



NYU

**ROBERT F. WAGNER GRADUATE
SCHOOL OF PUBLIC SERVICE**

**PADM-GP 2201
Institutions, Governance, and International
Development
Spring 2022**

Class Information: Mondays, 6:45PM to 8:25PM, GCASL 261

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Office Hours: by appointment

Prerequisites: n/a

Course Description

This course examines two critical questions in international development: (a) how can we deepen and broaden markets so everyone can have a job and benefit from the gains from trade? And (2) how can we strengthen the government so it can complement, sustain, and tame these markets?

When tackling these questions, this course focuses on the challenges and opportunities of institutional and governance reform in low- and middle-income countries, as faced by individuals living and working in those countries. This means that the politics of foreign aid, and the role played by international and multilateral organizations, NGOs, private foundations, and social enterprises might show up on occasion, but they are not the focus of the course.

By design, this course avoids offering blueprints or one-right answers to the perceived causes of “underdevelopment”. Rather, it encourages students to search for the levers that are likely to matter given the constraints that actors face. Both theory and empirical analysis are essential to this task, but at the end of the day international development professionals must be creative to foster positive change.

Learning Objectives

By the end of the course students will:

1. Understand how the theory and practice of institutional and governance reform has evolved over time;
2. Acquire a critical perspective on blueprints, received wisdoms and other misconceptions prevalent in international development thinking;

3. Identify some of the roles played by national and local governments, private businesses, and, to a lesser extent, NGOs, citizens, and international organizations in promoting economic development;
4. Think analytically and strategically about existing levers of institutional reform, improved governance and opportunities for pragmatic change;
5. Be a step closer to becoming reflective practitioners, i.e. professionals endowed with a sophisticated grasp of the opportunities, limits and dangers of action in the international development sphere.

Required Readings

Students are required to read one book – Behind the Beautiful Forevers, by Katherine Boo – and approximately 30 academic articles and chapters over 14 class sessions. The book is affordable and widely available for purchase. All other required readings are available on NYU Classes.

These readings cover a wide range of topics. Their authors come from different countries and represent different political positions and academic disciplines. Some articles refer to highincome countries and are assigned to call attention to an important theoretical point. Other texts might seem old but they contain the original articulation of a powerful idea.

An intensive course presents its own special challenges. To make sure students will prioritize the most important readings, I marked them with **. Other important readings are marked with *.

In the past, students have asked for a textbook. There are some textbooks devoted to international development out there, but they are expensive and do not cover the materials we cover in this course. This is an indication that international development remains a contested field, without a main corpus of agreed upon concepts and theories, and thus it is filled with hopes and possibilities.

Brightspace

All announcements and resources will be delivered through NYU Brightspace.

Academic Integrity

Academic integrity is a vital component of Wagner and NYU. Each student is required to sign and abide by [Wagner's Academic Code](#). Plagiarism of any form will not be tolerated since you have all signed an Academic Oath and are bound by the academic code of the school. Every student is expected to maintain academic integrity and is expected to report violations to me. If you are unsure about what is expected of you, ask.

Henry and Lucy Moses Center for Students with Disabilities at NYU

Academic accommodations are available for students with disabilities. Please visit the Moses Center for Students with Disabilities (CSD) website at www.nyu.edu/csd and click on the Reasonable Accommodations and How to Register tab or call or e-mail CSD at (212-998-4980 or mosescsd@nyu.edu) for information. Students who are requesting academic accommodations are strongly advised to reach out to the Moses Center as early as possible in the semester for assistance.

NYU's Policy on Religious Holidays

[University policy](#) states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. Students do not need to ask the instructor for permission, but they may choose to notify faculty in advance of such an absence. Whenever feasible, exams and assignment due dates will not be scheduled on religious holidays.

Student Resources

Wagner tutors are available to help students with their writing skills. Please see details on <https://wagner.nyu.edu/portal/students/academics/advisement/writing-center>.

Assignments and Evaluation

Grades will be based on participation (30%), two short assignments (15% each), and a final assignment (40%).

- Class Participation (30% of total grade) hinges on quality of engagement in class-related discussions over the entire course and field visits. This item includes both participation during in person meetings and asynchronous engagement in the Brightspace discussion board. All students benefit from high levels of participation, so you are expected to attend class and contribute to the discussion on a regular basis.
- Assignment 1 (15% of total grade) consists of short document (one page, single-spaced) detailing one purposefully distortionary policy adopted by a country of your choice to foster local economic development. Your assignment should include a focused description of the conditions in this country/sector/industry that elicited the policy, the goal being pursued, an assessment of the policy's logic of action (i.e. its "mechanism"), and the outcomes – positive and negative - it generated. This assignment is due immediately before class.
- Assignment 2 (15% of total grade) consists of a short document (one page, single-spaced) examining one effort to improve the quality of a public service in a country of your choice. Your assignment must draw from one recent academic article. It should describe the problems that elicited the intervention, the goal being pursued, the policy's logic of action (i.e. its 'mechanism'), and the outcomes that the intervention produced. This assignment is due immediately before class.
- The final assignment (40% of total grade) consists of a personal reflection OR a research paper on a topic of your choice and that connects directly to themes discussed in class. The assignment should have around ten (double-spaced) pages, including title, bibliography and footnotes. This assignment is due at the end of the course, as indicated in the schedule below.

All assignments should be written in Times New Roman size 12 (or equivalent), double spaced lines, and one inch margins all around. Please remember to include your name, mailbox # (if available) and page numbers. Adherence to these guidelines demonstrates professionalism and deviance might negatively affect your grade.

Learning Assessment Table

Graded Assignment	Course Objective Covered
Participation	All

Assignment 1	#1
Assignment 2	#2
Final Assignment	#3, #4 and #5

Grading Scale and Rubric

Students will receive grades according to the following scale:

(A) Excellent: Work at this level is unusually thorough, well-reasoned, creative, methodologically sophisticated, and well written. Numeric value=4.0 points.

(A-) Very good: Work at this level shows signs of creativity, is thorough and well-reasoned, indicates strong understanding of appropriate methodological or analytical approaches, and meets professional standards. Numeric value=3.7 points.

(B+) Good: Work is well-reasoned and thorough, methodologically sound. This grade indicates the student has fully accomplished the basic objectives of the course. Numeric value=3.3 points.

(B) Adequate: Competent work for a graduate student even though some weaknesses are evident. Meets key course objectives but evidence suggests that understanding of some important issues is less than complete. Numeric value=3.0 points.

(B-) Borderline: Meets the minimal expectations for a graduate student in the course. Understanding of salient issues is somewhat incomplete. Numeric value=2.7 points.

(C/-/+) Deficient: Work is inadequately developed or flawed by numerous errors and misunderstanding of important issues. Methodological or analytical work performed is weak and fails to demonstrate knowledge or technical competence expected of graduate students. Numeric value = 2.3; 2.0; 1.7 points.

(F) Fail: Work fails to meet even minimal expectations for course credit for a graduate student. Performance has been consistently weak in methodology and understanding, with serious limits in many areas. Weaknesses or limits are pervasive. Numeric value = 0.0 points.

Course Overview

1	Jan 24	Poverty and the Challenges of International Development
2	Jan 31	How to create a job?
3	Feb 7	The Developmental State (assignment 1 is due)
4	Feb 14	Structural Adjustment and Other Market reforms

	Feb 21	No class – President’s day
5	Feb 28	Market Institutions
6	Mar 7	Contracts and the rule of (commercial) law
	Mar 14	No class – NYU Spring Break
7	Mar 21	Fostering performance in the private sector
8	Mar 28	Collective action in the marketplace
9	Apr 4	Pathways to economic prosperity (review session)
10	Apr 11	State Capacity
	Apr 18	No class
11	Apr 25	Delivering Public Services I (assignment 2 is due)
12	May 2	Delivering Public Services II
13	May 9	Working with corruption
14	May 16	In-class reflections (make-up session)

May 20 Final assignment is due
CLASS PLAN

Class 1
Poverty and the Challenges of International Development

Read:

- Boo, Katherine. (2013) Beyond the Beautiful Foreverers [book]
- Hirschman, Albert O. (1963) "The Contriving of Reform." In: Journeys Toward Progress: Studies of Economic Policy-Making in Latin America. New York, NY: The Twentieth Century Fund, pp. 251-264 and 271-275.

Pointers:

These two readings provide a frame for the course. Katherine Boo's book gives a vivid and fine-grained portrait of urban poverty. In her account, challenges and difficulties are everywhere and no obvious solution is in sight. To complement this view, Albert Hirschman draws from several cases to identify underappreciated levers and opportunities for positive reform. In this course, we will combine these two perspectives - problems and potential solutions - with a bias towards finding possibilities.

Do:

After reading the two pieces, be ready to answer the following questions:

- In your opinion, what is the root-cause of the challenges experienced by the main characters in Boo's book?
- What key policy intervention could help mitigate the problem(s) observed in Annawadi and improve standards of living for those individuals (and others like them)?

Class 2 How to create a job

Read

- Amsden, Alice (2010) Say's Law, Poverty Persistence, and Employment Neglect. *Journal of Human Development and Capabilities*, 1(1): 57-66.

Recommended: Dunning, Claire (2019) How the rise of urban nonprofits has exacerbated poverty, *Washington Post*

- Rosenstein-Rodan, Paul. (1943). Problems of Industrialization of Eastern and Southeastern Europe. *The Economic Journal*, vol.53, no 210/211 pp.202-211

Recommended: Dwyer, Jim (2017) The Subways Made Them Rich. Is It Time for Them to Pay Up?, *New York Times*

- Gunder Frank, Andre (1966) The Development of Underdevelopment. *Monthly Review*. 18(4): 17-31

Pointers

In this session we discuss a provocative piece by Alice Amsden and two classic articles by Rosenstein-Rodan and Andre Gunder Frank. When reading the piece by Amsden, notice how she argues against the layering of multiple and relatively small "social" interventions and defends policies focused on creating jobs. Her main point is echoed by a recent op-ed by Claire Dunning.

Rodan published his piece in 1943. In it, he discusses how to promote development in Eastern and Southern Europe, i.e. the region that corresponds to Bulgaria, Czech Republic, Hungary, Poland, Slovak Republic, Ukraine, Greece, Italy, Portugal, and Spain. In the 1940's, this region was as poor and "backward" as many low-income countries today. And

when Rodan mentions “external economies”, he means “externalities”. In lay terms, externalities are the side-effects of economic activity.

Notice that Rodan articulates a diagnostic for poverty and proposes a solution. His article is almost 80 years old, but his diagnostic was recently echoed in Jim Dwyer’s 2017 article explaining why NYC’s subway falls short of expectations. So Rodan might be old, but his ideas are not outdated.

Finally, Gunder Frank was a proponent of “dependency theory”. This piece summarizes some of his views. Like Rodan’s, it includes both a diagnostic and a prescription. Make sure you identify both.

Do:

After reading these three pieces, be ready to answer the following questions:

- Amsden claims that public housing, public health, public education, and other human services focus on the “supply side” of the labor market, and argues that we should pay much more attention to the “demand side”. What do you think of her argument? And under which conditions would you agree with her?
- Rodan, Gunder-Frank, and Amsden represent different generations of thinkers, and it is easy to see how their opinions differ. These differences aside, we can also see some convergence in their implied policy recommendations. In your opinion, what types of development policy would they all support?

Class 3 The Developmental State

There are no required readings. 1st assignment is due before class.

Over the years, governments all around the world have taken bold action to steer their economies into more rewarding territory. Some of these governments came to be known as “Developmental States”. For a recent introduction, assessment and discussion of this phenomenon, see Haggard, Stephan (2018) *The Developmental State*, Cambridge University Press (recommended).

For this assignment, students should choose a country and find at least one “dirigiste” or “developmental” policy adopted by its government. By “developmental”, I mean the heavyhanded, highly interventionist policies that were in vogue in most of the Third World (i.e. lowincome, non-communist countries) between the end of WWII (1945) and the fall of the Soviet Union (1991).

Examples include tariffs, quotas, subsidies, price controls in product, capital, and labor markets, state-owned enterprises, minimum content requirements, and massive public investment in infra-structure and other public goods.

Your summary should be about one page long and it should include the name of the country, the relevant year(s), the name of type of policy you are examining, its main goals, and main results.

Much has been written about Japan, South Korea, Taiwan, Brazil, India, and China. For this reason, I encourage you to examine policies adopted elsewhere, such as the Middle East, North and Sub-Saharan Africa, Mexico, Central America, the Caribbean, Thailand, Indonesia, and the Philippines.

Class 4 Structural Adjustment and Market Reforms

- Excerpt from Ronald Reagan's first inaugural speech [2:25 to 7:40 min] - <https://www.youtube.com/watch?v=hpPt7xGx4Xo>
- Krueger, Anne. (1990). "Government Failures in Development," *Journal of Economic Perspectives*. Vol. 4, No. 3, pp. 9-23.

Recommended: Glass, Virginia, Lopez (2019) Nothing can prepare you for life with hyperinflation, *New York Times*

Recommended: Bhagwati J.N. (2008) Directly Unproductive Profit-Seeking (DUP) Activities. In: Durlauf S.N., Blume L.E. (eds) *The New Palgrave Dictionary of Economics*. Palgrave Macmillan, London

- Williamson, John (1990) What Washington Means by Policy Reform? Chapter 2 from *Latin American Adjustment: How Much Has Happened?* Edited by John Williamson.

Pointers

In this session, we listen to an excerpt of Reagan's first inaugural speech, in which he proposes a diagnostic of the problems plaguing the US. His diagnostic parallels Anne Krueger (1990) analysis of problems in low- and middle-income countries. In turn, Krueger's article matches Bhagwati's description of DUP activities. To see how some of the problems they identify can still be found in the world today, see Glass (2019) piece discussing her life in Venezuela. When reading these pieces, look for their shared understanding of the root causes of poverty, and their proposed solutions.

Finally, we read John Williamson's original formulation of the "Washington Consensus". In this piece, Williamson translates the points made by Reagan, Krueger, and Bhagwati into 10 fairly specific policy recommendations. You don't have to dwell on details of each policy. According to this set of prescriptions, what is the proper role of governments in the economy?

Do:

After reading these pieces, be ready to answer these two questions:

- According to Reagan, Krueger, and Bhagwati, what happens when governments try to intervene in the economy? And how can the resulting problems be avoided?
- There is a growing pressure in the US for the government to intervene in the economy. For example, the federal government has been toying with tariffs and local-content requirements. At the subnational level, policy-makers are looking for ways to revive the

economy of declining and lagging regions. Based on what you have learned in this course so far, what do you think of these policies?

Class 5 Market Institutions

- Milton Friedman's I,Pencil [2 min video clip] <https://www.youtube.com/watch?v=67tHtpac5ws>
Recommended: Rodrik, Dani (2011) Milton Friedman's Magical Thinking, Project Syndicate
- McMillan (2008) Market Institutions, Palgrave
- De Soto, Hernando (2001) The Mystery of Capital, Finance and Development, International Monetary Fund

Pointers:

This week, we watch a short clip in which economist Milton Friedman explains how the “invisible hand” can produce wondrous outcomes. For a critique, see Rodrik's op-ed. Next, make sure to read the piece by McMillan (2008) that summarizes his excellent 2002 book, Reinventing the Bazaar. Like Rodrik, McMillan claims that markets can only function well when they are “scaffolded” by an adequate set of institutions. According to McMillan, what are institutions, and why do they matter?

For a deeper dive into a key institution, we read Hernando de Soto's article about property rights. Again, this is the summary of his book of same name. De Soto's ideas have inspired a large set of initiatives devoted to granting property rights to the poor. What is the main logic behind his proposal?

Do:

After reading these pieces, be ready to answer this question:

- ☐ In his account, Friedman highlighted the “magic of the price system”. We can now intuit that his account left a big part of the story untold. Please identify one (or more) of the formal institutions (i.e. laws & regulations, plus their enforcement mechanisms) that he did not mention but that help explain how a pencil can be produced and sold for a “trifling sum”. Make sure to provide also a brief explanation on the function performed by these institutions, why the institutions are needed, and what would likely happen if they were absent.

Class 6 Private contracts and the rule of (commercial) law

- Geertz, C. (1978) The Bazaar Economy: Information and Search in Peasant Marketing

- Fafchamps, Marcel and Bart Minten (2001). Property Rights in a Flea Market Economy. Economic Development and Cultural Change. 49(2) [read for the main points, econometrics not necessary]
- Farrell, Henry (2015) Dark Leviathan, Aeon Magazine

Pointers:

In this short article Clifford Geertz examines a Moroccan bazaar. If you lived in such a place, and had to make a living that involved buying and selling merchandise, how would you go about doing it? And what do you think would likely happen to someone who decided to innovate and do business differently (eg: offer warranty, a “best-price guarantee”, or post prices clearly for everyone to see)?

We also read a piece by Fafchamps and Minten (2001), where they assess the behavior of grain traders in Madagascar. This article is fairly long, but we are not interested in the mathematics. Rather, try to put yourself in the traders’ shoes, and understand how they behave, why they do what they do, and what are the aggregate consequences of their behavior.

Finally, we read Farrell’s (2015) vivid description of the “silk road”, a secret online market for illegal drugs, arms, and services.

Do:

After reading these pieces, be ready to answer the following questions:

- Why did the Silk Road collapse, and what could have been done to keep it going, or make it thrive?
- Imagine that the government of Madagascar asked for your advice on how to promote the grain sector in the country. What would you suggest? For a twist, make sure to give bad advice only (but still plausible).

Class 7 Fostering performance in the private sector

- Bloom, Nicholas and John van Reenen (2010), Why Do Management Practices Differ across Firms and Countries?, Journal of Economic Perspectives
- Game Changer [audio clip, 20 min] <https://99percentinvisible.org/episode/episode-77game-changer/>
- The Yin and Yang of Basketball [audio clip, 20 min] <https://99percentinvisible.org/episode/yin-yang-basketball/>
- Coslovsky, Salo and Richard Locke (2013) Parallel Paths to Enforcement: Private Compliance, Public Regulation, and Labor Standards in the Brazilian Sugar Sector, Politics & Society

Pointers

Many people assume that private firms are well-managed, otherwise they would not survive for long. Nick Bloom and John Van Reenen investigate this hypothesis. What do they find? And what solution do they propose?

After reading (and reflecting over) Bloom and van Reenen, I want you to listen to the audio clip titled “Game Changer”, and also “Yin and Yang of Basketball”. Similar to sluggish or declining economies, the game of basketball was losing sponsors, audience, and talented athletes. If nothing was done, it seemed destined to collapse, but it was eventually revived. Keep these cases in mind.

Next, I want you to read a piece I co-authored with Richard Locke, in which we examine how sugar and ethanol producers in Brazil improved their managerial performance, with an emphasis on improving labor standards. What was the driver of improvement, and what kinds of policy recommendation can we derive from this example?

Do:

After reading these pieces, be ready to answer the following questions:

- Perhaps the best way to revive a stagnant or declining sector is by dialing up its level of competition, and one of the best ways to dial up the level of competition is by eliminating regulations (eg: see Bloom and van Reenen). The stewards of basketball revived their sector twice. How did they do it, and what can these examples teach us about fostering performance among private firms?
- Coslovsky and Locke also describe an instance in which firms improved their performance. What was the role played by the government in this case, and what broader lessons can we derive from this case?

Class 8 Collective action in the marketplace

- Skyrms, Brian (2001) The Stag Hunt, Presidential Address, American Philosophical Association.
- Coslovsky, S. (2014) Economic Development without Pre-Requisites: How Bolivian producers met strict food safety standards and dominated the global brazil nut market, World Development. Volume 54, Pages 32–45

Recommended: Naseer, Farooq (2005) Whither Quality? Incentives in the Sugarcane Market in Pakistan

Pointers

Markets, clusters and supply chains function properly when they have an adequate governance structure. During this session we read a piece by Brian Skyrms (2001) that uses metaphors to discuss the importance of coordination. Next, we read an article that I wrote that compares the performance of an industry in Brazil and Bolivia, and examines how the

Bolivians acquired proper governance structures while the Brazilians fell behind. Finally, I also recommend a paper by Naseer Farooq (2005) that examines the relationship between buyers and sellers of sugarcane in Pakistan. We will not dwell on the math. When reading this piece, pay attention to what happens to a supply chain (i.e. buyers and sellers of intermediate goods) when it is missing an adequate governance structure.

Do:

After reading these pieces, be ready to answer these questions:

- ▣ Adam Smith famously wrote that “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices”. Collusion is obviously a matter of great concern to policy-makers and the public worldwide. But are the stag-hunters, swampdrainers, and rowers in Brian Skyrms’s vignettes “colluding”? What about brazil nut processors in Bolivia? More to the point, can we distinguish between different types of collective action? If so, what is the criteria we should use?

Class 9 Pathways to economic prosperity

There are no required readings. This class will be devoted to answering questions concerning the material covered so far.

Class 10 State Capacity

- Blumenthal WM (1979) Candid Reflections of a Businessman in Washington, Fortune Magazine, Jan 29. Pp. 36-49.

Recommended: Duhigg, Charles (2017) For Trump’s Nominees, a Billionaires’ Guide to Running the Government, New York Times
- Gordon, Akka (2000) Taking Liberties. City Limits.
- Vladimir Putin interview [1 min video excerpt]

Pointers:

In this session, we read testimonies by two former public officials describing the challenges they faced when working in government. W. Michael Blumenthal served as Secretary of Treasury for President Carter. Akka Gordon was a caseworker with NYC Child Protection Services. As a complement, we watch a short excerpt of a recent interview with Vladimir Putin, in which he provides his opinion as a head of state.

Like the story about blind people trying to describe an elephant, each of these people provide a different perspective on a complicated “object”. Once you take a step back from their individual descriptions, what is it that you see, and how does this emerging picture match (or does not match) your priors related to the government and how it works?

Do:

After reading these pieces, be ready to answer a minimum of two out of these four questions:

- “In government, there is no bottom-line”. Is that true? If so, why is that? Could a bottom-line be instituted if we wanted to? What would likely happen if we tried?
- “You learn very quickly that you do not go down in history as a good or bad secretary in terms of how well you ran the place” – is that true? If so, why? Could it be changed, to reward good management, if we wanted to? How?
- “In private industries you have many ways of motivating people [...] That’s impossible in government, because if I do it with one, all the other twenty-seven year olds say, what about me?” Is that true? Why would that be the case in government but not in business? Could it be changed? What would be the likely costs and benefits?
- “In government, no one has the power to decide that this is the policy he wants to develop, these are the people who are going to develop it, this is how it is going to be decided, and these are the folks who are going to administer it” – is that still true? If so, why? Could it be changed?

Class 11 Delivering public services I

There are two recommended readings and no required ones. 2nd assignment is due immediately before class.

- Kremer et al (2013) The Challenge of Education and Learning in the Developing World, *Science* 340, 297-300.
- Chaudhury et al (2006) Missing in Action: Teacher and Health Worker Absence in Developing Countries. *Journal of Economic Perspectives*, Vol 20, pp No 1. 91-116

The two recommended readings by Kremer, Chaudhury and their co-authors provide a bleak picture of government capacity in low- and middle-income countries. You don’t have to dwell on the details, but you should get acquainted with the main points that they make. The point of this class is for you to start thinking on how we can tackle the problems outlined by these articles.

To answer this question, you should choose, read, and summarize into a one-page document a recent academic article that examines an effort to improve the delivery of any public service in a low- or middle-income country. When reading your chosen article, you should identify the problem that triggered action, the relevant details of the policy that the government implemented, its implicit or explicit logic of action, and the results it delivered.

Class 12 Delivering Public Services II

- Excerpts from This American Life (2015) Nummi - <https://www.thisamericanlife.org/561/nummi-2015>
- Kochan, Tom (2017) High Performance Work Systems [7 min video clip] - <https://m.youtube.com/watch?v=C-n3hyz-sSY>

- Tendler J. and S. Freedheim (1996) Trust in a Rent-Seeking World: Health and Government Transformed in Northeastern Brazil. *World Development*. 22:12, Pages 1771-1791

Pointers:

In an earlier class, we discussed how ideas originating from the private sector cannot always be readily applied to the government. Today, we will reassess this stance and try to learn from a couple of case studies. The first case, described in NUMMI, concerns car manufacturing and the different ways that automakers can organize their production. In his video clip, Tom Kochan puts this case in broader context, and explains some of the differences between “high road” and “low road” business models. Finally, Tendler and Freedheim explain how the government in a remote area of Brazil managed to avoid the typical problems (absenteeism, low-effort, favoritism, etc) associated with the delivery of public services in poor countries.

Do:

After reading these pieces, be ready to answer the following question:

- ▣ In your opinion, why do “high road” government services seem to be so rare? And what is your assessment of conventional public sector reforms, such as those that emphasize managerial flexibility to hire, fire, and promote civil servants, eliminate unions, and impose performance metrics?

13 - Working with corruption

- Hirschman, Albert (1965) Obstacles to Development: A Classification and a QuasiVanishing Act, *Economic Development and Cultural Change* 13: 4, 385-393
- ChinaTalk, interview with Yuen Yuen Ang (2020) - <https://www.lawfareblog.com/lawfare-podcast-how-corruption-works-china> [1h audio clip]

Optional: Golway, Terry (2014) The Forgotten Virtues of Tammany Hall, *New York Times*

- Darden, Keith (2008) The Integrity of Corrupt States: Graft as an Informal State Institution, *Politics & Society*. vol. 36 no. 1 pp. 35-59

In this session we reassess the problems of corruption, clientelism, patronage and other maladies that often affect the public sector. On his piece, Hirschman proposes a provocative taxonomy for the perceived “obstacles to development”. How do we know what is an obstacle, and what should be done about them? The other two pieces help us apply Hirschman’s framework to the problem of corruption.

In the ChinaTalk podcast, Yuen Yuen Ang discusses her new book examining the relationship between corruption and development in China. And Keith Darden examines the relationship between corruption and state capacity in Ukraine. You can also read Terry Golway’s op-ed, a

summary of his book, examining the same type of relationship, but in New York several decades ago.

Do:

After reading these pieces, be ready to answer the following questions:

- ▣ If Yuen Yuen Ang, Keith Darden, and Terry Golway had to use Hirschman's taxonomy to classify their cases, how would they do it? Please explain your choice, and discuss how it matches (or does not match) your own personal opinion on the matter.

14 - In Class Reflection and course wrap up

- Wright, Erik Olin. (2015) How to be an Anticapitalist Today, Jacobin Magazine

Pointers:

Erik Olin Wright wrote a provocative piece about capitalism and inequality. So far, the course has emphasized markets as the best way to promote development. But what if markets are the problem?

Above all, students should come to class prepared to reflect on the whole course, their personal experiences, and what they have learned. Accretions to knowledge are good, but real learning often requires that we change our mind. What have you changed your mind about?

Do:

After reading these pieces, be ready to answer the following questions:

- Olin Wright describes four approach to being "anticapitalist". If you see yourself in any of these quadrants, please identify it, and explain your reasoning. If you do not see yourself in any of them, please say so, and explain your reasoning.