

**From:** Pantelias, Aris a.pantelias@ucl.ac.uk  
**Subject:** RE: Digging the Dirt at Public Expense - paper by Engerman and Sokoloff  
**Date:** 29 September 2017 at 14:49  
**To:** Aniket, Kumar k.aniket@ucl.ac.uk

AP

Hi Aniket,

Communications within the School as not as efficient as we'd like to think they are so I was not aware of your joining us until D'Maris explained to me who you are yesterday afternoon.

I think we should meet sometime soon (how about Monday next week?) to catch up, especially since you will be contributing to IIF teaching.

Kind regards,  
Aris

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**From:** Aniket, Kumar  
**Sent:** 29 September 2017 14:44  
**To:** Economics and Finance Theme <eandf@live.ucl.ac.uk>  
**Subject:** Digging the Dirt at Public Expense - paper by Engerman and Sokoloff

I read a rather interesting infrastructure paper by Engerman and Sokoloff (2006) this week. The paper looks at planning and construction of the Erie Canal (1817-1825), the first big infrastructure project in the US. The paper finds that compared to the 11 other large infrastructure projects the US has implemented since, Erie Canal was well conceived and executed with a cost-overrun ratio of just 1.46. In contrast, the cost-overrun ratio of Mississippi River Levee Line (1883-1926) was 20, Interstate highways (1952-53) was more than 19.1 and Boston Central Artery/Tunnel (1991-2004) was 5.21.

The really interesting bit in the paper is how this engendered growth subsequently in the US, which is related Krugman's (1991) history versus expectations argument. The paper is also related to the literature on the localised historical shock (Davis and Weinstein, 2002, 2008; Miguel and Roland, 2011) and the literature on sub-contracting (Banerjee and Duflo, 2000; McMillan and Woodruff, 1999) and the local public good literature (Miguel, Gugerty, 2005; Ghani et al., 2016)

Happy to chat further on this if anyone is interested in these areas or papers.

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Banerjee, A. and Duflo, E. (2000). Reputation Effects And The Limits Of Contracting: A Study Of The Indian Software Industry. Quarterly Journal of Economics, 115(3):989–1017.

Davis, D.R. and Weinstein, D.E. (2002). 'Bones, bombs, and break points: the geography of economic activity', American Economic Review, vol. 92(5), pp. 1269–89.

Davis, D.R. and Weinstein, D.E. (2008). 'A search for multiple equilibria in urban

industrial structure', *Journal of Regional Science*, vol. 48(1), pp. 29–65.

Engerman, S. L., & Sokoloff, K. L. (2006). Digging the Dirt at Public Expense: Digging the Dirt at Public Expense Erie Canal and Other Public Works. In *Corruption and Reform: Lessons from America's Economic History* (pp. 95-122). University of Chicago Press.

Krugman, P. (1991). History versus expectations. *The Quarterly Journal of Economics*, 106(2), 651-667.

McMillan, J. and Woodruff, C. (1999), Inter-firm Relationships and Informal Credit in Vietnam. *Quarterly Journal of Economics*, 114, Nov. 1999, 1285–1320.

Miguel, E. and Roland, G. (2011). 'The long-run impact of bombing Vietnam', *Journal of Development Economics*, vol. 96(1), pp. 1–15.

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