

1 Introduction

The way a state is governed in a country has far-reaching consequences that extend well beyond the realm of politics. It not only determines the level of political freedom citizens can enjoy but also profoundly influences the quality of life, economic potential, and overall societal development. In his groundbreaking work, North (1981) emphasizes the critical role of secure property rights in the ascent of the European economy in modern times. An even more profound insight is North's reminder to all researchers that, although property rights are crucial, a theory of the state must be incorporated to comprehend why advantageous property rights arrangements were not adopted in some countries in the first place. This should be a primary inquiry for political economists seeking to explain the complexities of economic development and underdevelopment throughout world history.

This insight has served as a major inspiration for generations of scholars, propelling them to investigate the political underpinnings of economic development. When explaining cross-country differences in economic development, the type of government in place emerges as a central point of contention among political economists. Many researchers in this field hold the view that democratic forms of government offer significant promise. North and Weingast (1989) assert that while a strong state is a prerequisite for safeguarding property rights, it is the checks and balances inherent in democratic governments that possess the institutional capacity to prevent state predation and guarantee the security of property rights. A case in point is the Glorious Revolution of 1688, which, through the establishment of parliamentary supremacy, allowed the British monarch to instill confidence in creditors and lay a robust foundation for the Industrial Revolution. Looking at it from a different angle, Bhagwati (2002) contends that the advantages of a democratic regime go beyond the mechanism of property rights. They extend to its ability to maintain peace on both domestic and international fronts and avoid costly policy errors by tapping into the wealth of information from all strata of society. Acemoglu and Robinson (2020) expand upon these concepts and further suggest that democratic regimes provide political openness that nurtures a climate of market competition, and harness the immense pool of human potential for driving technological advancements. These elements serve as the bedrock for fostering sustainable economic growth in the long run.

In contrast, autocratic regimes tend to concentrate power in the hands of a select few, thereby limiting the political freedoms of the vast majority. The unequal distribution of resources and opportunities limit the broader societal and economic development. Property rights are frequently violated by an

arbitrary state, eroding business confidence in making productive investments (Przeworski and Limongi 1993). While individuals in close proximity to the ruling authority may enjoy more secure property rights, their numbers are insufficient to uplift the entire economy. These same individuals also benefit from privileged market access and maintain monopolistic control in various industries. The failure to educate and involve the majority of the general population means that the country cannot fully harness the collective potential of its people and thus impedes the development of a more inclusive and equitable society (Acemoglu and Robinson 2012; De Mesquita and Smith 2011).

An emerging and increasingly relevant field of inquiry has attempted to establish democratic advantages that extend beyond these structural elements of democratic governance and delves into the personal qualities of its leaders. Competitive elections provide citizens with an explicit mechanism to evaluate their leaders' performance in relation to that of their predecessors and neighboring counterparts. Observing the relative successes and failures of their leaders, citizens are more likely to be more discerning in their choices and elect candidates with proven track records of competence and ethical conduct (Besley and Case 1992; Cooter 2003). This selection process not only acts as a filter to screen out low-quality individuals but also incentivizes political leaders to make enlightened policy decisions and deliver superior economic outcomes for the constituents (Besley, Montalvo, and Reynal-Querol 2011; Jones and Olken 2005). Conversely, autocratic systems often exhibit a concentration of power that is conducive to nepotism and cronyism. In such environments, the selection of leaders is frequently based on factors other than merit and competence. Leaders appoint relatives and close associates to key positions of authority, regardless of their ability to govern effectively. This nepotistic approach hinders the overall competence level of autocratic governments and weakens the quality of policy-making and economic outcomes within those jurisdictions (Acemoglu, Egorov, and Sonin 2012). The lack of competitive elections and accountability mechanisms in these systems also perpetuates suboptimal leadership. These leaders often prioritize their own interests or those of a small elite, leading to policy decisions that do not align with the broader welfare of the population (Besley and Reynal-Querol 2011; Dal Bó et al. 2017).

In recent years, a growing body of academic work has begun to challenge these conventional thoughts surrounding the advantages of democratic governance. The claim that competitive elections consistently select competent leaders, in particular, is now under scrutiny. Some argue that the fierce competition in elections can inadvertently thrust populist figures into leadership positions, with their emphasis on popularity often overshadowing considerations of

competence (Buckley and Reuter 2019). The recent electoral successes of various populist leaders worldwide, representing a broad ideological spectrum from left-wing to right-wing and nationalist positions, further reinforce this skeptical perspective. These occurrences have become so commonplace that it prompts a reasonable question: could this phenomenon be inherent to the democratic system itself? Figures like Donald Trump in the United States, Rodrigo Duterte in the Philippines, Viktor Orbán in Hungary, Andrés Manuel López Obrador in Mexico, and Evo Morales in Bolivia have all ascended to power. Their leadership has been marked by contentious policies and questionable economic and social outcomes, adding weight to the argument that electoral competition may not always guarantee competent leadership.

The rapid ascent of the Chinese economy over the past four decades presents a compelling contrast. Since the late 1970s, China has undergone an extraordinary economic transformation, propelling itself to be ranked one of the world's largest and fastest-growing economies. With an impressive average annual gross domestic product (GDP) growth rate of 9.5 percent between 1979 and 2019, China's economic boom has lifted hundreds of millions of people out of poverty, establishing it as the second-largest economy globally (Brandt and Rawski 2020; Naughton 2006). While market reforms in China's rural, urban, and international economies have played a pivotal role in this success, political economists widely recognize the significant influence of certain qualities inherent in the Chinese state, partially stemming from its highly autocratic rule by the Communist Party. Specifically, China's centralized cadre management system has facilitated the recruitment of highly talented individuals into leadership positions, contributing to the nation's remarkable economic achievements (Blanchard and Shleifer 2001; Maskin, Qian, and Xu 2000). This counter-narrative suggests that autocratic systems, when structured around meritocratic principles, can achieve significant developmental outcomes. Bell (2016) posits that this model presents a viable alternative to the democratic development model in the West, potentially offering superior outcomes. The ongoing debate surrounding these issues holds profound implications for our comprehension of good governance and development within the global context. For many impoverished nations governed by autocratic regimes, the Chinese model offers an alternative to the traditional democratic development path. We intend to contribute to this high-stakes deliberation by scrutinizing the Chinese case, often held up as a prime example within the dissenting camp. Specifically, we inquire if the Chinese state has operated as meritocratically as its proponents assert.

To effectively address this question, it is imperative to delve into the intricacies of state-building in China. After an extensive survey of the existing literature on this subject, encompassing both theoretical and empirical works,

we distill two prominent theories that have significantly influenced scholars' perspectives in Section 2. One prevailing argument posits that China remains entrenched in informal policies reminiscent of the Mao era. This perspective asserts that power is personal and patronage constitutes the fundamental organizational principle in governing personnel appointments in the party-state. Leaders reward unwavering loyalty with key party and government positions. In return, these trusted clients and followers offer valuable resources and political supports, aiding leaders in their competitions and ensuring political survival amid internal power struggles. Numerous studies, both anecdotal and systematic, affirm the prevalence of factionalism in China. Conversely, another school of thought contends that post-Mao China has undergone significant transformations aimed at reestablishing state legitimacy through rational governance and economic development. Central to this argument is a national cadre assessment system that quantitatively evaluates leaders' performance across a list of tasks at various levels of government. Individuals with exceptional capabilities for driving economic growth have risen through tournament-like competitions. This constitutes the formal and institutionalized foundation of China's meritocratic state.

The idea of officials striving for promotion based on meritocratic principles holds an appealing theoretical promise, especially for Chinese political economists frustrated by the messiness of autocratic politics. This notion has gained traction among young researchers who lean on this assumption to construct increasingly sophisticated models explaining politics and economy in China. In Section 3, we highlight three fundamental issues with this meritocratic perspective. Primarily, applying a bureaucratic model to local leaders risks blurring the important distinction between bureaucrats and politicians. This shortcut overlooks the perpetual struggle for survival that politicians face within an autocratic state. When power takes center stage in intellectual discussions, it becomes evident that autocratic rulers tend to shun competent leaders. Therefore, competence and autocracy fundamentally clash. While some supporters of the meritocratic view argue that a common crisis among ruling elites could push them to prioritize fostering a Weberian state that values individual merit and achievements, this perspective disregards the fact that the purported economic crisis post-Mao's death was largely fabricated by Deng to undermine Mao's loyalists. Recent studies offer substantial evidence to refute this political myth. Furthermore, economic reforms inherently introduce uncertainty and resource redistribution, disrupting the existing political balance within the state. Post-Mao Chinese leaders were far from unified in their objectives and policies. Intense power struggles among prominent figures such as Deng Xiaoping, Hua Guofeng, Chen Yun, Zhao Ziyang, Li Peng, Jiang Zemin, Hu

Jintao, and Xi Jinping significantly shaped the ideological landscape surrounding reform agendas in their respective eras, leading to the ascent and decline of different factions. This disunity was not due to a lack of desire to foster economic growth; rather, it stemmed from their support for alternative policies that favored their political survival.

Secondly, the meritocratic view has misconstrued China's cadre assessment system in several crucial ways. Proponents suggest that central leaders have adopted a scoring system to assess all cadres' performance. They propose that numerical weights are assigned to all government and party tasks, especially emphasizing economic development tasks. This makes it possible to evaluate local cadres objectively and scientifically, hence a merit-based state. However, the actual cadre assessment system evaluates cadres' performance across multiple dimensions, with work achievement being just one of five aspects, and economic growth indicators holding even less significance in the total scores. Rather than relying on objective statistics, cadres' final merit ratings hinge on subjective evaluations by peers, subordinates, and superiors. Furthermore, there is no formal link between cadre merit ratings and promotions. The Central Committee of the Chinese Communist Party (CCP) and the Department of Organization treat cadre assessment and promotion as separate procedures, each with different regulatory rules. Instead of identifying capable individuals as the meritocratic view contends, the cadre assessment system is designed to compel the unwieldy cadre system to fulfill its basic functions at the grassroots level. The supposedly "objective" statistics are easily manipulated locally, rendering the assessment results practically unusable. Lastly, the notion of a highly centralized and uniform cadre management system is a misrepresentation of the reality. The Chinese cadre system is quite decentralized, with each tier responsible for assessing cadres one level below in the hierarchy. Consequently, cadre assessment exhibits significant variations concerning geographic location, administrative ranks, and development status. For practical purposes, it started to emerge in the second half of the 1990s, so using it to explain China's rapid economic growth in earlier decades does not align with reality.

The third critique concerns methodological inadequacies in existing empirical studies. While numerous studies explore cadre promotions and GDP growth, some positive findings stem from data errors and incorrect model specifications. For example, one of the most cited findings by Li and Zhou (2005) could not be replicated by Tao et al. (2010) after fixing some data errors. Wiebe (2024) has failed to replicate some research findings once some model misspecifications were corrected. Contradictory results also emerge regarding the effects on party and government leaders – some affirm meritocratic promotion for party secretaries only (Choi 2012), while others claim that it applies

solely to government leaders like governors and mayors (Chen and Kung 2019). Still, some findings suggest uniform treatment of both party and government leaders within the meritocratic system (Landry, Lü, and Duan 2018; Zeng and Wong 2021). This inconsistency might relate to varied data ranges or administrative ranks. From a methodological perspective, however, existing studies tend to fall short in two aspects. Some empirical studies do not include patronage variables in their tests of the meritocratic hypothesis. Since these ties significantly influence both economic performance and career advancements simultaneously, models without these variables could potentially bias their conclusions. A more problematic issue is their inability to tackle latent variables. Failing to account for unobservable innate leader qualities in regressions skews their coefficient estimation of the economic growth variable. We discuss these issues in great details and propose to address these inadequacies by including individual leader fixed effects in our models. We exploit the exogenous change of top leadership to generate patronage tie switches, aiming for a more robust empirical basis in the theoretical debate.

To substantiate our theoretical, factual, and methodological critiques, we turn to systematic data and empirically study the elite mobility of Chinese provincial leaders in Section 4. These individuals occupy critical positions in China's political hierarchy, and their advancement often serves as a gateway to the country's most powerful governing circles. Upon scrutinizing the promotion patterns of these officials, we have discovered no corroborating evidence to support the assertion that individual merit has played a significant role in the central government's personnel decisions. This holds true consistently across various time periods marked by different core leaderships over the course of the past four decades. There are no exceptions, whether we examine high-growth periods, such as the early 1980s and the mid-1990s to mid-2000s, or low-growth phases, such as the late 1980s to the mid-1990s and the period from the 2010s to the present.

Regarding the alternative perspective of patronage politics, our results provide supportive evidence but do not precisely replicate previous findings. Researchers have identified various foundations for patronage ties in Chinese elite politics, including factors such as birthplace, college, affiliations with the Chinese Communist Youth League (CCYL), and princeling status. In our findings, we have observed that only relationships nurtured through close working associations with powerful patrons, especially the four core leaders: Deng Xiaoping, Jiang Zemin, Hu Jintao, and Xi Jinping, confer substantial and enduring advantages upon provincial officials in the high-stakes arena of personnel decisions. This finding remains robust even when we expand our definition of the top leadership to include General Party Secretaries and other

Political Bureau Standing Committee members, and apply more stringent promotion criteria while excluding positions in the National People's Congress and the National People's Political Consultative Conference.

This Element aims to make contributions to several important debates in the field of China studies and the broad field of political economy of development. It proposes a methodological remedy to the inference problem in studying Chinese official mobility. Numerous empirical tests have been carried out to verify these theories about Chinese state-building, but a consensus seems elusive as of now. Some studies have confirmed one side of the debate while rejecting the alternative: meritocratic promotion (Li and Zhou 2005; Zeng and Wong 2021) or factional selection (Oppen, Nee, and Brehm 2015; Shih, Adolph, and Liu 2012). Still some results support both meritocracy and factionalism simultaneously (Chen and Kung 2016, 2019; Choi 2012; Jia, Kudamatsu, and Seim 2015; Landry, Lü, and Duan 2018). These bewildering findings partly reflect the fact that scholars have chosen to study different facets of the Chinese state or selected only certain time periods in their regression analyses. Some inconsistency also stems from data errors and model misspecifications (Fisman et al. 2020; Tao et al. 2010; Wiebe 2024). In our view, the failure to adequately deal with officials' unobserved personal traits in regression analyses is another underlying cause of these contradictory findings. Some innate traits, like cognitive ability, administrative aptitude, leadership style, interpersonal skills, personal values, and ambitions, can simultaneously decide provincial officials' economic performance, patronage ties, and career successes. Since these factors are unobservable, omitting them from regressions can bias the coefficients. We introduce individual fixed effects to estimate the within-individual effects. Essentially, we exploit the exogenous patronage tie switches caused by the leadership succession at the top of the hierarchy. The resulting coefficients capture the real impacts of patronage and performance, thereby situating the theoretical debate on a firmer empirical grounding than previous studies. Our comparative analysis shows that previous studies have significantly underestimated the impact of patronage ties. Implementing this strategy, however, requires long time series data that spans multiple generations of leaders to generate adequate switches. Our data includes all provincial leaders under multiple generations of ruling elites in post-Mao China, something infeasible for earlier researchers.

By demonstrating that the meritocracy argument lacks a solid empirical basis in China, we contribute to the theoretical development of autocracy. Because autocrats generally resist clear rules and formal institutions, autocratic governance has been typically conceptualized through a patronage model, with the usual traits of nepotism, corruption, and inefficiency. The

proponents of the meritocratic view in recent years, as well as their predecessors in the developmental state tradition, have rightly acknowledged the imperative for rational governance in the age of modernization even for an autocratic state. But this mode of analysis has a tendency of reducing politics to simple administrative matters and under-theorizing power in autocracies. A model of autocratic governance must properly account for the autocrats' political logic when they contemplate the "Weberian" promotion rule. In a recent paper, some noted scholars in the field of public administration and bureaucracy urged fellow researchers to elevate politicians' survival instincts more explicitly in their analyses (Besley et al. 2021). In fact, this level of interrogation equally applies to those researchers who argue that both meritocracy and patronage have operated in concert inside the Chinese state. Loyalty is not an innate personal trait but rather a choice that clients make in high-stake power games. More competent people tend to attract bids from multiple patrons and are naturally less loyal (Egorov and Sonin 2011). These scholars have significantly under-theorized the trade-off between competence and loyalty. Studying the career path of Chinese military officials, Mattingly (2024) has shown some evidence supporting this trade-off view. Our study further demonstrates that this phenomenon is not limited to highly sensitive areas, like the military, but has permeated Chinese governance on a much broader scope.

Finally, our findings in this Element have important implications for the debate discussed at the outset: Does autocracy have any advantage in promoting meritocracy and high-quality growth? If Chinese leaders are not promoted on the basis of competence, the economic miracle during the reform cannot be explained by the high competence of its political leaders. Since China has been a poster child among dissenting groups, this calls into question the validity of the counterargument to the democratic advantage perspective in recent scholarly development. It should also discredit some attempts to embrace autocratic governance among development policy circles. However, our finding should not be interpreted as a rejection of the foundational belief of governance playing a significant role in economic development. Quite the contrary, our analysis points to two research directions that can advance this political-economic agenda. Scholars should examine the autocratic regime's advantage in mobilizing resources and suppressing societal resistance, which has played an essential role in molding China's particular growth model. Additionally, patronage politics can systematically shape economic policymaking, resource allocation, and the long-term trajectory of development. We will delve deeper into these topics in Section 5 and review recent publications along these lines of inquiry.

2 How Is the Chinese State Organized? Two Dominant Views

The Chinese state is characterized by a unique fusion of party and government apparatus, commonly referred to as the party-state system. At its core lies the Chinese Communist Party (CCP), which exercises paramount authority over all aspects of governance. The state institutions formally handle administrative functions, but the CCP permeates each cell of these institutions and supervises their adherence to the Party's ideologies and policies. Local authorities (province, prefecture/city, county, township) have gained significant autonomy over economic, social, and political management in post-Mao reforms, but as a unitary state, each tier is subordinate to the tier above it and, ultimately, all levels remain subordinate to the central party in Beijing. Within the CCP, leadership is hierarchical, with the final power vested in the Politburo Standing Committee (PSC), the apex decision-making body.

The CCP, like many autocratic regimes, places a strong emphasis on controlling its personnel and has established a highly centralized and complex system for managing its cadres. Institutionally, the Department of Organization oversees the operation of the nomenclature system and serves the party committees at each level of the hierarchy. Manion (2023) has summarized these formal rules and structures nicely in a volume on this topic. However, the core tenets guiding official qualifications have shifted back and forth between prioritizing “ideological purity” and “technical competence,” in other words, valuing political loyalty versus professional expertise. During Mao's era, trust was placed in only a select few personal allies, and he was ruthless in suppressing political rivals and competing factions. However, in the period following Mao's death, there has been a push to place more importance on expertise when selecting government officials. Nevertheless, the effectiveness of this shift has been a subject of ongoing scholarly debate. In the extensive and continually expanding body of literature on this topic, two contrasting viewpoints have emerged.

2.1 Informal Power and Patronage Politics

Students of Chinese elite politics have long noted the prevalence of informal and personal power dynamics (Dittmer 1995; Nathan 1973). From grassroots levels to the highest echelons of power, patronage politics, and factional rivalry permeate the Chinese state. In many ways, this phenomenon is not surprising in the realm of politics. Across most human societies, people tend to associate with others who share commonalities like ethnicity, religion, values, and other traits (Lazarsfeld and Merton 1954). This innate human tendency assumes even greater significance in politics. Politicians in democracies often find it convenient and, at times, necessary to build powerful and loyal support bases through