

Title: Personnel Economics of the State

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Subtitle for each single lecture:

1. Introduction, Political & Bureaucratic Selection
2. Incentives in Public Organizations
3. Hierarchy and Bureaucratic Structure

Brief outline:

This lecture series covers the emerging literature on the personnel economics of the state. We motivate the topic by examining the link between state capacity and economic performance, and then work towards opening the "black box" of state capacity. We do so by studying bureaucrats -- the personnel of the state -- as a key dimension of state capacity, studying questions of bureaucrat selection ("how should we select/attract talent?"), incentives ("how should we motivate recruited talent?"), and allocation ("how should we match talent to positions?"). The emphasis of this course will be empirical and focused on discussing the "frontier" research in this exciting area of study that lies at the intersection of personnel/organizational economics, political economy and development.

Reading list

1. *Political and bureaucratic selection*

Best, Michael, Jonas Hjort, and David Szakonyi, 2020. "Individuals and Organizations as Sources of State Effectiveness," R&R, *American Economic Review*.

Ashraf, Nava, Oriana Bandiera, and Scott Lee, 2020. "Losing Prosociality in the Quest for Talent? Sorting, Selection, and Productivity in the delivery of Public Services", *American Economic Review*, 110 (5), 1355-1394.

Colonelli, Emanuele, Mounu Prem, and Edoardo Teso, 2020. "Patronage and Selection in Public Sector Organizations", *American Economic Review*, 110 (10), 3071-3099.

Dal Bó, Ernesto, Frederico Finan, Olle Folke, Torsten Persson, and Johanna Rickne, 2017. "Who Becomes a Politician?," *Quarterly Journal of Economics*, 132, 1877-1914.

Prendergast, Canice, and Robert Topel, 1996. "Favoritism in Organizations.," *Journal of Political Economy*, 104(5), 958-978.

Voth, Hans-Joachim, and Guo Xu (2021). "Discretion and Destruction: Promotions, Performance, and Patronage in the Royal Navy" *Mimeo*

2. *Incentives in public organizations*

Bertrand, Marianne, Robin Burgess, Arunish Chawla, and Guo Xu, 2020. “The Glittering Prizes: Career Incentives and Bureaucrat Performance”, *Review of Economic Studies*, 87(2), 626-655.

Dewatripont, Matthias, Ian Jewitt, and Jean Tirole, 1999. “The Economics of Career Concerns, Part II: Application to Missions and Accountability of Government Agencies” *Review of Economic Studies*, 66(1), 199-217.

Iyer, Lakshmi, and Anandi Mani, 2012. “Traveling Agents: Political Change and Bureaucratic Turnover in India”, *Review of Economics and Statistics*, 94(3), 723-739.

Khan, Adnan, Asim Khwaja, and Benjamin Olken, 2019. “Making Moves Matter: Experimental Evidence on Incentivizing Bureaucrats through Performance-Based Postings,” *American Economic Review*, 109(1), 237-270.

Khan, Adnan, Asim Khwaja, and Benjamin Olken. (2016). “Tax Farming Redux: Experimental Evidence on Performance Pay for Tax Collectors,” *Quarterly Journal of Economics*, 131(1), 219-271.

Xu, Guo, 2018. “The Costs of Patronage: Evidence from the British Empire,” *American Economic Review*, 108(11), 3170-3198.

3. *Hierarchy and bureaucratic structure*

Bandiera, Oriana, Michael Best, Adnan Khan, and Andrea Prat, 2020. The Allocation of Authority in Organizations: A Field Experiment with Bureaucrats. *Quarterly Journal of Economics*.

Ernesto Dal Bó, Frederico Finan, Nicholas Y Li, and Laura Schechter, 2020. Government Decentralization under Changing State Capacity: Experimental Evidence from Paraguay. Forthcoming *Econometrica*.

Garicano, Luis, 2000. “Hierarchies and the Organization of Knowledge in Production”, *Journal of Political Economy*, 108 (5), 874-904.

Qian, Yingyi, Gerard Roland, and Chenggang Xu, 2006. Coordination and Experimentation in m-form and u-form Organizations, 2006. *Journal of Political Economy*, 114(2), 366–402.

Aneja, Abhay and Guo Xu, 2021. “The Costs of Employment Segregation: Evidence from the Federal Government under Wilson”, *Quarterly Journal of Economics*