

Africa in the World Economy

Fall 2008

Wednesday, 1-3pm, room 736, 19 W. 4th Street

By William Easterly, Professor of Economics (Joint with Africa House)

Don't be scared by the length of this syllabus! The list of readings is more extensive than what will be covered in class, it is meant as a resource for your term papers as well as background material for understanding topics in more depth. Students will be responsible primarily for what is covered in class, and should just skim or selectively pick readings to get the essential points where you want to get more understanding. The article "Can the West Save Africa?" listed below gives brief summaries of many of these articles' conclusions. Most of the papers listed here are available on the Internet by going to the paper author's web site.

There will be one take-home final, to be turned in 5 days after being handed out on the last day of class. There will also be a term paper requirement, in which students should do an evaluation of an aid program or aid agency or NGO (see description at end of this syllabus), to be turned in 3 weeks before the end of classes. Students are encouraged to participate heavily in class discussion. The following are prohibited during the lecture: texting, email, web surfing, unthinking acceptance of conventional wisdom (or of this professor's lecture points).

The following are the background books for the course (available in paperback at a deep discount on Amazon):

Jeffrey D. Sachs, *The End of Poverty: Economic Possibilities for Our Time*, Penguin Press: New York (2005) (EOP)

William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill, and So Little Good*, Penguin Press: New York, 2006 (WMB)

Paul Collier, *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It*, Oxford University Press, 2007

William Easterly, Can the West Save Africa?, draft article for *Journal of Economic Literature*, September 2008 (available on Blackboard)

Africa: Tragedy, Cause, Stereotype, and Reality

Can the West Save Africa? pp. 1-14

Alex de Waal (1998), *Famine Crimes: Politics & the Disaster Relief Industry in Africa*, Indiana University Press

Can Africa be launched rapidly out of poverty? The Poverty Trap, the Big Push, Foreign Aid, and Growth

Can the West Save Africa? 2008, PP. 9-29.

EOP, Chapter 3: Why Some Countries Fail to Thrive

WMB, Chapter 2: The Legend of the Big Push

Aart Kraay and Claudio Raddatz (2007), Poverty traps, aid, and growth, *Journal of Development Economics* 82 315–347

W. Easterly, “Reliving the 50s: the Big Push, Poverty Traps, and Takeoffs in Economic Development,” *Journal of Economic Growth*. Vol. 11, No. 4, December 2006, pp. 289-318

Burnside, Craig and David Dollar, “Aid, Policies, and Growth,” *American Economic Review* 90(4) (September 2000): pp. 847–68.

William Easterly, Ross Levine, and David Roodman) "New Data, New Doubts: A Comment on Burnside and Dollar's "Aid, Policies, and Growth"(2000). " *American Economic Review*, June 2004.

Is Africa poor because of long run factors? pre-colonial states, pre-colonial technology, the slave trade, colonialism, and nation formation

(don't be scared of too many articles! We will cover in class the main point of each one.)

WMB, Chapter 8, From Colonialism to Postmodern Imperialism

John Iliffe, *Africans: The History of A Continent*, Cambridge University Press, 1995 (selected sections, as referenced in **WMB** chapter)

Mahmood Mamdani, *Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism*, Princeton 1996, Part I: The Structure of Power (selected sections as referenced in WMB chapter).

NICOLA GENNAIOLI and ILIA RAINER, “The Modern Impact of Pre-Colonial Centralization in Africa , *Journal of Economic Growth*, September 2007.
http://www.crei.cat/people/gennaioli/pdf_files/Africa.pdf

Diego Comin, William Easterly, and Erick Gong, “Was the Wealth of Nations Determined in 1000 BC?” January 2008, Brookings Working Paper.

Nathan Nunn, "The Long Term Effects of Africa's Slave Trades," **Quarterly Journal of Economics**, Vol. 123, No. 1, February 2008, pp. 139-176.
http://www.economics.harvard.edu/faculty/nunn/files/empirical_slavery.pdf

Nathan Nunn, "Historical Legacies: A Model Linking Africa's Past to its Current Underdevelopment," **Journal of Development Economics**, Vol. 83, No. 1, May 2007, pp. 157-175, http://www.economics.harvard.edu/faculty/nunn/files/legacy_jde.pdf

William Easterly and Ross Levine, "Africa's Growth Tragedy: Policies and Ethnic Divisions," November 1997, *Quarterly Journal of Economics*. CXII (4), 1203-1250.

R. La Porta, F. Lopez-de-Silanes, A. Shleifer, and R. Vishny "[The Quality of Government](#)", *Journal of Law, Economics and Organization*, 1999.

Valerie Bockstette, Areendam Chanda, and Louis Putterman, 2002, States and Markets: the Advantage of an Early Start, *Journal of Economic Growth*, 7, 347-369

Alberto Alesina, William Easterly, and Janina Matuszewski, "Artificial states," NYU mimeo, 2008.

Why can't we just pave the roads?! Aid and Development interventions in Africa: theory and evidence

Can the West Save Africa?, pp. 29-46, 74-76.

EOP, Chapter 12: On-the-Ground Solutions for Ending Poverty

EOP, Chapter 13: Making the Investments Needed to End Poverty

WMB, The Rich have Markets, the Poor Have Bureaucrats

Banerjee, Abhijit. 2007. *Making Aid Work*. Cambridge: MIT Press. (very SHORT book)

Duflo, Esther, Rachel Glennerster, and Michael Kremer. 2008. "Using Randomization in Development Economics Research: A Toolkit" in *Handbook of Development Economics*, Volume 4, North-Holland

Pritchett, Lant. 2008. "It pays to be ignorant" in W. Easterly, *Reinventing aid*, MIT Press, 2008.

Rodrik, Dani. 2008. "The New Development Economics: We Shall Experiment, But How Shall we Learn?"

<http://ksghome.harvard.edu/~drodrik/The%20New%20Development%20Economics.pdf>

Deaton, Angus (2008). "Instruments of development? Randomization in the tropics, and the hunt for the keys to development" Mimeo, Princeton University. (NOTE: THIS WILL BE PRESENTED AT A SEMINAR AT NYU ON SEPT 30)

Feyzioglu, Tarhan, Vinaya Swaroop, and Min Zhu. 1998. A Panel Data Analysis of the Fungibility of Foreign Aid, *THE WORLD BANK ECONOMIC REVIEW*, VOL. 12, NO. 1: 29-58

Pritchett, Lant and Michael Woolcock (2004) "Solutions When The Solution is the Problem: An Array of the Disarray in Development." *World Development*.

Chaudhury, Nazmul, Jeffrey Hammer, Michael Kremer, Karthik Muralidharan, and F. Halsey Rogers "Missing in Action: Teacher and Health Worker Absence in Developing Countries," *Journal of Economic Perspectives*—Volume 20, Number 1—Winter 2006—Pages 91–116

Kremer, Michael and Edward Miguel, 2007, The Illusion of Sustainability, *Quarterly Journal of Economics* 112(3), 1007-1065

Pande, Rohini, Why Aren't We Achieving the Millenium Development Goals? Book Review for the Proceedings of Annual World Bank Conference in Development Economics, 'Lessons of Experience' and 'Are we on Track to Achieve the Millenium Development Goals', *Journal of Economic Literature*, 2006.

Education

Can the West Save Africa? Pp. 47-53

Clemens, Michael A. 2004 The Long Walk to School: International education goals in historical perspective Center for Global Development Working Paper 37. on the web

Glewwe, Paul, Michael Kremer, and Sylvie Moulin (2007), Many Children Left Behind? Textbooks and Test Scores in Kenya, July

Kremer, Michael, Edward Miguel, and Rebecca Thornton, Incentives to Learn, Harvard mimeo, January 2007

Filmer, Deon and Lant Pritchett. 1999. "What Education Production Functions Really Show: A Positive Model of the Allocation of Educational Expenditures." *Economics of Education Review* (March 1999).

Pritchett, Lant. 2006. "Does Learning to Add Add Up?" Chapter 11 in *Handbook of Education Economics*, North Holland. <http://ksghome.harvard.edu/~lpritch/>

Hanushek, Eric and Ludger Woessmann "The Role of Cognitive Skills in Economic Development", *Journal of Economic Literature* 46(3), September 2008.

Health

Can the West Save Africa? Pp. 53-64

WMB, The Healers: Triumph and Tragedy.

EOP, Chapter 10: The Voiceless Dying: Africa and Disease

Levine, Ruth. *Case Studies in Global Health: Millions Saved*, Jones and Bartlett: Sudbury MA, 2007.

- Kremer, Michael and Edward Miguel, WORMS: IDENTIFYING IMPACTS ON EDUCATION AND HEALTH IN THE PRESENCE OF TREATMENT EXTERNALITIES, *Econometrica*, Vol. 72, No. 1 (January, 2004), 159–217
- Cutler, David, Angus Deaton, and Adriana Lleras-Muney. 2006. The Determinants of Mortality. *Journal of Economic Perspectives*, Vol. 20, No. 3, Summer.
- Deaton, Angus. Income, Health, and Well-Being around the World: Evidence from the Gallup World Poll, *Journal of Economic Perspectives*, Vol. 22, No. 2, Spring 2008
- Acemoglu, Daron and Simon Johnson, Disease and Development: The Effect of Life Expectancy on Economic Growth, *Journal of Political Economy* 115, pp. 925-985, December 2007
- Zwane, Alix Peterson and Michael Kremer, 2007, What Works in Fighting Diarrheal Diseases in Developing Countries? A Critical Review, *World Bank Research Observer*, forthcoming.
- Minakawa, Noboru, Gabriel O Dida, George O Sonye, Kyoko Futami, Satoshi Kaneko
Unforeseen misuses of bed nets in fishing villages along Lake Victoria, *Malaria Journal* 2008, 7:165
- England, Roger. 2008. “The writing is on the wall for UNAIDS,” *BMJ* 2008;336:1072 (10 May), doi:10.1136/bmj.39569.497708.94
- David Canning, The Economics of HIV/AIDs in Developing Countries: The Case for Prevention, *Journal of Economic Perspectives*, Summer 2006.
- Filmer, Deon and Lant Pritchett. 1999. “The Impact of Public Spending on Health: Does Money Matter?”, *Social Science and Medicine* v. 49 (October 1999).
- Kremer, Michael and Alaka Holla. 2008. “Pricing and Access: Lessons from Randomized Evaluations in Education and Health”
- Kremer, Michael, Jessica Leino, Edward Miguel and Alix Pererson Zwane. 2008. “Spring Cleaning: Rural Water Impacts, Valuation, and Institutions”, Working Paper, February

Economic policies and economic systems in Africa: from African socialism to capitalism

- Acemoglu, Daron, Simon Johnson, and James A. Robinson, Institutions as the Fundamental Cause of Long-Run Growth, 2005, Philippe Aghion and Steven Durlauf, editors, *Handbook of Economic Growth*, North-Holland.
<http://elsa.berkeley.edu/~chad/handbook9sj.pdf>
- David Albouy, The Colonial Origins of Comparative Development: A Reinvestigation of the Data, Department of Economics, University of Michigan, 2008,
<http://www-personal.umich.edu/~albouy/AJRreinvestigation/AJRrev.pdf>
- W. Easterly and R. Levine, “Tropics, germs, and crops: the role of endowments in economic development” *Journal of Monetary Economics*, 50:1, January 2003.

D. Rodrik, A. Subramanian, and F. Trebbi, “Institutions Rule: The Primacy of Institutions over Geography and Integration in Economic Development”, Journal of Economic Growth, vol. 9, no.2, June 2004

Rodrik, Dani. 2006. Goodbye Washington Consensus, Hello Washington Confusion? A Review of the World Bank's Economic Growth in the 1990s: Learning from a Decade of Reform, *The Journal of Economic Literature*, Vol. 44, No. 4, December

W. Easterly, Freedom vs. Collectivism in Foreign Aid, *Economic Freedom in the World 2006*, Fraser Institute.

Instructions on term paper:

- (1) Pick any aid program, any official aid agency, or any NGO.
 - a. Aid program examples: fighting AIDS in Africa (PEPFAR, WHO program, World Bank program, etc.), fighting malaria (Roll Back Malaria, Gates Foundation Malaria program), Education for All, Alliance for a Green Revolution in Africa, UN Responsibility to Protect, UN Millennium Development Goals
 - b. Aid agency examples: World Bank, UNDP, Global Fund on AIDS, TB, and Malaria (GFATM), IMF, UNICEF, USAID, DFID
 - c. NGOs: Oxfam, Gates Foundation, Save the Children, World Vision
- (2) Ask and attempt to answer the questions: does it make sense? does it work? Examples of how to analyze this might be answering some (NOT ALL) of the following questions:
 - a. Describe what the program's/agency's objectives are and what it is doing to attain those objectives?
 - b. Are these objectives a high priority according to cost/benefit analysis? Are they a high priority among the intended beneficiaries? Is the initiative donor-driven or demand-driven?
 - c. What is the theory of how the program/agency would induce positive change?
 - d. What good or bad incentives are faced by Western nationals in the program/agency? What good or bad incentives does the program/agency create for African actors?
 - e. How does the program/agency know whether their efforts are working? What kind of evaluations do they do, and how do these evaluations change their behavior?
 - f. What types of *objective* evidence are available about whether the program is working (none is a possible answer)? To the extent there is some partial evidence, what is your best judgment as to whether the program/agency is accomplishing good things, having no effect, or causing harm (or some mixture of all three, in different areas)?