AFRICAN ECONOMIC RESEARCH CONSORTIUM
COLLABORATIVE PHD DEGREE PROGRAMME (CPP) IN ECONOMICS FOR SUB-SAHARAN AFRICA

JOINT FACILITY FOR ELECTIVES

DEVELOPMENT ECONOMICS COURSE OUTLINE

(Revised: July 2020)
About this course:

Course overview:

**Semester:** 1 and 2
The course on Development Economics is organized into two semesters. In the first semester (ECON 656), the topics include: introduction; theories of development and growth models; features of African Economies; Poverty, Growth and Inequality; agriculture for development; and stabilization, adjustment and development finance.

In the second semester (ECON 657), the topics include: institutions and development; trade and development; human capital and development; special topics in development; and comparative development experiences from other developing areas including Africa.

**Credits:**

**Core/optional:** Optional

**Live Online Lecture time and online provision platform:** A Zoom link or a link of appropriate online platform chosen by AERC will be sent to you by the course leader prior to the commencement of teaching. It is advisable to connect 15 minutes before the start of the lecture and test the strength of your wifi connection.

N.B.: AERC to decide the time and the online platform for teaching delivery (e.g. Google Teams; Webex, Zoom…etc). However, our choice of technology platform for teaching is Zoom.

**Alternative Online provision:** in the event of poor internet connection and failure of live online delivery, a recorded audio in the form of a recording of a voiceover the PowerPoint slides will be provided.

**Course Leader(s) and e-mails:**

(i.) Prof. Aloysius Amin, Clayton State University, USA; (ii.)Dr. Wassie Berhanu, Addis Ababa University, Ethiopia; and (iii.) Dr. Abbi M. Kedir, University of Sheffield, UK.

**Objective:**
This course is meant to expose students to conceptual, methodological and policy issues in Development Economics. While it is essential for students to understand the scope of development economics and methodologies involved, it is important to appreciate the controversies arising from them. At the end of the course the students are expected to understand development issues facing the developing world in general and Africa in particular, and be able to carry out theoretical and policy relevant analysis.

**Pre-requisites:**
Students must have knowledge of core understanding of postgraduate level microeconomic theory, macro-economic theory and econometric/quantitative methods at PhD Level.

**Learning outcomes:**
After completing the two-semester long course in Development Economics, you will be able to:

- Understand the evolution of development economics as a discipline and concepts such as GDP, wellbeing and human development and their measurement;
- Be aware of the weakness of exogenous growth models and how to extend them by including critical elements that characterize economies and the growth process (e.g. the role of land, natural resources and the informal economy in growth models);
- Explain how poverty, inequality and growth are interlinked along with an understanding of concepts and latest empirical developments in the study of poverty and inequality (e.g. dynamics of poverty; the use of randomized control trials in evaluating poverty policy interventions, multidimensional poverty, inequality of opportunity);
- Understand the unique features of African economies (e.g. rapid urbanisation, informality, dependence on commodity prices, and exposure to multiple epidemics) and the associated policy required to address the structural problems of the continent;
- Examine and understand the role of agriculture in development with emphasis on climate change, food security, technological change and factor market imperfections that characterize agriculture in developing economies;
- Understand the historical evolution of stabilization policies and role of development finance in economic development (e.g. public finance, household finance, debt sustainability);
- Apply concepts and theories of institutional economics to understand and explain existing patterns in economic development (e.g. the practical importance of property rights protection matter for economic development via investment incentives);
- Recognize how regional and international trade can be a vehicle for structural transformation via its role in facilitating countries’ able to join global value changes and industrialisation;
- Have a critical understanding of the significant role of education in development, human capital theory; measurement of returns to human capital investments and policy interventions on human capital development;
- Critically evaluate special topics that are useful to the process of development such as knowledge economy, conflicts/fragility, fiscal decentralization, and sustainable development goals (SDGs);
- Review and draw lessons by compare the development trajectories of different countries and regions;

Course Assessment:

- First Semester: coursework Assessment I (essays) - 40%. End of semester final examination - 60%. Alternatively, the coursework can be based on requesting students to write a critical review of published articles in development economics journals.

- Second Semester: coursework assessment II (essays) - 40%. End of semester final examination - 60%.
SUMMARY OF COURSE OUTLINE:

SEMESTER I

ECON 656: DEVELOPMENT ECONOMICS I

Lecture 1: Introduction

1.1. Overview of Development Economics as a discipline
1.2. Theoretical Origins of Development Economics
1.3. The Meaning of Development and sustainable development
1.4. Measuring Development
   1.4.1. The significance & Limitations of GDP per capita as a measure of wellbeing
   1.4.2. Better Life Index
   1.4.3. The human development approach to measuring well-being

Lecture 2: Theories of Development and Growth Models

2.1. Brief introduction to theories of Myrdal and Hayek
2.2. Structuralist Models
2.3. Solow Growth Models and extensions
2.4. Endogenous Growth Models
2.5. Empirical Applications

Lecture 3: Poverty, Growth and Inequality

3.1. The Concepts, Causes of Poverty and Inequality;
3.2. Different Measures, Analyses of Poverty and Inequality (e.g. Money metric measures of poverty, and Multidimensional Poverty, Subjective Poverty*);
3.3. Poverty, Growth and Inequality Interlinkage;
3.4. Finance required to eradicate extreme poverty and reduce inequality;
3.5. Empirical Literature (e.g. Randomised Control Trials- RCTs on cash transfers*)

*=We believe there is no sufficient time to cover subjective poverty and cash transfers (conditional or unconditional) but we suggest recommendations should be made to students to consult relevant readings and we include indicative content in the list of readings.

Lecture 4: Features of African Economies

4.1. Dominance of the informal sector
4.2. Endogenous Growth Theory and Informality
4.3. Urbanisation and economic growth
4.4. Vulnerability to Shocks: commodity prices and pandemics (e.g. HIV Aids, Ebola and Covid 19)

Lecture 5: Agriculture for Development

5.1. Classic and recent views on the Role of Agriculture in Economic Development
5.2. Transformation of Agriculture for Economic Development:
5.3. Technological Change in Agriculture
5.4. Labour, Land and Credit Markets
5.5. Risks: Climate change and food security
Lecture 6: Stabilization, Adjustment and Development Finance
6.1. Stabilization, Adjustment and Development
6.2. Public Finance: Tax and non-tax revenue mobilisation
6.3. Household Finance: informal and formal finance (e.g. FinTech)
6.4. Sovereign Debt Sustainability
SEMESTER II

ECON 657: DEVELOPMENT ECONOMICS II

Lecture 7: Institutions and Development
7.1. The meaning of Institutions
7.2. Institutions and Path Dependency
7.3. Measurement of Institutions
7.4. Institutional Approaches to Economic Development
7.5. Networks/Social capital, Norms, Trust, and Institutions
7.6. Institutions, Property Rights and Development
7.7. Do Institutions Matter? Empirical Evidence on Institutional Differences as sources of Development Differences

Lecture 8: Trade and Development
8.1. The role of Trade in Development: Aid for trade
8.2. Global and regional Value Chains and Supply Chains via industrialisation
8.3. Regional Trade Integration versus Multilateralism
8.4. Trade Preferences – EPAs, AGOA, EBA, China-Africa Relations etc

Lecture 9: Human Capital and Development
  9.1. Human Capital Theory
  9.3. Migration, Brain-drain, Remittances and Development
  9.4. Gender Differentials in Human Capital Development
  9.5. Knowledge economy, African education systems and Jobs
  9.6. Digital economy, Gig economy and Sharing economy
  9.7. Social capital
  9.8. Empirical Evidence on Human Capital and Development

Lecture 10: Special Topics in Development Economics
10.1. Economics of Conflict
10.2. Population and Economic Development
10.3. Knowledge economy, African education systems and Jobs off repeat
10.4. Fiscal Decentralization and Development
10.5. Sustainable Development Goals and AU Development Agenda
10.6. Environmental Kuznets Curve and Kuznets Curve

Lecture 11: Comparative Development Experiences
11.1. The Asian Economic Miracle and the Chinese Experience
11.2. The Latin American Experience
11.3. Successful/Unsuccessful Countries in Africa

12. Report on (i.) Empirical Research Project and (ii.) critical review of published articles on emerging issues in Development Economics (6 Hours)
READING LIST

Recommended Texts: Although no one textbook is adequate for this course, the following books are strongly recommended. Students are strongly advised to refer to original articles.

(Note: In this reading list the following references will be abbreviated as indicated hereinafter)

EASSRR: Eastern African Social Sciences Research Review
D&C: Development & Change
EDCC: Economic Development & Cultural Change
EJ: Economic Journal
JAE: Journal of African Economies
JAgE: Journal of Agricultural Economics
JDE: Journal of Development Economics
JDS: Journal of Development Studies
JEL: Journal of Economic Literature
JEP: Journal of Economic Perspectives
QJE: Quarterly Journal of Economics
RDE: Review of Development Economics
JPA: Journal of Policy Analysis
AfDB/AU/UNDP African Development Report or African Economic Outlook (Annual publication)
UNECA Economic Report on Africa (Annual Publication)
WBER: World Bank Economic Review
WBRO: World Bank Research Observer
WDI: World Development Indicators
WB/IMF: African Economic Outlook (Annual Publication)

Recommended Texts:


DETAILED COURSE OUTLINE:

SEMESTER I

ECON 656: DEVELOPMENT ECONOMICS I

Lecture 1: Introduction

1.1. Overview of Development Economics as a discipline
1.2. Theoretical Origins of Development Economics
1.3. The Meaning of Development and sustainable development
1.4. Measuring Development
   1.4.1. The significance & Limitations of GDP per capita as a measure of wellbeing
   1.4.2. Better Life Index
   1.4.3. The human development approach to measuring well-being

References


Kasparian & Rolland, (2013 ) OECD’s “Better life index”: can any country be well ranked?” Journal of Applied Statistics


Lecture 2: Theories of Development and Growth Models

2.1. Brief introduction to theories of Myrdal and Hayek
2.2. Structuralist Models
2.3. Solow Growth Models and extensions
2.4. Endogenous Growth Models
2.5. Empirical Applications

References


**Lecture 3: Poverty, Growth and Inequality**

3.1. The Concepts, Causes of Poverty and Inequality;

3.2. Different Measures, Analyses of Poverty and Inequality (e.g. Money metric measures of poverty, and Multidimensional Poverty);

3.3. Poverty, Growth and Inequality Interlinkage;

3.4. Finance required to eradicate extreme poverty and reduce inequality;

3.5. Empirical Literature (e.g. Randomised Control Trials- RCTs)

**References**


Issued in May 2018


**Lecture 4: Features of African Economies**

1. Dominance of the Informal Sector
2. Endogenous Growth Theory and Informality
3. Urbanisation and Economic growth
4. Vulnerability to Shocks: commodity prices and pandemics (e.g. HIV Aids, Ebola and Covid 19)

**References**


**Lecture 5: Agriculture for Development**

5.1. Classic and recent views on the Role of Agriculture in Economic Development

5.2. Transformation of Agriculture for Economic Development:

5.3. Technological Change in Agriculture

5.4. Labour, Land and Credit Markets

5.5. Risks: Climate change and food security

**References**


[https://digitalcommons.unl.edu/nasapub/131](https://digitalcommons.unl.edu/nasapub/131)


Lawn, (2016), *Resolving the Climate Change Crisis: The Ecological Economics of Climate Change*, Springer


Schmidhuber & Tubiello , (2007), “Global food security under climate change, PNAS; vol. 104 (50): 19703-19708. [https://www.pnas.org/content/104/50/19703](https://www.pnas.org/content/104/50/19703)


WFP, (2008). Food consumption analysis: calculation and use of the food consumption score in food security analysis.

**Lecture 6: Stabilization, Adjustment and Development Finance**

6.1. Stabilization, Adjustment and Development

6.2. Public Finance: Tax and non-tax revenue mobilisation

6.3. Financial inclusion, formal and informal finance (e.g. ROSCA, FinTech…etc)

6.4. Sovereign Debt Sustainability

**References**


SEMESTER II
ECON 657: DEVELOPMENT ECONOMICS II

Lecture 7: Institutions and Development
7.2. The meaning of Institutions
7.2. Institutions and Path Dependency
7.3. Measurement of Institutions
7.4. Institutional Approaches to Economic Development
7.5. Networks/Social capital, Norms, Trust, and Institutions
7.6. Institutions, Property Rights and Development
7.8. Do Institutions Matter? Institutional Differences as sources of Development Differences

References


Boudreaux, K. (2005):” The Role of Property Rights as an Institution: Implications for Development Policy, SSRN working paper.


Lecture 8: Trade and Development

8.2. The role of Trade in Development: Aid for trade
8.2. Global and regional Value Chains and Supply Chains via industrialisation
8.3. Regional Trade Integration versus Multilateralism
8.5. Trade Preferences – EPAs, AGOA, EBA, China-Africa Relations etc

References


Amin, Aloysius (2016) “Africa’s Economic Growth and Trade with United States and China”, a guest lecture presentation at College of Business, Clayton State University, USA, 12 April 2016


https://doi.org/10.1016/j.econmod.2016.12.031Get rights and content


Lecture 9: Human Capital and Development

9.1. Human Capital Theory
9.3. Migration, Brain-drain, Remittances and Development
9.4. Gender Differentials in Human Capital Development
9.5. Knowledge economy, African education systems and Jobs
9.6. Empirical Evidence on Human Capital and Development

References


https://www.researchgate.net/publication/342395232_Parental_Education_Household_Health_and_Household_Standard_of_Living_Evidence_from_Rural_Cameroon DOI:10.5559/jbr.v13n7p113


---

*Development Economics Course Outline*
Kumar, A. and & Emma Underhill (2014) Gender Bias and Child Labor in LDCs Department Discussion Paper DDP1402 ISSN 1914-2838, University of Victoria, B.C. Canada.


**Lecture 10: Special Topics in Development Economics (10 Hours)**

10.1 Economics of Conflict
10.2 Population and Economic Development
10.3 Science, Technology Innovation and Development
10.4 Fiscal Decentralization and Development

**References**


Lecture 11: Comparative Development Experiences (10 Hours)

11.1 The Asian Economic Miracle
11.2 The Latin American Experience
11.3 The Chinese Experience
11.4 Successful/Unsuccessful Countries in Africa

References


Ocampo, José Antonio (2013) The history and challenges of Latin American development, UN Economic Commission for Latin America and the Caribbean (ECLAC) Santiago, Chile,


Videos on topic 11

Singapore’s Growth:
https://www.youtube.com/watch?v=5CUz81Y6LO0
Public Policy matters and why inequality in Singapore:

https://www.youtube.com/watch?v=cRDgnLa42PQ

Botswana Growth:


Ghana cocoa second largest producer:


Ethiopia – rich?


South Africa’s Durban seaport:


Top 10 Happiest countries in the world.

https://www.youtube.com/watch?v=HGq2iAFrr2s&feature=youtu.be

Happiest countries in Africa 2020

https://www.youtube.com/watch?v=ukgpXQY14mM

Best African countries to relocate to

https://www.youtube.com/watch?v=6qOufzrWIaM

12. Seminar Paper/Presentation on Development Issues/Problems of Africa – (6 Hours)

- The instructor selects the topics for the students to prepare and present. This can be based on topical and critical topics of importance for the economic development of Africa (e.g. the Covid 19 pandemic, external debt accumulation, poverty…etc);
- This can be a research proposal that the candidates would like to pursue but it is not restricted to the development of a research proposal. However, if students want to pursue a development economics topic for their PhD research, this session is an ideal opportunity to get its building blocks well crafted (e.g. motivation of the research, relevant theoretical and empirical literature, methodology and contribution to advance the literature…etc).