Harvard Kennedy School of Government
PED 401iY
Applications and Cases in International Development
Course Syllabus for 2016-17

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Class Meeting Times
Speakers: every Tuesday, unless otherwise advised
          Plenary: 2:45 - 4:00pm, Land Hall
Classes: every Thursday
          Group A: 8:45 - 10:00am, L382
          Group B: 2:45 – 4:00pm, Land Hall
Note: occasionally times will change owing to mid-terms or speaker availability; students will be advised accordingly

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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 organizational capacity: change has to be “technically correct” in the specific sense of consistent with economic concepts, “politically supportable”, and “administratively feasible”. This is referred to as the policy triangle.

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 are 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, empowerment and environmental management. 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. This will be effected through preparation of policy memos and op-eds, 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.

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

1) What is the developmental problem? Why do we care (e.g. efficiency, poverty, human dignity etc.)?
2) Is there a better policy alternative, and how can you get there, consistent with the causal processes in the triangle?

Especially in the first semester of the MPA/ID program, 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. Students will be assigned to groups of about five for each semester for group work, either in or out of class.

To participate effectively you must do the readings for the case sessions before the class. In other words, the time requirements for out-of-class work are low relative to other courses, but are required—otherwise you will get much less out of the course. 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.

Grading is designed to assess understanding through activities that involve the application and development of professional practices. The anchor for the grade is a series of written assignments. This will be adjusted up by half a grade (e.g. B+ to A-) for excellent class participation and down by half a grade in the case of especially poor class participation.

After the introductory sequence most cases end with the option of a written assignment. You may choose which topics you wish to submit, but this must include
three in the fall semester and two in the spring semester, that also has a group assignment.

The written assignments will 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 (two weekends) after the case discussion, at 8.35 am on the Monday after this period, with a penalty of two points (e.g. from A- to B) for late submission; meeting deadlines are an important part of professional practice.

In the spring semester there will be one group project, undertaken by the small groups of about five students. This will involve both a policy memo and a presentation in class. Students will receive a group grade for this.

Assessment of participation will be based on the quality of engagement in classes. Participation will be judged excellent if there are regular contributions that really deepen class discussions, especially in relation to the application of the triangle. Regular absence, lateness, use of electronics, or failure to effectively engage within the class are reasons for a negative participation adjustment. It is recognized that students are heterogeneous. We make allowances for this and provide support for the participation of all, in this important area of professional practice.

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.

**Topics and cases for Fall and Spring 2016/17**

The classes on September 1, September 6 and September 27 will be in plenary, as will all speaker sessions. All other classes will in two sections.

**Fall 2016**

*Tuesday August 30*

*Faculty panel on the Brexit.*

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

**(1) Development patterns and the nature of policy change (three weeks)**

The first sequence would be introductory: reviewing patterns of growth and development and how to think about policy change, both at the level of economy-
wide policies and specific interventions. It will introduce a framework that will be used throughout the course.

**Thursday September 1**  
*Growth and development: big patterns and explanations (LP)*

What are the main features of growth and development at the aggregate country level? This session would describe overall patterns across country experiences, to provide context for the wide range of specific topics to be covered in the course (and the overall MPAID program). It will also introduce the whole course.

**Tuesday September 6 (note special time to accommodate a Thursday speaker)**  
*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 actions, or “kink” and will relate these to underlying drivers of policy design and performance.

**Thursday September 15**  
*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 to take account of Mexico’s political economy and state capability.

**(2) Poverty and policy**

This sequence would illustrate descriptive and normative concepts of poverty in real world settings and outline alternative strategies of improving well-being.

**Thursday September 22.**  
*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 of 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 3.

**Tuesday September 27**  
*Cash, in-kind transfers or empowerment? (MW)*
Governments often have goals of improving the well-being of the poor. We will look at this at two levels. First, a common choice is to effect transfers, and here a classic design choice is between making these in the form of cash or in kind. In kind can be in the form of food or other goods, or in the form of education or health services. But a higher level choice concerns the choice between active measures to “empower” the poor as opposed to transfers. These are linked, to the extent that both engage with the question of the preferences of the poor: should these be respected? Is there a normatively defensible strategy of seeking to change preferences? The class will explore the alternative rationales, in terms of the microeconomics of consumer choice, the effects of imperfect markets, the relationship between empowerment and preferences.

Policy memo due October 11

_Thursday September 29 and October 6—no class because of mid-terms._

(3) **Interpreting growth**

_Thursday October 13_

*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, 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 24.

(4) **Targeting**

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

_Thursday October 20._

*Targeting in Indonesia: a technical economic assessment (LP)*

How are poverty-oriented programs targeted in concept and practice? The session would use the Indonesian 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?”

No policy memo (this is a two-session sequence).
Thursday October 27.
Targeting in Indonesia: the role of politics and implementation (LP)

How does politics and state capacity shape the design and implementation of targeted programs? 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 7.

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

This sequence would link education to the core micro and PED101 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.

Thursday November 3.
Normative and positive accounts of education provision (LP)

What drives both policy and implementation of education provision? This session would develop an interpretation of the 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.

No policy memo (this is a two-session sequence)

Thursday November 10
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 21.

(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.
Thursday November 17.
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 perspectives the major actors in the key actors—the government, business community, households and the IMF.

Policy memo due November 28.

No class Thursday November 24 because of Thanksgiving

Thursday December 1.
The Greek crisis (MW)

This 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.

Spring 2017 planned sequence: January 14, 2017

All students will participate in the group work on April 6th and 27th. This will involve groups of ~5 people and will receive a group grade. Two additional individual policy memos/op-eds are required. Unless otherwise advised, visiting speakers are on the Tuesdays, and teaching sessions on Thursdays. Policy memos are due on the Monday ten days after the teaching session; to be submitted on Canvas by 8:35 am.

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<thead>
<tr>
<th>Date</th>
<th>Country/case</th>
<th>Faculty</th>
<th>Focus</th>
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<tbody>
<tr>
<td>Jan 26</td>
<td>International migration&lt;br&gt;In Plenary at 2:45-4:00</td>
<td>LP</td>
<td>Lecture. Why international migration is the most effective global poverty strategy. What this implies for practical policy choices. Policy memo or oped due Feb 6</td>
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<tr>
<td>Feb 2</td>
<td>Cost Benefit Analysis and the case of a sugar company in Vietnam</td>
<td>MW</td>
<td>Case: the principles and applications of cost benefit analysis will be explored using the case of Nghe An Tate &amp; Lyle Sugar Company in Vietnam. Policy memo due Feb 13</td>
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<tr>
<td>Feb 9</td>
<td>Community development and</td>
<td>MW</td>
<td>Lecture/discussion. Introduction to overall issues around community development in the context</td>
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<td>Feb 16</td>
<td>Forestry in Colombia: local cooperation; an issue 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. <strong>Policy memo due Feb 20</strong></td>
<td>MW</td>
<td>Lecture/discussion. This would look at the issue of climate change through the prism of two sets of concepts: social cost benefit analysis with discounting, externalities and innovation; and the global problem of managing the commons in an inter-governmental context. <strong>No policy memo</strong></td>
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<td>Feb 23</td>
<td>Climate change (2) Note: first section meets at 1145</td>
<td>MW</td>
<td>Case. Role playing with different actors around strategic choices on policies affecting climate change in the context of global interactions (likely focus on China and India) <strong>Policy memo/oped; due Feb 27</strong></td>
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<tr>
<td>Mar 2</td>
<td>Growth diagnostic case</td>
<td>LP</td>
<td>This would take the growth diagnostic approach being taught in PED102 to a specific country case. <strong>Policy memo due Mar 27 (after spring break)</strong></td>
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<td>Mar 9</td>
<td>No class: midterms</td>
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<td>Mar 16</td>
<td>No class: spring break</td>
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<td>Mar 23</td>
<td>Community development and government services. Indonesia and Kenya.</td>
<td>LP</td>
<td>Case. How can an external agent (government or donor) support community-based development? This will explore two cases with similar apparent overall designs and dramatically different outcomes. <strong>Policy memo due Apr 3</strong></td>
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<td>Mar 30</td>
<td>Design of pensions. China</td>
<td>MW</td>
<td>Case. 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 institutional choices over pensions design in “multi-pillar” systems. <strong>Policy memo due Apr 10</strong></td>
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<td>April 6</td>
<td>Private concessions. Part I.</td>
<td>LP &amp; MW</td>
<td>Lecture to support case with group work. This is first part of a case in which students will go away and prepare group-based policy proposals on the basis of case material on PPPs as assigned to each group. Each group to prepare a 10 minute powerpoint and a 2-3 page policy memo: to be submitted and presented April 27.</td>
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<td>April 13</td>
<td>Credibility and the resource curse. Chad-Cameroun</td>
<td>MW</td>
<td>Case. The concepts of credibility and signaling will be taken to a case of investment behavior in the context of a resource discovery, with a focus on the Chad-Cameroun pipeline and interactions with international agencies and multinational oil corporations. <strong>Possible</strong>Role playing with</td>
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<td>April 20</td>
<td>Credibility, signalling and macro policy. Brazil</td>
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<td>LP</td>
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<td>Lecture/case discussion. Exploration of credibility and signaling and in macro policy. Focus on financial conditions and policies around the election of President Lula Inacio da Silva. Policy memo/oped; due April 24th</td>
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<td>April 27</td>
<td>Private concessions. Part II Note: will break into subsections for presentations</td>
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<td>LP &amp; MW</td>
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<td>Case with group work Pt II. Second session with group-based presentations in “sections” of the whole class. Each group to present a 10 minute powerpoint and submit a 2-3 page policy memo.</td>
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<td>April 27</td>
<td>Presentation of SYPA policy briefs by second years’ 4.15-5.30 followed by end of year reception</td>
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