

Economics 172
Issues in African Economic Development

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Issues in African Economic Development

Lecture 1 – January 16, 2007

Lecture 1: Introduction to Economics 172

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- Prerequisites: At least one term of intermediate economics and some prior coursework in statistics
- Grading: Three problem sets – 30%
Midterm exam – 30%
Final exam – 40%
- Course structure:
Part I: Economic Theories and Methods
Part II: History, Politics, and Institutions
- Reading packets should be at Bancroft Copy Central by week's end

- Syllabus outline:

- I. Economic Theories and Methods

- Week 1: Patterns of African economic development

- Week 2: Theories of economic growth

- Weeks 3-4: Geography, health and development

- Week 5-6: The economics of HIV/AIDS

- Week 7: Human capital

- Week 8: Economic shocks and rural households

- Week 9: The economics of rural water

- II. History, Institutions and Politics

- Weeks 10-11: Historical Legacies of Slavery and Colonialism

- Weeks 12-13: Debates on structural adjustment, globalization

- Week 14: Ethnic and linguistic divisions

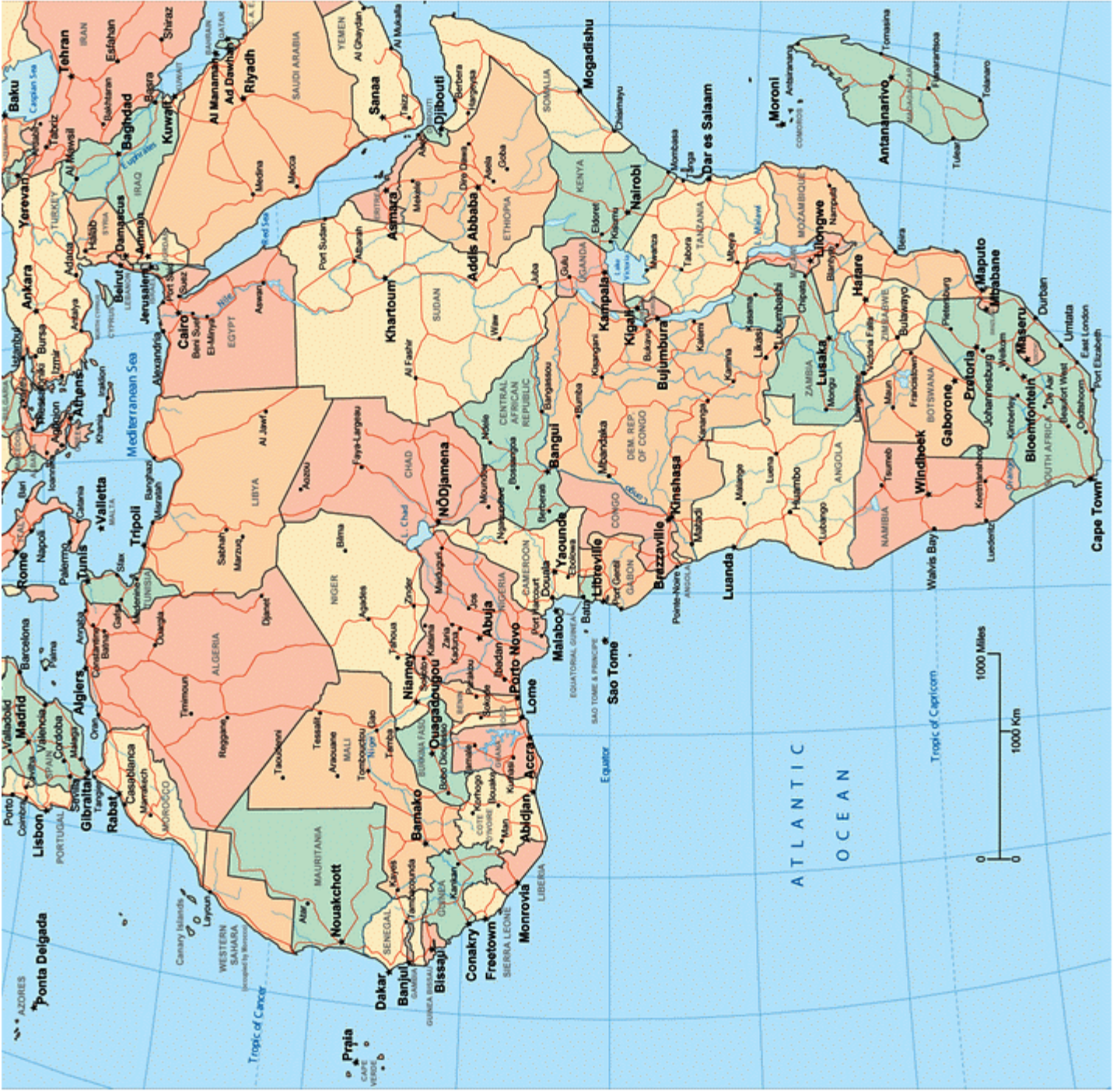
- Week 15: Violence and development in Sierra Leone

- Week 16: Africa's economic success stories

- **Methods / tools:**
 - Ordinary least squares (OLS) regression**
 - Randomized evaluation methods**
 - Difference-in-differences analysis**
 - Regression discontinuity (RD)**
 - Field data collection**
 - Travel cost valuation**

Patterns of Global Economic Development

- The world's four major less developed regions are East Asia, Latin America, South Asia, Sub-Saharan Africa
- Of the four, Sub-Saharan Africa has had by far the worst economic performance since 1975
- The goal of this course is three-fold:
 - (1) to understand why Africa is so poor, and
 - (2) what economic policy / public policy can do about it;
 - (3) to learn tools useful in development policy analysis





Human development index (HDI) value 2003

Life expectancy at birth (years) 2003

Adult literacy rate (% ages 15 and above) 2003^b

Combined gross enrolment ratio for primary, secondary and tertiary schools (%) 2002/03^c

GDP per capita (PPP US\$) 2003

	Human development index (HDI) value 2003	Life expectancy at birth (years) 2003	Adult literacy rate (% ages 15 and above) 2003 ^b	Combined gross enrolment ratio for primary, secondary and tertiary schools (%) 2002/03 ^c	GDP per capita (PPP US\$) 2003
Developing countries	0.694	65.0	76.6	63	4,359
Least developed countries	0.518	52.2	54.2	45	1,328
Arab States	0.679	67.0	64.1	62	5,685
East Asia and the Pacific	0.768	70.5	90.4	69	5,100
Latin America and the Caribbean	0.797	71.9	89.6	81	7,404
South Asia	0.628	63.4	58.9	56	2,897
Sub-Saharan Africa	0.515	46.1	61.3	50	1,856
Central and Eastern Europe and the CIS	0.802	68.1	99.2	83	7,939
OECD	0.892	77.7	..	89	25,915
High-income OECD	0.911	78.9	..	95	30,181

	HDI rank ^a	Human development index (HDI) value	Life expectancy at birth (years)	Adult literacy rate (% ages 15 and above)	Combined gross enrolment ratio for primary, secondary and tertiary schools (%)	GDP per capita (PPP US\$)
		2003	2003	2003 ^b	2002/03 ^c	2003
HIGH HUMAN DEVELOPMENT						
1	Norway	0.963	79.4	.. ^e	101 ^f	37,670
2	Iceland	0.956	80.7	.. ^e	96	31,243
3	Australia	0.955	80.3	.. ^e	116 ^f	29,632
4	Luxembourg	0.949	78.5	.. ^e	88 ^g	62,298 ^h ★
5	Canada	0.949	80.0	.. ^e	94 ^{i,j}	30,677
6	Sweden	0.949	80.2	.. ^e	114 ^f	26,750
7	Switzerland	0.947	80.5	.. ^e	90	30,552
8	Ireland	0.946	77.7	.. ^e	93	37,738
9	Belgium	0.945	78.9	.. ^e	114 ^f	28,335
10	United States	0.944	77.4	.. ^e	93	37,562
11	Japan	0.943	82.0	.. ^e	84	27,967

	Human development index (HDI) value	Life expectancy at birth (years)	Adult literacy rate (% ages 15 and above)	Combined gross enrolment ratio for primary, secondary and tertiary schools (%)	GDP per capita (PPP US\$)
HDI rank ^a	2003	2003	2003 ^b	2002/03 ^c	2003
160	0.445	40.8	66.8	30 ^{l,j}	2,344 ^q
161	0.444	53.8	56.7 ^{k,l}	35 ^l	849 ^q
162	0.431	54.0	33.6	55 ^l	1,115
163	0.420	45.9	48.1	42 ^{l,j}	1,476
164	0.418	46.0	69.4	41 ^l	621
165	0.404	39.7	64.1 ⁿ	72 ^l	605
166	0.394	37.5	67.9 ⁿ	48 ^l	877
167	0.385	43.1	65.3	28 ^{l,j}	697
168	0.379	41.9	46.5 ^k	43 ^l	1,117 ^q
169	0.378	43.6	58.9	35 ^l	648 ^q
170	0.367	47.6	41.5 ^k	36 ^l	711 ^q
171	0.355	39.3	48.6	31	1,089 ^q
172	0.348	44.7	39.6 ^{k,l}	37 ^{l,j}	711 ^q
173	0.341	43.6	25.5	38 ^l	1,210 ^q
174	0.333	47.9	19.0 ⁿ	32 ^l	994
175	0.317	47.5	12.8 ⁿ	24 ^l	1,174 ^q
176	0.298	40.8	29.6	45 ^j	548 [★]
177	0.281	44.4	14.4	21 ^l	835 ^q

MDG

Life expectancy at birth (years) **Infant mortality rate** (per 1,000 live births) **Under-five mortality rate** (per 1,000 live births)

HDI rank	1970-75 ^d		2000-05 ^d		1970	2003	1970	2003
	1970-75 ^d	2000-05 ^d	1970	2003	1970	2003	1970	2003
Developing countries	55.6	64.9	109	60	167	88		
Least developed countries	44.5	52.0	151	99	244	156		
Arab States	52.1	66.9	129	48	197	61		
East Asia and the Pacific	60.5	70.4	84	31	122	39		
Latin America and the Caribbean	61.1	71.7	86	27	123	32		
South Asia	50.1	63.2	130	66	206	91		
Sub-Saharan Africa	45.8	46.1	143	105	243	179		
Central and Eastern Europe and the CIS	69.0	68.1	34	20	42	24		
OECD	70.3	77.6	40	11	53	13		
High-income OECD	71.6	78.8	22	5	28	6		

- Other dimensions of human development:

Infrastructure (e.g., roads, electricity)

Democracy

Violence / armed conflict

HDI rank	GDP						Annual growth rate	
	PPP US\$		GDP per capita		1975–2003		1990–2003	
	US\$ billions	billions	US\$	PPP US\$				
2003	2003	2003	2003	1975–2003	1990–2003	Annual growth rate (%)		
Developing countries	6,981.9 T	21,525.4 T	1,414	4,359	2.3	2.9		
Least developed countries	221.4 T	895.1 T	329	1,328	0.7	2.0		
Arab States	773.4 T	1,683.6 T	2,611	5,685	0.2	1.0		
East Asia and the Pacific	2,893.6 T	9,762.2 T	1,512	5,100	6.0	5.6		
Latin America and the Caribbean	1,745.9 T	3,947.0 T	3,275	7,404	0.6	1.1		
South Asia	902.2 T	4,235.9 T	617	2,897	2.6	3.5		
Sub-Saharan Africa	418.5 T	1,227.4 T	633	1,856	-0.7	0.1		
Central and Eastern Europe and the CIS	1,189.9 T	3,203.5 T	2,949	7,939	..	0.3		
OECD	29,650.5 T	29,840.6 T	25,750	25,915	2.0	1.8		
High-income OECD	28,369.5 T	27,601.9 T	31,020	30,181	2.2	1.9		

Whiteboard #1

Whiteboard #2

Whiteboard #3

Whiteboard #4

Whiteboard #5

