Making Bureaucracy Work: Patronage Networks, Performance Incentives, and Economic Development in China 📊 🎓

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Abstract: *Patron–client networks are widely found in governments of transitional societies and are often seen as an impediment to effective governance. This article advances an alternative view that emphasizes their enabling effects. I argue that patron–client relations can be used to improve government performance by resolving principal–agent problems within political hierarchies. I substantiate this claim by examining how patronage networks shape economic performance of local governments in China. Using an original city–level panel data set between 2000 and 2011, and a new method that identifies patronage ties based on past promotions, I show that city leaders with informal ties to the incumbent provincial leaders deliver significantly faster economic growth than those without. I conduct additional analyses to rule out several important alternative explanations and provide evidence on the incentive-enhancing mechanism. These findings highlight the importance of informal institutions for bureaucratic management and authoritarian governance.*