Economics 172
Issues in African Economic Development

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2. Health factors

• Widespread tropical disease
  – Yellow fever (vector: mosquito), sleeping sickness /
  trypanosomiasis (vector: tse-tse fly), schistosomiasis /
  bilharzia (vector: snail), intestinal helminths …

• The most important disease: malaria (vector: mosquito)
  – Kills 1-2 millions Africans every year
  – The Global Fund: over US$4 billion committed to
    projects in 128 countries. One quarter to fight malaria
    (over 60% of total targeted to African countries)
3. Transport factors

• Transport costs are critical determinants of trade and technology transfer, especially historically
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  - 1.15 in SSA, 2.54 in South Asia, 15.7 Western Europe
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• Large distance from the major industrialized economies in Europe, Asia, North America (contrast: Mexico)
The Curse of the Tropics?

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• Agricultural factors
• Health factors
• Transport costs
The Curse of the Tropics?

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• Agricultural factors
• Health factors
• Transport costs
Health and wealth: cause or effect?

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• This is a difficult problem
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• Health → Labor productivity → Wages / income

OR

• Income → Purchases of all goods, including healthcare
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2. "B causes A": $A \leftarrow B$  
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  *Omitted variables / Confounding*
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  More tropical disease
  - Less European residential settlement
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OR

→ Lower labor productivity, less foreign investment
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• If Acemoglu, Johnson, and Robinson are correct, then the key to dealing with African’s geographic inheritance is addressing the quality of government institutions today
Another approach: analysis with “micro-data”

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- But establishing causality and theoretical channels is exceedingly difficult in that setting.

- Another approach uses data at the level of individuals, communities, or firms to test theories about the link between health and wealth.
- Problem Set #1 will feature some analysis of this kind.
• For next time: Read Miguel (2005)