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### **(Don't) Leave Politics Out of It: Reflections on Public Policies, Experiments, and Interventions**

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# **(Don't) Leave Politics Out of It:**

## **Reflections on Public Policies, Experiments, and Interventions**

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**Abstract:** The use of Randomized Control Trials (RCTs) in policy evaluations has revolutionized our approach to designing effective public policies. This essay argues that understanding the *politics* of policymaking is integral to the discussion of RCTs. The literature on RCTs has not sufficiently engaged with this issue. Examining a recent set of papers, the essay analyzes how the political *process* of policymaking as well as its political *consequences* may matter for the overall welfare implications of an intervention, including those involving the experimental method. Additionally, such political concerns with the method may be hard to avoid as both small and large scale RCTs may involve unintended and yet, consequential, political effects. Given the influence that RCTs enjoy within the discipline and in the wider development community, bringing the political economy considerations within the ambit of analyses could make policy evaluations more holistic, better our understanding, and consequently, bring research closer to practice.

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### **Initial Remarks**

The experimental approach to studying public policies using Randomized Control Trials (RCTs) has reinvigorated the field of development economics and energized the international development organizations in their fight against global poverty.

This essay argues that many researchers' (and some advocacy groups') almost exclusive focus on identifying the causal impact of a policy using small-scale experiments misses out important details, namely the political economy aspects that may matter to real-life policymaking. Moreover, the studies involving large-scale policy interventions that attempt to address some of the other concerns raised against the experimental approach are yet to pay due attention to political economy as well. In the following sections I attempt to parse out the various aspects of political economy concerns that impinge on our understanding of policymaking and its effectiveness. The arguments, though primarily addressed towards RCTs, are meant for policy evaluations more broadly. My hope is that making these concerns explicit will make policy evaluations more holistic and our understanding more complete, and will eventually bring down the gap between research and practice that the RCT movement has already helped reduce.

## **Political Process and Experiments**

The experimental approach is motivated by the understanding that finding credible information about the causal effect of a policy would influence actual policymaking. Indeed, estimating the causal impact of a policy by conducting a small-scale randomized field experiment could be highly informative. However, policymaking *in practice* involves elected representatives who face various political incentives and often requires civic participation (that is, participation by the potential beneficiaries) for it to succeed. The political process surrounding a policy (in its making as well as its implementation) is an integral part of the practice, and therefore, can be consequential for its eventual impact (Dreze, 2018). To that effect, taking the political context in which a policy operates out of consideration may render the causal estimate of the impact much less meaningful in either explaining or guiding actual policy decisions.

This is not to say that governments do not value evidence *per se*. Hjort et al. (2019) show that mayors in Brazilian municipalities do demand evidence on policy

impact. However, whether and for what type of policies a politician would allow an impact evaluation to happen or highlight the findings of an evaluation, is a political choice, since revealing the impact of a policy may involve political costs or benefits. Political context may, therefore, shape the pool of evidence available. For an interesting discussion on this see Corduneanu-Huci, Dorsch, and Maarek (2018).

Moreover, institutional context matters for civic participation in a policy and its consequent effectiveness (Bardhan, 2000). Barr et al. (2012) demonstrate this using a field experiment in primary schools in Uganda. They show that the same treatment of monitoring pupils and teachers using scorecards had a much larger effect on their performance when the scorecards were designed by the school management committees themselves as opposed to using standardized ones. Dal Bo, Foster, and Putterman (2010) and Hefferman and Oxoby (2014) support this finding using clever lab experiments. Both the papers under different circumstances find that subjects cooperate more when a change in cooperation inducing policy is decided democratically, compared to the same policy being chosen randomly by a computer.

### **Political Consequences of Interventions**

Apart from the political context, it is important to consider the political economy *consequences* of a policy to better understand its overall welfare implication. Political consequences are, understandably, more likely to arise for interventions that are large-scale, that is, over a large population or covering a large geographic region. The next section discusses such interventions separately. It is, however, important to highlight that similar concerns remain with small-scale interventions as well. The study by Guiteras and Mobarak (2016) of a randomized sanitation subsidy intervention across 97 villages of Bangladesh shows that the local politicians in the treatment villages responded to the intervention by spending more time in the villages and attempting to claim credit for it. Consequently, it led to a

positive change in the perception of the villagers about the performance of the local leaders.

Such changes in perceptions and attitudes are among the subtler effects produced by policy interventions and potentially pervade many interventions, small and large. A case in point is the study by Agarwal, Chhatre, and Gerber (2015), which finds that a common form of environmental awareness intervention that provides private benefits to participants for conservation crowded out their intrinsic motivation for conservation and consequently, might have made the program less sustainable in the longer run.

### **Large-scale Interventions**

Some researchers point out that small-scale experiments, almost by design, do not consider general equilibrium effects that any scale-up by government is likely to generate (Acemoglu, 2010; Deaton, 2019). To address this concern, some recent papers test for these effects by implementing large-scale RCTs (Akram, Chowdhury, and Mobarak, 2017; Muralidharan, Niehaus, and Sukhtankar, 2018). However, part of the general equilibrium effect pertains to the political economy domain as well. To elaborate, it could be that the changes in market level outcomes (such as prices, wages, and employment) induced by an intervention may trigger an endogenous policy response by the government, either to complement the change (in case its incentives are aligned) or to negate it (if incentives are misaligned). Muralidharan, Niehaus, and Sukhtankar (2018), for example, allude to such concerns by pointing out that the positive effect of their intervention on market wages would hurt the landlords, who are over-represented in politics and are generally averse to wage increasing policies. However, they do not pursue this thought in their analysis by testing if the intervention led to any changes in the policies implemented by the landlord politicians and consequently, in their electoral prospects.

Acemoglu (2010) puts across the problem quite succinctly: “[...] when political economy factors are important, evidence on the economic effects of large-

scale policy changes under a given set of political conditions is not sufficient to forecast their effect on the economy and society.” (p. 27) Acemoglu, however, is motivated by “big” policy issues, such as exchange rate, access to credit, and agricultural productivity, in which the political class presumably is heavily invested. I contend that his argument extends to the relatively “smaller” policy issues as well.

Consider a non-randomized intervention by the World Bank in West Bengal, India, that provided governance training to the local politicians (as part of a capacity building exercise) in about a third of the village governments in the state (Das, Dutta, and Sarkar, 2019). The program was implemented in collaboration with the state government, was well designed, and monitored quite thoroughly. In spite of all this, we show that the intervention resulted in the state government reallocating its resources to favor the program villages with aligned incumbents, while discriminating against program villages with rival incumbents. This further engendered unintended, and arguably undesirable, political consequences, by intensifying party switching behavior among the rival incumbent politicians and reducing the reelection rate of incumbents in the program villages, especially the ones that did not switch their party affiliations. The finding is a reminder to international development organizations to exercise caution while formulating policy priorities and interventions without paying due attention to their potential political ramifications, *even* in contexts where such interventions are a priori unlikely to be politically salient. It also highlights that evaluating welfare implications of an intervention, randomized or not, requires a more holistic understanding of how policies affect various aspects of society.

Moreover, even if we restrict attention to economic effects alone, part of the effect may still operate through political economy. To illustrate, consider again the study by Muralidharan, Niehaus, and Sukhtankar (2018), which finds that the intervention increased wages received under a public workfare program. This may, in turn, affect consumption directly, as well as indirectly through its effect on the policies undertaken by the landlord politicians hurt by the intervention. Therefore, without understanding the role played by the political context in generating the

estimated economic effect, we may not be in a position to comment on the estimate's generalizability.

### **Some Parting Thoughts**

From the discussions in the essay it is evident that avoiding political reactions to interventions of any kind, small or large, may be hard, if not impossible. Further, politics is integral to policymaking in practice. Hence, understanding their interdependence is key to solving some of the biggest challenges facing the developing countries today.

Finally, while the essay presents a critique of the RCT literature, it is by no means a criticism of the method *per se*. Some of the papers discussed here that shed light on the political economy issues, themselves use the experimental method. In fact, as Dal Bo, Foster, and Putterman (2010) point out, experimental methods may be well suited to elicit some of the issues raised here. Methodologically speaking, then, RCTs suffer no specific disadvantage in commenting on the political economy issues surrounding policymaking (see, for example, Morton and Williams, 2010). Clearly, we should be more forthright in our demand for the RCT community to engage more with these questions.

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