CURRENT AND FUTURE RESEARCH STATEMENT

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Developing countries face myriad challenges. At the very basic level, they must create the foundation for successful economic development that lifts citizens out of poverty. Such economic growth enables, and is enabled by, investment in the health and education of the public. More extreme challenges to these everyday tasks arise from within in the form of violent conflict over power and territory, or from without when more powerful countries exert pressure to obtain concessions. To say the least, not all developing countries weather these challenges well. What explains why some are able to promote economic growth, generate human capital, prevent conflict, and resist external pressure? The answer, I argue, is in their political institutional architecture. Designing the correct combination of political institutions is vital for providing citizens the channels through which they can express their preferences to leaders, and hold these leaders accountable, in turn creating incentives for leaders to promote public welfare. Further, by promoting the representation of diverse societal constituencies, political institutions can allow leaders to exert constraints on each other's behavior, limit their excesses, and bolster their credibility for potential allies and against would be threats. Identifying these optimal institutions in the developing world is the central theme of my research agenda, and I have explored its variations in five principal settings. I describe each below.

Part I. The Political Economy of National Economic Performance

One of the central questions in comparative political economy asks why some countries are better able to grow economically than others. This research has generated tremendous interest among political scientists, and at least two influential accounts of national economic performance have been published in recent years. Przeworski and his colleagues focused their attention on the alleged impact of democratic institutions on per capita income growth. They found that, while economic development affects the ability of democratic regimes to survive and persist, there is little evidence that democracy itself affects economic growth. More recently, Acemoglu, Johnson, and Robinson have taken a more historical perspective and inquired as to the impact of colonial-era institutions in shaping modern-day political and economic outcomes. What both these accounts—and virtually all others on the topic—share in common is an exclusive focus on growth in average per capita income as the outcome-of-interest.

Developing countries differ from one another in terms of their growth rates, as well as in the volatility of that growth. Given research in economics by Ramey & Ramey (*AER* 1995) showing that growth volatility can hinder future growth, understanding the determinants of growth-rate volatility becomes an important area of inquiry for political economists. Moreover, as I argue in my book, *Coalition Dharma: Gridlock, Credibility, and National Economic Performance*, incorporating growth-rate volatility into our analyses broadens the scope on inquiry. Instead of simply dividing the world into high- and low-growth countries, recognizing volatility suggests a four-fold categorization of states: high growth-low volatility; high growth-high volatility; low growth-high volatility; and low-growth-low volatility. The OECD states thus almost uniformly fall into the first category, but oil-rich dictatorships more often fall into the second. Thus, this categorization distinguishes between a set of countries that were hitherto typically lumped together. Similar distinctions can be made among low growth states.

I develop an institutional theory of national economic performance to explain into which category a country might fall, and why. Growth-rate volatility, I argue, is the result of government's inability to commit credibly to long-term policy stability. This inability hinders government's ability to attract long-term stable investment, which, in turn, inhibits growth and makes the country more vulnerable to economic shocks, and more prone to capital flight and economic instability. So, from where does credibility arise? Contra much existing scholarship, I make a positive case for legislative gridlock. Specifically, I argue that governments in which policymaking authority is diffused across political institutions, which are controlled by different societal constituencies, are credibly constrained against arbitrary and rapid policy change. This argument thus yields three main observable implications: Countries with credible constraints should enjoy (a) higher growth at lower rates of volatility, (b) higher levels of domestic savings, and (c) lower levels of capital flight. The tests of this argument utilize cross-national time-series data and firm-level survey data, a cross-temporal and cross-state analysis of India's economic performance, and four comparative case-studies. The manuscript is being reviewed simultaneously at Cambridge, Chicago, Michigan, and Oxford.

Part II. Political Competition, Budget Constraints, and Government Policy

While the provision of economic growth is an important task for political leaders, it is not the only public good citizens require. As Amartya Sen has persuasively argued, economic growth is but one indicator of a country's level of development, and, more importantly, it is an imperfect correlate of the other: human development. Sen's work has inspired a new wave of research seeking to explain cross-national variation in human development outcomes such as literacy rates, school enrollment and achievement, life expectancy, malnutrition, and mortality rates. Research by Anand and Ravaillion (1993) shows that there are two channels by which countries improve their performance on such indicators of human development: economic growth and public service provision. The latter, they show, explains two-thirds of the variance in human development outcomes, making the study of variation in government provision in public service provision important in its own right.

I am working towards building a cohesive explanation of public service provision that focuses on the interaction of two main factors: political institutions and budget constraints. First, political institutions shape politicians' incentive structures and, accordingly, the policy tools they employ to retain office. Following Bueno de Mesquita et al (2003), I argue that political institutions that require politicians to win support from a majority of the population create incentives to provide public goods, since these enjoy economies-of-scale in their provision. Where, by contrast, politicians can retain office via the support of a minority of the population, they have incentives to focus on patronage politics and provide private goods to supporters. Second, in the newest aspect of my research on this topic, I am interested in how budget constraints shape such behavior. I discuss these ideas in more detail below.

My primary contribution to this discussion appears in a paper co-authored with Pradeep Chhibber[1] and published in *Comparative Political Studies* (March 2004). In this paper, we apply the argument described above to explain variation in government performance across the Indian states. We show that states characterized by two-party competition provide more public services to citizens than those with multi-party competition, and, further, that citizens in two-party states support this contention.

A second take on the question appears in a paper co-authored with Robert J. Franzese, Jr.,[2] and Karen Long Jusko.[3] We assume democratic policymakers respond to pressures from their constituents; however, in this paper, we argue what comprises the constituency to which policymakers respond varies. We propose conceiving the bases of representation as a continuum from the interests of the policymaker's geographic constituency, her electoral district, d, to those of her partisan constituency, her party's supporters p; and we explain how party unity, u, provides the weight on the partisan extreme in the resulting convex combination giving the 'effective constituency', c, to which policymakers respond: $c=u*p+(1-u)*d$. We evaluate our argument against postwar histories of public spending and distributive politics in the United States. We are presently revising it for submission to a journal.

The Role of Budget Constraints I: Globalization and Public Spending

A nagging question for me arising from the research described above concerns the role played by budget constraints. Essentially existing research (including my own) asks how different institutions shape public service provision, and then argues that any differences are attributable to different preferences on the parts of governments. But this assumes that governments share common budget constraints. If, on the other hand, budget constraints vary *and* are correlated with political institutions (for instance, if democracies are more effective at

[1] Chhibber is Professor of Political Science at the University of California, Berkeley.
[2] Franzese is Professor of Political Science at the University of Michigan.
[3] Jusko is Assistant Professor of Political Science at Stanford University.

raising revenue), then findings linking institutions to public service spending might be spurious. I have tried to tackle this question in two subsequent papers co-authored with Joel Simmons.[4]

In the first paper, we ask how globalization, which we define as an increasing dependence on foreign markets, affects governments' abilities to provide public services to citizens. Globalization has two distinct effects on domestic economies (Rodrik 1997): it reduces governments' ability to tax capital, which reduces its revenue base, and encourages 'efficiency' via reduced public spending, and it increases economic insecurity by making jobs vulnerable to cross-border movements, creating a demand for 'compensation' by citizens. Existing research has treated these two possibilities as mutually exclusive, and tries to identify which is correct. In our paper, we argue that both 'efficiency' and 'compensation' are possible, and that the choice is endogenous to the incentives governments face. Where governments must satisfy a large section of the population to stay in office, we argue they will engage in compensation via public service provision, since these enjoy economies of scale. Where they can retain office through the support of a small proportion of the population, they choose compensation via private (*i.e.*, more discrete—think unemployment insurance) goods, or they choose efficiency. This choice is dependent on the preferences of the constituency to whom the leaders are incumbent. This paper is forthcoming at *International Studies Quarterly*.

Our second paper on this topic sought to leverage International Monetary Fund (IMF) structural adjustment programs (SAPs) as exogenous budget constraints. While SAPs are multi-dimensional, a common feature shared by most is an emphasis on reducing the size of the public sector. The question for governments therefore is how best to reduce spending to meet fiscal targets. Critics of the IMF accuse it of encouraging governments to cut social spending, and therefore of hurting the poor and disadvantaged. Recent research by the IMF's Independent Evaluation Office, however, countered this claim (2003). In our paper, we argue that the IMF's impact on social spending should depend on domestic political institutions. We show that democratic governments make deeper cuts in education and health care spending than do non-democracies. This paper was published in the Fall 2006 issues of *International Organization*.

Three final papers on this set of questions are co-authored with leading contributors to this literature. The first, co-authored with Nita Rudra[5], this paper returns to the central question in the globalization-spending literature: does fiscal policy affect international competitiveness? Conventional policy wisdom urges governments of less developed countries to prioritize market-oriented policies over social objectives (eg., expanding social safety nets) to improve their competitiveness in attracting international capital. Existing research suggests that governments are following such advice and reducing the share of budgets allocated to social programs. The argument behind such 'tough love' policy prescriptions is that reducing spending allows government to lower the tax burden faced by entrepreneurs, thereby making them more attractive to investors. Yet, to our knowledge, this alleged relationship between reduced social spending and higher competitiveness has never been subject to an empirical test. In this paper, which is under review at the *American Political Science Review*, we show that there is no evidence to support this argument, and offer an explanation for why governments have nevertheless chosen to cut welfare. A second paper, also with Rudra, asks whom governments choose to protect in a climate of increasing openness. The third paper, co-authored with Jim Vreeland[6], examines the politics of IMF program allocation to see if more strategically-important states are granted greater leeway in how they implement the austerity programs.

The Role of Budget Constraints II: Oil and National Debt

Most developing country governments are strapped for resources. However, few things can change a government's revenue constraints like the discovery of oil. I have three papers on the topic of oil wealth, and its effects on government behavior, which I describe below.

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[4] Simmons is Assistant Professor of Political Science at Stony Brook University.
[5] Rudra is Associate Professor of International Affairs at the University of Pittsburgh.
[6] Vreeland is Associate Professor of Political Science at Yale University till December 2008, after which he will be moving to Georgetown University.

The first paper, entitled *Drilling into Debt* and co-authored with Stephen Kretzmann[7], asks what effect oil wealth has had on national debt burdens. The oil shocks of the 1970s increased the oil-import bills of developing countries, plunging many into immense debt. The subsequent debt crises of the 1980s impoverished many countries, and put debt relief on the international poverty relief agenda in the 1990s. Missing from the discussions surrounding these topics were the oil-rich countries, which are typically thought to have avoided debt thanks to their oil wealth, even if their windfalls have hindered economic growth (Sachs and Warner 1997), inhibited democratization (Ross 2001), and increased civil conflict (Collier and Hoeffler 1999; Ross 2003). Our paper, which was published by Jubilee USA and released to coincide with the July 2005 G-8 summit in Gleneagles, Scotland, shows that oil wealth is positively related to national debt burdens, which has important policy implications for how debt relief is managed and for World Bank programs designed to encourage oil production in developing countries.

I then wrote a second paper seeking a more political explanation for variation in national debt burdens. This paper develops a theoretical framework to understand the relationship between political institutions, resource wealth, and debt burdens. Three main findings are reported: oil wealth has a positive relationship with debt; this relationship is weakly conditional on the country's regime type; and the relationship is independent of general commodity price volatility. The paper concludes with a discussion of the implications of this research for our understanding of the 'resource curse'. The paper is published in *International Interactions*.

Lastly, I am presently working on a paper with current OSU graduate students, Quintin Beazer and Sarah Wilson Sokhey, which we presented at the April 2007 Midwest meetings. This paper seeks to unify the various questions animating the papers described above: How do financial windfalls affect government budgetary priorities? Do governments respond to newfound revenue by increasing social spending to bolster popularity with citizens? If forced to make spending cuts, how do governments decide which programs to target? And, how are such decisions about how to allocate financial windfalls shaped by whether governments require popular support to retain office? To do so, we leverage how sudden changes in state revenue affect the provision of social programs in countries with varying degrees of democracy. Using the Soviet Union's breakup as a natural experiment, we examine government spending on health and education programs in the fifteen FSU countries in light of the revenue changes, both stark decline and unexpected windfall, brought on by abrupt separation from centralized Soviet funding. Unprecedented control over oil resources provided some countries like Kazakhstan with newfound revenue, while others such as the Baltic states had no comparable source of funds. The paper makes two main theoretical contributions. First, it adds to our understanding of the determinants of social spending in political economy, which we argue has hitherto overlooked the interaction between governments' budgetary constraints and regime type. Second, the paper contributes to the literature on post-Soviet politics by developing a new framework to understand how the interaction of economic conditions with political institutions shapes government policy decisions.

Part III. Democratic Politics in India

My discussion of my research on government provision of public services began with the CPS paper on how party system fragmentation affects public service provision. That paper is actually the second in a series of papers on political competition and government policy in India, all written with Pradeep Chhibber.

The first paper in this series appeared in an edited volume in 2000, and sought to explain changing patterns of political competition in India. Scholars have paid increasing attention in recent years to the apparent fragmentation of India's political system following an extended period of one-party Congress domination. Explanations offered have emphasized the 'ethnification' of India's elections (see Chandra 2004) and the mobilization of hitherto unmobilized sectors of the electorate (Yadav 1995; 2004). In contrast, our chapter claims that a key feature of party politics in India in the 1990s is the emergence of 'two-party competition', which we argue accounts both for the increasing competitiveness of Indian electoral politics and the fragmentation of the party system. The reason this two-party competition has led to national-level fragmentation is because of an increasing regionalization of Indian elections.

[7] Kretzmann is director of OilChange International, a non-profit organization based in Washington, DC.

More recently, we've turned our attention to another empirical puzzle in Indian politics: very high levels of electoral volatility. Compared to elections in Western Europe (Bartolini and Mair 1990), Indian elections are extremely volatile and incumbents fair quite poorly at the polls (Linden 2004). What explains these high levels of electoral volatility? We argue that fiscal space—availability of financial resources to enact policy initiatives and provide public programs—possessed by governments can explain the level of electoral volatility experienced by the state. Where governments have fiscal space, citizens reward incumbent parties with their continued support. But, when fiscal space is constrained, the incumbent government's ability to provide state resources is drastically reduced. Citizens therefore have little reason to reward it at the polls, and are 'available' to opposition politicians and to alternative appeals. Vote-switching ensues and the incumbent government is voted out of the office. We test this argument, and others in the existing literature, on electoral returns from state assembly elections across 15 major Indian states from 1967-2004. Our results support the argument that fiscal space influences electoral volatility. The paper appeared in *Comparative Political Studies* (August 2008).

Most recently, we have begun discussing a book-length project about the political economy of democratic governance in India. A first paper on explaining cross-state variation in public sector employment was presented at a conference at Duke in May 2007. We are presently in the main data collection stage of the project. An initial survey investigating citizen assessments of the Indian judicial system (N=1500) was completed in August 2008 and we cleaning the data now. Follow-up surveys of an additional 15,000 respondents across 10-15other state agencies will go in the field this fall. We also have data on every state high court decision in India over the past twenty years, which we are beginning to clean and analyze.

Part IV. Politics of Post-Conflict Reconstruction

The most recent, area of research in which I'm involved concerns the impact of violent domestic conflict on economic development. There has been a rapid increase in violent conflict within developing countries, but this fact is often absent from models of economic growth. However, periods of recovery from violent conflict are particularly interesting since they bring problems of politics and governance into especially sharp relief.

In our first paper, Thomas Flores[8] and I ask, why do some countries' economies recover from domestic armed conflicts more quickly than others? We argue that the key to successful post-conflict reconstruction is the presence of a credible commitment to the peace. In turn, the ability of political actors, including ex-combatants, to create such a commitment depends crucially on the nature of political institutional transition a country must make. We test these arguments by employing duration analysis techniques on a newly created dataset of economic recovery from civil conflict. We find that rapid post-conflict democratization retards economic recovery. This result reinforces a growing sense among political scientists that democracies built rapidly at the conclusion of civil conflicts face stark challenges that threaten peace and prosperity. This paper will appear in the *Journal of Conflict Resolution* in 2009.

Our second paper investigates external influences on recovery. Specifically, we evaluate the impact of World Bank post-conflict assistance programs on prospects for economic recovery using original dataset of World Bank programs. This paper is forthcoming at *Review of International Organization*s. I have since begun a third paper on the impact of early elections in post-conflict countries for which I have assembled an original dataset on first elections after conflict has ceased. Initial results, presented at Yale in April 2008, suggest that early elections can be very dangerous for post-conflict peace in newly-democratizing states. Flores & I have also been asked to write a chapter on "Credible Commitment in Post-Conflict Recovery" for *The Handbook on the Political Economy of War*, to be published by Edward Elgar in 2009.

I submitted a proposal to the NSF this August to allow more data collection, as I intend my second book project to develop more fully a theory of post-conflict reconstruction.

[8] Flores is a Clinical Assistant Professor at the Center for Global Affairs at NYU.

Part V. IPE of Sanctions and International Influence

While the four areas discussed above constitute the bulk of my research output, I am also active in research on the use and success of economic sanctions. I discuss this work below

Sanctions rarely work but they continue to be used frequently by policymakers. In a 2002 *International Interactions* article, I argued that previous studies of sanctions ignore the problem of strategic censoring by focusing only on cases of observed sanctions. I developed a unified model of sanction imposition and success and tested it using a simultaneous equation censored probit model. This selection-corrected sanction model finds that the process by which sanctions are imposed is linked to the process by which some succeed while others fail, and that the unmeasured factors that lead to sanction imposition are negatively related to their success.

Finally, I have written two papers with current OSU graduate student, Autumn Payton. As I have shown in my *II* article, knowing whether or not strategies of influence are successful, however, is difficult to assess because of the inherent selection bias in the instances of the use of such strategies observed by the researcher. Therefore, we assembled an original dataset on country decisions to sign and ratify Bilateral Immunity Agreements (BIAs) with the United States of America to gain leverage on the dynamics of influence in international politics. In response to the development of the International Criminal Court (ICC), the United States asked all countries to sign BIAs, which would provide American servicemen working in those countries immunity from prosecution by the ICC. Since all countries were asked to sign such agreements, we can observe exactly which signed, what inducements were offered, what sanctions were enforced, and how quickly countries responded to such pressure. Our data therefore allow a clean test of various hypotheses in the literature stemming from arguments about the sources of influence: shared interests, economic and security dependence, domestic politics, and contagion/diffusion. To test these hypotheses, we employ a combination of logit and duration analyses. Our research thus contributes to existing research on economic sanctions, international organizations, and power politics. The paper has a revise-and-resubmit at the *Journal of Peace Research* presently. A second paper models the strategic interaction process between the United States and its targets directly; we have been asked to re-submit a revised version to the *Journal of Politics*.

Future Research Directions

Moving forward I intend to deepen my investigations of how political institutions structure leader's incentives to promote the welfare of their poorest citizens, and their ability to do so, recognizing that these might factors might not always align with each other, as when democratic politics creates both the right incentives while simultaneously weakening the reach of power. The next focus is to be completing a book on post-conflict reconstruction where these trade-offs are especially pertinent. Beyond that, Chhibber and I will be working on a book on the political economy of democratic politics of governance. I anticipate that these two book-length projects will occupy the next three-to-four years of my research productivity.