PROVISIONAL

Harvard Kennedy School of Government
PED 401iY
Applications and Cases in International Development
Course Syllabus for 2015-16

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Class Meeting Times
Speakers:
  Tuesday 2:45 - 4:00pm, Land Hall
Classes:
  Group A: Wednesday 1:15 - 2:30pm, Belfer 1
  Group B: Thursday 2.45 – 4.00pm, Land Hall

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Enrollment for this course is for all, and only, first year MPA/ID students. Students will be assigned to two groups at the beginning of the semester; the purpose of this is to facilitate participation with a smaller class size. For each class day the same material, by the same teacher, will be taught to each group. There will be reassignments during the course of the year, to maximize the variety of potential interactions between students.

Course objectives

First, to build an understanding of the nature and drivers of change in real development settings.

Second, to illustrate the use of the range of concepts and techniques from other MPA/ID courses in the diagnosis of development change.
Development change occurs when there is alignment between economic behavior, political processes and administrative capacity: change has to be “technically correct” in the specific sense of consistent with economic concepts, “politically supportable” and “administratively feasible”.

Economic concepts and tools are powerful instruments for analyzing and interpreting the world; change has to have an economically coherent causal pathway. But for change to occur we also need to understand drivers of political decision-making and whether implementing organizations—government or non-government—have the capability to implement change, where “capability” encompasses personal motivation, organizational functioning and technical capacities.

The course will involve the following activities to meet these overall goals.

First, it will deepen understanding of the concepts and techniques presented in the first year MPA/ID core courses (Micro, Macro, Quant, PED 101 and 102) through discussion of specific cases in which these concepts were important to the interpretation of policy dilemmas and choices. The timing of specific topics in the workshop will be designed, as far as possible, to parallel the material being covered in your other first year MPA/ID courses. This dimension of the course is intended to be illustrative, and to complement other courses.

Second, policy changes are always embedded within particular political and institutional systems. If these are not understood, policy recommendations will be ignored or distorted to meet the interests, capacities or processes of the actors and institutions involved. Understanding this requires additional analysis, focused on the institutional context, politics and organizational capabilities. In some domains, tools in the core economics courses will be of use here, including, for example, concepts of public and private good provision, credibility, commitment and resolution of collective action problems. However, often additional concepts and analysis will also be important, around political economy, state capability, inequality, organizational incentives, social behavior, civil society functioning and so on. Some of these will be covered in other core courses, including those on institutions and organization and on electives on politics in the second year. PED401 will provide enough analysis of the concepts and issues in specific settings to allow us to interpret the political and institutional bases of policy change (or resistance to change). This dimension of the course is intended to be integrative.

Third, we will use the specific cases to discuss major, topical, issues in development thinking and practice. This will include attention to issues and debates on growth, crises, markets, capitalism, inequality, globalization, the role of the state, social provisioning, accountability and empowerment. Both topics and country examples will be necessarily selective, in order to allow for some depth in treatment.
Fourth, students will develop the professional skills of succinct presentations of diagnosis and design in a policy-making context, through preparation of policy memos and op-eds on the issues presented, participation in class discussion and one formal group project.

Course Structure

The classes will involve a mixture of presentation and interactive discussion of particular cases of policy dilemmas and policy change.

For the majority of sessions, there will be a focus on a specific domain of policy, including, for example, targeting, the provision of education services, macroeconomic crises, safety nets, managing the commons, policy credibility and corporate governance—see the list below.

In each domain, the concepts from other courses and the apparatus used for PED401 would be used to explicitly engage with three categories of question:

- Why is there a developmental problem? Why is the current situation suboptimal? This is the normative assessment, against explicit principles (that can be debated).
- Is there an alternative that is at least potentially policy amenable?
- How can change occur, consistent with feasible causal processes, with respect to economics, politics and implementation?

Especially in the first semester of the MPA/ID, students will be under great pressure from other core courses. This course has been designed to accommodate that by having relatively modest out-of-class time inputs. For the cases, there will be specific material. These class sessions will be interactive, with a mixture of lecture and extensive interaction. To participate effectively you must do the readings for the case sessions before the class. In other words, we do not require much reading for this course, so there is little excuse not to do the little we make mandatory.

The case material will be made available to you through the course web page.

Unlike some other courses, our pedagogic practice is to make the presentations available after the class sessions. There is no course packet.

Course Requirements and Grading

The course is required and will be graded on performance over the whole year. Each case (but not thematic session) ends with a potential written assignment. In order to balance your workload, at each session only a fraction of the class will have to do the assignment on any given case. You may choose which topics you wish to submit, but this must include two in the fall semester and one in the spring semester, that also has a group assignment.
The written assignments will typically involve a short policy memo or op-ed, and are intended to give practice in writing for a policymaker or policy-oriented audience. These will be explained as they occur. The deadline for submission is ten days after the case discussion, that is at 8.35 am on the Monday ten days after the class session, with a penalty of two points (e.g. from A- to B) for late submission; meeting deadlines are an important part of professional practice.

Students may choose to write up to three individual policy memos in the fall and two in the spring; in this case the lowest grade will be dropped.

Assignments will be turned in and returned in arrangements to be worked out with the course assistants.

Final grades will be based on 60% of grades on the written policy outputs, including the group presentation, and 40% participation in class discussions. The participation grade will be based on the quality of engagement in classes, especially with respect to the extent to which contributions further class discussions in substance and insight.

As noted above, the course is also linked to the Speaker Series, that is intended to expose students to academics and development practitioners with experience on the core issues of development change. Sometimes the Case Workshop class sessions will be switched into the Speaker time (or other ad hoc times found) to accommodate the availability of speakers.

**Topics and cases for Fall and Spring 2015/16**

**Fall 2015**

*Tuesday September 1*
*Faculty panel on the Greek Crisis.*

This introductory panel would bring together various faculty members to give their perspectives on the Greek crisis, looking forward to how future course work is relevant to interpretation, and exploring why it remains controversial (probably even amongst HKS faculty!)

**(1) Understanding policy change (two weeks)**

This sequence would introduce the nature and drivers of policy change. It will introduce a framework that will be used throughout the course.

*Wednesday/Thursday September 2/3 (depending on section)*
*What is policy change? What drives change? (LP and MW)*
How does policy change in real country settings? This session will explore some principles of policy change, drawing on interactive work with students. It will introduce the “triangle” of economic, political and implementation criteria, and will get students to start thinking about policy change with whatever tools they already have.

*Wednesday/Thursday September 9/10*

*Diagnosing policy change: the case of Progresa/Oportunidades/Prospera (MW)*

How did the famous “invention” of conditional cash transfers in Mexico occur? This will take an iconic case of policy design and examine the implementation sequence from the perspective of the triangle, showing how this was “technically correct” in terms of models of household behavior, but that understanding the change also has take account of Mexico’s political economy and state capability.

**(2) Growth: big patterns and big drivers (two weeks)**

This sequence will discuss the variety of views on growth drivers, and how this maps on to the triangle. It will link to the discussion in PED101.

*Wednesday/Thursday September 16/17.*

*Growth patterns and explanations (LP)*

What are the main drivers of growth? This session would take the discussion of PED101 to an assessment of the variety of growth patterns and how alternative interpretations relate to policy choice, and underlying factors of political economy and “state capacity”.

*Wednesday/Thursday September 23/24.*

*Interpreting growth trajectories: the case of Ethiopia (MW)*

What lies behind Ethiopia’s impressive growth, after a long history of terrible growth performance? This case will examine Ethiopia through the prism of a general political economy of growth, with business as a major player, and state and business interactions as the central crucible in which policy, implementation and policy responses get worked through. Ethiopia’s experience will be compared with the East Asian experience, and linked to the triangle.

Policy memo due October 5th.

**(3) Poverty, inequality and policy (two weeks)**

This sequence would do illustrate descriptive and normative concepts of poverty and inequality in real world settings and outline alternative strategies of improving well-being.
Wednesday/Thursday September 30/October 1.
Poverty and inequality concepts in practice (MW)

What do we mean poverty and inequality and why should we care? Applied poverty concepts will be linked to microeconomic concepts or utility and the expenditure function. This will be taken to a broader discussion of poverty and inequality concepts and debates in the context of a country case.

Policy memo due October 12.

Monday October 5th, 415-530 in plenary.
What is the most effective way of improving well-being? (LP)

What is the most effective way of reducing poverty, however this is defined? The session will categorize alternative broad approaches to reducing poverty, in terms of aggregate economic expansion, or “drive”, changes in sector-wide strategy, or “shift”, and specific targeted action, or “kink” and will relate these to underlying drivers of policy design and performance.

Note special time to accommodate preparation for midterms.

Policy memo due October 19.

Wednesday/Thursday October 7/8 and 14/15.
No classes to accommodate preparation for mid-terms.

(4) Targeting

This sequence explore issues of targeting for the case of Indonesia, linking to analytical concepts (from micro) to real policy dilemmas.

Wednesday/Thursday October 21/22.
Targeting in Indonesia: a technical economic assessment (LP)

How are poverty-oriented programs targeted in concept and practice? The session would use the Indonesia case to take the economics of targeting concepts to real experience, illustrating welfare concepts (compensating variation) targeting principles (different errors, static and dynamic), and empirical results. This would be through the prism of “is it technically correct?”

Policy memo due November 2.

Wednesday/Thursday October 28/29.
Targeting in Indonesia: the role of politics and implementation (LP)
How does politics and state capacity shape targeting design and implementation? This would take the empirical assessments of targeting as context, and turn to the underlying drivers of both choices over policy design and outcomes, with an in-depth assessment of both the political economy of targeting in Indonesia and the behavior of state actors in implementation.

Policy memo due November 9.

(5) Education as an example of service delivery (two weeks)

This sequence would link education to the core micro and 101 material on both household and producer behavior, and then take this to a broader interpretation of service provision, with an in-depth case on India.

*Wednesday/Thursday November 4/5.*

*Normative and positive accounts of education provision (LP)*

What drives both policy and implementation of education provision? This session would develop an interpretation of provision of education in the public and private sectors, in terms of production theory and household behavior. It would outline alternative visions of education systems and initiate a presentation of material on the issue of dismal education quality in India.

Policy memo due November 16.

*Wednesday/Thursday November 11/12.*

*Education in India: quality, politics and implementation (MW)*

What determines the quality of basic education in rural India? How can it be improved? This session would explore alternative strategies to improve education quality—including the use of Randomized Control Trials to evaluate their effectiveness (as seen from the perspective of JPAL and an NGO “user”). It would then explore the role of state level politics, bureaucratic functioning and interactions with NGOs.

Policy memo due November 23.

(6) Understanding macroeconomic crises (two weeks)

This sequence would take Jeff Frankel’s macro course to real cases, interpreting the economics (currency union, macro-financial crises, Salter-Swan), and also relating this to the broader political economy and distributional aspects of the origins and responses.

*Wednesday/Thursday November 18/19.*

*The Argentine crisis (MW)*
What were the origins of the Argentine currency crisis, and what were the policy alternatives? This session would explore the origins of the 2001 currency crisis in relation to both alternative theories, and, especially, the interests and perspective the major actors in the key actors—the government, business community, households and the IMF.

Policy memo due November 30.

*Wednesday/Thursday December 3/4. The Greek crisis (MW)*

This would close the semester where we started, and would use the Greek crisis to illustrate interactions between Greek's political economy, entry to the euro and the features of growth pre-crisis; the nature of the crisis and the response, including designs of IMF programs; the debates over design and the case for and against conditionality.

Policy memo only allowed with permission of the Professor, owing to conflict with finals.

**Spring 2016**

The following list is indicative. This will be revised after we review the experience in the fall on the innovation of shifting to more in-depth treatment of fewer issues.

All students will participate in the group work on February 4 and 25. This will involve groups of ~5 people and will receive a group grade. One additional individual policy memo/op-ed is required; students can write an additional memo if they wish, in which case the higher graded of the two memos will be taken in the final grade. Unless otherwise advised, visiting speakers are on the Tuesdays, and teaching sessions on Thursdays. Policy memos are due on Monday 10 days after the teaching session.

<table>
<thead>
<tr>
<th>Date</th>
<th>Country/case</th>
<th>Faculty</th>
<th>Focus</th>
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<tbody>
<tr>
<td>Jan 27/28</td>
<td><em>Land titling and household behavior in Peru</em></td>
<td>MW</td>
<td><em>Case. Land titling as both a core principle (the role of property rights in household/enterprise behavior) and a development fad (de Soto style titling) as “the” solution to poverty.</em></td>
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<td>Feb 3/4</td>
<td>Private concessions/PPPs. Part I. (specific cases, Mali electricity, Java Roads,</td>
<td>LP &amp; MW</td>
<td><em>Case with group work Pt I. This is first part of a case in which students will go away and prepare group-based policy proposals. Each group to prepare a 10</em></td>
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<tr>
<td>Date</td>
<td>Topic</td>
<td>Lecturer(s)</td>
<td>Notes</td>
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<td>Feb 10/11</td>
<td>Albania electricity, Lesotho hospital planned)</td>
<td>MW</td>
<td><em>Case.</em> Interpretation of widespread movement for local participation, via community-based development and decentralization to local areas. This will illustrate the issues with a successful and unsuccessful example of community-based development. <em>Policy memo or op ed due by Monday March 1.</em></td>
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<tr>
<td>Feb 17/18</td>
<td>Community development and government services. Indonesia and Kenya.</td>
<td>MW</td>
<td><em>Case.</em> This case will take the issue of local management of the commons, that is both an example of community-based development (a continuation of the previous session), and of managing the commons, an issue to be taken up again on climate change. It will also be used to illustrate the use of experimental games and associated game theoretic concepts. <em>Policy memo or op ed due by Monday March 1.</em></td>
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<tr>
<td>Feb 24/25</td>
<td>Community forestry. Colombia</td>
<td>LP &amp; MW</td>
<td><em>Case with group work Pt II.</em> Second session with group-based presentations in &quot;sections&quot; of the whole class. <em>Each group to present a 10 minute powerpoint and submit a 2-3 page policy memo. As noted above, submissions due Tuesday Feb 23.</em></td>
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<td>Mar 2/3</td>
<td>State capability traps</td>
<td>LP</td>
<td><em>Lecture.</em> Country application of concept of capability traps <em>Policy memo or op ed; due Monday Mar 21 after Spring Break</em></td>
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<td>Mar 9/10</td>
<td>No class (midterms)</td>
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<td>Mar 16/17</td>
<td>NO CLASS: SPRING BREAK</td>
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<td>Mar 23/24</td>
<td>Interpreting the global financial crisis</td>
<td>MW*</td>
<td><em>Lecture/discussion.</em> The nature, interpretation and policy responses to the global financial crisis <em>Policy memo/op-ed; due Monday April 4</em></td>
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<tr>
<td>Mar 30/31</td>
<td>Design of pensions. China</td>
<td>MW</td>
<td><em>Case.</em> Illustration of concepts of intertemporal optimization in an economy-wide context (from macro), using as an example China's savings and pensions challenge. It would also illustrate</td>
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<tr>
<td>Date</td>
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<td>Apr 6/7</td>
<td>Institutional choices over pensions design, especially “multi-pillar” systems.</td>
<td>MW</td>
<td>Lecture/discussion. This would use the issue of climate change to illustrate two sets of concepts: managing the commons in a global/inter-governmental context; and social cost benefit analysis with discounting and externalities.</td>
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<tr>
<td>Apr 13/14</td>
<td>Climate change</td>
<td>MW</td>
<td>Lecture/discussion. This would use the issue of climate change to illustrate two sets of concepts: managing the commons in a global/inter-governmental context; and social cost benefit analysis with discounting and externalities.</td>
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<td>Apr 13/14</td>
<td>Credibility, signalling and investment. Chad-Cameroon</td>
<td>LP</td>
<td>Case. The concepts of credibility and signaling will be taken to a case of investment behavior, with a focus on the Chad-Cameroon pipeline and interactions with international agencies and multinational oil corporations.</td>
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<td>Apr 20/21</td>
<td>Credibility, signalling and macro policy. Brazil</td>
<td>LP</td>
<td>Case. Exploration of credibility and signaling and in macro policy. Focus on financial conditions and policies around the election of President Lula Inacio da Silva.</td>
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<tr>
<td>Apr 27/28</td>
<td>Crony capitalism and politics: Egypt</td>
<td>MW</td>
<td>Lecture/case discussion. Corporate governance as an application of principal-agent issues; links between varieties of oligarchic capitalism and political-economic elite bargains.</td>
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