Resolving Coordination Failures in Development

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INTRODUCTION (1)

• The large literature on Developmental States (DS) proposes that late developing societies need an active role of the state in guiding development.
  – Similar to Germany and Japan in the 19th century, several countries in East Asia are cited as examples of DS in the late 20th century
• Argued that DS leapfrogged development by targeting selective support for industries.
  – Autonomous political resolve and high bureaucratic capacity are said to be the key to their success
INTRODUCTION (2)

- DS literature overlooks the details of what governments need to do with autonomy and capacity in driving development.
- It is our argument that **coordination** – both political and administrative – is the crucial task facing states seeking rapid development.
- This is especially the case now when development extends beyond mere economic growth and encompasses social development
  - Coordination is not only about coordinating support for select industries by the bureaucracy. Administrative.
  - It includes coordinating with civil society. More political.
OBJECTIVES OF THE PAPER

• The paper argues that in the contemporary era, development states need to focus on resolution of coordination failures
  – Encompasses coordination of both goals and means
  – This is much a political as an administrative task
• To succeed in the contemporary era demanding both economic and social development, states need to embed themselves in the civil society (and not just in business, as was the case with DS of the past)
• The paper proposes a framework for effective government coordination of all three dimensions of public policy: political, operational and analytical
ROLE OF THE STATE IN DEVELOPMENT

• Developmental state
  – to shape, pursue and encourage the achievement of explicit developmental objectives, whether by establishing and promoting the conditions and direction of economic growth, or by organising it directly, or a varying combination of both” (Leftwich 1995, 400)
  – State capacity + embedded autonomy (Evans 1995)
  – “seamless web of political, bureaucratic, and moneyed influences that structures economic life in capitalist Northeast Asia” (Johnson 1982)
DEVELOPMENT AS OVERCOMING COORDINATION FAILURES (1)

- Coordination failures in economic development
  - Industrialization needs coordination of complementary industries (Rosenstein-Rodan 1943)
  - Low capital accumulation, investment and productivity locks in developing countries in a vicious circle of poverty (Nurske 1953)
  - Unbalanced development by concentrating investment in upstream sectors can force innovation in downstream sectors (Hirschman 1958)
  - Governments in developmental states, “played an active role in coordinating, subsidizing, and guiding private investment decisions” (Rodrik 1996, 19)
DEVELOPMENT AS OVERCOMING COORDINATION FAILURES (2)

- Development now means the expansion of the range of choices of a human
  - Sen (1999) argues poverty is a function of deprivations not only of material well-being but also of capabilities
  - Alternative measures of development have been offered like human development index (HDI) and multi-dimensional poverty index (MPI)
  - Development is no longer seen as driven solely by economic growth (Bourguignon and Chakravarty 2003)
  - Involves four-fold transformation: economic, political, societal and administrative
Driving these transformations require overcoming a larger set of coordination failures

- Proper diagnosis of the problem and identification of goals through iterative deliberations with a broader set of agents prevents ‘capability traps’ (Andrews, Pritchett & Woolcock 2013)

- No single actor (market, state, family/society) can adequately invest in welfare-enhancing policies

- Services that are transformative are typically underprovided, especially for the poor

- The success of conditional cash transfers suggests an integrative perspective to social protection is crucial in ensuring complementary services are delivered
CONCEPTUALIZING COORDINATION FAILURES (1)

- Coordination traditionally seen as an administration issue, centered on implementation
  - Policy coordination usually defined as “development of a clear, consistent and agreed set of policies, the determination of priorities and the formulation of strategies for putting these policies into practice” (Boston 1992, 89)
  - Involves negative coordination by reducing negative effects of implementing one policies on other policies (Lindblom 1965, Scharpf 2000) and positive coordination by negotiating and reconciling ideas on how to jointly deliver services (Peters 2005).
  - Failures manifest as under-provision of comprehensive services despite clear intention to provide them (Peters 2013)
CONCEPTUALIZING COORDINATION FAILURES (2)

• But coordination is a much broader issue
  – Services not only are to be provided at an optimal level, but they need to be responsive to the needs of the whole society, including the poor (Bakker et al. 2008)
  – A diversity of actors must be mobilized to provide information and other resources the government lacks
  – Creating legitimacy around development projects is largely a political activity
  – Government still serves the primary role in driving development but requires greater embeddedness in civil society (Evans & Heller 2015)
SOURCES OF COORDINATION FAILURES

• When actors do not agree to coordinate
  – involves a transformation of the “actor's policy positions into collective action outcomes” (Thomson, Stokman, and Torenvlied 2003).

• When steering mechanisms do not match coordination arrangements
  – Design failures (Howlett & Ramesh 2014)
  – Inconsistent goals & instruments (Howlett & Saguin 2018)

• When actors do not have the capacity to perform their functions
CAPACITY FOR DEVELOPMENT

• Capacity of the government to “coordinate” social, political and economic transformation is crucial
  – Need to go beyond state capacity measured as coercive power – fiscal capacity, military capacity
  – It is also not just about delivering good and services, e.g. Ability to make and enforce rules, and to deliver services (Fukuyama 2013) or ability to get things done (Holt & Manning 2014)

• Success of development policies is influenced by technical, operation and political capacity (Cornick, Fernandez-Arias & Stein 2016, Wu, et al. 2015)
## Dimensions of Coordination

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<tr>
<th>Political</th>
<th>Operational</th>
<th>Analytical</th>
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<tr>
<td>Setting direction, <strong>goals</strong> and objectives</td>
<td>Designing <strong>organizational structures</strong> and the powers and responsibilities of each</td>
<td><strong>Planning</strong> for future needs</td>
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<td>Mobilizing <strong>resources</strong> for achieving goals</td>
<td>Designing <strong>policy tools</strong></td>
<td>Generating <strong>intelligence</strong>: information and analysis for decision-making</td>
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<td>Building political <strong>support</strong> and establishing collaborative arrangements</td>
<td>Allocating necessary financial and human <strong>resources</strong> and establishing appropriate processes</td>
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<td>Ensuring efficient <strong>management</strong> of agencies</td>
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<td>Ensuring <strong>accountability</strong> mechanisms</td>
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Information on the developmental needs of citizens improves allocation of resources.

Crucial in screening and selecting worthwhile development projects (Bardhan 2016).

Relevant in avoiding governance design failures (Howlett & Ramesh 2014) by reducing inconsistencies between development goals and means.

Strong monitoring system (combined with market tests) allowed East Asian DS to quickly track progress of policies.

ANALYTICAL DIMENSION
OPERATIONAL DIMENSION

• Mode of governance or the appropriate allocation of roles and responsibilities is crucial, as organizational modes matter in reducing wastage (Bandiera et al 2009)
• Typically varies between types of government functions – Indian state is capable of running the largest elections and census but are inept in distributing electricity (Bardhan 2016)
• Resources are often available but are also misallocated as in the case of teachers in the Philippines
POLITICAL DIMENSION (1)

- Involves the “issue of commitment and resisting pressures for short-termism” for the government (Bardhan 2016)
- The ability to create social pacts was pivotal in the developmental state success story. But contemporary states today must broaden its embeddedness beyond a specific industrial class.
- In India for example, Kohli (2012) concludes that – “the narrowness of the ruling coalition helps explain both the forces that have accelerated growth in India and the disproportionate distribution of the fruits of that growth.”
A strong civil society and subordinate class mobilization are essential in creating a politics of solidarity for social development (Evans & Heller 2015)

– Civil society not only serves check and balance but also advocates for provision of public goods
– Subordinate politics addresses the fundamental deficits of representative democracy

Improving coordination necessitates investing on increasing civil society strength and deliberately mobilizing subordinate classes, especially the poor.
CONCLUSION

• Coordination of comprehensive development is an enormous challenge and should be the primary concern of governments.

• Coordination should be seen as a broader task spanning all dimensions (analytical, operational, political) of governance and public policy.

• Coordination is more of a political task because actors must be convinced to compromise their motivations and interest for the collective goal.
Thank you! Maraming salamat!