

The Emperor Strikes Back: Political Status, Career Incentives and Grain Procurement during China's Great Leap Famine*

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Using China's Great Leap Famine as example, this article shows how political career incentives can produce disastrous outcomes under the well-intended policies of a dictator. By exploiting a regression discontinuity design, the study identifies the causal effect of membership status in the Chinese Communist Party's Central Committee—full (FM) Versus alternate members (AM)—on grain procurement. It finds that the difference in grain procurement between AMs and FMs who ranked near the discontinuity threshold is three times that between all AMs and all FMs on average. This may explain why Mao exceptionally promoted some lower-ranked but radical FMs shortly before the Leap: to create a demonstration effect in order to spur other weakly motivated FMs into action.

It has now become a widely accepted premise that political career incentives play a pivotal role in developing the economies of authoritarian regimes. China provides an exemplar of just how a one-party authoritarian state could engineer growth by carefully exploiting such incentives—specifically promotion incentives (Cai and Treisman 2006; Jia 2013; Li and Zhou 2005; Landry 2008; Xu 2011). Political career incentives can be a double-edged sword, however. In the absence of political checks and balances on the dictator, the same career incentives could be misused, as was demonstrably the case in China during the Great Leap Forward of 1958–61, which resulted in the worst man-made famine in history (Kung and Chen 2011).

A primary reason why China's Great Leap backfired and ended in a very expensive disaster is attributable to the extraordinarily powerful incentives of some provincial leaders to procure as much grain as possible to serve industrialization.¹ One explanation, championed by Kung and Chen (2011), is that excessive grain procurement²—a proxy for political radicalism—is correlated with the differences in membership status of the

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¹ Acemoglu, Kremer and Mian (2008) show theoretically that a disproportionate emphasis on high-powered incentives can distort the composition of effort and result in excessive signaling. While governments are typically able to refrain from doing so by limiting yardstick competition, Mao encouraged the high-powered incentives of (excessive) grain procurement during China's Great Leap Forward.

² A salient feature of the Great Leap Forward is that political radicalism, manifested most notably in excessive grain procurement and communal mess hall dining, was very uneven across the Chinese provinces.