DPI-410 The Politics of Development

Gautam Nair

Spring 2024

Teaching Team

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Logistics

The class meets twice weekly on Wednesdays and Thursdays in Wexner 436 from 1:30 PM-2:45 PM.

Eligibility

Only students currently enrolled in the Master in Public Administration in International Development (MPA/ID) may take this course. Auditors are not permitted.
Course Overview

This course is a broad-gauged introduction to the political economy of development. The thesis of this course is that the distribution of political power and the way it is exercised through institutions and organizations fundamentally shapes the economic development of societies and the freedom of its members.

We make three principal arguments. First, all human societies face a common set of challenges that can block the path to prosperity, which we will term “coordination,” “cooperation,” and “commitment.” Second, institutions and organizations help to solve these challenges, and among the most important such organizations are effective states and strong political parties. Third, policy analysis without political analysis is incomplete.

Because political solutions are always imperfect, contingent, and context-specific, we use analytical lenses, empirical evidence, and contextual knowledge to determine if a policy is likely to be feasible, correct, and sustainable from a political perspective. We evaluate problems and theories using three principal lenses: the “materialist” (encompassing factors like geography, the distribution of economic resources, and coercive power); the “institutionalist” (focusing on the relevant “rules of the game” such as the type of electoral system); and the “cultural” (emphasizing beliefs, norms, and values). We try to understand the type of functional challenge that a policy might solve; the relevant actors, their preferences, and their political strategies; the coalitions and bargains that might emerge; and how the distribution of material resources, the institutional environment, and norms, values, and beliefs shape the outcome of political contests. The goal is to develop analytical frameworks and empirical evidence on politics and its influence on development that can be adapted to a variety of policy-making contexts.

The topics covered include collective action; the development of states and state capacity; the impact of colonialism and imperialism; democratic competition; the politics of inequality and exclusion; corruption and accountability; political clientelism; parties and their influence on growth; special interest and business politics; the functioning of authoritarian regimes; conflict and the international system; ideas, reform, and political entrepreneurship; the politics of climate change and environment, and the future of democracy and development.

Course Requirements and Grading

The core requirement for this course is that you do the assigned reading carefully and come prepared to discuss it in class. Class participation will account for 20% of your grade. I may both cold-call and warm-call (i.e. write to you in advance to indicate that I will call on you to share your thoughts on the subject of the class). While the material is fascinating and you will all usually participate enthusiastically, I know that life sometimes comes in the way and you can write to me up to 2 times in the semester in advance of the class meeting to state that you would not like to be called upon. You may also post discussion questions on Canvas by 12:00 PM on the day of the class meeting and these will be treated equivalently to participation in class.
The second part of your grade (30%) comes from 3 short essays of no more than 2-3 pages that are due by 9:00 AM EST the morning of a class period you have signed up for. You are not permitted to sign up to write a reading response on the same day as your presentation. Summaries should be kept to a minimum, and the responses should instead synthesize, critique, and extend. What are the key strengths of the article or extract? What is missing or inconsistent in the theory or evidence? How does it apply (or fail to apply) to a context or policy domain you know well? Etc. Responses need not discuss all the readings for a given day and can focus on a subset or even just one.

There will also be two “review assignments” (20%) that will be an opportunity to reflect on and synthesize some of the issues that we will cover in the course. The assignment will be sent to about a week before the due date. This will be an open-book, but individual exercise. No collaboration is allowed.

The final requirement of the class is a 20 page final paper on a topic related to the politics of development (40%). This project must incorporate: engagement with a political theme, group participation, a framework for analysis, and quantitative data. For the purposes of this class, I will define “political” broadly. You might examine the consequences of a trade or industrial policy, the effectiveness of courts in policy-making, how developing countries respond to industrial policy in the West, or how automation and trade are affecting the political preferences of service-sector workers. The project can also be forward-looking i.e. a data and theory-informed analysis of the future consequences of a trend or policy change. Group participation means that the minimum group size should be two and the maximum should be five. Larger groups are not penalized (and are in fact slightly rewarded). Finally, the project must include an organizing framework (what is important, what is not, who the key players are, what they want, their strategies, etc.), and quantitative data. These data can be analyzed in any way you want. Some of the most illuminating insights come from scatterplots or simple tabulations (see Robert Dahl 1957 or Amartya Sen 1981). But you should be clear about the type of analysis (descriptive, observational, experimental etc.) you are conducting and what its limits are.

This project has a few complementary goals. First, you will have the opportunity to apply some of the key lessons of the class to new domains, while also utilizing the quantitative tools that you have acquired in your other core classes. Second, you will get to know your colleagues better and gain additional experience in working in teams in an environment of ambiguity that reflects the fuzzy issues of the real world. Finally, the hope is that your collective brainpower and accomplishments can be harnessed to tackle important problems and generate new ideas. Some examples of successful projects will be posted to Canvas.

To summarize the key requirements and grade breakdown:

• 20% class participation and attendance

• 30% three reading responses (sign up in advance on Canvas for particular days; changing days after sign-ups are complete will attract a grade penalty to ensure
workload management for the teaching team). These are due at 9:00 AM the morning of the class period you have selected.

- 20% two review assignments (Friday, March 1 at 9:00 AM EST and Thursday, April 11 at 10:00 AM EST)

- 40% research project.
  - 5% 2 page proposal (due Monday, February 12 at 9:00 AM EST).
  - 10% 10 page interim analysis (due Tuesday, March 26 at 9:00 AM EST).
  - 20% 20 page paper (due Wednesday, May 1 at 12:00 PM EST).
  - 2.5% replication code and analysis (due Wednesday, May 1 at 12:00 PM EST).
  - 2.5% peer grade and group participation (0.5 bonus point for each additional group member).

**Academic Integrity**

You are required to follow the Kennedy School’s policies regarding academic honesty. More information about these policies is available on KNet. Please contact me with any questions.

**Use of AI**

You are not permitted to use AI for your review assignments. You are strongly discouraged from using Chat GPT or other AIs for your reading responses (the idea is to do some genuine reflection and thinking). If you do use an AI, you must disclose this at the top of your assignment, include your prompts and AI output, and you will receive a 25% point deduction. Use of AI is permitted for your research project and you are especially encouraged to use it to write your analysis code.

**Email Policy**

Anything that requires substantial back-and-forth should be covered in office hours. If a brief response is likely to suffice, please send me an email. You can typically expect to get a response to your email within 24 hours during weekdays and normal business hours (i.e. 8:30 AM-6:00 PM).

**Feedback**

You can leave anonymous feedback of any kind at the following link:
I appreciate any and all comments, criticisms, and suggestions. Giving us your feedback will help us make adjustments to the course as we go along and we appreciate your taking the time to provide your suggestions.

Readings

Each week we will read several articles and selections from books. There are compulsory readings that are marked with a *. The remaining selections are optional (though you are encouraged to read further if inclined). In addition, there are a few books that we will read larger selections from than we are allowed to put on Canvas due to copyright restrictions. These are:

- **Fukuyama, Francis.** Political Order and Political Decay, 2015.
- **Bates, Robert.** States and Markets in Tropical Africa, 1981. Also available through HOLLIS.
- **Bueno de Mesquita, Ethan.** Political Economy for Public Policy, 2016. Available through HOLLIS.

These books will also be on order at the bookstore, with the exception of Kelkar and Shah, which is available on Amazon. Another textbook that may come in handy is:

- **Shepsle, Kenneth.** Analyzing Politics, 2010.

Schedule

Note: the schedule and readings are subject to minor revisions.

1 Collective Action and the State

1.1 Why Politics Matters for Development (#1 Wednesday, January 24)

In this class, we discuss why politics is central to development and why political analysis is important in policy analysis. We then set out the approach of the course, identifying some key markers of political development, including a strong state and accountable government; evaluating problems through a materialist, institutionalist, and cultural lens; assessing collective dilemmas that institutions and organizations can help to solve (problems of coordination, cooperation and commitment); understanding why such institutions might fail (weak capacity, agency problems, exclusion, and capture); and analyzing how reforms might make the political system more inclusive, responsive, and efficient.
1.2 Coordination, Culture, and Norms (#2 Thursday, January 25)

Coordination problems are one set of dilemmas that human beings face. Social norms and culture help to mitigate these dilemmas and we live most of our lives conforming to such norms. However, the self-enforcing nature of norms means that they resist change even when producing bad outcomes. We study the pioneering efforts of Tostan, a Senegalese NGO, in ending the practice of female genital cutting. Please note, this material may be disturbing for some; please write to the instructor, copying the CA/TFs, if you require an absence (you may then attend the first half of the class prior to the case discussion).

- **Patricia Garcia-Rios and Archon Fung**. *Female Genital Cutting: Confronting the Power of Tradition in Senegal*. HKS Case, 2015. See trigger warning below.

- **Bueno de Mesquita, Ethan**. *Political Economy for Public Policy*, 2016, Chapter 5.


- **Fukuyama, Francis**. *The Origins of Political Order* 2011, Chapter 2, 3, and 4.

1.3 Commitment and Conflict (#3 Wednesday, January 31)

A key barrier to development is the absence of peace. Although violence is the exception rather than the rule, it often looms in the background and is difficult to end (as the long-running nature of civil wars and insurgencies attests). We examine the problem of violence through the lens of the commitment problem, which is widely applicable to a host of political issues.

- **Bueno de Mesquita, Ethan**. *Political Economy for Public Policy*, 2016, Chapter 6.


- **Fukuyama, Francis**. *Political Order and Political Decay* 2014, Chapter 2.
1.4 Cooperation and the State (#4 Thursday, February 1)

One function of states is to monopolize violence. Another is to provide public goods and third-party enforcement when individuals have incentives to free-ride. We discuss the violent origins of states, what these origins mean for development policy, how we would measure state effectiveness, and the conditions under which elites invest in state-building. Some countries in East Asia, notably South Korea and Taiwan, seem to have followed a policy of import substitution industrialization with far greater success than much of the developing world. Can more capable, autonomous, but embedded state bureaucracies explain this divergence? Are these in turn the byproduct of extractive colonial-era regimes?

- **Bueno de Mesquita, Ethan.** *Political Economy for Public Policy,* 2016, Chapter 4 Introduction, 4.1, 4.4.
- **Fukuyama, Francis.** *Political Order and Political Decay* 2014, Chapter 3, 4, and 23 (“The Strong Asian State”).
- **Fukuyama, Francis.** *The Origins of Political Order* 2011, Chapter 5.

• Noel D. Johnson and Mark Koyama. “States and Economic Growth: Capacity and Constraints.” *Explorations in Economic History*, 2017


1.5 Colonialism and Imperialism (#5 Wednesday, February 7)

Effective states are critical to ensuring peace and the provision of public goods. But they can also facilitate coercion and domination. In this class we study the consequences of early state development in Europe on the rest of the world through its impacts at the time and its long-term colonial legacies, including incapable states, unaccountable governments, and weak rule of law.

• Fukuyama, Francis.* Political Order and Political Decay* 2011, p.240-312.


1.6 Unaccountable Government and the Logic of Collective Action (#6 Thursday, February 8)

Collective action in the political arena can be like a public good: individuals and groups might benefit from a policy even if they did not pay the costs of mobilizing to get it. Larger groups, Mancur Olson argued, would be more subject to such free-rider problems. Concentrated interests will thus win out over the more diffuse, numerous interests, particularly when institutions do not reward politicians who cater to broader (and presumably more numerous interests). Bates illustrates this logic to explain inefficient policy and slow growth in parts of post-colonial Africa,
and why democracy might have contributed to superior outcomes. Elections are one means of ensuring that government is accountable and responsible to its citizens. Yet, we should perhaps still have modest expectations of what democracy can deliver.

- **Olson, Mancur.** *The Rise and Decline of Nations*, 1971, Chapter 2 (and Chapter 3 if you have time).
- **Bueno de Mesquita, Ethan.** *Political Economy for Public Policy*, 2016, Chapter 11 Introduction, 11.1.
- **Fukuyama, Francis.** *Political Order and Political Decay* 2014, p.400-451.
- **Shepsle, Kenneth.** *Analyzing Politics*, 2010, Chapter 4.

2 Accountable Government and the Rule of Law

We use the median voter theory to explore democracy’s implications for representation, inequality, and redistribution. The stylized framework of Meltzer and Richard helps to explain some common tendencies of democracies, but the broader institutional and political context might place limits on how far democracies will go in delivering economic equality. We also discuss the logic of “pivots” and the divide the dollar game and relevant lessons for would-be policy entrepreneurs.

2.1 Representation: The Median Voter, Inequality, and Redistribution (#7 Wednesday, February 14)

- **Graetz, Michael and Shapiro Ian.** *The Wolf at the Door: The Menace of Economic Insecurity and How to Fight It*, 2020, Chapter 2.
- **Shepsle, Kenneth.** *Analyzing Politics*, 2010, Chapter 5.
2.2 Exclusion: The Political Economy of Gender Inequality (#8 Thursday, February 15)

This class discusses political exclusion, by focusing on one of its enduring manifestations: representation on the basis of gender. We examine the material (production technologies), institutional (electoral rules), and cultural origins (social norms) of the unequal representation of women, thereby illustrating why we need to incorporates all these elements in diagnosing policy problems.

- **Iversen, Torben and Rosenbluth, Frances McCall***. Women, Work, and Power: The Political Economy of Gender Inequality, 2010, Chapter 1 (the whole book is worth a read)


2.3 Clientelism (#9 Wednesday, February 21)

Clientelism—the distribution of scarce resources on the basis of non-public and political criteria—can corrode both economic growth and democratic accountability. How would we know clientelism when we see it? How can we incorporate these criteria into devising “technically correct” policies? What are some pathways towards programmatic politics?

- **Fukuyama, Francis***. *Political Order and Political Decay* 2014, Chapter 5.


2.4 Capture: Oligarchy and the Postcommunist Transition (#10 Thursday, February 22)

Policies have unintended consequences. We use the Postcommunist transition to illustrate how seemingly well-designed economic reforms might lead to capture by powerful incumbents that block subsequent reforms. We also discuss how this shaped the development of Russia’s oligarchy and Putin’s rise. Time permitting, we discuss gentler forms of regulatory capture and what can be done to avoid it.


- **Documentary:** https://www.youtube.com/watch?v=oLNKqbwc0s

- **Gustafson, Thane.** *Wheel of Fortune: The Battle for Oil and Power in Russia*, 2017, Chapter 6.

- **Darwisha, Karen.** *Putin’s Kleptocracy: Who Owns Russia?*, 2015, Chapter 1.

- **Aslund, Anders.** *Russia’s Crony Capitalism*, 2020, Conclusion.


2.5 Corruption, Agency, and Democratic Accountability (#11 Wednesday, February 28)

Governments help to solve collective action problems. But the old problems of coordination, cooperation, and commitment are replaced with a new agency problem since politicians’ types are only imperfectly observed, creating slack for corruption and theft. Brazil’s Lava Jato scandal uncovered a vast web of bribery and corruption across Latin America. Did it succeed moving Brazil to a new equilibrium? What were the costs of the investigation? What are the trade-offs developing countries face in tackling entrenched corruption and establishing the rule of law?

- **HKS Case:** Brazil’s Democracy after Operation Car Wash.*


2.6 Political Parties and Growth (#12 Thursday, February 29)

Nobody likes political parties. But in this discussion, I want to convince you that you should be skeptical that more “direct” and “participatory” democracy is inevitably better, that parties serve essential functions, and that strong parties are necessary for both development and democracy. This lesson is in the “if there is one thing I want you to take away from this course...” category.

- Hix Simon, Abdel Noury, and Gerard Roland.* Democratic Politics in the European Union, 2007, Chapter 2.1, 2.2, 2.3
- Lohmann, Susanne. “Representative Government and Special Interest Politics: (We Have Met the Enemy and He is Us).” Journal of Theoretical Politics, 2003.

2.7 Culture, Social Capital, and the Performance of Government (#13 Wednesday, March 6)

In tackling problems of responsiveness, exclusion, clientelism, corruption, and capture, policymakers often focus on “best-practice” institutions. But the same institutional designs often perform very differently in different contexts. Robert Putnam (a former HKS dean), examines these issues in one of the most cited works in all of social science. Systematically measuring institutional performance across Italy’s regions, he argues that this variation is best explained by prior, deep-rooted differences in “social capital” and civic community. Does the evidence support the theory and should the building of social capital and civil society be a policy objective for development policy?

2.8 Responsiveness and Development in China (#14 Thursday, March 7)

We have spent several classes talking about accountable government and elections as a means of getting there. How has China grown so rapidly despite its an authoritarian government? What lessons can other countries draw from China’s experience? Does China’s system have a degree of responsiveness even in the absence of elections?

- **Acemoglu, Daron and James A. Robinson.** *The Narrow Corridor*, 2020, pages 1-33.

3 Political Analysis and Political Entrepreneurship

3.1 Political Analysis of Policy (#15 Wednesday, March 20)

In the next two classes, we shift our focus to policy analysis and political change. We ask: under what conditions is policy change possible? What are the tools that political entrepreneurs use to make change? How can organization, persuasion, and institutional power be used to overcome disparities in material power and resources? We look at one instance–Britain’s campaign against the trade in enslaved people–to illustrate some of these insights (suspend disbelief that it wasn’t all cynical self-interest for some time and then feel free to reactivate your skepticism).

- **Hsieh, Chang-Tai.** “Crony Capitalism with Chinese Characteristics.” See video at https://www.youtube.com/watch?v=u8UEzVfspLs
- **Dickson, Bruce.** *The Party and the People*, 2021, Introduction, Chapter 1, and Chapter 2.
- **Qian, Yingyi.** *How Reform Worked in China*, p.17-60, 2002.
- **Fukuyama, Francis.** *The Origins of Political Order* 2011, Chapters 6-9, and Chapter 20.
- **Hsieh, Chang-Tai.** “Two Strong Hands: China’s Vision for the Private Sector.” See video at https://www.youtube.com/watch?v=YngVgVpclF0


• **Khan, Mushtaq H.** “Political settlements and the analysis of institutions” *African Affairs*, 2018.

### 3.2 Organizing for Change (#16 Thursday, March 21)

*In this class, we examine the efforts of the transparency and “Right to Information” movement in India. How did the movement achieve unlikely successes? What are its limits?*

• **Krishnamurthy, Pratibha and Kenneth Winston.** “Aruna Roy and the Birth of the People’s Movement in India” *HKS Case*, 2009.


### 3.3 Building Peace (#17 Wednesday, March 27)

*Early in the course, we discussed the commitment problem as a central barrier to the peaceful resolution of civil conflicts. We discuss Colombia’s long-running conflict and the negotiations that led to an agreement among the combatants. What were the origins of the conflict? What were some of the key barriers to its resolution? How was an agreement reached? What is its future?*

3.4 Technology and the Politics of Development (#18 Thursday, March 28)

Is technological progress compatible with democracy? Can technology reduce problems of exclusion, clientelism, capture, and corruption? What are the tradeoffs?

- Boix, Carles. Democratic Capitalism at the Crossroads, 2019, Introduction, Chapter 2, and Chapter 3 (available on HOLLIS).

4 International Politics: Trade, Finance, and the Environment

4.1 Confronting Pollution and Climate Change I (#19 Wednesday, April 3)

How should policy respond to the urgent challenge of a warming world? What are the best policies from an economic perspective? Are these the best policies from a political perspective?


### 4.2 Confronting Pollution and Climate Change II (#20 Thursday, April 4)

The previous class examined the problem of climate change and the environment at a global and international level. But how should poor countries balance development and the environment?

• **Reshmaan Hussam, Sophus A. Reinert and Namrata Arora.** "Bangladesh: Into the Maelstrom" *HBS Case*, 2022.

• **Jaschik, Kevin.** "Small States and International Politics: Climate Change, the Maldives and Tuvalu."* International Politics*, 2014.


• **Singh, Shikhar; Thachil, Tariq.** "Why Citizens Don’t Hold Politicians Accountable for Air Pollution.” *OSF Preprints*, August 2023.

• **Gulzar, Saad; Lal, Apoorva; Pasquale, Benjamin.** ”Representation and Forest Conservation: Evidence from India’s Scheduled Areas.” *American Political Science Review*, 2023.

• **Jack, B. Kelsey; Jayachandran, Seema; Kala, Namrata; Pande, Rohini.** ”Money (Not) to Burn: Payments for Ecosystem Services to Reduce Crop Residue Burning.” *NBER Working Paper No. 30690*, November 2022.


4.3 International Trade and Ratification Politics (#21 Wednesday, April 10)

International trade is a domain of economic policy-making that is deeply political. Trade creates winners and losers and is subject to broader geopolitical considerations. We analyze the economic and political dilemmas facing Malaysia in its decision to join the CPTPP using the analytical frameworks developed in previous classes.


4.4 Trade Policy and Industrial Policy in Nigeria’s Dairy Sector (#22 Thursday, April 11)

In many developing countries, structural transformation began in agriculture. Should Nigeria advance its dairy industry through industrial and trade policy?


4.5 The Politics of Foreign Aid (#23 Wednesday, April 17)

In this class, we examine the politics of foreign aid. Should foreign aid be understood as a relatively programmatic effort to foster growth and development? Or is it a more political process that entails the exchange of influence for money?

4.6  China’s Belt and Road Initiative and the Dilemmas of Small States (#24 Thursday, April 18)

• Dreher, Axel, Jan-Egbert Sturm, and James R. Vreeland. “Chinese Infrastructure Investments in Sri Lanka: A Pearl or a Teardrop on the Belt and Road?” HBS Case, 2022.


• Lim, Darren J., and Mukherjee, Rohan. “Hedging in South Asia: Balancing Economic and Security Interests Amid Sino-Indian Competition.”

5  Politics and Policymaking

5.1  Policymaking: A Field Guide (#25 Wednesday, April 24)

This week we read a book by two economists who have deep experience in the belly of the policymaking beast. In the not too distant future, you may have something like their job(s) advising governments on policy. They offer a practical framework for doing context-appropriate policy in developing countries that we discuss and evaluate.


5.2  Summary: Politics, Policy, and Development (#26 Thursday, April 25)

We discuss the ten big ideas that I want you to take away from this course.

• Fukuyama, Francis. Political Order and Political Decay 2014, Chapter 35 and 36.