

The Visible Hand behind China's Growth

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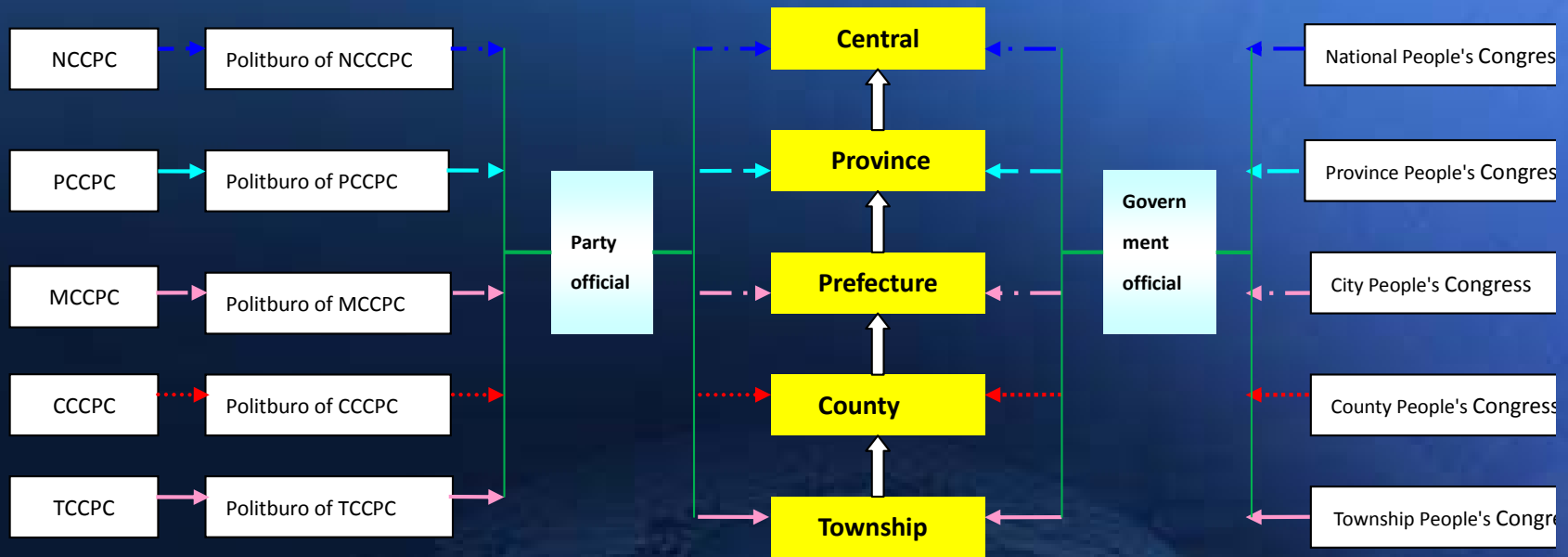
China Paradox

- Phenomenal growth since 1978
 - Total GDP now next to only U.S. and Japan
- However, weak institution development
 - Corruption, weak law enforcement
 - Underdeveloped financial sector, poor corporate governance
 - Environmental and social problems
 - High savings, low consumption, income disparity
- Puzzling why China grows so fast given the weak institutions
 - Beyond just starting “low”?

Understand the visible hand

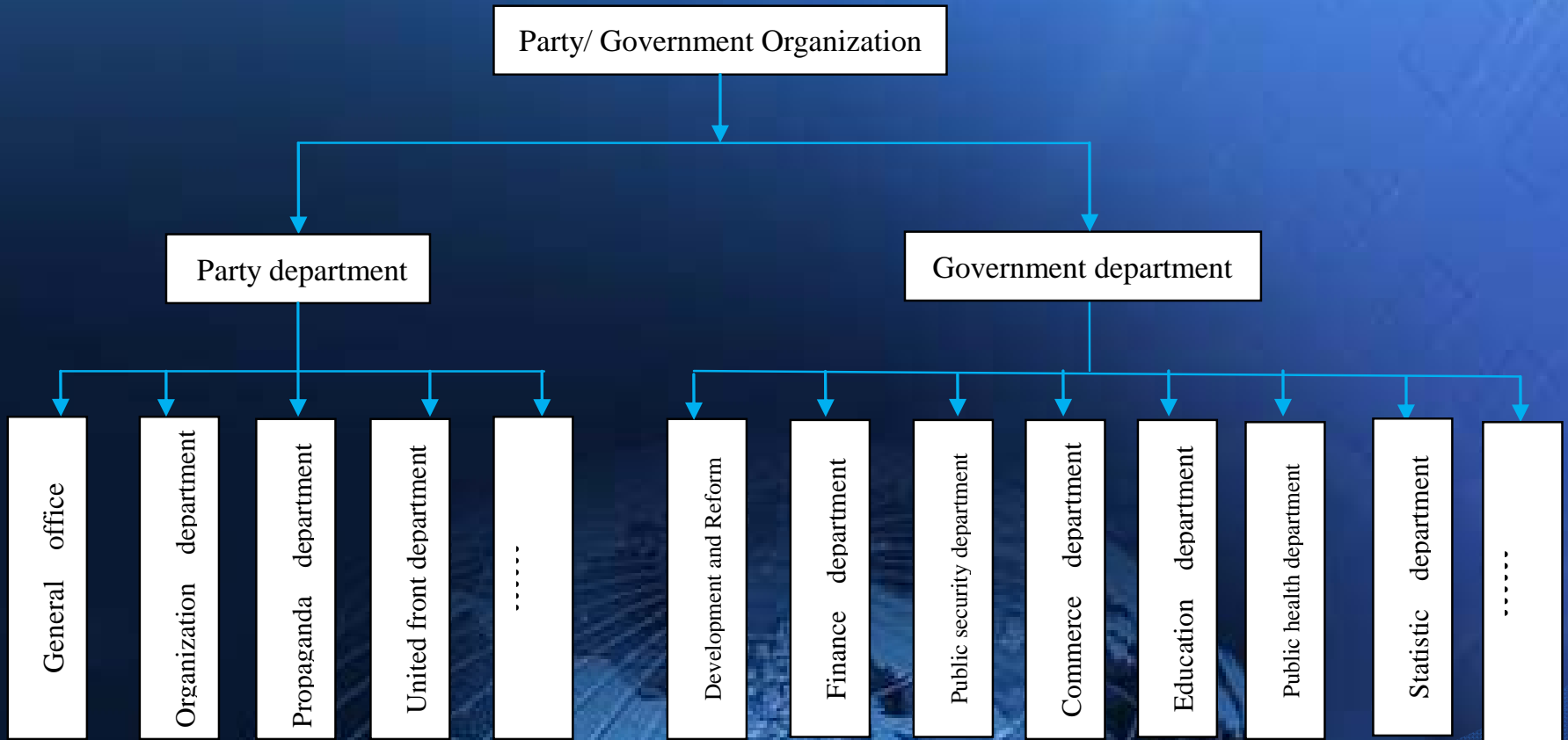
- It is still a command and control system
- But, with decentralization
 - To better understand China's development trends, it is important to know how the government runs the economy

The Dual Government-Party System



Note: NCCPC denotes National Congress of Communist Party of China; PCCPC denotes Provincial Congress of Communist Party of China; MCCPC denotes Municipal Congress of Communist Party of China; CCCPC denotes County Congress of Communist Party of China; TCCPC denotes Township Congress of Communist Party of China.

Government/Party Organization structure



Government System

- Decentralized five-level pyramidal system
 - The central government (中央), provinces (省), prefectures (地区), counties (县), and townships (乡镇)
- Dual tracks system
 - The Communist Party hierarchy along side the regular government administrative hierarchy
 - Party secretary (党委书记) represents the Party at various government bodies and SOEs.
 - The party secretary dominates the head government bureaucrat in key decision makings

Pyramidal Bureaucrat System

- Decentralized decision rights to local (provincial, city and county) governments
 - directly allocate key input such as land, public utilities, natural resources
 - indirect (regulations) and explicit influences (taxes, subsidies, decree) on
 - Finance, resource allocations
 - promote or protect certain firms or sectors
 - SOEs are still big
- But, the various levels of Party Organization Department (组织部) and party leaders appoint government heads and party secretaries of the next lower level and for their upward promotion.

Promotion as an incentive device

- While decentralized, has control
 - The central rewards performing cadres with promotion up a rank
 - Each cadre does the same to officials under his/her supervision
 - This practice is repeated at each level
- Just like how a large **conglomerate** running many loosely linked units by a pyramidal structure
- The centrally assigned **performance indicators** filter down
 - play a key role in affecting China's development

What the paper does

- Examining the sensitivity of city bureaucrats' promotion to regional economic and social indicators
- Examining subsequent economic and social development trends post a performance based promotion

Focusing on Middle (City) Level Bureaucrats

- Prior studies focus on provincial level bureaucrats
 - find GDP growth important in promotion (Li and Zhou, 2005)
- Given the decentralization, we focus on city level bureaucrats
 - City bureaucrats play critical roles in development
 - Regional competition provides discipline (Xu, 2009)
- Go beyond GDP to examine a broader set of economic and social performance indicators

Key Performance Indicators

- GDP growth
 - Total and per capita
- Investment
 - Fixed investment by SOEs/GDP
 - Fixed investment by private firms/GDP
 - Government infrastructure expenditure/GDP
 - FDI/GDP
- Employment
 - Log ratio of SOE current period employees to previous period employees
 - Log ratio of private firm current period employees to previous period employees
- Welfare and intangibles
 - Government spending in education and health/GDP
 - Log ratio of current to previous period per capita hospital bed
 - Log ratio of current to previous period per capita green space

Data and Sample

- Turnovers of 104 party secretaries and 103 mayors of 36 cities from 1994 to 2008
 - 27 provincial capital cities (省会), 5 sub-provincial cities (副省级城市), and 4 direct administrative cities (直辖市)
 - Names of party secretaries and mayors from China Directory
 - CVs from Xinhua News, People Net and local government websites
- The sample size is rather small relative to the 400 cities in China, but representative as it covers all China's regions

Sample city



Identifying Promotion

- From CV, comparing a bureaucrat's position before and after turnover. Promoted if
 - Moving to a higher level government position
 - A city party secretary becomes a provincial governor
 - Moving to a same level position but with more power
 - A city mayor becomes the party secretary of the city
 - Moving to a same level position with more resources measured by per capita GDP
 - A mayor of a city in Yunnan Province becomes a mayor of a city in Zhejiang Province

Promotion Record of Xi Jinping



- 1982-1983 Deputy party secretary of Zhengding County
- 1983-1985 Party secretary of Zhengding County
- 1985-1988 Deputy mayor of Xiamen City
- 1988-1990 Party secretary of Ningde prefecture
- 1990-1996 Party secretary of Fuzhou City
- 1996-1999 Deputy secretary of Fujian Province
- 1999-2002 Governor of Fujian Province
- 2002-2002 Governor of Zhejiang Province
- 2002-2007 Party secretary of Zhejiang Province
- 2007-2007 Party secretary of Shanghai
- 2008-present Politburo member, deputy president



Bureaucrat turnover by year

Year	Turnover	Promotion		Same level		Demotion	
		Obs.	Percent	Obs.	Percent	Obs.	Percent
1994	2	1	50.0%	1	50.0%	0	0.00%
1995	8	4	50.0%	2	25.0%	2	25.0%
1996	10	3	30.0%	4	40.0%	3	30.0%
1997	13	6	46.2%	5	38.5%	2	15.4%
1998	14	5	35.7%	5	35.7%	4	28.6%
1999	16	9	56.3%	4	25.0%	3	18.8%
2000	15	7	46.7%	6	40.0%	2	13.3%
2001	21	5	23.8%	7	33.3%	9	42.9%
2002	16	7	43.8%	2	12.5%	7	43.8%
2003	20	10	50.0%	5	25.0%	5	25.0%
2004	9	3	33.3%	2	22.2%	4	44.4%
2005	18	8	44.4%	4	22.2%	6	33.3%
2006	18	10	55.6%	4	22.2%	4	22.2%
2007	21	10	47.6%	4	19.0%	7	33.3%
2008	6	2	33.3%	1	16.7%	3	50.0%
Total	207	90	43.5%	56	27.1%	61	29.5%

Bureaucrat turnover by region

Province	Turnover	Promotion		Same level		Demotion	
		Obs.	Percent	Obs.	Percent	Obs.	Percent
Beijing	6	3	50.0%	1	16.7%	2	33.3%
Tianjin	5	1	20.0%	2	40.0%	2	40.0%
Hebei	8	1	12.5%	4	50.0%	3	37.5%
Shanxi	7	1	14.3%	5	71.4%	1	14.3%
Neimenggu	4	2	50.0%	1	25.0%	1	25.0%
Liaoning	12	6	50.0%	0	0.0%	6	50.0%
Jilin	8	2	25.0%	3	37.5%	3	37.5%
Heilongjiang	7	0	0.0%	5	71.4%	2	28.6%
Shanghai	4	2	50.0%	0	0.0%	2	50.0%
Jiangsu	5	2	40.0%	1	20.0%	2	40.0%
Zhejiang	10	2	20.0%	5	50.0%	3	30.0%
Anhui	6	2	33.3%	3	50.0%	1	16.7%
Fujian	11	5	45.5%	3	27.3%	3	27.3%
Jiangxi	6	1	16.7%	2	33.3%	3	50.0%
Shandong	9	4	44.4%	1	11.1%	4	44.4%
Henan	6	1	16.7%	2	33.3%	3	50.0%
Hubei	7	2	28.6%	4	57.1%	1	14.3%
Hunan	5	1	20.0%	3	60.0%	1	20.0%
Guangdong	12	7	58.3%	1	8.3%	4	33.3%
Guangxi	6	4	66.7%	1	16.7%	1	16.7%
Hainan	7	5	71.4%	1	14.3%	1	14.3%
Chongqing	7	2	28.6%	2	28.6%	3	42.9%
Sichuan	5	4	80.0%	1	20.0%	0	0.0%
Guizhou	5	4	80.0%	1	20.0%	0	0.0%
Yunnan	5	3	60.0%	1	20.0%	1	20.0%
Tibet	4	4	100%	0	0.0%	0	0.0%
Shannxi	6	4	66.7%	0	0.0%	2	33.3%
Gansu	7	3	42.9%	0	0.0%	4	57.1%
Qinghai	5	4	80.0%	1	20.0%	0	0.0%
Ningxia	6	3	50.0%	2	33.3%	1	16.7%
Xinjiang	6	5	83.3%	0	0.0%	1	16.7%

Key Performance Indicators

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 - Log ratio of current to previous period per capita green space

Determinants of Promotion

- Promotion = f(GDP, Investment, Employment, Welfare, Control variables)
- Probit and order probit regressions
 - Promotion defined as a dummy variable in the probit, or a 3-level variable (3 if promoted, 2 if same level, and 1 if demoted) in the order probit
- Control variables
 - Bureaucrat age, education level, tenure
 - Political connection with the central government
 - Institutional quality (firm expenditures on entertainment (Cai et al., 2007))
- Variables except age, education, tenure, connection, and ETC are calculated as pre-promotion 3-year averages
- Standard errors clustered by 7 regions

Summary Statistics

Variable	Obs.	Mean	Median	Std.	Min.	Max.
Promotion dummy	207	0.435	0.00	0.497	0.00	1.00
Promotion numeric	207	2.14	2.00	0.845	1.00	3.00
Age	198	50.8	51.0	4.90	37.0	64.0
Education	207	0.870	1.00	0.338	0.00	1.00
University	207	0.111	0.00	0.315	0.00	1.00
Tenure	207	4.24	4.00	1.92	2.00	11.0
Connection	207	0.159	0.00	0.367	0.00	1.00
ETC	201	0.0139	0.0130	0.00581	0.00600	0.0270
Investment by SOEs	178	0.185	0.167	0.0815	0.0597	0.398
Investment by private sector	175	0.198	0.190	0.123	0.0207	0.617
Infrastructure spending	205	0.0106	0.00856	0.00933	0.00115	0.0462
Growth of employee in SOEs	193	-0.0467	-0.0375	0.0721	-0.366	0.0929
Growth of employee in private sector	193	0.0380	0.0233	0.127	-0.369	0.549
FDI	201	0.0504	0.0412	0.0451	0.00346	0.285
Growth of total GDP	197	0.138	0.136	0.0406	0.0648	0.259
Growth of per capita GDP	197	0.119	0.115	0.0419	0.0222	0.265
Education and health spending	191	0.0178	0.0160	0.00700	0.00705	0.0500
Growth of hospital bed	200	0.00174	0.000389	0.0374	-0.126	0.112
Growth of green space	193	0.0484	0.0494	0.0748	-0.181	0.318

Determinants of Promotion (probit)

	(1)	(2)	(3)
Age	-0.123*** (4.50)	-0.128*** (4.76)	-0.128*** (4.74)
Education	1.14** (2.43)	0.982** (2.43)	0.981** (2.42)
University	-0.0228 (0.07)	0.0208 (0.06)	0.0243 (0.07)
Tenure	-0.173** (2.57)	-0.191*** (2.92)	-0.199*** (3.01)
Connection	0.466 (1.49)	0.483 (1.55)	0.456 (1.46)
ETC	8.48 (0.38)	15.6 (0.74)	15.8 (0.75)
Investment by SOEs	0.707 (0.41)		
Investment by private sector	1.12* (1.88)		
Infrastructure spending	9.69 (0.64)	6.88 (0.44)	7.02 (0.45)
Growth of employee in SOEs		0.120 (0.53)	
Growth of employee in private sector			-0.0853 (0.40)
FDI	5.00** (1.97)	4.35* (1.79)	4.57* (1.88)
Growth of total GDP	1.65* (1.91)	1.84** (1.99)	1.83** (2.04)
Education and health spending	-19.4 (0.72)	-0.0534 (0.00)	-1.63 (0.07)
Growth of hospital bed	-1.56 (0.56)	-1.06 (0.39)	-1.11 (0.42)
Growth of green space	0.147 (0.09)	0.230 (0.14)	0.299 (0.19)
Constant	5.00*** (3.08)	5.45*** (3.45)	5.51*** (3.45)
Obs.	158	158	158
Pseudo R ²	0.22	0.22	0.21

Determinants of Promotion (ordered probit)

	(1)	(2)	(3)
Age	-0.134*** (4.94)	-0.136*** (5.11)	-0.136*** (5.10)
Education	0.444 (1.42)	0.394 (1.33)	0.407 (1.38)
University	0.101 (0.35)	0.123 (0.43)	0.116 (0.40)
Tenure	-0.162*** (2.88)	-0.165*** (3.13)	-0.168*** (3.17)
Connection	0.456 (1.49)	0.504 (1.62)	0.492 (1.59)
ETC	11.4 (0.64)	16.9 (0.97)	17.4 (1.00)
Investment by SOEs	0.956 (0.59)		
Investment by private sector	0.937* (1.80)		
Infrastructure spending	5.44 (0.43)	2.78 (0.21)	2.65 (0.20)
Growth of employee in SOEs		0.180 (0.80)	
Growth of employee in private sector			0.0949 (0.37)
FDI	4.43* (1.94)	3.84* (1.76)	3.89* (1.78)
Growth of total GDP	1.48* (1.76)	1.70** (1.97)	1.66* (1.90)
Education and health spending	-20.7 (0.86)	-3.42 (0.17)	-4.99 (0.24)
Growth of hospital bed	-2.17 (0.78)	-1.39 (0.52)	-1.45 (0.54)
Growth of green space	0.0350 (0.02)	0.112 (0.07)	0.135 (0.09)
Obs.	158	158	158
Pseudo R ²	0.16	0.16	0.16

Determinants of Promotion (per capita GDP)

	Probit model			Ordered probit model		
	(1)	(2)	(3)	(4)	(5)	(6)
Age	-0.129*** (4.55)	-0.132*** (4.79)	-0.133*** (4.74)	-0.140*** (4.90)	-0.142*** (5.07)	-0.141*** (5.03)
Education	1.03** (2.20)	0.923** (2.32)	0.921** (2.31)	0.370 (1.21)	0.348 (1.23)	0.358 (1.26)
University	-0.0574 (0.17)	-0.0194 (0.06)	-0.0177 (0.05)	0.0883 (0.31)	0.104 (0.36)	0.0994 (0.35)
Tenure	-0.166** (2.50)	-0.187*** (2.89)	-0.192*** (2.95)	-0.159*** (2.87)	-0.163*** (3.15)	-0.165*** (3.16)
Connection	0.492 (1.56)	0.487 (1.56)	0.467 (1.50)	0.477 (1.54)	0.510 (1.62)	0.501 (1.60)
ETC	2.72 (0.13)	11.5 (0.55)	11.6 (0.55)	6.66 (0.38)	13.5 (0.78)	13.9 (0.81)
Investment by SOEs	0.675 (0.39)			1.04 (0.64)		
Investment by private sector	1.52** (2.13)			1.27** (2.22)		
Infrastructure spending	11.4 (0.78)	8.72 (0.57)	8.84 (0.58)	7.28 (0.59)	4.48 (0.35)	4.32 (0.34)
Growth of employee in SOEs		0.0885 (0.37)			0.147 (0.63)	
Growth of employee in private sector			-0.0548 (0.27)			0.0841 (0.35)
FDI	4.97* (1.93)	4.42* (1.79)	4.56* (1.85)	4.42* (1.92)	3.91* (1.77)	3.94* (1.79)
Growth of per capita GDP	-3.09 (1.06)	-2.31 (0.81)	-2.42 (0.84)	-2.96 (1.27)	-2.18 (0.97)	-2.20 (0.97)
Education and health spending	-23.3 (0.87)	-2.75 (0.11)	-4.00 (0.17)	-24.4 (1.02)	-5.70 (0.28)	-6.75 (0.34)
Growth of hospital bed	-1.57 (0.58)	-0.746 (0.29)	-0.812 (0.31)	-2.35 (0.86)	-1.25 (0.48)	-1.26 (0.48)
Growth of green space	0.350 (0.21)	0.435 (0.27)	0.489 (0.30)	0.221 (0.14)	0.299 (0.19)	0.321 (0.20)
Constant	6.03*** (3.44)	6.34*** (3.78)	6.40*** (3.72)			
Obs.	158	158	158	158	158	158
Pseudo R ²	0.22	0.21	0.21	0.16	0.15	0.15

Summary of Promotion Determinant Results

- Political connection has no effect
- City bureaucrat promotion is most strongly related to tangible performance
 - Total GDP growth, attracting private sector investment either by home residents or foreigners
- Intangible performance does not help promotion
 - Education and health spending, and green space expansion

Post-Promotion Regional Development

- City development trends after GDP performance based promotion?
 - Past GDP growth may help future development because
 - the prior local development set the stage for subsequent development or
 - generates a robust incentive for the successor to continue the effort
 - By contrast, prior GDP growth is just “propping.” In that case we might observe subsequently worse development

Examples of Promotion due to total GDP growth

City	Name	Tenure	Prior position	Next position	GDP growth of city	GDP growth of province
Hohhot	Yang Jing	Aug 1999-Apr 2003	Party secretary of Zhelimu	Governor of Inner Mongolia province	0.254	0.143
Dalian	Bo Xilai	Sep 1999-Mar 2001	Mayor of Dalian	Governor of Liaoning province	0.096	0.0866
Nanjing	Li Yuanchao	Oct 2001-Apr 2003	Member of the standing committee of Jiangsu province	Member of political bureau of the central committee	0.151	0.124
Fuzhou	Xi Jinping	Apr 1990-Apr 1996	Party secretary of Ningde	Governor of Fujian province	0.215	0.188
Nanchang	Wu Xinxiong	Jun 2001-Jan 2003	Mayor of Wuxi	Governor of Jiangxi province	0.139	0.115
Guangzhou	Huang Huahua	Dec 1998-Apr 2002	Secretary-General of Guangdong province	Deputy governor of Guangdong province	0.135	0.110
Nanning	Li Zhaozhuo	Sep 1995-Mar 1998	Party secretary of Fangchenggang	Governor of Guangxi province	0.122	0.0565
Guiyang	Wang Sanyun	Sep 1995-Oct 1998	Party secretary of Liupanshui	Deputy party secretary of Anhui province	0.129	0.0966
Yinchuan	Wang Zhengwei	Apr 2001-Jan 2004	Head of propaganda department of Ningxia province	Deputy governor of Ningxia province	0.185	0.145
Urumqi	Yang Gang	Nov 1999-Nov 1996	Deputy head of organization department of Xinjiang province	Deputy party secretary of Xinjiang province	0.162	0.161
					

Methodology

- Performance_{it} = $a_i + a_t + b\text{Promoted}_{it} + cX_{it} + u_{it}$,
 - Bertrand and Mullainathan (2003)
 - Performance_{it} is a set of city performance measures
 - a_i is fixed city effect
 - a_t is fixed year effect
 - Promoted_{it} is a dummy variable equal to one if a city-year observation is on or subsequent to the year the city's party secretary is promoted due to abnormal GDP performance, and otherwise zero
 - X_{it} is a set of control variables, including initial performance level
- The regression is run on pooled city-year data
- Clustered by regions

Methodology

- In effect, we identify the effects of an event
 - Event (instrument): 23 city party secretary promotion due to abnormal GDP growth (pre-promotion 3-year city average GDP growth higher than the corresponding provincial average)
 - Focus on “party secretaries” because they are the “bosses”
 - Treatment group: observations of the years subsequent to the events
 - Control group: all the remaining city-year observations, including
 - observations of the years prior to the promotion
 - the years of those cities whose party secretaries are not promoted at all or promoted for other reasons

Post-Promotion Regional Performance Measures

- GDP
 - log ratio of current to previous total / per capita GDP
- Private sector development
 - Ratio of private sector to state sector sales, investment, and employment
 - FDI/GDP
- Welfare
 - Per capita income, consumption, hospital beds, and green space,
 - Education development (student number/population)

Some Data and Methodology Issues

- Not accounting for time varying regional level shocks
 - Adopt net performance measures by subtracting away provincial performance from city performance
- Multiple promotion of same city
 - Say two close promotions in the treatment group,
 - an upward bias of post-promotion performance for the first promotion
 - a downward bias for the second promotion.
 - 8 cities has multiple promotion due to abnormal GDP growth
 - Excluding the first or the second promotion does not change our results
- Additional robustness checks
 - Mayors instead of party secretaries
 - To account for time lags before effects of boosting GDP can be realized, we use 3- and 2-year averages instead of annual observations
- In future work, we will identifying growth performance indicators that are less subject to manipulation

Post-promotion performance (GDP growth)

	Total GDP growth (1)	Per capita GDP growth (2)
Promoted	0.0774** (2.03)	0.00453 (0.64)
Education	0.343 (0.25)	0.0551 (0.21)
Initial level	-0.893*** (12.66)	-0.111*** (3.85)
Constant	6.83*** (12.71)	1.31*** (4.21)
City fixed effect	Yes	Yes
Year fixed effect	Yes	Yes
Obs.	426	424
R ²	0.33	0.53

Post-promotion performance (private sector development and FDI)

	Private sector development			FDI
	Sale (1)	Investment (2)	Employee (3)	(4)
Promoted	2.56*** (3.17)	1.05** (2.36)	0.279 (1.25)	-0.0165* (1.71)
per capita GDP	-1.26 (0.39)	-6.02*** (3.15)	-1.64* (1.87)	0.0531 (1.37)
Constant	8.19 (0.26)	59.3*** (3.26)	19.3** (2.31)	-0.519 (1.24)
City fixed effect	Yes	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes	Yes
Obs.	389	357	414	418
R ²	0.69	0.24	0.89	0.33

Post-promotion performance (income and consumption)

	Income		Consumption	
	Rural	Urban	Rural	Urban
	(1)	(2)	(1)	(2)
Promoted	0.00681 (0.81)	0.0500** (2.35)	0.0147* (1.75)	0.0361** (2.17)
Education	-1.34*** (4.32)	-2.54*** (3.27)	-1.24*** (3.98)	-1.79*** (2.93)
per capita GDP	0.150*** (4.45)	0.329*** (3.79)	0.0253 (0.77)	0.182*** (2.67)
Constant	-0.889*** (2.78)	-1.95** (2.37)	0.251 (0.71)	-0.805 (1.10)
City fixed effect	Yes	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes	Yes
Obs.	417	422	390	421
R ²	0.92	0.89	0.88	0.88

Post-promotion performance (other social welfare)

	Hospital bed	Green space	Education development
	(1)	(2)	(3)
Promoted	-1.24**	-0.602*	0.00361
	(2.05)	(1.88)	(0.95)
per capita GDP	1.51	1.61	-0.0597***
	(0.63)	(1.12)	(3.28)
Constant	38.5	-5.67	0.731***
	(1.47)	(0.41)	(4.21)
City fixed effect	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes
Obs.	423	278	376
R ²	0.93	0.82	0.91

Summary of Findings of the Post-Promotion Analysis

- Bureaucrats' promotion due to local GDP growth results in subsequent GDP growth and private sector development,
- In contrast, the promotion does not improve or even hurt economic and social welfare
 - Per capita GDP does not improve
 - FDI does not improve, actually gets worse
 - Urban income and consumption improve but not rural
 - Hospital beds, green space decrease
 - Education development does not improve

Interpretations

- The results are preliminary
 - need to expanding data collection and variables.
- Still, we find interesting patterns
- Local bureaucrats are motivated to boost GDP and other tangible economic development, with more than short term effect on total GDP growth
- In contrast, institutional building and social welfare are missing in bureaucrats' promotion formula.
- Growth based promotion may have negative side effects on subsequent welfare and development

Further possible implications

- Long range development that does not contribute to immediate performance get less attention,
 - e.g., financial market development, intellectual property rights, environmental protection, health care system, public education, social securities, etc.
 - Need data to substantiate
- Social imbalance
 - FDI flows are below average while the private sector continues to grow at the expense of SOEs
 - Government censored tunneling?
 - Urban welfare improve while rural does not
- Create regional barriers and imbalance
 - Need data to substantiate

Improved national agenda?

- Incorporating more economic and social performance indicators in the promotion equation in recent years?
 - E.g., social harmony, environment, education, health care, property rights, etc.
- However, we do not find difference in our results between time regimes.

Conclusion

- Understanding the governing system
 - allows us a framework to understand China's development trends
 - And to think about what the future may be
- Critically: How is the Agenda Formed?
 - In the past, set in the central politburo and was a result of the winner of power struggles
 - More recently, signs of grass root counseling
 - Still, risk of favoring established elites.
 - National agendas are set at the highest level – compromise of the powerful party elites
 - In their process of climbing the hierarchy they have acquired good will liabilities and may become representative of elites
 - They are becoming more homogeneous as the promotion system filters out dissidents.



Thank You!

Key Findings

- City bureaucrat promotion is associated with tangible development
 - GDP growth, private sector investment, FDI
- But not affected by intangible development and connections
 - Hospital beds, health care, green space, education, bureaucrat quality
- Cities whose bureaucrats promoted due to high GDP performance experience
 - high subsequent GDP growth, further growth in the private section
 - But significantly negative FDI growth and worsening social development
 - Imbalanced rural and urban development