

## MAX McDEVITT

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### EDUCATION

Ph.D., Economics, Boston University, Boston MA, May 2022 (expected)

Dissertation Title: *Political Connections and their Effects on Capital Investment, Legislation, and Consumer and Worker Safety: Evidence from Victorian Railways*

Main advisor: Robert Margo

M.A., Political Economy, Boston University, Boston, MA, 2019

B.A., Economics (*Honors*) and Mathematics, University of Arizona,  
Tucson, AZ, 2015

### FIELDS OF INTEREST

Economic History, Political Economy, Applied Econometrics

### WORKING PAPERS

“Between the Board Room and Parliament: Special Legislation, Capital Investment, and Railway Directors in Parliament, 1864-1901,” October 2021. Job Market paper.

### WORK IN PROGRESS

“Political Connections, Bureaucratic Incentives, and Consumer and Employee Safety: Fatal Railway Accidents in the U.K., 1832-1924”

“Democracy and Political Connections: Franchise Reforms and the Decline of Corporate Directors in the House of Commons”

“Pricing Political Connections in Victorian Britain: Unanticipated Deaths, Close Elections, and Asset Price Movements on the London Stock Exchange”

“The Irish Railway Network, 1831-2018” (joint with Ian Meeker)

“Individualism and Collectivism: Measurement in a Historical Context with an Application to the Stress Theory of Values”

“Political Connections and the Development of the Irish Railways: The Role of Corporate Directors as Justices of the Peace”

### PRESENTATIONS

National Bureau of Economic Research Summer Institute, Cambridge, MA, 2021

Harvard Economic History Workshop, Cambridge MA, 2020

University of Arizona Economic History Workshop, Tucson, AZ, 2021 (scheduled)

## FELLOWSHIPS AND AWARDS

Department of Economics Award to Benefit Undergraduates, University of Arizona, Fall 2014

National Merit Finalist, National Merit Scholarship Corporation, 2011

National Merit Finalist Scholarship Award, University of Arizona, 2011

## WORK EXPERIENCE

Research Assistant (to Professor Martin Fiszbein), National Bureau of Economic Research, Summer 2021

Research Assistant (to Professor Martin Fiszbein), Boston University, Summer 2017, 2018-2019, and 2021-2022

Research Assistant (to Professor Price V. Fishback), University of Arizona, 2013-2015

## TEACHING EXPERIENCE

Instructor, Intermediate Macroeconomics, Department of Economics, Goucher College, Spring 2021

Instructor, American Economic History, Department of Economics, Northeastern University, Fall 2020

Instructor, Introductory Microeconomic Analysis, Department of Economics, Boston University, Summer 2020

Instructor, Intermediate Macroeconomics, Department of Economics, Boston University, Summer 2019

Head Teaching Fellow, Introductory Microeconomic Analysis, Department of Economics, Boston University, Spring 2020

Teaching Fellow, Environmental Economics, Department of Economics, Boston University, Fall 2017

Teaching Fellow, Economic Institutions in Historical Perspective (masters), Department of Economics, Boston University, Fall 2017

Teaching Fellow, Economic Institutions in Historical Perspective (undergraduate), Department of Economics, Boston University, Fall 2017

Teaching Fellow, Introductory Macroeconomic Analysis, Department of Economics, Boston University, Spring 2017 and Spring 2018

Teaching Fellow, Introductory Microeconomic Analysis, Department of Economics, Boston University, Fall 2016 and Fall 2019

Preceptor, Intermediate Microeconomics, Department of Economics, University of Arizona, Fall 2012

**COMPUTER SKILLS:** R, Python, STATA, MATLAB, SAS, LaTeX, Web-Scraping, Quanteda, Linux, Cluster-Computing, Parallel Processing

**CITIZENSHIP/VISA STATUS:** USA/Citizen

## REFERENCES

### Professor Robert Margo

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### Professor Martin Fiszbein

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### Professor James Feigenbaum

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### **Between the Board Room and Parliament: Special Legislation, Capital Investment, and Railway Directors in Parliament, 1864-1901 (Job Market Paper)**

This paper explores the relationship between firm-level political connections and capital investment. Using novel panel data detailing the board composition and finances of 19<sup>th</sup> C railways this paper shows that politically connected firms, *ceteris paribus*, did more capital investment annually. Given the distribution of political connections within-firms over time, politically connected firms were larger. This pattern held at the intensive margin as well: firm size and annual capital investment increased in political connections. The panel structure of the data is exploited using fixed-effects techniques to demonstrate that the positive relationship between political connections and capital investment held within firm as well as across firm. Original Data documenting the deaths of director-M.P.s and Director-Peers is presented. Deaths of politically connected directors are used in both IV and event-study strategies to generate quasi-random variation in the political connectedness of firms. Using this I argue that the positive relationship between political connections and capital investment has a causal interpretation. The penultimate section of this paper discusses alternative channels by which increases in political connections cause increased capital investment. It is argued that firm-specific special legislation is one such channel. Given the institutional context, this channel was vital to the capital investment under study. Original panel data on firm-specific Private Bill Legislation is presented and matched to the data detailing political connections. Politically connected firms are shown to propose special legislation at higher rates, have higher conditional bill passage rates, and thus get more firm-specific Private Acts of Parliament authorizing capital investment.

### **Political Connections, Bureaucratic Incentives, and Consumer and Employee Safety: Fatal Railway Accidents in the U.K., 1832-1924**

Political connections matter for both consumer and employee safety. Bureaucrats who regulate industries can have personal career incentives that encourage differentially lax regulation of politically connected firms. This is true in systems in which high-ranking bureaucratic positions often require the formal approval of the legislature or executive. Differentially lax regulation of politically connected firms causes those firms to be less safe for both consumers and workers. I test this hypothesis using the original data set used in my job market paper in collaboration with a novel dataset documenting the universe of fatal railway accidents in the U.K. from 1832-1924. Regression analysis demonstrates that fatal accidents were much more likely to happen on politically connected railways. The number of passengers and the number of workers killed annually by a railway is shown to increase significantly in the size of that railway's political connections. How did financial markets view fatal accidents, corporate liability, and political connections? To investigate this question, I fit asset pricing models to the assets traded on the LSE and use these models to estimate abnormal returns around the dates of these fatal railway accidents. I explore how political connections impact these short-run asset-price movements for both consumer-fatal accidents and worker-fatal accidents.

### **Democracy and Political Connections: Franchise Reforms and the Decline of Corporate Directors in the House of Commons**

Political connections were prominent and visible in Victorian Britain. Large corporations frequently had Members of Parliament, M.P.s, as well as Peers on their boards of directors. Business elites legislated on their firms as well as their competitors' firms. During the second half of the 19<sup>th</sup> C, democratic rights expanded in the U.K. Both the 1867 and the 1884 Reforms doubled the size of the electorate. Between 1860 and 1915 the number of director-M.P.s in Parliament decreased while voting rights expanded. In the case of railways, the number of firm director-M.P.s declined from 162 in 1867 to 67 in 1893. Novel data of election contests in the U.K. is presented. Within-division dynamic changes in the number of votes and the vote margins in individual divisions are related to the electoral fortunes of firm-directors running for the House of Commons. The decline in the size of the corporate interest in Parliament at the time when franchise reforms increased the electorate and furthered democratic norms, like the secret ballot, were introduced suggests that expanding democratic norms can be used to mitigate the political connections of business elites.