

Weijia Li

Monash University
Department of Economics
H4.48 Dandenong Road, Caulfield East
Melbourne, VIC, 3141, Australia

weijia.li@monash.edu
www.weijiali.org
Phone: +61 (3) 9903 4144

Employment **Monash University** 2018-
Assistant Professor in Economics (Lecturer in Australia)

Education **University of California at Berkeley**
Ph.D., Economics, 2018.
Fields: Political Economics, Development, Economic History

Tsinghua University
B.A. (with High Honors), Economics and Finance, 2012.

Teaching **University of California at Berkeley**
Teaching Assistant, Graduate Game Theory,
Undergraduate Game Theory, Financial Economics,
Intermediate Microeconomics, 2013-2018

Research **University of California at Berkeley**
Research Assistant for Peter Lorentzen, 2015-2016

Awards and Doctoral Completion Fellowship, UC Berkeley, 2017

Fellowships Graduate Division Summer Grant, UC Berkeley 2017

John L. Simpson Memorial Research Fellowship in International and
Comparative Studies, UC Berkeley 2016

The Helen Gan and Richard Aston Fellowship for Chinese Studies,
UC Berkeley, 2015

Eliot J. Swan Prize, UC Berkeley, 2013

Departmental Fellowship, UC Berkeley, 2012-2018

China Construction Bank Scholarship (full tuition scholarship),
Tsinghua University, 2008-2012

Papers **“Rotation, Performance Rewards, and Property Rights”**

Economic growth needs a strong and well-functioning government. But a government too strong can dominate private firms, leading to a holdup problem that is especially severe in autocracies. This paper studies how to constrain officials in autocracies through personnel rules, with a special focus on rotation and performance evaluation. Through a game theoretic model, I show that rotation or performance evaluation alone actually makes holdup problems even worse. But it is exactly their combination that covers each other’s weakness and solves holdup problems together. Frequently rotated and carefully evaluated, officials also develop few entrenched interests in existing firms. This helps avoid crony capitalism and encourages Schumpeterian “creative destruction”, solving another key problem with government-assisted development. Thus, rotation and performance rewards resolve the acute tradeoff between commitment and flexibility, a feature rarely satisfied by other commitment devices. Firm-level panel data from China are consistent with the key predictions of the model.

“Meritocracy, Decentralization, and Dual Leadership”

Political meritocracy and decentralization are important for economic reforms and growth. But in an autocracy, competent local politicians with large discretion over policymaking is a huge threat to central authority. Consequently, an autocrat usually selects mediocre politicians and centralize policymaking. One-party states can solve the problem by appointing a party secretary and a governor to co-rule a province. The party secretary controls political power, while the governor commands the provision of the public good. The arrangement forestalls local attempt to challenge central authority and establishes central authority’s confidence to promote meritocracy and decentralization. I also characterize optimal party-government relationship: the secretary should sometimes dominate governor in public good provision but not always the case. This is very different from canonical theories on separation of powers in a democracy. Meritocracy and dual leadership in China are especially intriguing, as they are also modern versions of key institutions in Imperial China. From key historical records, I construct data measuring political institutions over 1,300 years in Chinese history. The statistical analysis uncovers a long-run correlation between meritocracy and dual leadership, showing the first order relevance of the theory.

“Erosion of State Power and the Political Boundaries of Corruption”

with Gerard Roland and Yang Xie

How do corruption and the state apparatus interact, and how are they connected to the political and economic dimensions of state capacity? Motivated by historians’ analysis of powerful empires, we build a model that emphasizes the corrosive effect of corruption on state power. Under general assumptions about fat-tailed risk, we show that the optimal response for the head of the state apparatus is an endogenous lexicographic rule whereby local corruption is maintained at such a level that no erosion of state power is tolerated. We further investigate the conditions under which deviation from the lexicographic rule, over-tolerance of corruption, and erosion of state power become possible, showing a non-monotonic relationship in the correlation between state power and corruption across different levels of fiscal capacity. Our results are consistent with empirical patterns of in recent cross-country panel-data.

“Aristocracy, Meritocracy, and Property Rights”

Why some regimes maintain a persistent meritocracy, while others are captured by aristocrats? I argue that in an environment with weak property rights, a meritocratic government and a thriving private economy reinforce each other. Enriched commoners can supply a large number of candidates to the government that prevents patrimonialization, while meritocracy promotes the private economy through de facto property rights. By contrast, an aristocratic government can dominate the private economy, which in turn cannot supply enough candidates to break hereditary politics. The theory matches important historical episodes such as the great “Tang-Song Transition” in China. I also show how legal property rights sufficiently strong can eliminate multiple equilibria, and that stronger property rights cause a more dynastic government. When commoner’s property is well protected by law, commoner’s incentive to engage in political competition is reduced. This allows “political dynasties” to capture the government. The extended model is employed to illustrate the difference between meritocracies in Imperial China and the Ottoman Empire. It also implies a causal relationship between comparative law and state building.

Works in **“Comparative Economics and Party-State Relationships”**

progress **“Revolutionary Capital and the Dynamics of Revolutions and Protests”**,
with Gerard Roland and Yang Xie

“Bureaucrats and State Effectiveness: Evidence from the Bereavement Leave, Rules in Historical China”, with Shaoda Wang and Zenan Wang

Seminars & conferences 2019: USC Marshall School of Business, UCSD School of Global Policy & Strategy, UC Riverside, All-UC Economic History Conference, AEA/ASSA Annual Meeting

2018: Peking University, Monash University, National University of Singapore, Econometric Society North America Meeting, New Economics School, Cheung Kong Graduate School of Business

2017: Tsinghua University, UC Berkeley Economic History Seminar, UC Berkeley Theory Seminar, UC Berkeley Political Economics Seminar, UCSD Young Scholars Conference

2016: China Economics Summer Institute
UCSD-Tsinghua Conference on Institutional Analysis

Affiliations American Economic Association, American Political Science Association, Econometric Society