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ASSESSING THE EFFECTS OF TRADE-INDUCED IMITATION ON ECONOMIC GROWTH IN AFRICA

Abstract:

Despite the central role imitation has played in development and technology catching-up, it has received only modest attention in explanations of economic growth (Niosi, 2012). Even more worrisome, little empirical research exists on the extent to which such imitation has occurred via trade and how this affects economic growth (Datta and Mohtadi, 2005). The lack of empirical research on this critical issue stems from data constraints associated with the concept and practice of imitation. The study aims at quantifying the effects of trade-induced technology imitation (proxied by the share of imports in the “easy imitation” SITC category) on economic growth in Africa, using a production function approach in a panel system-GMM estimator. Indicators of trade-induced technology imitation have been built on the Standard International Trade Classification (SITC) using raw data from the United Nations’ COMTRADE Statistics. Findings suggest that economic growth tends to be greater in countries with higher ratios of technology imitation, since technology imitation requires creative effort on the part of a firm’s employees and will consequently develop capabilities such as skills and efficiency. Another finding is that the lower the level of GDP per capita, the higher the growth effects of technology imitation relative to other forms of technology progress.

Keywords:

International trade, technology progress, African economic growth

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