Political Research Quarterly
Volume 60 Number 3
September 2007 378-390

10.1177/1065912907304501
http://prq.sagepub.com
hosted at
http://online.sagepub.com

Retrospective Economic Accountability under Authoritarianism

Evidence from China

Gang Guo
University of Mississippi, University

The relationship between the turnover of government leaders and economic performance has rarely been studied in authoritarian regimes. In mainland China the reforms of the past quarter century have increased the economic accountability of local leaders. At the same time, there is some evidence that informal and idiosyncratic factors are more likely to operate at lower levels of government. An analysis of a comprehensive panel data set shows that Chinese county leaders are frequently replaced and that revenue growth increases the probability of promotion of county chief executives. Newly installed or minority nationality chief executives are less likely to be replaced.

Keywords: *government turnover; economic performance; responsibility hypothesis; county leaders; China*

The relationship between the turnover of government leaders and economic performance in Western democracies has been extensively discussed in the literature on economic voting. In the economic voting model, incumbent government leaders are held accountable for the economic performance of their jurisdiction, and voters punish or reward them through regular elections. The so-called "responsibility hypothesis" has received quite consistent empirical support from studies of national and subnational elections in democracies, where retrospective evaluation of economic or fiscal conditions plays an important role in the political fate of elected officials all over the world (Lewis-Beck and Stegmaier 2000, 213). More recent studies have also shown the importance of the political context of economic voting, such as institutional clarity of responsibility (Anderson 2006, 449), existence of better alternatives, political apathy, and ideological orientation (Weyland 2003, 823).

Besides elected officials, there are also unelected administrators in democracies. The turnover pattern of top administrators appointed to local governments differs significantly from that of local elected officials and probably serves as better reference for this research. Much of the existent literature in the American context suggests that the turnover of local government administrators is affected by "push" (such as political conflict) and "pull" factors (such as advancement elsewhere). Economic performance could also play an important role here, although the mechanism of economic accountability is fundamentally different from that in authoritarian regimes. Feiock et al. (2001, 105) analyzed a panel data set of U.S. cities from the 1970s to the 1990s and found that growth in per capita personal income deters turnover of city administrators, which suggests that economically high-performing administrators are less likely to be fired yet no more likely to leave for better positions. At the same time, revenue growth in a democracy could be a liability rather than an asset for administrators due to the unpopularity of taxes, although the political fallout over tax increase may have affected elected officials more than city administrators (Feiock et al. 2001, 106).

In contrast to the proliferating literature on economic voting or administrator turnover in democracies, few works have investigated the relationship between leadership turnover and economic performance in authoritarian regimes. Obviously, the lack of popular, competitive, free, fair, and regular elections removes the essential mechanism of economic voting. However, elite mobility, especially at the subnational level, under an authoritarian regime does not have to be an entirely "black box." Local leaders are both political agents and government administrators. While their appointment is ultimately a political choice made by superiors, that decision can be at least partially based on retrospective evaluation of local leaders' economic performance. There is nothing

inherent in such systems to prevent the operation of retrospective economic accountability of government officials, and indeed there may even be more clarity of responsibility. While politically not accountable downward to local people, they can still be held economically accountable upward for the local economic or fiscal performance. When authoritarian regimes stake part of their right to rule on a claim of delivering national good, rewarding or punishing local leaders according to the economic record of their jurisdictions can be an effective strategy to boost regime legitimacy.

In the literature on elite mobility in the former Soviet Union, there are two major models: one singles out the "patronage of dominant leaders," and the other emphasizes economic achievement, as the crucial determinant (Stewart et al. 1972, 1269). Especially during the regime of Khrushchev, the latter model seems to receive some support from empirical studies of oblast first secretaries (Hough 1969; Stewart et al. 1972, 1277).

In that regard it is both interesting and important to study local leadership turnover in contemporary China. As I shall discuss in later sections, while one of the few major authoritarian regimes in the world today, mainland China has also been experiencing revolutionary social, economic, and political transformations for decades. Reforms in the past quarter century have not only empowered local leaders to effect economic growth but have also held them accountable to upper-level elite for the economic performance of their jurisdictions. Besides, the continuous administrative reforms and institutionalization have significantly transformed elite mobility processes from the "black box" of the Maoist era.

At the provincial level, two recent empirical studies have affirmed the importance of retrospective economic evaluation in leadership change. In his comprehensive study of Chinese provinces from 1949 to 1998, Bo (2002, 139) found that in the reform era those provincial leaders with worse economic growth or fiscal contribution are more likely to be demoted or retired. H. Li and Zhou (2005, 1756) similarly found that from 1979 to 1995 "the promotion (termination) probability of provincial leaders increases (decreases) with the average performance" measured in annual GDP growth rate. However, so far very little is known about the turnover of government leaders below the provincial level other than casual observations and case studies. The reasons for a systematic study of lower levels are obvious. In such a continent-sized country as China, provinces may be too big a unit of analysis. Most Chinese provinces are larger than most countries in the world in population or land area, and the variation within a particular province can be enormous. Indeed, according to the statistics for 2002, the variance of county GDP figures across all of mainland China is smaller than the variance of county GDPs within each of five major provinces: Jiangsu, Zhejiang, Fujian, Shandong, and Guangdong.

More important, counties occupy a peculiar layer in the Chinese political system. Many counties date back to the Qin and Han dynasties of more than two millennia ago. Unlike provinces, prefectures, or cities, counties as administrative units have remained fairly stable in history and serve as the crucial link between the national and the local. A comprehensive study of county leadership turnover over time can provide invaluable insights into the operation of formal rules in Chinese politics and on whether nowadays "the central leadership lose the ability to make binding decisions that can significantly alter the prevailing patterns of power and resource allocation" (C. Li and Bachman 1989, 90). In a sense, it is not surprising at all that provincial leadership turnover is based on economic performance. After all, the center itself manages provincial leaders, and it is the center that has been striving to establish economic accountability of cadres. As we move down the administrative hierarchy and physically away from the capital cities, it is highly plausible that the operation of centrally prescribed norms for appointment becomes weaker. That is, we might expect the effect of economic performance on official turnover to be weaker. The panacea of *guanxi* (personal connections) and outright corruption can all come into play and potentially dilute the economic accountability of local leaders. It thus becomes an intriguing empirical question whether economics is the driving force behind political careers at the basic levels. If the relationship between economic performance and official turnover withstand the test of those "noises," we will be even more confident that formal rules and central directives can be effective in local politics.

This article investigates the linkage of economic performance to the turnover of Chinese county leaders, specifically the two top leaders: the chief executive (*xianzhang* in a county and *shizhang* in a county-level city) and the party secretary. In a Communist Party–state, the party secretary always dominates the executive leader at each administrative or territorial unit. I shall first discuss in more detail the economic logic of local leadership turnover in the

Chinese context, highlighting the clarity of economic responsibility and the center's efforts at integrating retrospective economic accountability into the formal rules and regulations governing cadre turnover and the actual behavioral consequences on local leaders. On the other hand, there is quite substantial evidence that suggests informal and idiosyncratic factors are more likely to operate at lower levels of government and could overpower the centrally prescribed institution of "economic appointment." In the latter part of the article, I analyze a comprehensive panel data set of Chinese counties and county-level cities over the period of 1995 through 2002. During an average year, one-third of Chinese counties would replace their chief executives, and 29 percent of county party secretaries would also be changed. Moreover, local promotion of county chief executives to county party secretaries is common, accounting for more than a third of all chief executive turnovers. A multinomial regression analysis later in the article shows that fiscal performance significantly affects the probability of local promotion. There is a curvilinear relationship between a leader's time in office and the probability of turnover. Moreover, minority nationality chief executives are shown to be less likely to be locally promoted.

The Economic Logic of Leadership Turnover

In a communist system, leadership turnover is always a sensitive political issue. The Communist Party firmly controls the career mobility of all the important party and government officials through the nomenklatura system. Personnel control lies at the very core of the party's political power and thus would be the last to become transparent and institutionalized. In this setting, the concept and mechanism of economic accountability have some unique features. On one hand, communist ideology does not separate economics from politics. "According to Lenin, the party needed 'economic organizers,' not 'political agitators,' in its leadership positions," and as "early as 1956 Khrushchev urged that party officials be evaluated primarily according to the success of the economy in their sphere of responsibility" (Blackwell 1972, 148). On the other hand, communist regimes sustain themselves by rewarding the right kind of people with career advancement. High performers in economic achievements are not necessarily the most politically reliable and loyal candidates for leadership positions in such regime. Therefore, economic accountability differs from performance legitimacy in important ways. In the end, the economic performance of local leaders only matters as it brings about political and financial benefits to the upper-level elite in the regime. This accountability is rather to the party-state elite than to a bureaucratic rationality.

Historically that dilemma was reflected in the "red" versus "expert" paradox that has been the subject of scholarship on communist systems for decades. In both the former Soviet Union and China, the ideal of a cadre who is both "red and expert" proved to be impossible. Instead, a bifurcation of elites occurred in Maoist China, between those ideologically committed revolutionary cadres and those professionally educated expert cadres (Schurmann 1968, 171). In the post-Mao reform era, ideology has become more pragmatic and ambiguous as the party transforms itself from a "revolutionary party" to a "ruling party." During the first two decades of the reforms, technocrats (engineers or natural scientists who become politicians) dramatically increased their presence in the party-state elite. However, since 1997 "they have significantly declined in all major leadership categories: ministers, province party secretaries, governors, and full [Central Committee] members." Instead, today's "experts" are increasingly represented by those cadres with backgrounds administering local economies or with academic degrees in social sciences such as economics or law (C. Li and White 2006, 98). Apparently concrete performance or economic management skills have become more valued assets.

During the post-Mao reform era three important changes have greatly strengthened local leaders' economic accountability as well as its political consequences. One is economic and fiscal decentralization that empowered local governments and clarified the assignment of responsibility for local economic outcomes. Another is the party's incorporation of economic evaluation into the formal process of personnel decision making. Last but not least, continuous administrative reforms have dramatically affected local cadres' political calculus and accountability.

In a one-party state the "horizontal clarity" of economic responsibility never changes, but we still need to consider the vertical dimension of clarity of responsibility (Anderson 2006, 451). Maoist China already boasted a more decentralized economic system than those in the former socialist countries of East Europe, and decentralization of economic decision making has been one of the effective means

to stimulate economic growth in the reform era. The central government's share of total expenditures hovered above 50 percent in the early 1980s, but has been fluctuating between 27 and 34 percent since 1988. In other words, the four subnational levels (province, prefecture/city, county/city district, and township) account for around 70 percent of total government expenditures. According to Professor Du Gangjian of the State School of Administration, "except for foreign affairs, military, and national defense, there is almost no difference between the power that [county leaders] have and the power of the center" (quoted in Dong, Zhang, and Zhang 2005). With more power also come larger and clearer responsibilities. As local economic conditions are increasingly being affected by local decisions as opposed to central planning, the subnational political leaders are held responsible for the outcomes. Decentralization makes it harder for local political leaders to shift the blame of economic deterioration onto national conditions or the upper-level governments. It also becomes easier for them to take credit for local economic achievements.

By delegating important fiscal and economic power to the local state, the central government has created an incentive structure that is conducive to the exertion of local creativity and initiatives to develop the economy (Oi 1992; Jin, Qian, and Weingast 2005). Another way of creating such incentives is to link local leaders' career advancement to their economic performance. Although leadership turnover remains essentially a political process, reforms in the post-Mao era potentially lead to a more performance-based system of local political mobility. Since the party shifted the focus of its work from class struggle to economic construction in December 1978, its right to rule has relied increasingly on the claim of an exclusive ability to make China richer and stronger. The party's obsession with economic growth has been translated into its greater emphasis of "political achievement" (*zhengji*) on local leaders, which may be more truthfully phrased as "economic achievement" in the post-Mao era.

The central party and government leadership have made sincere efforts to make economic evaluation part of the formal personnel process. Less than a year after the reforms started the Central Committee's Organization Department issued an Opinion on Implementing the System of Check on Cadres (*Guanyu shixing ganbu kaohe zhidu de yijian*). It stipulated on an experimental basis that cadres should be checked annually or biennially on the "four aspects of morality, capability, diligence, and achievements," with "achievements" defined as "mainly the direct or indirect contribution to modernization construction." The 1983 national symposium on organization work reiterated the four aspects and put an emphasis on actual work achievements. Five years later, the Central Committee's Organization Department made a Trial Program of the Annual Check on the Work of Leading Party and Government Cadres in Counties (Cities, Districts) (*Xian* [*shi, qu*] *dangzheng lingdao ganbu niandu gongzuo kaohe fang'an* [*shixing*]), which include party secretaries, vice party secretaries, chief executives, and vice chief executives of all county-level jurisdictions. According to the program, a key component in the annual check of county leaders is the Statistics of the Achievement of Major Social, Economic, and Cultural Targets (*Shehui jingji wenhua zhuyao zhibiao shixian qingkuang tongjibiao*) for that county in the previous year, which should be physically put up in the meeting room during the briefing by county leaders in the annual check. The result of the annual check is "important basis in the award, punishment, promotion, demotion, adjustment, and training of cadres." In 1995, the Party promulgated a Provisional Regulations on the Selection, Promotion, and Employment of Party and Government Leading Cadres (*Dangzheng lingdao ganbu xuanba renyong gongzuo zanxing tiaoli*) that stipulates the policies and procedures of personnel changes at the county level or above. It enjoined party committees to "examine comprehensively the morality, capability, diligence, and achievements, with an emphasis on actual work achievements" of candidates to the leadership positions. The final version in July 2002 added "cleanness" after "achievements" but did not make any change on the emphasis. In practice, apparently the most readily available measurement of "political achievement" is the economic and fiscal indicators of a locality, and the Provisional Regulations on the Check of Party and Government Leaders (*Dangzheng lingdao ganbu kaohe gongzuo zanxing guiding*) of May 1998 specified that "the actual work achievements of local Party Committee and government leadership at or above county level include: the completion of various targets of economic work, the speed, efficiency, and reserve strength of economic development, growth of fiscal revenues and the improvement of people's living standard." The party naturally hesitates to truly constrain itself institutionally in the politically sensitive nomenklatura system, but the central leadership does seem to have made sincere efforts to orient local personnel decisions toward a more performance-based norm.

Needless to say, the changes in the formal rules and procedures are in practice subject to manipulation for political or personal reasons, as I shall discuss in more detail in the next section. Such irregularities are impossible to observe or measure in a systematic manner but undoubtedly vary greatly across locations and over time. However, evidently the incorporation of retrospective economic evaluation into the communist nomenklatura system does strongly motivate local leaders to produce economic and fiscal results and to meet growth target set by upper levels. A vivid example is the experience of Li Qun, then mayor of Shouguang, a county-level city in Shandong province, in the United States as a special assistant to the mayor of New Haven, Connecticut. He found it unbelievable that his American counterpart did not even know what GDP or WTO stands for. When asked by the mayor of New Haven about the differences between their jobs, he said, "The biggest difference is that you do not seem to manage the economy much. When I was mayor of Shouguang my main effort was on grasping the economy, everything from fiscal growth to enterprise profit, peasant income, private economy, structural adjustment . . ." (quoted in Song and He 2003). In a survey of eighty counties in Sichuan province, all the county executives and party secretaries complained that the high growth target set by upper levels put heavy pressure on them (Yan 2004, 39).

In the reform era, at least three important administrative reforms have been implemented to establish or transform the norms and institutions for local cadres. Policies implemented in the first several years of the reforms replaced de facto lifelong tenure for cadres with regular age-based retirement. By "1988, retirement had become purely an administrative procedure" (Manion 1993, 71). This reform also had dramatic impact on county leaders in the 1990s, as most of those younger cadres who were promoted in the 1980s to replace retired revolutionaries in county-level leadership positions reached retirement age themselves a decade or more later. I shall revisit this issue in the context of the empirical data on county leadership turnover in 1995 to 2002. Another administrative reform that also had far-reaching effect was promulgated in the late 1990s under Prime Minister Zhu Rongji, who attempted to drastically restructure and downsize government at all levels. Despite strong resistance from local governments, county-level staff were cut by nearly 20 percent, and thousands of towns and townships were merged (Yang 2004, 47). Finally, since the late 1980s many localities in China have started to experiment with popular elections of village leaders and even of township leaders. The election of village leaders has actually been legally sanctioned and has been shown to cause village leaders to be responsive to both old (selectorates of township-level leaders) and newly emerging constituencies (electorates of ordinary villagers) (Manion 1996, 736).

The Political Logic of Leadership Turnover

In this section I shall discuss three political factors that may affect the operation of the economic logic of leadership turnover at the county level, namely, the role of reward and punishment, the informal *guanxi* and outright corruption, and maintaining government stability in minority areas.

There is an interesting parallel that, just like in the Western "press, economic voting is routinely used as a sweeping explanation of electoral outcomes" (Lewis-Beck and Stegmaier 2000, 184), Chinese media regularly report official promotion as a result of outstanding local economic performance. However, one of the crucial differences lies in the reward and punishment under the two systems. Economic voting in a democracy is mostly about the punishment, and the best possible reward for an elected official is to stay in office. "Good times keep parties in office, bad times cast them out" (Lewis-Beck and Stegmaier 2000, 183). In contrast, the Chinese system of economic accountability is about the reward, that is, official promotion. Punishment due to incompetence is extremely rare. For the Chinese leaders who are the counterpart of Western economic voters, the whole enterprise of economic accountability is not about "kicking the rascals out" but rather to "pick the capable out."

In the absence of democratic elections, official promotion is the only route of elite recruitment at higher levels of the political hierarchy in China. To ensure the continuity of policy lines, it is vitally important for the party leadership to promote capable cadres. To the cadres, the political reward of promotion is a strong enough incentive to perform their official duties well. Chinese cadres do not have many viable career alternatives outside of the political hierarchy, as the job market for them in the private sector hardly exists. Official demotions, let alone job losses, for leading cadres at various levels are extremely rare, as staying at a certain rank without being promoted is

already enough "punishment." As early as 1962 Deng Xiaoping pointed out that the phenomenon of "cadres can go up but not down [*neng shang buneng xia*] . . . has a big negative effect" (Deng 1994, 329). He reiterated the point in 1980 (Deng 1993, 328), yet the lack of punishment in cadre management is still a prominent problem and has even evolved into an "unspoken rule [*qian guize*] in cadre appointment" that "as long as [a cadre] does not commit any mistake he can not be demoted or dismissed" (Wei 2004, A03). Apparently there is a clear distinction between mistakes and incompetence, and according to an official at the Anhui provincial organization department it had never happened in Anhui before 2002 that a cadre would be dismissed due to incompetence (*bu chengzhi*) (Cui and Zhou 2002, 1).

Second, although the choice of government leaders at all levels in mainland China today are managed through the communist nomenklatura system and as political appointees all local leaders must be first of all loyal to and faithfully carry out orders from the upper levels, important differences exist between the provincial level and the county level in the norm and practice of personnel change. H. Li and Zhou (2005, 1746) speculated that because "the governance structures at all levels are similar, the basic observations . . . from provincial-level data may also apply to lower levels." However, at the lower levels of government personal and informal politics are more likely to operate and may even overpower the economic logic of leadership turnover.

The choice of provincial governors and party secretaries are on the nomenklatura of the Chinese Communist Party Central Committee although ultimately decided by the Politburo Standing Committee (Lieberthal 2004, 237). It was the third plenum of the eleventh Central Committee that decided to shift the party's focus of work from class struggle to economic construction in December 1978, inaugurating the era of "reforms and opening up" in China. At least at the central level, the expectation of local leaders to deliver the goods has been firmly in place. Indeed, the economic performance-based personnel management of provincial leaders also makes perfect political sense, as political loyalty is hard to overtly verify in everyday work and economic growth in the provinces can be perceived by the party's top leadership as an indication of loyalty to the new policy line of "reforms and opening up." By promoting and inducting such leaders into the central party or government apparatus, reformist leaders at the top could gradually strengthen their political clout.

In contrast, local personnel changes have no implications for the party's policy lines and are more susceptible to personal and informal politics. The nomenklatura system governing the career mobility of county leaders was also decentralized in August 1984, when the power to manage leading cadres at the county level was delegated from the provincial party committee to the prefecture/city party committee (Lieberthal 2004, 236). Unlike the unified central norm of economic accountability for the provincial-level leaders, subnational personnel control "in fact operates in a quite decentralized way" (Lieberthal 2004, 221). More recently, partly to curb the influence of personal and informal politics, "the Party has decentralised control of the ordinary cadres and recentralised control over the leading cadres" (Edin 2003, 7). However, patron-client networks, political factions, or special connections with upper-level leaders can still play important roles in the appointment process and affect the career advancement of local leaders. Over two-thirds of the township cadres in a survey conducted in Anhui province believed that official promotion is based on personal connections (Zhong 2003, 115).

Besides personal connections, outright corruption can also confound the operation of economic accountability at the local level. The "crooked work style" (*buzheng zhi feng*) in party organization and personnel processes appears quite prevalent. It is not uncommon to find reports in the Chinese official media of corruption cases involving county leadership turnovers, although they may just be the tip of an iceberg. For example, the former party secretary of Qinzhou, a prefecture-level city in Guangxi Autonomous Region, confessed that he promoted the former director of a bank in Luchuan to be the vice executive of that county in exchange for 900,000 yuan. The vice executive of Bobai also gave him 180,000 yuan to become the county's chief executive (Xu 2005, 44). Another telling case happened in the prefecture-level city of Suiling in Heilongjiang province. The former party secretary of the city, Ma De, promoted a subordinate county chief executive to the county party secretary for 320,000 yuan and 10,000 U.S. dollars, even though the economic performance in that county was among the worst in the province. Ma De also confessed that he alone could decide the political fate of subordinate cadres (Zhai 2005, 1). Below the prefecture level, official media reports of county leaders "selling" official positions are even more pervasive. Such irregularities and corruption in local leadership turnover were also acknowledged by the then–General

Secretary Jiang Zemin in his speech commemorating the seventy-fifth birthday of the Chinese Communist Party (1996, 1). During 2006, all four subnational levels of party committees will start a new term, and the Central Discipline Inspection Committee specifically called on local committees to "strictly enforce organization and personnel disciplines, firmly prevent the crooked work style in appointing cadres, and to facilitate the smooth turnover of local party committees in this year" (*People's Daily*, January 13, 2006, p. 1).

Despite the anecdotal evidence and media exposure, systematically those backdoor political dealings are mostly unobservable. We can only infer that informal politics and corruption in effect become part of the local idiosyncrasies and could potentially weaken the economic linkage of leadership turnover at the local level. That is, the causal relationship between retrospective economic conditions and leadership turnover may not turn up at the county level. However, it is equally likely that our perception of Chinese local politics may have been overrepresented by some limited number of corruption cases whose drama could obstruct what is normal and routine in leadership turnover. I shall try to tackle that later in the article with a statistical analysis of a comprehensive data set of Chinese county leadership turnover.

Another important political consideration on the part of the upper-level party committees when they make decisions to appoint or remove local leaders is to maintain social order and stability. The capability of local governments to deal effectively with potential or realized eruptive social economic issues is an important criterion in the evaluation of local leaders, and they can be punished or rewarded according to the local record of social stability. On the other hand, as social order and stability is an important concern especially in China's vast minority regions and the impoverished areas, party committees at upper levels may hesitate to remove or transfer local leaders in those areas, all else being equal. Legally, the chief executive of a minority nationality autonomous county has to be a member of that minority group, who then practically becomes a symbol of ethnic unity, although real political power lies in the hand of the (almost always Han) party secretary of that county. Frequent turnover of minority leaders may cause problems with the local community, and the leadership in minority regions should remain as stable as possible. Therefore, the top leaders of the minority counties are expected to be less likely to be replaced. That political sensitivity hypothesis will be tested empirically below.

Turnover of County Leaders, 1995-2002

According to Article 106 of the state constitution and Article 26 of the party constitution, respectively, the terms of office of the local territorial chief executives and party secretaries should all be five years, but in practice the turnover rates of provincial and county leaders are very different. Bo (2002, 71) found that during an average year from 1949 through 1998, only 16 percent of the top provincial leaders are replaced, which suggests that the five-year term for provincial leaders is fairly well observed. At the county level, there has never been a comprehensive study of leadership turnover, although anecdotal evidence indicates that county leadership is far less stable than their provincial counterparts. Wang (2005) stated that the term of office for county leaders "basically became a formality." In Jiangxi province, only one county-level party secretary served a full five-year term in recent years, and all the others were promoted or transferred in the middle of their terms. Hengfeng county saw ten different party secretaries and county executives in as many years, and the average term of county chief executives was only two years (Wang 2005). A mountainous county in Hebei province had four turnovers of party secretary over a period of five years (*People's Daily*, December 27, 1999, p. 9).

To study the pattern of county leadership turnover, I compiled a comprehensive list of the names of the party secretaries and the chief executives of all county-level jurisdictions of mainland China from the respective provincial yearbooks for the years from 1994 through 2002, except those in the Centrally Administered Municipality of Chongqing, in the province of Sichuan, and in the Autonomous Region of Tibet, which did not list county leaders' names in their yearbooks. While this unique data set has unprecedented comprehensive coverage, it is not without its limitations. Some highly desirable information about these thousands of county leaders, such as age, sex, and educational background, is not covered in the provincial yearbooks. However, besides the simple dichotomous indicator of whether a turnover occurred during a particular year, some information on the exact outcome of the turnover can also be derived from this data set, namely, whether the county leader was transferred to become the leader of another county, and whether the county chief executive was promoted to be the party secretary of either that same county or of another county. Table 1 shows the outcome of county leadership turnovers expressed

Table 1
Turnover Rates of Chinese County Leaders, 1995-2002 (in percentages)

	1995	1996	1997	1998	1999	2000	2001	2002	Total
Party secretaries	27	29	32	32	18	24	35	32	29
Party secretaries of minority counties	23	29	29	34	12	24	32	31	27
Chief executives	27	28	43	33	20	26	36	39	32
1. Became chief executive of another county	0.5	0.7	1.4	1.0	1.2	0.8	1.1	0.9	1
2. Became party secretary of same county	10	11	15	12	8.5	10	15	16	12
3. Became party secretary of another county	1.4	1.4	1.6	2.4	1.2	2.0	2.5	2.8	2
4. All other turnovers	15	15	25	18	9.2	13	17	19	16
Chief executives of minority counties	15	21	40	43	9	22	30	42	28
Both party secretary and county executive were replaced	15	15	22	20	10	14	23	23	18

as a proportion of all counties for each of the eight years from 1995 through 2002.

Immediately obvious is the extremely high rate of turnover among county leaders in China. During an average year, 29 percent of the counties would have a turnover of the party secretary, 32 percent would change their chief executives, and 18 percent would replace both leaders. Specifically, 1997-1998 and 2001-2002 stand out as the years of especially high turnover rate, probably because those were the election years of the local people's congresses in some provinces. In the nonelection years, turnover of county chief executives was also quite frequent, never dropping below 20 percent during the entire eight-year period. Party secretaries seem to be generally less likely to be replaced than the chief executives are. Obviously the former is the "first hand" in a county, and thus the personnel process involving party secretaries inevitably becomes more politically sensitive and cautious.

The statistics suggest that Chinese county leaders do not generally expect to be in office for more than just a few years. The frequent turnover on one hand reflects the party's preference for younger cadres in the reform era (Deng 1993, 323). The party has taken to task the old system of lifelong tenure (*zhongshenzhi*) and emphasized promotion of young cadres since the 1980s. At the same time, a mandatory cadre retirement system has been installed at all levels (Manion 1993). By the late 1990s, most of the 720,000 middle-aged and young cadres promoted to leadership positions at the county level or above had to be replaced (*People's Daily*, August 26, 2004, p. 6). Top county leaders have to retire at the age of fifty-five, and only cadres younger than forty-five can be on the reserve list for leading positions above the county level (Zhong 2003, 112). In January 2006, the central organization department specifically emphasized that "the main body of chief party and government leaders at the county level should be around the age of 45" (Xinhua News Agency 2006, 4). Even a county leader in his early forties would have to try all out to be promoted as soon as possible lest his political life be terminated at the county level. Another mechanism that probably also contributes to the frequent turnover observed here is the "cadre exchange to other localities" (*ganbu yidi jiaoliu*) system that has involved 96 percent of county party secretaries and 97 percent of county chief executives from 1995 to 2001 (*People's Daily*, June 25, 2001, p. 4). The system was intended to curb corruption and to prevent the development of entrenched local interest and in practice has greatly strengthened the leverage of upper-level authorities over local leaders.

Apparently one of the most important questions concerning leadership turnovers is their exact outcome. Turnovers of county chief executives reported in the official media are generally of the following types. A county chief executive can be transferred to become the chief executive of another county, or promoted to be the party secretary of either the same county or another county, or promoted to be the director of a functional department in the party or government apparatus at the prefecture level. Besides, the chief executive can retire or semiretire in the local people's congress or people's political consultative conference, as well as be removed from politics after a corruption scandal is exposed. Only three types of turnover outcomes can be identified from the available data, and they have been listed in Table 1. To pinpoint the exact outcome of the thousands of turnovers would be infeasible, but fortunately the current differentiation can already give us enough information to conduct a rigorous and meaningful

statistical analysis. Specifically, there are several interesting findings from Table 1 alone. First, local promotion seems to be a common career route for county chief executives. During an average year, roughly three out of every eight replaced county chief executives went on to become the party secretary of that same county. It is probably also safe to assume that most of the "all other turnovers" category may contain promotions as well, such as promotion to a functional department at the prefecture level. It seems that the "unspoken rule [*qian guize*]" (Wei 2004, A03) may well be true in practice, and that a county chief executive can reasonably assume that he or she will be promoted in one way or another eventually. Last, it is extremely rare for the chief executive of a county to be directly promoted to become a prefecture-level chief executive. There were only four such cases from 1995 to 2002.

Comparatively, the transfer of chief executives from one county to another is less common. During an average year, only 1 percent of all counties would have that kind of turnover. It is important to note that the political connotation of such transfers is probably much more complex than being simply "lateral." A chief executive is often transferred to another county to gain more experience and credentials before being promoted soon. For instance, after serving for two years as the chief executive of Shenze county of Hebei province, Guo Lingyu was transferred to be the chief executive of Wuji county in May 1999 before being promoted to be the party secretary of Wuji county in July 2001. He is now the deputy director of the personnel bureau of Shijiazhuang, the capital city of Hebei province, which is clearly a promotion from his previous post. This scenario seems to correspond to the discussion by Stewart et al. (1972, 1279) that in the former Soviet Union, lateral reassignment of local leaders could be "motivated by a desire to broaden Party officials' competence," especially "with respect to younger, less experienced officials who nevertheless have already demonstrated some capacity for performance." Besides this "training" hypothesis, an equally plausible explanation is that local leaders could be transferred to another location as "troubleshooters." In practice, both these motivations for lateral transfers could be at work. An example at a higher level is the experience of the current Chinese President Hu Jintao, who served for seven years in Guizhou and then Tibet, two of the poorest and politically troublesome provinces in China, before being promoted to the Politburo. Yet another scenario is that transfers, especially to a less developed region, could be a form of political punishment, although Hu Jintao's assignments to Guizhou and then Tibet were clearly not punishment at all.

Table 1 also shows that the turnover of minority county leaders is in general less frequent than in other counties. In 1999 for example, 18 percent of county party secretaries were replaced while only 12 percent of the minority counties replaced their party secretaries. Also in 1999 while only 9 percent of the chief executives of minority counties, who by law have to be members of that minority group, were changed, the national turnover rate for county chief executives was 20 percent. That difference exists for most of the years in the time series and shall be further examined in the next section.

Methods and Findings

While Chinese county leadership turnover is quite common, there also exist important temporal and cross-section variations in the rate of turnover. One hundred sixty-two counties never changed their party secretaries in the eight years. In contrast, 82 counties had a turnover every single year. Likewise, 117 counties never had a chief executive turnover for eight years, while 108 counties had a new chief executive every year. What explains all those variations? Can economics be at least part of the driving force behind county leadership turnover, or is Chinese local politics entirely idiosyncratic, random, and unpredictable? Those are the questions that I shall try to tackle in this section with a statistical analysis.

The three key explanatory variables of county-level economic and fiscal performance are the annual growth rates of value added per capita in agriculture, of value added per capita in industry (including construction), and of government revenues per capita. Four years of data (1998 through 2001) are calculated from statistics published in the China County (City) Social and Economic Statistical Yearbooks (*Zhongguo xian* [*shi*] *shehui jingji tongji nianjian*). Since these are publicly available data compiled by the State Statistical Bureau from local official reports, there is concern about their reliability. While the incentive and capacity of local leaders to exaggerate economic statistics certainly exist, both have declined considerably due to a series of recentralization reform measures since the 1990s that shifted horizontal, geographic lines of authority relations to vertical, functional lines (Mertha 2005). Through institutional reforms and new technologies, the central state capacity to measure,

monitor, and audit local economic and fiscal activities has improved dramatically (Yang 2004, 77). Moreover, these are the same data available to upper-level party committees when they make personnel decisions concerning county leaders, and thus are adequate for the purpose of testing hypotheses in this research.

Since all three measures are annual growth rates, their correlations are not as strong as the correlations between absolute amounts. The correlations between agricultural growth and revenue growth and between industrial growth and revenue growth are fairly small, at .078 and .122, respectively, and should not cause serious problem in the estimation. Agricultural and industrial growth rates are not correlated very strongly either, at .099.

I fit a multinomial logistic regression model on the pooled county-level data to predict the abovementioned four outcomes of chief executive turnover in the following year, namely, transfer (to be the chief executive of another county), local promotion (to be the party secretary of the same county), external promotion (to be the party secretary of another county), and all other types of turnover. The base category is no change in the chief executive. If the upper-level party committees judge county leaders by the previous economic growth of the localities and make personnel decisions accordingly, then we would expect that those leaders who had a good economic performance record be promoted. That is, the coefficients of the economic and fiscal variables in predicting local or external promotion should all be positive. The expected relationship between performance and transfers is less clear according to the discussion in the last section. The three possible scenarios of "training," "troubleshooting," and "punishment" are hard to distinguish in quantitative data yet can correspond to quite different prior performance records. Moreover, large number of transfers during this period probably resulted from the above-mentioned "cadre exchange" system and thus had little to do with the economic or fiscal performance.

Besides the economic and fiscal variables, the length of time that the chief executive has been in office is also an important explanatory variable. I use both the number of years in office and its quadratic form to capture a possible curvilinear relationship between time in office and probability of promotion. Newly installed chief executives are less likely to be replaced, as are leaders who have been in office for a long period of time. Early reforms in the post-Mao era implemented an age-based retirement system, and those chief executives who have been in the position for many years are more likely to stabilize before retiring eventually from that post than to be promoted or transferred elsewhere.

I include a dummy variable indicating the status of the official "minority nationality autonomous counties." According to Article 114 of the state constitution, the chief executives of such a county has to be a member of that minority group, whose replacement would have added political sensitivity. Therefore, minority chief executives are expected to be replaced less frequently.

Finally, three dummy variables indicating the years of 1999, 2000, and 2001, respectively, with the year 1998 as the base, and a full set of provincial dummy variables, with Hubei province as the base, should capture residual influences. Robust standard errors are used to take into account heteroskedasticity. The results of the multinomial logistic regression are presented in Table 2.

The regression produced intriguing and telling results. Interestingly, local promotion of chief executive to party secretary depends not so much on agricultural or industrial growth as on the fiscal performance of revenue growth. That confirms Edin (2003, 11) that "under normal circumstances, the CCP [Chinese Communist Party] places economic development first, especially the submission of tax revenues to the centre." The parameter estimate suggests that all else being equal, a 10 percentage point difference in revenue growth rate would increase the odds of being locally promoted instead of staying in the same position in the following year by about 5 percent. The impact is small but statistically significant at the $p = 1.1$ percent level. This result shows the importance of reported revenue growth on local leaders' political career, indicating that cadres are rewarded for loyally turning tax receipts over to higher levels of government. Economic growth is certainly desirable, but revenue growth actually brings tangible benefit also to the upper level governments as well as substantiating the loyalty of local leaders. Economic accountability in this setting is probably more to the elite in the political system than to the overall prosperity of the nation. This is an interesting contrast to the political unpopularity of tax increases in democracies that could cost elected officials their jobs.

None of the performance measures attain statistical significance in predicting external promotion of a chief executive to party secretary of another county. Obviously external promotions have more complex

Table 2
Multinomial Logistic Regression of Chief Executive Turnovers
(Dependent Variable: Outcomes in the Following Year)

	Transfer	Local Promotion	External Promotion	All Other Turnovers
(time in office)^2	–0.176*	–0.118**	–0.061	–0.050*
	(0.084)	(0.024)	(0.040)	(0.020)
Time in office	1.341**	1.198**	0.910**	0.920**
	(0.502)	(0.144)	(0.255)	(0.130)
Agricultural growth	–0.270	–0.360	0.349	0.266
	(0.415)	(0.211)	(0.244)	(0.206)
Industrial growth	0.381	0.021	–0.159	–0.000
	(0.308)	(0.209)	(0.375)	(0.162)
Revenue growth	0.150	0.475*	–0.067	–0.322
	(0.372)	(0.186)	(0.502)	(0.309)
Minority chief executive	–0.945	–0.731**	–0.151	–0.249
	(0.579)	(0.204)	(0.381)	(0.170)
Year 1999	–1.008*	0.038	0.532	0.191
	(0.417)	(0.134)	(0.307)	(0.132)
Year 2000	0.095	0.603**	0.998**	0.468**
	(0.335)	(0.125)	(0.297)	(0.128)
Year 2001	–0.396	0.754**	1.209**	0.798**
	(0.407)	(0.124)	(0.297)	(0.126)
(constant)	–6.269**	–4.260**	–30.04**	–4.645**
	(1.138)	(0.300)	(1.220)	(0.347)

Note: $N = 5913$; log-pseudo-likelihood = –4,834; pseudo-$R^2 = .11$. Robust standard errors appear in parentheses. Provincial dummy variables are not shown.
*$p < .05$. **$p < .01$.

political connotations than local promotions. When a chief executive becomes the party secretary of the same county, the political promotion is unambiguous, since he moves up in rank (from number 2 to number 1) in the same county party committee. External promotions are not that simple. They are often promotions, but in some cases could even be punishments, depending on the relative conditions of the two counties. Further and more nuanced research is needed on the exact nature of such promotions.

The probability of transfer is not significantly correlated with any economic or fiscal measures. As mentioned above, the exact nature of that transfer is not easy to determine between the scenarios of "training," "troubleshooting," and "punishment." Also of importance is the sweeping "cadre exchange" system in the period under study that may have further confounded the possible economic and fiscal linkages.

The hypothesized curvilinear relationship between a chief executive's time in office and the probability of turnover is confirmed by the regression analysis. Both new and old chief executives have reduced probability of being replaced. Interestingly, all else being equal, local promotion of chief executive to party secretary is most likely after five years in the post, which is exactly the constitutional term of office for county chief executives. It appears that Chinese local politics are more institutionalized than popular perceptions or media reports would suggest.

The political sensitivity hypothesis concerning minority chief executives does receive strong support for the outcome of local promotion of chief executives. The chief executive of a minority county is less likely to be promoted to party secretary of the same county than his or her counterpart in a nonminority county. On one hand, a minority chief executive may enjoy more job stability, but on the other hand, that finding also confirms the operation of a political consideration of the central authority at the local level. The party committees at upper levels are hesitant to promote minority chief executives to be the "first hand" of the same county, which is almost invariably held by a Han leader. More important, to let one minority leader assume both top positions in the same county consecutively may foster entrenched local interest in a minority region, which is politically undesirable and potentially dangerous from the center's point of view.

Needless to say, this model is far from a complete model of local leadership turnover in China, nor was it intended to be. It is adequate for the purpose of testing the economic and fiscal hypotheses, yet its explanatory power is limited. The pseudo *R*-squared is a measure of goodness of fit that ranges in value from 0 to 1. It is not a strict counterpart to the *R*-squared in an ordinary least squares (OLS) regression, and thus has to be interpreted with caution. It is hoped that more information about those local leaders will become available in the future and enable a more inclusive model.

Conclusion

This article represents the first comprehensive study of the relationship between the turnover of local leaders and economic and fiscal performance in an authoritarian regime. Even though Chinese local leaders are not subject to popular elections, the party has made sincere effort to tie cadres' career advancement to the retrospective evaluation of local economic and fiscal conditions. There is also some evidence that the centrally prescribed norms and rules might operate in a diluted and weakened manner at the lower levels due to informal politics or corruption. I have shown in this article that turnovers of Chinese county leaders are generally frequent and that local promotion, the clearest case of promotion, is driven by revenue growth. We should also keep in mind that local leadership turnover is ultimately a political process and should be studied as such. It is naive to assume that because of the economic reforms Chinese local politics operates in the same way as the board of directors of a corporation motivates middle management. The Chinese authorities have their own political considerations about regime legitimacy and stability, and the finding in this article is probably an example of the overlap of the economic and political considerations. Outstanding fiscal performance substantiates local leaders' loyalty to the regime's source of legitimacy and policy lines as well as contributing materially to superior authorities.

This article also has important implications on the nature of contemporary Chinese politics. After the significant decentralization of the Deng era, the central authority seems to have regained some control over local politics. The support found in this article for the fiscal linkage to turnover, for the political sensitivity hypothesis, and for the actual term of office may be a sign that the party center still wields considerable influence over the pattern of politics even down at the county level, despite the widespread operation of informal politics and outright corruption. It challenges the popular perception that the party is on a slippery slope of decay and disintegration. The Chinese regime is undoubtedly in transition, but we may also have underestimated its capacity and resilience.

Future research on this topic would benefit greatly from the addition of more control variables to the model, including various other characteristics of the leaders and of the localities, when that information becomes available. It is hoped that further study will shed new light on the relationship between local economics and politics in China.

References

Anderson, Cameron D. 2006. Economic voting and multilevel governance: A comparative individual-level analysis. *American Journal of Political Science* 50 (2): 449-63.

Blackwell, Robert E., Jr. 1972. Elite recruitment and functional change: An analysis of the Soviet Obkom elite 1950-1968. *Journal of Politics* 34 (1): 124-52.

Bo, Zhiyue. 2002. *Chinese provincial leaders: Economic performance and political mobility since 1949*. Armonk, NY: M. E. Sharpe.

Cui, Haijiao, and Limin Zhou. 2002. Anhui 8 ming ting ju ji ganbu bei mianzhi. *Xinhua Daily Telegraph* [in Chinese], August 23, p. 1.

Deng, Xiaoping. 1993. *Selected works of Deng Xiaoping* [Deng Xiaoping wenxuan], vol. 2 [in Chinese]. Beijing, China: People's Press.

———. 1994. *Selected works of Deng Xiaoping* [Deng Xiaoping wenxuan], vol. 1 [in Chinese]. Beijing, China: People's Press.

Dong, Xueqing, Heping Zhang, and Zeyuan Zhang. 2005. Xianwei shuji caifang lu [Record of Interviews of County Party Secretaries]. *Liaowang News Weekly*, November 7.

Edin, Maria. 2003. Remaking the communist party-state: The cadre responsibility system at the local level in China. *China: An International Journal* 1 (1): 1-15.

Feiock, Richard C., James C. Clingermayer, Christopher Stream, Barbara Coyle McCabe, and Shamima Ahmed. 2001. Political conflict, fiscal stress, and administrative turnover in American cities. *State and Local Government Review* 33 (2): 101-8.

Hough, Jerry F. 1969. *The Soviet prefects: The local party organs in industrial decision-making*. Cambridge, MA: Harvard University Press.

Jiang, Zemin. 1996. Strive to build a high-quality cadre ranks [Nuli jianshe gao suzhi de ganbu duiwu]. *People's Daily* [in Chinese], June 24, p. 1.

Jin, Hehui, Yingyi Qian, and Barry R. Weingast. 2005. Regional decentralization and fiscal incentives: Federalism, Chinese style. *Journal of Public Economics* 89:1719-42.

Lewis-Beck, Michael S., and Mary Stegmaier. 2000. Economic determinants of electoral outcomes. *Annual Review of Political Science* 3 (1): 183-219.

Li, Cheng, and David Bachman. 1989. Localism, elitism, and immobilism: Elite formation and social change in post-Mao China. *World Politics* 42 (1): 64-94.

Li, Cheng, and Lynn White. 2006. The Sixteenth Central Committee of the Chinese Communist Party: Emerging patterns of power sharing. In *China's deep reform: Domestic politics in transition*, ed. Lowell Dittmer and Guoli Liu, 81-118. Lanham, MD: Rowman & Littlefield.

Li, Hongbin, and Li-An Zhou. 2005. Political turnover and economic performance: The incentive role of personnel control in China. *Journal of Public Economics* 89:1743-62.

Lieberthal, Kenneth. 2004. *Governing China: From revolution to reform*. 2nd ed. New York: Norton.

Manion, Melanie. 1993. *Retirement of revolutionaries in China: Public policies, social norms, private interests*. Princeton, NJ: Princeton University Press.

———. 1996. The electoral connection in the Chinese countryside. *American Political Science Review* 90 (4): 736-48.

Mertha, Andrew C. 2005. China's "soft" centralization: Shifting *Tiao/Kuai* authority relations. *China Quarterly* 184:791-810.

Oi, Jean C. 1992. Fiscal reform and the economic foundations of local state corporatism in China. *World Politics* 45 (1): 99-126.

Schurmann, Franz. 1968. *Ideology and organization in communist China*. 2nd ed., enlarged. Berkeley: University of California Press.

Song, Guangyong, and Yong He. 2003. What a Chinese mayor learned from "engaging in politics" in US [Zhongguo shizhang meiguo "congzheng" xinde] [in Chinese]. http://www.people.com.cn/GB/guandian/183/6103/6104/2151450.html (accessed October 27, 2003).

Stewart, Philip D., Robert L. Arnett, William T. Ebert, Raymond E. McPhail, Terrence L. Rich, and Craig E. Schopmeyer. 1972. Political mobility and the Soviet political process: A partial test of two models. *American Political Science Review* 66 (4): 1269-90.

Wang, Youhua, ed. 2005. Rate of implementation only 1%: Why was officials' "term of office" ineffective? [Zhixing lv jin 1% guanyuan "renqizhi" yuanhe shiling?] [in Chinese]. http://politics.people.com.cn/GB/1026/3256257.html (accessed March 21, 2005).

Wei, Wei. 2004. Ganbu renyong dapo qian guize de zhongyao yi bu. *Jinghua shibao* [in Chinese], January 7, p. A03.

Weyland, Kurt. 2003. Economic voting reconsidered: Crisis and charisma in the election of Hugo Chavez. *Comparative Political Studies* 36 (7): 822-48.

Xinhua News Agency. 2006. Zhongzubu fachu "guanyu jinyibu jiaqiang xian (shi, qu, qi) dang zheng zhengzhi duiwu jianshe de yijian." *People's Daily* [in Chinese], January 27, p. 4.

Xu, Bo. 2005. Power for capital cost me everything [Quanli bian ziben shi wo shiqu le yiqie]. *China Supervision* [in Chinese] 11:43-45.

Yan, Ping. 2004. Report on a survey of 80 county party secretaries and county executives in Sichuan Province [Sichuan 80 wei xianweishuji xianzhang de wenjuan diaocha baogao]. *Sichuan Conditions* [in Chinese] 10: 38-39.

Yang, Dali. 2004. *Remaking the Chinese leviathan: Market transition and the politics of governance in China*. Stanford, CA: Stanford University Press.

Zhai, Lanyun. 2005. Shoushou 17 ren huiluo, 13 ci weile "mai guan." *Procuratorate Daily* [in Chinese], July 29, p. 1.

Zhong, Yang. 2003. *Local government and politics in China: Challenges from below*. Armonk, NY: M. E. Sharpe.