

University of Illinois at Urbana-Champaign
Department of Economics
Spring 2015

Econ 450: Development Economics
Monday/Wednesday 2:00-3:20
David Kinley Hall, Room 119

Instructor: **Richard Akresh**

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Office Hours: Monday/Wednesday 3:20-4:00 or by appointment in case of schedule conflicts

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Course Description: In this course, we will use economic theory and analysis to aid our understanding of conditions in sub-Saharan Africa. We examine why developing countries in Africa face extreme poverty, high child mortality, low levels of education, poor health, and high levels of child labor and which policies, if any, might be effective in alleviating these problems. Emphasis will be placed on analyzing current economic issues and policies in their historical context. The course is organized around a series of broad questions, which will be explored with reference to particular societies. We will examine the historical roots of the current structure of African economies, the economic reform process, agricultural and industrial development, patterns of poverty and income distribution, health and education and international economic relations.

Course Prerequisites: Econ 102 and Econ 103. Econ 302 strongly recommended.

Course Requirements and Evaluation:

Grades will be based on the following:

- Map quiz on African geography (5%)
- 2 midterm exams (25% each)
- Final exam (45%)
- Each student is expected to be able to discuss the required readings assigned for each class.

Graduate students taking Econ 450 for 4 credits: To earn the 4th credit, you will need to complete an additional project in addition to all of the course requirements that the undergrads will complete (map quiz, 2 midterms, final exam). This project will be a 15-20 page original research paper focused on a topic about economic development in Africa. The paper must use 1 inch margins, 12 point Times New Roman font, and must have a references section listing all of the sources you have used in the paper. By October 1, you must email me a 1 paragraph project proposal detailing the research question you will be working on. I will respond to these emails approving the research topic. Only research topics approved by me are acceptable.

Important Dates:

MAP QUIZ: Wednesday, February 4 (in class)

MIDTERM #1: Monday, March 2 (in class)

MIDTERM #2: Wednesday, April 8 (in class)

FINAL EXAM: Friday, May 15, 1:30-4:30 PM

Readings

Required course reader available in the Illini Union Bookstore.

Recommended readings:

Banerjee, Abhijit and Esther Duflo. 2011. *Poor Economics*. Public Affairs Publishing.

Easterly, William. 2002. *The Elusive Quest for Growth*. Cambridge, MA: MIT Press.

Easterly, William. 2009. "Can the West Save Africa?" (<http://www.nber.org/papers/w14363>),
Journal of Economic Literature, 47(2): 373-444.

Radelet, Steven. 2010. *Emerging Africa: How 17 Countries are Leading the Way*. Brookings Institution Press.

Africa News and Development Blogs:

News:

BBC Africa: <http://news.bbc.co.uk/2/hi/africa/default.stm>

All Africa: <http://allafrica.com>

Africa Confidential: <http://www.africa-confidential.com/news>

Blogs:

<http://blogs.worldbank.org/impacetevaluations/>

<http://blogs.cgdev.org/globaldevelopment/>

<http://blogs.cgdev.org/globalhealth/>

<http://africacan.worldbank.org/>

<http://psdblog.worldbank.org/psdblog/>

<http://chrisblattman.com/>

<http://marcfbellemare.com/wordpress/>

<http://www.poverty-action.org/blog>

Final Exam Conflict Policy:

From the University's final exam policy:

- Any student having more than two consecutive final examinations is entitled to rescheduling as follows if he or she takes the following action no later than the last day of classes:
 - The student must investigate whether a conflict examination is being held at another time for any of the examinations involved.
 - If a conflict examination has been scheduled for any of the courses, the student must take one or more of these conflict examinations. If conflict examinations are offered for more than one course, the student must take the conflict for the course that has the largest number of students.

- If no conflict examinations have been scheduled, the student must contact the instructor of the course having the largest number of students. The contact must be made no later than the last day of classes, and that instructor must provide a makeup examination.
- Normally in a semester several combined-sections, conflict, and noncombined examinations are given at the same time. As a guide to resolving conflicts, an order of priority has been established within each examination period, and a student should resolve a conflict using the published examination schedules and the following priority guidelines.
 - National and state professional examinations (e.g. CPA, actuarial science, Architecture Registration Examination) take priority over campus final examinations. An instructor must offer a conflict examination to a student scheduled to take a national or state professional examination and a campus final examination at the same time.
 - A noncombined course examination has precedence over any combined-sections or conflict examination.
 - A department offering a combined-sections final examination must provide a conflict examination if required to accommodate student conflicts.

The University's final exam policy is available at:

http://studentcode.illinois.edu/article3_part2_3-201.html

Emergency Response Recommendations:

The university maintains guidelines for emergency responses. A list of recommendations when to evacuate and when to find shelter are available at:

http://illinois.edu/cms/2251/general_emergency_response_recommendations_8_16_13_final.doc
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Floor plans for specific buildings are available at:

<http://police.illinois.edu/emergencyplanning/floorplans/>

Statement on Accommodations:

To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources Educational Services (DRES) as soon as possible. To contact DRES you may visit 1207 S. Oak Street, Champaign, call 333-4603 (V/TTY), or email a message to disability@uiuc.edu.

Academic Integrity:

“The University has the responsibility for maintaining academic integrity so as to protect the quality of education and research on our campus and to protect those who depend upon our integrity. *Expectations of Students*. It is the responsibility of each student to refrain from infractions of academic integrity, from conduct that may lead to suspicion of such infractions, and from conduct that aids others in such infractions. Students have been given notice of this Part by virtue of its publication. Regardless of whether a student has actually read this Part, a student is charged with knowledge of it. Ignorance is not a defense.”

The University's full academic integrity policy is available at:

http://studentcode.illinois.edu/article1_part4_1-401.html

Class Schedule:

1: Introduction (1/21)

2-3: Economic Development Overview (1/26, 1/28)

Readings:

Debraj Ray, *Development Economics*, Chapter 1 & 2

MAP QUIZ: Wednesday, February 4 (in class)

4-6: Development Program Evaluation (2/2, 2/4, 2/11)

Readings:

Duflo, Esther, and Michael Kremer. 2003. "Use of Randomization in the Evaluation of Development Effectiveness." Conference on Evaluation and Development Effectiveness. Washington, D.C., World Bank Operations Evaluation Department.

7-9: HIV/AIDS (2/16, 2/23, 2/25)

Readings:

Canning, David. 2006. "The Economics of HIV/AIDS in Low-Income Countries: The Case for Prevention." *Journal of Economic Perspectives*, 20(3), 121-142.

Thirumurthy, Harsha, Joshua Graff Zivin, and Markus Goldstein. 2008. "The Economic Impact of AIDS Treatment." *Journal of Human Resources*, 43(3): 511-552.

MIDTERM #1: Monday, March 2 (in class)

11: Health (3/4)

Readings:

Cohen, Jessica and Pascaline Dupas. 2010. "Free Distribution or Cost-Sharing? Evidence from a Randomized Malaria Prevention Experiment." *Quarterly Journal of Economics*, 125(1): 1-45.

Lanjouw, Jean. 2002. "A Patent Policy Proposal for Global Diseases." In Annual World Bank Conference on Economic Development, 2001-2002. Editors B. Peskovic and N. Stern. New York, Oxford University Press, pp. 189-209.

Glennerster, Rachel, and Michael Kremer. 2000. "A Better Way to Spur Medical Research and Development." *Regulation*, 23 (2), 34-39.

12-13: Education and Human Capital (3/9, 3/11)

Readings:

Duflo, Esther. 2001. "Schooling and Labor Market Consequences of School Construction in Indonesia." Selection IV.A.3, 198-200. Based on article from *American Economic Review*, 91(4), 795-813.

Udry, Christopher. 2004. "Child Labor." Working paper. Yale University.

14-16: Risk-Sharing (3/16, 3/18, 3/30)

Readings:

Debraj Ray, *Development Economics*, Chapter 10.3 (only p.388-395), Chapter 11

Debraj Ray, *Development Economics*, Chapter 15.1, 15.2, 15.3.

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

17: Institutions (4/1)

Nunn, Nathan. 2008. "The Long-term Effects of Africa's Slave Trades." *Quarterly Journal of Economics*, 123(1): 139-176.

18: Agriculture and Development (4/6)

Readings:

Richards, Paul. 1985. *Indigenous Agricultural Revolution: Ecology and Food Production in West Africa*. London: Hutchinson. (Introduction, Chapters 2, 6, Conclusion), pp. 9-17, 41-62, 142-162.

MIDTERM #2: Wednesday, April 8 (in class)

20-22: States, Markets, and Structural Adjustment Programs (4/13 4/15, 4/20)

Readings:

Rodrik, Dani. 1991. "Policy Uncertainty and Private Investment in Developing Countries." *Journal of Development Economics*, 36(2), 229-242

23: Civil Wars and Conflict (4/22)

Readings:

Annan, Jeannie and Christopher Blattman. 2010. "The Consequences of Child Soldiering." *Review of Economics and Statistics*, 92(4): 882-898.

Collier, Paul. 2009. "Development in Dangerous Places: A Forum on Global Poverty and Intervention." *Boston Review*, Not in reader, but can be accessed online, <http://new.bostonreview.net/BR34.4/collier.php>

24-25: Trade Patterns and Liberalization (4/27, 4/29)

Readings:

McMillan, Margaret, Dani Rodrik, and Karen Horn Welch. 2002. "When Economic Reform Goes Wrong: Cashews in Mozambique." *National Bureau of Economic Research Working Paper*, 9117.

26: Discussion of past African growth and future prospects (5/4)

Readings:

Miguel, Edward. 2008. "Is It Africa's Turn?" NBER Economic Research on African Development Successes Conference.

McKinsey Global Institute. 2010. "Lions On the Move: The Progress and Potential of African Economies."

27: Final Exam Review Session (5/6)

FINAL EXAM: Friday, May 15, 1:30-4:30 PM