demand curve strategies such as trade legalisation in curbing supply.

Working paper 521

Title: Bayesian learning with multiple priors and non-vanishing ambiguity

Author(s): Alexander Zimmer and Wei Ma

Publication date: June 2015

Classification-JEL: C11, D81

Keywords: Ambiguity, Bayesian learning, Mis-specified Priors, Berk's Theorem, Kullback-Leibler Divergence, Ellsberg Paradox

The existing models of Bayesian learning with multiple priors by Marinacci (2002) and by Epstein and Schneider (2007) formalize the intuitive notion that ambiguity should vanish through statistical learning in an one-urn environment. Moreover, the multiple priors decision maker of these models will eventually learn the "truth". To accommodate non vanishing violations of Savage's (1954) sure-thing principle, as reported in Nicholls et al. (2015), we construct and analyze a model of Bayesian learning with multiple priors for which ambiguity does not necessarily vanish. Our decision maker only forms posteriors from priors that pass a plausibility test in the light of the observed data in the form of a γ -maximum expected loglikelihood prior-selection rule. The "stubbornness" parameter $\gamma \geq 1$ determines the magnitude by which the expectation of the loglikelihood with respect to plausible priors can differ from the maximal expected loglikelihood. The greater the value of γ , the more priors pass the plausibility test to the effect that less ambiguity vanishes in the limit of our learning model.

Working paper 522

Title: The role of network effects and consumer heterogeneity in adoption of mobile phones: Evidence from South Africa

Author(s): Lukasz Grzybowski

Publication date: June 2015

Classification-JEL: L13, L96

Keywords: Mobile phones, Network effects, Consumer heterogeneity

In this paper we analyze the role of network effects and consumer heterogeneity in the adoption of mobile phones. We estimate the decision to adopt a mobile phone using panel survey data of South African households between the years 2008 and 2012, which includes interviews with all adult household members. We construct variables which approximate network effects on the household level and find that the greater the number of mobile phones in the household, the greater the likelihood that the other household members will also adopt a mobile phone. Moreover, network effects depend on who in the household adopts a mobile phone. Without within-household network effects the penetration of mobile phones of 76.4% in 2012 would be lower by about 9.9 percentage points. The decision to adopt a mobile phone is also explained by observed and unobserved consumer heterogeneity.

Working paper 523**Title:** Some clarity on Banks as Financial Intermediaries and Money 'Creators'**Author(s):** Robert W Vivian and Nicholas Spearman**Publication date:** June 2015**Classification-JEL:** E50, G20**Keywords:** Money creation, money supply, Financial intermediation

Although the phrase 'banks create money' forms part of popular discourse, it has precipitated a factually incorrect understanding of a bank's role in the money creation process. Bank money creation is the result of an underlying value-for-value exchange transaction; the bank facilitates the transaction, takes over responsibility for obligations created and records the money created—the bank is not the source of money creation. This has long been understood, even if it is not immediately evident, but contemporary explanations have confounded the issue. In exploring and explaining this fact, we clarify the bank's primary function as financial intermediary between buyer and seller as opposed to borrower and lender. We also address a further problematic belief—that banks create money out of nothing. This opinion has gained popularity, fueling criticism of the banking system by the general public.

Working paper 524**Title:** AN Economy –Wide Evaluation of New Power Generation in South Africa: The Case of Kusile and Medupi**Author(s):** J. A. Bohlmann., H. R. Bohlmann, and R. Inglesi-Lotz**Publication date:** June 2015**Classification-JEL:** C68, Q41, Q43**Keywords:** computable general equilibrium, UPGEM, electricity supply, Kusile, Medupi

The South African economy has suffered over the past decade due to a lack of adequate electricity supply. With two new coal-fired power stations, Kusile and Medupi, scheduled to come online over a six year period (2014-2019), their additional generation capacity is expected to restore electricity reserve margins and facilitate increased growth and investment in the local economy. In this paper, we use a dynamic CGE model for South Africa to evaluate the economy-wide impact that the additional power generation from these two stations will have across a broad range of macroeconomic and industry variables.

In terms of the new power generation capacity, our findings suggest that the macroeconomic impact of Kusile and Medupi will be a definite positive. Results show that, in the medium term, investment expenditure is particularly sensitive to the building of these new power plants. Additional costly blackouts are also likely to be avoided, further promoting economic growth and investment. Once Kusile and Medupi are fully operational and able to provide its projected 9600MW of base load electricity supply, old coal-fired power plants may be decommissioned and replaced by cleaner and more efficient generation sources as outlined in the Department of Energy's Integrated Resource Plan. Our analysis also suggests that this outcome provides a good balance between utilising modern clean coal technologies that are cost-effective while laying the foundation to improving our generation-mix and carbon emissions profile.

Working paper 525

Title: The Impact of Political Competition on Economic Growth: Evidence from Municipalities in South Africa

Author(s): Nonso Obikili

Publication date: June 2015

Classification-JEL: P16, O47, D72

Keywords: Political Competition, economic growth, Democracy, Voting Behaviour

This paper examines the impact of political competition on economic growth. Using results from the 1994 and 1999 elections I show that municipalities with a decisive vote either for or against the dominant national party have grown faster than municipalities with more voter competition amongst various political parties. I show that in democracies, governments with more freedom to make decisions and less threat from opposition political parties are associated with faster economic growth and improvement in supply of some public goods.

Working paper 526

Title: Trade Liberalization, Rival Exporters and Reallocation of Production: An analysis of Indian Manufacturing

Author(s): Lawrence Edwards and Asha Sundaram

Publication date: June 2015

Classification-JEL: F10, F13, L11, O14, O24

Keywords: Import Quotas, Firm behavior, India, Chinese competition

Employing a difference-in-difference estimation technique on firm-level data on Indian exporters, we show that the removal of US textile and apparel quotas was associated with a relative increase in sales of products where India was previously quota-restricted, but a relative decrease in sales of products where China was previously quota-restricted. We hence highlight the importance of accounting for falling trade barriers for rival exporters in analyzing trade liberalization effects. Additionally, we find that previously more productive firms see a greater increase in sales, suggesting potential gains from reallocation in an environment where quota rights were not allocated efficiently.

Working paper 527

Title: Small-scale Subsistence Farming, Food Security, Climate Change and Adaptation in South Africa: Male-Female Headed Households and Urban-Rural Nexus

Author(s): Byela Tibesigwa and Martine Visser

Publication date: June 2015

Classification-JEL: Q18, Q54

Keywords: Food security; male-headed household; female-headed households; urban; rural

This study examines the role of gender of the head of household on the food security of small-scale subsistence farmers in urban and rural areas of South Africa, using the exogenous switching treatment-effects regression framework. Our results show that agriculture contributes to food security of female-headed more than male-headed households, especially in rural areas. We also observe that male-headed households are more food secure compared to female-headed households, and this is mainly driven by differences in off-farm labour participation. We further observe that the food security gap between male- and female-headed households is wider in rural

than in urban areas, where rural male- and female-headed households are more likely to report chronic food insecurity, i.e., are more likely to experience hunger than their urban counterparts. Our results suggest that the current policy interest in promoting rural and urban agriculture is likely to increase food security in both male- and female-headed household, and reduce the gender gap.

Working paper 528

Title: Financial sector development, Inflation and Openness: A comparative panel study of ECOWAS and SADC

Author(s): Sulemana Mahawiya

Publication date: January 2015

Keywords: ECOWAS, SADC, financial development, real per capita income, dynamic panel technique

This paper provides an empirical analysis of the comparative study between the Economic Community of West African States (ECOWAS) and Southern African Development Community (SADC) on the role of inflation in explaining the state of financial development of the two regions. In addition, the study seeks to find out if Rajan and Zingales Hypothesis which argues that simultaneous opening of both trade and financial sector is the key for financial development to take place is supported in the two regions. Using dynamic panel approach and data for the period 1980-2011, our findings provide evidence that in both regions inflation robustly reverse financial development with the effect in ECOWAS greatest. In addition, the study indicates that even though more simultaneously opening of the financial sector and trade lead to more financial development in SADC, trade openness alone can still trigger growth in the sector but more financial openness alone is detrimental to financial development of the region. Hence this seems to provide partial support for the hypothesis. However, the hypothesis is rejected in ECOWAS.

Working paper 530

Title: What we talk about when we talk about saving: Concepts and measures of household saving and their application to South Africa

Author(s): Anna Orthofer

Publication date: July 2015

Classification-JEL: E01, E21, D31

Keywords: saving, Wealth, Measurement and Data, National Income Accounting, Income and Wealth Distribution

South African household savings rates have been declining steadily over the last five decades, from about ten percent of national income to nil or negative levels today. Due to the importance of savings on both the household - and aggregate level, the government has introduced several initiatives to reverse the trend. It is against this background that this paper asks whether our current way of measuring savings as the residual between income and expenditure is appropriate to guide economic policy in South Africa. Comparing different macroeconomic concepts and measurements of savings, I first show that the measure of savings in the national income and production accounts greatly understates the household savings rate compared to other measures. Specifically, a balance-sheet perspective on savings yields a significantly higher and historically relatively stable savings rate. While households haven't been putting aside" their incomes, they have nevertheless grown richer, driven largely by favourable asset price developments. I also examine the impact of

taking non-financial savings and wealth (such as human capital accumulation) into account, and conclude that household sector savings on the aggregate are higher than the national accounts suggest. However, these adjusted measures of savings are most relevant for the upper tail of the income and wealth distribution, raising important distributional concerns. Specifically, the well-documented observation that the rich save more becomes even more pronounced when the adjusted savings measures are considered. Overall, this paper underscores the importance of being precise in what we talk about when we talk about savings, and in using less conventional data sources (balance sheet and household survey data) to measure the concepts most relevant to the question asked.

Working paper 531

Title: The role of international institutions of global governance in steering globalization

Author(s): C.V.R Wait and T.A Thibane

Publication date: July 2015

Classification-JEL: F53, F60

Keywords: Globalization, International trade, FDI, labour, migration, Technology, IMF, World Bank, IBRD, WTO, GATT

Globalization is a historical process, as it traces back to the 14th century during the origins of civilization. The post-World War II rise of globalization coincided with the post-war roles of these institutions, by forcing them to reform their roles in order to make them relevant to the changing global economic environment. These institutions had a variety of strengths and weaknesses in steering globalization from the period 1945-2006 and our study has revealed that their strengths have outweighed their weaknesses, and they have also fairly steered the process of globalization

Working paper 532

Title: Globalisation and Conflicts: A Theoretical Approach

Author(s): Bonginkosi Mamba, André C Jordaan and Matthew Clance

Publication date: July 2015

Classification-JEL: D74, F14; F18, F51, O19

Keywords: Globalisation and Conflicts, Dyads Integration, Trade Agreements, Inter-State Wars, Intra-State Wars

This paper is aimed at providing insights into the interplay between globalisation and conflicts through a theoretical literature review. The motivation is drawn from a large number of debates advocating globalisation as being a double edged sword. The main argument is drawn from the Liberal premise that globalization, through integration and economic interdependence dampens the likelihood of conflicts, whilst the opposite holds for Structuralist theorists. The key highlight from the study is that, different factors exist in determining the relationship between globalisation and conflicts hence furthering the study by means of conducting an evidence based research design is essential in interrogating and extending the current discourse.

Working paper 533

Title: The Demand for Reproductive Health Care

Author(s): Gauthier Tshiswaka-Kashalala and Steven F. Koch

Publication date: August 2015

Keywords: Health Production, Contraception Efficiency, Nonparametric Analysis

This research formalizes the interactions between the various determinants of a woman's reproductive health behavior during her reproductive years, and, using nonparametric control functions, examines those determinants. The theoretical model is developed from Grossman's (2000) model of health as a form of human capital, focusing on the cyclical and volatility of fecundity, as well as the potential costs (such as lost wages and direct costs of purchase) and benefits (such as the ability to invest in her education and/or career) of being able to control or at least mitigate it. The empirical model, which controls for the endogeneity between sexual activity and contraceptive decisions supports our theoretical model of reproductive health-seeking behavior

Working paper 534

Title: A New International Database on Financial Fragility

Author(s): S. Andrianova, B. Baltagi, T. Beck, P. Demetriades, D. Fielding, S.G. Hall, S. Koch, R. Lensink, J. Rewilak and P. Rousseau

Publication date: August 2015

Keywords: Financial fragility, mortgage

We present a new database on financial fragility for 124 countries over 1998 to 2012. In addition to commercial banks, our database incorporates investment banks and real estate and mortgage banks, which are thought to have played a central role in the recent financial crisis. Furthermore, it also includes cooperative banks, savings banks and Islamic banks, that are often thought to have different risk appetites than do commercial banks. As a result, the total value of financial assets in our database is around 50% higher than that accounted for by commercial banks alone. We provide eight different measures of financial fragility, each focussing on a different aspect of vulnerability in the financial system. Alternative selection rules for our variables distinguish between institutions with different levels of reporting frequency.

Working paper 535

Title: The Dinaledi intervention programme in Eastern Cape schools

Author(s): T. Ncanywa

Publication date: August 2015

Keywords: Dinaledi intervention, pseudo panel data analysis, gender gaps

The study seek to examine the relationship between educational inputs, primarily the Dinaledi intervention programme and school outcomes in the Eastern Cape in a period heading into the second decade of democracy. The Dinaledi programme is one of the government's intervention programmes to redress the inequalities which provided resources to the disadvantaged Black communities, more especially in the former homeland system. The study employed a pseudo panel analysis on the attempt to answer the question of interest, of the relationship between the Dinaledi intervention programme and schooling outcomes in the Eastern Cape. Considering the random effect regression Dinaledi school/schools were less likely to increase dropout rate by 0.099% with reference to non-Dinaledi school/schools. Further extensions of the analysis were looking at the distribution of the Dinaledi programme on gender issues by using the DiNardo- Fortin-Lemieux (DFL) estimation. Gender was investigated to find out if the province still had persistent gender gaps. Eastern Cape schooling outcomes can be strongly explained by the Dinaledi intervention

programme with females and Blacks becoming more responsive to dropping out than their counterparts

Working paper 536

Title: Real Convergence using TAR panel unit root tests: an application to Southern African Development Community

Author(s): Christian Kakese Tipoy

Publication date: August 2015

Classification-JEL: C12, C33, F43

Keywords: real convergence, panel data unit root test, bootstrap, threshold model, SADC

The recent European Union crisis has sparked renewed interest in the achievement of convergence among potential member states prior to the establishment of a monetary union. This article examines real convergence in the per capita output of SADC countries using annual data from 1980 to 2013. An extension of the Evans & Karras' approach that combines threshold modelling, panel data unit root testing and critical values bootstrapping is used in order to test for convergence. We find that the TAR specification outperforms the linear specification while testing convergence among the SADC richer countries and the SADC community as a whole. While considering the SADC middle income countries, the CMA and SACU regions; the linear performs better. Strong significant convergence is found only for SADC richer countries and the SACU union while the middle countries are characterized by a weak convergence. For the SADC community as a whole and the CMA region, there is significant divergence. These findings cast doubt on the establishment of an efficient monetary union among SADC' member states in the short run.

Working paper 537

Title: Art investment as a portfolio diversification strategy in South Africa

Author(s): Ferdi Botha, Brett Scott and Jen Snowball

Publication date: August 2015

Keywords: Diversification, financial instability, art investment, Wealth, Citadel Art Price Index

Art has been suggested as a good way to diversify investment portfolios during times of financial uncertainty. The argument is that art exhibits different risk and return characteristics to conventional investments in other asset classes. The new Citadel Art Price index offered the opportunity to test this theory in the South African context. The Citadel index uses the hedonic regression method with observations drawn from the top 100, 50 and 20 artists by sales volume, giving approximately 29 503 total auction observations. The Index consists of quarterly data from the period 2000Q1 to 2013Q3. A VAR of the art price index, Johannesburg Stock Exchange all-share index, house price index, and South African government bond index were used. Results show that, when there are increased returns on the stock market in the previous period and wealth increases, there is a change in the Citadel Art Price Index in the same direction. No significant difference was found between the house price index and the art price index, and neither between the art and government bond price indices. The art market is also found to be inefficient, thereby exacerbating the risk of investing in art. Overall, the South African art market does not offer the opportunity to diversify portfolios dominated by either property, bonds, or shares.

Working paper 538

Title: Growth (and Segregation) by Rail: How the Railways Shaped Colonial South Africa

Author(s): Johan Fourie and Alfonso Herranz-Loncan

Publication date: August 2015

Classification-JEL: N4, H4, O1

Keywords: railways, Cape Colony, South Africa, social savings, economic geography, segregation

The railway played a large part in late nineteenth century and early twentieth century globalization since, to benefit from the international economy, peripheral countries needed cheap inland transport. This paper discusses how the railway transformed the economy of South Africa's Cape Colony during the first era of globalization. A very large share of the Colony's GDP came from rail transport – its resource saving effect was one of the highest in the world at that time. We estimate that 46 to 51% of the Colony's increase in labor productivity between 1873 and 1905 came directly from the railway, whether from investment in the rail network or from savings in transport costs. We argue that it was the boom in diamond production, necessitating the building of the railway to connect the Kimberley diamond fields with the international economy, that weighted the Colony's economy so heavily towards the rail transport sector. The railway not only boosted the Colony's growth, it also re-shaped its economic geography, organizing it around the railway lines that connected the diamond mines with the ports. Areas not served by the railway missed out on the benefits of globalization. As these areas were mostly populated by blacks, the railway helped to create a dual economy with a racial social divide and was later instrumental in creating black 'homelands' and establishing the apartheid institutions.

Working paper 539

Title: Financial Sector development and threshold effect of inflation in ECOWAS and SADC: A Panel smooth transition regression approach

Author(s): Sulemana Mahawiya

Publication date: August 2015

Classification-JEL: G21, O16, O43, O55

Keywords: ECOWAS, SADC, financial development, Inflation, Panel Smooth Transition regression, Threshold effects

The financial sector of an economy is now widely agreed to constitute a potential important channel for growth. Many regions such as Sub-Saharan Africa, however, have relatively underdeveloped financial sector. Although several policy designs have been used to induce growth in the sector, there has been little or no success in the majority of the countries in the region. Existing theories suggest that inflation has negative effects on financial development. Other theories argue that inflation has a threshold effects on financial development. In this study, we provide a comparative study on the threshold effects of inflation on financial development between the Economic Community of West African States (ECOWAS) and the Southern Africa Development Community (SADC) for the period 1980-2011 using a novel Panel Smooth Transition Regression. Our results suggest evidence of the existence of a robust single threshold of inflation in both regions. Particularly, it indicates 17.9% and 14.5% of inflation for ECOWAS and SADC respectively, suggesting that inflation above these thresholds presents statistically significant detrimental effects for financial development in both regions. The study therefore argues that price stability policies with inflation targeting framework should be the primary objective in

monetary policy, since high inflation is economically costly to financial development of the two regions.

Working paper 540

Title: The Influence of Higher Moments and Non-Normality on the Sharpe Ratio: A South African Perspective

Author(s): Alfred K. Mukong and Justine Burns

Publication date: August 2015

Classification-JEL: I11, Z13

Keywords: Maternal Healthcare, Social Networks, Tanzania

Social networks are increasingly being recognised as having an important influence on the health market outcomes, as they facilitate the exchange of information on health care related issues. Networks reduce search costs by providing information to peers about the appropriate health care providers and details about the functioning of the health care system. In this paper, we examine the impact of information externalities generated through network membership on maternal health care utilisation in Tanzania. We further propose new approaches for quantifying the size of one's network. We adopt an econometric approach that minimises the problems of omitted variable bias. Using the Demographic and Health Survey data for Tanzania, a country characterised by low levels of maternal health care utilisation we find that social networks may enhance antenatal completion and early antenatal check-up probabilities by an additional 6-35 percent and sometimes up to 59 percent. The results suggest that failure to adequately control for omitted variables would lead to substantial under-estimation of the network effect. Finally, we show that irrespective of the measure of the size of the networks, high quality networks have better outcomes than low quality networks.

Working paper 541

Title: Do Capital Requirements affect Costs of Intermediation? Evidence from a Panel of South African Banks

Author(s): Andrew Maredza

Publication date: August 2015

Keywords: Bank performance, bank capital, Basel accord, Capital adequacy ratio, Financial Regulation, Intermediation costs

Since the 2007 sub-prime financial crisis, world bank capital ratios have increased. In this paper, we investigate the impact of increased bank capital requirements introduced under the Basel Accord framework on the costs of intermediation. We attempt to answer this central question by running panel regressions using 2001 – 2012 annual bank-level data for ten banks constituting inter alia the four largest South African banks. We conclude that high capital requirements are associated with increased costs of intermediation. Our fixed effects estimations show that a one percent increase in capital requirements lead on average to a range of 12 – 14 basis points increase in the cost of intermediation during our period of analysis. We also find evidence that the Basel II capital requirements effected from 1 January 2008 contributed to increased cost of intermediation by an average 7 basis points for the period 2008 – 2012. We therefore caution that while maintaining adequate capital levels is crucial for obvious reasons, there is need for supervisory authorities to ensure that such regulation is effective and well-balanced to guarantee safety and

stability of the sector without endangering the ability of the banks to service the economy.

Working paper 542

Title: Vulnerability to climatic variability: An assessment of drought prevalence on water resources availability and implications for the Ugandan economy

Author(s): Nicholas Kilimani

Publication date: August 2015

Classification-JEL: E01, Q56

Keywords: Water accounting, Drought, Standardized Precipitation Index, Economic activity, Uganda

The volatile changes in climate are increasingly becoming a threat to many economies globally. This study assesses Uganda's vulnerability to climatic variability in the context of how these volatile changes in climate are likely to affect long-run water resources availability. This is done by using household survey data, rainfall data as well as findings from a water resource accounting study on Uganda. First, we use the results from the water accounts to establish the current level of demand for available water resources. Second, these findings are mirrored to the drought prevalence results with a view to highlight the potential adverse effects on water availability, and ultimately economic activity in Uganda.

Whereas the country's water resource accounting position shows that the current level of water resources is still adequate to meet current demand, drought is affecting economic activity primarily in the agricultural sector since it is rain-fed. It is also affecting the water recharge system as a big proportion of precipitation is lost through evapo-transpiration. This has implications for long-run water availability for the country. The findings point to the need for policy interventions that can ensure optimal water use in the economy. These may include improved hydrological planning and the development of water supply infrastructure.

Working paper 543

Title: Occidental Rationalism: Its Early Impact on the Foundations of Modern Science

Author(s): Abdulkader Cassim Mahomedy

Publication date: September 2015

Keywords: Occidental Rationalism, Early Impact, Foundations of Modern Science

Rationalist thought has had a deep and lasting impact on modern civilisation. This influence has pervaded almost all facets of the socio-politico-economic and scientific domains of contemporary human experience. Religiously-oriented societies have, however, throughout their encounter with rationalism, generally struggled to reconcile some of their doctrines and practices with the principles espoused by rationalist philosophy. This strained relationship has always been particularly acute in the area of epistemology. The impasse in the development and growth of the emerging discipline of Islamic Economics clearly reflects this tension. In this paper (the first of a two-part series), I first describe some of the epistemological challenges in Islamic economics and then explain the need for its proponents to critically engage with these issues. I trace the roots of this problematique to the indelible influence of ancient Hellenist philosophy, which initially penetrated Christendom selectively, and later on, more substantively through the encounter of the Christian West with the Islamic World. It was during this second phase that European Christian scholarship

had become fully exposed to the works of the Arab-Muslim philosopher-cum-scientists of the time, the likes of Avicenna and Averroes. Although of Greek origin, the predominantly rationalist nature of their writings and commentaries, in both philosophy and science, had planted the seeds of the rationalist/scientific worldview that was to emerge only much later in Europe. After explaining how this occurred, I show how it created an insuperable tension between religious orthodoxy and the fledgling new philosophical outlook of the day, leading ultimately to a schism in the unicity of human intellection. The ensuing dualism has subsequently had a most profound impact on all aspects of human thought and praxis in the modern age, with grave implications for both humankind and its environment. How this latter aspect evolved will be fully examined and explained in a second part of this study which will be published in a subsequent issue of this series.

Working paper 544

Title: The Impact of the Dividend Tax in South Africa: A Dynamic CGE Model Analysis

Author(s): Jean Luc Erero and Elizabeth Gavin

Publication date: September 2015

Classification-JEL: D33, D58, H25

Keywords: dividend tax, secondary tax on companies, CGE model, South Africa

This paper analyses the economy-wide impact of the dividend tax (DT) on the South African economy, which was increased from 10% to 15% by the government in 2012. The analysis was conducted using a dynamic computable general equilibrium (CGE) model of South Africa, which captured the observed structure of South Africa's economy. The parameters of the CGE equations were calibrated to observed data from a social accounting matrix (SAM) for 2010. One policy option was considered. Our simulation results show that the impact of increasing the DT will have a minute but positive impact on the reported macro-economic variables in the immediate year of implementing the DT rate increases. GDP increases by 0.0585% and 0.5085% in 2013 and 2018 will be seen respectively. This change was small in 2013 but will be significant in 2018. The key finding is that at the macro level, the implementation of the policy shock on its own had a positive macroeconomic impact.

Working paper 545

Title: Gender Differences in Climate Change Risk, Food Security and Adaptation: A Study of Rural Households' Reliance on Agriculture and Natural Resources to Sustain Livelihoods

Author(s): Byela Tibesigwa, Martine Visser, Lori Hunter, Mark Collinson and Wayne Twine

Publication date: September 2015

Classification-JEL: Q12, Q18, Q54

Keywords: Gender; climate change; subsistence farming; natural resources; food security; adaptation; livelihoods

Climate and weather variability in sub-Saharan Africa disproportionately leave female-headed households food insecure. However, the extent and reasons for these gender differences are, thus far, not well understood. This study examines gender-food-climate connections using longitudinal data from rural households in north-eastern South Africa. Results confirm gender distinctions in that male-headed households are more food secure. Importantly, however, female-headed households

are not a homogenous group. Participation in agriculture and utilisation of natural resources narrows the male-female consumption gap to 10.3% amongst de jure female-headed households – those with female heads who are single, widowed, divorced, or separated. Yet, these land-based practices are associated with a greater male-female gap (27.4%) amongst de facto female-headed households – married female heads who are married, but whose husbands are away. Further, and contrary to expectation, weather-related crop failure threatens food security in both male- and female-headed households, but less so amongst de facto female-headed households, who remain more dependent on remittances.

Working paper 546

Title: The economic value of mountain biking in the Baviaanskloof Mega Reserve, Eastern Cape, South Africa: A travel cost analysis using count data models

Author(s): Mario du Preez and Deborah E. Lee

Publication date: September 2015

Classification-JEL: E44, G21, O30, O33

Keywords: Travel cost method, recreation demand, mountain biking, non-market valuation, consumer surplus

This paper reports the first formal non-market valuation of mountain biking in South Africa by applying the individual travel cost method (TCM). Due to the non-negative, integer nature of the trip data, several count data models were estimated. Mountain biking is fast becoming one of South Africa's most popular recreational sports and these estimates of economic value may assist policy-makers in managing mountain biking venues in general, and congestion conflicts, specifically. The locus of this study is the Baviaanskloof Mega-Reserve situated in the Eastern Cape Province of South Africa, part of which was declared a World Heritage Site in 2004. The reserve is a popular site for mountain biking. The economic value estimated, by employing a generalised negative binomial model, for trips taken during 2014 amounted to ZAR1 915 (US\$167) per trip.

Working paper 547

Title: Inflation, growth and employment in South Africa: Trends and trade-offs

Author(s): C. Vermeulen

Publication date: September 2015

Classification-JEL: E24, E52, E63

Keywords: Inflation, Employment, Phillips curve, Error-Correction, neutrality of money

It is often publicly contended that overly strict application of inflation targeting stifles employment growth in South Africa, with the Phillips curve often cited as seemingly authoritative reference. This paper revisits this debate and argues that the Phillips curve has often been misinterpreted and subsequently applied incorrectly. Furthermore, this paper investigates the effect of inflation on employment in South Africa via the effects of inflation on output. It aims to determine whether higher inflation could contribute to employment creation. Using the Engle-Granger Error-Correction approach, long run trends as well as short run dynamics of this relationship in the South African economy are explored. Evidence is found of a positive cointegrating long run relationship between employment and output, leading to the assertion that anything that negatively effects output (such as high inflation) will by extension harm employment creation. No significant relationship in the short

run between the level of inflation or shocks to inflation and employment creation could be found. The conclusion is that the current relatively low and constant inflationary environment, attributed to the inflation targeting regime, is actually conducive to employment creation in South Africa.

Working paper 548

Title: Impact of health on labour force participation in South Africa

Author(s): Chijioke Nwosu and Ingrid Woolard

Publication date: September 2015

Classification-JEL: I15, J21

Keywords: Labour force participation, health, Instrumental variables, average treatment effect, treatment effect on the treated, local average treatment effect

This paper quantifies the impact of health on labour force participation, using South Africa as a case study. This is important given the essential role the labour market plays in economic growth and the potential for poor health to adversely affect labour market outcomes. South Africa has experienced significant disease burden especially due to communicable diseases like HIV/AIDS and tuberculosis. Moreover, conditions like obesity remain a public health concern. Furthermore, the country has witnessed declining labour force participation in recent years. These health and labour market outcomes, coupled with relatively scant literature on the impact of health on the labour market in South Africa, motivate this study. Data is sourced from the first and third waves of the National Income Dynamics Study, a nationally representative panel dataset of South African households and a rich source of health and socio-economic data. Endogenous treatment of self-assessed health in a contemporaneous setting suggests positive and significant impact of health on labour force participation. The hypothesis of exogeneity of self-assessed health in a labour force participation equation is however not rejected. Finally, positive and significant association between health and LFP persists even four years after health assessment.

Working paper 549

Title: The effectiveness of countercyclical capital requirements and contingent convertible capital: a dual approach to macroeconomic stability

Author(s): Hylton Hollander

Publication date: September 2015

Classification-JEL: G28, G38, E44

Keywords: Contingent convertible debt, bank capital, bank regulation, Basel

This paper studies the effectiveness of countercyclical capital requirements and contingent convertible capital (CoCos) in limiting financial instability, and its associated influence on the real economy. To do this, I augment both features into a standard real business cycle framework with an equity market and a banking sector. The model is calibrated to real U.S. data and used for simulations. The findings suggest that CoCos effectively re-capitalize the banking sector and foster the objectives of countercyclical capital requirements (i.e., Basel III). Under financial shocks, CoCos provide an effective automatic stabilization effect on the financial cycle and the real economy. Conversely, a countercyclical capital adequacy rule dominates CoCos in the stabilization of real shocks.

Working paper 550**Title:** Portfolio Flows in a two-country RBC model with financial intermediaries**Author(s):** Haakon Kavli and Nicola Viegi**Publication date:** September 2015**Keywords:** Portfolio Flows, RBC model, Financial Intermediaries, macroprudential regulation

The paper presents a two-country real business cycle model with a financial sector that intermediates portfolio flows. It is changes in demand for financial assets from foreign investors relative to domestic investors that gives rise to portfolio flows. The simulations show that portfolio flows to emerging markets respond negatively to global risk in line with findings from the empirical literature. The transmission channel that links portfolio flows to credit in emerging markets is the financial intermediary's demand for deposit liabilities (demand for savings).

One can avoid the transmission by absorbing the shock before it affects the intermediary's demand for savings. The results show that financial shocks (e.g. risk) can be absorbed by optimal changes in the supply of risk free assets. Real shocks (e.g. income) can be absorbed by keeping the supply of financial assets fixed and instead allowing the prices to adjust to demand. Macroprudential regulation that limits the total risk exposure of the financial sector increases the volatility of portfolio flows, but reduces the volatility of consumption and labour and therefore increases welfare. Volatility in the composition of the balance sheet (portfolio flows), does not necessarily increase volatility in the aggregate size of the balance sheet (savings). The model uses a risk-constraint on bank balance sheets as a tool to ensure less-than-perfect elasticity of demand for financial assets. The elasticity of demand is important because it determines the size and direction of portfolio Flows.

Working paper 551**Title:** Labour Market and Monetary Policy in South Africa**Author(s):** Vincent Dadam and Nicola Viegi**Publication date:** September 2015**Keywords:** Labour market, monetary policy, South Africa

This paper analyses the influence of the South African labour market on the conduct of monetary policy. Because of the weak response of wages to changes in employment, the South African Reserve Bank is confronted by an unfavourable short run unemployment-inflation trade off that complicates the implementation of the inflation targeting framework. First we provide some reduced form evidence by estimating a form of the traditional wage Phillips curve, showing the weak relationship between wage dynamics and unemployment in South Africa. We then confirm this result by presenting an estimation of a structural model of the South African economy and give a quantitative assessment of the constraint imposed by the labour market on monetary policy. Finally we interpret these results in a strategic framework, analysing the role that inflation targeting might play in either improving coordination, or worsening the interaction between trade unions and Central Bank objectives.

Working paper 552**Title:** College Major Choice, Spatial Inequality and Elite Formation: Evidence from South Africa

Author(s): Biniam E. Bedasso

Publication date: September 2015

Classification-JEL: J24, R23

Keywords: College majors; spatial inequality; expected earnings; non-market returns; South Africa

This paper explores the determinants of college major choice in the presence of significant inter-group and spatial inequalities. I combine four years of admissions application data at an elite university in South Africa with quarterly labor force data to trace the link between aptitude-weighted expected earnings, spatial inequality and the choice of college major. The results show that much of the effect of expected earnings on college major choice operates through the choice of high school curriculum. Black and white individuals respond to differentials in expected earnings differently. Spatial inequality influences major choice through high school curriculum, near-peer role models and relative achievement at high school level. Identification is achieved through the help of a rich set of academic and geographic information contained in the admissions database.

Working paper 553

Title: An Economic Analysis of Climate Change and Wildlife Utilization on Private Land: Evidence from Wildlife Ranching in South Africa

Author(s): Jackson Otieno and Edwin Muchapondwa

Publication date: October 2015

Classification-JEL: Q50, Q54, Q57, Q15

Keywords: Wildlife Ranching; Climate change; Ricardian

Wildlife ranching is emerging as a new frontier for wildlife conservation and alternative land use to agriculture in Southern Africa marginal areas. But wildlife sector also faces climate related challenges. In this study, we investigated the effects of climate change on the revenues of wildlife ranchers in South Africa. This paper applied a median Ricardian modelling on net farm revenues using a sample of 506 wildlife ranches drawn from the latest version (2007) of Census of Commercial Agriculture data for South Africa. In order to predict the impact of climate change in future, the paper used three Atmospheric-Oceanic Global Circulation, which includes CSIRO2, Parallel Circulation Model, and Hadley Centre Coupled model, which have been used for South African agriculture modelling. The study confirms that current climate affects the net revenues of wildlife ranches across South Africa especially in cases where small scale wildlife ranches are involved. For example towards 2050, climate change could reduce net revenues from wildlife by up to 28 percent. In certain regions the models predict modest gains on revenues towards 2100. Revenues of specialized wildlife ranches would be more affected in the long run when compared to ranches that practice mixed wildlife and livestock ranching.

This paper evaluates the strength of policy coordination in Southern African Development Community (SADC) as well as real effective exchange rate stability as indicative of sensible monetary integration. The underlying hypothesis goes with the assertion that countries meeting OCA conditions face more stable exchange rates. The quantitative analysis encompasses 12 SADC member states over the period 1995-2012. Correlation matrixes, dynamic pooled mean group (PMG) and mean group (MG) estimators, and real effective exchange rate (REER) equilibrium and misalignment analysis are carried out to arrive at the conclusions. The PMG model shows that there are common policy variables that influence REERs in the region.

However, the REER equilibrium misalignment analysis reveals that SADC economies are characterised by persistent overvaluation at least in the short term. This calls for further improvement of policy coordination in the region. The findings in this paper have important policy implications for economic stability and policy coordination as SADC proceeds with monetary integration.

Working paper 554

Title: Accounting for Productivity Growth: Schumpeterian versus Semi-Endogenous Explanations

Author(s): Johannes W. Fedderke and Yang Liu

Publication date: October 2015

Classification: O47

This paper examines the nature and sources of productivity growth in South African manufacturing sectors, in international comparative perspective. On panel data estimations, we find that the evidence tends to support Schumpeterian explanations of productivity growth for a panel of countries including both developed and developing countries, and a panel of the South African manufacturing sectors. By contrast, for a panel of OECD manufacturing sectors, semi-endogenous productivity growth is supported. However, we also report evidence that suggests that sectors are not homogeneous. For this reason time series evidence may be more reliable than panel data. Time series evidence for South Africa suggests that prospects for the sustained productivity growth associated with Schumpeterian innovation processes, is restricted to a narrow set of sectors, strongly associated with the chemicals and related sectors, machinery and transport equipment, and basic iron and steel sectors. Semi-endogenous growth finds much weaker support. For the OECD manufacturing sectors, both semi-endogenous and Schumpeterian growth finds support, with semi-endogenous growth more prevalent than for South African manufacturing. The sustained productivity growth associated with Schumpeterian growth frameworks is relatively rare everywhere.

Working paper 555

Title: The Data Revolution in African Economic History

Author(s): Johan Fourie

Publication date: October 2015

Classification-JEL: N01, C80

Keywords: Data Revolution, Economic History, Sub-Saharan Africa

Big Data can be consequential for the field of history. The surge in computing power and access to data processing software and online resources have enabled historians over the past two decades to capture historical statistics on a much larger scale than before. Here I argue that the data revolution is especially valuable when applied to regions where written records are fairly scarce, such as sub-Saharan Africa. The tools of data transcription, augmentation, and collaboration have revealed much we did not know about the African past and its echoes in the present. The continuing projects to transcribe and digitize large numbers of colonial and post-colonial records are likely to teach us much more about Africa's economic past over the coming decade.

Working paper 556

Title: An analysis of the accuracy of South Africa's inflation figures since 1922

Author(s): Jannie Rossouw
Publication date: October 2015

This paper assesses the accuracy of South African inflation data since 1922, the earliest date from which comparable price level and inflation data is available for South Africa. Historic prices recorded for 1922, 1974 and 2006 are adjusted in accordance with the rate of increase in the consumer price index (i.e. the inflation rate) and relevant sub-indices of the consumer price index in one instance since those dates and compared to current prices of these items. In this way it is assessed whether actual prices increased slower or faster than the rate of inflation. The findings are that prices increased broadly in accordance with the inflation rate since 1922, but that distortions occurred since 2006. The conclusion is that the rate of inflation underreports price increases since 2006. As the prices available for comparative purposes (in the main food and clothing prices) carry a comparatively higher weight in the expenditure basket of the low income group, the implication is that the poor suffers as a consequence of sustained and underreported inflation. The analysis in this paper provides justification for a lack of inflation credibility and perceptions that historic price increases exceed price increases reported by the rate of inflation. This finding implies that an independent reassessment is required to ascertain the accuracy of inflation figures in reporting price increases over time.

Working paper 557

Title: On the Term structure of South African Interest rates: Cointegration and Threshold Adjustment

Author(s): Bernard Njindan Iyke

Publication date: November 2015

Classification-JEL: C22, E43

Keywords: Asymmetric Adjustment, cointegration, Term Structure, interest rates, South Africa

This paper explores the correlations of the short- and long-term interest rate series through time in South Africa. Two time series techniques are utilized: the Kapetanios et al. (2003) nonlinear STAR unit root test and the asymmetric cointegration with threshold adjustment test of Enders and Siklos (2001). We find the interest rate series (i.e. the SARB policy rate and the yield on long-term government bonds) to be cointegrated with fairly weak threshold adjustment. In addition, we find a distinct causal flow from the yield on long-term government bonds to the SARB policy rate with momentum equilibrium adjustment symmetry, indicating that linear error correction models may fit the yield curves in South Africa better.

Working paper 558

Title: Effects of increases in value added tax: A dynamic CGE approach

Author(s): Jean Luc Erero

Publication date: November 2015

Classification-JEL: C68, E62, H21

Keywords: value added tax, computable general equilibrium model, South Africa

This paper analyses the effects of increases in value added tax (VAT) through a dynamic computable general equilibrium model. The database of the model encompasses a social accounting matrix (SAM) for the year 2010. All the important South African taxes are included in the SAM and the household sectors are

disaggregated according to income deciles, with the top decile being further split into five groups. Five different simulations are performed, ranging from 1% increase in the VAT to 5% over the period 2012 to 2018. Our findings show that the percentage increase in VAT would not affect lower income households negatively if the higher government revenue flowed to the lower income households. For example, the 1% increase in the VAT rate impacts on the investment through the price of capital. The change in investment means that any adjustment in capital stock will affect the production and demand for labour that might impact on the standard of living of all income groups. The GDP increases slightly by 0.02173% in 2013 and reports a positive change for the period between 2013 and 2018. This shows that in the short run the GDP depends on other variables such as investment and consumption, which likewise are positively affected by this shock.

Working paper 559

Title: Expected Indirect Utility in an Ergodically Chaotic Overlapping Generations Model

Author(s): Richard Charlton

Publication date: November 2015

The chaotic and ergodic equilibrium consumption profiles of a two period lived representative agent overlapping generations model are examined. Given a specific utility function, it is shown that for a typical equilibrium path expected indirect utility of consumption is less than the utility of expected equilibrium consumption. In turn, utility of expected consumption in equilibrium is less than utility at the steady state equilibrium. This result holds for a set of equilibrium maps of positive measure and suggests that stabilisation of the erratic system would bring about an improvement in welfare.

Working paper 560

Title: A Bio-economic Analysis of Community Wildlife Conservation in Zimbabwe

Author(s): Herbert Ntuli and Edwin Muchapondwa

Publication date: November 2015

Classification-JEL: Q20, Q57, Q28

Keywords: Bio-economics, wildlife conservation, CAMPFIRE community, conservancy community

This paper uses a bioeconomic model to analyze wildlife conservation in two habitats adjacent to a national park by two types of communities in the context of Southern Africa. One community is made up of peasant farmers operating under a benefit-sharing scheme (CAMPFIRE) while the other is made up of commercial farmers practising game farming in a conservancy (the Save Valley Conservancy). Both communities exploit wildlife by selling hunting licenses to foreign hunters but with different levels of success. The park agency plays a central role by authorizing the harvest quota for each community. We formulate a bioeconomic model for the three agents, optimize the market problem for each agent and compare the outcomes with the social planner's solution. Our results show that the level of anti-poaching enforcement by the park agency is suboptimal, while anti-poaching effort exerted by the conservancy community achieves social optimality. CAMPFIRE communities exert more poaching effort than what the social planner would recommend. Our model shows that an improvement in community institutions might have a significant impact on growth of the wildlife stock through their role in constraining behaviour.

Thus, institutional reforms in benefit-sharing schemes such as CAMPFIRE could result in the local community behaving like game farming communities such as the Save Valley Conservancy.

Working paper 561

Title: Conflict, Economic Growth and Spillover Effects in Africa

Author(s): John Paul Dunne and Nan Tian

Publication date: November 2015

Keywords: Conflict, Economic growth, Spillovers

While there is a large empirical literature on the determinants of conflict, much less attention has been given to its economic effects and even less to the spillover effects it can have on neighbours. This paper considers the economic effects of conflict for a panel of African countries and develops an approach to calculating the spillovers that moves beyond simply using geographical distance measures and incorporates economic and political differences. The initial empirical results suggest that conflict has a strong negative spillover effect on directly contiguous countries' growth, but no significant impacts were observed on non-contiguous countries. When economic and political factors are considered, this result remains, but the spillover effect is smaller. This implies that it is important to take such factors into account. While the impact of conflict remains devastating, studies that use only geographical distance measures may have been overestimating the impact on neighbours.

Working paper 562

Title: Assessing the impact of just-in-time methodology, in-lecture activities, and tutor-assisted post-lecture activities in the course experience of first year students in Economics at the University of Pretoria

Author(s): R. Inglesi-Lotz, F. Dresselhaus and J. Bohlmann

Publication date: November 2015

Classification-JEL: A22, I23

Keywords: blended-learning, just-in-time-teaching, student perceptions, large classroom

This paper focuses on the introduction of blended-learning as applied to lectures in a large first year economics course at the University of Pretoria. The blended learning methodology was aligned with the flipped-classroom approach where the traditional classroom is overturned via interactive student engagement activities. Lectures take place partially or fully outside the classroom via pre-lecture videos, reading assignments and/or podcasts. Lecture time is utilized to assist students in deep learning by doing exercises, peer evaluations and encouraging class discussions. Post-lecture activities consist of consolidation quizzes, assignments and peer networking through social media.

Blended-learning was introduced in the principles of economics course at the Department of Economics in the University of Pretoria in 2012; this paper reports the results for the second semester in 2013 and the first semester in 2014. It was found that students experienced the blended-learning methodology as beneficial in helping them understand basic concepts in economics.

Working paper 563**Title:** Contraceptive Use and Birth Intervals**Author(s):** Gauthier Tshiswaka-Kashalala and Steven F. Koch**Publication date:** December 2015**Classification-JEL:** C41, J13**Keywords:** Contraceptive efficiency, birth intervals

We develop a model linking contraceptive efficiency to birth spacing decisions that incorporates the costs and benefits of child-rearing on the potential mother, as well as the stochastic process surrounding human reproduction. The model fits within the realm of optimal stopping-time problems, which naturally leads to the development of a First Hit Time duration model that we estimate using data from the Democratic Republic of Congo. Increased contraceptive efficacy is found to increase time to first birth. Furthermore, the results are consistent with the hypothesis that children are normal goods, in that both income and child-related benefits are associated with decreased durations to childbirth.

Working paper 564**Title:** Private wealth in a developing country: A South African Perspective on Piketty**Author(s):** Anna Orthofer**Publication date:** December 2015**Classification-JEL:** E01, E10, E21**Keywords:** Saving, Wealth

The point of departure of Thomas Piketty's influential *Capital in the Twenty-First Century* was the dramatic growth of private wealth-income ratios in the advanced economies between 1970 and 2010. Using official balance sheet data for South Africa - the first country to publish such data in the developing world - this paper examines to what extent this reemergence of private wealth was also experienced in the developing-country context. First, we find that the South African current wealth-income ratio is very close to its level in 1975 (255 and 240 percent), and thus much lower than those of Piketty's sample of advanced economies (where they increased from 200-300 to 400-700 percent). Second, we show that the discrepancy is explained not only by South Africa's relatively low savings rates, but also by the reduction of wealth before and during the transition to democracy in the 1990s. Since the late 1990s, however, private wealth recovered significantly, indicating that South Africa might resemble the advanced economies more closely in the future.

Working paper 565**Title:** Fiscal consolidation, fiscal policy transmission and current account dynamics in South Africa**Author(s):** Christine S. Makanza and J. Paul Dunne**Publication date:** December 2015**Classification-JEL:** E62, F32, F41**Keywords:** Current account, Fiscal shocks, Twin deficit, Twin divergence, South Africa

The debate on global current account imbalances continues to develop, with growing interest in the macroeconomic instability and widening current account deficits faced by emerging markets. Literature establishes that the current account behaves differently depending on macroeconomic circumstances in countries, so approaches

to managing external imbalances should be country tailored. Despite this realisation, there is a lack of investigation into drivers of the current account and the impact of macroeconomic policy on current account dynamics in emerging markets. To address this, the study estimates an SVAR model to analyse the effect of fiscal shocks on the current account. This helps to understand how fiscal shocks shape current account developments, and establishes the usefulness of fiscal consolidation in managing current account deficits by determining whether the twin deficits approach to managing the external balance holds in middle income countries. The study goes further to analyse the channels through which fiscal shocks are transmitted to the current account to understand how current account management policies should be formulated. The study contributes to the literature by providing a case study of South Africa, an emerging economy characterised by large current account deficits, macroeconomic volatility, a well-developed financial sector, and a dataset which has not been exploited to understand the external balance. A particularly interesting finding is that expansionary fiscal shocks improve the current account through household savings and public investment, which is a departure from the twin deficits hypothesis.

Working paper 566

Title: Evaluating South Africa's tobacco control initiative: A synthetic control approach

Author(s): Grieve Chelwa, Corné van Walbeek and Evan Blecher

Publication date: December 2015

Classification-JEL: C01, C13, C40

Keywords: Policy evaluation; Counterfactual; Excise taxes; South Africa

South Africa has since 1994 consistently and aggressively increased excise taxes on cigarettes in order to maintain a total tax burden of around 50% of the average retail selling price. The tax rises have translated into large increases in the inflation-adjusted price of cigarettes. For instance, the average real price per pack increased by 110% between 1994 and 2004. This paper uses a transparent and data-driven technique, the Synthetic Control method, to evaluate the impact on cigarette consumption of South Africa's large-scale tobacco tax increases. We find that per capita cigarette consumption would not have continued declining in the absence of the consistent tax rises that began in 1994. Specifically, we find that by 2004, per capita cigarette consumption was 36% lower than it would have been had the tax increases not occurred. Our treatment effect estimates survive a series of placebo and robustness tests.

Working paper 567

Title: Price-setting behavior and competition in Developing countries: An analysis of Retail Outlets in Lesotho

Author(s): Mamello Nchake, Lawrence Edwards and Asha Sundaram

Publication date: December 2015

Classification-JEL: E30, D40, D22, L21

Keywords: price rigidity, competition, survey data, micro price data, emerging economies

We study the relationship between price-setting behavior and the degree of competition in a setting where markets and information flows are relatively imperfect. Using a unique dataset that combines survey data on retail outlets in

Lesotho, and detailed historical information on their product prices, we find a non-monotonic relationship between the frequency of price changes and perceived competition, measured by the number of reported competitors. This non-monotonic relationship is consistent with a model of increasing costs of coordinating price changes under tacit collusion with few competitors, and a breakdown of collusion at higher levels of competition.

Working paper 568

Title: Estimating a Phillips Curve for South Africa: A Bounded Random Walk Approach

Author(s): Alain Kabundi, Eric Schalling and Modeste Some

Publication date: December 2015

Classification-JEL: C51, E52, E58

Keywords: Monetary policy, inflation targeting, inflation expectations

In this paper we estimate a Phillips curve for South Africa using a bounded random walk model. Central bank credibility, the slope of the Phillips curve, the natural rate of unemployment and the central bank's inflation target band are time-varying. We find that the slope of the Phillips curve has flattened since the mid 2000s - particularly after the Great Recession - which is in line with the findings in most advanced countries. Our results do not lend support to the hypothesis that the ability of the SARB to hit its inflation target has decreased. With respect to the faith in the IT regime as measured by the degree to the extent of which inflation expectations are anchored to the target our results indicate that the SARB's credibility has decreased from 1994 to 2001, remained constant from 2001 to 2008, and eventually increased around 2008. This pattern is different from that of advanced countries where expectations have become better anchored relatively early in the IT regime. Moreover, we find that the increased stability of inflation expectations after 2008 which coincides with the Great Financial crisis - is not only a result of good policy but also of good luck.

Working paper 569

Title: Global commodities and African stocks: insights for hedging and diversification strategies

Author(s): Gideon Boako and Paul Alagidede

Publication date: December 2015

Classification-JEL: G10, G11, G15

Keywords: African stocks, global commodities, safe haven, mean-variance, hedging

Owing to frequent fluctuations in global markets, diversifying across emerging markets is increasingly becoming a necessity. Despite this, a cloud of uncertainty surrounds the relative capacities of emerging markets to provide the required shields for international investors, especially during extreme market conditions. In this paper, we explore the relative potentials of African equities to provide opportunities for hedging and diversification for global commodity investors by using data of daily periodicity on close-to-close basis from January 3, 2003 to December 29, 2014. The findings indicate the presence of non-linear relationships between some African stocks and returns on global commodities. Thus, global commodity market investors react differently towards investment potentials in African stocks during tranquil and crisis periods in the commodity markets. Additionally, from the mean-variance standpoint, including African equities in a diversified portfolio has the effect of lowering

risk while simultaneously increasing expected returns. However, such investment strategies must be informed by volatility persistence, as well as past and present market conditions.

Working paper 570

Title: Latecomer challenge: African Multinationals from the periphery

Author(s): Grietjie Verhoef

Publication date: January 2016

Classification-JEL: N17, O55, F69, M16

Keywords: Globalization, strategy, market seeking, state, change management

Abstract: Multinational corporations have commenced foreign direct investment (FDI) activities since the 1960s by moving operations to resource-rich, low-cost labour and capital markets (Wilkins, 1970; 1974; 1988; Jones, 1994; 2005). The first wave of outward foreign direct investment (OFDI) during the 1960s and 1970s was motivated by efficiency and market-seeking factors. This wave was dominated by firms from Asia and Latin America. A second wave of OFDI followed in the 1980s, led by strategic asset-seeking enterprises from Hong Kong, Taiwan, Singapore and South Korea (Dunning et al., 1996; UNCTAD, 2005b: 3s). Since the 1990s China, Brazil, India, Russia (the so-called BRIC countries) Malaysia, Turkey and South Africa are among the countries expected to add significantly to OFDI growth (UNCTAD, 2005c: 4). The emergence of EMTNCs (Emerging Market Transnational Corporations) makes up a growing proportion of outward FDI and they acquire an increasing share in foreign affiliates from developed markets conducting business in their regions. This paper reflects on the transformation of businesses and business practice in Africa, from isolated peripheral actors to global players. A growing number of African multinational corporations extended business operations from behind marginalized peripheral operations to global markets. This paper investigates the history of leading emerging market multinational corporations from Africa since the 1980s.

Working paper 571

Title: Mirror, Mirror on the Wall, Who is Most Central of Them All?

Author(s): Co-Pierre Georg and Michael E. Rose

Publication date: January 2016

Classification-JEL: N17, O55, F69, M16

Keywords: Knowledge production, formal collaboration, informal collaboration, social network, acknowledgements

Abstract: In academia, informal collaboration is an integral element in the production of knowledge. We construct the social network of informal collaboration using acknowledgments of 2782 scholarly articles published in six journals in financial economics. We rank financial economists according to their centrality in the network and find that central commenters are not necessarily the most central or the most productive authors. We explore the determinants of high centrality rankings using detailed CV data for the most central academics. A PhD from a better ranked department is associated with a better centrality ranking. Seniority is associated with worse rankings, albeit at a decreasing rate.

Working paper 572

Title: Climate, Technological Change and Economic Growth

Author(s): George Adu and Paul Alagidede

Publication date: January 2016

Classification-JEL: O31, O32, O44, Q55

Keywords: Climate change, Climate sensitive sector, economic growth, Technological change

Abstract: This paper investigates the incentive for developing adaptation technology in a world with changing climate within the directed technical change framework. Consistent with the market size effect, we show that technological change will tend to be biased in favour of the sector that employs the greater share of the work force over time, when the inputs are sufficiently substitutable. An economy with dominant climate sensitive sector can maintain sustained economic growth if it is capable of undertaking frontier innovations in the form of adaptation technology that increases the productivity of the inputs employed in the climate sensitive sector.

Working paper 573

Title: How does a change in the excise tax on beer retail prices in South Africa?

Author(s): Caitlan Russell and Corne van Walbeek

Publication date: January 2016

Keywords: Excise Tax, Beer, South Africa

Abstract: This paper uses price data, collected by Statistics South Africa, to estimate the effect of a change in the excise tax on the retail price of beer. We find strong evidence that the excise tax on beer is over-shifted to consumers. The pass-through coefficient is estimated at 4.83 (95% CI: 4.02; 5.64) for lager, and at 4.77 (95% CI: 4.04; 5.50) for all beer (which includes dark beer). This implies that for every R1/unit increase in the excise tax, the retail price increases by about R4.80/unit. Of the 23 brand-packaging combinations considered, the pass-through coefficients vary between 2.39 and 10.05 (median = 5.30). The majority of the price change in response to a tax change occurs immediately, and prices have fully adjusted two months after the excise tax increase becomes effective. Pass-through differs substantially across packaging types. The pass-through coefficient on 750ml bottles is substantially lower than that of 330 ml (or 340 ml) cans and 6 x 330 ml (or 6 x 340 ml) "six-packs". The over-shifting of the excise tax has positive implications for public health policy, since they increase the effectiveness of alcohol taxes as a tool to reduce the (excessive) consumption of beer.

Working paper 574

Title: Emerging multinational corporations: Theoretical and conceptual framework

Author(s): Mustafa Sakr and Andre Jordaan

Publication date: January 2016

Classification-JEL: P45, F21

Keywords: emerging multinational corporations, foreign market entry modes, theories of emerging multinational corporations, and types of emerging multinational corporations

Abstract: Given the looming significance of emerging multinational corporations, this article outlines the primary theoretical aspects pertaining to this growing phenomenon. The following four main aspects are covered: The concept of emerging multinational corporations, theories explaining their evolution, market penetration modes, and finally the types of such firms. Based on the motive of multinationality, it

is proposed to classify the different theories into three groups, namely: Firm advantages (asset exploiting), host country advantages (asset seeking), and both firm and host country advantages. This article distinguishes between 10 different types of emerging multinational corporations, based on the timing and the motives for initiating the multinationality process, the relation between the headquarters and affiliates, and the geographical dispersion of foreign activities. Entry modes adopted by emerging multinational corporations vary significantly according to ownership, the nature of overseas' operations, the control of parent firms over these activities, and the extent of externalising and internalising.

Working paper 575

Title: Underemployment in South Africa

Author(s): Rochelle Beukes, Tina Fransman, Simba Murozvi and Derek Yu

Publication date: January 2016

Classification-JEL: J00

Keywords: Underemployment, underemployed, South Africa

Abstract: With the introduction of the Quarterly Labour Force Survey (QLFS) since 2008, a newly derived variable, namely underemployed, has become available. This variable is derived according to the "time-related" approach (i.e. those who are employed, but would like to work longer hours and are available to work longer hours in the near future). However, underemployment could also be derived according to the "inadequate employment situations" approach (e.g. under-utilisation of skills, over-qualification). There are virtually no in-depth local studies that examine underemployment in South Africa. Hence, this paper investigates the extent of underemployment according to two definitions, before examining whether the characteristics of the underemployed are significantly different from those of the other employed.

Working paper 576

Title: Festival Fringe Production and the Long Tail

Author(s): Jen Snowball

Publication date: January 2016

Classification-JEL: D12, Z10

Keywords: arts festivals, fringe festivals, South Africa

Abstract: In the past 15 years, there has been a worldwide proliferation of arts festivals, including so-called "fringe" festivals, which encouraged more experimental and avant-garde productions. While fringe festival productions had the potential to generate significant income for producers, their aims were primarily related to artistic innovation and it is well known that putting on a fringe show is highly unlikely to provide financial gain for most producers. This is what is referred to in statistics and marketing as a "long tail" distribution, in which a minority of producers in a particular market earn the vast majority of industry income. However, for individual producers of live theatre, such a distribution represents high risks and potentially large financial losses. This article uses producer data from two different fringe festivals in South Africa to explore determinants of ticket sales and box-office income. Included in the analysis is a consideration of the impact of genre and pricing strategies on the probability (Logit model) of shows being in the top 10%, 30% and 50% of best-selling and earning productions. Results support the long tail hypothesis.

Working paper 577**Title:** Festival Fringe Production and the Long Tail**Author(s):** Carike Claassen, Elsabe Loots and Alain Kabundi**Publication date:** January 2016**Classification-JEL:** E32, F44, G01, O55**Keywords:** dynamic factor analysis, Business Cycle, decoupling

Abstract: This paper analyses business cycle comovement between African economies and advanced economies. It covers the period 1980 to 2011. The empirical analysis is based on the Dynamic Factor Model applied to annual data for African and G7 countries, covering the period 1980 to 2011. The results indicate that middle-income African countries show consistent business cycle variance shares, both before and after controlling for the influence of the G7. This implies that while middle-income African countries have coupled to the G7 business cycle since the 1980s, they have also coupled among themselves. Trade appears to be the important factor underlying the comovement. This is not the case for oil exporting countries and low-income economies that have, after controlling for the influence of the G7, all decoupled during the Great Recession. The case for fragile states is not conclusive, although these states do rely much more on trade with other African groups than with the G7.

Working paper 578**Title:** What explains the recent growth performance in Sub-Saharan Africa? Results from a Bayesian Averaging of Classical Estimates (BACE) Approach**Author(s):** Beatrice D. Simo-Kengne**Publication date:** January 2016**Classification-JEL:** E20, E60, N17**Keywords:** Economic growth, BACE, Convergence club, Sub Saharan Africa

Abstract: This paper empirically identifies the main driving forces behind the recent development in economic growth across Sub-Saharan Africa based on a two-step procedure. Given the role of convergence in explaining the level of economic development, the first step employs the new extension of the sigma convergence developed by Phillip and Sul (2007) to test and endogenously identify the formation of different steady state paths across a sample of 34 countries selected based on available data over the period 1996-2010. Empirical results vindicate the existence of three main convergence clubs and a divergent group of 8 countries; suggesting that Sub-Sahara African countries do not form a homogenous club. The second step implements a Bayesian Averaging of Classical Estimates (BACE) method on the only convergent groups in order to explicitly account for the assumed conditional convergence in cross-sectional growth regressions. Estimation results prove support that 8 out of 18 selected explanatory variables documented in the literature are significantly and strongly associated with the long term economic growth. Particularly, investment and the relative price of exports are found to be favourable to the recent regional economic performance while public consumption and remittances appear to be of less contribution. Other important variables include scientific research, trade taxes, land availability and population growth which are unexpectedly found to be negatively associated with economic growth. Although their sign certainty probabilities are reportedly insignificant, these results raise a number of policy challenges including poor quality of institutions, the exposure to world shocks given the dependence to international trade taxes, the poor quality of human capital and more importantly a threat of skilled labour immigration.

Working paper 579

Title: Agriculture and adaptation to climate change: The Role of wildlife ranching in South Africa

Author(s): Jackson Otieno and Edwin Muchapondwa

Publication date: February 2016

Classification-JEL: Q12, Q15, Q54

Keywords: climate change, Wildlife ranching, Adaptation, Agriculture, South Africa

Abstract: In this paper, we explored the role of wildlife in adaptation to climate change in areas predominantly used for livestock production in South Africa. Using a sample of 1071 wildlife and livestock farms we estimated a multinomial choice model of various adaptation options including livestock and wildlife farming choices. The results indicate that mixed livestock-wildlife farms are less vulnerable to climate change when compared to specialized livestock or wildlife farms. However, net farm revenues per hectare are higher for specialized wildlife ranches when compared to mixed wildlife-livestock ranches or livestock ranches. The results further show that temperature increase will influence most livestock farmers to change land use to wildlife ranching. At farm level, land size and social networks are also likely to play a bigger role in land use change as climate changes. Using climate models, we establish that livestock farmers in Eastern Cape Province of South Africa will be most affected by climate change and will subsequently change land use.

Working paper 580

Title: Simulation Analysis of Alternative Strategies for Public Debt Issuance in Zimbabwe: Is there a Trade-off?

Author(s): Nebson Mupunga and Pierre Le Roux

Publication date: February 2016

Keywords: public debt management, cost, risk, Public debt Dynamics

Abstract: This paper discusses the simulation analysis of alternative public debt strategies for public debt issuance in Zimbabwe. The analysis is undertaken with a view to find a strategy that minimises the cost and risk of public debt under alternative scenarios of interest and exchange rate developments. The analysis is based on the premise that increases in debt service charges, due to risky allocation of public debt can substantially change public debt dynamics. The risky allocation can derive from an excessive exposure of the government to exchange rate, interest rate and commodity price shocks. The results show a trade-off between a debt strategy that largely depends on more external concessional borrowing and a debt strategy aimed at increasing the share of domestic debt in the public debt portfolio for market development purposes. While the strategy that maximises recourse to external concessional borrowing was found to be desirable from a cost perspective. It proved to be less desirable from a risk perspective after taking into consideration the exchange rate effect. The results underscore the need for authorities to ensure a neat balance between external and domestic debt borrowing to ensure long-term public debt sustainability.

Working paper 581

Title: Nowcasting Real GDP growth in South Africa

Author(s): Alain Kabundi, Elmarie Nel and Franz Ruch

Publication date: February 2016

Keywords: Nowcasting, factor Model Bayesian VAR, forecasting

Abstract: This paper uses nowcasting to forecast real GDP growth in South Africa from 2010Q1 to 2014Q3 in real time. Such an approach exploits the flow of high-frequency information underlying the state of the economy. It overcomes one of the major challenges faced by forecasters, policymakers, and economic agents - having a clear view of the state of the economy in real time. This is often not the case as many economic variables are only available at low frequency and with considerable lags, making it difficult to have information on the state of the economy even after the end of the quarter. The pseudo out-of-sample forecasts show that the nowcasting model's performance is comparable to those of professional forecasters even though the latter enhance their forecasting accuracy with judgement. The nowcast model also outperforms all other benchmark models by a significant margin.

Working paper 582

Title: Can currency in circulation predict South African economic activity?

Author(s): Cobus Vermeulen, Adél Bosch, Fanie Joubert and Jannie Rossouw

Publication date: February 2016

Classification-JEL: C25, E32, E37, E51

Keywords: Business Cycle, Output gap, currency in circulation, probit

Abstract: The money supply can be broadly defined as consisting of currency and deposits. While currency forms but a small portion of the total money supply, it can be a crucial determinant of spending behaviour and subsequently economic activity. The ability of the money supply to predict an up- or downswing in economic activity, as measured by a positive or negative output gap, is evaluated over a sample period 1980 – 2012. Two models are estimated, one using only the currency component and a second using the total money supply (M3). It is found that the growth rate of real currency in circulation is reasonably accurate in predicting economic activity 6 months ahead, whereas the total money supply can predict economic activity up to 9 months ahead. It is concluded that currency in circulation can be a valuable additional source of information to policymakers and can complement other approaches of forecasting economic activity.

Working paper 583

Title: Financial Innovation and Money Demand: Evidence from Sub-Saharan Africa

Author(s): J Paul Dunne and Elizabeth Kasekende

Publication date: February 2016

Classification-JEL: E41

Keywords: Money demand, financial innovation

Abstract: While the effect of financial innovation on money demand has been widely researched in industrialised countries, because of its major role in monetary policy, few studies have focussed on developing countries. This is surprising given the considerable growth in financial innovation in Sub-Saharan Africa in recent years and its potential implications for developing country macroeconomic policy. This paper investigates the development of financial innovation and its impact on money demand in the region using panel data estimation techniques for 34 countries between 1980 and 2013. The results indicate that there is a negative relationship between financial innovation and money demand. This implies that financial innovation plays a crucial role in explaining money demand in Sub-Saharan Africa and given innovations such as mobile money in the region this can have important implications for future policy design.

Working paper 584**Title:** What drives cross-border bank expansion? Answers from Kenya**Author(s):** Odongo Kudongo**Publication date:** February 2016**Classification-JEL:** F23, F65, G15, G21**Keywords:** East Africa, Foreign bank expansion, Internationalization theories, Poisson regression

Abstract: This paper investigates the drivers of bank foreign expansion in East Africa. Our results support the view that institutional quality is vital at the planning phase of banks' going-abroad decision but its importance is muted once the decision has been taken. Second, relatively competitive markets and weak market power at home seem to "push" banks abroad. Third, banks seek to exploit the benefits of their relative efficiency through regional expansion. Fourth, relatively higher foreign country inflation is a deterrent to banks expansion abroad. Finally, desire for greater earnings, economic integration, and follow-the-client hypothesis do not explain banks' foreign expansion decisions.

Working paper 585**Title:** Estimating South Africa's Output Gap Potential Growth Rate**Author(s):** Johannes W. Fedderke and Daniel K. Mengisteab**Publication date:** February 2016**Keywords:** manufacturing, mining, South Africa

Abstract: This paper estimates the potential output of the South African economy using several univariate filters as well as taking a production function approach. Our aim is to compare the sensitivity of the results to the different methodologies and different measurements of output. We find that the potential output is sensitive to the different methodologies and different measures of output. A Cobb-Douglas specification of the production function is employed, dividing the economy into eight sectors. We find that the production function produced results similar to the band-pass filters but with gaps of lower amplitudes. We then use the Hodrick-Prescott, Christiano-Fitzgerald, and a Kalman filter to observe the natural growth rate of the South African economy from 1960 to 2015. We find estimates of the natural growth rate in the 1.9% - 2.3% range. However, there is also evidence to suggest that the rate is under considerable downward pressure in the post-2010 period. The strongest decline is in the real sectors of the economy (Manufacturing, Mining), the greatest resilience in the service sectors (financial in particular).

Working paper 586**Title:** Peer Networks and Tobacco Consumption in South Africa**Author(s):** Alfred Kechia Mukong**Publication date:** February 2016**Classification-JEL:** I10, I12, D12, C36**Keywords:** Peer network, Smoking behaviour, Control, South Africa

Abstract: This paper deepens the empirical analysis of peer networks by considering simultaneously their effects smoking participation and smoking intensity. Peer network is key in determining the smoking behaviour of youths, but the magnitude of the effects is still debated, questioned and inconclusive. I used a control function approach, a two-step least square and the fixed effect method to address the

potential endogeneity of peer network. The results suggest positive and significant peer effects on smoking participation and intensity. While the magnitude of the estimates of smoking participation varies across methodological approaches (ranging between 4 and 20 percent), that of smoking intensity ranges between 3 and 22 percent. Including older adults in the peer reference group increases the peer effects. The findings suggest that policies (excise tax) that directly affect the decision to smoke and the smoking intensity of the peer reference group are likely to affect own smoking behaviour.

Working paper 587

Title: Comovement and the Financialization of Commodities

Author(s): Matteo Bonato and Luca Taschini

Publication date: February 2016

Keywords: Commodities, Comovement, Financialization, Indexing, Realized Beta

Abstract: Commodity markets have experienced a surge in participation by financial investors over the past decade. This notable uptick highlighted the potential effect of financialization as one of the causes of increased comovement of commodities returns. Building on the theory of comovement proposed by Barberis et al. (2005), this paper investigates drivers of the observed increase in comovement prices of commodity futures in the United States and provides new empirical evidences. This empirical analysis allows us to distinguish between two views of return comovement: the traditional view, in which return comovement is explained by comovements in news about fundamentals value, and the alternative view, in which excess comovement is attributed to traders' sentiment. We examine differences in the dependence structure between index and off-index commodities, and three major commodities indexes. Non-energy commodities present in the index exhibit an increase in comovement whereas those commodities off the index do not. These results are supported by the analysis of high-frequency returns dynamics by means of the so called realised beta. We therefore provide new evidence supporting the friction or sentiment based view of commodity comovement. We interpret this to be additional evidence of financialization as the driver of the observed increase in commodity return comovement.

Working paper 588

Title: Pareto Optimality and Interdeterminacy of General Equilibrium under Knightian Uncertainty

Author(s): Wei Ma

Publication date: March 2016

Keywords: General equilibrium, Knightian uncertainty. Pareto optimality

Abstract: This paper studies general equilibrium theory, for both complete and incomplete markets, under Knightian uncertainty. Noting that the preference represented by Knightian uncertainty induces a set of complete preferences, we set ourselves the task of inquiring the relationship between an equilibrium under Knightian uncertainty and its counterpart under the induced complete preferences. It is shown that they are actually equivalent. The importance of this result is due to its applications, among which the existence of equilibria under Knightian uncertainty and their computation follow at once from the existing knowledge on general equilibrium theory under complete preferences. Moreover, by means of that

equivalence, we are in a position to investigate the problem of efficiency and indeterminacy of equilibria under Knightian uncertainty.

Working paper 589

Title: Bilateral Investment Treaties and Investor State Disputes

Author(s): Umakrishnan Kollamparambil

Publication date: March 2016

Classification-JEL: K33, F20, F5

Keywords: Bilateral investment treaties, Investor-State disputes, ICSID

Abstract: Bilateral Investment treaties have been a source of political controversy in recent years because of the alarming increase in the investor state dispute settlement cases. Against this backdrop, the paper analyses the issues with diffused reciprocity imbibed in BITs leading to the unequal distribution of rights and obligations between developed and developing countries. The hypotheses developed within this analytical framework that a) BITS increases the risk of litigation and b) BITs negatively impacts on the net benefits of countries, are tested empirically using multivariate regression models using country pooled and panel data. Our conclusions are that the investors initiate higher number of cases against countries with BITs. Moreover, the net benefits accruing to countries are seen to be substantially lower for countries with BITs. Our findings support the growing view that a re-look at the traditional BITs model is warranted with a focus to evolve a new generation foreign investment policy framework that together with promoting foreign investment will also enable regulation of investment in keeping with host country public policy.

Working paper 590

Title: Emerging Multinational Corporations: A prominent player in the global economy

Author(s): Mustafa Sakr and Andre Jordaan

Publication date: March 2016

Classification-JEL: P45, F21

Keywords: Emerging MNCs, BRICS MNCs, African MNCs, emerging markets, OFDI, differences between EMNCs and DMNCs

Abstract: As emerging market multinational corporations (EMNCs) tend to remarkably expand their global presence, it is of the utmost importance to explore the salient attributes of such unfolding phenomenon. One of the key findings is that top EMNCs are displaying a leapfrogging internationalisation process. Moreover, natural resources related sectors, in particular energy, have been proven to dominate the non-financial industry structure of EMNCs. In addition, various interesting findings have been concluded by this article. Regarding the preferred destination for their outward foreign direct investment (OFDI), EMNCs currently tend to invest more in developing markets. However, the relevance of developed markets is growing over time. Available statistics furthermore exhibit that greenfield is often preferred above mergers and acquisitions (M&As) as an entry mode into developing markets. The opposite is true in developed markets. EMNCs are domiciled predominantly in BRICS countries which account collectively for most of the OFDI getting from EMs. Emerging African MNCs are dramatically losing ground in the EMNC landscape. Regarding internationalisation, ownership, industry and geographical structure and preferred entry modes, remarkable differences are easily

seen in the salient features of EMNCs compared to those based in developed markets.

Working paper 591

Title: On the Causal links between the Stock Market and the Economy of Hong Kong

Author(s): Sin-Yu Hon and Bernard Njindan Iyke

Publication date: March 2016

Classification-JEL: C32, E44

Keywords: causality, Economic performance Stock Market Performance, Toda-Yamamoto

Abstract: There is a bulk of literature that identifies the major economic drivers of Hong Kong's rapid and steady economic performance over the last three decades. Of these major economic drivers identified, the performance of the stock market has received less attention. This paper examines the causal links between stock market performance and economic performance of Hong Kong in an augmented VAR setting. Using an extended quarterly dataset which covers the period 1986 Q2-2014 Q4 and the Toda-Yamamoto causality test, we find that stock market performance, as proxied by market capitalisation ratio, and economic performance stimulates each other. Also, the stock market performance, as proxied by total value traded ratio, and economic performance influence each other. However, the causal links between stock market performance and economic performance dissipate, if stock market performance is proxied by turnover ratio. This suggests that the causal links between stock market performance and economic performance are highly dependent on the proxy of stock market performance in the case of Hong Kong.