

International Center for the Study
of Institutions and Development (ICSID)



7th ICSID conference

Political Economy of Development:
Historical and Contemporary Factors

EACES-HSE workshop

Topics in Political
Economy of Development

June 7-9, 2018 | Moscow, Russia

ABOUT ICSID AND THE CONFERENCE

Established in 2011, the International Center for the Study of Institutions and Development (ICSID) unites a team of researchers from Higher School of Economics and leading American Universities. Our main objective is to take advantage of the diverse skills of our international team to develop a new scientific direction at HSE. The Center's long-term goal is to become an established source of information on the relationship between institutions and economic development for both Russian and foreign scholars, and also for federal, regional and local authorities. We are particularly interested in how institutions, both formal and informal, are created and sustained and how they shape economic and political outcomes. All projects emphasize original data collection and the use of the latest methods in social science. The Center aims to produce new knowledge about economic development, increase the prestige of HSE in the international arena, and help train a new generation of scholars at HSE.

We are currently implementing a research project "Political Economy of Development: Mechanisms of Path-Dependence and Change" that focuses on empirical studies of political elites, collective actions, trust and cultural norms and their link to economic development, institutional quality and historical roots of institutions.

An important part of our work is devoted to international cooperation. Every year ICSID holds an international conference and an EACES-HSE workshop designed to bring together Russian and foreign experts in the fields of political economy, and economic and institutional development and stimulate an exchange of research ideas and knowledge. This year's conference will be the 7th annual event of its kind organized by ICSID.

CONFERENCE PROGRAM

June 7, 2018 (Thursday)

EACES -HSE Workshop

Topics in Political Economy of Development
Moscow, HSE, 20 Myasnitskaya St., **room 311**

09:00 – 09:30 **Registration (room 311)**

09:30 – 10:30 **Invited Speaker:**

Nan Jia

*(Marshall School of Business,
University of Southern California)*

**The Strategic Use of Political Connections:
The Role of Political Connections in Firms'
Location Choices**

Chair: Timothy Frye

10:30 – 11:00 **Coffee-break (room 522)**

June 7, 2018 (Thursday)

EACES -HSE Workshop

Topics in Political Economy of Development
Moscow, HSE, 20 Myasnitskaya St., **rooms 513, 524**

PARALLEL SESSIONS:

11:00 – 13:00 **Session 1a**

Collective Action in Autocracies

Chair: John Reuter

Anton Sobolev
(University of California, Los Angeles)
**Can Independent Media Help Suppress
Collective Action?**

Sasha de Vogel
(University of Michigan)
**Power Concedes Nothing:
Concessions, Time Inconsistency
and Protest Coordination in Autocracy**

Daniel Thomas
(Columbia University)
**How Indiscriminate Repression Works:
Theory and a Pre-Analysis Plan**

Elena Sirotkina (HSE), Andrei Semenov
(Perm State National Research University,
with Jan Matti Dollbaum)
**Who are Navalny's Supporters?
Measuring Individual Perceptions of Being
"Inside the Protest Movement"**

*Discussants: Anton Kazun,
Israel Marques*

Session 1b

Economics and Politics

Chair: Thomas Remington

Vasyl Kvartiuk
(Leibniz Institute of Agricultural
Development in Transition Economies, with
Thomas Herzfeld and Siranush Ghukasyan)
**The Political Economy of Russian
Agricultural Subsidies**

Sümeyra Atmaca
(Ghent University)
Application Period in Reverse Auctions

Natalia Lamberova
(University of California, Los Angeles)
**Why Do Governments Support or Block
Innovations?**

*Discussants: David Szakonyi,
Andrei Yakovlev*

13.00 – 14.30 **Lunch**

June 7, 2018 (Thursday)

EACES -HSE Workshop

Topics in Political Economy of Development
Moscow, HSE, 20 Myasnitskaya St., **rooms 513, 524**

PARALLEL SESSIONS:

14:30 – 16:00 **Session 2a**

Human Capital and Human Rights

Chair: Israel Marques

*Sarah Wilson Sokhey
(University of Colorado, Boulder,
with Margaret Hanson)*

**Risk or Reward: Higher Education
as an Authoritarian Tool?**

*Amanda Zadorian
(New School for Social Research)*

**Knowledge Extraction:
Sources of Rent in the Global Energy
Industry**

*Attakrit Leckcivilize
(University of Aberdeen, with Alexander
Straub)*

**Your wingman could help land you a job:
How beauty composition of applicants
affects the call-back probability**

*Discussants: Thomas Remington,
Ellen Martus*

Session 2b

Trade, Borders and Development

Chair: David Szakonyi

*Maria Polugodina
(Freie Universität Berlin,
with Theocharis Grigoriadis)*

**Eastern Prussia 2.0:
Persistent Regions, Rising Nations**

*Alexey Makarin
(Northwestern University)*

**Conflict and Trade:
Evidence from Russian-Ukrainian
Trade Transactions**

*Theocharis Grigoriadis
(Freie Universität Berlin, with Marvin
Suesse)*

**The Geography of Finance
& Industrialization: Evidence
from the Russian Empire**

*Discussants: Denis Ivanov,
Noah Buckley*

16:00 – 16:30 **Coffee-break (room 522)**

June 7, 2018 (Thursday)

EACES -HSE Workshop

Topics in Political Economy of Development
Moscow, HSE, 20 Myasnitskaya St., **rooms 513, 524**

PARALLEL SESSIONS:

16:30 – 18:00 **Session 3a**

Informal Institutions

Chair: Michael Rochlitz

Victor Bryzgalin

(Lomonosov Moscow State University)

Influence of Bonding Social Capital

Egor Lazarev

(Columbia University)

Authoritarian Pluralism:

**Why Does the Chechen Government
Promote Customary Law and Sharia?**

Junbing Zhu

*(Freie Universität Berlin,
with Theodoris Grigoriadis)*

**Cultural Diversity and Development
in China**

*Discussants: Ekaterina Borisova,
Irina Levina*

Session 3b

Political Competition, Political Engagement and Economic Reforms

Chair: Noah Buckley

Sean Norton

*(The University of North Carolina
at Chapel Hill)*

Local Opposition, Local Issues?

**Exploring the Dynamics of Urban
Competition in Authoritarian Regimes**

Hannah Chapman

*(University of Wisconsin-Madison,
with Theodore P. Gerber)*

**Dimensions of Electronic Political
Engagement: New Media, Old Media,
and Public Opinion in Russia's Contested
Election Season of 2011-12**

Ekaterina Paustyan

(Central European University)

**Reappointment in Exchange for Political
Loyalty? Factors of Gubernatorial
Reappointment in Russia: New Evidence
from a Crisp-Set QCA**

June 8, 2018 (Friday)

7th ICSID Conference

Political Economy of Development: Historical and Contemporary Factors

Moscow, HSE, 20 Myasnitskaya St., **room 311**

10:00 – 11:00

Invited Speaker:

Hilary Appel

*(Claremont McKenna College,
with Mitchell A. Orenstein)*

**From Triumph to Crisis: Neoliberal
Economic Reform in Postcommunist
Countries**

Chair: Timothy Frye

11:00 – 11:30

Coffee-break

11:30 – 11:40

Alena Ledeneva

(University College London)

**Introduction to the Global Encyclopaedia
of Informality**

11:40 – 13:10

Session 1

Corruption

Chair: John Reuter

Noah Buckley

(New York University – Abu Dhabi, HSE)

**Economic Blame-Attribution in Times
of Boom and Bust: The Case of Authoritarian
Russia**

Polina Detkova, Andrey Tkachenko

and Andrei Yakovlev (HSE)

**Female Factor in Perception of Corruption
by Bureaucrats: List Experiment Results**

David Szakonyi

(George Washington University, HSE)

**Candidate Filtering: The Strategic Use
of Electoral Fraud in Russia**

Discussants: Theodoris Grigoriadis,

Michael Rochlitz

13:10 – 14:30

Lunch

June 8, 2018 (Friday)

7th ICSID Conference

Political Economy of Development: Historical and Contemporary Factors

Moscow, HSE, 20 Myasnitskaya St., **room 311**

14:30 – 16:00

Session 2

Weak Institutions: Causes and Consequences

Chair: Andrei Yakovlev

Denis Ivanov (HSE)

**The Legacy of Stalin in Georgia:
Ideology and Hometown Effect**

Irina Levina (HSE)

**Decentralization of Firms in a Country
with Weak Institutions: Evidence from
Russia**

Israel Marques (HSE)

**Co-investment Under Weak Institutions:
Evidence from Public-Private Partnerships
in Russia's Regions**

Discussants: Nan Jia, Steven Nafziger

16:00 – 16:30

Coffee-break

16:30 – 18:00

Session 3

Political Institutions and Media

Chair: Noah Buckley

Michael Rochlitz

*(Ludwig Maximilian University of Munich,
with Evgeniya Mitrokhina and Irina Nizovkina)*

**When Are Authoritarian Bureaucracies
Politicized? Experimental Evidence
from Russia**

Anastasia Kazun and Anton Kazun (HSE)

**Coverage of Three Tragedies in the Russian
Media: Application of the Network Agenda
Model**

*John Reuter (University of Wisconsin-Milwaukee,
HSE) and David Szakonyi (George Washington
University, HSE)*

**Electoral Manipulation and Regime Support:
Survey Evidence from Russia**

Discussants: Hilary Appel, Amanda Zadorian

June 9, 2018 (Saturday)

7th ICSID Conference

Political Economy of Development: Historical and Contemporary Factors

Moscow, HSE, 20 Myasnitskaya St., **room 311**

10:00 – 11:00

Invited Speaker:

Steven Nafziger

(Williams College)

**Serf Emancipation and Russian
Economic Development**

Chair: Denis Ivanov

11:00 – 11:30

Coffee-break

11:30 – 13:00

Session 4.

Elites and Redistribution

Chair: Michael Rochlitz

*Ekaterina Borisova (HSE), Denis Ivanov (HSE)
and Koen Schoors (Ghent University)*

**Generalized Trust and Preferences for
Redistribution: Moderating Role of Institutions**

Thomas Remington

(Emory University, HSE and Harvard University)

**Decomposing Inequality: Rents and
Redistribution in Russia, China and the United
States**

Israel Marques (HSE)

**Elite Networks, Electoral Incentives, and
Intergovernmental Transfers in Competitive
Authoritarian Regimes: Evidence from Russia**

*Discussants: Sarah Wilson Sokhey,
Georgiy Syunyaev*

14:00 – 15:30

**ICSID organizational workshop/
free time for guests**

CONFERENCE PAPERS

June 7, 2018 (Thursday)

EACES – HSE Workshop

Topics in Political Economy of Development

09:30 – 10:30 **Invited Speaker:**

Nan Jia (Marshall School of Business, University of Southern California)

The Strategic Use of Political Connections: The Role of Political Connections in Firms' Location Choices

We analyze Chinese listed firms to examine how a firm's political connections in a location influence the firm's probability of choosing the focal location to establish new subsidiaries. First, utilizing political connections incurs a cost because politicians can demand that connected firms engage in economically inefficient but politically desirable tasks, such as hiring superfluous labor. We find that firms are less likely to choose a politically connected location that also suffers from higher unemployment. Second, more outside options to obtain the economic benefits from product and factor markets lower the importance of choosing a politically connected location. We find that political connections matter less for the choice of locations with more developed markets. Therefore, firms' use of political connections is strategic and highly context dependent.

June 7, 2018 (Thursday)

EACES – HSE Workshop

Topics in Political Economy of Development

PARALLEL SESSIONS:

11:00 – 13:00 **Session 1a**

Collective Action in Autocracies

Anton Sobolev (University of California, Los Angeles)

Can Independent Media Help Suppress Collective Action?

There is a wide-spread belief that autocratic governments are better off limiting media freedom, since it allows them to prevent mass protests and riots that could threaten the regime's survival. I argue that under certain conditions, some degree of media freedom can help autocrats to forestall anti-regime collective action. This can happen if media are allowed to report observable events truthfully, but cannot conduct independent journalistic investigations. For instance, reports on the number of people who attend pro-government rallies are more credible if produced by independent media outlets than by state propagandists. Thus, a signal of the regime's popularity from the former can discourage dissidents and suppress the protest. In order to test whether media freedom can help autocrat to credibly signal his popularity I exploit the fact that broadcasts of the opposition radio station Echo of Moscow are available in certain Russian cities but not in others. Importantly, local availability of Echo of Moscow in a given city was determined by socio-economic and geographic rather than political conditions. Data from recent opposition protests in Russia suggest that the occurrence of a massive pro-government rally in Moscow discouraged potential protesters significantly more in cities exposed to Echo of Moscow than in other cities.

Sasha de Vogel (University of Michigan)

Power Concedes Nothing: Concessions, Time Inconsistency and Protest Coordination in Autocracy

I provide a theoretical framework for concessions as an outcome of collective action in autocracies. When autocrats make concessionary promises of future policy change in response to protest, their incentives to make good on those promises change if collective action does not continue while that policy change is implemented. This produces a time inconsistency problem. If collective action is not sustained, autocrats should renege – deliberately fail to deliver on concessionary promises to minimize alteration to the status quo. This paper explores how the prospect of renege affects the level of concessionary promises that autocrats make when facing protest, and how those promises affect the coordination of continued protest.. I find that when autocrats offer higher-valued concessions, it is easier for the public to compel them to deliver on their promises. When protesters are more moderate than radical, however, the value of the concession diminishes, though protests are more likely to be successfully sustained and renege prevented. This effect is reversed when more protesters are radical: promised concessions are bigger, and renege is more likely. A comparison of concessions to the pensioners' protests (2005) and the Bolotnaya protests (2011-2012) in Russia illustrates these effects.

June 7, 2018 (Thursday)

EACES – HSE Workshop

Topics in Political Economy of Development

PARALLEL SESSIONS:

Daniel Thomas (Columbia University)

How Indiscriminate Repression Works: Theory and a Pre-Analysis Plan

Why do states repress citizens indiscriminately instead of targeting them? How does indiscriminate repression affect citizens' formation of grievances and their ability to engage in collective action? In this paper, I present a formal model demonstrating that, from the state's perspective, indiscriminate repression can be as effective as targeted repression in many situations due to changes in the social network structure of villages following political violence. In particular, I show that the same types of individuals who are eliminated under targeted repression exit the social network through other means. Building on the predictions of the model, I will present a pre-analysis plan describing field work to be conducted in Kachin State, Myanmar, in order to test the model's prediction. In particular, I will present the plan for a matched-village social network design in which the types of individuals who exit the social network following indiscriminate repression can be identified.

Elena Sirotkina (HSE), Andrei Semenov (Perm State National Research University, with Jan Matti Dollbaum)

Who are Navalny's Supporters? Measuring Individual Perceptions of Being "Inside the Protest Movement"

We investigate a question of whether the participants of political campaigns are willing to defend their investments with more radical means. More specifically, we argue that those with a higher level of engagement/investments in collective action efforts are more likely to use the radical action that is the repertoire that circumvents conventional and even legally defined collective performances. We test this theory on the basis of the survey with Navalny presidential campaign supporters (N=1298) that took place in January-March 2018. Results of the OLS and ordered logit regressions largely support our argument; however, further work should be done in order to resolve methodological and technical problems of the current design.

June 7, 2018 (Thursday)

EACES – HSE Workshop

Topics in Political Economy of Development

PARALLEL SESSIONS:

11:00 – 13:00 **Session 1b**

Economics and Politics

Vasyl Kvartiuk (Leibniz Institute of Agricultural Development in Transition Economies, with Thomas Herzfeld and Siranush Ghukasyan)

The Political Economy of Russian Agricultural Subsidies

What explains large differences in regional agricultural support in Russian regions? We argue that traditional approaches of agricultural economics cannot fully explain this variation and we draw upon the political economy literature. In particular, we explain allocation and distribution of agricultural subsidies studying the incentives of federal and regional politicians. Electoral pressures arising from competing with other political parties may push federal politicians to target either loyal or easily swayed voters and regional ones to strategically target special interest groups. Vertical organization of the Russian dominant party may generate perverse accountability links between local governors and regional agricultural interest groups. We utilize a unique dataset on the agricultural subsidies in 2008-2015 in order to test the hypotheses. The evidence suggests that federal government targets “swing” regions distributing agricultural subsidies and local governments are more likely to allocate larger co-funding shares facing higher political competition in the region. In addition, regions with better organized large-scale agricultural producers and elected governors are more successful in maximizing obtained agricultural subsidies.

Sümeyra Atmaca (Ghent University)

Application Period in Reverse Auctions

Do rules with the objective to increase competition in auctions and consequently the efficient allocation of contracts serve their purpose? In particular, auctions for large contracts are designed to attract more bidders by imposing rules on the implementation of transparent auction procedures, minimum number of bidders or the announcement of auctions. The latter is the focus of the paper. More specifically, we will assess how the amount of time between auction announcement and deadline to submit bids affects competition. Application periods influence both the extent potential bidders are informed about auctions and their time to prepare bids. Short submission periods can restrain agents from bidding and as such limit competition. The analysis is conducted using Russian public procurement data.

June 7, 2018 (Thursday)

EACES – HSE Workshop

Topics in Political Economy of Development

PARALLEL SESSIONS:

Natalia Lamberova (University of California, Los Angeles)

Why Do Governments Support or Block Innovations?

Many governments direct a substantial share of GDP towards R&D expenditures. However, such investments typically pay off with substantial lag. Unlike other long term government investments (such as infrastructure projects) they are not directly observed by citizens, and so are unlikely to contribute to incumbent's popularity. This contributes to political economy puzzle: why do incumbents invest substantial funds in projects that do not help them to secure their office, but will most likely pay off when their successor is in power, given their budget constraint. My research focuses on three possible explanations: citizens realize that investments in R&D will contribute to economic growth in the future, and reward the incumbent now; investment in R&D, targeted to industries friendly to incumbent will ensure that the interest group, closer to incumbent, will hold more economic power even when he is out of office; investment in R&D is uncertain, so it can be used for rent-seeking with fewer reputation costs to incumbent. I suggest that different regime types trigger different mechanisms, inducing the incumbent to invest in R&D, resulting in different consequences for economic growth. I test popularity hypothesis using a survey experiment.

14:30 – 16:00 **Session 2a**

Human Capital and Human Rights

Sarah Wilson Sokhey (University of Colorado, Boulder, with Margaret Hanson)

Risk or Reward: Higher Education as an Authoritarian Tool?

What motivates authoritarian leaders to invest in human capital? While beneficial for economic growth, choosing to develop a country's human capital stock also poses risks for dictators. Most notably, an extensive literature on economic modernization links improvements in education to a greater likelihood of democratization. Authoritarian regimes rich in natural resources are thought to have additional incentives to avoid developing human capital. Because they can effectively "buy" both support and security, these "resource-cursed" regimes have little motivation to invest in the educational institutions. Yet, despite these risks, some authoritarian leaders engage in active efforts to improve domestic human capital. Why? We use one such case, the oil-rich Central Asian dictatorship of Kazakhstan, to explore two hypotheses: first, investment in human capital is driven by potential threats from a youthful population; and second, that a large public sector - itself intended to foster dependence on the regime - drives commitments to higher education. We evaluate our conclusions from the Kazakh case using cross-national data. Our analysis shows that while overall, young populations are not associated with more investment in human capital, a larger public sector is associated with a larger commitment to higher education.

June 7, 2018 (Thursday)

EACES – HSE Workshop

Topics in Political Economy of Development

PARALLEL SESSIONS:

Amanda Zadorian (New School for Social Research)

Knowledge Extraction: Sources of Rent in the Global Energy Industry

An influential body of work in political economy of development has established the correlation between petroleum production, weak economic growth, and authoritarianism. State ownership of oil is a key driver of these poor outcomes. Can we therefore expect global transition away from fossil fuels to result in greater procedural and substantive democracy in oil-producing countries? The paper cautions against this optimistic view, arguing that contemporary extractive regimes are reproduced as knowledge-based development. International oil companies and states work together to extract value from the global economy by controlling petroleum production. The companies lay claim to a share of rents from oil production based on the superior knowledge and technology that they offer to state partners. Such knowledge rents can also be realized from green energy technologies. Drawing on fieldwork and trade publications from the Moscow and Rio de Janeiro chapters of an oil engineers' professional association, the paper presents evidence of the accelerated representation of oil as a "knowledge industry" since 2014. The strategy of accumulation based on knowledge rents reflects the increasing importance of intellectual property rights in the financialized global economy. Governed according to shareholder value maximization principles and commercial benchmarks, partially privatized national oil companies further limit opportunities for substantive democratic engagement around energy systems. The new knowledge rents can also reinforce oil-producing states' lack of accountability as they diversify into knowledge economies.

Attakrit Leckcivilize (University of Aberdeen, with Alexander Straub)

Your wingman could help land you a job: How beauty composition of applicants affects the call-back probability

This paper analyses how one's appearance and the beauty composition of the whole pool of other candidates influences one's chance to be selected for a job interview. Exploiting the German practice to include a photo in the CV, we conduct a lab experiment asking participants to choose candidates for the interview based on these CVs. We find that not only own appearance matters, but also the beauty composition of other contestants with the same gender. This implies that the probability to receive a call-back is higher when a person competes with less attractive candidates of same gender. Although beauty premium prevails in all types of occupations, this wingman effect is more pronounced in high skilled and high-contact occupations. Interestingly, such an effect is significant only for male decision makers but not among female participants.

June 7, 2018 (Thursday)

EACES – HSE Workshop

Topics in Political Economy of Development

PARALLEL SESSIONS:

14:30 – 16:00 **Session 2b**
Trade, Borders and Development

Maria Polugodina (Freie Universität Berlin, with Theodor Grigoriadis)

Eastern Prussia 2.0: Persistent Regions, Rising Nations

The phenomenon of border persistence is well-established. Especially research focusing on economic, political and social legacies of the pre-WWI empires in their successor states has gained momentum in the past decade, and there is numerous evidence for persistence of differences once a border is removed. One can, however, ask an inverse question. What influence will imposition of a border and respectively different cultural and institutional systems have on a homogeneous region? In this paper, we explore the economic effects of the breakup of Eastern Prussia into what is today Poland, Russia and Lithuania. We explore the effects of dissolution of imperial regions into the boundaries of modern states. We argue that German imperial legacies in the form of advanced human capital, interethnic tolerance and conservative political preferences persist in the territories of former Eastern Prussia in Poland, Russia and Lithuania compared to neighboring regions in their respective countries. Moreover, we expect that the territories of former Eastern Prussia in Poland, Russia and Lithuania still trade disproportionately more with each other, after controlling for transport costs and border effects. Hence, we identify long-run tradeoffs between national identity and regional economic development drawing evidence from trade and institutional data in East-Central Europe.

Alexey Makarin (Northwestern University)

Conflict and Trade: Evidence from Russian-Ukrainian Trade Transactions

What is the effect of armed conflict on trade transactions between firms? This paper examines trade in the aftermath of the Russian-Ukrainian conflict (2014–). The geographic concentration of fighting in a few regions allows us to study the indirect effects of conflict on trade, as opposed to the direct effects of violence or trade embargoes. We employ a highly granular transaction-level dataset for the universe of import and export transactions in Ukraine and find that firms from more ethnolinguistically Ukrainian counties experienced a deeper drop in trade with Russia relative to the firms in more Russian counties. We focus on two ethnic-specific explanations: a rise in animosity and a decrease in trust. In a stylized model of trade with asymmetric information, we show that one can distinguish these two mechanisms based on whether the effect is more pronounced for homogeneous or non-homogeneous goods, the latter pointing to the trust mechanism. The intuition is that trust mitigates the uncertainty behind goods' quality. Empirically, we show that, in contrast to homogeneous goods, the trade of relation-specific goods have not changed differentially across ethnic lines. Hence, we find little evidence in support of a shock to trust. We then use survey data to show that inter-ethnic animosity has indeed escalated in the aftermath of the conflict.

June 7, 2018 (Thursday)

EACES – HSE Workshop

Topics in Political Economy of Development

PARALLEL SESSIONS:

Theocharis Grigoriadis (Freie Universität Berlin, with Marvin Suesse)

The Geography of Finance & Industrialization: Evidence from the Russian Empire

Gerschenkron identified the State Bank of Russian Empire as the main institutional driver for Russia's industrialization. In this paper, we test Gerschenkron's hypothesis with novel data on industrial size and location, and on the dispersion of industrial credit in the financial districts of the Russian Empire. We use a unique dataset of industrial establishments in 1908 that allows us to map industrial activity by two-digit branches into third-level sub-national units (volost) for both the European and Asian parts of the Empire. Moreover, we include geocoded information on raw materials, the speed of transport links, and the composition of local populations. New economic geography has generated key insights on transport costs and increasing returns to agglomeration when it comes to location and profitability of manufacturing industries. We test how important these factors were in determining the location and size of industry in the Russian Empire. We argue that historically there existed a geography of finance in industrializing countries. We also find that locational decisions by firms have been determined by the location of branches of the Imperial State Bank system. We leverage its administrative criteria in founding branches to circumvent the endogeneity of credit supply to local economic conditions.

16:30 – 18:00 **Session 3a**

Informal Institutions

Victor Bryzgalin (Lomonosov Moscow State University)

Influence of Bonding Social Capital

It has been established that generalized trust has a positive effect on economic growth, happiness, the probability to become an entrepreneur, etc. However, less attention has been paid to bonding social capital – one of the forms of social capital that refers to social norms and the trust to the limited number of agents (for example, a family). On the one hand, it is associated with the so-called 'dark side of social capital' resulting in things like amoral familism, low political participation. On the other hand, a high level of group social capital allows people to produce local goods and to conduct economic activity in a bad institutional environment. The aims of this work are to explore the influence of bonding social capital on economic growth and to establish its main channels. I suggest that the quality of institutional framework plays a key role in determining how bonding social capital affects economic development (positively or negatively). The hypothesis is tested by using cross-country and panel data from EVS and WVS. Findings show that traditional view about positive impact of bonding social capital in poor institutional environment is strongly confirmed only in panel regressions, rising issues about dynamics of social capital and its influence on economic performance.

June 7, 2018 (Thursday)

EACES – HSE Workshop

Topics in Political Economy of Development

PARALLEL SESSIONS:

Egor Lazarev (Columbia University)

Authoritarian Pluralism: Why Does the Chechen Government Promote Customary Law and Sharia?

Why do governments deliberately undermine state capacity? I study this question in Chechnya, where the regional government has been actively promoting customary law and Sharia and sabotaging the implementation of state law. I argue that there are structural and strategic reasons. The structural roots of the promotion of non-state legal orders can be traced to the incorporation of former rebels into the government in post-war Chechnya. This claim is developed through the comparative analysis of Chechnya and neighboring region of Ingushetia based on the representative surveys in two regions. My analysis shows that while in Ingushetia state officials are more likely to choose state law in comparison to an average respondent, in Chechnya state officials are less likely to choose state law in comparison to an average Chechen. Second, I show the strategic logic of promotion of the non-state legal orders. Through my qualitative work, I trace three distinct logics. First, promotion of non-state legal orders based on tradition and religion increases legitimacy of the Chechen authorities. Second, promotion of non-state legal orders aims to mitigate female empowerment and female legal mobilization through state law. Finally, promotion of non-state legal orders is a part of the center-periphery bargaining game. My study shows how the interaction between strategic and structural factors lead to subversion of state institutions by state agents.

Junbing Zhu (Freie Universität Berlin, with Theocharis Grigoriadis)

Cultural Diversity and Development in China

This paper investigates the effect of cultural diversity on local development in China using data of 275 Chinese cities covering the period 1995-2015. Several variables of cultural diversity are calculated measuring linguistic fragmentation and polarization of prefectural population. Cities are also classified based on the range of Mandarin area and the fact that whether governments offer bilingual civil service. The identification method combines difference-in-difference and discontinuity regression: municipal GDP per capita, economic growth rates, public finance revenue and expenditure are compared between pre- and post- 2010 when the population census data gives new value of cultural diversity. Both annual data and 5-year period data are used in the empirical analysis. The preliminary results show that cultural diversity do not have significant effect on both GDP per capita and economic growth rates in soft authoritarian countries no matter whether cities are in the mandarin area or not. However, public finance and expenditure are positively related with cultural diversity, which is inconsistent with results in democratic countries. Therefore, the effect of cultural diversity in authoritarian countries is different from that in democratic countries.

June 7, 2018 (Thursday)

EACES – HSE Workshop

Topics in Political Economy of Development

PARALLEL SESSIONS:

16:30 – 18:00 **Session 3b**
Corruption

Sean Norton (The University of North Carolina at Chapel Hill)

Local Opposition, Local Issues? Exploring the Dynamics of Urban Competition in Authoritarian Regimes

A growing literature on post-communist states suggests that urban electoral and contentious dynamics are key for understanding regime trajectories and ruling party strength. However, our understanding of what drives patterns of political competition and contention at the municipal level remains thin. This lack of knowledge is problematic; while we may know that urban politics often precede important national-level contentious outbursts or electoral shifts, we remain in the dark as to how actors initially gain support in urban areas. This paper exploits data on Moscow's most recent municipal council elections and a large, highly salient housing program to examine the determinants of political support at Russia's lowest level of governance: the municipal formation. The Moscow opposition seized this housing project as a campaign issue in 2017, significantly increasing the number of seats held by opposition parties or affiliated independents across the city. Using geodata on the housing project at the polling station level, I expect that polling stations surrounded by a higher number of included buildings recorded higher levels of opposition vote, controlling for past opposition support.

Hannah Chapman (University of Wisconsin-Madison, with Theodore P. Gerber)

Dimensions of Electronic Political Engagement: New Media, Old Media, and Public Opinion in Russia's Contested Election Season of 2011-12

How does new media usage influence political attitudes in low information environments? Optimists argue that the internet can serve as a democratizing force in non-democratic regimes by promoting political information, communication, and organization for oppositional forces. However, there is limited empirical evidence to support these claims. Using data from four large Russian surveys conducted over the course of recent elections (November 2011-March 2012), the most contentious period in Russian politics since the early 1990s, we disentangle the concept of electronic political engagement and its impact on political attitudes. We identify five distinctive dimensions of electronic political engagement: web-based political information seeking, web-based political communication, traditional news source usage, and two forms of social networking. However, we find only a limited impact of web-based communication on oppositional viewpoints. These results suggest that electronic political engagement is a complicated, multi-dimensional concept that must be empirically separated. Furthermore, our results throw doubt upon the claim that the internet drives opposition by providing alternative sources of information to government-controlled media.

June 7, 2018 (Thursday)

EACES – HSE Workshop

Topics in Political Economy of Development

PARALLEL SESSIONS:

Ekaterina Paustyan (Central European University)

Reappointment in Exchange for Political Loyalty? Factors of Gubernatorial Reappointment in Russia: New Evidence from a Crisp-Set QCA

Authoritarian political systems are likely to transform federalism into a formality imposing political centralization from the top. However, despite the re-centralization reforms of President Putin, some Russian governors have retained sufficient autonomy staying in office since the 1990s. In contrast to the literature that concentrates on how incumbents build political machines to win elections, this study investigates why incumbents were reappointed and able to remain in office. The analysis tests what role the interaction of such conditions as the ability of governors to mobilize voters, to keep stability in the region, to be effective managers as well their popularity have played in the reappointment process. The paper employs crisp-set qualitative comparative analysis (csQCA) which reveals three combinations of conditions sufficient for reappointment of governors and displays typical cases for each of them. The first term in the solution includes a combination of two conditions – being a voter mobilizer and being an effective manager – which are often seen in the literature as alternatives to each other. However, this result suggests that incumbent governors needed to perform both as voter mobilizers and as effective managers to have been reappointed. This is informative taking into account that the analysis mainly deals with reappointment of incumbents in predominantly Russian regions.

June 8, 2018 (Friday)

7th ICSID Conference

Political Economy of Development: Historical and Contemporary Factors

10:00 – 11:00 **Invited Speaker:**

Hilary Appel (Claremont McKenna College, with Mitchell A. Orenstein)

From Triumph to Crisis: Neoliberal Economic Reform in Postcommunist Countries

Postcommunist European countries were among the most fervent and committed adopters of neoliberal economic reforms from 1990 to 2008. Not only did they manage to overcome the anticipated domestic opposition to ‘shock therapy’ and Washington Consensus reforms, but many fulfilled the membership requirements of the European Union and even adopted avant-garde neoliberal reforms like the flat tax and pension privatization. Neoliberalism in the postcommunist countries went farther and lasted longer than expected, but why? We seek to answer this question by examining post-Communist transition through the lens of international economic integration and the competition for foreign direct investment. Unlike pre-existing theories based on domestic political-economic struggles, this research focuses on the imperatives of re-insertion into the international economy. We show how countries engaged in ‘competitive signaling’, enacting reforms in order to attract foreign investment. This signaling process explains the endurance and intensification of neoliberal reform in these countries for almost two decades, from 1989–2008, and its decline thereafter, when inflows of capital into the region suddenly dried up.

11:40 – 13:00 **Session 1** **Corruption**

Noah Buckley (New York University – Abu Dhabi, HSE)

Economic Blame-Attribution in Times of Boom and Bust: The Case of Authoritarian Russia

It is well-understood that economic performance strongly influences the public’s views of authoritarian leaders (Treisman 2011, 2014). However, we know less about how blame or credit for economic performance is apportioned among various levels of government in authoritarian regimes. In this paper, I use a large, newly-assembled data set of hundreds of thousands of public opinion poll responses to examine the determinants of leader approval in Russia at the subnational level. I incorporate several measures of government and leader approval while covering times of boom and bust (2000-2016) at yearly and monthly resolution. Understanding the extent to which perceived economic failures can be pinned on governors can help us grasp their role in the regime, cadre dynamics, and public opinion under authoritarianism more generally.

June 8, 2018 (Friday)

7th ICSID Conference

Political Economy of Development: Historical and Contemporary Factors

Polina Detkova, Andrey Tkachenko and Andrei Yakovlev (HSE)

Female Factor in Perception of Corruption by Bureaucrats: List Experiment Results

Corruption is commonly recognized to be a development roadblock, especially in developing countries. Most empirical studies emphasize the existence of a bad equilibrium or of a vicious circle, thus supporting the thesis that more corrupt countries or regions are characterized by higher poverty and a lower development level. However, in most cases these studies do not answer the question what incentives should be created for political leaders and high-level bureaucrats to overcome corruptive behavior. This question is particularly important in countries with imperfect democracies with a low level of accountability of politicians and a lack of sufficient pressure on the authorities. It is necessary to understand what groups of bureaucrats within the state apparatus are capable of supporting the anticorruption policy to break out of this vicious circle. This paper uses the results of a list experiment, conducted in 2017 in Russia on the bureaucrats responsible for public procurement, to assess the perception of corruption by the bureaucrats themselves. Specifically, female officials assess corruption as a more serious problem. This result prompts the assumption that extending women's career opportunities within the bureaucracy may become an indirect tool to reduce corruption in developing countries. This is especially relevant for cases where direct anticorruption measures may clash against the resistance of various "interest groups" immediately involved in corruptive schemes.

David Szakonyi (George Washington University, HSE)

Candidate Filtering: The Strategic Use of Electoral Fraud in Russia

Governments have many tools at their disposal to tip competitive electoral races in their favor. But we know little about when and why officials employ different strategies, and how the voting public reacts to violations of electoral integrity. This paper examines the logic behind one controversial tactic: the use of registration rules to block certain candidacies. First, I employ data on over 90,000 mayoral candidates in Russia to show that the regime is most likely to block prominent, well-resourced challengers in order to preserve advantages in open races. Why then do voters not punish the regime when it prevents popular oppositionists from accessing the ballot? I use several survey experiments to show how the specific nature of fraud affects voter behavior. Clearcut violations elicit significant outrage, as voters feel deprived of agency. In response, they are more likely to stay home on election day and even take to the streets in protest. However, the tactic of blocking candidacies draws on institutional ambiguity and opacity; voters are unable to corroborate whether electoral law is being evenly applied and are more likely to accept the regime's actions as justified. This paper demonstrates that not all electoral fraud is created equal: information asymmetries and voters' focus on enfranchisement create incentives for regimes to act early in the electoral process to both ensure electoral victory and stem post-election protests.

June 8, 2018 (Friday)

7th ICSID Conference

Political Economy of Development: Historical and Contemporary Factors

14:30 – 16:00 **Session 2**

Weak Institutions: Causes and Consequences

Denis Ivanov (HSE)

The Legacy of Stalin in Georgia: Ideology and Hometown Effect

I study the role of sharing the region of birth with a prominent political figure on ideological views of local inhabitants (hometown effect). I consider a case of popularity of late Soviet dictator Joseph Stalin (born Jughashvili) in Georgia and in particular in its Eastern part where Gori, his hometown, is located. I use the share of surnames with ending shvili across the Georgian municipalities to measure local inhabitants' affinity to Stalin according to Caucasus Barometer 2012. I show that respondents in high-shvili municipalities are more likely to hold a positive view of Stalin and his deeds, controlling for an extensive set of socio-demographic variables. On the second stage, I instrument the Stalinism index with the share of shvili surnames in the municipality and show that Stalinism is positively related to approval of government ownership of businesses, opposition to Georgia's accession to the EU and NATO, and dissatisfaction with compensation for a respondent's work. These results imply that regional affinity even to a late but prominent politician can affect individual ideological positions on a broad range of contemporary issues. Also, the hometown effect is stronger for people who socialized after the independence, when centralized ideology broadcasting ceased, and people got more chances to be socialized within the local culture.

Irina Levina (HSE)

Decentralization of Firms in a Country with Weak Institutions: Evidence from Russia

Decentralization can make a great job in improving firm's effectiveness and competitiveness by creating opportunities for quicker and more competent decision making on a wider range of questions, and by improving motivation of employees. At the same time, decentralization always brings with it a substantial increase in agency costs. The latter is especially important for firms that operate in the environment with weak institutions. The popular belief is that decentralization at the firms cannot be successful in the environment with weak institutions, due to prohibitively high agency costs. In this paper we use evidence from Russian firms to challenge this belief. We demonstrate that firms that accompany decentralization with hiring for top positions on the fully competitive basis are, on average, significantly more likely to invest even in Russian weak institutional conditions. We also show that gap in investment between firms that accompany decentralization with competitive hiring and other firms declines as corruption grows. Empirical research presented in the paper implies that there can be still a significant room for decentralization even in the environment with weak institutions, like Russian.

June 8, 2018 (Friday)

7th ICSID Conference

Political Economy of Development: Historical and Contemporary Factors

Israel Marques (HSE)

Co-investment Under Weak Institutions: Evidence from Public-Private Partnerships in Russia's Regions

How and when are governments able to convince firms to engage in costly co-investments in the absence of strong institutional constraints on the state? This paper explores this question by examining the emergence of public-private partnerships (PPP) between firms and regional governments in Russia's regions related to vocational education and training (VET). In much of the literature on professional education, credible commitment is key to co-investment. Public-private cooperation, in particular, is achieved in the presence of strong civil society. Russia's regions present a puzzle to this literature, however. On the one hand, many are characterized by institutionally complex, costly forms of PPP that closely link firms and schools. On the other hand, civil society is anemic and political institutions generally weak. This paper tests two theories that might explain PPP in Russia's regions – state capacity and political accountability. We test these theories using unique data on PPP related to vocational education between 1,654 schools across Russia's regions and over 30,000 partner firms. We find that state capacity is strongly associated with the emergence of PPP, as are both political competition and integration of business people into regional legislatures. More importantly, we also find that these same factors help to explain the extent of the investments – in time and treasure – made by firms.

16:30 – 18:00 **Session 3**

Political Institutions and Media

Michael Rochlitz (Ludwig Maximilian University of Munich, with Evgeniya Mitrokhina and Irina Nizovkina)

When Are Authoritarian Bureaucracies Politicized? Experimental Evidence from Russia

How can we measure if bureaucracies in electoral authoritarian regimes are politicized? And what determines the degree of politicization? In this study, we implement a simple experiment to test whether affiliation with the ruling party or the political opposition affects the probability that potential investors receive advice from investment promotion agencies in Russian regions. Between December 2016 and June 2017, we sent 1504 emails with a short question and a number of randomized treatments to 188 investment promotion agencies in 70 Russian regions. Although investment promotion agencies are nominally depoliticized in Russia, we find that switching the political affiliation of a potential investor from the opposition party "Yabloko" to the government party "United Russia" on average increases her or his chances to receive a reply by 30%. The effect strongly depends on regional levels of political competition, with higher levels of discrimination in regions that are less politically competitive.

June 8, 2018 (Friday)

7th ICSID Conference

Political Economy of Development: Historical and Contemporary Factors

Anastasia Kazun and Anton Kazun (HSE)

Coverage of Three Tragedies in the Russian Media: Application of the Network Agenda Model

December 19, 2016, saw three tragedies simultaneously, that could not go unnoticed by the Russian media: dozens of people died as a result of a surrogate alcohol poisoning in Irkutsk, a Russian ambassador was killed in Turkey, and a terrorist attack took place at the Christmas market in Berlin. In this article using the network agenda theory we analyze how these tragedies were covered by various types of mass media: on 11 federal TV channels, in 1,974 print newspapers, in 34,905 online newspapers and 2,574 blogs. We believe that direct and indirect control of the agenda by the state can be exercised by creating a network of events that will canalize correctly discussions about tragedies. We show that ties between the tragedy and a network of other acute issues are more important than objective circumstances, such as the number of victims or a geography of the event. The context in which the events were looked at led to greater attention to the killing of the ambassador and less attention to surrogate alcohol poisoning. The Russian mass media paid significantly less attention to the Berlin terror attack, yet it was used as a supplement to the demonstration of importance of the fight against terrorism.

John Reuter (University of Wisconsin-Milwaukee, HSE) and David Szakonyi (George Washington University, HSE)

Electoral Manipulation and Regime Support: Survey Evidence from Russia

Does electoral fraud stabilize authoritarian rule or undermine it? The answer to this question rests, in part, on how voters evaluate regime candidates who engage in fraud. Using a survey experiment carried out after the 2016 State Duma elections, we find that voters withdraw their support from United Russia candidates who are reputed to have used electoral fraud. This effect is especially large among strong supporters of the regime. Core regime supporters are more likely to have ex ante beliefs that elections are free and fair. Providing them information about fraud significantly reduces their propensity to support the ruling party. These findings illustrate that fraud is costly for autocrats not just because it may ignite protest – as several scholars have argued – but also because it can undermine the regime's core base of electoral support. Because many of its strongest supporters expect elections to be free and fair, the regime has strong incentives to conceal or otherwise limit its use of electoral fraud.

June 9, 2018 (Saturday)

7th ICSID Conference

Political Economy of Development: Historical and Contemporary Factors

10:00 – 11:00 **Invited Speaker:**

Steven Nafziger (Williams College)

Serf Emancipation and Russian Economic Development

Quantitative institutional and economic history of Russia and the former Soviet Union is undergoing a mini boom. In this presentation, I draw a number of recent studies that have exploited variation in serfdom and in the conditions of emancipation to explore fundamental questions regarding the subsequent pace and structure of economic and political development in Russia and neighboring countries. Two themes emerge from my brief examination of this monumental set of institutional changes. First - serfdom and emancipation impacted institutions and actor allocations in ways that led to long-run effects. Second - despite these findings, the complexity of emancipation and accompanying reforms makes it very difficult to identify sharp effects of the end of serfdom. Despite this, I close by noting a several related and promising areas for future research.

11:30 – 13:00 **Session 4**

Elites and Redistribution

Ekaterina Borisova (HSE), Denis Ivanov (HSE) and Koen Schoors (Ghent University)

Generalized Trust and Preferences for Redistribution: Moderating Role of Institutions

We study how institutional quality moderates the relationship between generalized trust and preferences for redistribution. Generalized trust is conducive to greater support for redistribution reducing expectations of cheating among others. We decompose this effect further, first, by studying interaction between individual trust and institutional environment, and, second, by breaking the redistribution preferences down into several target groups such as the poor, the unemployed, the old, the disabled, veterans, and families with little children. Our hypothesis is that trusting individuals are more likely to support redistribution in favor of groups suspicious of cheating (like the poor and the unemployed) only if they live in better institutional environment in which welfare fraud is punished. We test this hypothesis with the Life in Transition II survey, containing data from 38,000 thousand respondents from 35 transition and developed countries. We show that individual trust raises the chances of selecting the poor and the unemployed as the groups deserving support from the government when country-level control of corruption, rule of law and government effectiveness are better. This relationship has not been observed for groups conventionally thought as unambiguously deserving and with simple eligibility criteria, i.e. for the old, the disabled, and families with children. Additionally we find that trust under good institutions is associated with picking all the groups as deserving support.

June 9, 2018 (Saturday)

7th ICSID Conference

Political Economy of Development: Historical and Contemporary Factors

Thomas Remington (Emory University, HSE and Harvard University)

Decomposing Inequality: Rents and Redistribution in Russia, China and the United States

Despite significant differences in resource endowments and political and economic institutions, Russia, the United States and China display startling similarities in trends toward the concentration of wealth and income. In all three countries, economic growth is increasing the wealth and incomes of those at the top faster than those in the middle and lower parts of the income distribution. In turn, concentrated economic power affects policy processes, inhibiting adoption of policies that would broaden social insurance pools, expand public goods provision, and increase redistributive transfers. A number of theories have been advanced to explain these trends, among them economic theories of globalization and technology change, as well as power-based theories of rent-seeking and declining labor union density. Some political scientists have sought as well to analyze the effect of rising inequality on political representation and policymaking. This paper seeks to (1) decompose economic inequality in Russia, China and the United States; (2) link the economic and political factors driving inequality; and (3) outline an explanation for the similarity in economic inequality trends in Russia, China and the United States.

Israel Marques (HSE)

Elite Networks, Electoral Incentives, and Intergovernmental Transfers in Competitive Authoritarian Regimes: Evidence from Russia

Given limited resources, how do politicians dole out money to retain office in competitive authoritarian regimes? Previous work on intergovernmental transfers in these regimes emphasizes their importance for maintaining power. One body of work emphasizes transfers as a tool for rewarding loyalty and passing rents to regional elite allies. Another argues transfers are a means of shoring up popular support by providing elites resources to convince “swing” voters to support the regime. This paper provides one of the first tests of these theories against each other. It explores the conditions under which competitive authoritarian regimes choose to allocate resources according to an electoral logic rather than to loyal, well-connected regional elites. The paper draws on data on federal transfers to the regions in the Russian Federal from 2000–2008, along with elite network data constructed from the biographies of all high-ranking Russian federal officials (ministers, vice-ministers, and equivalent) and governors. The findings have important implications both for the wider literature on authoritarian regime maintenance and for work on the incentives of leaders and sub-national officials in competitive authoritarian regimes.

CONFERENCE VENUE

The conference will take place at Higher School of Economics

HOW TO GET THERE?

The HSE campus is easily accessible by the underground, with the following stations just 5–10 minutes away:

- Lubyanka (Лубянка)
(Sokolnicheskaya red line)
- Chistye Prudy (Чистые пруды)
(Sokolnicheskaya red line)
- Turgenevskaya (Тургеневская)
(Kaluzhsko-rizhskaya orange line)
- Kitay-Gorod (Китай-город)
(Kaluzhsko-rizhskaya orange line)

Lubyanka metro station: Exit to Myasnitskaya Ulitsa, which you should follow. The destination will be on your right. Estimated travel time: 5 minutes.

Chistye Prudy and Turgenevskaya metro stations: Exit to Myasnitskaya Ulitsa, which you should follow towards the city center. The destination will be on your left. Estimated travel time: 5 minutes.

Kitay-Gorod metro station: Exit to Ulitsa Maroseyka, which you should follow for 100 metres, then turn right onto Bolshoy Zlatoustinskiy Pereulok (350 metres), and then bear right onto Myasnitskaya Ulitsa, which you should follow for 150 metres. The destination will be on your right. Estimated travel time: 10 minutes.



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