

DPI-410 The Politics of Development

Gautam Nair

Spring 2024

Teaching Team

Instructor: Gautam Nair

Zoom: <https://harvard.zoom.us/my/nairg>

Email: gnair@hks.harvard.edu

Office Hours: 3:00-4:00 PM on Tuesdays and 3:00-4:00 PM on Wednesdays, or by appointment. Sign up via Calendly.

Teaching Fellow: Raghav Adlakha

Email: raghavadlakha@hks.harvard.edu

Office Hours: TBD

Course Assistant: Naved Ahmed

Email: nahmed@hks.harvard.edu

Office Hours: TBD

Course Assistant: Monica Melchor

Email: mmelchor@hks.harvard.edu

Office Hours: TBD

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 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 c48(for)-pr

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

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 the following link:

https://harvard.az1.qualtrics.com/jfe/form/SV_9sjSCzVmck7I7F4

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

- **Fukuyama, Francis.**? *The Origins of Political Order* 2011, Chapter 1.
- **Ofusu, George.**? “Do Fairer Elections Increase the Responsiveness of Politicians?” *American Political Science Review*, 2019, p.963-965, and Tables 1-3.
- **Fujiwara, Thomas.**? “Voting Technology, Political Responsiveness, and Infant health: Evidence from Brazil” *Econometrica*, 2015, p.423, Figure 1, p.432-433, Tables I-V, and p.461.
- **World Bank Group.** *World Development Report: Governance and the Law*, 2017, p.1-32.
- **Nair Gautam and Kyle Peyton.** “Building Mass Support for Global Pandemic Recovery Efforts in the United States” *HKS Faculty Working Paper Series*, <https://ssrn.com/abstract=4023651>, 2022.

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).

- **Patrica Garcia-Rios and Archon Fung.**? *Female Genital Cutting: Confronting the Power of Tradition in Senegal*. HKS Case, 2015. See trigger warning below. Figure 1, p.432-433, Tables I-V, and p.461.

- **Blattman, Chris.** *Why We Fight*, 2017, especially Chapter 5, Introduction, Chapter 2. Available through HOLLIS.
- **Schelling, Thomas C.** "Chapter 8: The Threat That Leaves Something to Chance" In *The Strategy of Conflict*, Harvard University Press, 1970.
- **Acemoglu, Daron and James Robinson.** "Inefficient Redistribution" *American Political Science Review*, 2001.
- **World Bank Group.** *World Development Report: Governance and the Law*, 2017, Chapter 4, Governance and Security.

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").
- **Kohli, Atul.** *Where do high growth political economies come from? The Japanese product*, 2001.

aG/F509(South)20(oChung-Inh)20(oMo3(Daron)-301(and)-300(J303.4al)-365(D-289(come)20(o)18(oducism/F509Sout
uals)240(83)PodsieaGhap81.53nt(but)-240(embe [(W(UniversShakhursdayE4(is194(224)]TJ/tstate.)b-monfioa33.108t

- **Evans, Peter, Evelyne Huber, and John D. Stephens.** "The Political Foundations of State Effectiveness." *States in the Developing World*, 2017.
- **Noel D. Johnson and Mark Koyama.** "States and Economic Growth: Capacity and Constraints." *Explorations in Economic History*, 2017
- **Sanchez de la Sierra, Raul.** "On the Origins of the State: Stationary Bandits and Taxation in Eastern Congo" *Journal of Political Economy*, 2020.

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.
- **Mamdani, Mahmood.**? "Indirect Rule, Civil Society, and Ethnicity: the African Dilemma." *Social Justice*, 1996.
- **Michalopoulos, Stelios and Elias Papaioannou.** "The Long-run Effects of the Scramble for Africa" *American Economic Review*, 2016.
- **Getachew, Adom.** *Worldmaking after Empire*, Princeton University Press, 2019, pp. 1-36.
- **Olúfemi Táíwò.** *How Colonialism Preempted Modernity in Africa*, Indiana University Press, 2010, Introduction.
- **Bhavnani, Rikhil, and Saumitra Jha.** "Gandhi's Gift: Lessons for peaceful reform from India's struggle for democracy." *The Economics of Peace and Security Journal*, 2014.
- **Kohli, Atul.** *Imperialism and the Developing World*, 2020, p.1-18 and 388-426.
- **Herbst, Jeffrey.** "War and the State in Africa." *International Security*, 1990.

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

Collective action in

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).
- **Bates, Robert H.**? *States and Markets in Tropical Africa*, 1981, p.1-44, 76-77, 95, and 119-147.
- **Przeworski, Adam.**? "Minimalist Conception of Democracy: A Defense." In *Democracy's Value*, edited by Ian Shapiro and Casiano Hacker Cordon, 1999.
- **Bueno de Mesquita, Ethan.** *Political Economy for Public Policy*, 2016, Chapter 11 Introduction, 11.1.
- **Acemoglu, Daron, et al.** "Democracy Does Cause Growth." *Journal of Political Economy*, 2019.
- **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

• ?

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.

- **Hellman, Joel.** “Winners Take All: The Politics of Partial Reform in Postcommunist Transitions” *World Politics*, 1998.
- **Szakonyi, David.** “Businesspeople in elected office: Identifying Private Benefits from Firm-level Returns.” *American Political Science Review*, 2018.
- **Documentary:** <https://www.youtube.com/watch?v=oLNKqbwec0s>
- **Gustafson, Thane.** *Wheel of Fortune: The Battle for Oil and Power in Russia*, 2017, Chapter 6.
- **Darwisha, Karen.** *Putin's Kleptocracy: Who Owns Russia?*

- **Ferraz, Claudio and Federico Finan.** Electoral Accountability and Corruption: Evidence from the Audits of Local Governments. *Quarterly Journal of Economics*, 2008.
- **Svensson, Jakob.** "Eight Questions about Corruption." *Journal of Economic Perspectives*, 2005.

- **Avdeenko, Alexandra, Michael Gilligan.** "International Interventions to Build Social Capital: Evidence from a Field Experiment in Sudan." *American Political Science Review*, 2015.
- **Acemoglu, Daron and James A. Robinson.** *The Narrow Corridor*, 2020, pages 1-33.

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

- **Chaim Kaufmann and Robert Pape.**[?] "Explaining costly international moral action: Britain's sixty-year campaign against the Atlantic slave trade." *International Organization*, 1999.
- **World Bank Group.**[?] *World Development Report: Governance and the Law*, 2017, p.12-28 (Part III is recommended).
- **Nickson, Andrew, and Claudia Vargas.** "The limitations of water regulation: The failure of the Cochabamba concession in Bolivia." *Bulletin of Latin American Research*, 2002.
- **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

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?

- **Daniel Goldberg and David Eaves.**? "Aadhaar: India's Big Experiment with Unique Identification," *HKS Case 2173*, 2018.
- **Boix, Carles.**? *Democratic Capitalism at the Crossroads*, 2019, Introduction, Chapter 2, and Chapter 3 (available on *HOLLIS*).
- **Boix, Carles.**? "AI and the Economic and Informational Foundations of Democracy" in *The Oxford Handbook of AI Governance*, 2023.
- **Beraja, Martin, Andrew Kao, David Y. Yang, Noam Yuchtman.** "AI-tocracy", *Working Paper*, 2023.
- **Copestake, Alexander, Max Marczinek, Ashley Pople, and Katherine Stapleton.** "AI and Services-Led Growth: Evidence from Indian Job Adverts," *STEG Working Paper*, 2023.
- **Helbing, Dirk et al.** "Will Democracy Survive Big Data and Artificial Intelligence?" *Scientific American*, 2017
- **Koster, Raphael et al.** "Human-centred mechanism design with Democratic AI." *Nature Human Behavior*, 2022.
- **Siddharth, Divya, Daron Acemoglu, Danielle Allen, Kate Crawford, James Evans, Michael Jordan, E. Glen Weyl** "How AI Fails Us," *Justice, Health, and Democracy Impact Initiative and Carr Center for Human Rights Policy*, 2021.
- **Risse, Matthias.** "Artificial Intelligence and the Past, Present, and Future of Democracy" in *HKS Carr Center Working Paper Series*, 2021.

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?

- **Vincent Pons, Amram Migdal, and Mike Lynch.**? "Climate Change: Paris, and the Road Ahead" *HBS Case*, 2022.

- **Meckling, Jonas, and Valerie Karplus.** "Political strategies for climate and environmental solutions" *Nature Sustainability*, 2023.
- **Dubash, Navroz K., et al.** "National climate institutions complement targets and policies." *Science*, 2021.
- **Dubash, Navroz K.** "Rebalance attention from global target setting toward national climate politics and policy." *Science*, 2023.

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.
- **Gupta, Aashish; Spears, Dean.** "Health Externalities of India's Expansion of Coal Plants: Evidence from a National Panel of 40,000 Households." *Journal of Environmental Economics and Management*, vol. 86, November 2017, pp. 262-276.
- **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.
- **Krupoff, Matthew; Mobarak, Ahmed Mushfiq; van Geen, Alexander.** "Evaluating Strategies to Reduce Arsenic Poisoning in South Asia: A View from the Social Sciences." *Asian Development Review*, vol. 37, no. 2, 2020, pp. 21-44.
- **Debaere, Peter.** "Q&A with Mushfiq Mobarak on the Elite Capture of Deep Wells and the Challenge of Fighting Arsenic in Groundwater." UVA Darden Global Water Blog, 15 January 2020.

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.

- **Gaikwad, Nikhar, Kenneth Scheve and Elizabeth van Lieshout.** “Ratification Politics and Preferential Trade Agreements: Malaysia and the CPTPP,” 2019.
- **Hiscox, Michael J.** “Class Versus Industry Cleavages: Inter-Industry Factor Mobility and the Politics of Trade” *International Organization*, 2001.
- **Keohane, Robert O.** *After Hegemony: Cooperation and Discord in the World Political Economy*, 1984, Chapters 3 and 4.

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?

- **Rithmire, Meg and Debora L. Spar.** “ALDDN: Advancing Local Dairy Development in Nigeria,” *HBS Case*, 2021.

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.
- **Mueller, Joris.** "China's Foreign Aid: Political Determinants and Economic Effects." *Working Paper*, 2021.
- **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 policy-making 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.

- **Kelkar, Vijay and Shah, Ajay.**? *In Service of the Republic: The Art and Science of Economic Policy*. Penguin Allen Lane, 2019.

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.