My research lies at the intersection of international trade, political economy, and economic history, with a particular focus on the interaction between institutions (legal, political and economic) and economic outcomes. This area of research is important because the interplay of institutional and economic development determines how the rules that govern organizations — both private and public — are set up, and holds the key to understanding how these rules can be designed optimally. Most of my papers have an empirical focus, using observational (non-experimental) and in many cases historical archival data. My papers have studied long-run economic development on Native American reservations, vote-buying in international organizations, labor markets and legal institutions in the commodity-based economies of the 19th century Caribbean, the effect of trade-shocks on voters’ political radicalization in Germany, the organizational economics of the British Empire, and the shaping of the American economy.

**Individual Papers:**

In a paper forthcoming in *Econometrica*, “Forced Coexistence and Economic Development: Evidence from Native American Reservations,” I study differences in incomes across Native American reservations today. I find that these are very big, and can in large part be explained by the way in which reservations were formed more than 150 years ago. I show that where the U.S. government integrated different bands of the same tribe, and where these bands did not have a history of shared governance as measured by anthropological data of historical tribal organizations, reservations are today about 30% poorer than otherwise identical reservations. I perform a variety of auxiliary empirical tests to nail down the mechanisms. In combination, these tests strongly suggest that social divisions between the bands, which existed at the time of formation, instead of being resolved, persisted for over a century and translate into more internal conflict and clientilistic patronage politics today. This impacts incomes on reservations through the local business climate because contracting disputes are largely mediated by reservation courts which are subjected to a whirlwind of local political pressures. One of the most interesting findings is that, while the causes of this go back over 150 years, the actual divergence took place primarily in the last 20 years, after the federal government dramatically increased reservations’ political and economic independence, i.e., after the quality of local governance actually began to matter for local incomes.

In “Foreign Aid and Voting in International Organizations: Evidence from the IWC,” I ask whether economically powerful countries use their foreign aid payments to bribe (or punish) developing countries for voting for (or against) them in international organizations. While we know that countries receive a boost in their aid receipts when they get exogenously elected to temporary U.N. Security Council membership, proof of actual vote buying has been elusive because in most international organization, donor coalitions fluctuate with issues and agendas vary. To get around this issue, I exploit a unique dispute between donors in the International Whaling Commission (IWC) which has, on the one hand, seen two fixed aid donor blocs opposing each other for three decades over a single issue, but has on the other hand seen rich variation in both membership and voting behavior of aid recipient countries. Using a triple-difference research design, I find that the four biggest foreign aid donors — the U.S., the U.K., France, and Japan — all use their aid to either reward voting for or punish voting against their bloc in the IWC. This paper has been featured in *Foreign Policy Magazine* and *Slate*, and is in the second round at the *Journal of Public Economics*. In the paper, I extend the Groseclose and Snyder (1996) model of vote buying in committees to allow for entry and exit. In a theory paper called “Groseclose and Snyder in Finite Legislatures,” I also formalized a discrete version of this workhorse
continuous model, which matters because many prominent committees and boards are small enough that they are better formalized in a discrete model. This paper was published in the Journal of Theoretical Politics.

In “Trade Rents and Coercive Labor Market Institutions,” joint work with Avner Greif (Stanford) and Dan Trefler (Rotman School of Management, Toronto), we study the consequences of negative terms-of-trade shocks on economies where workers are primarily employed by an export sector dominated by a small set of producers, a description that fits many developing economies. We show theoretically that in this type of environment, declining export prices may have a “starving the beast” effect, i.e., at lower prices the rents that producers can extract through coercive labor market regulation are lower, and costly coercive activity is therefore reduced. The model generates the surprising prediction that falling output prices may raise wages (or at least reduce them by much less than in competitive labor markets) because producers relax their efforts at wage-reducing coercion. We explore the model’s predictions in extremely rich historical trade and labor market data for 14 British Caribbean sugar-producing colonies, which share many commonalities with today’s export-oriented and commodity-based economies in Central America, Sub-Saharan Africa, and South-East Asia. In a panel that stretches the entire “First Globalization,” i.e., from about 1840 to the outbreak of World War 1 in 1914, we find strong supportive evidence for our mechanism. This paper is currently under consideration at the American Economic Review.

Bankruptcy law matters because it determines the ease with which economic structures can change. Where exemptions separate businesses’ losses from their owners’ personal assets — as with the U.S.’s title 7 — markets clear faster after a sector declines, because entrepreneurs can divest themselves of their failed ventures and start over with a blank slate. Where this is not the case, entrepreneurs may get locked into their investments, and, instead of seeking new opportunities, focus on organizing themselves politically and seeking protection or bailouts from the government, leading to a stagnant local economy, in which the entrenched business interests become barriers to economic change. In “Bankruptcy Law and Institutional Change: Evidence from the 19th Century Caribbean,” I investigate the causal effects of a modernization of bankruptcy law in 19th century Caribbean colonies. After a prolonged period of depressed output prices, the Caribbean sugar-plantations had come under enormous financial stress. However, under the Caribbean’s outdated bankruptcy law, which held all of the planters’ personal assets liable for their plantations’ losses, almost no bankrupt plantations were sold. Instead, plantations were left abandoned or fallow, leaving both workers and land unemployed. Then, in 1854, the Caribbean Encumbered Estate Act (EEA) exempted business owners’ personal assets from claims against their businesses. I find that the EEA had enormous consequences: First, I show that it led to an explosion of land sales, putting land into the hands of new entrepreneurs, who as landowners also gained the right to vote. Second, it caused big institutional changes, as parliaments in all but one of the colonies abolished themselves and replaced themselves with direct rule by the British Crown. I show that the likely explanation for this change was that the new elites had better access to London as well as less local control over the freed slaves, and therefore preemptively abolished parliament to shield themselves from political competition. I circulated this paper at seminars in 2012-2014. I am currently rewriting it, and will submit it to a journal by the end of the summer.

In “Trade Integration and Political Radicalization: German Evidence from the Rise of the East and the Fall of the Wall,” joint work with Robert Gold (IfW Kiel) and Stephan Heblich (Bristol University), we investigate whether the economic adjustment resulting from the increased trade integration with the global economy causes increased voting for radical far-right parties. Traditionally, trade theory has
paid little attention to the adjustment costs of trade integration, i.e., the employment turnover and insecure job tenure that result as some sectors contract in response to import competition and others expand to meet new export demand. Recently, however, a literature at the intersection of trade and labor economics has identified very significant such adjustment costs.¹ We apply the empirical methodology from this literature, which focuses on local, i.e., sub-national, labor markets, and apply it to very detailed voting data at the level of German local labor markets. We find that exogenous changes in import competition – induced by the forces of global trade integration – have had very strong effects on voting for far-right parties in Germany over the last two decades. Ours is the first paper to provide causal estimates of the effect of trade-integration on political radicalization. Because the recent success of far-right parties in Europe has made the political consequences of economic shocks a hot-button issue, we expect this paper to have a high impact. We will begin circulating it at conferences and seminars this fall.

In a forthcoming piece in the Journal of Economic Literature, Abramitzky and Boustan (2015) argue that debates about immigration have always revolved around three core topics: one, what are the economic consequences of immigrants on natives, two, do immigrants assimilate, three, do immigrants influence natives’ culture?² They conclude that while we know a lot about the first two questions, we know next to nothing about the third. In “Immigrants’ Influence on Natives’ Culture: U.S. Evidence from Refugees of Germany’s Failed 1848 Revolutions,” joint work with Stephan Heblich (Bristol University), we study this third question. The Forty-Eighters’ expulsion from Germany provides a perfect natural experiment because it happened in a very narrow time window, because the Forty-Eighters almost all went to the U.S., and because their cultural convictions – which can be summarized as strongly unionist (anti-secession), libertarian and anti-slavery – are well known, being the reason they had to flee Germany. Their arrival followed a sea change in American politics, the disappearance of the Whig Party, the emergence of the Republican Party and the conflict over slavery that culminated in the Civil War. We focus on 400 individuals that two separate historical accounts listed by name as the most prominent Forty-Eighters. We used Ancestry.com to reconstruct their U.S. biographies, and estimate their effect on three outcomes: voter turnout and the vote-share for each political party, the circulation and number of newspapers by political affiliation, and the rate of volunteering for the Civil War, a high-stakes measure of cultural conviction as it meant risking one’s life. We use IV estimates (instrumenting for the 48ers’ location choices with pre-existing German settlements) and matching estimates (comparing only close-to-identical localities), and find that one additional Forty-Eighter in a county raised voter turnout in presidential elections by 4%, and raised the vote-share of Republicans by 5%. Preliminary estimates also suggest that Forty-Eighters had a significant positive impact on political engagement as measured by the growth of newspapers and on volunteer rates for the Union Army. These results show clear evidence that immigrants can have significant impact on receiving countries’ culture, and providing evidence for the power of persuasion, an important topic in political science, marketing, sociology and economics.

From the dismantling of the Soviet industrial infrastructure to wireless spectrum auctions, there is a question of the optimal transfer of property from the public into the private domain. In “The American Frontier 1820 – 1940: Theory and Evidence from 5 Million Settler Choices,” joint work with Trevor O’Grady (Harvard), Connan Snider (UCLA), and Alex Whalley (UC Merced), we focus on the transfer

of land into private hands in American history. The U.S. was unique among countries with big open frontiers. While concentrated land holdings came to dominate rural Brazil and Argentina, the 1863 Homestead Act and related laws made the small family farm the dominant form of settlement on the American frontier. Since Jackson Turner’s *Frontier Thesis* of 1893, this fact has been viewed as essential in explaining the U.S.’s good institutions. Yet, little is known about how land actually passed into private hands. To fill this gap, we have collected the entire universe of land grants in the U.S., 45% of the continental U.S.’s land mass, transferred through 5 million grants over the course of 80 years. With this information, we structurally estimate a “discrete/continuous choice” model of the settlement of the American frontier, where individual farmers decide on where to locate (the discrete choice, with no settlement or deferred settlement as the outside option), and on their optimal farm-size (the continuous choice, including their optimal mix of land obtained through cash-purchase versus the Homestead Act). In every year, we aggregate these choices to the share of settled land and the average farm size in each township (consisting of 36 640-acre sections). In any given year, these aggregates are the American frontier. We use exogenous variation in the incentives governing settlement (e.g. changing land-granting laws, distance to markets, immigration, commodity-prices, Indian removal) for identification. We then perform counterfactual analysis, asking questions such as how the frontier would have evolved if there had been no Homestead Act, or if secondary markets had been allowed to combine homesteads into larger grants. We have given a first presentation of this project at the NBER this July, and generated enormous interest and enthusiasm for this novel approach to a first-order question in American economic history.

In 1994, Baker, Gibbs and Holmstrom pioneered the use of a single large firm’s personnel data to test theories of the organization of firms. In “The Internal Economics of the British Empire: A View from the Theory of the Firm,” joint work with Florian Hoffman (Vancouver School of Economics), we examine the labor market inside an exceptionally large organization – the British colonial empire – using a novel dataset of its entire staff, in all colonies and for all administrative positions from 1863 until the 1960s. The data have several highly unique aspects: because people did not leave the colonial administration once they had passed the prestigious entry level exams, we are able to track the complete career paths of some 30,000 British diplomats, from their entry position until retirement. From the lowest rank-and-file up to the governors, we observe individuals climb the career ladder and move across colonies. The data are also unusually detailed even by modern standards: we observe location (we think of colonies basically as “branches” of the Empire) and job description as well as salaries and as a host of performance measures. To fully exploit this rich dataset, we use methodology from labor-search theory, which allows us to structurally estimate the working of the British Empire’s internal labor market. Using career switches and differences in salaries, we can, for example, ask whether colonial administration matched its best staff to its most important positions. We can use revealed preference arguments to determine how different positions and locations were valued by the staff, and we can describe on what dimensions the colonial empire actually rewarded performance.

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