Locked Doors, Unlocked Corruption:
The Potential Pitfalls of Revolving Door Restrictions[*]

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Abstract

While revolving door restrictions are intended to curb corruption, we find these restrictions may paradoxically lead to an increase in corrupt activities. Using a simple approach that incorporates the probability of detecting corrupt acts, we construct a comprehensive data set on Chinese corruption-related convictions to estimate "actual corruption rates". Following the implementation of revolving door reforms in China, which curtailed opportunities for earning income through part-time or post-government employment, we observe a corresponding increase in bribe-taking among incumbent officials. The reduction in life-cycle earnings incentivizes incumbent officials to offset their income losses by engaging in bribe-taking. Additionally, we find that officials who leave full-time government service under revolving door regulations tend to possess greater industry-specific expertise.

Keywords: Revolving Door Restrictions; Corruption; Expertise

JEL Codes: D73; O17; P35

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"The rent-seeking society generates incentives for corruption when opportunities for legitimate gain are constrained."

- *The Rent-Seeking Society*, by Gordon Tullock

1 Introduction

The revolving door phenomenon - the transition of public employees into private industry roles - can lead to regulatory capture, where regulators act in favor of the industries they oversee rather than in the public interest (Laffont and Tirole 1996; Lucca, Seru, and Trebbi 2014; LaPira and Thomas III 2017; Katic and Kim 2024). In response to the detrimental consequences of such phenomenon, countries such as the United States, have introduced multi-level regulations - federal, state, and local - to restrict former regulators from joining industries they once supervised (Vidal, Draca, and Fons-Rosen 2012). Similarly, countries with ingrained revolving door practices, like China, have recently implemented comparable reforms to address its negative implications (Fu and Sun 2024; Li 2024).

The policy approach stems from the belief that regulating part-time and post-employment transitions is a vital step to minimize incentives for regulators to favor industry interests, thereby promoting impartial and efficient enforcement (Kalmenovitz, Vij, and Xiao 2022). However, emerging research highlights unintended consequences of these restrictions, including reduced welfare-enhancing collaboration between firms and regulators (Tabakovic and Wollmann 2018),[1] diminished incentives for regulators to develop industry-specific expertise (Che 1995; Salant 1995; Shepherd and You 2020), lower perceived value of regulatory roles (Strickland 2020), and a potential decline in the quality of regulatory enforcement (Law and Long 2012).

This study contributes new empirical evidence by estimating the impact of revolving door restrictions on corruption, an outcome widely discussed in this burgeoning literature but was largely overlooked in the empirical analysis. This empirical gap may arise from the divergence

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[1] Revolving door restrictions are also called revolving door laws, and we use these terms interchangeably throughout the paper. Similarly, we use regulators and officials interchangeably.

between the observed corruption cases and the actual corruption cases, which is obscured by the unobserved probability of detection (Fan 2022; Papadopoulos 2023). Conviction data reflect only detected and prosecuted cases, leaving the actual corruption rate unmeasured. In this context, a change in observed corruption can be attributed to either (i) a variation in the probability of detection or (ii) a shift in the underlying level of actual corruption. To address this limitation, we propose a simple yet effective approach that accounts for the likelihood of detecting corrupt activities, enabling the construction of a sample in which detection probabilities are more consistently aligned across observations.

To operationalize our research, we compile a digitized dataset of individuals criminally charged with "corruption" between 2014 and 2021.[2] This dataset was constructed by our research team who manually digitized records from China's crime dataset available on *China Judgments Online*, the official repository of the Supreme People's Court of China, which archives all Chinese legal cases.

We evaluate the effects of a revolving door policy reform in China, which restricted part-time and post-government employment opportunities for officials, to analyze its implications on corruption. China's institutional landscape offers an ideal case study for several reasons. First, before the reforms, revolving door dynamics were pervasive, with former officials leveraging their networks and expertise for private gain (Chen et al. 2023; Cen et al. 2024). This backdrop provides a rich context for assessing the effects of limiting such transitions. Second, recent reforms in China serve as a natural experiment, enabling a comparative analysis of corruption levels before and after these restrictions were implemented (Fu and Sun 2024). Lastly, the scale and complexity of China's economic system amplify the significance of revolving door practices, offering broader insights into their consequences (McNally 2008; Li 2009).

Leveraging the staggered implementation of this policy reform across regions, we employ a difference-in-differences framework and find that the reform led to an increase in corrupt activities. We find the reform results in a 26% increase in penalties for bribe-taking corruption,

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while other forms of corruption remain relatively unaffected. This result highlights an overlooked consequence of revolving door restrictions in both the academic literature and the policy-making process. Our findings raise the critical question of why such restrictions may facilitate corruption rather than prevent it.

Our analysis identifies two key mechanisms underlying this result. First, the restrictions created an environment of career uncertainty, compelling regulators to secure personal gains during their tenure, often through unethical means (Cornaggia, Cornaggia, and Xia 2016). Instead of fostering integrity, these restrictions may incentivize the exploitation of public office. Salary disparities exacerbated this trend. As we will show, government officials earned an average annual salary of 50,000 Yuan, significantly lower than the 500,000 Yuan earned by revolving door officials in corporate roles between 2005 and 2020.

Second, the reform prompted a "brain drain" from the government sector, with skilled regulators seeking full-time private employment due to diminished part-time and post-government career prospects. By reducing the attractiveness of public service, these restrictions deterred highly qualified candidates from joining the government, compromising regulatory quality and increasing misconduct.[3]

Our study contributes to two strands of literature. First, it deepens the understanding of the economic implications of revolving door restrictions. On the one hand, previous research underscores that, when carefully designed and vigorously enforced, revolving door restrictions can improve transparency and accountability (Dovi 2014; LaPira and Thomas III 2017). On the other hand, these restrictions may deter high-caliber talent from entering public service by diminishing private-sector career prospects (Che 1995; Salant 1995; Shepherd and You 2020). They can also discourage the development of industry-specific expertise among regulators, as the absence of future private sector opportunities reduces the value of such knowledge (LaPira and Thomas 2012; Vandenbergh, Gilligan, and Feuerman 2019). This may hinder regulatory

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[3] This "brain drain" underscores a trade-off between connections and expertise (or know-who versus know-how), both of which are valued in private industry (Gagliarducci and Nannicini 2013; DeHaan et al. 2015; Hayes 2015). Connections facilitate leveraging networks for clients, while expertise enhances regulatory effectiveness (DesNoyer 2004; Brezis 2017; Cerrillo-i-Martínez 2017). Our findings suggest that expertise may drive former officials to private employment when part-time and post-government opportunities are limited, while connections may become a vehicle for corruption in the absence of legal career transitions.

efficiency and responsiveness (McCrain 2018; Godart, Shipilov, and Claes 2014) and inadvertently encourage short-term self-serving behaviors among officials seeking immediate benefits before leaving office (Dovi 2014; Tabakovic and Wollmann 2018; Asai, Kawai, and Nakabayashi 2021; Emery and Faccio 2022). Our paper presents some of the first evidence indicating how these restrictions may backfire by exacerbating misconduct among incumbent officials.

Second, our study extends the growing body of literature on the determinants of corruption (Rose-Ackerman 1999; Treisman 2000; Lambsdorff 2006; De Graaf 2007; Olken and Pande 2012; Rose-Ackerman and Palifka 2016; Dimant and Tosato 2018). One widely recognized factor is the disparity between public and private sector wages, which can encourage officials to seek illicit income to bridge the gap (Van Rijckeghem and Weder 2001; Di Tella and Schargrodsky 2003; Borcan, Lindahl, and Mitrut 2014; Demirgüç-Kunt, Lokshin, and Kolchin 2023). Similarly, income inequality has been shown to exacerbate corruption (Alt and Lassen 2008; Kyriacou 2019). Our paper is among the first to investigate how life-cycle income reductions influence incentives for engaging in corrupt practices.

This paper is structured as follows: Section 2 provides an overview of the institutional context for our study. Section 3 then describes the data sources. Section 4 describes the methodology for constructing key variables and presents the empirical findings, while Section 5 concludes with a discussion of policy implications.

2   Institutional Background

2.1   The Revolving Door Phenomenon

In the absence of U.S.-style lobbying systems, where former politicians transition into professional lobbying roles, politically connected independent directors represent the primary manifestation of the revolving door phenomenon in China's political system. Introduced in 2001, the independent director system aimed to safeguard the interests of publicly listed companies, with an emphasis on protecting minority shareholders' rights. By June 2003, regulations required that at least one-third of board members in publicly listed companies be independent directors.

Although incumbent officials are prohibited implicitly from serving as independent directors,[4] it is common for companies to appoint retired government officials to these roles (Shi, Markóczy, and Stan 2014). In 2013, former officials held over 1,101 independent director positions across 816 companies, with more than 40% of publicly listed firms engaging retired officials as directors.[5]

Independent directors are characterized by three features. First, their remuneration is substantial. Between 2005 and 2020, the average annual salary exceeded 500,000 RMB (70,000 USD), with companies collectively paying 480 million RMB to independent directors in 2013 alone.[6] Second, independent directors frequently act as "rubber stamps," approving 99% of board proposals while rarely expressing dissent. Third, they often serve as intermediaries in managing government-business relationships, reflecting the extensive role of governments in economic activities (Hillman 2005; Lester et al. 2008; Goldman, Rocholl, and So 2013; Zheng, Singh, and Mitchell 2015; Ridge, Ingram, and Hill 2017). The revolving door dynamic raises significant risks, including conflicts of interest and regulatory capture (Cohen 1986; Dal Bó 2006; Rawlinson 2017), prompting calls for regulatory intervention.

2.2 The Revolving Door Reform: Rule No. 18

The reform - Rule No. 18 - did not emerge *ex nihilo*. Early regulatory efforts to address the revolving door phenomenon date back to 1984.[7] A decisive regulatory shift occurred in October 2013 with the issuance of Rule No. 18 - Opinions on Further Regulating Party and Government Officials' Part-time (and Post-government Full-time) Positions in Enterprises (hereafter, the Opinions) - by the Central Committee Organization Department (Zhong Zu Bu). This landmark policy essentially prohibited government officials from holding positions in private enterprises and mandated the resignation of politically connected independent directors (Hope, Yue, and

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[4] Article 146 of the 1993 Company Law does not explicitly restrict government leaders from holding positions in enterprises.

[5] Data sourced from Wind (https://www.wind.com.cn).

[6] Salaries are often supplemented with perks like expense reimbursements and access to company vehicles.

[7] Document No. 27 explicitly prohibited officials from engaging in commercial activities or holding remunerated roles in enterprises. This was reinforced by Document No. 2 of 2004, which reiterated that "party and government leaders are not permitted to hold concurrent roles in any type of economic entity." Despite these regulations, the revolving door dynamic persisted, underscoring the deep ties between the government and industry in China.

Zhong 2020; Shi et al. 2021).

The Opinions delineated several key directives: (i) The regulations applied to all retired or resigned party and government leaders. (ii) Stricter approval processes were required for officials seeking post-retirement roles in enterprises. (iii) Clear guidelines were established regarding the number of concurrent roles, age limits, and term durations. (iv) Reporting requirements were imposed for expenditures related to officials holding concurrent positions.

In essence, the Opinions explicitly barred former government officials from serving as independent directors in enterprises, effectively dismantling this form of revolving door. Among its stipulations, it prohibited any form of compensation for such roles, including salaries, bonuses, or allowances. While the formal restrictions were intended to last three years, in practice, the approval processes extended these constraints, often making them binding for the officials' lifetimes.

The immediate impact of the Opinions was a wave of resignations among politically connected independent directors starting in early 2014. Unlike earlier regulatory attempts, the Opinions signaled a definitive end to the practice, eliminating prospects for future appointments. Following its issuance, over 40,700 cases of concurrent positions held by government officials were investigated, with stricter scrutiny applied to high-ranking officials at the province and ministry levels, addressing 229 such cases.

Media reports, such as those by Xinhua Perspective, documented the widespread fallout from the Opinions.[8] Within six months, over 200 publicly listed companies announced the resignation of approximately 120 politically connected independent directors, including 25 high-ranking provincial or ministerial officials.[9] The shortest tenure among these resignations was just nine days.[10]

On average, about 33 independent directors resigned each month following the issuance of the Opinions, compared to fewer than 10 resignations per month before October 2013. High-

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[8] Detailed accounts can be found at http://www.hnr.cn/news/sd/201407/t20140716_1378292.html.

[9] Additionally, 62 university professors and 32 leaders of industry associations also resigned from their independent director roles.

[10] Mou Wang, an independent director appointed by Chitianhua, resigned after only nine days, reflecting the reform's immediate impact.

profile resignations, such as that of Daojiong Zhou, the former Chairman of the China Securities Regulatory Commission (CSRC), highlighted the sweeping nature of the reform. Zhou, who joined China Everbright Bank as an independent director in January 2013, resigned in May 2014 in compliance with the Opinions, signaling a new era of stricter governance and accountability.[11]

3   Data

The main analysis integrates four key components (four data sources): (i) case-level corruption verdicts from comprehensive judicial documents; (ii) a dataset we assembled on the timing of prefectures' implementation of the revolving door reform; (iii) individual-level data on revolving door officials, capturing their career history and education; and (iv) prefecture-level socioeconomic characteristics. Detailed variable definitions are shown in Table A.1 and summary statistics are presented in Table A.2.

3.1   Timing of the Revolving Door Reform

Our analysis on the revolving door reform relies on data documenting its local implementation. Enacted at the national level in 2013, this reform, issued by the central government on October 19, 2013, stipulated that "incumbent party and government leading cadres, as well as those who have stepped down but have not yet completed retirement or resignation procedures, are prohibited from holding concurrent positions in enterprises." Prefectures gradually adopted this policy beginning in 2014. We sourced the implementation data from PKULaw (Beida Fabao).[12] Figure A.1 illustrates the number and proportion of prefectures that adopted the revolving door reform annually. By 2019, 176 prefectures had implemented the policy.

In Table A.3 of Appendix A, we estimate an equation where the sample is limited to the periods including the reform year and the years prior, and the dependent variable is an indicator for the reform year. We examine whether characteristics at the prefecture level predict the timing of the reform. Most variables are insignificant in Column 1. Variables become insignificant when

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[11] Details available at https://cs.com.cn/ssgs/gsxw/201405/t20140515_4390767_1.html.
[12] The website for PKULaw is https://www.pkulaw.com.

fixed effects are added to the regression, as shown in Columns 2 and 3. The results provide some reassurance against the idea that local characteristics are directly driving the decision of the prefectural government regarding the reform.

3.2 The Universe of Corruption Cases

Corruption case data are derived from *China Judgments Online*, the official platform of the Supreme People's Court of the People's Republic of China. This database archives all legal cases nationwide. Our analysis focuses on criminal cases classified as "corruption" during the period from 2014 to 2021, as earlier data lack full transparency due to the absence of mandatory public disclosure prior to 2013.

The dataset captures the universe of corruption-related criminal cases, encompassing activities such as bribe-taking, embezzlement, defalcation, and abuse of power. As illustrated in Figure A.2, bribe-taking and embezzlement constitute approximately 80% of all corruption cases. Key information extracted from the original case data includes: (i) defendant details, (ii) case location, (iii) trial year and case number, (iv) crime types, (v) start and end dates of the activities, (vi) penalty amounts, and (vii) prison terms, as shown in Figures C.1 and C.2.

Several aspects warrant attention: (i) The conviction data represent detected and prosecuted corruption cases. To address the challenge of unobserved detection probabilities, we propose a simple estimation method to infer actual corruption rates, as explained in subsequent sections. (ii) Since mid-2013, legal verdicts on corruption cases are publicly accessible on *China Judgments Online*, minimizing selection bias. Nonetheless, the published cases reflect only those resulting in convictions, which may vary according to local governments' anti-corruption efforts. (iii) Acquittals are exceedingly rare in corruption cases, rendering their exclusion negligible for our analysis.

To ensure data precision, we combined text analysis techniques with meticulous manual review. We employed standardized text analysis methods to extract key details from the cases

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and engaged a research team to manually verify and refine the extracted data.[13] Through two rounds of review, we compiled an accurate and comprehensive dataset covering corruption cases in China from 2014 to 2021.

3.3 Revolving Door Officials

We created a prefecture-year panel dataset documenting the presence of revolving door officials in Chinese listed companies from 2005 to 2022. These data were obtained from the China Security Market and Accounting Research (CSMAR) database, which provides detailed information on Boards of Directors, Supervisory Boards, and Senior Managers.[14]

An official is classified as a revolving door official if they previously held government positions listed in Table A.4 of Appendix A (Chen et al. 2023). This classification is derived from comprehensive resumes included in the dataset, which also capture officials' educational backgrounds, enabling us to assess their qualifications.

Revolving door officials are further categorized into two distinct types: expertise-type and connection-type, based on their prior government roles, as detailed in Table A.4 of Appendix A. This distinction allows for a nuanced analysis of the impact of their specific backgrounds on corporate governance and potential conflicts of interest.

4 Empirical Strategy and Results

4.1 Estimating Detection Probability

We begin by using a simple approach to account for detection probability, aiming to address the divergence between observed and actual corruption cases. This divergence arises because detection probabilities influence the extent to which actual corruption is observed in the dataset such that, changes in observed corruption cases may reflect shifts in detection probabilities rather

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[13] Our team consists of seven undergraduate student members from the economics, statistics, data science, and geography departments at our university.

[14] The CSMAR website can be accessed at https://data.csmar.com/, and data are sourced from the Database of Executive Characteristics in Listed Companies.

Figure 1: Illustration of the Divergence between Observed and Actual Corruption

Detection Probability				
Province A	100%	Briber	Briber	
Province B	50%	Briber	Briber	
Province C	50%	Briber	Briber	

Observed Corruption
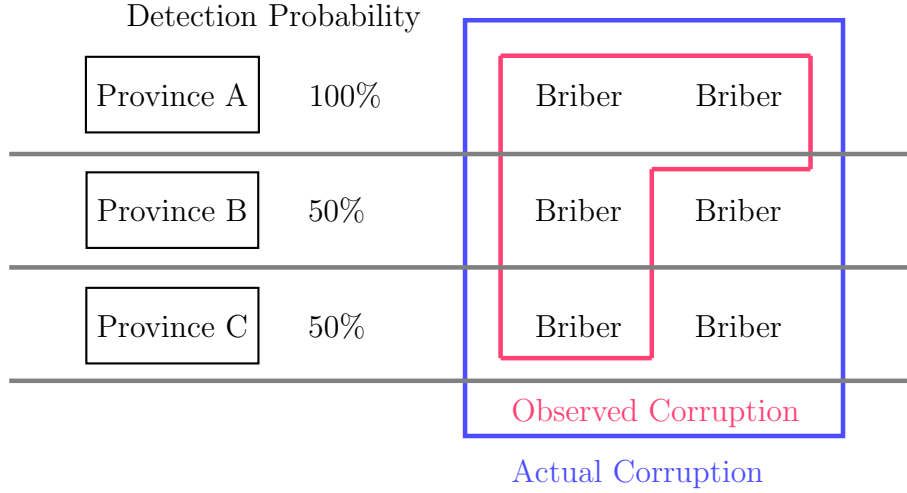
Actual Corruption

than actual corruption incidence.

Figure 1 illustrates the interplay between detection probability, observed corruption, and actual corruption. Intuitively, we can conceptualize bribers operating in two types of locations: (i) locations with low detection probability (e.g., 50% chance of detection, as in Provinces B and C) and (ii) locations with high detection probability (e.g., an extreme case of 100% detection, as in Province A). In this case, while the number of bribers in each province is the same (2), the observed bribers differ: 2 for Province A, and 1 each for Provinces B and C. If we identify provinces with the same detection probability, the observed corruption becomes directly proportional to the actual corruption, rendering detection probability irrelevant.

To account for variations in detection probability across provinces, our approach involves regressing detection probability on province indicators to exclude provinces with varying levels of detection probability. Specifically, this approach incorporates detection probability, as outlined below:

$$Observed\ Corruption = \Phi(Actual\ Corruption, Detection\ Probability) \qquad (1)$$

where *Observed Corruption* represents a function of actual corruption and the detection probability.[15]

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[15] It is worth noting that observed corrupt cases are universally recorded in our dataset.

To account for detection probability, we apply a two-step estimation process. First, we regress observed corruption on actual corruption:

$$Observed\ Corruption_{vt} = \beta Actual\ Corruption_{vt} + \epsilon_{vt}^{detection\ probability} \qquad (2)$$

where $\epsilon_{vt}^{detection\ probability}$, the residual, captures detection probability variations specific to province v in year t. Next, we regress $\widehat{\epsilon_{vt}^{detection\ probability}}$ on province fixed effects:

$$\widehat{\epsilon_{vt}^{detection\ probability}} = \gamma_v^{detection\ probability} + \epsilon'_{vt} \qquad (3)$$

where $\gamma_v^{detection\ probability}$ represents province-specific fixed effects that do not vary over time. ϵ'_{vt} is the detection probability in which the effect of province-specific characteristics has been netted out. We use fixed effect panel data methods to estimate Equation (3) to extract the province fixed effects $\gamma_v^{detection\ probability}$, which differ across provinces, capturing the differentiated level of detection probability. We exclude provinces where the detection probability is statistically significant. Consequently, there is no province-specific differentiated level of detection probability and therefore, $Observed; Corruption vt \propto Actual; Corruption_{vt}$.

The ideal way to estimate $\gamma_v^{detection\ probability}$ is to collect data on the observed corruption and actual corruption. Unfortunately, such actual corruption data are not available. As a second best measure we employ the actual corruption that is related to land issues (actual land corruption). This is a reliable method because China's land corruption is widely used to proxy its overall corruption in the literature (Cai, Henderson, and Zhang 2013; Chen and Kung 2016; Li, Lu, and Wang 2016; Chen and Kung 2019). Specifically, we use two types of variables:

(i) Actual (Land) Corruption. We use an indirect approach to measure actual corruption. Specifically, we measure actual land corruption by using land price discounts granted to "princeling" firms relative to "non-princeling" firms in land transactions *à la* Chen and Kung 2019.[16]

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[16] The price discount is calculated as the difference between the price of land transactions involving "princeling" firms and those involving comparable "non-princeling" firms within a 500-meter radius. The price discounts are aggregated to the province-by-year level.

(ii) Observed (Land) Corruption. To wed the actual land corruption, we define observed land corruption by undertaking the following two steps. First, we select any corruption case containing specific keywords.[17] Second, to further enhance accuracy, our research team conducted an additional round of manual verification.

The estimated coefficients of $\gamma_v^{detection\ probability}$ are presented in Table 1. There are in total eight provinces with statistically significant detection differences at the 1% level: Inner Mongolia, Shanghai, Anhui, Guangdong, Sichuan, Tibet, Gansu, and Ningxia. Additionally, using land characteristics such as land quality and land area as controls (Column 2), and alternative dependent variable measures (Columns 3 and 4), we find consistent results. Accordingly, these eight provinces are excluded from subsequent analysis.

The first-stage results, estimating Equation (2), confirm that observed land corruption correlates with actual land corruption. Table A.5 reports robust findings across specifications. Column 1 shows a significant coefficient on actual land corruption.

4.2 Estimating the Effects on Corruption

We initially present motivational evidence regarding the impact of the revolving door reform on corruption by comparing the penalty amounts for bribery in prefectures that underwent the reform (treated group) with those that did not (control group) from 2011 to 2019, as depicted in Figure 2. The reform was initially implemented in 2014. Prior to the reform, both the treated and control groups displayed parallel trends, albeit with the control group exhibiting higher corruption levels. Post-2014, however, the corruption levels in both groups converged, exhibiting nearly identical values. This observation implies that, in comparison to prefectures without the revolving door reform, those with the reform experienced a relative increase in corruption.

To conduct a more rigorous analysis of the reform effect on corruption, we employ a difference-

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[17] Land (tu di), land expropriation (tu di zheng shou), land acquisition (gou di), economic development zone (jing kai qu), industrial park (gong ye yuan), land construction and installation (tu jian), reclamation (fu ken), land listing (gua pai), land parcel (di kuai), land expropriation (zheng di), land use (yong di), land sale (mai di), investment and financing (tou rong zi), land purchase (mai di), and land transfer (chu rang), within the descriptions.

Table 1: Estimating Detection Probability

	Dependent Variable			
	Residual of Ln(Penalty Amount for All Crimes)		Residual of Ln(Penalty Amount)	
	(1)	(2)	(3)	(4)
Beijing	0.011	0.015	0.030	0.036
	(0.20)	(0.24)	(0.60)	(0.61)
Tianjin	-0.127**	-0.102	-0.128**	-0.103*
	(-2.33)	(-1.62)	(-2.58)	(-1.75)
Hebei	-0.004	-0.057	-0.018	-0.075
	(-0.07)	(-0.90)	(-0.37)	(-1.27)
Shanxi	-0.136**	-0.121*	-0.122**	-0.106*
	(-2.49)	(-1.91)	(-2.46)	(-1.80)
Inner Mongolia	-0.128**	-0.161**	-0.133***	-0.169***
	(-2.34)	(-2.55)	(-2.67)	(-2.88)
Liaoning	0.104*	0.111*	0.097*	0.104*
	(1.91)	(1.75)	(1.96)	(1.78)
Jilin	0.006	0.006	0.017	0.018
	(0.11)	(0.10)	(0.34)	(0.30)
Heilongjiang	0.038	0.012	0.030	0.003
	(0.69)	(0.19)	(0.60)	(0.05)
Shanghai	-0.216***	-0.205***	-0.233***	-0.224***
	(-3.97)	(-3.24)	(-4.70)	(-3.81)
Jiangsu	0.121**	0.097	0.109**	0.083
	(2.22)	(1.53)	(2.20)	(1.42)
Zhejiang	0.095*	0.128**	0.094*	0.128**
	(1.75)	(2.02)	(1.90)	(2.19)
Anhui	0.219***	0.188***	0.212***	0.180***
	(4.03)	(2.97)	(4.28)	(3.07)
Fujian	0.062	0.043	0.072	0.053
	(1.13)	(0.68)	(1.45)	(0.91)
Jiangxi	-0.007	-0.016	-0.014	-0.025
	(-0.12)	(-0.26)	(-0.28)	(-0.42)
Shandong	0.084	0.067	0.092*	0.074
	(1.54)	(1.05)	(1.85)	(1.26)
Henan	0.044	0.027	0.049	0.031
	(0.81)	(0.42)	(0.98)	(0.53)
Hubei	0.139**	0.142**	0.131***	0.134**
	(2.56)	(2.25)	(2.63)	(2.28)
Hunan	0.106*	0.098	0.095*	0.086
	(1.94)	(1.54)	(1.92)	(1.47)
Guangdong	0.195***	0.069	0.202***	0.071
	(3.58)	(1.09)	(4.08)	(1.21)
Guangxi	0.058	0.086	0.072	0.103*
	(1.07)	(1.36)	(1.46)	(1.75)
Hainan	-0.036	0.023	-0.014	0.049
	(-0.65)	(0.36)	(-0.28)	(0.83)
Chongqing	0.026	0.079	0.053	0.111*
	(0.47)	(1.25)	(1.07)	(1.90)
Sichuan	0.217***	0.159**	0.224***	0.164***
	(3.99)	(2.50)	(4.52)	(2.79)
Guizhou	0.135**	0.160**	0.135***	0.162***
	(2.48)	(2.53)	(2.72)	(2.76)
Yunnan	0.115**	0.155**	0.117**	0.160***
	(2.11)	(2.45)	(2.36)	(2.73)
Tibet	-0.367***	-0.322***	-0.420***	-0.378***
	(-6.74)	(-5.09)	(-8.47)	(-6.45)
Shaanxi	-0.042	-0.031	-0.064	-0.054
	(-0.77)	(-0.49)	(-1.28)	(-0.92)
Gansu	-0.202***	-0.154**	-0.218***	-0.168***
	(-3.71)	(-2.43)	(-4.39)	(-2.87)
Qinghai	-0.175***	-0.158**	-0.139***	-0.119**
	(-3.22)	(-2.50)	(-2.79)	(-2.03)
Ningxia	-0.370***	-0.374***	-0.368***	-0.373***
	(-6.80)	(-5.90)	(-7.42)	(-6.36)
Xinjiang	0.034	0.038	0.038	0.043
	(0.62)	(0.60)	(0.77)	(0.74)
Observations	124	124	124	124
R-squared	0.715	0.615	0.763	0.669

Notes: The table reports the standardized beta coefficients for province dummies, with t-statistics provided in parentheses. The dependent variables correspond to the regression residuals in each column of Table A.5. We adopt two methods to define corruption cases: (i) cases where corruption is the primary conviction, and (ii) cases where corruption is one of the convictions when multiple convictions exist. Specifically, Columns 1 and 2 show the regression residual of the natural logarithm of the penalty amount (in 10,000 Yuan) for all crimes related to land corruption cases. Columns 3 and 4, in turn, present the regression residual of the natural logarithm of the penalty amount (in 10,000 Yuan) for the primary crime in a land corruption case. Additionally, Columns 2 and 4 incorporate variables for land quality and the natural logarithm of land area, respectively. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

in-differences strategy outlined in the following equation:

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Figure 2: Penalty on Corruption in Treated and Control Prefectures
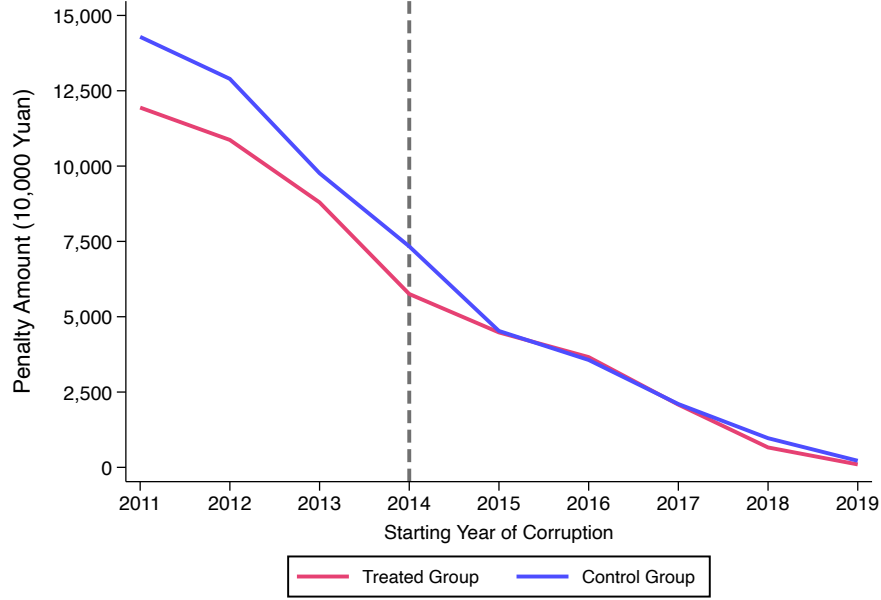
Notes: This figure illustrates the trend in penalty amounts for bribery in prefectures that underwent the revolving door reform (treated group) and those that did not (control group) from 2011 to 2019. The y-axis represents the penalty amounts (in 10,000 Yuan), while the x-axis indicates the year in which was first recorded. The red line corresponds to the treated group and the blue line to the control group. The dashed vertical line in 2014 signifies the initial implementation of the revolving door reform. Prior to the reform, both groups exhibit a parallel downward trend in penalty amounts over time, with the control group consistently demonstrating higher values. Post-2014, however, the penalty amounts in the treated group converge towards those of the control group.

$$Y_{ipt} = \alpha_1 + \beta_1 Revolving\ Door\ Reform_{pt} + \phi_p + \mu_t + \epsilon_{ipt} \tag{4}$$

where Y_{ipt} is the natural logarithm of the penalty amount (in 10,000 Yuan) imposed on an individual i detected in prefecture p and year t. *Revolving Door Reform*$_{pt}$ is a dummy variable that takes the value of 1 if prefecture p in year t has implemented the revolving door reform, and 0 otherwise. ϕ_p denotes prefecture fixed effects, μ_t denotes year fixed effects, and ϵ_{ipt} is the error term.

The results are presented in Table 2. In Column 1, the dependent variable is the natural logarithm of the penalty amount for corruption. The coefficient associated with the revolving door reform is 0.106, but it is statistically insignificant. This finding implies that, when considering all types of corruption crimes, the revolving door reform has no discernible effect. In Column 2, we introduce additional controls for the trend in the stock of penalty amounts over time,

and the results remain robust. In Column 3, we specifically focus on bribe-taking, where the coefficient for the revolving door reform is 0.258 and is statistically significant at the 5% level. This indicates that the reform results in a 29.4% (exp(0.258) - 1 = 0.294) increase in penalties for bribe-taking corruption. This effect persists even after controlling for the trend in the stock of penalties over time. For comparative purposes, in Columns 3 and 4, we also examine the impact on embezzlement, but we do not find any statistically significant effects. Moreover, the effects are robust if we focus on the penalty amount for all corruption crimes in each case (Table A.6).

Table 2: The Effects on Corruption

	Dependent Variable: Ln(Penalty Amount)					
	All		Bribe-taking		Embezzlement	
	(1)	(2)	(3)	(4)	(5)	(6)
Revolving Door Reform	0.094	0.094	0.208**	0.208**	0.154	0.154
	(0.084)	(0.084)	(0.096)	(0.096)	(0.106)	(0.105)
Observations	27,828	27,828	14,756	14,756	7,116	7,116
R-squared	0.097	0.097	0.119	0.119	0.191	0.191
Year Fixed Effects	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y
Stock of the Outcome × Trend		Y		Y		Y
Mean of the Outcome	1.588	1.588	2.030	2.030	1.919	1.919

Notes: Detailed definitions of the variables are provided in Table A.1. This table outlines the effects of the revolving door reform on the penalty amounts imposed for corruption acts. In Columns 1 and 2, the outcome variable represents the natural logarithm of the penalty amount (in 10,000 Yuan) for all types of crimes in corruption cases. In Columns 3 and 4, the outcome variable is the natural logarithm of the penalty amount (in 10,000 Yuan) specifically when the first crime committed is bribe-taking. In Columns 5 and 6, the outcome variable is the natural logarithm of the penalty amount (in 10,000 Yuan) when the first crime is embezzlement. Prefecture and year fixed effects are incorporated in all columns. Additionally, in Columns 2, 4, and 6, we account for the interaction between the stock of the outcome variable and the year trend. The mean values of the outcome variable are presented at the bottom of the table. Standard errors are clustered at the prefecture level. Significance levels are denoted by *, **, and *** for the 10%, 5%, and 1% thresholds, respectively. Our utilization of stock measures is consonant with endogenous growth frameworks outlined in Aghion et al. (1998) and Jones (2022), which posit that current knowledge is built upon the accumulation of past knowledge.

We further extend our analysis by excluding observations from the eight provinces where the actual incidence of corruption may diverge significantly from the observed corruption cases.

The results are presented in Table 3. Our findings indicate that the revolving door reform has no impact on general corruption but does lead to an increase in bribe-taking activities. Specifically, the reform elevates the penalty amount for bribe-taking activities by approximately 26% (Columns 3 and 4), whereas it exerts no influence on the penalty amount for embezzlement activities (Columns 5 and 6).[18]

Table 3: The Effects on Corruption Excluding Eight Provinces

	Dependent Variable: Ln(Penalty Amount)					
	All		Bribe-taking		Embezzlement	
	(1)	(2)	(3)	(4)	(5)	(6)
Revolving Door Reform	0.106	0.109	0.258**	0.259**	0.161	0.160
	(0.094)	(0.095)	(0.108)	(0.108)	(0.119)	(0.118)
Observations	21,204	21,204	10,800	10,800	5,525	5,525
R-squared	0.093	0.093	0.124	0.124	0.186	0.186
Year Fixed Effects	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y
Stock of the Outcome x Trend		Y		Y		Y
Mean of the Outcome	1.515	1.515	1.984	1.984	1.857	1.857

Notes: Detailed definitions of the variables are provided in Table A.1. This table mirrors Table 2 but excludes observations from Inner Mongolia, Shanghai, Anhui, Guangdong, Sichuan, Tibet, Gansu, and Ningxia, where detected corruption cases may not accurately represent the actual incidence of corruption. In Columns 1 and 2, the outcome variable is the natural logarithm of the penalty amount (in 10,000 Yuan) for all types of crimes in corruption cases. In Columns 3 and 4, the outcome variable corresponds to the natural logarithm of the penalty amount (in 10,000 Yuan) specifically when the first crime is bribe-taking. In Columns 5 and 6, the outcome variable is the natural logarithm of the penalty amount (in 10,000 Yuan) when the first crime is embezzlement. Prefecture and year fixed effects are incorporated in all columns. Additionally, in Columns 2, 4, and 6, we account for the interaction between the stock of the outcome variable and the year trend. The mean values of the outcome variable are presented at the bottom of the table. Standard errors are clustered at the prefecture level. Significance levels are denoted by *, **, and *** for the 10%, 5%, and 1% thresholds, respectively. Our adoption of stock measures is consonant with endogenous growth frameworks outlined in Aghion et al. (1998) and Jones (2022), which predict that current knowledge is built upon the accumulation of past knowledge.

To look at pre-reform and post-reform trends, we estimate a specification that uses leads and lags around the reform implementation:

$$Y_{ipt} = \alpha_2 + \sum_{k=-3, k\neq-1}^{3} \beta_2^k \times \{Years\ to\ Reform = k\} + \phi_p + \mu_t + \epsilon_{ipt} \qquad (5)$$

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[18] The estimates indicate a 26% increase in the penalty amount for the sample of convicted corruption cases. As shown in Table A.7, the reform does not result in any significant change in the number of convicted cases.

where Y_{ipt} represents the natural logarithm of the penalty amount (in 10,000 Yuan) for detected individual i in prefecture p and year t. The dummy variable $\{Years\ to\ Reform = k\}$ takes a value of 1 if the year is k years relative to the implementation of the revolving door reform, and 0 otherwise. Prefecture fixed effects are denoted by ϕ_p, and year fixed effects are denoted by μ_t. ϵ_{ipt} is the error term.
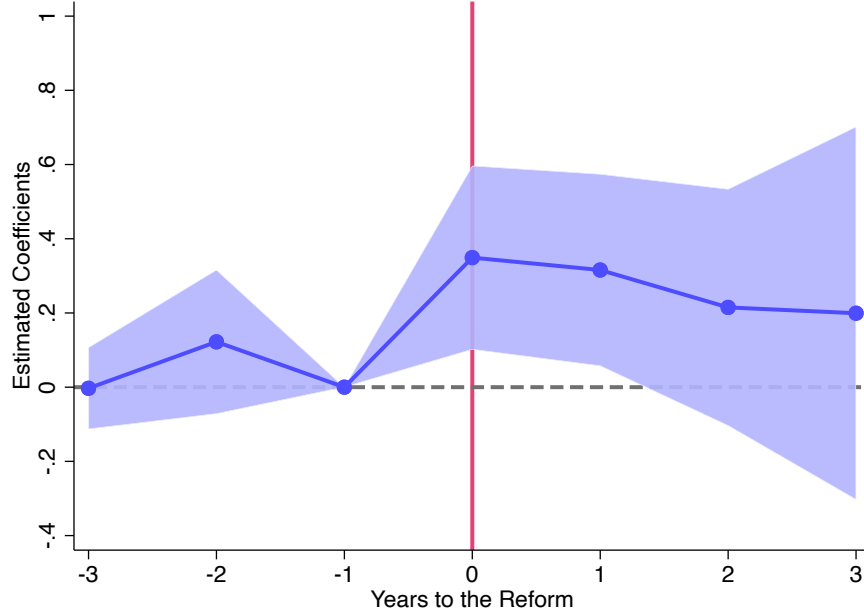
The pre-trend of the reform on the penalty amount for bribe-taking is depicted in Figure 3, which illustrates the coefficients for the year dummies along with their 95% confidence intervals. The baseline year is defined as one year prior to the reform. Notably, the coefficients for the years preceding the reform are statistically insignificant, suggesting that bribe-taking activities were comparable between treated and control prefectures before the reform. In the year of the reform's implementation, a sharp increase in the coefficient is observed, which is statistically distinct from zero. This indicates that the revolving door reform had an immediate impact on bribe-taking activities. The effects persisted into the second year but gradually diminished in subsequent years.

Relatedly, the pre-trend of the revolving door reform on the penalty amount for embezzlement is shown in Figure 4. The coefficients for both pre- and post-reform years hover around zero and are statistically insignificant. This finding implies that there was no pre-existing trend associated with the reform for embezzlement activities and that the reform had no significant effect on embezzlement activities.

Since the reform effects may differ across regions with different levels of economic conditions, we formulate the hypothesis that the reform predominantly enhances bribe-taking activities in those more developed regions. To test this hypothesis, we employ data on GDP per capita, night light intensity, and the number of business registrations.[19] Specifically, we estimate the differentiated treatment effects for prefectures falling into the high, middle, and low quartiles of these three dimensions, respectively. The estimation specification is outlined as follows:

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[19] The GDP per capita data are obtained from the China City Statistical Yearbooks. The night light data originate from the U.S. Defense Meteorological Satellite Program, capturing nighttime imagery of the Earth between 20:30 and 22:00 local time. Light intensity is recorded as a six-bit digital number for each 30-arc-second pixel output (approximately 0.86 km^2 at the equator), spanning values from 0 to 63, where higher numbers signify increased light intensity. The business registration data are sourced from *Tianyancha*, a comprehensive archive of business registrations in China.

Figure 3: Pre-trend of the Revolving Door Reform on Penalty Amount for Bribe-Taking

Notes: This figure displays the pre-trend associated with the revolving door reform regarding the penalty amount for bribery. The analysis spans three years preceding and following the reform, with the year immediately prior to the reform serving as the baseline. The blue points depict the estimated coefficients for the year dummies. The blue shaded regions denote the 95% confidence intervals. The regression results are shown in Column 1 of Table A.8.

$$Y_{ipt} = \alpha + \beta_1 Revolving\ Door\ Reform_{pt} \times Z_c^L + +\beta_2 Revolving\ Door\ Reform_{pt} \times Z_c^M +$$

$$\beta_3 Revolving\ Door\ Reform_{pt} \times Z_c^H + \phi_p + \mu_t + \epsilon_{ipt} \tag{6}$$

where Z_c represents time-invariant pre-reform prefecture-level characteristics in 2013. We analyze these characteristics across three dimensions: the natural logarithm of GDP per capita, the natural logarithm of average night light per km^2, and the logarithm of the number of business registrations per km^2. Specifically, each dimension is categorized into three groups. Z_c^L, Z_c^M, and Z_c^H are dummy variables, where $Z_c^L = 1$ if the value of the variable is below the first tertile, $Z_c^M = 1$ if the value of the variable is between the first and second tertiles, and $Z_c^H = 1$ if the value of the variable exceeds the second tertile. Finally, β_1, β_2, and β_3 are the coefficients of interest, capturing the differentiated treatment effects of the revolving door reform on bribe-taking

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Figure 4: Pre-trend of the Revolving Door Reform on Penalty Amount for Embezzlement
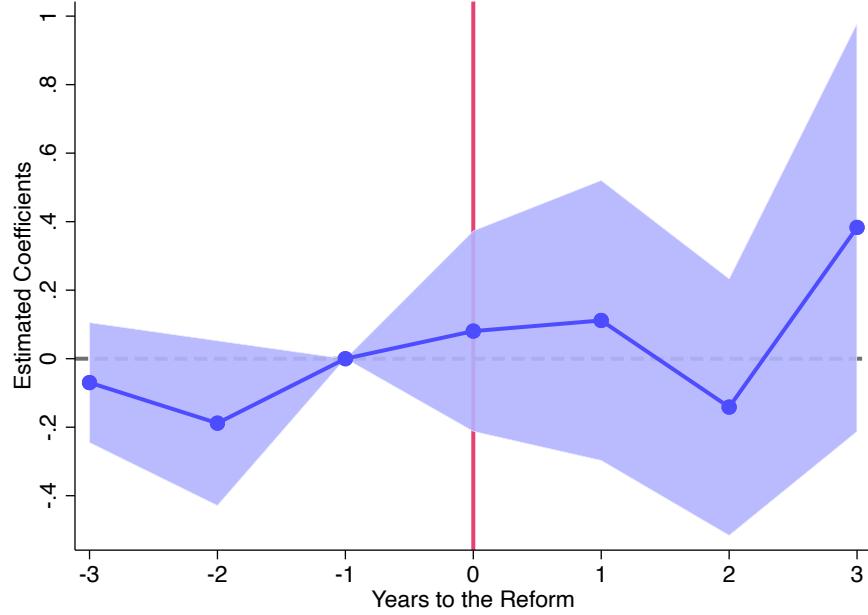

Notes: This figure displays the pre-trend associated with the revolving door reform regarding the penalty amount for embezzlement. The analysis spans three years preceding and following the reform, with the year immediately prior to the reform serving as the baseline. The blue points depict the estimated coefficients for the year dummies. The blue-shaded regions denote the 95% confidence intervals. The regression results are shown in Column 2 of Table A.8.

activities.

The results are presented in Table 4. The dependent variable is the natural logarithm of the penalty amount for bribe-taking (in 10,000 Yuan). First, we use GDP per capita to divide prefectures into low, middle, and high quantiles, with the results shown in Column 1. The coefficient on the interaction term of the revolving door reform and the high quantile is the largest and statistically significant at the 1% level. This indicates that the revolving door reform predominantly leads to increased bribe-taking activities in more developed areas. Second, we classify prefectures into three groups based on average night light intensity and find that the revolving door reform is associated with greater bribe-taking activities in areas with higher night light intensity. Lastly, we use the number of business registrations per km^2 as a proxy for economic development, with the results presented in Column 3. The analysis reveals that prefectures with higher numbers of business registrations per km^2 experience increased bribe-taking activities. In summary, our findings suggest that the revolving door reform primarily

exacerbates bribe-taking corruption in more developed areas.

Table 4: The Heterogeneous Effects of Policy on Bribe-Taking

	Dependent Variable: Ln(Penalty Amount on Bribe-taking Activities)		
	Ln(GDP per capita)	Ln(Night Light per km^2)	Ln(Number of Business Registrations per km^2)
	(1)	(2)	(3)
Revolving Door Reform * Low Quantile	0.024	-0.143	-0.008
	(0.154)	(0.241)	(0.218)
Revolving Door Reform * Middle Quantile	0.191	0.221	0.028
	(0.159)	(0.147)	(0.158)
Revolving Door Reform * High Quantile	0.393***	0.361***	0.363***
	(0.143)	(0.131)	(0.122)
Observations	10,800	10,800	10,800
R-squared	0.124	0.124	0.124
Year Fixed Effects	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y

Notes: Detailed variable definitions are presented in Table A.1. The table reports the heterogeneous effects of the revolving door reform on the penalty amount for bribe-taking. The outcome variable in all columns is the natural logarithm of the penalty amount for bribe-taking (in 10,000 Yuan). The revolving door reform variable is a dummy variable equal to 1 if the prefecture has implemented the revolving door reform in the current year. In Columns 1, 2, and 3, we examine the heterogeneous effects using ln(GDP per capita), ln(average night light per km^2), and ln(the number of business registrations per km^2), respectively. Data on GDP per capita are sourced from the China City Statistical Yearbooks. Night light data are obtained from the U.S. Defense Meteorological Satellite Program, which provides images of the earth at night captured from 20:30 to 22:00 local time. Data on business registrations are sourced from *Tianyancha*. The Low Quantile is a dummy variable equal to 1 if the value of the dimension falls below the first tertile. The Middle Quantile is a dummy variable equal to 1 if the value of the dimension lies between the first and second tertiles. The High Quantile is a dummy variable equal to 1 if the value of the dimension exceeds the second tertile. The mean values of the outcome variable are reported at the bottom of the table. Standard errors are clustered at the prefecture level. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

4.3   Estimating the Effects on Revolving Door Behaviors

To investigate why the revolving door reform leads to increased corruption, we first compare the salaries of government officials and revolving door officials (Figure 5). Salary data for government officials from 2005 to 2020 are sourced from the China Statistical Yearbook 2021, while data for revolving door officials are obtained from CSMAR.[20] From 2005 to 2020, the average annual salary of government officials was approximately 54,207 Yuan, which amounts to roughly one-tenth of the salaries earned by revolving door officials in firms. The substantially higher remuneration of revolving door officials in the private sector may incentivize government officials to pursue part-time roles in firms. However, following the announcement of revolving door restrictions, government officials are prohibited from taking part-time roles in firms or transitioning to private sector employment immediately after retirement. Consequently, officials must either remain in their government positions or fully transition to firm employment. Thus,

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[20]   Government officials are defined as individuals working in public management, social security, and social organizations, corresponding to those employed in government agencies as classified in the China Statistical Yearbook before 2003.

the impact of the revolving door reform on revolving door behaviors becomes an empirical question.

Figure 5: Average Salaries of Government and Revolving Door Officials During 2005-2020
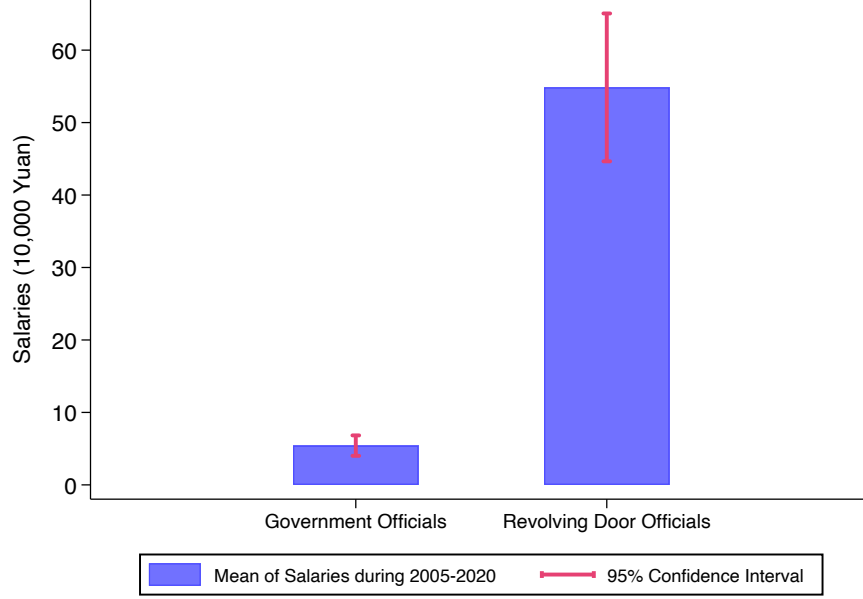
Notes: This figure compares the average salaries (in 10,000 Yuan) of government officials and revolving door officials from 2005 to 2020. Salary data for government officials are sourced from the China Statistical Yearbook 2021, while the salaries of revolving door officials are calculated by the authors using CSMAR data. The blue bars represent the mean salaries, and the red lines indicate the 95% confidence intervals. The salaries of government and revolving door officials by year are shown in Figure A.3.

To study whether the revolving door reform leads to more revolving door behaviors, we implement the following specification:

$$Y_{pt} = \alpha_4 + \beta_4 Revolving\ Door\ Reform_{pt} + \phi_p + \mu_t + \epsilon_{pt} \tag{7}$$

where Y_{pt} represents the natural logarithm of the number of revolving door officials in listed firms within prefecture p in year t. $Revolving\ Door\ Reform_{pt}$ is a dummy variable that equals 1 if prefecture p in year t has implemented the policy, and 0 otherwise. ϕ_p denotes prefecture fixed effects, μ_t denotes year fixed effects, and ϵ_{pt} is the error term. β_3 is the coefficient of interest, where a positive value indicates that the policy leads to an increase in the number of former government officials transitioning to firms.

The results are presented in Table 5. In Columns 1 and 2, the dependent variable is the

natural logarithm of the number of revolving door officials. After controlling for year and prefecture fixed effects, the coefficient on the revolving door reform is 0.083 and is statistically significant at the 5% level. This indicates that prefectures implementing the revolving door reform experience an 8.7% (exp(0.083) - 1 = 0.087) increase in revolving door officials. In Column 2, we further control for the interaction between the stock of revolving door officials and the year trend. The positive effects of the reform on revolving door behaviors remain robust.

We also examine the characteristics of officials who transitioned to firms after the reform. The first dimension focuses on the quality of these officials. We define a revolving door official as "more educated" if they possess at least a graduate degree. In Columns 3 and 4, the dependent variable is the natural logarithm of more educated revolving door officials. In Column 3, the coefficient on the revolving door reform is 0.128 and is statistically significant at the 1% level. This suggests that the revolving door reform results in 13.7% (exp(0.128) - 1 = 0.137) more revolving door more educated officials. The results remain robust after controlling for the interaction between the stock of more educated revolving door officials and the year trend (Column 4).

The second dimension we explore distinguishes government officials with expertise from those with connections. The corresponding positions are outlined in Table A.4, and the results are presented in Table 6. In Columns 1 and 2, the dependent variable is the natural logarithm of the number of all revolving door officials. In Columns 3 and 4, the dependent variable is the natural logarithm of the number of revolving door officials with expertise. The coefficient on the revolving door reform in Column 3 is 0.069 and statistically significant at the 10% level. This indicates that the revolving door reform leads to a 7.1% (exp(0.069) - 1 = 0.071) increase in expertise-type revolving door officials transitioning to firms. The positive effects remain robust after controlling for the interaction of the stock of expertise-type revolving door officials with the year trend (Column 4). In contrast, the reform does not affect the revolving door behaviors of government officials with connections (Columns 5 and 6). These findings suggest that the revolving door reform primarily facilitates the transition of government officials with expertise to firms, while those with connections are more likely to remain in government positions.

Table 5: The Effects of Revolving Door Reform on Revolving Door Officials

	Dependent Variable: Ln(Number of Revolving Door Officials)			
	All		More Educated	
	(1)	(2)	(3)	(4)
Revolving Door Reform	0.083**	0.076*	0.128***	0.101***
	(0.039)	(0.040)	(0.040)	(0.039)
Observations	6,066	6,066	6,066	6,066
R-squared	0.876	0.876	0.819	0.830
Year Fixed Effects	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y
Stock of the Outcome x Trend		Y		Y
Mean of the Outcome	0.909	0.909	0.476	0.476

Notes: Detailed variable definitions are provided in Table A.1. The table reports the effects of the revolving door reform on revolving door behaviors. In Columns 1 and 2, the outcome variable is the natural logarithm of the number of revolving door officials in each prefecture. In Columns 3 and 4, the outcome variable is the natural logarithm of the number of more educated revolving door officials (those with at least a graduate degree) in each prefecture. Prefecture fixed effects and year fixed effects are included in all columns. In Columns 2 and 4, we additionally control for the stock of the outcome variable in 2013 (the year prior to the reform) interacted with the year trend. The mean values of the outcome variables are presented at the bottom of the table. Standard errors are clustered at the prefecture level. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively. Our use of stock measures aligns with endogenous growth frameworks, as described by Aghion et al. (1998) and Jones (2022), which emphasize that current knowledge builds upon the accumulation of past knowledge.

In summary, revolving door officials earn nearly ten times the salaries of government officials. Prior to the implementation of the revolving door reform, officials could derive substantial benefits by simultaneously holding positions in both the government and private firms. However, with the introduction of revolving door restrictions, officials are now required to choose between remaining in government or transitioning to the private sector. The observed tendency for government officials with connections to remain in government, while those with expertise transition to firms, may contribute to an increase in corruption. This is consistent with the observed positive effects of the revolving door reform on bribe-taking behaviors.

4.4 Robustness Checks

In this section, we perform a series of robustness checks by incorporating a wide range of factors that could potentially influence corruption and revolving door behaviors. Specifically, we control for several relevant policies, including anti-corruption campaigns, the cadre performance

Table 6: The Effects of Revolving Door Policy on Revolving Door Officials with Expertise and Connection

| | Dependent Variable: Ln(Number of Revolving Door Officials) | | | | | |
| | All | | Expertise | | Connection | |
	(1)	(2)	(3)	(4)	(5)	(6)
Revolving Door Reform	0.083**	0.076*	0.069*	0.065*	0.045	0.039
	(0.039)	(0.040)	(0.038)	(0.038)	(0.032)	(0.033)
Observations	6,066	6,066	6,066	6,066	6,066	6,066
R-squared	0.876	0.876	0.871	0.871	0.768	0.770
Year Fixed Effects	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y
Stock of the Outcome x Trend		Y		Y		Y
Mean of the Outcome	0.909	0.909	0.832	0.832	0.310	0.310

Notes: Detailed variable definitions are provided in Table A.1. The table presents the effects of the revolving door reform on the revolving door behaviors of expertise-type and connection-type officials. Definitions of government officials with expertise and connections are outlined in Table A.4. In Columns 1 and 2, the outcome variable is the natural logarithm of all revolving door officials in the prefecture. In Columns 3 and 4, the outcome variable is the natural logarithm of revolving door officials with expertise. In Columns 5 and 6, the outcome variable is the natural logarithm of revolving door officials with connections. Prefecture fixed effects and year fixed effects are included in all columns. In Columns 2, 4, and 6, we additionally control for the interaction between the stock of the outcome variable in 2013 and the year trend. The mean values of the outcome variables are displayed at the bottom of the table. Standard errors are clustered at the prefecture level. *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively. Our use of stock measures aligns with endogenous growth frameworks, as described by Aghion et al. (1998) and Jones (2022), which emphasize that current knowledge builds on the accumulation of past knowledge.

assessment policy, and the number of policies implemented in each prefecture. Political factors, such as political connections, the government-firm relationship index, and the number of AI contracts signed by local governments with AI firms, are also included. Additionally, we account for measures of government transparency, such as administrative decentralization, fiscal transparency, and the extent of digital transformation. To address leadership dynamics, we control for characteristics of prefecture leaders, including whether they are local, their tenure as party secretary or mayor, and their gender. Economic variables, such as unemployment rates, foreign direct investment, and the number of special economic zones, are also considered. Social capital, represented by public trust in society, is included as well. Finally, we employ the inverse hyperbolic sine (IHS) transformation of the penalty amount and the number of revolving door officials as dependent variables, instead of using the natural logarithm transformation. All results remain robust.

4.4.1 Relevant Policies

The revolving door reform has been gradually implemented across prefectures since 2014. However, other contemporaneous policies, such as anti-corruption campaigns and bureaucratic evaluation reforms, could also influence corruption and revolving door behaviors. Additionally, the number of policies implemented in each prefecture may have an impact. These factors are included as control variables.

Anti-corruption campaigns have proven effective in reducing corruption in China (Kong and Qin 2021). We include a dummy variable for the anti-corruption campaign in our baseline analysis of the effects of the revolving door reform.[21] The results, shown in Table B.1, indicate that after controlling for the anti-corruption campaign, the revolving door reform continues to have positive effects on bribe-taking activities, with no significant effects on general corruption or embezzlement. Prefectures with the revolving door reform exhibit an increase in revolving door officials and educated revolving door officials, primarily driven by those with expertise.

We also consider the impact of a concurrent policy aimed at improving the cadre performance evaluation system. Prior research shows that bureaucratic promotions significantly influence corruption, particularly in China (Manion 2004; Jin and Xu 2019). This policy, introduced by the central government in 2013, may also affect corruption and revolving door behaviors.[22] After controlling for the cadre performance assessment policy, the baseline results for the effects of the revolving door reform on corruption and revolving door officials remain robust (see Table B.2 in Appendix B).

The number of policies implemented in a prefecture could also influence corruption (Wang and Yang 2021; Jiang 2023). We include the natural logarithm of the number of policies as a control variable. Policy data were sourced from PKULaw.com, which maintains a comprehensive database of policy documents issued by China's central and local governments since 1979. The results, shown in Table B.3 in Appendix B, confirm the robustness of the revolving door reform's effects on corruption and revolving door officials.

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[21] Data on anti-corruption campaigns are sourced from Kong and Qin (2021).
[22] Policy implementation dates at the prefecture level were collected from PKULaw.

4.4.2 Political Factors

Political factors, including political connections, the government-firm relationship, and the utilization of artificial intelligence, are also incorporated.

Political connections have long been recognized as a major driver of corruption (Alesina and Angeletos 2005; Faccio 2006; Callen and Long 2015; Gagliarducci and Manacorda 2020). To account for this, we include political connection interacted with the year trend as an additional control variable. The political connection data from Jiang (2018) provide information on whether the prefecture party secretary and mayor have prior working experience in county-level, central, or provincial governments, respectively. We define prefecture leaders as having such experience if either the party secretary or mayor possesses this background. The results are presented in Table B.4 of Appendix B. In Panel A, we control for county-level working experience in 2013, the year before the revolving door reform, interacted with the year trend. In Panel B, we control for central government working experience in 2013 interacted with the year trend. In Panel C, we control for provincial government working experience in 2013 interacted with the year trend. All results remain robust.

The government-firm relationship plays a crucial role in economic development and is often characterized by exchanges of favors between governments and firms in China (Duchin, Gao, and Shu 2020; Lei 2021). Such exchanges may increase the likelihood of corruption by politicians (Olken and Pande 2012). To account for this, we include the government-firm relationship index as a control variable.[23] Due to data limitations, we use the index from 2017. The effects of the revolving door reform on corruption and revolving door officials remain robust, as shown in Table B.5 of Appendix B.

Artificial intelligence has also been documented as a valuable tool in combating corruption (see Adam and Fazekas (2021) for a review). The use of AI in China has grown significantly in recent years. To account for this, we use data from Beraja, Yang, and Yuchtman (2023) and include a control for the number of AI contracts per capita signed by the government with AI

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[23] The index is obtained from the Report on Government-Firm Relationship, available at http://en.nads.ruc.edu.cn/.

firms, interacted with the year trend. The results remain robust and are presented in Table B.6 of Appendix B.

4.4.3 Government Transparency

We include three sets of control variables to measure transparency: administrative decentralization, fiscal conditions, and digital transformation.

First, administrative centers can reduce corruption by streamlining government processes and minimizing face-to-face interactions between officials and citizens, thereby decreasing opportunities for bribery and favoritism. Centralized and transparent procedures enhance accountability, making corrupt practices more difficult to sustain. This underscores the importance of organizational design in governance (Bardhan 2002; Mookherjee 2006). We control for whether the prefecture had an administrative center in 2013, interacted with the year trend. Data on administrative centers are sourced from Bi et al. (2018). The results remain robust and are presented in Table B.7 of Appendix B.

Second, we consider the degree of fiscal transparency, as governments that provide clear and accessible financial information on public revenues, expenditures, and budgets enable oversight by citizens, civil society, and independent institutions, thereby making it more difficult for officials to misuse funds without detection (Haque and Neanidis 2009; De Simone, Gaeta, and Mourão 2017; Chen and Neshkova 2020). Fiscal transparency also fosters trust in government institutions by demonstrating accountability and the fair use of public resources, which can deter corrupt practices. Data on fiscal transparency are sourced from the 2013 China Municipal Government Fiscal Transparency Research Report, and we control for the degree of fiscal transparency in 2013 interacted with the year trend. The results remain robust and are presented in Table B.8 of Appendix B.

Third, digital transformation influences corruption by enhancing transparency, accountability, and efficiency in government operations (Merhi 2022). By leveraging e-participation and adopting digital technologies, it reduces opportunities for fraud and irregular practices, while enhancing citizen oversight. Data on digital transformation are derived from keyword frequen-

cies related to digital technology and applications, as mentioned in the 2013 Government Work Report for each prefecture. We control for the natural logarithm of the keyword frequencies in 2013, interacted with the year trend. The results remain robust and are presented in Table B.9 of Appendix B.

4.4.4 Characteristics of Leaders

To account for potential leadership influences, we analyze three key characteristics of prefecture leaders: their local origins, tenure, and gender.

Regarding local leaders, prior research indicates that individuals who advance through the ranks within their own region may exhibit distinct political incentives compared to outsiders (Persson and Zhuravskaya 2016, Fisman et al. 2018). We define local leaders as those born within the province and control for this factor through an interaction with the 2013-year trend. The results, presented in Table B.10, reveal that our results remain robust.

Next, we examine the tenure of prefecture leaders, as long-term tenure in office has been shown to foster corruption (Bobonis, Cámara Fuertes, and Schwabe 2016; Coviello and Gagliarducci 2017). Using data from Jiang (2018), we control for the tenure of both party secretaries and mayors in 2013, interacting with year trends for robustness. The results, presented in Table B.11, demonstrate that accounting for these tenure factors does not affect the robustness of our findings.

Lastly, we investigate the potential role of gender in shaping leadership behavior, as female politicians are often associated with a stronger emphasis on transparency and social welfare, which may mitigate corruption (Swamy et al. 2001, Frank, Lambsdorff, and Boehm 2011, Wängnerud 2014, Eggers, Vivyan, and Wagner 2018). We control for female leadership by incorporating a gender measure for both the party secretary and mayor in 2013. The results, presented in Table B.12, indicate that the inclusion of gender does not impact the robustness of our baseline findings on the revolving door reform.

4.4.5 Socioeconomic Characteristics

We also include a series of socioeconomic variables as additional controls, namely the unemployment rate, foreign direct investment (FDI), and the number of special economic zones (SEZs).

Unemployment and corruption are closely intertwined. Prolonged joblessness may drive individuals to resort to bribery, nepotism, or favoritism to secure employment, while organizations operating within corrupt systems may exploit unemployed individuals by demanding unethical payments during recruitment (Nnaemeka 2021). To account for this, we collect data on the unemployment rate in each prefecture from the City Statistical Yearbook and include it in the analysis. The results, presented in Table B.13 of Appendix B, confirm the robustness of all baseline findings on the revolving door reform.

Higher inflows of FDI often introduce stricter international business standards and enhance accountability, thereby reducing corrupt practices (Wei 2000; Larraín B and Tavares 2004). We collect FDI data for each prefecture from the local Statistics Bureau and control for the natural logarithm of FDI inflows in our analysis. The results remain robust and are presented in Table B.14 of Appendix B.

SEZs may encourage rent-seeking behaviors by creating opportunities for officials or businesses to exploit resources and regulations for personal gain. Conversely, SEZs could also reduce corruption by establishing clear rules, decentralizing decision-making, and enhancing local accountability (Moberg 2015; Alkon 2018). To account for the effects of SEZs, we include the number of SEZs as a control variable. Data are obtained from the Bulletin List for the Official Boundaries of Chinese Industrial Parks, published by the Ministry of Natural Resources of China. The results remain robust and are shown in Table B.15 of Appendix B.

4.4.6 The Role of Social Capital

Trust, as an element of social capital, may influence corruption. Specifically, high levels of trust can reduce the perceived need for corrupt behavior by ensuring that rules are fairly enforced and public resources are efficiently allocated, whereas low levels of trust may incentivize opportunistic and corrupt actions to achieve desired outcomes (Armand et al. 2023; Becker et al. 2016). To

measure trust, we use data from the 2013 wave of the Chinese General Social Survey. Trust is measured by the share of people in each province who agree or relatively agree that most people in society are trustworthy. The results are presented in Table B.16 of Appendix B.

4.4.7 Alternative Dependent Variables

In the baseline analysis, we use the natural logarithm of the penalty amount in Table 3 and the natural logarithm of the number of revolving door officials in Table 5 and Table 6. Additionally, we apply the inverse hyperbolic sine (IHS) transformation to the penalty amount and the number of revolving door officials as alternative dependent variables. The results, shown in Table B.17 of Appendix B, confirm that the effects of the revolving door reforms on corruption and revolving door behaviors remain robust.

5 Conclusion

In this paper, we investigate the impact of China's revolving door restriction reform on corruption. Our findings indicate that such restrictions may inadvertently lead to an increase in corrupt activities. Specifically, following the implementation of the revolving door reform, explicit favors can no longer be safely exchanged through part-time or post-government employment, resulting in a rise in bribe-taking among incumbent officials, while other forms of corruption remain relatively unaffected. This shift is driven by two key mechanisms: (i) the reduction in life-cycle earnings incentivizes incumbent officials to offset their income losses by engaging in bribe-taking; and (ii) the departure of expertise high-quality officials from full-time government service fosters a "brain drain", undermining regulatory quality and escalated instances of misconduct.

We construct a comprehensive dataset on corruption-related convictions in China by digitalizing all relevant judicial documents. Methodologically, it is widely recognized that observed corruption cases diverge from actual instances of corruption, with the true extent obscured by the unobserved probability of detection. Conviction data reflect only the subset of corruption cases that are observed (detected and prosecuted), leaving the actual corruption rate unmea-

sured. To address this issue, we propose a simple approach that accounts for the likelihood of detecting corrupt activities.

The primary policy implication of our findings is the need to balance the integrity of revolving door officials with that of all incumbent officials. While overly lenient regulations may fail to curb *quid pro quo* relationships between revolving door officials and firms, excessively stringent regulations risk increasing corruption among all government officials. Limited and uncertain future job prospects can incentivize officials to secure personal benefits while still in office. In this context, revolving door restrictions may fall short of achieving their intended goals due to insufficiently robust institutional frameworks to counteract entrenched misconduct. Policymakers should therefore design solutions tailored to specific positions, operational contexts, and institutional settings where the risk of corruption is particularly acute.

Although our analysis is centered on China, the findings have broader implications, particularly for East Asia, where several governments are contemplating the implementation of revolving door restrictions to combat corruption. In recent years, governments in the region have introduced laws limiting post-government employment for regulators within industries they previously oversaw. Understanding the effect of such regulations on incumbent regulators remains a crucial question. Our findings suggest that revolving door restrictions could inadvertently increase corruption, not only in China but also across East Asia and potentially on a global scale.

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Appendix A: Additional Results

Figure A.1: Number and Share of Prefectures Implementing the Reform
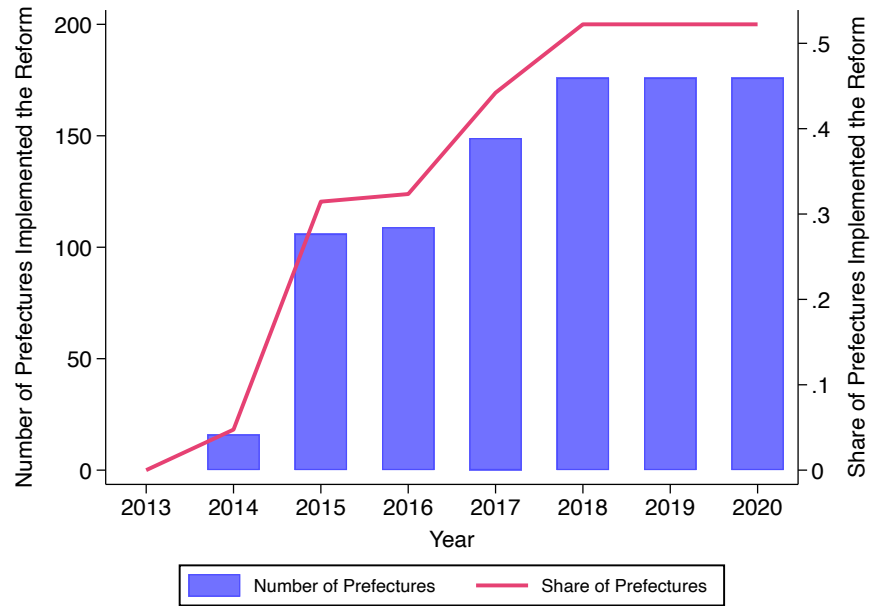
Notes: This figure plots the number and share of prefectures that implemented the revolving door reform from 2013 to 2020. The reform was announced at the national level on October 19, 2013, and implemented by prefectures staggeringly since 2014. The data on the revolving door reform are collected by the authors from PKULaw.

Figure A.2: Share of Corruption Types
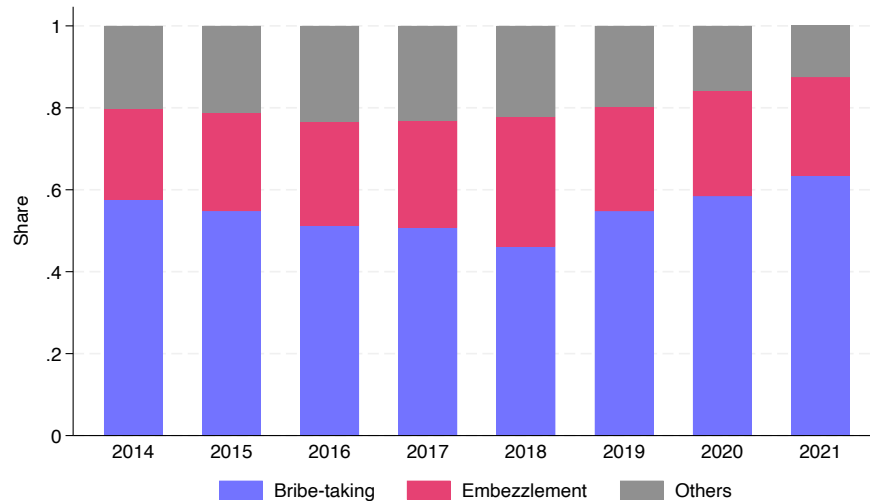
Notes: This figure shows the share of corruption types by the year of corruption cases from 2014 to 2021. Corruption cases are classified into three types: bribe-taking, embezzlement, and others. Bribe-taking and embezzlement make up about 80% of corruption cases each year. The data on corruption are obtained from *China Judgments Online.*

Figure A.3: Salaries of Government Officials and Revolving Door Officials
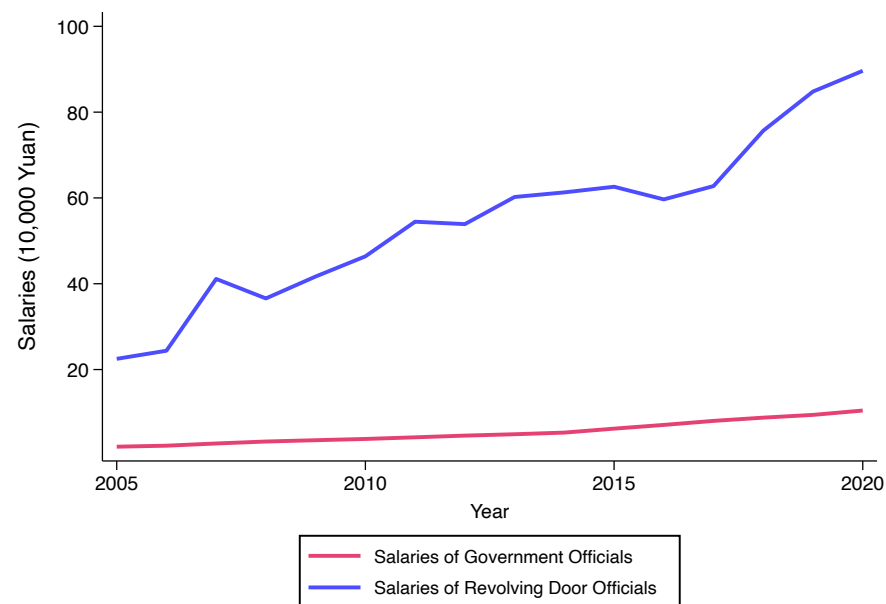
Notes: This figure plots the salaries of government officials and revolving door officials from 2005 to 2020. The data on the salaries of government officials from 2005 to 2020 are from the China Statistical Yearbook of 2021 and that on revolving door officials are from CSMAR.

Table A.1: Variable Definitions

Variables	Definitions
Panel A: Reform and Corruption	
Revolving Door Reform	A dummy variable that takes the value of 1 if the prefecture has implemented the revolving door reform, 0 otherwise.
Ln(Penalty Amount)	The natural logarithm of the penalty amount (in 10,000 Yuan) for the first crime in each corruption case.
Ln(Penalty Amount for All Crimes)	The natural logarithm of the penalty amount (in 10,000 Yuan) for all crimes in each corruption case.
Panel B: Land related variables	
Land Corruption	The magnitude of land discounts received by the princeling firms (i.e. linked to members of China's supreme political elites) compared to their non-princeling counterparts
Land Quality	The average land quality in the prefecture and a smaller number means better land quality.
Panel C: Revolving Door Officials	
Ln(Number of Revolving Door Officials)	The natural logarithm of the number of revolving door officials in the prefecture.
Ln(Number of More Educated Revolving Door Officials)	The natural logarithm of the number of revolving door officials with at least graduate education in the prefecture.
Ln(Number of Expertise-Type Revolving Door Officials)	The natural logarithm of the number of expertise-type revolving door officials in the prefecture.
Ln(Number of Connection-Type Revolving Door Officials)	The natural logarithm of the number of connection-type revolving door officials in the prefecture.
Panel D: Control Variables	
Local Leaders	A dummy variable that takes the value of 1 if the prefecture party secretary or mayor was born in the current province, 0 otherwise.
Female Leaders	A dummy variable that takes the value of 1 if the prefecture party secretary or mayor is a female, 0 otherwise.
Number of AI Contracts per capita	The number of artificial intelligence contracts the local government signed with firms divided by population.
Provincial Government Working Experience	A dummy variable that takes the value of 1 if the prefecture party secretary/mayor has work experience in the provincial government.
Central Government Working Experience	A dummy variable that takes the value of 1 if the prefecture party secretary/mayor has work experience in the central government.
County-Level Working Experience	A dummy variable that takes the value of 1 if the prefecture party secretary/mayor has work experience in the county-level government.
Tenure of Prefecture Party Secretary	The number of years the current prefecture party secretary has been in office.
Tenure of Mayor	The number of years the current mayor has been in office.
Government-Firm Relationship Index	A number that measures the healthy relationship between the local government and firms and a larger value means a better relationship.
Administrative Centers	A dummy variable that takes the value of 1 if the prefecture has an administrative center, 0 otherwise.
Fiscal Transparency	The degree to which the prefecture government's fiscal conditions are transparent.
Digital Transformation	The degree to which the prefecture government is digital and it is measured by the natural logarithm of the frequency of digital keywords in government reports.
Trust	The share of people in the province agree that most people in the society are trustable.
Ln(GDP per capita)	The natural logarithm of GDP per capita.
Ln(Night Light per km²)	The natural logarithm of average night light per km² in the prefecture.
Ln(Number of New Firms per km²)	The natural logarithm of new firms per km² in the prefecture.
GDP Share of the First Industry	The share of GDP that the first industry takes.
GDP Share of the Second Industry	The share of GDP that the second industry takes.
GDP Share of the Third Industry	The share of GDP that the third industry takes.
Employment in the Service Sector	The number of workers in the service sector.
Employment in the Agriculture Sector	The number of workers in the agricultural sector.
Employment in the Manufacturing Sector	The number of workers in the manufacturing sector.
Ln(Number of Policies)	The natural logarithm of the number of policies implemented in the prefecture.
Cadre Performance Assessment Policy	A dummy variable that takes the value of 1 if the prefecture has implemented the cadre performance assessment policy reform, 0 otherwise.
Anti-corruption Policy	A dummy variable that takes the value of 1 if the province has implemented the anti-corruption policy reform, 0 otherwise.
Ln(FDI)	The natural logarithm of foreign direct investment in each prefecture (in 1000,000 dollars).
Special Economic Zones	The number of special economic zones in each prefecture.
Industry Upgrading	The degree to which the industry in each prefecture is upgrading.

	(1) Observations	(2) Mean	(3) S.D.	(4) Min.	(5) Max.
Panel A: Reform and Corruption					
Revolving Door Reform	27,828	0.033	0.179	0	1
Ln(Penalty Amount)	27,828	1.588	1.570	0	6.399
Ln(Penalty Amount for All Crimes)	27,828	1.751	1.600	0	6.686
Panel B: Land related variables					
Land Corruption	124	1.010	0.580	0	3.919
Land Quality	124	5.393	1.388	0	11.231
Panel C: Revolving Door Officials					
Ln(Number of Revolving Door Officials)	6,066	0.909	1.075	0	5.533
Ln(Number of More Educated Revolving Door Officials)	6,066	0.476	0.810	0	5.024
Ln(Number of Expertise-Type Revolving Door Officials)	6,066	0.832	1.024	0	5.464
Ln(Number of Connection-Type Revolving Door Officials)	6,066	0.310	0.622	0	4.500
Panel D: Control Variables					
Local Leaders	337	0.847	0.359	0	1
Female Leaders	337	0.129	0.334	0	1
Number of AI Contracts per capita	337	0.004	0.009	0	0.080
Provincial Government Working Experience	337	0.727	0.446	0	1
Central Government Working Experience	337	0.202	0.402	0	1
County-Level Working Experience	337	0.706	0.456	0	1
Tenure of Prefecture Party Secretary	337	1.303	1.361	0	6
Tenure of Mayor	337	1.381	1.561	0	10
Government-Firm Relationship Index	337	39.030	15.836	0	100
Administrative Centers	337	0.926	0.257	0	1
Fiscal Transparency	337	17.960	7.848	0	45
Digital Transformation	337	8.452	0.377	4.277	8.984
Trust	337	0.566	0.083	0.365	0.730
Ln(GDP per capita)	337	10.613	0.644	9.037	13.056
Ln(Night Light per km^2)	337	-8.374	2.036	-15.600	-0.794
Ln(Number of New Firms per km^2)	337	1.148	0.733	0.056	5.298
GDP Share of the First Industry	1,549	12.564	8.069	0.030	48.320
GDP Share of the Second Industry	1,549	45.956	10.413	10.700	79.400
GDP Share of the Third Industry	1,549	41.492	9.214	16.400	81.000
Employment in the Service Sector	1,549	1.303	4.865	0.010	64.620
Employment in the Agriculture Sector	1,549	0.904	2.757	0.010	37.430
Employment in the Manufacturing Sector	1,549	16.915	31.941	0.220	258.800
Ln(Number of Policies)	6,066	2.817	1.392	0	5.844
Cadre Performance Assessment Policy	6,066	0.299	0.458	0	1
Anti-corruption Policy	6,066	0.519	0.500	0	1
Ln(FDI)	6,066	5.503	1.786	0	10.099
Special Economic Zones	6,066	5.891	6.059	0	64
Industry Upgrading	6,066	2.275	0.142	1.821	3.069

Notes: Detailed definition of each variable is shown in Table A.1.

Table A.3: Determinants of the Reform Timing

	Dependent Variable: Revolving Door Reform		
	(1)	(2)	(3)
Ln(GDP per capita)	0.056**	0.013	-0.007
	(0.022)	(0.010)	(0.022)
GDP Share of the First Industry	-0.013	-0.000	0.001
	(0.016)	(0.001)	(0.001)
GDP Share of the Second Industry	-0.013	-0.001	0.001
	(0.015)	(0.001)	(0.001)
GDP Share of the Third Industry	-0.011	-0.000	-0.001
	(0.015)	(0.001)	(0.001)
Employment of Service Industry	-0.001	0.000	0.003
	(0.002)	(0.001)	(0.002)
Employment of Agriculture Industry	-0.002	-0.001	-0.000
	(0.003)	(0.001)	(0.001)
Employment of Manufacturing Industry	-0.001**	-0.000	-0.002
	(0.000)	(0.000)	(0.001)
Ln(Number of Business Registrations per km^2)	0.030**	-0.005	-0.013
	(0.015)	(0.005)	(0.028)
Observations	1,549	1,549	1,549
R-squared	0.023	0.932	0.955
Province $\times$ Year Fixed Effects		Y	Y
Prefecture Fixed effects			Y

Notes: This table shows the determinants of the revolving door reform. The analysis is at the prefecture-year level from 2013 to 2020. The dependent variable equals 1 in the reform year. The sample is limited to pre-reform years and the year of reform implementation. The baseline results are shown in Column 1. In Column 2, we further control for province times year fixed effects. In Column 3, we control for province times year fixed effects and prefecture fixed effects. The data on the measures of GDP and employment are from City Statistical Yearbooks and the data on the number of business registrations are from *Tianyancha*.

Table A.4: Connection- and Expertise-type Government Officials

Government Officials	Position in Chinese	Position in English
Connection type	Sheng Wei Shu Ji (Zheng Fu Zhi)	Provincial Party Secretary (Director and Deputy)
	Sheng Zhang (Zheng Fu Zhi)	Governor (Director and Deputy)
	Sheng Zheng Fu Mi Shu Zhang, Sheng Zhang Zhu Li	Provincial Secretary General
	Sheng Wei Zheng Fa Wei Shu Ji	Secretary of the Provincial Political and Legal Committee
	Sheng Wei Zu Zhi Bu Zhang	Secretary of the Provincial Organization Committee
	Sheng Wei Chang Wei	Provincial Standing Committee Member
	Shi Wei Shu Ji (Zheng Fu Zhi)	Prefectural Party Secretary (Director and Deputy)
	Shi Zhang (Zheng Fu Zhi)	Mayor (Director and Deputy)
	Shi Zheng Fu Mi Shu Zhang, Shi Zhang Zhu Li	Prefectural Secretary General
	Shi Wei Chang Wei	Prefectural Standing Committee Member
	Shi Zu Zhi Bu Bu Zhang	Secretary of the Prefectural Organization Committee
Expertise type	Sheng Gao Ji Ren Min Fa Yuan Yuan Zhang	Head of Provincial Higher People's Court
	Ting Zhang	Provincial Department Head
	Sheng Wei (Shu Ji Wai De Qi Ta Zhi Wei)	Provincial Party Committee other than Party Secretary
	Shi Zhong Ji Ren Min Fa Yuan Yuan Zhang	Head of Prefectural Higher People's Court
	Ju Zhang	Prefectural Department Head
	Shi Wei Qi Ta Zhi Wei (Shu Ji Wai De Qi Ta Zhi Wei)	Prefectural Party Committee other than Party Secretary
	Kai Fa Qu Guan Wei Hui Zhu Ren (Zheng Fu Zhi)	Director (Deputy) of Special Development Zone

Notes: This table shows the list of government officials that is used to define revolving door officials. We define an official as a revolving door official if he/she has ever worked in the above positions in the government. The list is further classified into two groups: connection type and expertise type.

Table A.5: The Correlation between Actual and Observed Land Corruption

	Dependent Variable			
	Ln(Penalty Amount for All Crimes)		Ln(Penalty Amount)	
	(1)	(2)	(3)	(4)
Land Corruption	0.568***	0.489**	0.580***	0.494**
	(0.193)	(0.187)	(0.199)	(0.192)
Observations	124	124	124	124
R-squared	0.072	0.177	0.073	0.187
Year Fixed Effects	Y	Y	Y	Y
Land Characteristics		Y		Y
Mean of the Outcome	5.989	5.989	5.745	5.745

Notes: Detailed variable definitions are presented in Table A.1. The table reports the correlation between real land corruption and the detected land-related corruption. The variable of land corruption is the magnitude of land discounts received by the politically connected firms compared to their non-princeling counterparts at the province level from Chen and Kung (2019). In Columns 1 and 2, the outcome variable is the natural logarithm of the penalty amount (in 10,000 Yuan) for all crimes in land-related corruption cases. In Columns 3 and 4, the outcome variable is the natural logarithm of the penalty amount (in 10,000 Yuan) for the first crime in land-related corruption cases. Prefecture fixed effects and year fixed effects are included in each column. Land quality and the natural logarithm of land areas are controlled for in Columns 2 and 4. The mean values of the outcome variable are shown at the bottom of the table. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table A.6: The Effects of Revolving Door Reform on Corruption

	Dependent Variable: Ln(Penalty Amount for All Crimes)					
	All		Bribe-taking		Embezzlement	
	(1)	(2)	(3)	(4)	(5)	(6)
Revolving Door Reform	0.089	0.090	0.228**	0.229**	0.158	0.158
	(0.082)	(0.083)	(0.097)	(0.097)	(0.123)	(0.123)
Observations	27,828	27,828	14,756	14,756	7,116	7,116
R-squared	0.099	0.099	0.119	0.119	0.192	0.192
Year Fixed Effects	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y
Stock of the Outcome × Trend		Y		Y		Y
Mean of the Outcome	1.751	1.751	2.064	2.064	2.038	2.038

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on the penalty amount of corruption fines for all crimes in each corruption case. In Columns 1 and 2, the outcome variable is the natural logarithm of the penalty amount (in 10,000 Yuan) for all types of crimes in corruption cases. In Columns 3 and 4, the outcome variable is the natural logarithm of the penalty amount (in 10,000 Yuan) when the first crime is bribe-taking. In Columns 5 and 6, the outcome variable is the natural logarithm of the penalty amount (in 10,000 Yuan) when the first crime is embezzlement. Prefecture fixed effects and year fixed effects are included in each column. In Columns 2, 4 and 6, we further control for the stock of the outcome variable times year trend. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively. Our approach of using stock measures is in line with endogenous growth frameworks in a la Aghion et al. (1998) and Jones (2022), which predict that current knowledge is built upon the accumulation of past knowledge.

Table A.7: The Effects of Revolving Door Reform on the Number of Corruption Cases

	Dependent Variable: Number of Cases per Million People	
	(1)	(2)
Revolving Door Reform	-0.005	0.027
	(0.128)	(0.128)
Observations	1,712	1,712
R-squared	0.573	0.579
Year FE	Y	Y
Prefecture FE	Y	Y
Stock of Cases		Y
Mean of the Outcome	0.935	0.935

Notes: This table reports the effects of the revolving door reform on the number of corruption cases at the prefecture level from 2012 to 2019. The dependent variable is the number of corruption cases per million people. In Column 1, year fixed effects and prefecture fixed effects are controlled for. In Column 2, the stock of corruption cases is further controlled for. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively. Our approach of using stock measures is in line with endogenous growth frameworks in a la Aghion et al. (1998) and Jones (2022), which predict that current knowledge is built upon the accumulation of past knowledge.

Table A.8: Leads and Lags of Reform Effects on Corruption

	Dependent Variable: Ln(Penalty Amount)	
	Bribe-taking	Embezzlement
	(1)	(2)
Year - 3	-0.003	-0.070
	(0.056)	(0.089)
Year - 2	0.122	-0.188
	(0.098)	(0.122)
Year	0.349***	0.080
	(0.126)	(0.149)
Year + 1	0.316**	0.112
	(0.131)	(0.208)
Year + 2	0.215	-0.141
	(0.162)	(0.190)
Year + 3	0.199	0.383
	(0.255)	(0.303)
Observations	11,826	5,969
R-squared	0.123	0.189
Year Fixed Effects	Y	Y
Prefecture Fixed Effects	Y	Y

Notes: This table reports the regression results of the pre-trends of penalty amount on the revolving door reform. Column 1 corresponds to Figure 3 and Column 2 corresponds to Figure 4. The dependent variable is the natural logarithm of the penalty amount on corruption (in 10,000 Yuan). In Column 1, the corruption cases are those whose first crime is bribe-taking. In Column 2, the corruption cases are those whose first crime is embezzlement. Prefecture fixed effects and year fixed effects are included in each column. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Appendix B: Robustness Checks

Table B.1: Controlling for an Anti-corruption Campaign

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.108	0.263**	0.161	0.083**	0.131***	0.069*	0.045
	(0.094)	(0.108)	(0.119)	(0.039)	(0.040)	(0.038)	(0.032)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.187	0.876	0.820	0.871	0.768
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Anti-corruption Policy	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for anti-corruption campaign. The data on anti-corruption campaign are from Kong and Qin (2021). In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.2: Controlling for a Cadre Performance Assessment Policy

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.085	0.248**	0.123	0.095**	0.149***	0.079**	0.052
	(0.094)	(0.114)	(0.119)	(0.038)	(0.039)	(0.037)	(0.033)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.187	0.876	0.820	0.871	0.768
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Cadre Performance Assessment Policy	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for the cadre performance assessment policy. We collected the dates of the cadre performance assessment policy from PKULaw. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

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Table B.3: Controlling for the Number of Policies

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.103	0.258**	0.157	0.082**	0.125***	0.069*	0.044
	(0.094)	(0.108)	(0.119)	(0.039)	(0.040)	(0.038)	(0.032)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.186	0.876	0.820	0.871	0.769
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Ln(Number of Policies)	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for ln(the number of policies). The data on the number of policies were collected from PKULaw. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.4: Controlling for Political Connections

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)

Panel A

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.108	0.254**	0.160	0.083**	0.129***	0.070*	0.046
	(0.094)	(0.110)	(0.119)	(0.040)	(0.040)	(0.038)	(0.032)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.186	0.876	0.820	0.871	0.768
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
County Working Experience × Trend	Y	Y	Y	Y	Y	Y	Y

Panel B

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.106	0.258**	0.162	0.081**	0.126***	0.068*	0.044
	(0.093)	(0.109)	(0.119)	(0.039)	(0.040)	(0.038)	(0.032)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.186	0.876	0.820	0.871	0.769
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Central Government Working Experience × Trend	Y	Y	Y	Y	Y	Y	Y

Panel C

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.108	0.263**	0.161	0.083**	0.131***	0.069*	0.045
	(0.094)	(0.108)	(0.119)	(0.039)	(0.040)	(0.038)	(0.032)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.187	0.876	0.820	0.871	0.768
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Provincial Government Working Experience × Trend	Y	Y	Y	Y	Y	Y	Y

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for political connections in 2013 (the year before the reform) times year trend. The political connection data from Jiang (2018) which have information on whether the prefecture party secretary and mayor have working experience in the county-level government, central government and provincial government, respectively. We define that the prefecture leaders have such working experience if either the party secretary or mayor has such working experience. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.5: Controlling for Government-Firm Relationship

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.104	0.252**	0.161	0.078**	0.114***	0.064*	0.041
	(0.094)	(0.106)	(0.119)	(0.039)	(0.038)	(0.038)	(0.032)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.186	0.877	0.830	0.872	0.770
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Government-Firm Relationship Index × Trend	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for the government-firm relationship index in 2017. Indexes from years before the reform are not used due to data availability. The index is obtained from the Report on Government-Firm Relationship, available at http://en.nads.ruc.edu.cn/. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.6: Controlling for the Adoption of AI

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.104	0.258**	0.159	0.084**	0.129***	0.070*	0.046
	(0.093)	(0.108)	(0.119)	(0.039)	(0.040)	(0.038)	(0.032)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.188	0.876	0.820	0.871	0.769
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Number of AI Contracts per capita × Trend	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for AI contracts per capita in 2013 (the year before the reform) times year trend. The data on AI contracts are from Beraja, Yang, and Yuchtman (2023). In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.7: Controlling for Administrative Licensing Centers

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.102	0.251**	0.154	0.081**	0.128***	0.068*	0.045
	(0.094)	(0.108)	(0.119)	(0.039)	(0.040)	(0.038)	(0.033)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.187	0.876	0.819	0.871	0.768
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Administrative Licensing Center * Trend	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for whether the prefecture had an administrative licensing center in 2013 (the year before the reform) times year trend. The data on administrative centers are from Bi et al. (2018). In Columns 1–3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4–7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.8: Controlling for Fiscal Transparency

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.105	0.259**	0.159	0.082**	0.125***	0.068*	0.044
	(0.094)	(0.108)	(0.119)	(0.039)	(0.039)	(0.038)	(0.032)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.186	0.877	0.824	0.872	0.771
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Fiscal Transparency * Trend	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for fiscal transparency in 2013 (the year before the reform) times year trend. The data on fiscal transparency are from the 2013 China Municipal Government Fiscal Transparency Research Report. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.9: Controlling for Digital Transformation

| | Ln(Penalty Amount) | | | Ln(Number of Revolving Door Officials) | | | |
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.116	0.261**	0.161	0.084**	0.128***	0.070*	0.046
	(0.094)	(0.107)	(0.119)	(0.039)	(0.040)	(0.038)	(0.032)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.186	0.876	0.819	0.871	0.768
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Digital * Trend	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for digital transformation in 2013 (the year before the reform) times year trend. The data on digital transformation are derived from keyword frequencies related to digital technology and applications in the 2013 Government Work Report for each prefecture. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.10: Controlling for Characteristics of Local Leaders

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.128	0.256**	0.182	0.083**	0.130***	0.067*	0.050
	(0.094)	(0.109)	(0.121)	(0.038)	(0.040)	(0.037)	(0.031)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.187	0.876	0.820	0.871	0.769
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Local Politician × Trend	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for whether the prefectural leaders are local in 2013 (the year before the reform) times the year trend. The data on local leaders are collected from prefectural government websites. We define the prefecture leaders to be local if the party secretary or mayor was born in the working province. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

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Table B.11: Controlling for Tenures of Prefectural Party Secretaries and Mayors

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
				Panel A			
Revolving Door Reform	0.106	0.257**	0.160	0.080**	0.129***	0.067*	0.043
	(0.093)	(0.108)	(0.119)	(0.039)	(0.040)	(0.037)	(0.032)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.186	0.876	0.819	0.871	0.768
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Tenure of Prefecture Party Secretary x Trend	Y	Y	Y	Y	Y	Y	Y
				Panel B			
Revolving Door Reform	0.106	0.255**	0.166	0.080**	0.123***	0.066*	0.047
	(0.094)	(0.110)	(0.119)	(0.039)	(0.040)	(0.038)	(0.033)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.186	0.876	0.820	0.871	0.768
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Tenure of Mayor x Trend	Y	Y	Y	Y	Y	Y	Y

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for political connections in 2013 (the year before the reform) times year trend. The political connection data from Jiang (2018) which have information on whether the prefecture party secretary and mayor have working experience in the county-level government, central government and provincial government, respectively. We define that the prefecture leaders have such working experience if either the party secretary or mayor has such working experience. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.12: Controlling for Female Leaders

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.107	0.257**	0.161	0.080**	0.127***	0.067*	0.045
	(0.094)	(0.109)	(0.118)	(0.039)	(0.040)	(0.037)	(0.032)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.186	0.876	0.819	0.871	0.768
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Female Politician × Trend	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for whether the prefectural leaders are local in 2013 (the year before the reform) times year trend. The data on local leaders are from prefectural government websites. We define the prefecture leaders to be female if the party secretary or mayor is a female. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.13: Controlling for Unemployment Rate

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.092	0.255**	0.160	0.084**	0.129***	0.070*	0.046
	(0.093)	(0.109)	(0.119)	(0.039)	(0.040)	(0.038)	(0.033)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.186	0.876	0.820	0.871	0.768
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Unemployment Rate × Trend	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for the unemployment rate. The data on unemployment are from City Statistical Yearbooks. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.14: Controlling for FDI

| | Ln(Penalty Amount) | | | Ln(Number of Revolving Door Officials) | | | |
| | All | Bribe-taking | Embezzlement | All | More Educated | Expertise | Connection |
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.108	0.253**	0.170	0.084**	0.129***	0.070*	0.046
	(0.094)	(0.109)	(0.120)	(0.039)	(0.040)	(0.038)	(0.033)
Observations	20,928	10,703	5,426	6,066	6,066	6,066	6,066
R-squared	0.093	0.122	0.186	0.876	0.820	0.871	0.768
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Ln(FDI)	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.517	1.984	1.855	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for FDI. The data on FDI are from the Statistics Bureau of each prefecture. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.15: Controlling for Number of Special Economic Zones

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.106	0.262**	0.149	0.082**	0.123***	0.068*	0.043
	(0.094)	(0.109)	(0.120)	(0.039)	(0.039)	(0.038)	(0.032)
Observations	21,202	10,800	5,523	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.187	0.876	0.823	0.871	0.770
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Number of SEZs	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for the number of special economic zones (SEZs). Data are obtained from the Bulletin List for the Official Boundaries of Chinese Industrial Parks, published by the Ministry of Natural Resources of China. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.16: Controlling for Trust

	Ln(Penalty Amount)			Ln(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.085	0.216*	0.196	0.102**	0.149***	0.087**	0.050
	(0.093)	(0.112)	(0.120)	(0.040)	(0.040)	(0.038)	(0.034)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.093	0.124	0.187	0.877	0.821	0.872	0.768
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Trust × Trend	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.515	1.984	1.857	0.909	0.476	0.832	0.310

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with further control for trust in 2013 (the year before the reform) times year trend. The data on trust are from the 2013 wave of the Chinese General Social Survey. The variable of trust is the share of people in each province who totally agree or relatively agree that most people are trustworthy in society. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

Table B.17: Using Inverse Hyperbolic Sine Transformation

	Asinh(Penalty Amount)			Asinh(Number of Revolving Door Officials)			
	All	Bribe-taking	Embezzlement	All	More Educated	Expertise	Connection
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revolving Door Reform	0.132	0.319**	0.195	0.100**	0.162***	0.084*	0.058
	(0.114)	(0.129)	(0.141)	(0.049)	(0.051)	(0.048)	(0.041)
Observations	21,204	10,800	5,525	6,066	6,066	6,066	6,066
R-squared	0.094	0.125	0.189	0.865	0.808	0.860	0.759
Year Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Prefecture Fixed Effects	Y	Y	Y	Y	Y	Y	Y
Mean of the Outcome	1.834	2.395	2.258	5.010	1.995	4.179	0.966

Notes: Detailed variable definitions are presented in Table A.1. The table reports the effects of the revolving door reform on corruption and revolving door behaviors, with an alternative transformation of penalty amounts and the number of revolving door officials. In Columns 1-3, the outcome variables are the natural logarithm of the penalty amount on all first crimes, bribe-taking and embezzlement, respectively. In Columns 4-7, the outcome variables are the natural logarithm of the number of all revolving door officials, more educated ones, those with expertise and those with connection, respectively. Prefecture fixed effects and year fixed effects are included in each column. The mean values of the outcome variable are shown at the bottom of the table. Standard errors are clustered at the prefecture level. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.
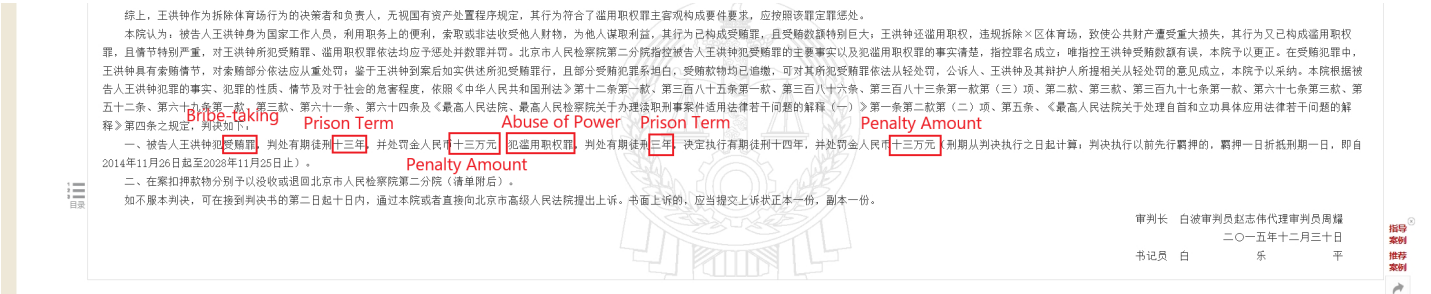
Appendix C: Additional Materials

Figure C.1: A Sample of Court Judgment: First Page

Notes: This figure provides a visual representation of corruption cases. The first page of the case is displayed, allowing us to extract key information such as location, year, types of corruption, and the start and end years of the case.

Figure C.2: A Sample of Court Judgment: Last Page

Notes: The figure shows the last page of the case, from which we determine key details, including the penalty amount.

Rule No. 18

Policy Title: Opinions on Further Regulating Party and Government Officials' Part-time (and Post-government Full-time) Positions in Enterprises.

Policy Date: October, 2013

Policy Text:

(i) Incumbent party and government leaders, as well as leaders who are not currently serving but have not formally retired, are prohibited from holding concurrent positions in enterprises.

(ii) Stringent regulations apply to retired or resigned party and government leaders seeking concurrent roles in enterprises. Approval must be sought through proper channels when such concurrent roles are necessary. Within three years of resignation or retirement, these leaders are prohibited from taking positions or engaging in profit-driven activities in enterprises within the jurisdictions or business areas they previously oversaw.

For roles outside their former jurisdiction and business scope, these leaders must report to the party committee of their former unit in advance. The prospective enterprise must provide a written justification for the appointment, which requires review by the committee and authorization from the corresponding organizational departments.

After three years post-resignation or retirement, any enterprise appointment still requires prior notification to the former unit's party committee. The enterprise must submit a justification for the role, and the committee will review and file the appointment with the organizational departments.

(iii) Party and government leaders approved to hold concurrent enterprise positions are prohibited from receiving any salary, bonus, allowance, stock options, or additional benefits. Only one concurrent position is allowed. If the position has a term limit, any renewal beyond two terms requires new approval or filing. Concurrent positions are capped at the age of 70.

(iv) Leaders who formally assume enterprise positions must promptly transfer their administrative and salary ties to the enterprise, relinquishing their civil servant status and entitlements from the party and government bodies. Reverting their status to the party or government for retirement purposes is not permitted after taking retirement in the enterprise.

(v) Leaders in concurrent enterprise roles must abide by laws, maintain integrity, and refrain from using their influence for personal or organizational gain. Performance in such roles, remuneration, and expense claims should be reported annually in writing to the party committee of their former unit.

(vi) A timeframe is set to address unauthorized concurrent enterprise positions held by party and government leaders. Regions and departments must conduct an initial assessment to identify any such roles. Any non-compliant concurrent roles must be relinquished or terminated within three months. For cases where prior approval or filing was not obtained, compliance procedures must be completed within three months. Illegally obtained compensation should be handled in accordance with the Central Commission for Discipline Inspection (CCDI) regulations.

(vii) Once the review is complete, any further instances of undisclosed concurrent roles or remuneration will be investigated and handled with strict discipline. Regions, departments, and units will be held accountable for any procedural violations during the review of concurrent positions held by party and government leaders.

(viii) Party and government leaders' concurrent roles in other profit-driven organizations are also subject to these guidelines.

Leaders in government-affiliated or public organizations, as well as other leaders, should comply with or refer to these guidelines as applicable.

(ix) Regions and departments may develop management measures in line with these guidelines and cadre management rules to ensure standardized supervision of concurrent positions across all leadership levels.

(x) These guidelines take effect immediately upon issuance. Any previous policies inconsistent with these guidelines shall be superseded.