**Business-State Relations**

**Israel Marques II**

Ph.D (Political Science), Assistant Professor, National Research University – Higher School of Economics, Faculty of Social Science, School of Social Science

Research Fellow, National Research University – Higher School of Economics, International Center for the Study of Institutions and Development

**Possible Topic Areas**

* Political Economy of Investment under Weak Institutions
* Property Rights and Business/State Capture
* Public Private Partnerships
* The Politics of Education and Labor Market Policy (Russian and Comparative)
* Businesses’ Role in Policymaking and Lobbying Strategies

**Current Project: Binding Ties, Binding Commitments: Evidence from Public-Private Partnerships in Vocational Education**

Work on the political economy of investment emphasizes the importance of credible commitments between the firms and the state for developmental outcomes. How can credible commitment be generated in environments characterized by pervasive state-led violence, expropriation, and weak constraints on officials? This paper explores this question through the lens of public-private partnerships in vocational education in Russia’s regions. Research on Europe and the OECD cases emphasizes a strong civil society, such as strong workers’ and employers’ associations, along with free-markets overseen by a well-constrained state, as crucial to fostering credible commitments between firms and the state that allow for cooperative co-investment in vocational education. Yet in many Russian regions, cooperative efforts in vocational education have emerged despite weak employer associations and unions; poorly functioning market institutions; and weak institutions that enable pervasive state corruption and violent predation. In this paper, I argue that in the absence of strong formal institutions, personal ties between state officials and businesses allow firms to acquire information about potential partners within the state bureaucracy and punish low-level officials for breaching agreements and engaging in rent-seeking. This mechanism creates commitment mechanisms between well-connected firms and the state that allow for co-investment. The state in turn uses its powers of contract enforcement to insure that firms do not free-ride on cooperative institutions, creating credibility between firms. To test this theory I take advantage of an original dataset of all public-private partnership contracts between Russian firms and public vocational education institutions for 2013. Drawing on a separate dataset of all Russian firms, I match firms that participate in public-private partnerships to non-participants to create a sample for analysis. I use a unique database of biographical information on regional executives, legislators, and firm officers in the sample to trace their shared work histories, birthplaces, and education and establish connections. This work has important implications for the literature on vocational education and public-private partnerships, as well as for research on business-state relations and investment in violent, weakly institutionalized settings.

**Related Publications**

Marques II, Israel (2017). Political Connections and Non-Traditional Investment: Evidence from Public-Private Partnerships in Vocational Education. *NRU - Higher School of Economics Series PS "Political Science"* WP BRP 56/PS/2017.

Marques II, Israel (2017). Training Strategies and Skill Development Amid Weak Institutions: Evidence from Russia. *NRU - Higher School of Economics Series PS "Political Science"* WP BRP 52/PS/2017.

Govorun, Andrei V., Marques II, Israel., and William Pyle (2016). The political roots of intermediated lobbying: evidence from Russian enterprises and business associations. *Business and Politics* 18 (4): 395-433.

Levina I. A., Gregory V. K., Marques II I., Yakovlev A. A. Uncertainty as a Factor in Investment Decisions: The Case of the Russian Federation's Regions. *World Bank Series WPS "Policy Research Working Paper"* 7806.

Remington, Thomas. F., Marques II, Israel (2014). The Reform of Skill Formation in Russia: Regional Responses. *NRU - Higher School of Economics Series PS "Political Science"* WP BRP 19/PS/2014.

**Contacts**

imarques@hse.ru