

Syllabus

ECON 184: Economic Development in Africa

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General information

Time and location: TR 02:10-03:30 p.m SPR 2365
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Prerequisites

ECON102 or ECON103 or ECON104A or ECON105A or ECON102A or ECON103A or instructor's approval.

Course description

In 1960, the average country in Sub-Saharan Africa was *three times richer* than the average country in East Asia and Pacific (EAP) as measured by GDP per capita in constant dollars. In 2008, the opposite is true. Countries in Africa have *only one third* of the income of EAP countries. Why? What is the role of capital accumulation? Can education and other human capital variable explain this? Can foreign aid provide the much needed solution? In this course we will try to answer these questions using economic tools. We will explore theoretical models but we will put a lot of effort on the empirical

part. The idea of this course is to have a conversation about Africa. Students are expected to be active participants and the course will try to create the right incentives to do so.

The Contract

Requirements and grading

All assignments mentioned below must be turned in at the beginning of the class or left in my office before the class meets. Students are expected to cover, at least, 50 pages per week from the reading assignments. Only under extreme circumstances (such as medical emergencies) will late assignments be accepted at the discretion of the instructor. The dates for all exams (once established) and assignments are final.

Two problem sets	5% each.
One midterm (week 4 or 5)	25%.
Structure of presentation (Feb. 4)	10%.
Group presentation	15%.
Written summary	10%.
Participation in class	15%.
Weekly assignments	15%.

The topics and guidelines for the paper and the presentation (e.g., goals and structure) will be distributed later in the quarter.

Textbooks

Required

- Kevane, Michael (2004) *Women and Development in Africa: How Gender Works*. Lynne Rienner Publishers. ISBN: 978-1588262387. [HQ1240 5 A35 K48 2004]
- Collier, Paul (2007) *The Bottom Billion* [HC79.P6 C61 2007 and on reserve]
- Moss, Todd (2007) *African Development. Making Sense of Issues and Actors* Lynne Rienner Publishers. ISBN: 978-1588264725. [On reserve]

Suggested

- Easterly, William (2002) *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*. The MIT Press. ISBN: 978-0262550420. [HC59.72.P6 E17 2001]
- Banerjee, A., R. Bènabou, and D. Mookherjee (2006) *Understanding Poverty*. Oxford University Press. ISBN: 978-0195305203. [HC79.P6 U534 2006].
- Fafchamps, Marcel (2004) *Market Institutions in Sub-Saharan Africa: Theory and Evidence*. MIT Press. ISBN: 978-026206236. [HC800 .F33 2004]

News, Journals and blogs

For daily online news from Africa, refer to the BBC, All-Africa News or Africa Confidential. The BBC also has daily and weekly podcasts. You can subscribe to these using *Google Reader* or any other RSS reader. Background information for African countries is available at the World Factbook. *The Economist* also keeps a country brief including a limited number of African countries. For an economic journal on African issues visit the *Journal of African Economies*. These days there are plenty of blogs that you can read that focused mostly in Africa. Examples include

- <http://bottombillion.com/>
- <http://texasinafrica.blogspot.com/>
- <http://chrisblattman.com/>
- <http://africacan.worldbank.org/>
- <http://aidwatchers.com/>
- <http://africaunchained.blogspot.com/>

Grades

To convert your overall numeric grade to a letter grade use the following rule:

Number	Letter
90 or above	A
80-89.9	B
70-79.9	C
60-69.9	D
Below 60	F

Sub-letter grades (eg., A+, B-, C) will be determined later in the quarter but they usually correspond to breaks of the same magnitude within the bracket.

Communications

Most communication will take place during class. Otherwise, I will send an email through ilearn. It is the student's responsibility to make sure that the email listed on ilearn is valid. If you do not use your UCR account make the appropriate changes to have your UCR emails sent to your preferred account.

Plagiarism

The appropriate ways for referencing the material used to write the paper will be discussed in class. Any student found committing plagiarism, not handing in original work of his/her own, or cheating, will be given an **F** in the course and will be subject to disciplinary action by the University. Please refer to this link for more information about academic integrity <http://www.conduct.ucr.edu/learnPolicies/Pages/AcademicIntegrity.aspx>

Course outline and readings

Each of the following topics should take us one week, on average. The [*] symbol indicates the required readings. All others are suggested but some/most of them will be covered in class.

I. Patterns of economic development in Africa

- [*] Kevane, M. (2004). Chapter 2: Explaining Underdevelopment in Africa.
- [*] Cooper, Frederick. (2002). *Africa since 1940: The Past of the Present*, pp. 91-118.
- Ndulu, B. (2007) Chapter 2: Africa's Long-Term Growth Experience in a Global Perspective in *Challenges of African Growth. Opportunities, Constraints and Strategic Directions*. World Bank.
- United Nations Development Program (UNDP). (2007). Human Development Report 2007/2008, Table 1 and Table 14, pp. 229-232 and 277-280.
- Moss, T. (2007) *African Development: Making Sense of the Issues and Actors*, Chapters 1-3.
- [*] Banerjee, A. and E. Duflo (2007) "The Economic Lives of the Poor" *Journal of Economic Perspectives*, 21(1):141-168, Winter.

Statistical analysis

- [*] Kevane, M. (2004). Appendix: Tools for analysis, pp. 205-212.
- [*] Meier, Gerald and James Rauch (2005) "Appendix: How to read a regression table" in *Leading Issues in Economic Development* 8th edition. Oxford: Oxford University Press. 2005.

II. Economic growth: capital accumulation

- [*] Perkins, D., S. Radelet, D. Snodgrass, M. Gillis, and M. Roemer (2001) Chapter 2: Economic Growth, pp. 52-82 in *Economics of Development*, Fifth Edition. Norton.
- [*] Collier, P. and J.W. Gunning (1999) Explaining African Economic Performance *Journal of Economic Literature*, 37(1):64-111, March.
- Easterly (2002). Chapter 3: Solow's Surprise: Investment is Not the Key to Growth.

- Artardi, E. and X. Sala-i-Martin (2003) “The Economic Tragedy of the 20th Century: Growth in Africa”, NBER Working Paper No. 9865.
- Collier, P. and J. W. Gunning. (1999) “Why has Africa Grown Slowly?” *Journal of Economic Perspectives*, (13):3-22.

III. Economic growth: geography vs. institutions

- [*] Sachs, J. (2005). *The End of Poverty: Economic Possibilities for Our Time*, Chapter 3, pp. 51-73.
- [*] Collier, P. (2007) Chapters 3-5.
- [*] Acemoglu, D., S. Johnson and J. Robinson (2006). “Understanding prosperity and poverty: Geography, institutions and the reversal of fortune” in *Understanding Poverty*, Benerjee, Benabou and Mookherjee (eds.), pp. 19-35.
- Sachs, J. et al (2004) “Ending Africa’s Poverty Trap” *Brookings Papers on Economic Activity*, 2004(1): 117-216
- Bloom, D. and J. Sachs. (1998). “Geography, Demography, and Economic Growth in Africa” *Brookings Papers on Economic Activity*, 2, 207-295.
- Jared Diamond (1997). *Guns, Germs, and Steel*. New York: W.W. Norton & Co. (Chapter 4)
- Engerman, S. and K. Sokoloff (2006). “Colonialism, inequality and long-run paths of development” in *Understanding Poverty*, Benerjee, Benabou and Mookherjee (eds.), pp. 37-62.

IV. Poverty, inequality and race in South Africa

- [*] Woolard, I. and M. Leibbrandt (1999) “Measuring Poverty in South Africa,” Working Papers 9689, University of Cape Town, Development Policy Research Unit.
- [*] Leibbrandt, M.; J. Levinsohn and J. McCrary (2005) “Incomes in South Africa Since the Fall of Apartheid,” NBER Working Papers 11384.

- Ardington, C.; D. Lam; M. Leibbrandt and M. Welch (2006) “The sensitivity to key data imputations of recent estimates of income poverty and inequality in South Africa,” *Economic Modelling*, 23(5):822-835, September.
- Carter, R. and J. May (2001) “One Kind of Freedom: Poverty Dynamics in Post-apartheid South Africa” *World Development*, 29(12):1987-2006, December.
- Ozler, B. (2007) ”Not Separate, Not Equal: Poverty and Inequality in Post-apartheid South Africa,” *Economic Development and Cultural Change*, 55(3):487-529, April.
- Ray, D. (1998) *Development Economics*, p.173-193 and 250-256.
- Deaton, A. (2006) “Measuring Poverty” in *Understanding Poverty*, Benerjee, Benabou and Mookherjee (eds.), pp. 19-35.

V. Education

- [*] Kevane (2004) Chapters 8 and 9.
- [*] Schultz, T.P. (1999) “Health and Schooling Investments in Africa” *The Journal of Economic Perspectives*, 13(3):67-88, Summer.
- [*] Schultz, T.P. (2004) “Evidence of Returns to Schooling in Africa from Household Surveys: Monitoring and Restructuring the Market for Education” *Journal of African Economies* (13) 95-148.
- Easterly (2002) Chapter 4: Education for What?
- Nielsen, Helena Skyt, and Niels Westergard-Nielsen (2001) “Returns to Schooling in Less Developed Countries: New Evidence from Zambia.” *Economic Development and Cultural Change*, 49(2), 365-394.
- Bigsten, et. al. (2000) ”Rates of Return on Physical and Human Capital in Africa’s Manufacturing Sector.” *Economic Development and Cultural Change*, 48(4), 801-827.
- Aguerro, J. and M. Ramachandran (2009) “The Intergenerational Effects of Increasing Women’s Schooling: Evidence from Zimbabwe” Working Paper.

VI. Insurance and shocks

- [*] Kevane, M. (2004). Chapter 10: Development Projects for Women.
- [*] Udry, C. (1990). “Credit Markets in Northern Nigeria: Credit as Insurance in a Rural Economy” *World Bank Economic Review*, 4(3), 251-269.
- Hoddinott, J. (2006). “Shocks and Their Consequences Across and Within Households in Rural Zimbabwe” *Journal of Development Studies* 42(2):310-321.
- Martin Ravallion (1997) “Famines and Economics” *Journal of Economic Literature*, 35(3):1205-1242, September.
- Case, A., R. Townsend, J. Morduch and T. Besley, (1995) “Symposia: Consumption Smoothing in Developing Countries,” *The Journal of Economic Perspectives*, 9(3): 81-127, Summer.
- Dercon, S.; J. Hoddinott and T. Woldehanna (2005) “Shocks and Consumption in 15 Ethiopian Villages, 1999-2004,” *Journal of African Economies*, 14(4):559-585.

VII. The Aid debate

- [*] Moss, T. (2007) Chapters 8 and 9.
- [*] Easterly, W. (2008) “Can the West Save Africa?” forthcoming *Journal of Economic Literature*, 2009.
- Collier, P. (2007) Chapter 7.
- Elizabeth M. Caucutt and Krishna B. Kumar (2008) “Africa: Is Aid an Answer?,” *The B.E. Journal of Macroeconomics* 8(1) (Advances), Article 32.
- Easterly, W. and T. Pfutze (2008) “Where Does the Money Go? Best and Worst Practices in Foreign Aid”, *Journal of Economic Perspectives*, 22(2):29-52.
- Moyo, D. (2009) *Dead Aid. Why Aid Is Not Working and How There Is a Better Way for Africa*, Farrar, Straus and Giroux, 208 p.

VIII. Economic development and conflict

- [*] Collier, P. (2007) Chapter 2: The Conflict Trap.
- [*] Collier, P. et al (2003) *Breaking the Conflict Trap. Civil War and Development Policy*, Chapters 3 and 4.
- [*] Miguel, E., S. Satyanath, and E. Sergenti (2004). “Economic Shocks and Civil Conflict: An Instrumental Variables Approach”, *Journal of Political Economy*, 112(4), 725-753.
- Blattman, C. (2006). “Child soldiers and labor market outcomes: Findings from the Survey of War-Affected Youth in Uganda”, unpublished working paper, U.C., Berkeley.

IX. Corruption

- [*] Svensson, J. (2005) “Eight Questions about Corruption” *Journal of Economic Perspectives*, 19(3): 19-42, Summer.
- [*] Bardhan, P. (2006) “The economist’s approach to the problem of corruption”, *World Development*, 34(2):324-404.
- Reinikka, R. and J. Svensson (2006), “Using Micro-Surveys to Measure and Explain Corruption”, *World Development*, 34(2):359-370.
- Mauro, P. (1995) “Corruption and Growth” *The Quarterly Journal of Economics*, 110(3), 681-712.
- Bardhan, P. (1997), *Corruption and Development: A Review of Issues*,” *Journal of Economic Literature* 35, 1320-1346.

Figure 1: Map of Africa

