

INAF U6164:

**Political Economy of  
Development:  
Africa and the World**

**Week 1: Introduction and overview  
of World Development**

**Instructor: Chris Blattman**

# Quick logistics

- Capacity: 50 students
- Priority:
  - Current registrants
  - EPD concentration
  - Shown up today or emailed me
  - SIPA
  - Seniority
- Sign-up
  - Already registered: Confirm info and level of interest
  - Unregistered: Provide info
- We will aim to have an answer this week



why are some countries|rich and others poor



why are some countries **rich and others poor**

why are some countries **poor**

why are some countries **excluded from the lottery**

why are some countries **poorer than others**

[Advanced Search](#)

[Language Tools](#)



why is africa |

why is africa **so poor**

why is africa **poor**

why is africa **called the dark continent**

why is africa **so messed up**

why is africa **underdeveloped**

why is africa **so underdeveloped**

why is africa **called the plateau continent**

why is africa **the dark continent**

why is africa **so flat**

why is africa **important**

Google Search





I'm Feeling Lucky

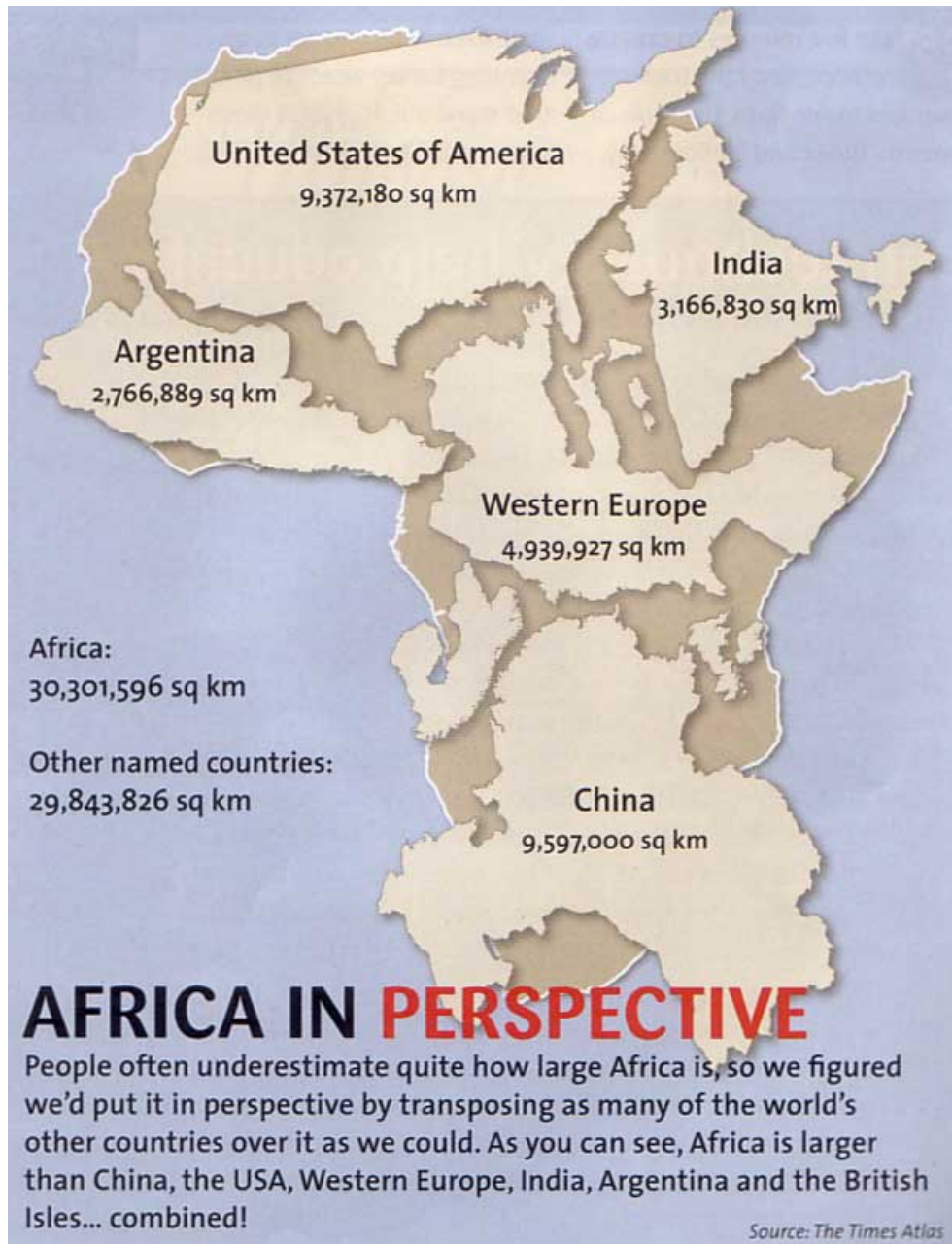
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## Contents of Africa according to the rest of the world

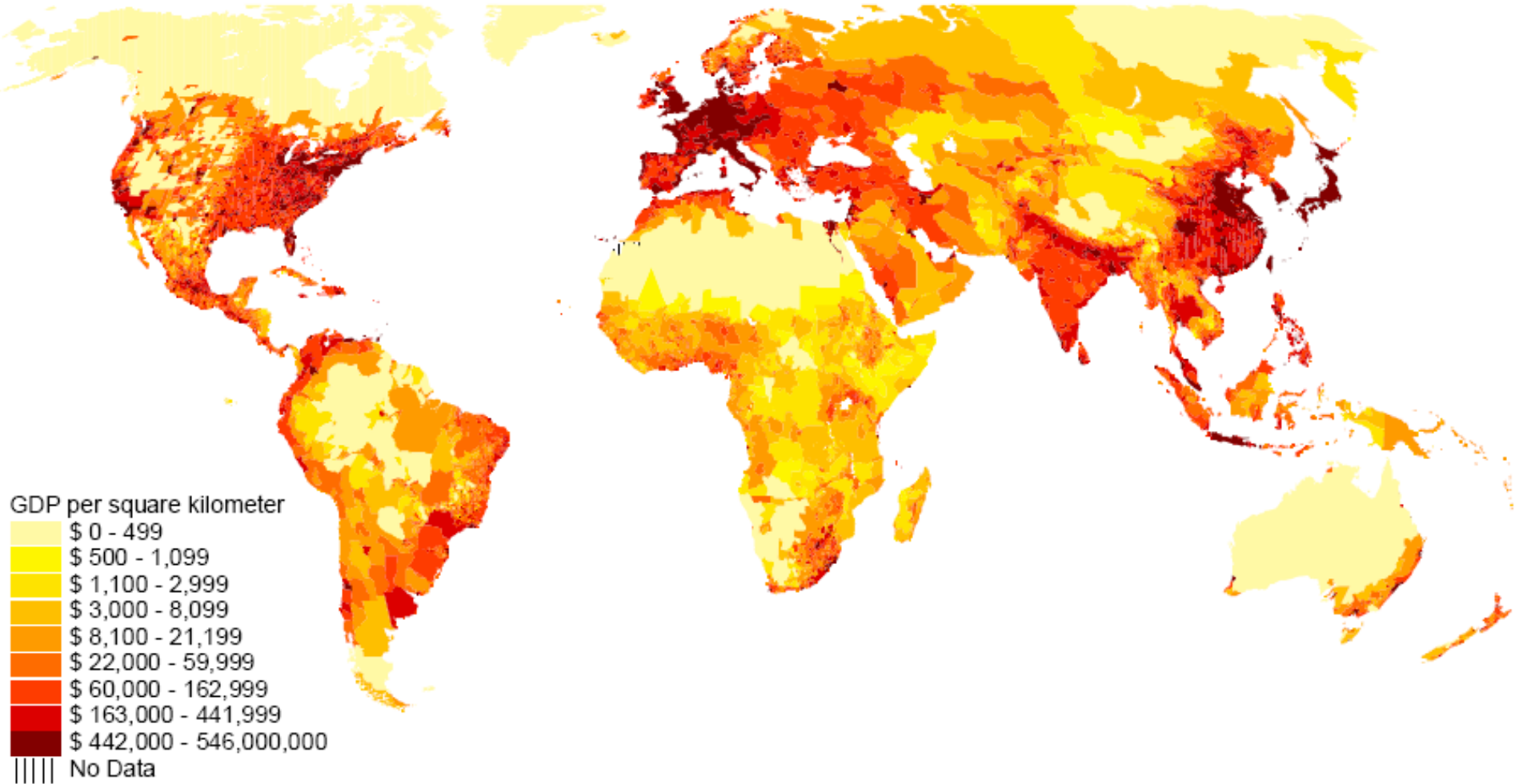


-  Nelson Mandela
-  Sudan
-  Pyramids
-  Tigers



# Comparative perspective

## GDP Density

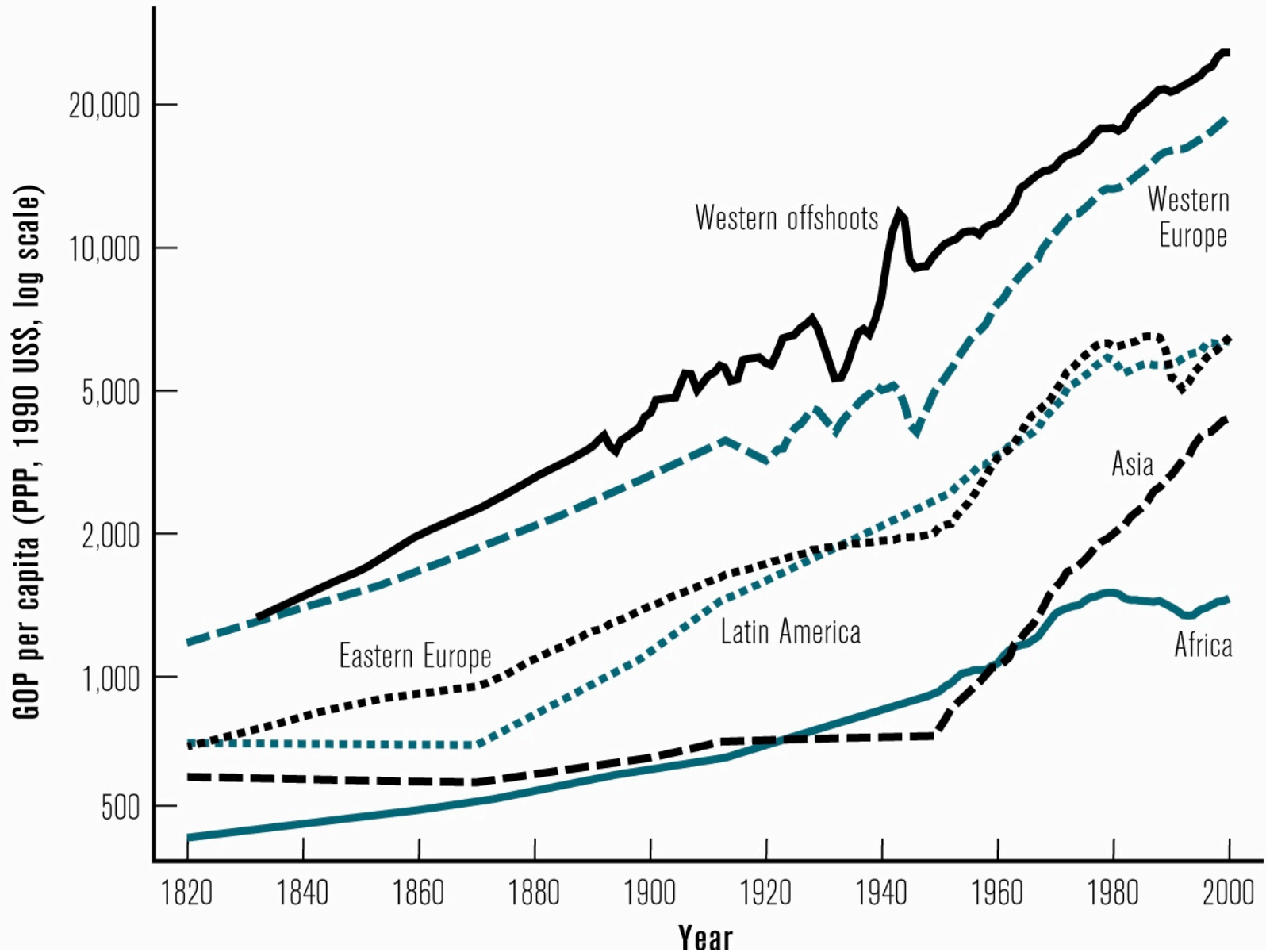


Puzzles to address



1. Divergence, big time  
Why?

# a. Levels of income per capita



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**Income per capita relative to Western Europe**

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	<b>0</b>	<b>1000</b>	<b>1820</b>	<b>1998</b>
Western Europe	1.00	1.00	1.00	1.00
Western Offshoots	0.89	1.00	0.97	1.46
Japan	0.89	1.06	0.54	1.14
Latin America	0.89	1.00	0.54	0.32
Eastern Europe /USSR	0.89	1.00	0.54	0.24
Asia (excluding Japan)	1.00	1.13	0.47	0.16
Africa	0.94	1.04	0.34	0.08

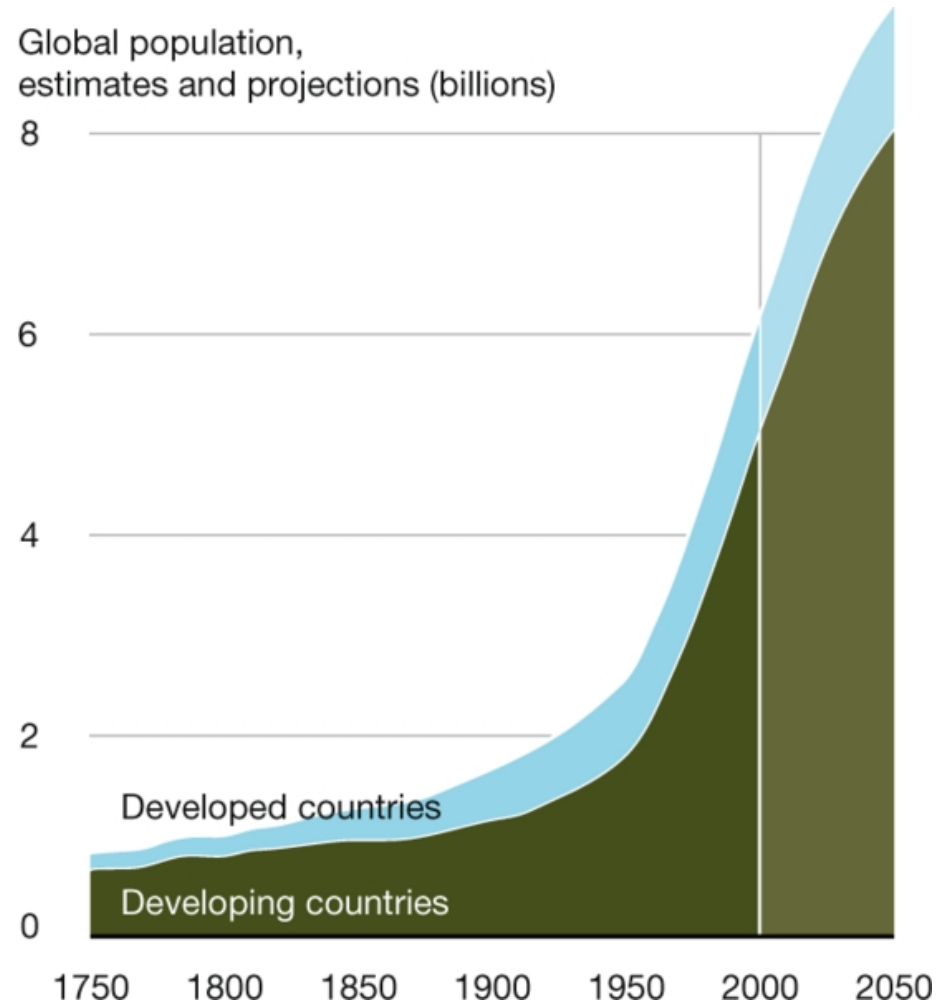
*“The consequences for human welfare involved in questions like these are simply staggering: Once one starts to think about them, it’s hard to think about anything else.”*

**- Robert Lucas**

Nobel prize, economics

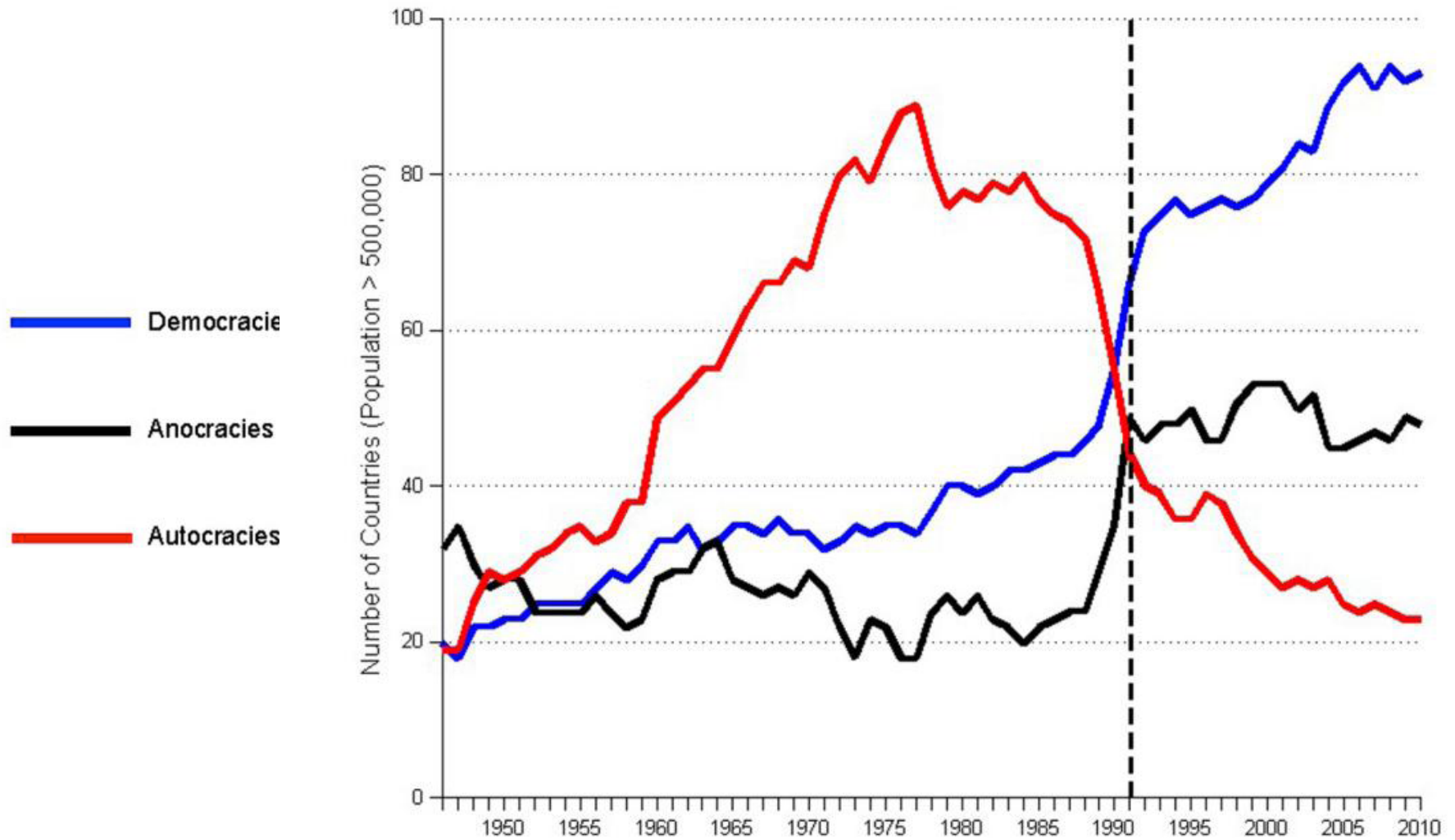


## b. Population

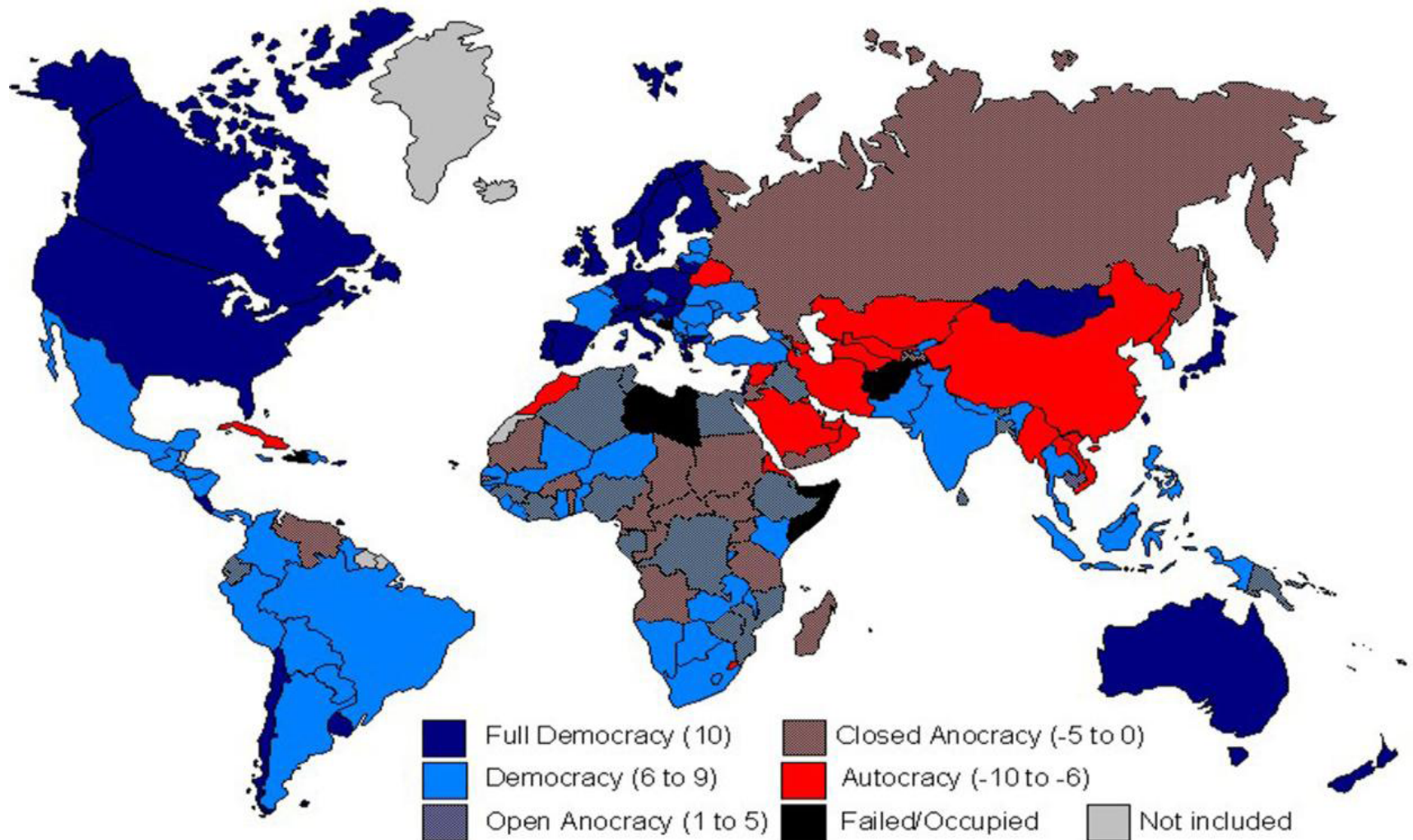


Source: UNDESA Population Division (for projections) and Goldewijk, Kees Klein. 2008 (for historical data).

## c. Regime types and governance

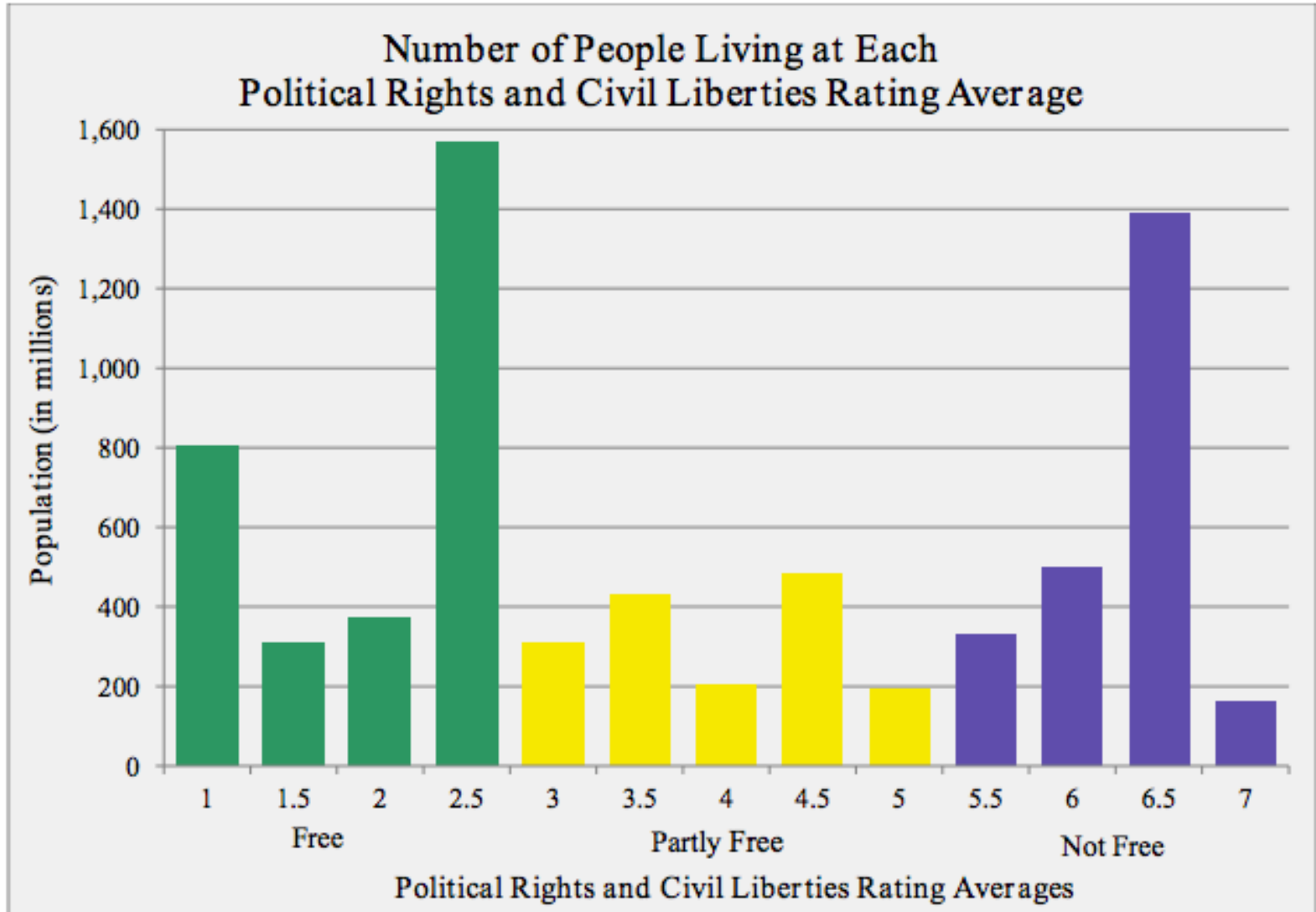


# Distribution of Governance Regimes, 2011



# Political freedoms

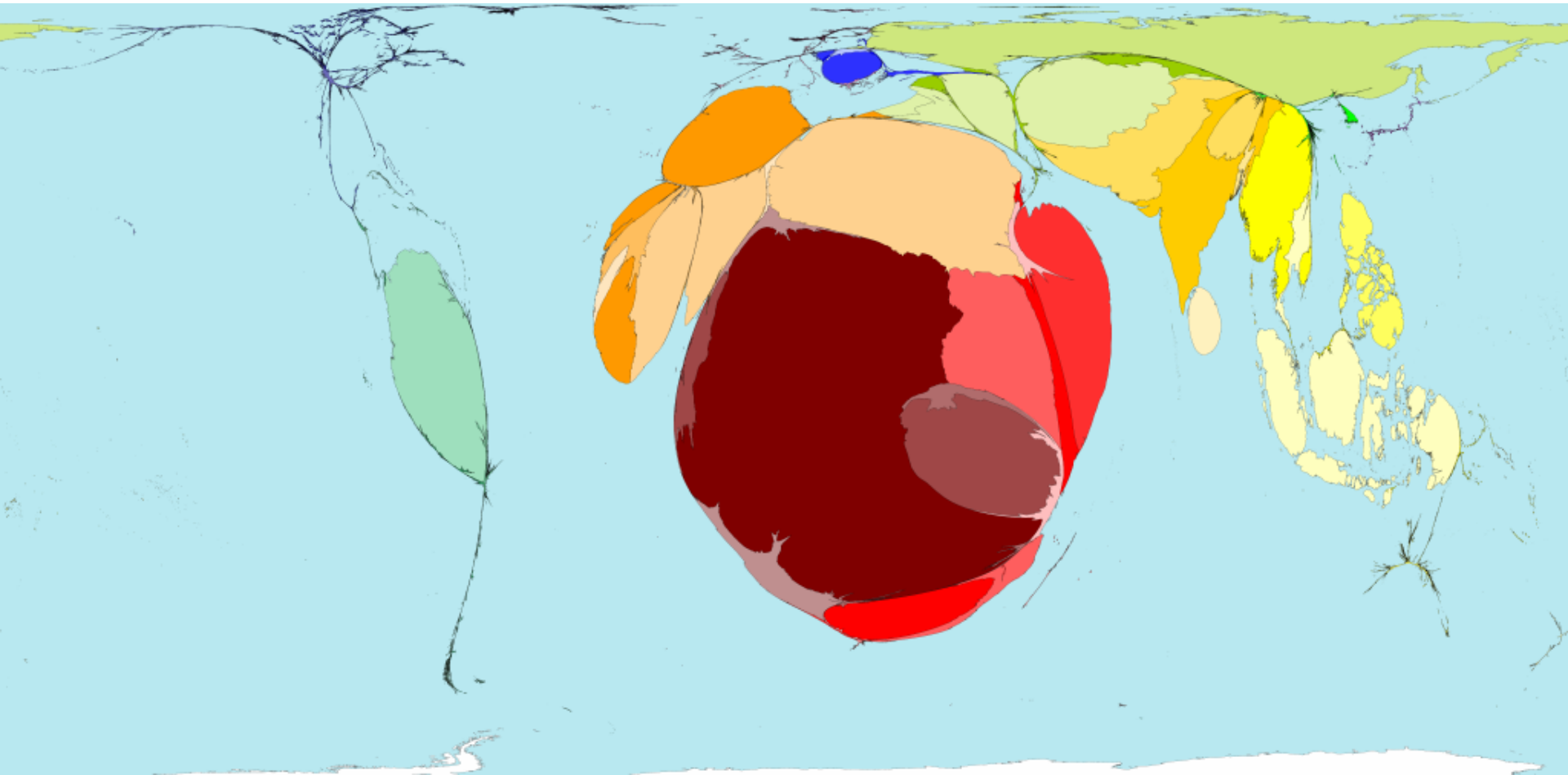
Freedom house index, 2013





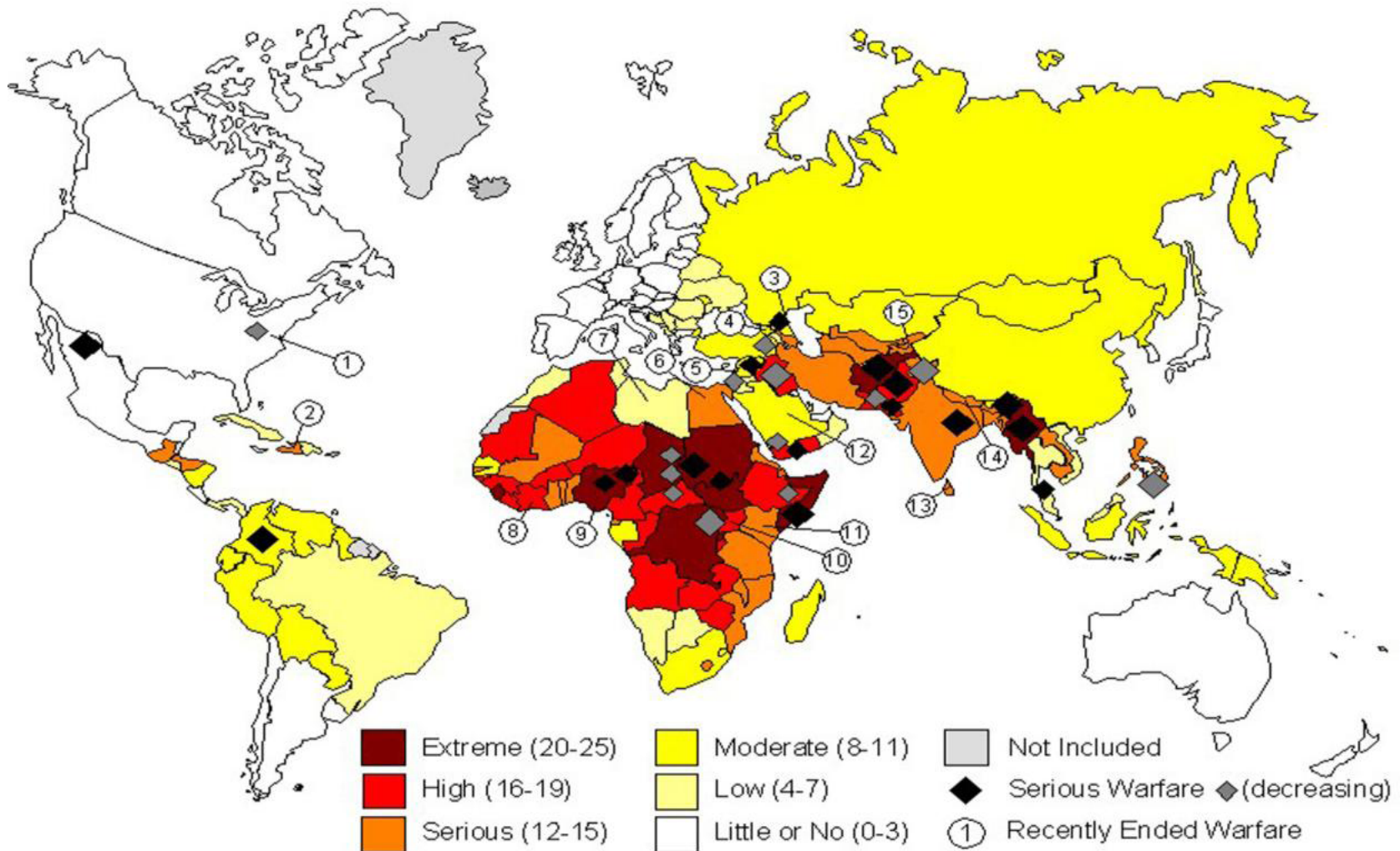
## d. Violence

World map, scaled to war deaths in 2002





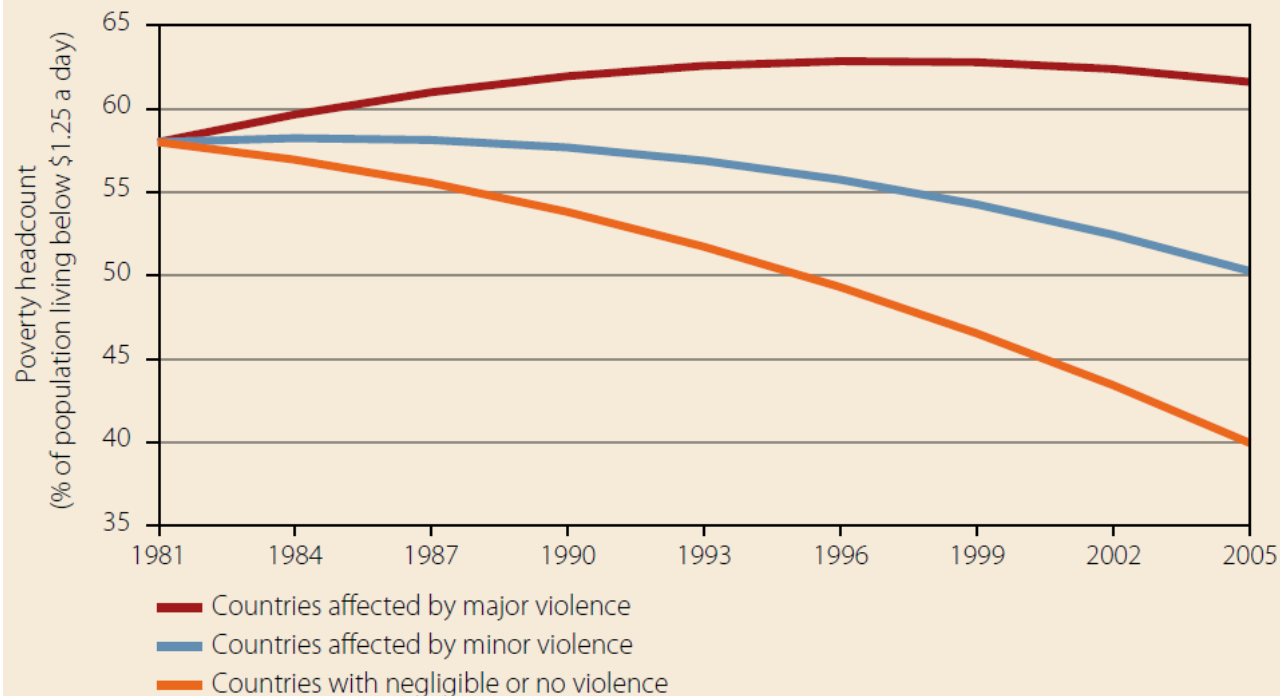
# State Fragility and Warfare in the Global System, mid-2011



# Violence Disrupts Development

*The gap in poverty is widening between countries affected by violence and others*

*New poverty data reveal that poverty is declining for much of the world, but countries affected by violence are lagging behind. For every three years a country is affected by major violence (battle deaths or excess deaths from homicides equivalent to a major war), poverty reduction lags behind by 2.7 percentage points.*

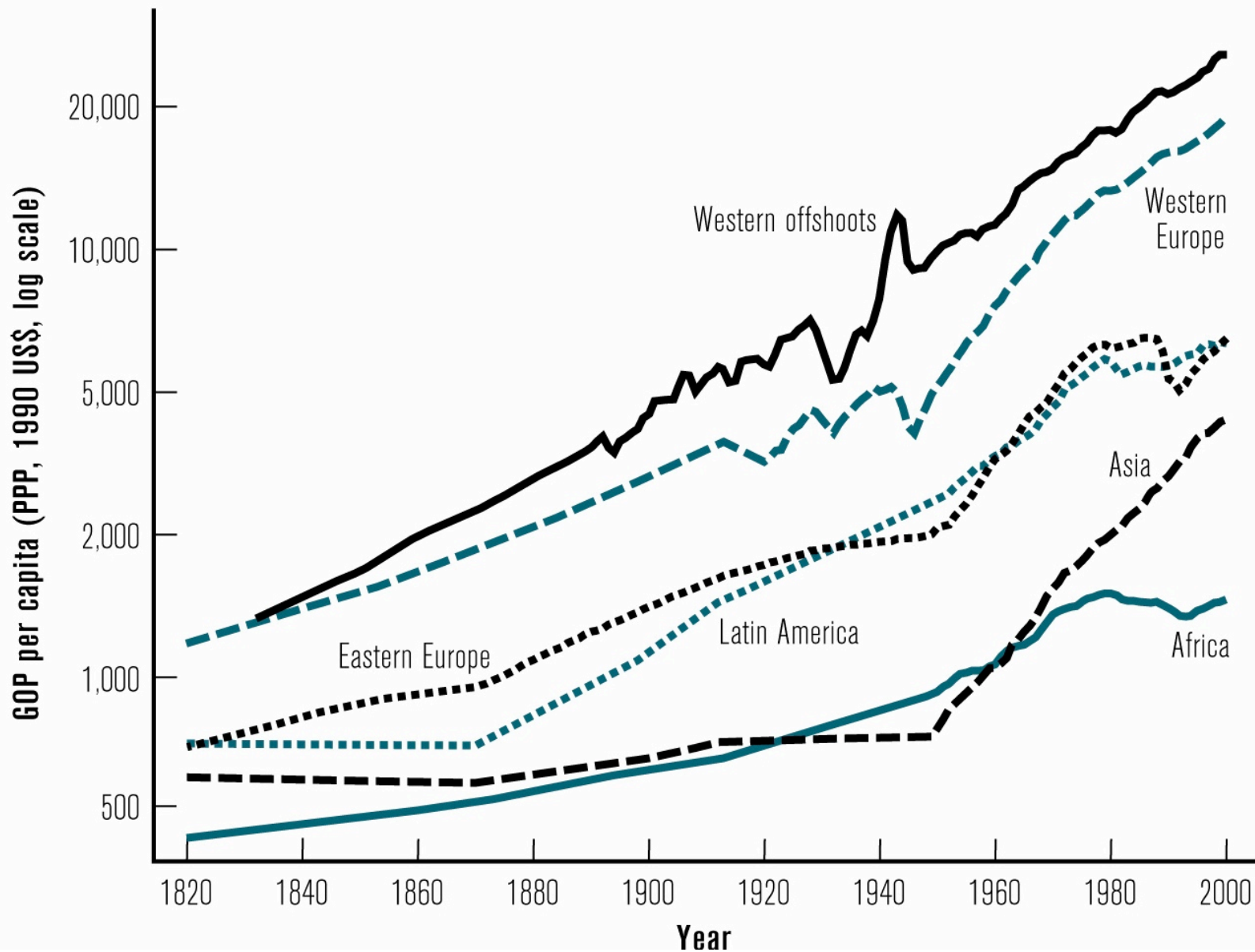


Sources: WDR team calculations based on Chen, Ravallion, and Sangraula 2008 poverty data (available on POVCALNET (<http://iresearch.worldbank.org>)).

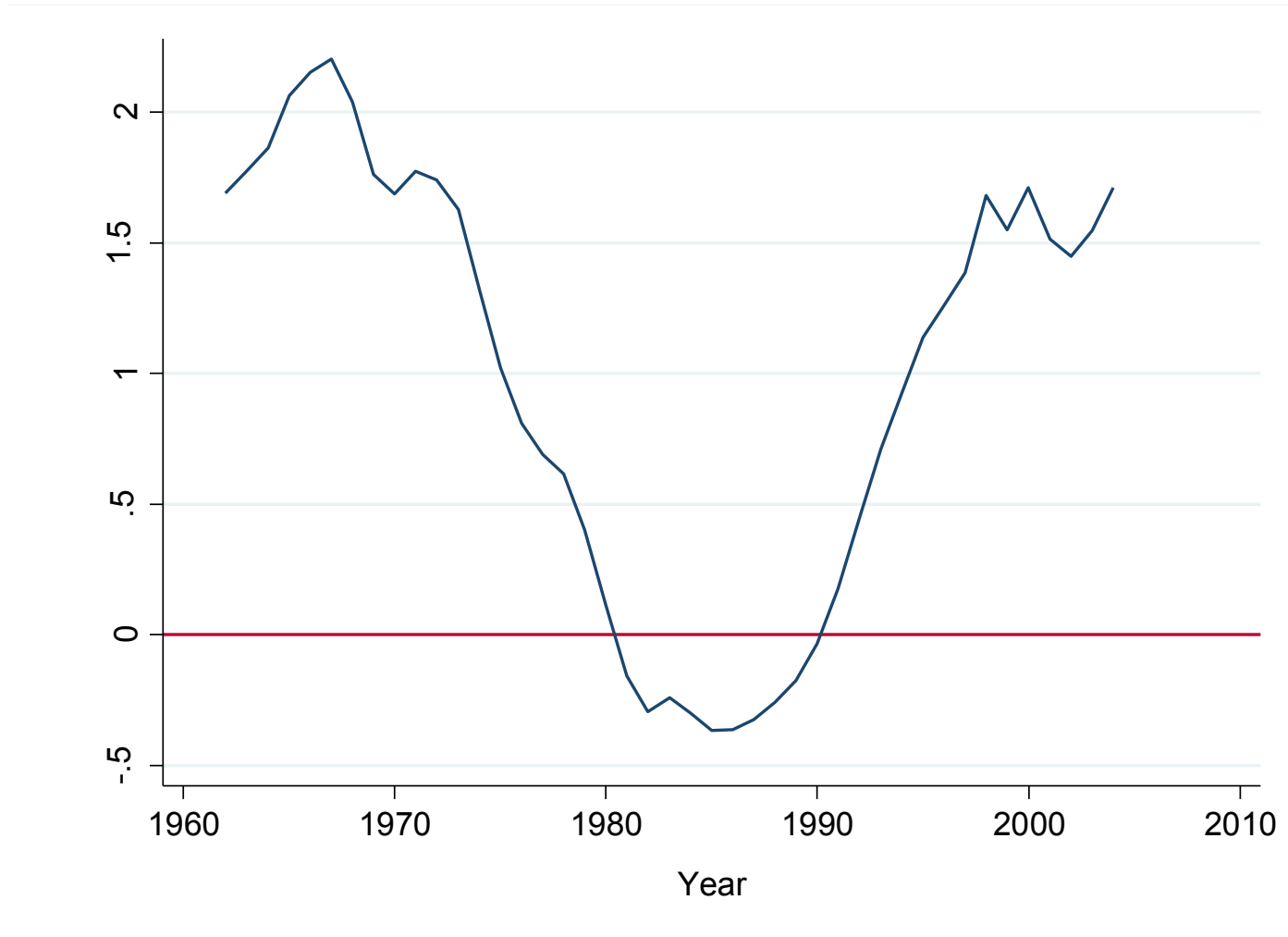
Note: Poverty is % of population living at less than US\$1.25 per day.

## 2. Convergence? (and why?)

# Catch-up in East Asia



# Africa's growth performance, 1960-2006



Average African growth rates (unweighted) calculated using Penn World Tables data for all sub-Saharan African countries with populations greater than 1 million.

“Africa is now one of the world’s fastest-growing regions” – *The Economist*, Jan 6th 2011

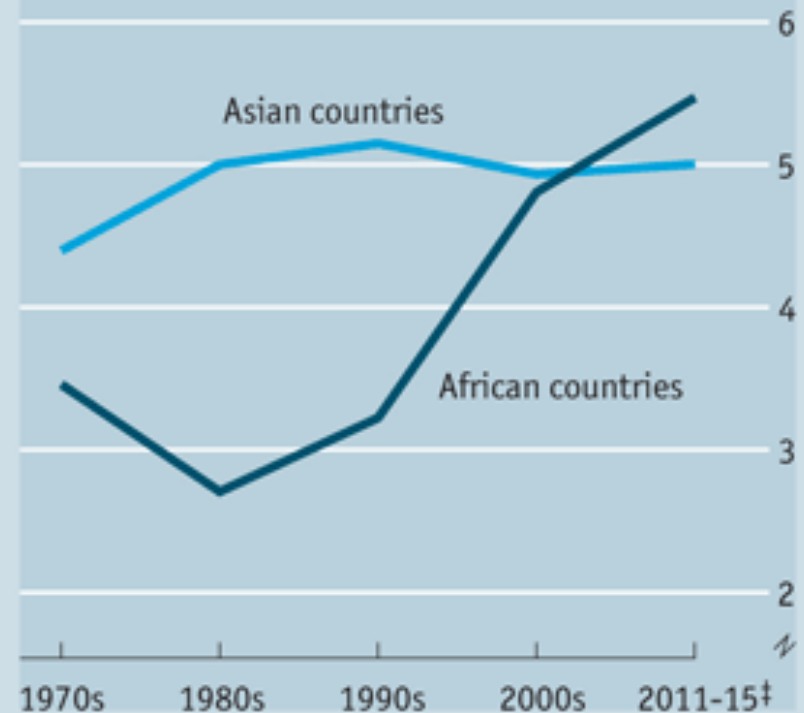
World’s ten fastest-growing economies\*

Annual average GDP growth, %

2001-2010†		2011-2015‡	
Angola	11.1	China	9.5
China	10.5	India	8.2
Myanmar	10.3	Ethiopia	8.1
Nigeria	8.9	Mozambique	7.7
Ethiopia	8.4	Tanzania	7.2
Kazakhstan	8.2	Vietnam	7.2
Chad	7.9	Congo	7.0
Mozambique	7.9	Ghana	7.0
Cambodia	7.7	Zambia	6.9
Rwanda	7.6	Nigeria	6.8

Sources: *The Economist*; IMF

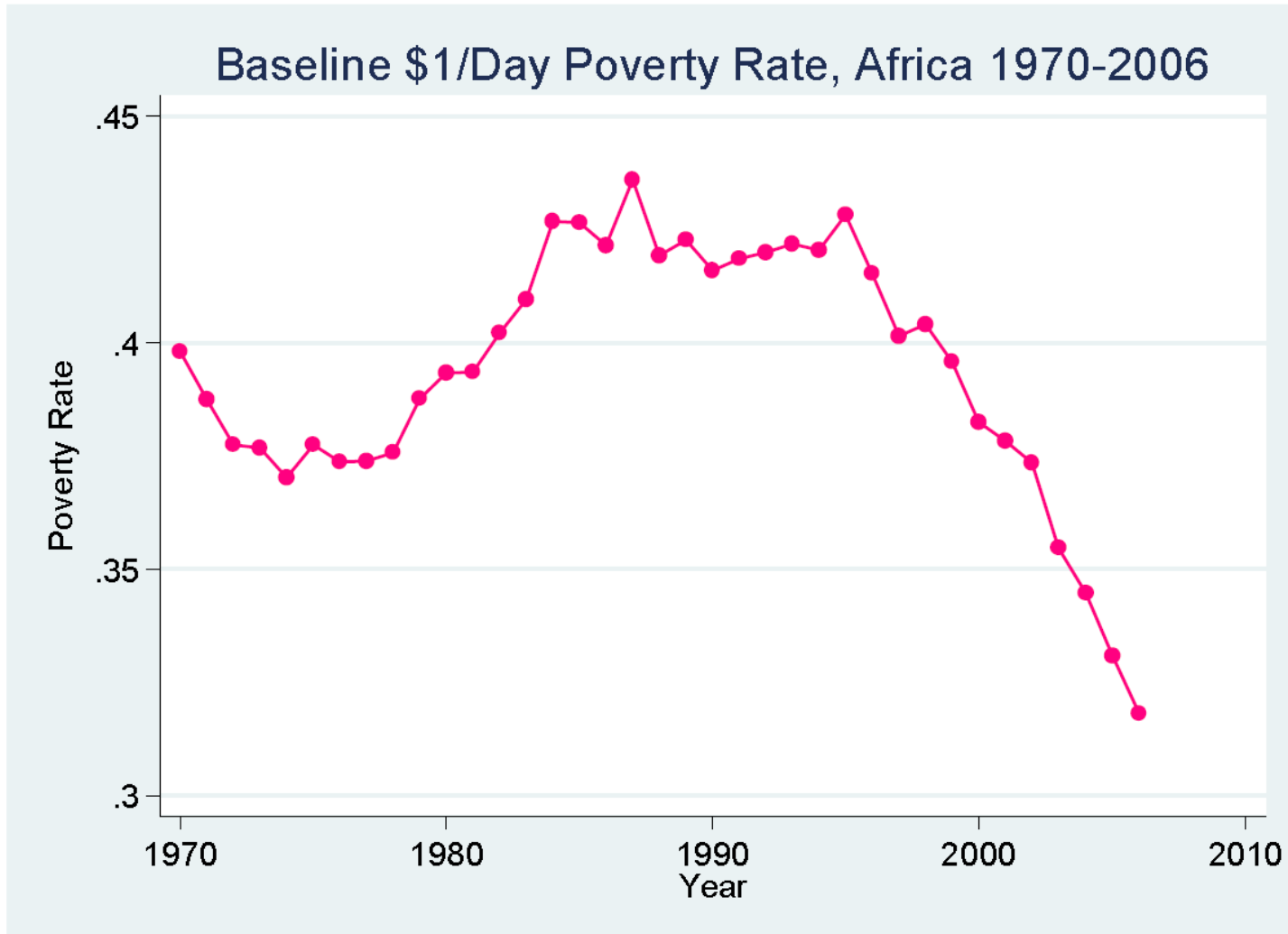
GDP growth, unweighted annual average, %



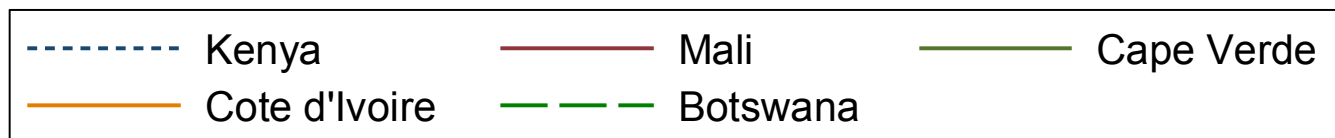
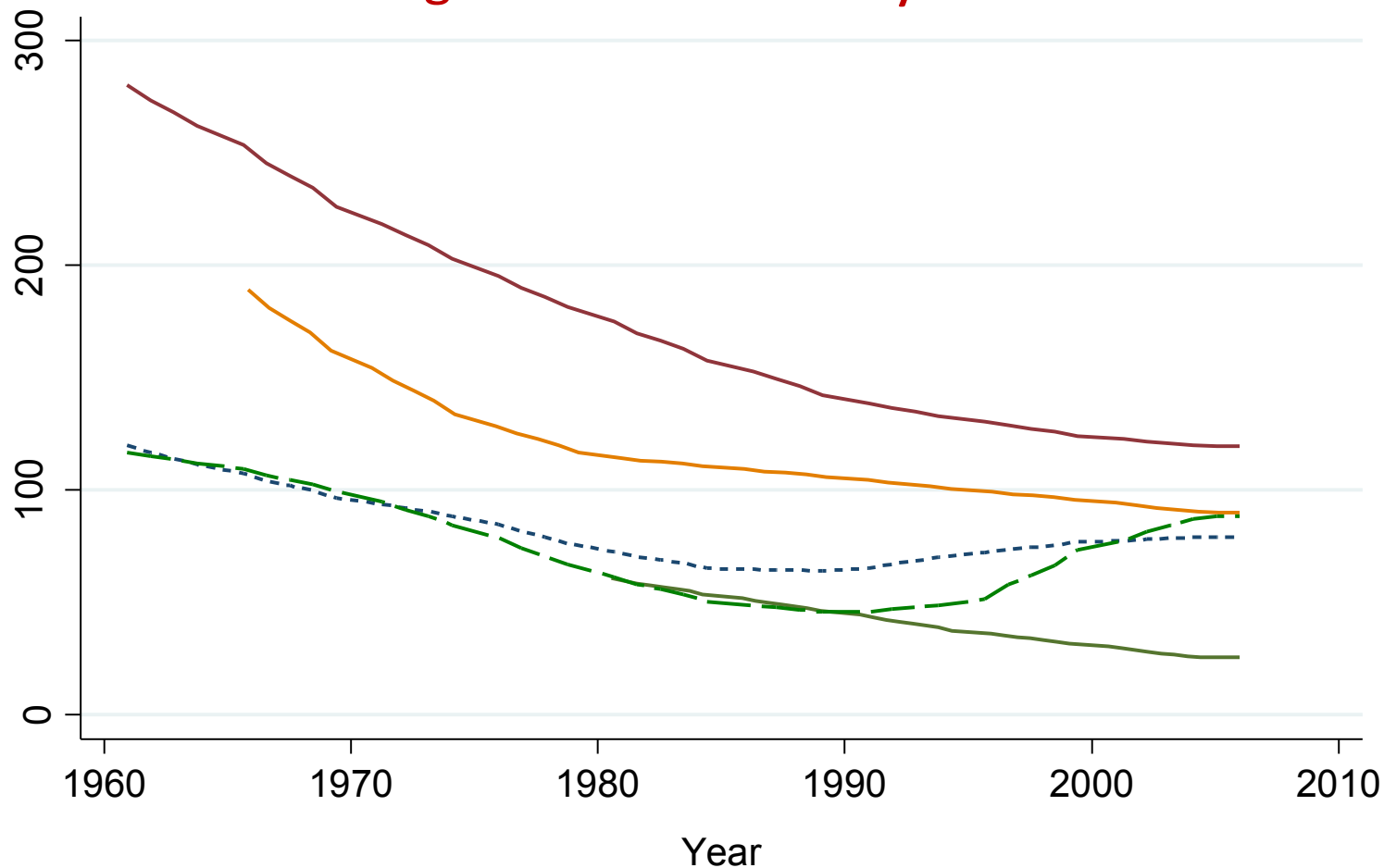
\*Excluding countries with less than 10m population and Iraq and Afghanistan †2010 estimate ‡Forecast



# Poverty rate has fallen dramatically

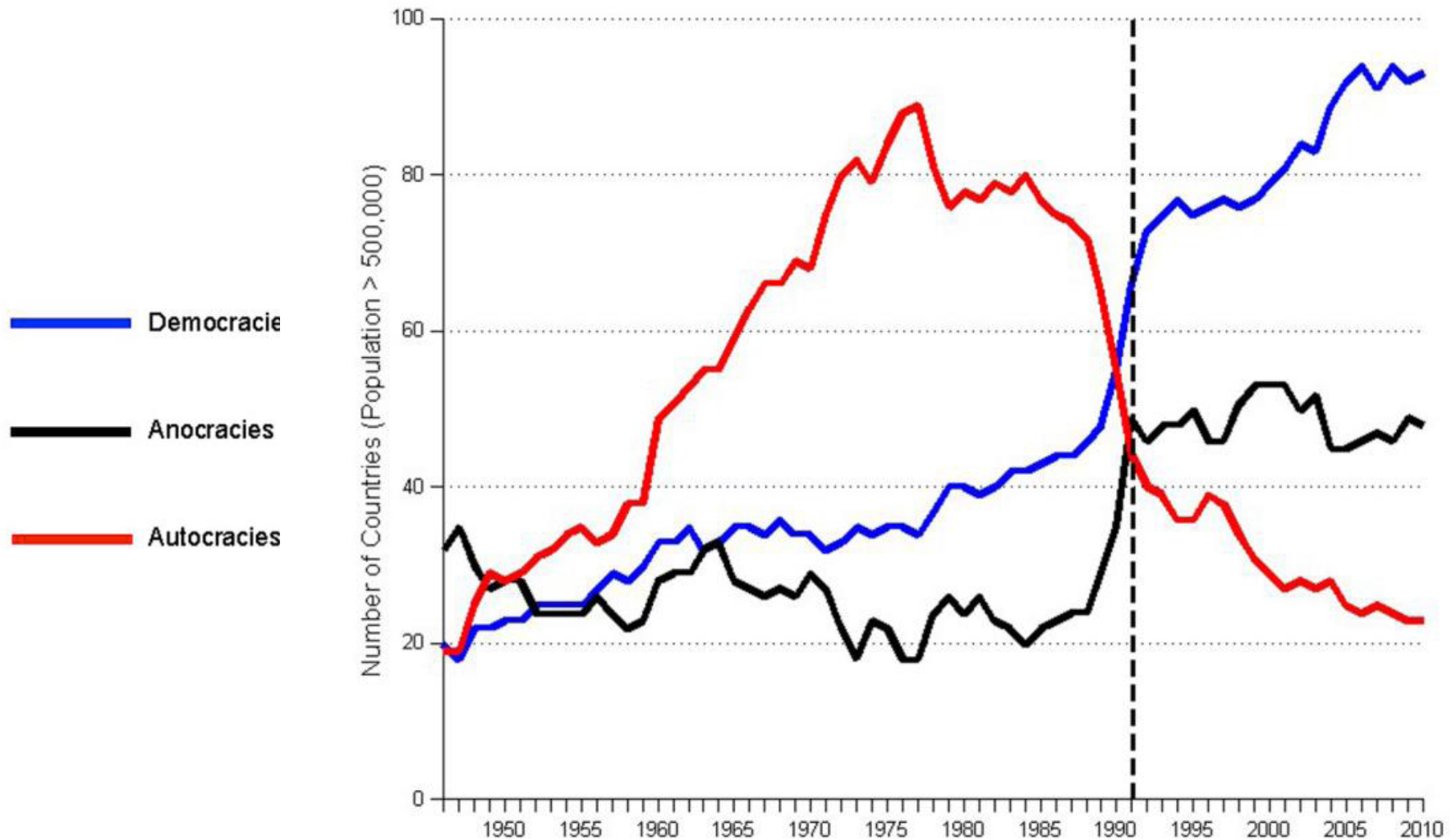


# Improvements in other development indicators e.g. Infant mortality



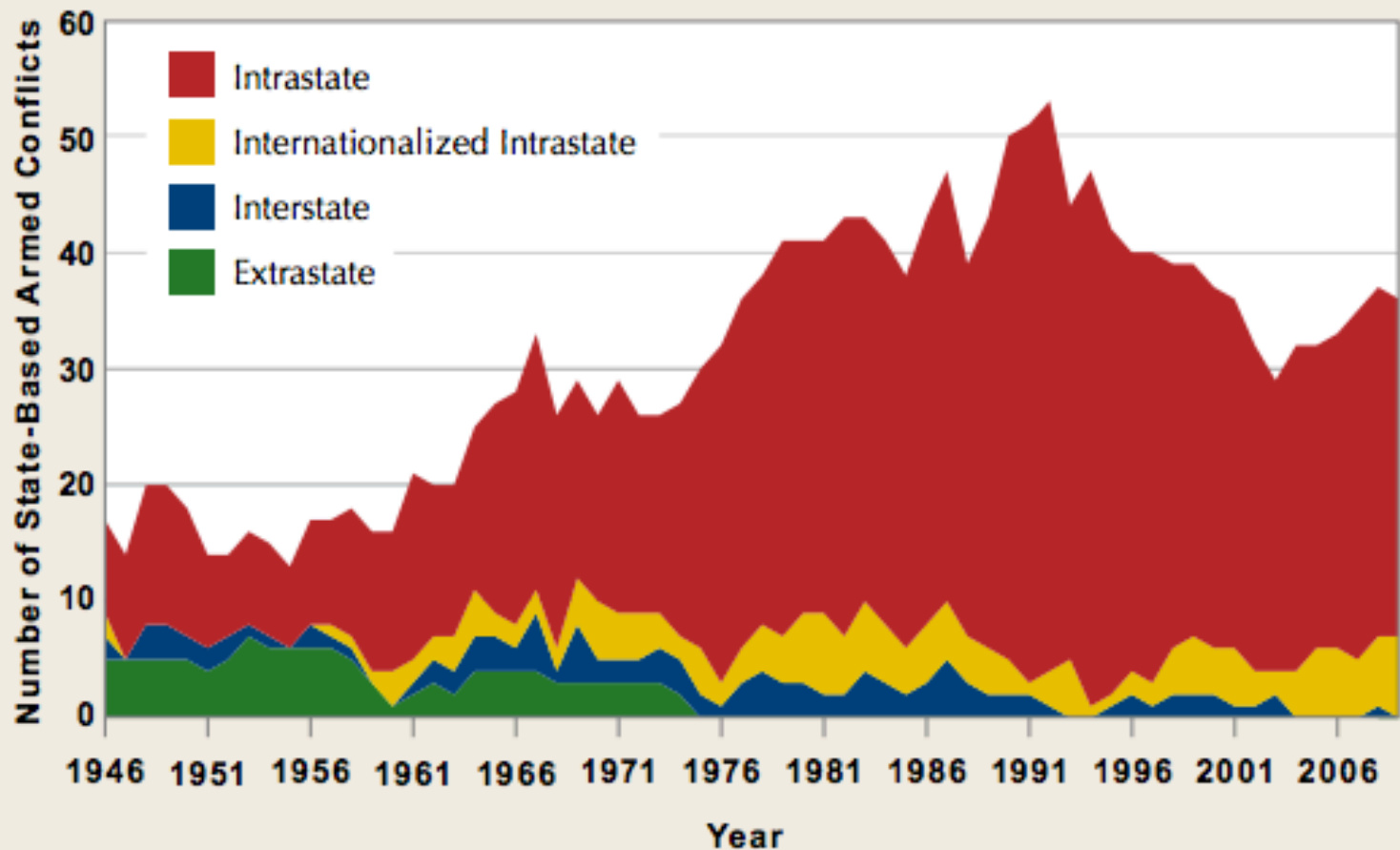
# Since 1989 the democratic gap has been closing

## Global Trends in Governance, 1946-2010



# Falling levels of conflict (maybe)

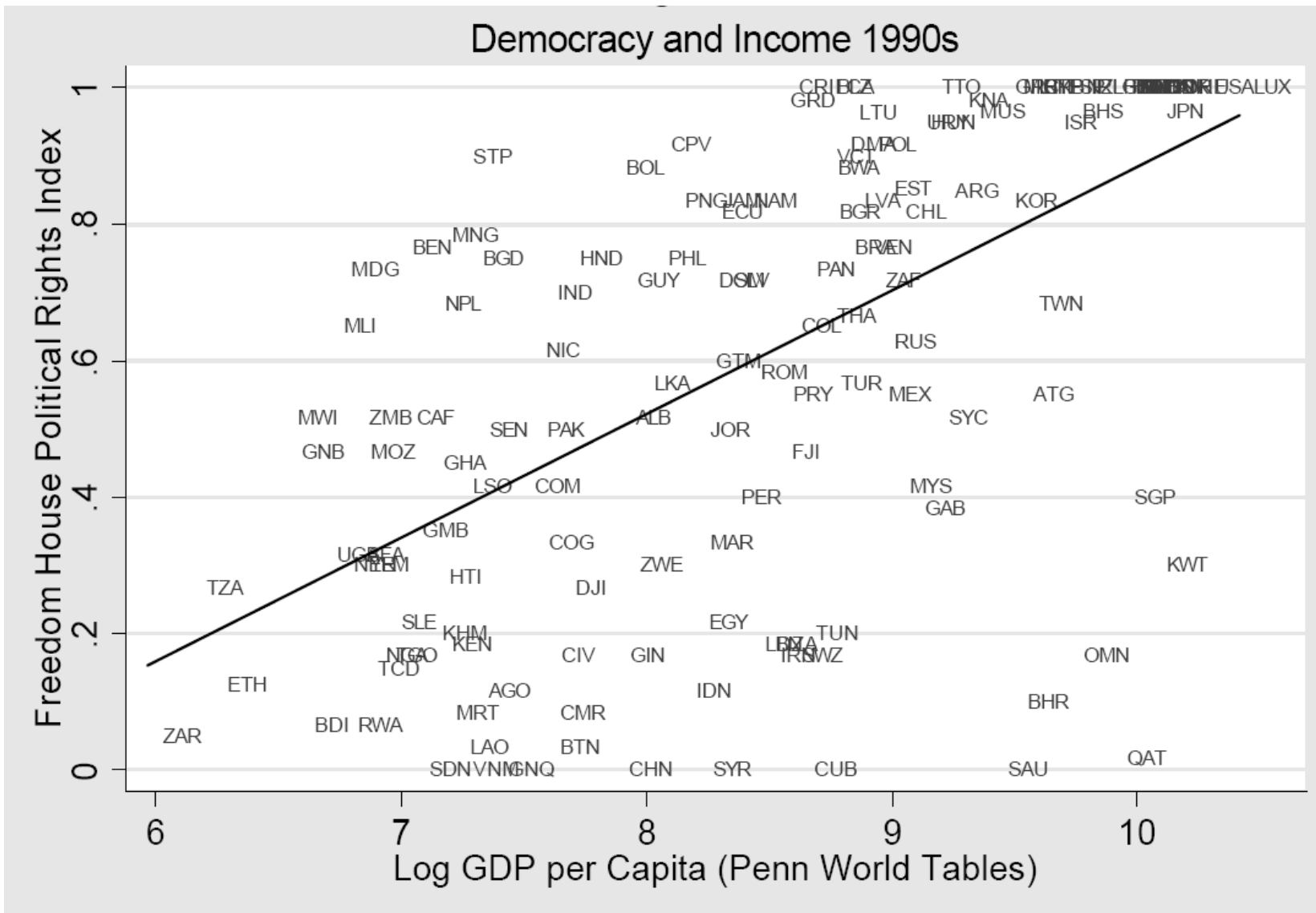
Figure 5.7 Trends in State-Based Conflicts by Type, 1946–2009



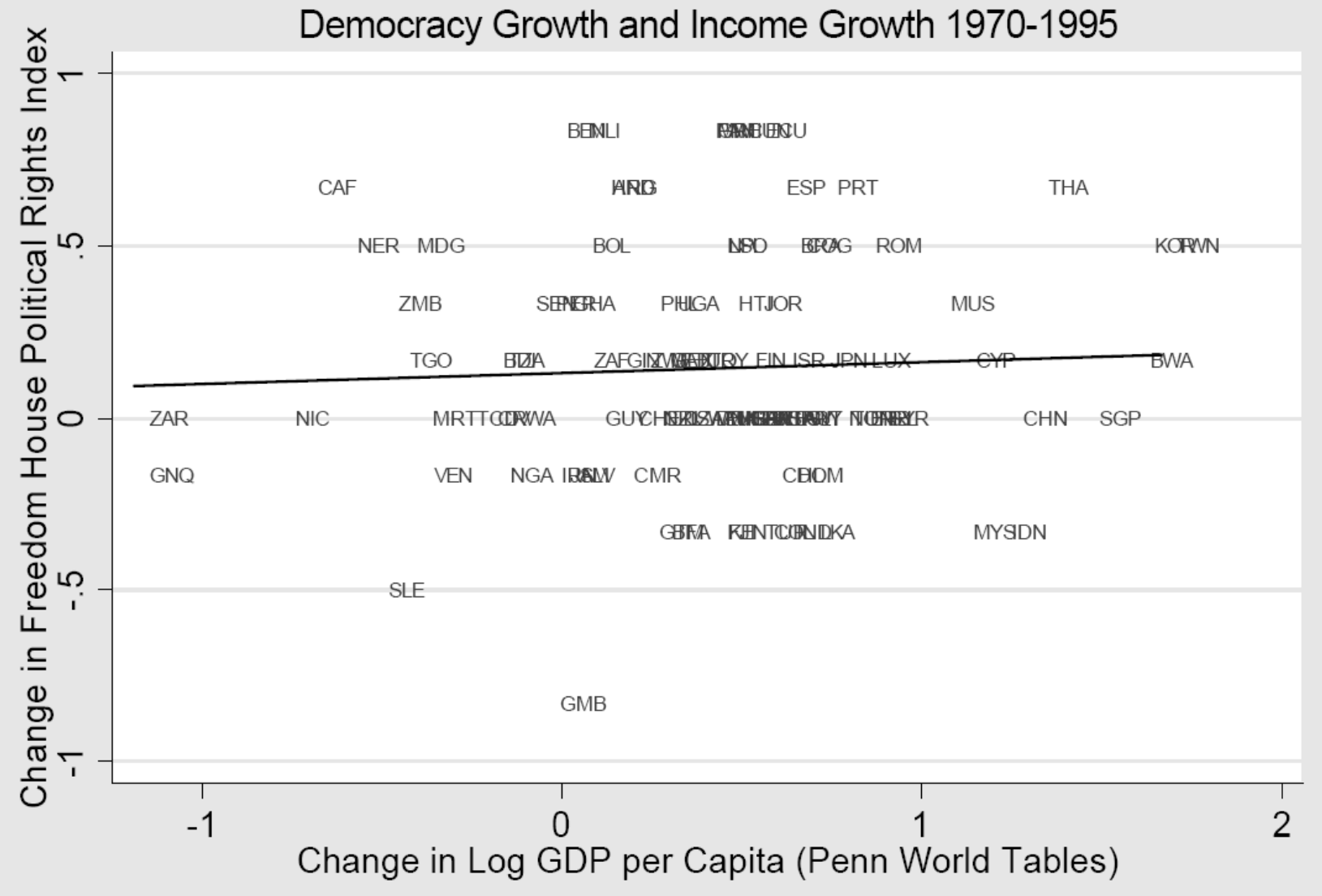
Data Source: UCL

3. Do good institutions and governance cause economic development, or does development lead to good governance?

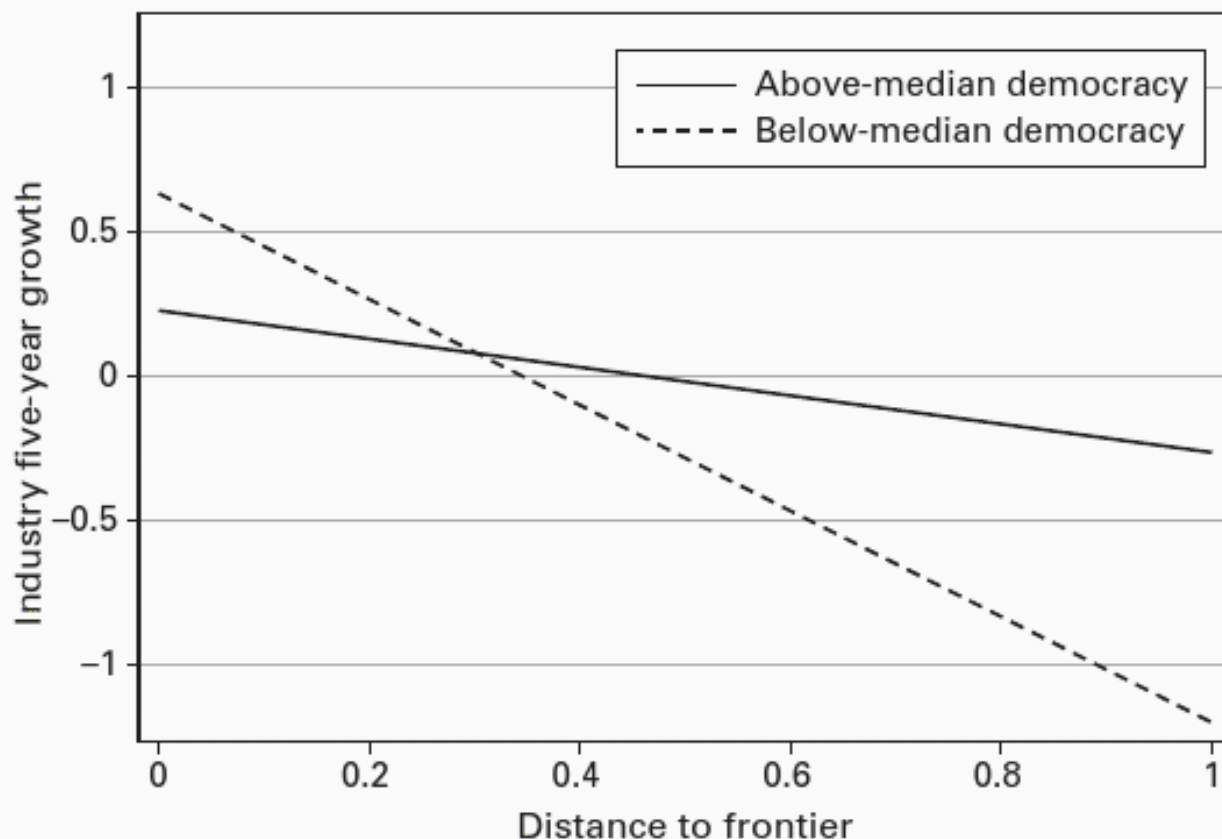
# Rich countries tend to be democracies



# But growth in democracy not correlated with growth in incomes



Also, the growth-democracy relationship may not be simple or linear





4. Where do strong, stable, and inclusive states come from?



# Do countries need a base of economic development before they can democratize?



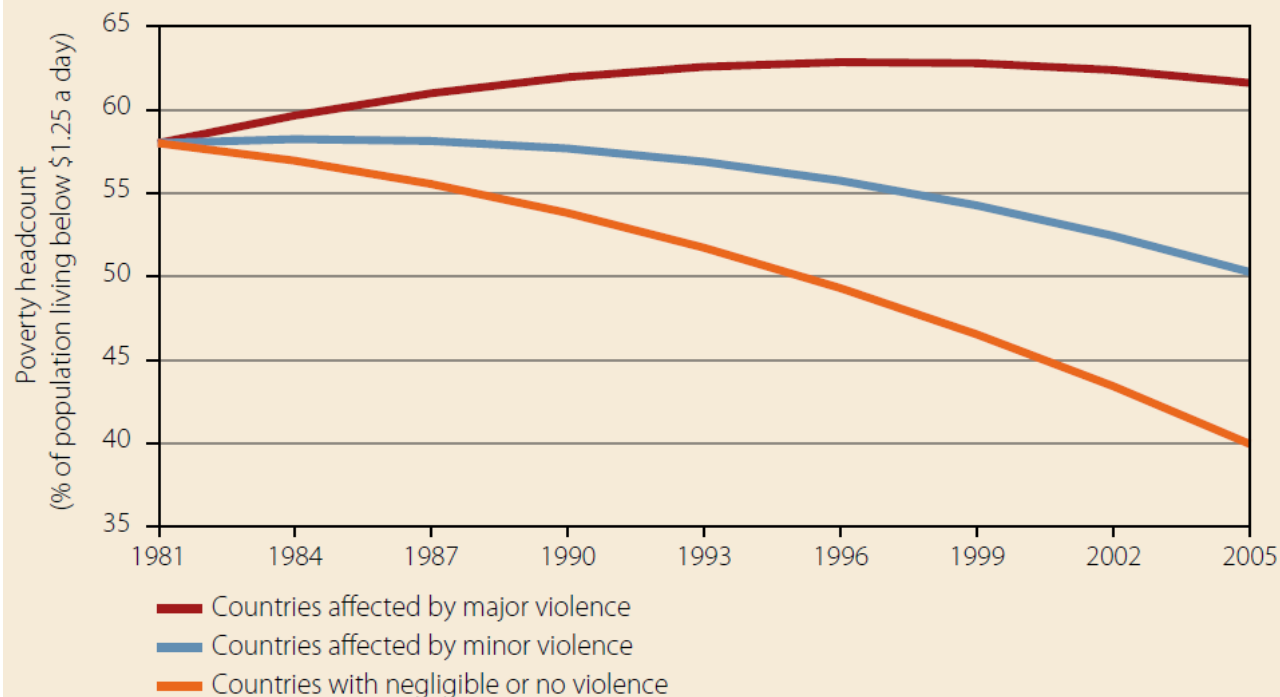
*“I do not believe that democracy necessarily leads to development. I believe that what a country needs to develop is discipline more than democracy. The exuberance of democracy leads to disorderly conduct which are inimical to development.”*

- Lee Kwan Yew (1992)

# Violence Disrupts Development?

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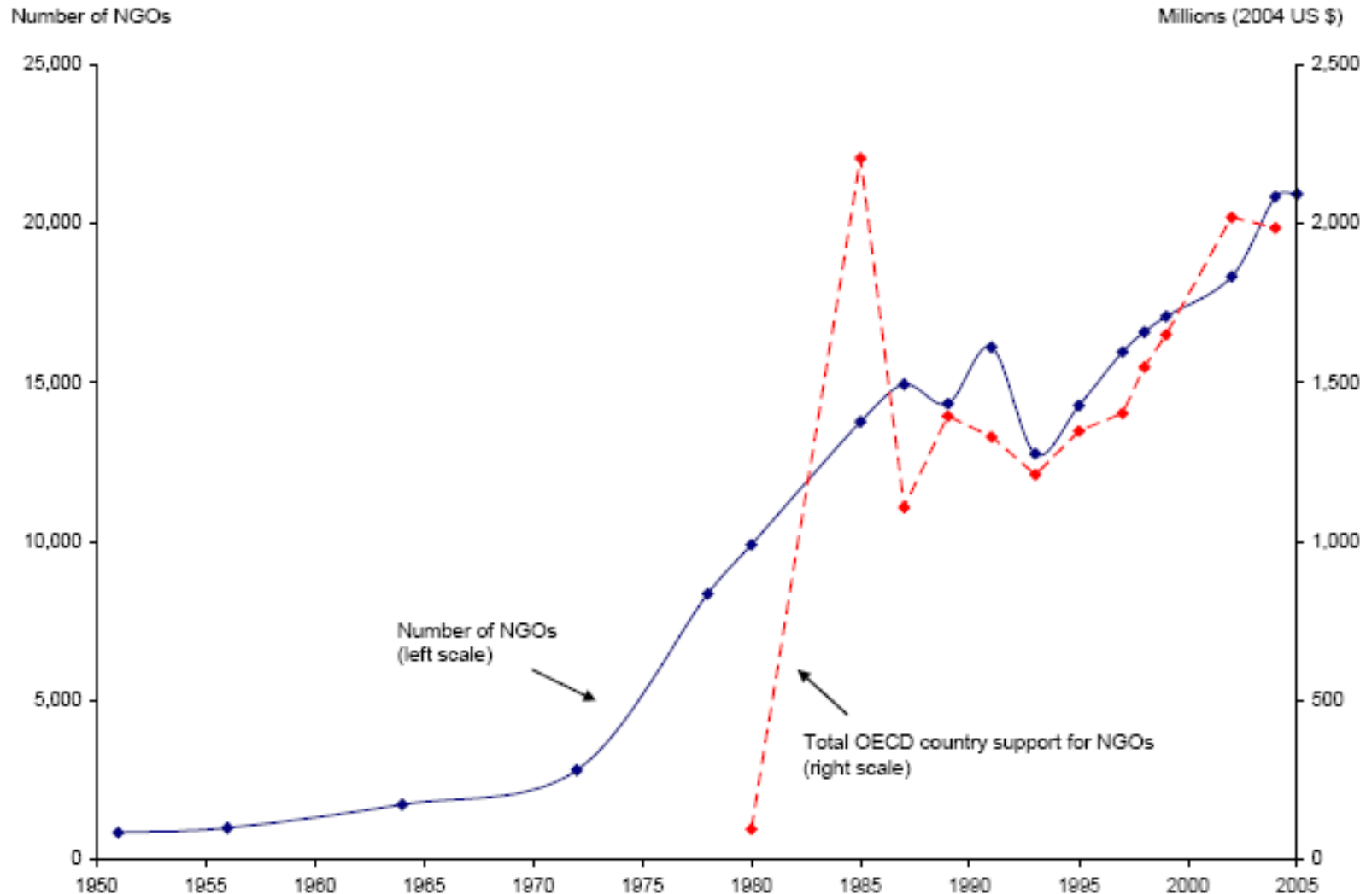
Sources: WDR team calculations based on Chen, Ravallion, and Sangraula 2008 poverty data (available on POVCALNET (<http://iresearch.worldbank.org>)).

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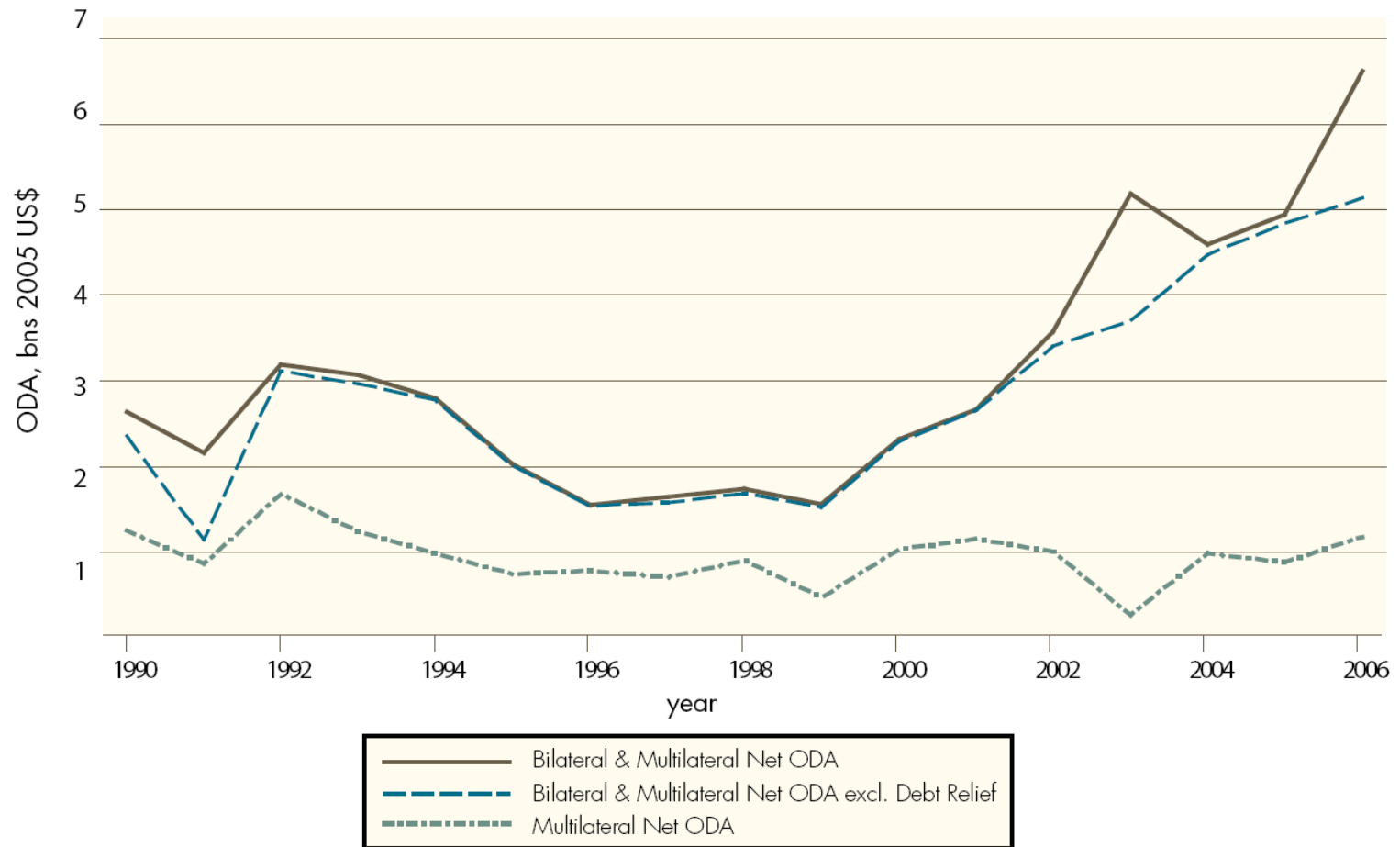
5. What (if anything) can the West do about poverty, democracy and violence?

# Growth of international NGOs, 1950-2005



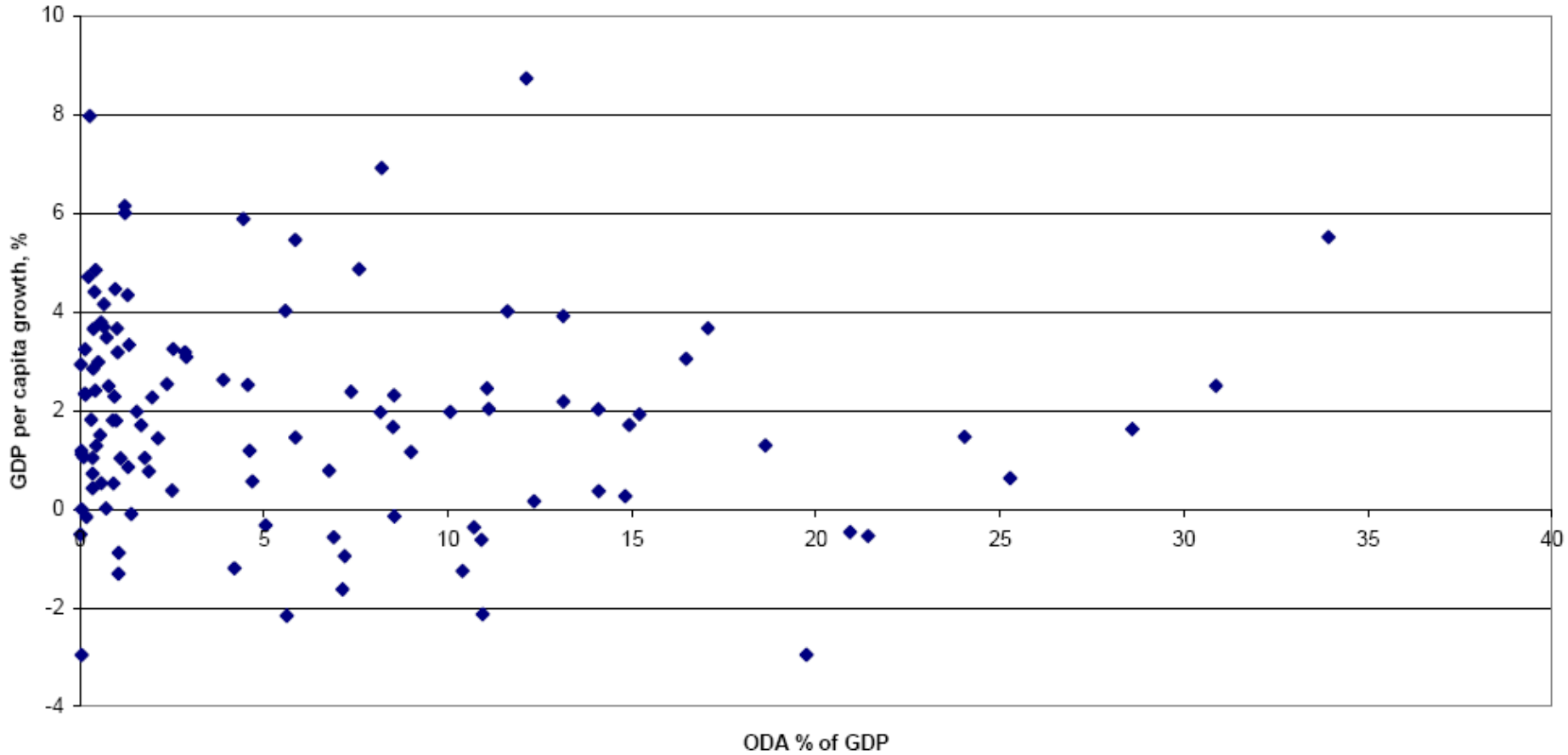
# Western aid flows

Figure 3. U.S. Assistance to sub-Saharan Africa has increased rapidly since the late 1990s



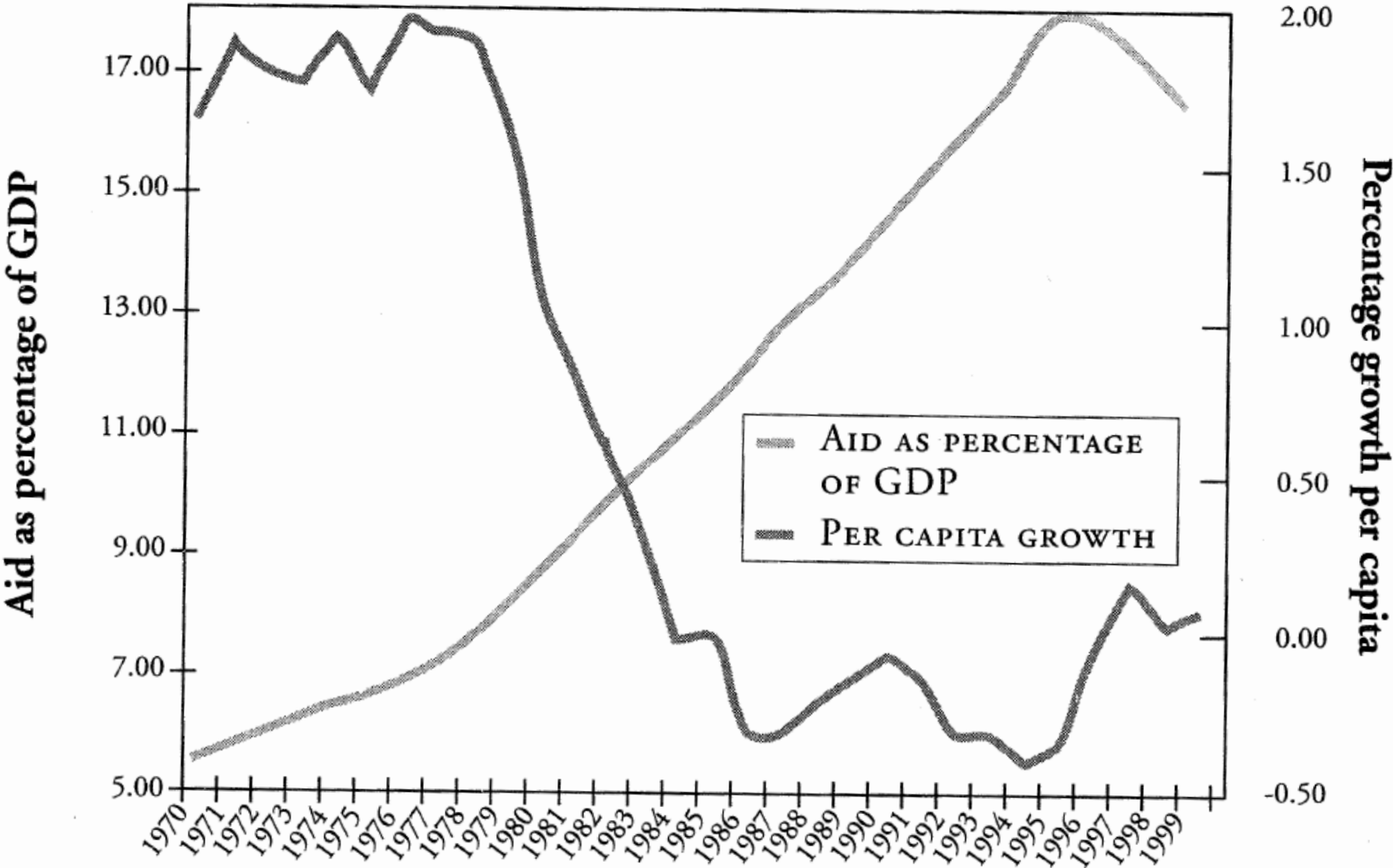


# Foreign aid and growth 1994-2004



# Should we conclude from graphs like this that aid failed Africa?

## Aid and Growth in Africa, 1970-99









6. Where are the limitations and unintended consequences?

There will be no easy answers.

Critical

Analytical

Broader in perspective

Familiar with tools and literature

# 14 weeks, 13 topics

1. Introduction
2. Development and growth theory
3. Geography
4. Institutions
5. Legacies of slavery and colonialism
6. Post-colonial politics and personal rule
7. The “Lost Decade”: Crisis, reform, and structural adjustment
8. **Midterm (in class)**
9. Politics of foreign aid and humanitarianism
10. State failure and conflict
11. State and institution building
12. Democratization and development
13. Top-down approaches and the “anarchist” critique
14. Reflections and conclusions



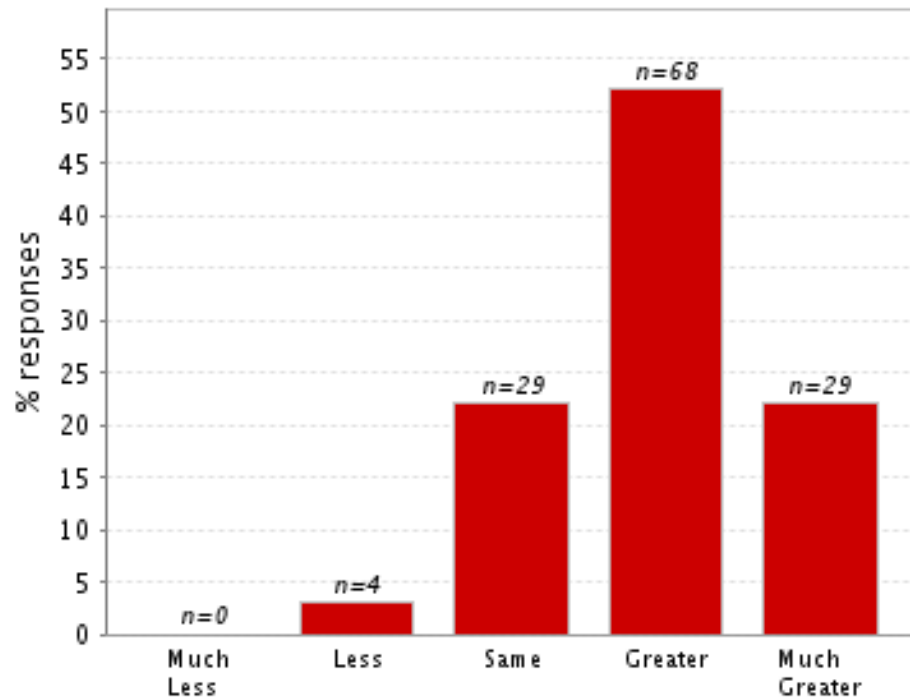
# Teaching Assistant

Marion Dumas

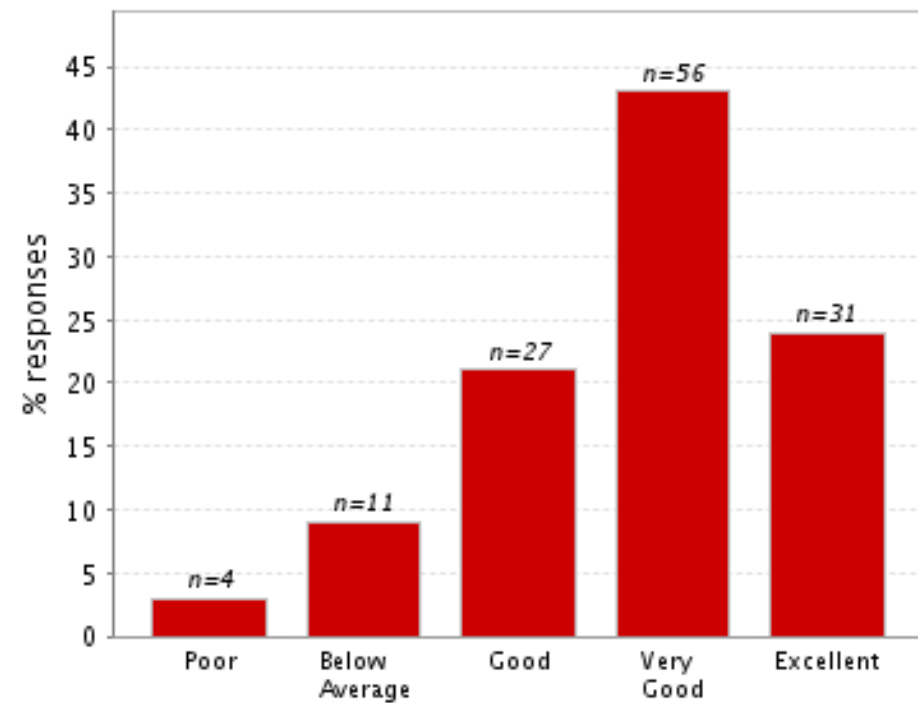
Office hours to be announced

# Previous course evaluations (at Yale)

## Workload



## Assessment



# The syllabus

I will summarize major points here.

But do read it!

# Grading

- 5% Lecture attendance
- 5% Problem set
- 20% Written assignments (3)
- 30% Midterm
- 40% final exam

# Required readings

- Roughly 5 chapters or papers a week
- Yes, really, they are required
- Links and scanned copies on Courseworks
- Two books to buy

# Weekly assignments

**Week 2:** Growth theory problem set

**Week 3-14:** Must hand in 3 of 5  
weekly assignments

# Week 2 problem set

Short problem set to get you familiar with growth and development theory

Due Feb 8

# Written assignments

Up to four pages

Engage with readings

Demonstrate critical thinking

Write briefly, analytically and critically

Concise



# Exams

- Will give you X essay questions in advance
- Will give you  $Y < X$  questions to answer on the midterm/  
final
- All lecture material and required readings are testable
- Allowed one “cheat sheet”

# Questions?

Please complete the registration  
form

# To see me

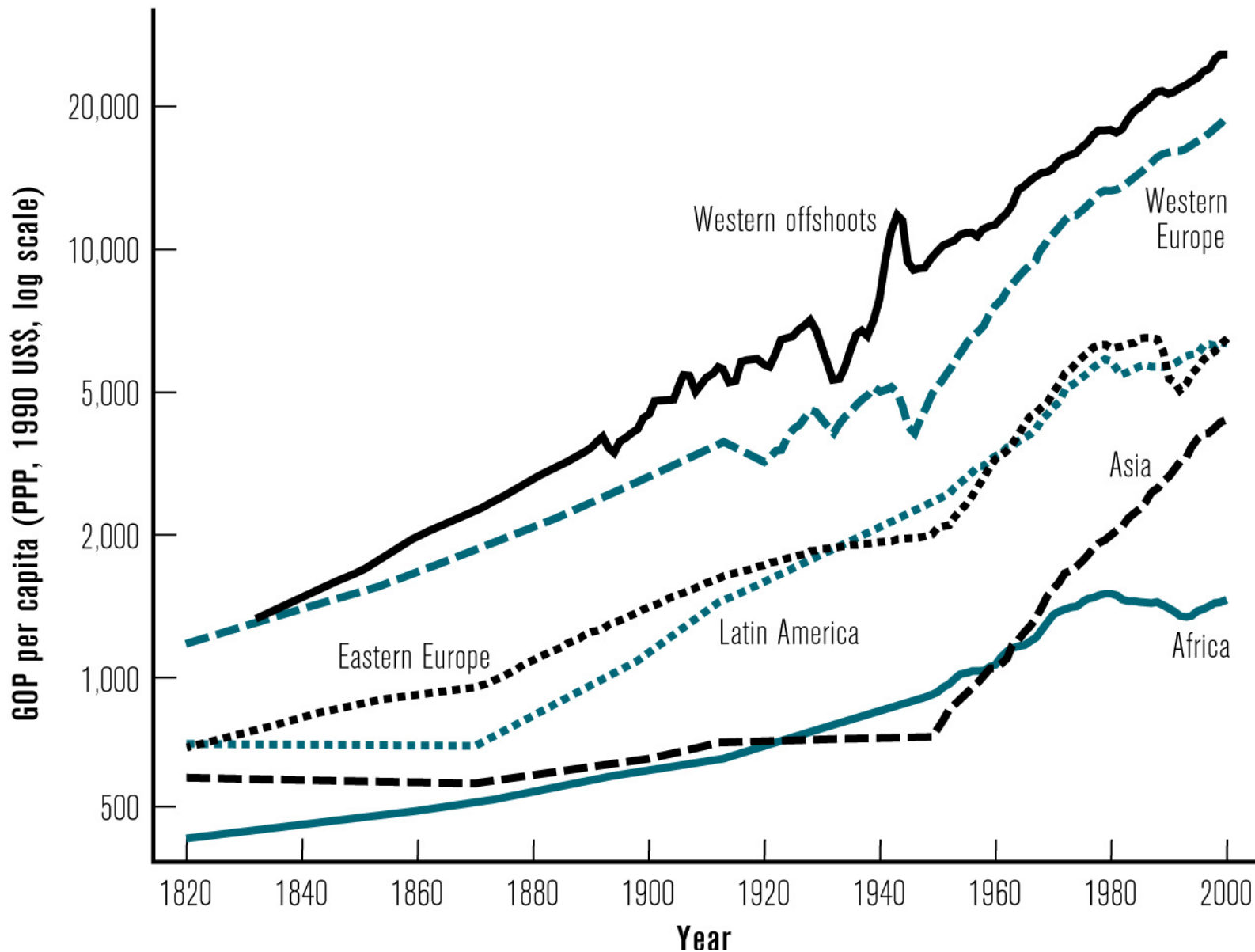
E-mail is best: [chrisblattman@columbia.edu](mailto:chrisblattman@columbia.edu)

Office hours: TBA  
or by appointment  
IAB 1401a

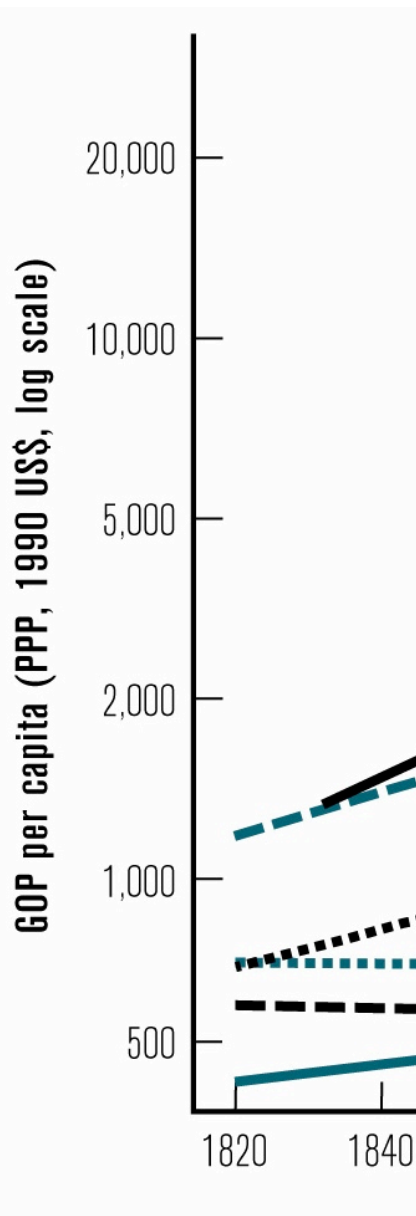
Sign up on my website:  
<http://chrisblattman.com/officehours>

What is development  
and how do we  
measure it?

# Income per capita (PPP, 1990 US\$, log scale)



# Income per capita (PPP, 1990 US\$, log scale)

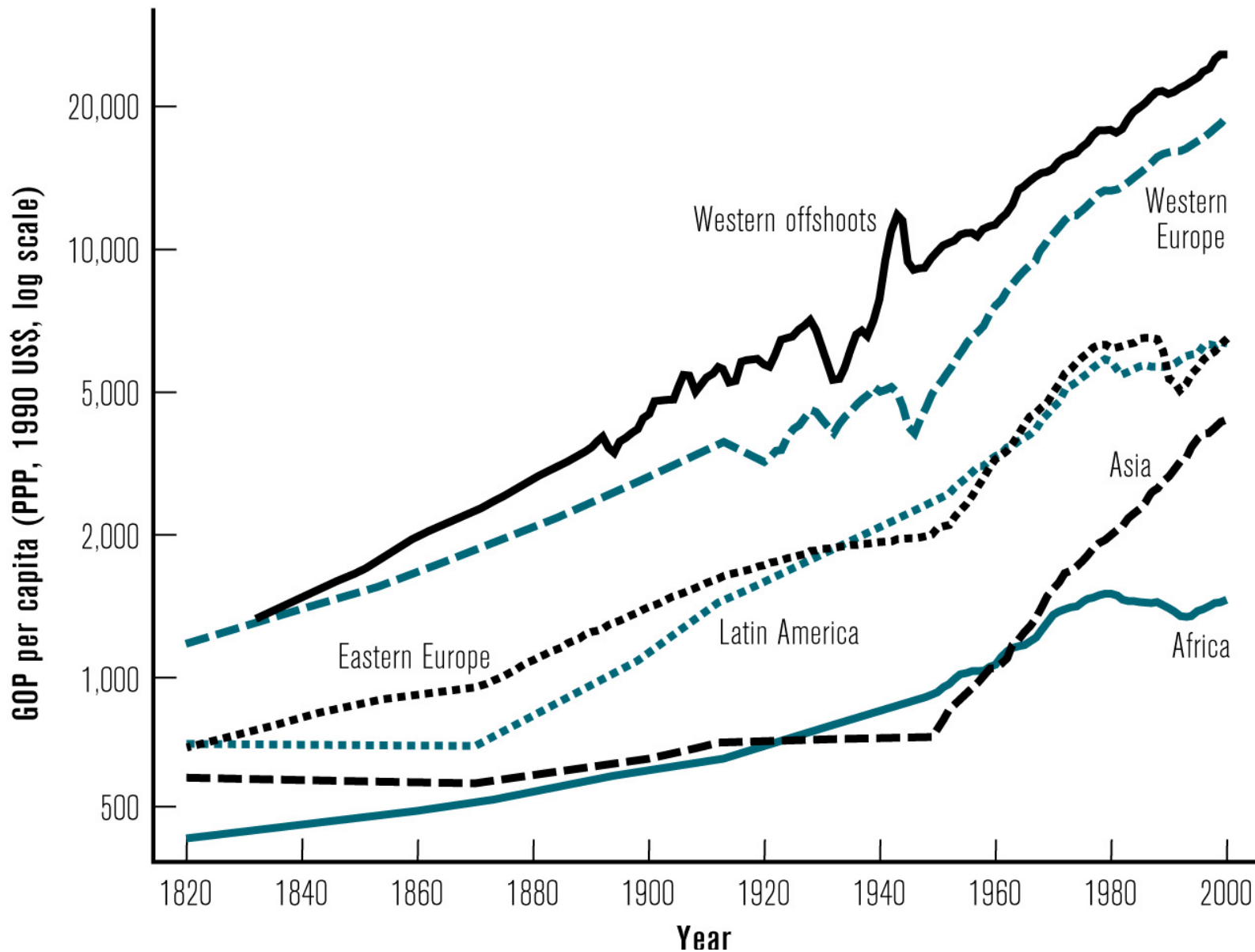


On a logarithmic scale, an equal difference in order of magnitude is represented by an equal distance.

Advantage: Compression

Bonus: The slope of the line closely approximates the growth rate.

# Income per capita (PPP, 1990 US\$, log scale)



	<b>Growth of income per capita</b>		
	<b>0-1000</b>	<b>1000-1820</b>	<b>1820-1998</b>
Western Europe	-0.01	0.14	1.51
Western Offshoots	0	0.13	1.75
Japan	0.01	0.06	1.93
Latin America	0	0.06	1.22
Eastern Europe /USSR	0	0.06	1.06
Asia (excluding Japan)	0	0.03	0.92
Africa	-0.00	0	0.67



# Rule of 72

	<b>Growth of income per capita</b>		
	<b>0-1000</b>	<b>1000-1820</b>	<b>1820-1998</b>
Western Europe	-0.01	0.14	1.51
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Asia (excluding Japan)	0	0.03	0.92
Africa	-0.00	0	0.67

	GDP pc Growth		% World GDP in 1998	% World Pop'n in 1998
	1950-73 (Golden Age)	1973-98 (Neoliberal order)		
Western Europe	4.08	1.78	20.6	6.6
Western Offshoots	2.44	1.94	25.1	5.5
Japan	8.05	2.34	7.7	2.1
Total Advanced Capitalist	3.72	1.98	53.4	14.2
Resurgent Asia	2.61	4.18	25.2	50.9
40 Other Asia	4.09	0.59	4.3	6.5
44 Latin America	2.52	0.99	8.7	8.6
27 Eastern Europe / USSR	3.49	-1.1	5.4	6.9
57 Africa	2.07	0.01	3.1	12.9
World	2.93	1.33	100	100

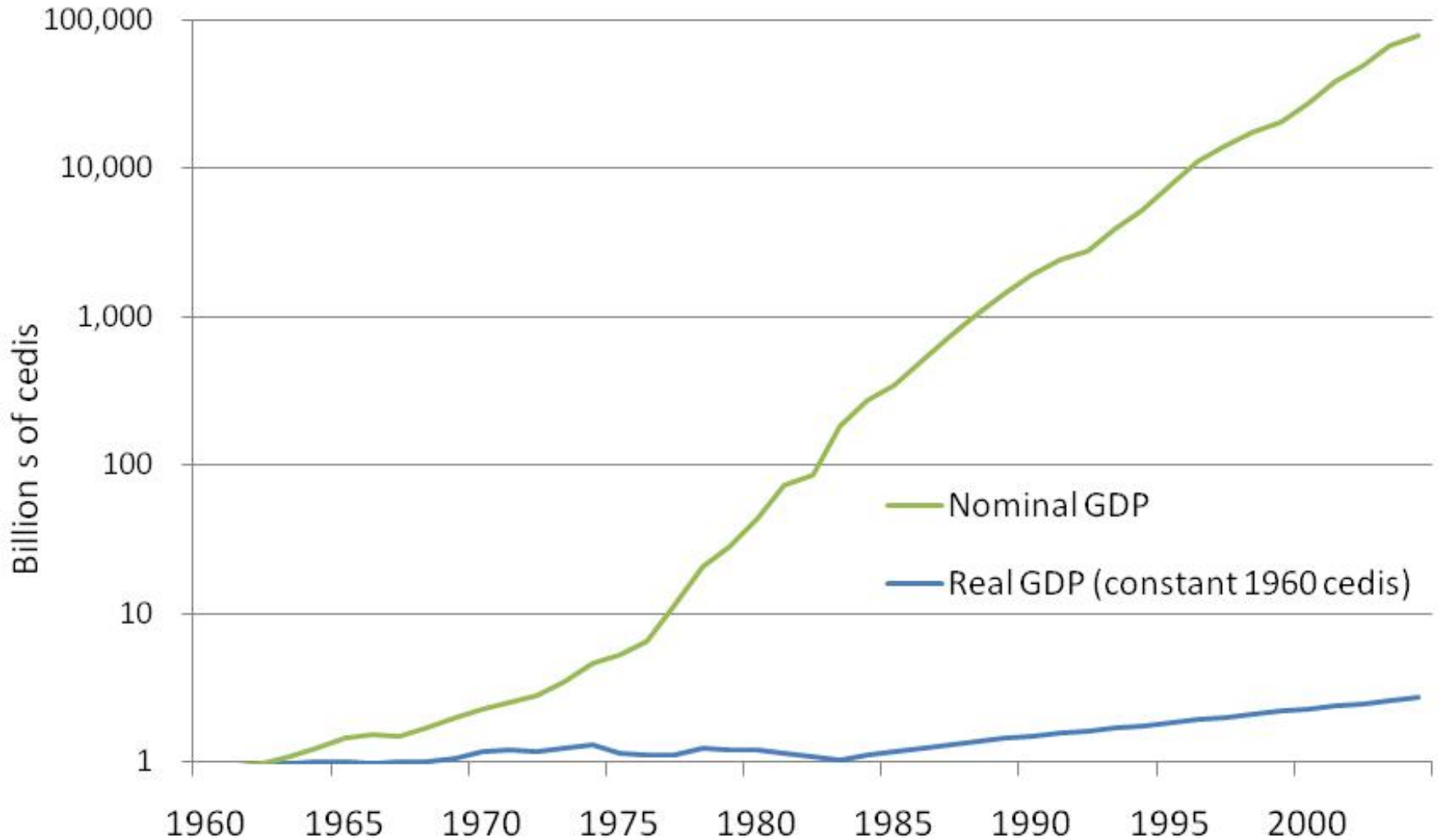
Where do these national income numbers come from?

# Income = Gross domestic product (GDP)

- A measure of national income
  - Sum of the value of goods and services produced within the borders of a nation
- What's in? What's out?
  - Goods and services sold on the market
  - Excludes unpaid housework and family workers
  - But try to estimate and include farm produce that is consumed
- If poor countries have more non-market transactions, we:
  - underestimate their income
  - overestimate their growth

# “Real” GDP is inflation adjusted

## Real and nominal GDP, Ghana



# But how to compare cedis to dollars?

- We want to convert to a common unit (like \$US)
- But a dollar goes a lot further in Ghana than in the US
  - Ghana: \$2 haircut
  - USA: \$20 haircut
- So incomes (in terms of purchasing power) are greater
- Official exchange rates reflect the prices of tradable goods (or government policy)
- Like wages, non-traded goods are often cheaper in poor countries



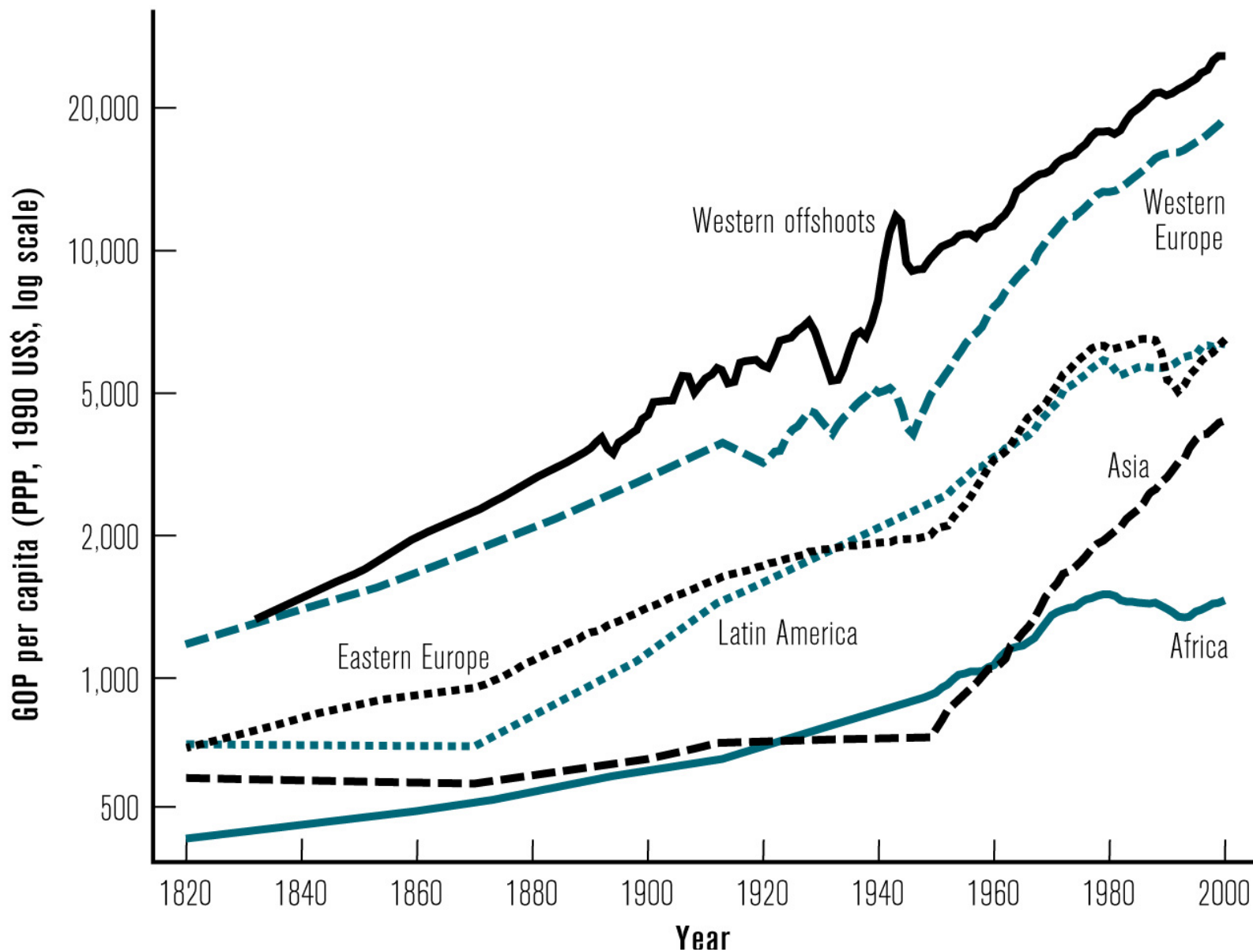
# Purchasing power parity (PPP)

- Pick a set of prices for all goods and services in one country and use that set of prices to value goods and services in all

	MEASURED USING OFFICIAL EXCHANGE RATES	MEASURED AT PURCHASING POWER PARITY	RATIO OF PPP CALCULATION TO OFFICIAL EXCHANGE RATE CALCULATION
Japan	34,010	27,380	0.8
United States	35,400	36,110	1.0
Germany	22,740	26,980	1.2
Senegal	470	1,540	3.3
Kazakhstan	1,520	5,630	3.7
Indonesia	710	3,070	4.3
China	960	4,520	4.7
Vietnam	430	2,300	5.3
India	470	2,650	5.6
Ethiopia	100	780	7.8



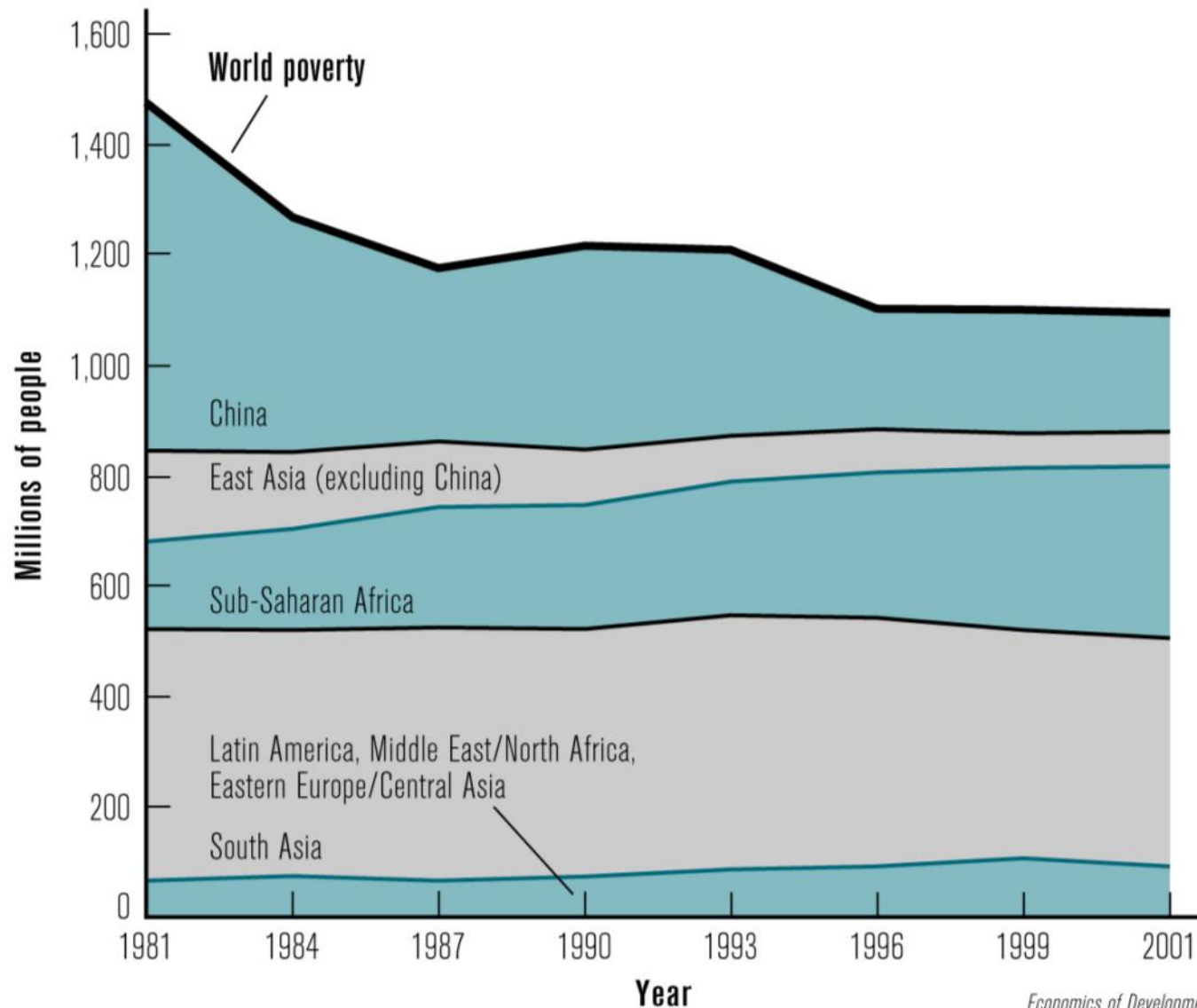
# Income per capita (PPP, 1990 US\$, log scale)



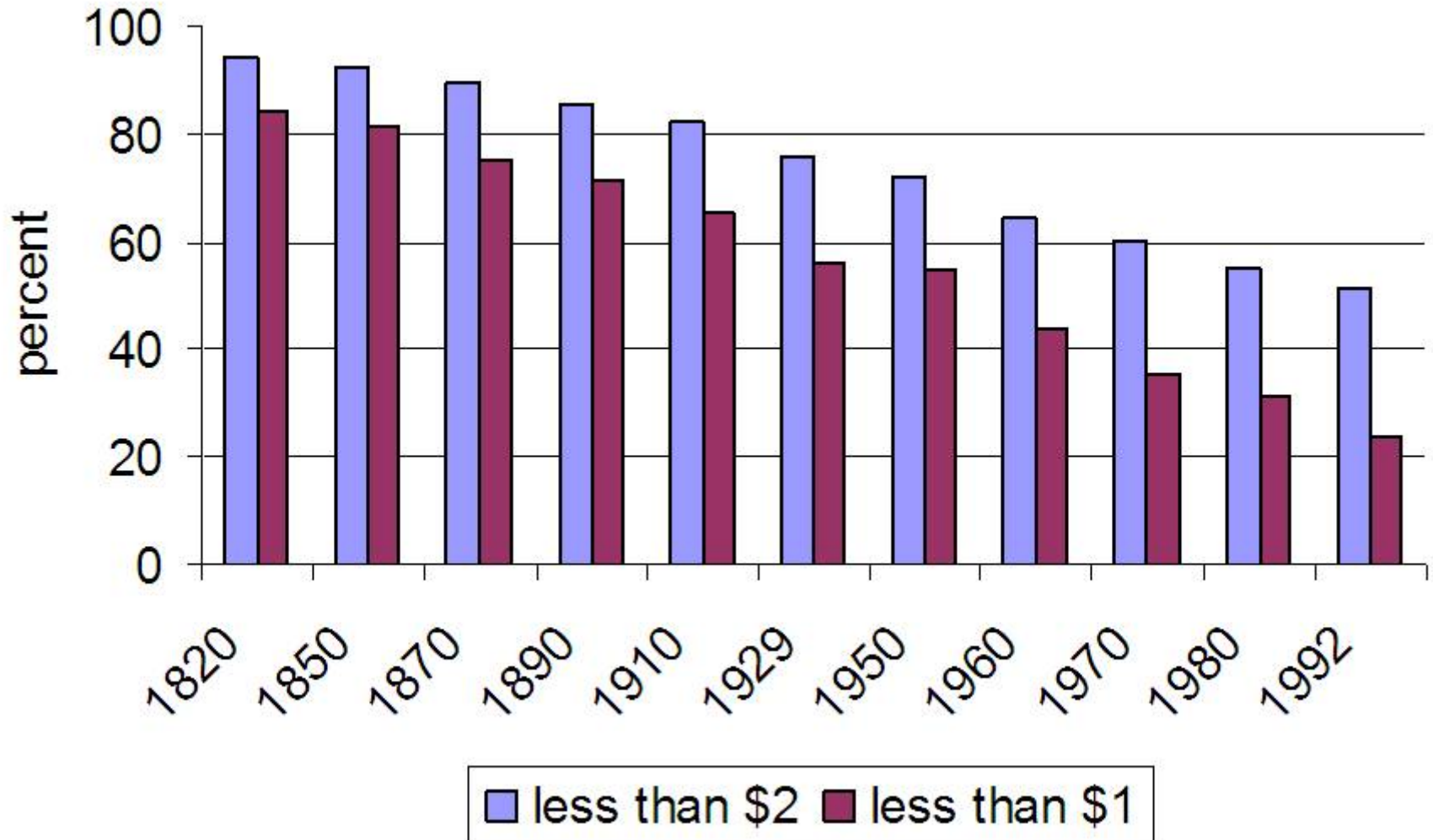
Is GDP per capita an adequate  
measure of development?

In part.

# Number of people living below \$1/day

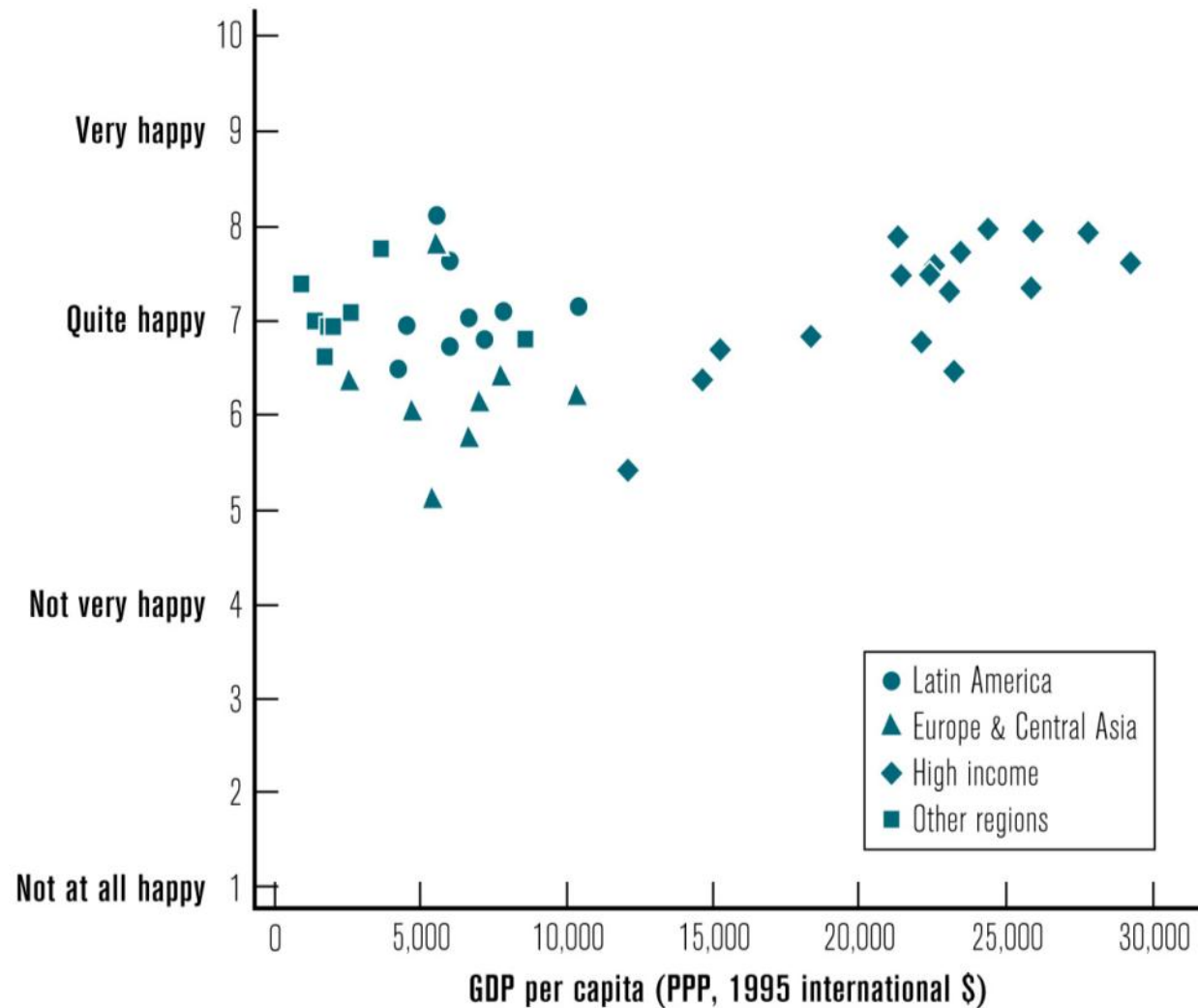


# But the proportion of the poorest has been falling

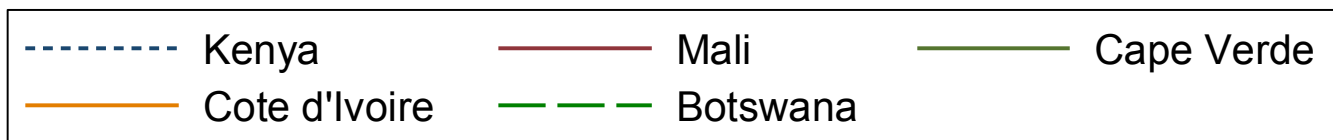
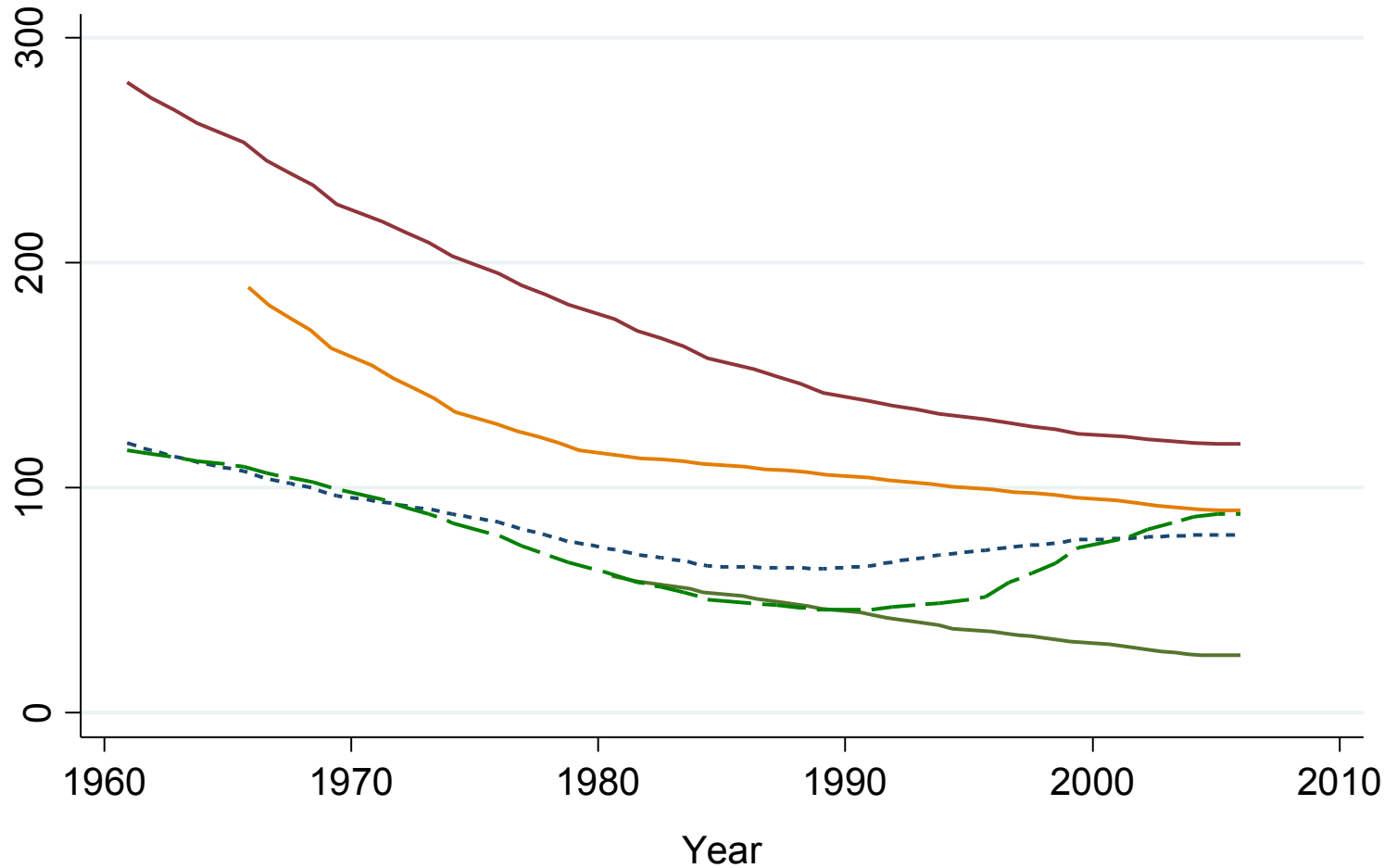


# What's omitted?

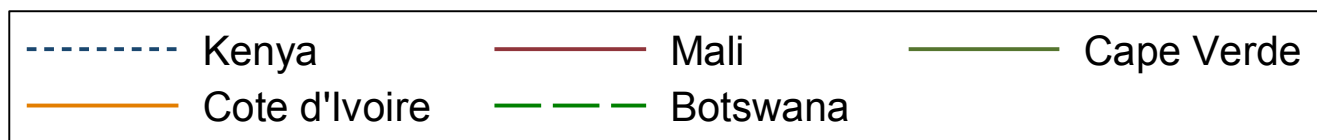
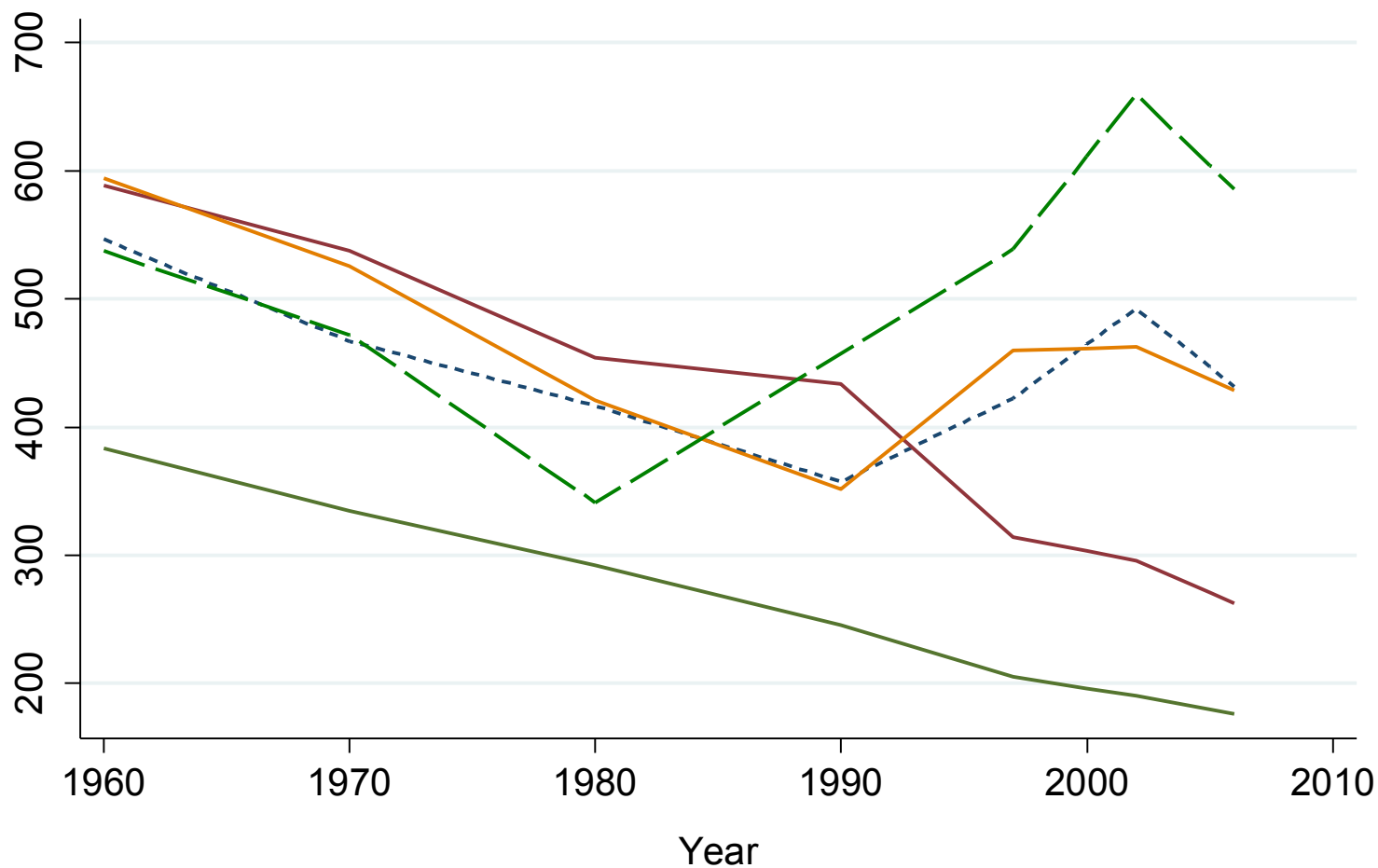
- No “bads” are counted
  - Pollution
  - Congestion
  - Crime
- Not all “goods” counted
  - Health
  - Longevity
  - Happiness



# Infant mortality

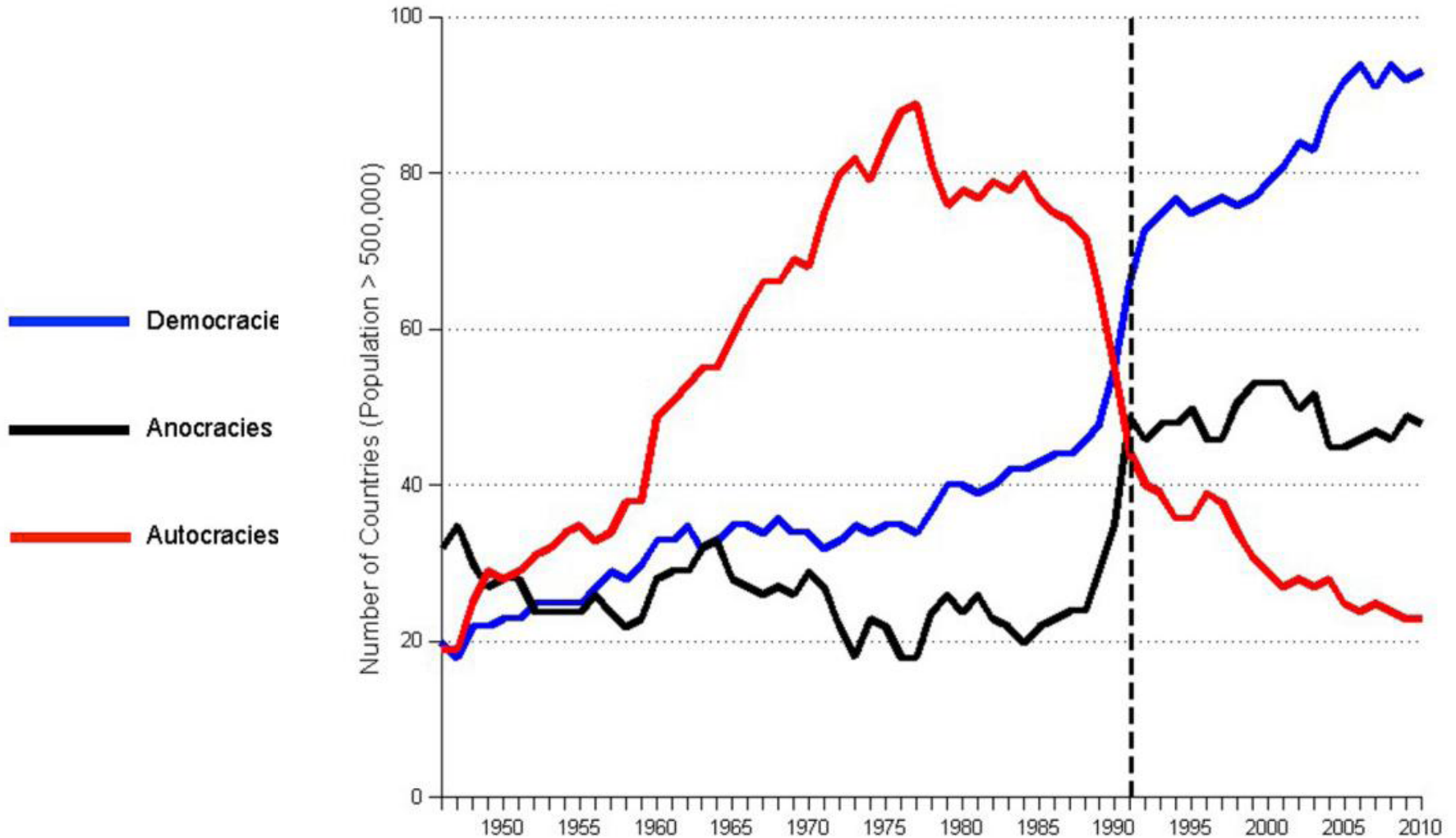


# Adult mortality



Source: World Development Indicators (2008)

# What about political freedom? Is that “development”?



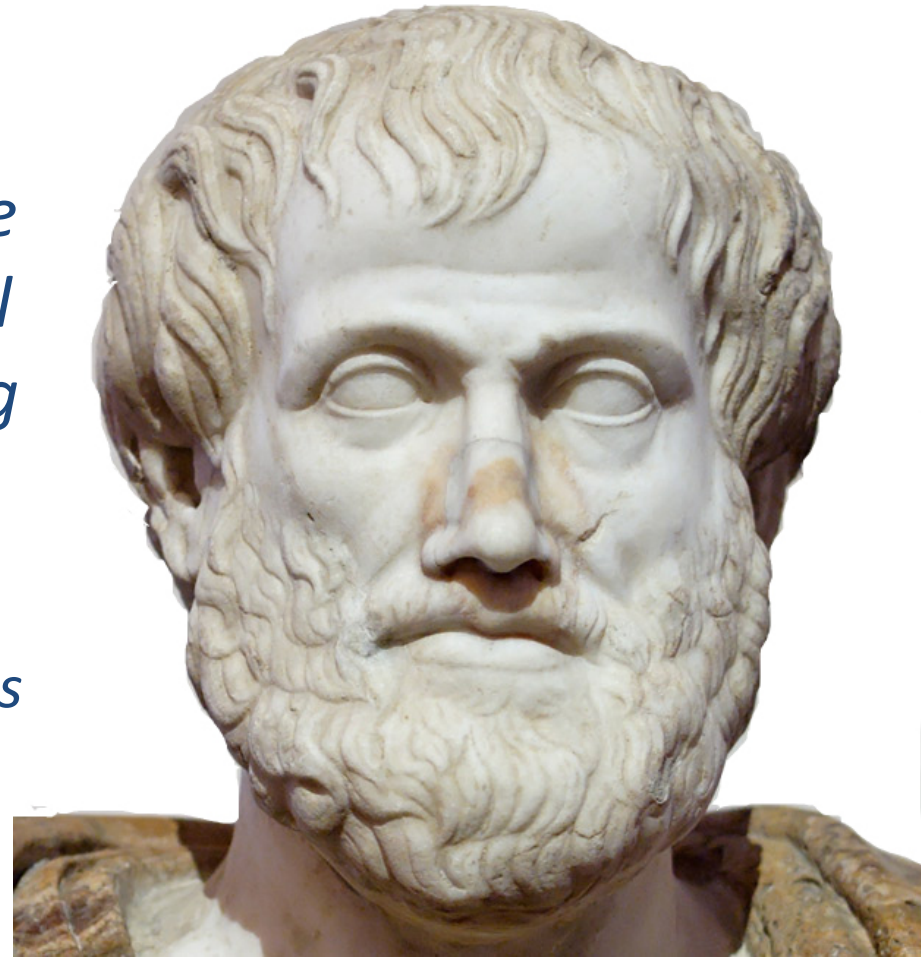


# Ends versus means

Production and GDP not an end

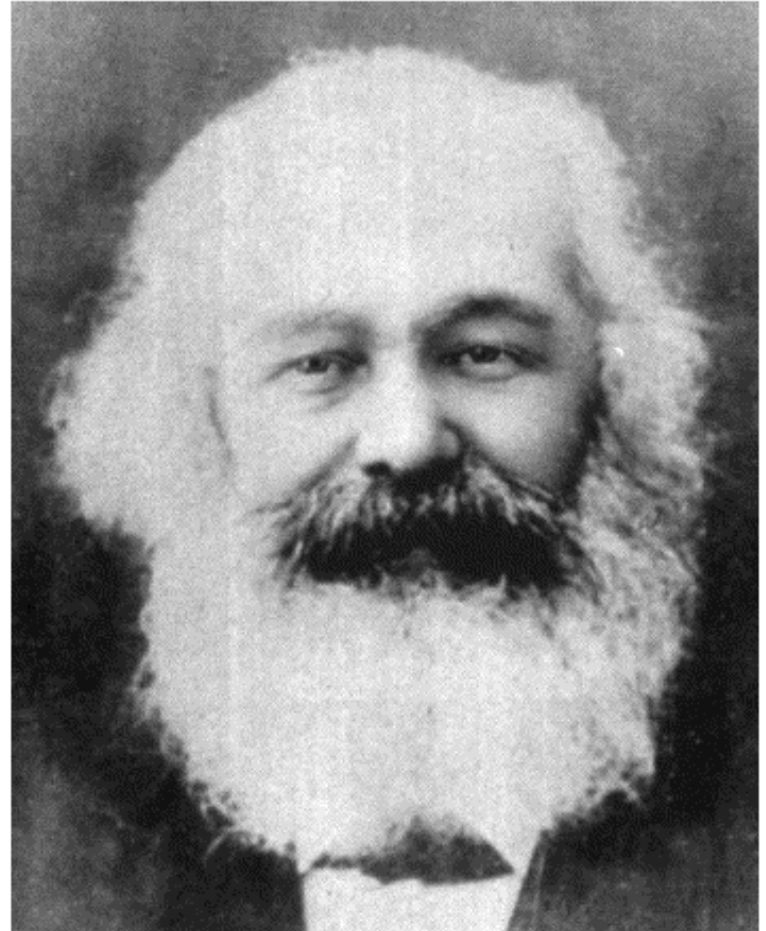
*“The life of money-making is one undertaken under compulsion, and wealth is evidently not the good we are seeking; for it is merely useful and for the sake of something else.”*

– Aristotle, *Nicomachean Ethics*



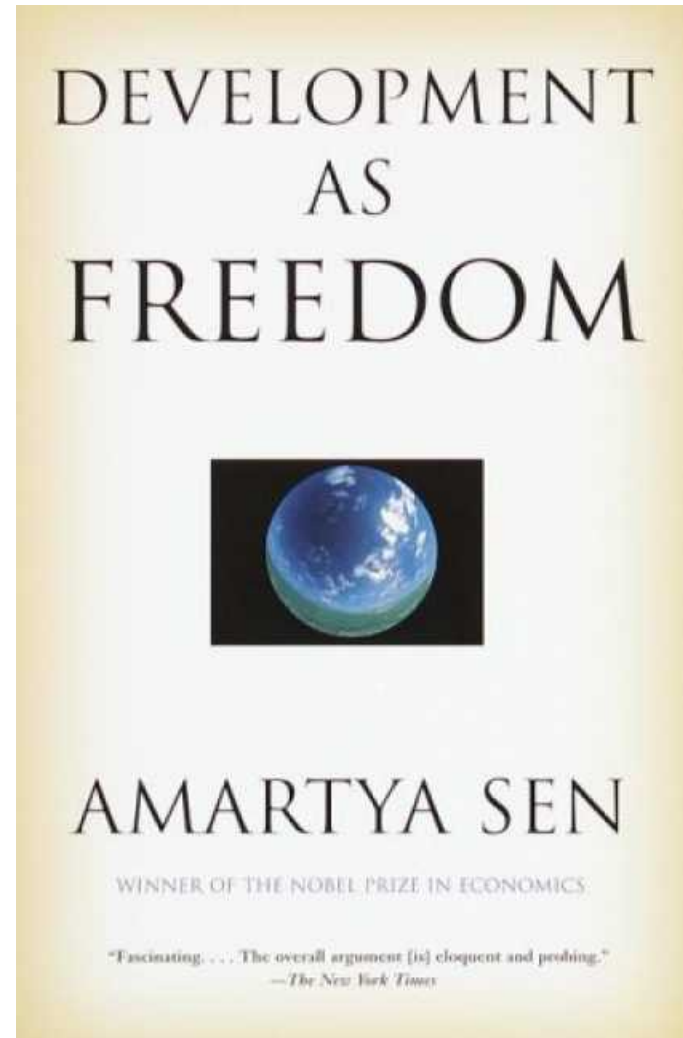
# “Commodity fetishism”

- We value goods for their exchange value, not for the labor or human agency that go into them
- Commodities appear to be independent of the people that produce them, and rule over them



# Amartya Sen's "capabilities approach"

- The central aspect of well-being is *functioning*: the *freedom* of choice and control over one's life
  - Freedom from hunger, from disease, from early death, from violence, from oppression...



How to implement the  
capabilities approach in practice?

# What about a poverty line?

- Define basic needs in terms of needs for certain minimal amounts of essential commodities such as food, clothing and shelter.
- Still “commodity fetishism”?

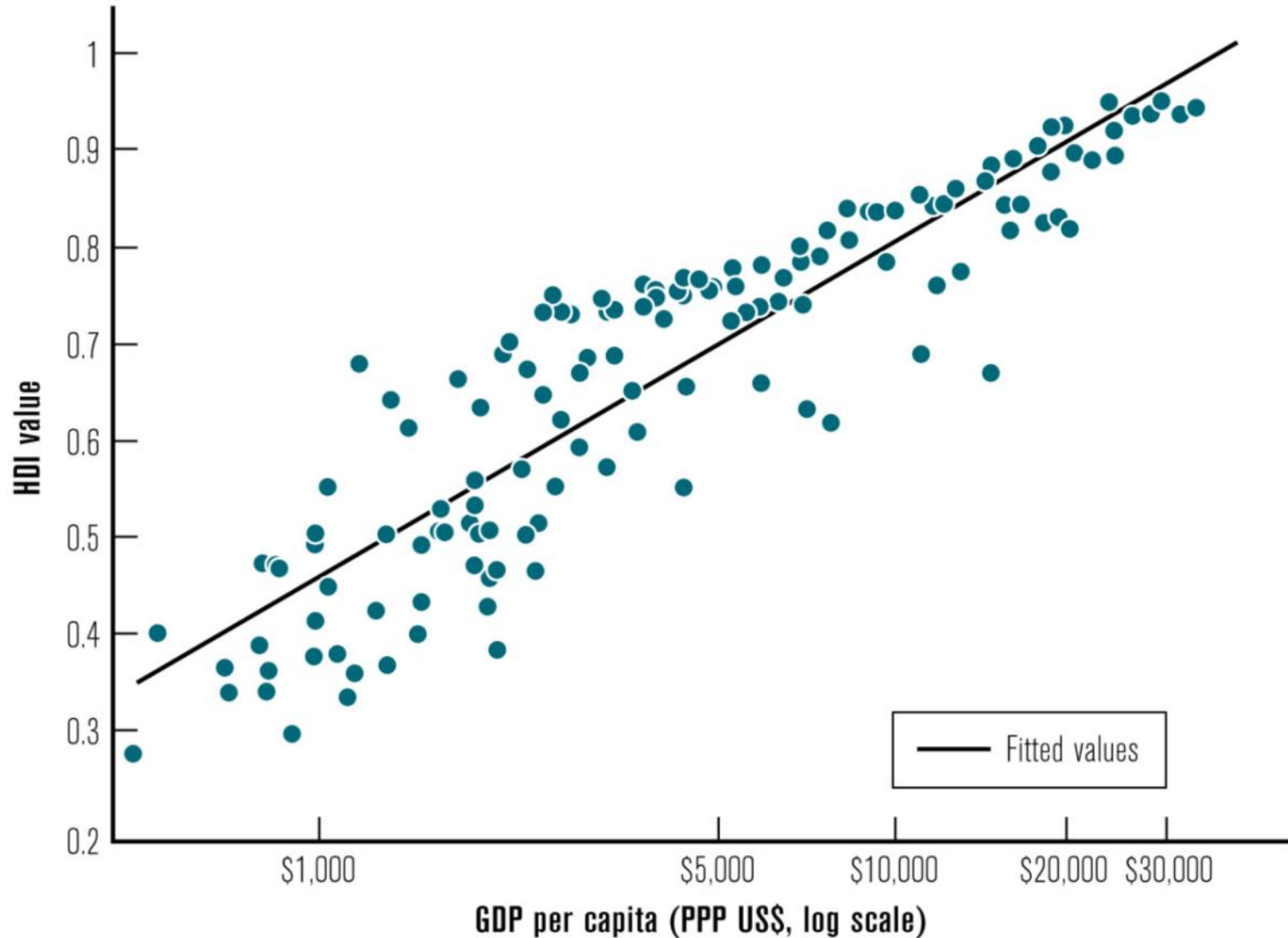
*“in dealing with extreme poverty in developing economies, we may be able to go a long distance in terms of a relatively small number of centrally important functionings and the corresponding capabilities, such as the ability to be well-nourished and well-sheltered, the capability of escaping avoidable morbidity and premature mortality and so forth.*

*In other contexts, including more general problems of assessing economic and social development, the list may have to be much longer and much more diverse.”*



# Human Development Index (HDI) related to GDPpc

A simple average of three indices: income, adult literacy, and life expectancy



# Political freedoms have a noisier relationship with income

