

ECONOMICS 172: Issues in African Economic Development
SPRING 2012 SYLLABUS

Professor Edward Miguel (emiguel@econ.berkeley.edu, 510-642-7162)

Lectures: Tuesday and Thursday 2-3:30pm, 159 Mulford

Office Hours: Monday 9:30-11:30am, Evans 647

Description: This course will examine major current issues in development economics, with a focus on how they relate to sub-Saharan Africa. The course will also emphasize the application of econometric evaluation methods in development economics. The course is divided into two parts: I. Economic Theories and Methods; II. History, Institutions and Politics

Prerequisites: At least one prior term of intermediate economics (i.e., Economics 100A or 100B or equivalent), and some prior coursework in statistics or econometrics.

Grading: The course grade will be based on three components:

Three take-home Assignments, each worth 10 percent (30 percent)

Midterm examination (30 percent)

Final Examination (40 percent)

(Classroom participation may be a factor in borderline grading cases.)

Teaching Assistants: Pierre Bachas (bachas@econ.berkeley.edu), Tadeja Gracner (tgracner@econ.berkeley.edu)

The required readings are:

-- Fisman, Raymond and Edward Miguel (2008) *Economic Gangsters: Corruption, Violence and the Poverty of Nations*. Princeton University Press.

-- Miguel, Edward (2009) *Africa's Turn?* MIT Press.

-- Radelet, Steven (2010) *Emerging Africa: How 17 Countries are Leading the Way*. Center for Global Development.

-- Reading packets of photocopied articles can be picked up at Copy Central on Bancroft Ave.

I. Economic Theories and Methods

Lectures 1-2: Patterns of African economic development (1/17, 1/19)

United Nations Development Program (UNDP). (2011). *Human Development Report 2011*, Tables 1, 9, 10, pp. 127-130 and 158-165.

Economic Gangsters, Chapter 1, pp. 1-21.

Africa's Turn? pp. 1-46.

Emerging Africa, Chapters 1-2, pp. 9-46.

Lectures 3-4: Theories of economic growth (1/24, 1/26)

[Tools: Economic growth theory; Ordinary least squares (OLS) regression]

Jones, Charles. (2002). *Introduction to Economic Growth (Second Edition)*, Chapters 1-2, pp. 1-51.

Easterly, William (2001). "Chapter 3: Solow's Surprise: Investment is Not the Key to Growth" in *The Elusive Quest for Growth: Economists' Adventures and Misadventures in the Tropics*, pp. 47-69.

Roland, Gerard. (2012). "Econometric appendix", in *Institutions and Economic Development*, forthcoming, Addison-Wesley.

Lectures 5-8: Geography, health and development (1/31, 2/2, 2/7, 2/9)

[Tools: Randomized evaluation]

Bloom, David, and Jeffrey Sachs. (1998). "Geography, Demography, and Economic Growth in Africa," *Brookings Papers on Economic Activity*, 2, 207-295.

Ashraf, Nava, Neil Buddy Shah, Rachel Gordon. (2010). "Deworming Kenya: Translating Research into Action", Harvard Business School Case Study N9-910-001.

Economic Gangsters, chapter 8, pp. 186-206.

(Problem Set 1 handed out 2/2, due 2/9)

Lectures 9-10: The economics of HIV/AIDS (2/14, 2/16)

[Tools: Difference-in-differences analysis; expected utility maximization]

Meier, Gerald M., and James E. Rauch. (2005). "Selection IV.B.3: Confronting AIDS", in *Leading Issues in Economic Development, Eight Edition*. Oxford University Press, pp. 221-239.

Fox, Matthew, et al. (2004). "The Impact of HIV/AIDS on Labour Productivity in Kenya", *Tropical Medicine and International Health*, 9(3), 318-324.

Thornton, Rebecca. (2008). "The Demand for and Impact of Learning HIV Status: Evidence from a Field Experiment", *American Economic Review*, 98(5), 1829-63.

Lectures 11-13: Investing in human capital (2/21, 2/23, 2/28)

[Tools: Regression discontinuity (RD)]

Kremer, Michael, Edward Miguel, and Rebecca Thornton. (2009). "Incentives to Learn: Merit Scholarships that Pay Kids to Do Well", *Review of Economics and Statistics*, 91(3), 437-456.

Friedman, Willa, Michael Kremer, Edward Miguel, and Rebecca Thornton. (2011). "Education as Liberation?", NBER Working paper.

(Problem Set 2 handed out 2/23, due 3/1)

Lectures 14-15: Economic shocks, violence and rural households (3/1, 3/6)

[Tools: Field data collection]

Udry, Christopher. (1990). "Credit Markets in Northern Nigeria: Credit as Insurance in a Rural Economy," *World Bank Economic Review*, 4(3), 251-269.

Economic Gangsters, chapters 5-6, pp. 111-158.

(Midterm Examination – 3/15 in class, covering lectures 1-15)

II. History, Institutions and Politics

Lectures 16-17: Corruption and underdevelopment (3/8, 3/13)

Reinikka, Ritva, and Jakob Svensson. (2004). “Local Capture: Evidence from a Central Government Transfer Program in Uganda”, *Quarterly Journal of Economics*, 119 (2), 679-706.

Keen, David. (2005). “Chapter 3: Historical Background: Uneven Development” in *Conflict and Collusion in Sierra Leone*, pp. 8-35.

Economic Gangsters, chapter 4, pp. 76-110.

Lectures 18-20: Historical Legacies of Slavery and Colonialism (3/20, 3/22, 4/3)

Schraeder, Peter J. (2004). *African Politics and Society: A Mosaic in Transformation*. Thomas-Wadsworth Press. “Part II: Political and Economic Impacts of Colonialism”, pp. 49-79.

Nunn, Nathan. (2008). “Slavery, Institutional Development, and Long-run Growth in Africa, 1400-2000”, *Quarterly Journal of Economics*, 123(1), 139-176.

Herbst, Jeffrey. (2000). *States and Power in Africa*. Princeton Univ. Press, Chapters 1-3, pp. 11-96.

Lectures 21-23: Debates on foreign aid, trade and globalization (4/5, 4/10, 4/12 – Guest lecture 4/12)

Bates, Robert. (1981). *Markets and States in Tropical Africa*, Chapters 1-2, pp. 1-44.

Easterly, William. (2001). “Chapter 6: The Loans that Were, the Growth that Wasn’t” in *The Elusive Quest for Growth: Economists’ Adventures and Misadventures in the Tropics*, pp. 101-120.

Casey, Katherine, Rachel Glennerster, and Edward Miguel. (2011). “Reshaping Institutions: Evidence on Aid Impacts Using a Pre-Analysis Plan”, NBER Working paper.

(Problem Set 3 handed out 4/5, due 4/12)

Lectures 24-25: Ethnic and social divisions (4/17, 4/19)

Easterly, William, and Ross Levine. (1997). “Africa’s growth tragedy: policies and ethnic divisions”, *Quarterly Journal of Economics*, 112, 1203-1250.

Laitin, David. (1992). *Language Repertoires and State Construction in Africa*. Cambridge University Press: New York. Chapters 1, 4, 5, pp. 1-23, 69-100.

Miguel, Edward. (2004). “Tribe or Nation? Nation-building and Public Goods in Kenya versus Tanzania”, *World Politics*, 56(3), 327-362.

Lectures 26-27: Africa's success stories and future challenges (4/24, 4/26)

Acemoglu, Daron, Simon Johnson, and James Robinson. (2003). "Chapter 4: An African Success Story: Botswana," *In Search of Prosperity: Analytic Narratives on Economic Growth*, pp, 80-119.

Africa's Turn?, pp. 49-137

Emerging Africa, Chapter 6, pp. 109-124.

Miguel, Edward. (2011). "Africa Unleashed: Explaining the Secret of a Belated Boom", *Foreign Affairs*, November/December 2011.

(Final examination during the regular exam period, Monday May 7, 11:30am-2:30pm)



Map of Africa, today