

Behavioral Traits and Political Selection in Authoritarian
Ruling Parties: Evidence from the Chinese Communist Party

by

Fengming Lu

Department of Political Science

Duke University

Date: _____

Approved:

Edmund Malesky, Supervisor

Herbert Kitschelt

Melanie Manion

Pablo Beramendi

Dissertation submitted in partial fulfillment of the
requirements for the degree of Doctor of Philosophy
in the Department of Political Science
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ABSTRACT

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Abstract

This dissertation investigates the role of behavioral factors in the personnel selection in authoritarian ruling parties. First, I argue that authoritarian ruling parties increase the weight of dispositional and behavioral criteria in personnel selection as a response to structural changes. Namely, the reasons behind this shift are that an authoritarian ruling party faces similar problems in personnel selection (such as heterogeneities in agents' tasks and the multitask problem) and the party can no longer observe members' and cadres' loyalty based on a single indicator. Subsequently, I argue that risk attitudes, a key dispositional concept in applied psychology and behavioral politics, explain cadres' propensities to engage in policy innovation and their obedience to the party leadership's authority and orders. I further examine two mechanisms that might explain the relationship between risk attitudes and obedience, namely sensation-seeking and loss aversion. Finally, I contend that authoritarian ruling parties employ a diversified strategy of personnel selection when they assign cadres to different offices. To test the arguments, the author employs a mixed-method approach and utilizes archival evidence, original cadre survey experiments, original survey data, and interviews in the Chinese Communist Party (CCP), the largest authoritarian ruling party in the world.

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Chapter 1

Introduction

*[A]fter the correct political line has been laid down,
organisational work decides everything, including the fate of
the political line itself, its success or failure.*

Joseph Stalin^a

^aSee Stalin (1934).

Since the third wave of democratization, single-party regimes have been one of the key topics in the literature of authoritarian politics. This is not surprising, because single-party regimes are distinct from other forms of non-democracies in many regards. They are more politically stable and resilient than personalist, military, or hybrid regimes (Geddes 1999; Huntington 1968; Magaloni 2008; Wright 2008). Single-party dictatorships are also less vulnerable to various stimuli or focal points of democratization, such as economic crises, rises of popular opposition groups, and mass uprisings (Brownlee 2007; Magaloni 2006; Slater 2003; Smith 2005). As a result, the mechanisms behind the political stability of single-party regimes and institutions of authoritarian ruling parties have long interested scholars and policymakers.

A burgeoning branch of literature on authoritarian politics attempts to explain

the role of authoritarian ruling parties in regime survival. Political scientists have put forward three arguments about how authoritarian ruling parties contribute to regime stability. The elite co-optation argument theorizes that authoritarian ruling parties function as platforms that reward regime supporters. The material or political exchange between the regime and supporters is achieved through elite co-optation and patronage networks (Blaydes 2010; Gandhi 2008; Geddes 1999; Magaloni 2006). An alternative theory argues that the regime party creates a common expectation, which facilitates cooperation and prevents factionalism among regime elites (Brownlee 2007; Geddes 1999; Magaloni 2006). The grassroots co-optation argument claims that neither facilitating material exchanges nor creating common expectations is a distinctive feature of authoritarian ruling parties. Further poking into the institutions of authoritarian ruling parties, the career mobility argument theorizes the party as a hierarchical organization that monopolizes appointments of political offices. An authoritarian ruling party exploits career aspirations of productive youths, promises them prospects of career advancements, and induces them to lock their career goals within the authoritarian ruling party (Svolik 2012).

In the meantime, fast economic growth under some single-party regimes has stimulated a parallel stream of political economy literature. This branch of literature attempts to explain how the institutional framework of Leninist parties, which traditionally emphasizes top-bottom commands, contributes to the emergence of local policy initiatives and economic growth.¹ In this branch of political economy literature, the critical concept of party institutions is the party's personnel control of executive offices. Because of the cadre management and evaluation system and the party's control over personnel appointments of executive offices, the party can use political promotions to incentivize lower-level cadres to generate high economic growth (Chen,

¹For a detailed literature review, see Malesky and London (2014).

Li and Zhou 2005; Edin 2003; Landry 2008; Li and Zhou 2005; Maskin, Qian and Xu 2000; Whiting 2004) or initiate policy experiments (Fforde and De Vylder 1996; Kerkvliet 2005; Malesky 2008; Qian, Roland and Xu 2006; Xu 2011).

However, these two streams of literature on authoritarian ruling parties suffer from three shortcomings. First, the existing literature mainly follows a rationalist approach, in which the behavioral side of the story is missing. Behavioral factors are not superfluous in personnel selection in authoritarian ruling parties. Like other large hierarchical organizations that exploit youths' career aspirations, authoritarian ruling parties need to select the best agents to reward or promote. The agents' performance, however, is not determined only by their efforts but also by random factors. Moreover, in contemporary single-party regimes, the agents also need to complete multiple tasks, which include not only party services but also generating economic growth, providing social services such as education and healthcare, maintaining social stability, and so on. These two conditions both undermine the validity of objective performance indicators. Since firms have increasingly faced similar situations in recent decades, a large host of firm management literature shows that firms and other organizations have employed dispositional and behavioral criteria in personnel selection. Furthermore, authoritarian ruling parties have a large stake in organizational cohesion and elites' obedience to the party leadership's authority. Leninist party leaders from Vladimir Lenin to Xi Jinping, despite their numerous differences, all have emphasized why obedience is critical in personnel selection in their parties. Lenin (1920*a*) attributed the Bolsheviks' victory over the bourgeoisie to "absolute centralisation and rigorous discipline of the proletariat." In his first speech about organizational affairs as a paramount leader, Xi called the party members and cadres to "consciously uphold the authority of the party leadership."² Nevertheless, the role of behavioral and dispositional factors in

²Xi Jinping. *Comrade Xi Jinping's Speech at the National Organization Work Conference* (Xi Jinping

authoritarian ruling parties is still missing in the literature.

In the meantime, while cadres in authoritarian ruling parties face higher levels of risk and uncertainty than politicians and officials in democracies, almost none of the existing studies pay attention to risk attitudes of party cadres and their implications. Political elites in authoritarian politics are generally surrounded by higher levels of risk and uncertainty than their counterparts in democracies. As Svobik (2012, xvii) summarizes,

“Compared to authoritarian politics, democratic politics is orderly. The “rules of the game” can be counted on. Candidates campaign, sometimes they squabble, but then - voters vote. In dictatorships, the presumed “rules of the game” are routinely broken and backstabbing is far from metaphorical.”

Besides backstabbing from political rivals and jealous colleagues, cadres in authoritarian ruling parties face additional risks. Even in authoritarian ruling parties, which create some forms of certainty in enforcing rules and norms, the enforcement of discipline is often imperfect (Gunther and Diamond 2003; Pieke 2009; Schurmann 1968; Selznick 1952). Outcomes of disciplinary violations are uncertain rather than deterministic. Cadres who violate rules and disobey orders from above often face severe punishment such as demotion or even imprisonment (Cai 2015; Schurmann 1968). However, if their disobedience results in better performance or successful policy innovation, they may be exempt from disciplinary punishment or even rewarded (Cai 2015). While the implications of risk attitudes have been widely and thoroughly studied in behavioral economics and electoral politics,³ the role of risk attitudes in authoritarian ruling parties, where political elites face considerable levels of risk in

tongzhi zai quanguo zuzhi gongzuo huiyi shang de jianghua), June 28, 2013, 240-4, in “Organization Work Bulletin - 2013.”

³For recent examples, see Eckles and Schaffner (2011); Eckles et al. (2014); Kam (2012); Kam and Simas (2010); and Kam and Simas (2012).

their everyday lives, is largely unexplored.

Finally, both the political economy literature on economic growth in single-party regimes and its critiques, which argue that factional ties rather than economic performance lead to political promotion (Shih, Adolph and Liu 2012) or that the two factors are complementary (Jia, Kudamatsu and Seim 2015), fail to speak to the literature on and observations of authoritarian ruling parties. The main reason is that these studies simply reduce party institutions to a quasi-bureaucratic career system or a political arena for different factions to compete against each other. While it is true that Leninist parties bear a resemblance to bureaucracies, authoritarian ruling parties lack some of the fundamental features of a Weberian bureaucracy, such as the principle of rule of law, political neutrality and impartiality, impersonal relations between employees, strict enforcement of formal and written rules, and high degree of predictability within the organization (Rothstein 2015). As a result, they need behavioral traits to infer cadres' obedience to the higher authorities.

Moreover, as the core political actor in any single-party regime, an authoritarian ruling party is not merely an executive bureaucracy or a combination of factions. The party has a series of institutions to monitor executive officials. Its personnel management system does not control merely appointments of executives who make decisions about economic policies, but also cadres who are responsible for coordinating general affairs, vetoing policy decisions, enforcing political discipline, and monitoring executive officials. Richard McGregor (2010, 72), the *Financial Times*' senior correspondent in China, once attempted to illustrate for Western readers the mighty role of the Central Organization Department of the Chinese Communist Party (CCP) and the party's extensive control of critical offices:

A similar department in the US would oversee the appointment of the entire US cabinet, state governors and their deputies, the mayors of major

cities, the heads of all federal regulatory agencies, the chief executives of GE, Exxon-Mobil, Wal-Mart and about fifty of the remaining largest US companies, the justices on the Supreme Court, the editors of the *New York Times*, the *Wall Street Journal* and the *Washington Post*, the bosses of the TV networks and cable stations, the presidents of Yale and Harvard and other big universities, and the heads of think-tanks like the Brookings Institution and the Heritage Foundation.

While the party (1) controls appointments and promotions across a wide range of offices and (2) employs dispositional criteria in personnel selection, how does it diversify the personnel selection strategy to maximize benefits and minimize risks? If it is true that there is an established relationship between certain types of dispositional criteria and behavioral patterns, it still remains unclear how the party assigns cadres to different posts based on their dispositional traits.

In sum, this dissertation aims to answer the following unaddressed questions in the literature. First, if objective performance measures fail to reflect cadres' behavioral patterns because of the multitask problem and the declining validity of traditional loyalty indicators, what criteria are used to complement the objective measures? If there is a behavioral criterion when authoritarian ruling parties select elites, which dispositional factors and causal mechanisms explain its variation among cadres? How do authoritarian ruling parties select and assign cadres based on behavioral criteria? To answer these questions, I build my arguments based on existing research in applied psychology, behavioral economics, firm management, and authoritarian politics. I test my arguments with qualitative evidence and quantitative data about the personnel management system in the CCP, the largest authoritarian ruling party in the world.

1.1 Key Concepts in the Dissertation

Before I introduce the main arguments, it is critical to define three related but distinct key concepts in this dissertation and distinguish them from each other: loyalty

to the regime, organizational loyalty, and risk aversion. While regime loyalty has been a key topic in the existing literature of authoritarian ruling parties, I argue that loyalty to the regime is no longer the main focus of personnel selection in contemporary authoritarian parties where regime survival is not at stake in most instances. In this dissertation, I argue that organizational loyalty, that is, obedience to authority in an organizational setting, is the main behavioral criterion in authoritarian personnel selection. Risk aversion, a main dispositional factor in the behavioral literature, explains levels of obedience in authoritarian ruling parties.

1.1.1 Regime Loyalty

Loyalty, or, more specifically, political loyalty to the regime, has been a key concept in the studies of authoritarianism (Egorov and Sonin 2011; Reuter and Robertson 2012; Wintrobe 1998). While there is no doubt that regime loyalty is critical to the political survival of authoritarian regimes, it is less relevant in politically stable authoritarian regimes where regime survival is not at stake. The foremost reason is that if there is not a feasible alternative to the incumbent regime—most typically an organized opposition—regime loyalty of political elites and most citizens is largely not pertinent to the regime survival, as they lack a persistent focal point for collective action against the regime. Moreover, as I demonstrate in chapter 2, traditional indicators of regime loyalty, such as links to rival regimes or political parties or revolutionary credentials, are no longer applicable after a few decades of authoritarian rule. Younger, post-revolutionary generations are too young to have such attributes.

1.1.2 Organizational Loyalty and Obedience

Because regime loyalty is less politically relevant in stable authoritarian regimes, I introduce the concept of obedience, or “organizational loyalty.” While regime loyalty refers to one’s political loyalty to the regime, organizational loyalty is one’s loyalty

to higher-level authorities in an organizational setting. Scholars of firm management define organizational loyalty as “identification with and allegiance to organizational leaders and the organization as a whole, transcending the parochial interests of individuals, work groups, and departments” (Graham 1991). This definition is directly linked to obedience to higher-level authorities, which is a primary principle in Leninist parties. Since the emergence of Leninism, authoritarian ruling parties have promoted members’ and elites’ obedience to the party leadership’s and higher-level authorities’ orders, even if the instructions are against their own parochial interests (Lenin 1902, 1920*a*; Selznick 1952). Therefore, in subsection 3.1.1, I distinguish the concept of organizational loyalty from that of regime loyalty. Furthermore, I define organizational loyalty as elites’ unconditional obedience to upper-level party organizations’ command and authority.

1.1.3 Risk Attitudes and Risk Aversion

In this dissertation, risk aversion is a key dispositional concept that helps us understand the behavioral cause of political elites’ levels of obedience. It is worth noting that I build the concepts of risk attitudes, risk aversion, and risk-taking based on the prospect theory rather than the expected utility theory. The primary implication of my choice is that my definition of risk aversion is an individual’s subjective overestimation of risks and subjective underestimation of potential returns. Students of the classical economics literature, however, would define risk aversion as preferring the same or lower expected returns with an objectively lower level of risks to the same or higher expected returns with an objectively higher level of risks. As I explain in subsection 3.1.2, the theoretical reason behind my choice is that risks in authoritarian ruling parties often involve subjective perceptions of risks and uncertainties rather than objective risks.

1.2 The Main Arguments of the Dissertation

The main arguments of this dissertation build on existing research on behavioral economics, firm management, and authoritarian politics. The political economy literature on economic growth in single-party regimes is based on the assumption that an agent's multidimensional performance can be aggregated into a single objective indicator of performance. While the personnel management of authoritarian ruling parties shares many similarities with that of firms, the firm management literature points out two intrinsic problems in personnel management that undermine the validity of objective performance indicators. First, outcomes of objective performance measures are jointly determined by agents' efforts and external random factors. Heterogeneities in agents' tasks undermine the efficiency of objective performance measures (Lazear and Rosen 1981). Second, if agents are responsible for multiple tasks and there is not a single objective indicator that aggregates their performance across different tasks, rational agents may exclusively focus on the most measurable task or complete all tasks at mediocre levels (Holmström and Milgrom 1991). Authoritarian ruling parties often face similar problems in personnel selection. Moreover, authoritarian ruling parties need to solve an additional problem in personnel evaluation and selection. Authoritarian ruling parties' political survival hinges on their organizational cohesion and party cadres' obedience. However, it is difficult to observe cadres' loyalty when regime-threatening crises are absent, because they may falsify their political preferences (Kuran 1991, 1997). As a result, it is also difficult for many contemporary authoritarian ruling parties to measure cadres' loyalty based on an objective indicator.

According to the firm management literature, when objective performance measures can no longer signal employees' overall performance, firms and other hierarchical organizations employ subjective performance ratings to measure employees' behavioral attributes. As a result, they increase the weight of dispositional and behavioral factors

when they recruit, evaluate, select, and reward members. The main purpose of these organizations is to select individuals who are less likely to shirk responsibilities and prioritize a single task in multitask situations. Based on insights of firm management research, I argue that when an authoritarian ruling party faces similar problems in personnel selection and the party can no longer observe members' and cadres' loyalty based on a single indicator, the party increases the weight of behavioral criteria and subjective performance measures in personnel evaluation and selection. Specifically, the main motivations behind the shift toward behavioral criteria are (1) the heterogeneous set of cadres are responsible for multiple tasks and (2) the party's personnel selection focuses on cadres' organizational loyalty rather than their regime loyalty.

Subsequently, I argue that risk attitudes, a key dispositional concept in applied psychology and behavioral politics, explain cadres' propensities to engage in policy innovation and their obedience to the party leadership's authority and orders. While obedience to the party leadership's authority is a critical behavioral criterion in authoritarian ruling parties, several centrifugal forces have encouraged party cadres at the lower level to disobey orders from above. Party discipline is not always perfectly enforced (Cai 2015; Gunther and Diamond 2003; Pieke 2009; Schurmann 1968; Selznick 1952). Single-party regimes that implement economic reforms, particularly those of China (Coase and Wang 2012; Xu 2011) and Vietnam (Gainsborough 2002), have encouraged subnational leaders to start policy initiatives that deviate from the party's political line. Finally, authoritarian ruling parties lack many fundamental features of Weberian bureaucracies, such as the principle of rule of law and political neutrality, which induce elites' voluntary compliance to rules and obedience to authority (Ahlers 2014; Birney 2014; Pieke 2009; Rothstein 2015). Existing theories fail to explain why some party cadres may still be obedient to the party leadership's authority.

Based on insights from behavioral economics and applied psychology, I argue that

the key to explaining the variation lies in subjective perceptions of risk. Risk in firm management and political activities mostly involves subjective rather than objective risks. Risk attitudes conceptualize individuals' subjective perceptions of risk and determine their propensities to engage in risky activities. As policy innovation in authoritarian ruling parties inevitably conflicts with central policies and deviates from the party's political line, it involves both an uncertain prospect of career advancements and risk of disciplinary punishment. Risk-acceptant cadres, who may perceive more subjective returns and smaller subjective losses from policy innovation and disobedience, are more likely to disobey orders from the party leadership. Two causal mechanisms may explain the relationship. The sensation seeking argument suggests that risk-acceptant cadres may be more innovative and disobedient because they gain more subjective returns from the party's rewards for policy innovation. The loss aversion theory argues that risk-acceptant cadres may be more innovative and disobedient because they experience smaller subjective losses from potential disciplinary punishment.

Finally, I present the political consequences of the use of dispositional criteria in personnel selection and the relationship between risk attitudes and obedience. I contend that authoritarian ruling parties employ a diversified strategy of personnel selection when they assign cadres to different offices. As discussed earlier, authoritarian ruling parties employ behavioral and dispositional criteria in personnel evaluation and selection when offices involve multiple tasks and requires higher levels of organizational loyalty. Moreover, risk-acceptant cadres are more likely to engage in risky policy innovations and disobey orders from the party leadership. Authoritarian ruling parties control appointments of executive offices. Additionally, they control a wide range of offices that are responsible for vetoing executive decisions, monitoring executive officials' activities, determining their political careers, and enforcing disciplinary punishment.

Compared with executive officials, the offices of party generalists, organizational cadres, and disciplinary officials involve more tasks or more performance indicators. Furthermore, these offices require higher degrees of organizational loyalty in the eyes of authoritarian ruling parties. As a result, risk-acceptant cadres, who are more likely to be innovative in policy-making, are more likely to be assigned to executive offices that make direct policy decisions. However, their decisions are monitored and checked by the latter set of officials, who are more likely to be risk averse and obedient.

1.3 The Research Design of the Dissertation

I chose China and the CCP as the research case to test my arguments. China is a great case with which to begin my inquiry, not only because the CCP is the largest authoritarian ruling party in the world, but also because the CCP has experienced dramatic changes in its personnel management strategies since it took power in 1949. Moreover, in spite of many challenges, it is still feasible to collect qualitative and quantitative evidence about the CCP's personnel management and the behavioral patterns of CCP cadres. To test my argument, I employ a mixed-method approach which includes archival research, survey data, survey experiments, and interviews.

1.3.1 The Archival Research

To document the CCP's shift toward using dispositional and behavioral criteria in personnel management, I conducted a detailed case study of the personnel management system in the CCP and its evolution after the CCP took power in 1949. Based on a rich set of archival evidence about personnel management policies and their implementation in the CCP over the last seven decades, this case study delineates how the CCP has increased the weight of dispositional and behavioral criteria as a response to structural changes since the late 1970s, particularly the emergence of the multitask problem and the declining importance of regime loyalty in personnel selection.

The case study mainly draws on two sources of archival evidence, which include rarely used internal party documents from the Harvard-Yenching Archives and the author's own collections. The internal party documents from the Harvard-Yenching Archives are dozens of volumes of internal documents about the party's organizational affairs in the *Collection of Important Historical Documents of the Chinese Communist Party* [中共重要历史文献资料汇编].⁴ Mostly edited and compiled by the Central Organization Department of the CCP, the top administration of personnel management in the party, these documents cover all policies, guidelines, practices, and important changes of personnel management in the CCP between 1949 and 1998.

Supplementing the 1949-1998 documents from the Harvard-Yenching Archives, internal party documents from the author's own collection help me demonstrate the incumbent CCP leadership's vision about personnel management and the implementation of the party's personnel policies in more recent years. The documents are from the *Organization Work Bulletin* [组工通讯], a serial that has been edited, compiled, and published by the Central Organization Department of the CCP annually since the late 1970s. Only circulated among cadres of the party's organization departments at various levels, the *Organization Work Bulletin* discloses the party's senior leaders' speeches about organizational affairs, recent instructions and guidelines for organizational works, and contemporary practices of the party's personnel management across the country.

1.3.2 The Original Cadre Survey and Survey Experiments

To test my arguments about the relationship between risk attitudes and obedience, the causal mechanisms of obedience, and the party's diversified strategy of personnel

⁴While several other institutions across North America and the Universities Service Centre for China Studies at the Chinese University of Hong Kong also partially possess this collection, only the Harvard-Yenching Archives have obtained the complete collection. A catalog of the collection can be found at https://guides.library.harvard.edu/ld.php?content_id=23588005.

selection, I conducted an original paper-based cadre survey experiment in China between 2017 and early 2018. The respondents were recruited from participants of short-term training courses in the School of Public Administration at one of the top two universities in China, and all respondents were cadres in the CCP-controlled system of personnel management. Like other recent survey experiments of Chinese officials, the sampling of the survey subjects was non-probabilistic (Liu Forthcoming; Meng, Pan and Yang 2017; Pan and Zhang 2017). However, the sampling method helps this dissertation reach senior cadres of the CCP whose opinions are normally inaccessible for academic research. More than 60 percent of the cadres hold bureaucratic ranks at or above the rank of deputy county mayor or deputy departmental chief (*fu xianchu ji*). This figure outperforms those of other recent survey experiments of Chinese officials.

Two challenges in the empirical research of this dissertation are measuring risk attitudes and measuring the party cadres' obedience to the party leadership's authority. As traditional methods of measuring risk attitudes are either oversimplified or too lengthy for survey questionnaires, I employ the approach of Risk-Acceptance Scale, which contains a well-tested seven-question battery of risk attitudes (Kam and Simas 2010, 2012). As obedience to the party leadership is a sensitive issue among party cadres, direct questioning may suffer from the social desirability bias and yield insincere responses. To tackle this problem, I designed a series of endorsement experiments that indirectly measured the cadres' obedience to the party leadership's authority.⁵ In the endorsement experiments, subjects were asked about their willingness to implement a series of policies. By comparing responses of subjects who randomly read policy questions with or without the endorsement of the party leadership, I am able to measure the subjects' obedience to the party leadership's authority.

To better identify which mechanism caused the relationship between risk atti-

⁵For methodological details about endorsement experiments, see Bullock, Imai and Shapiro (2011) and Blair et al. (2013).

tudes and obedience, I designed a survey experiment that is orthogonal to the other experimental designs. The survey experiment randomly assigned respondents to a placebo group, who did not read any additional message, and two treatment groups who read authentic quotations from recent speeches of Xi Jinping, the incumbent general secretary of the CCP. One treatment group read a message about how the CCP punishes cadres who violate the party's discipline, and another treatment group read a message about how the CCP rewards innovative cadres. By comparing whether risk-averse and risk-acceptant cadres in these two treatment groups responded to the endorsement experiments differently, I am able to test which of the two mechanisms caused the observed relationship.

Finally, based on an extended cadre survey between 2016 and 2018,⁶ I collected risk attitudes of medium-level and senior CCP cadres across a dozen provinces. Based on the type of institutions they worked for at the point of the survey, I categorized them into four major segments of the CCP: organizational, disciplinary, other party-related (such as party committees and propaganda departments), and economy-related offices. By comparing whether cadres in organizational, disciplinary, and other party-related offices were more risk-averse than those who were in charge of economic affairs, I am able to test my argument about the party's diversified personnel management strategy.

1.3.3 Interviews

The research of this dissertation is supplemented by a series of qualitative interviews with current or former CCP cadres. I conducted these interviews during my fieldwork in Beijing, Zhejiang, Ningxia, and Yunnan between 2016 and 2017. These cadres have all worked for organization departments or general offices of county-level, prefecture-level, or province-level party committees. Because cadres of party organization departments are notoriously unwilling to talk about how the party's organization departments

⁶The sampling method is the same as that of the survey experiments.

work, I attempted to invite interviewees to talk and keep interviews as casual as possible. Still, I followed an informal interview protocol which attempted to ask critical questions such as how the party uses subjective and objective performance indicators to select people and how the party assigns cadres to different posts (see section 5.1).

1.4 The Plan of the Dissertation

The remainder of the dissertation begins with chapter 2, in which I present several problems in personnel selection in authoritarian ruling parties, namely the problem of heterogeneity and the multitask problem. Moreover, the validity of regime loyalty may also decline when political crises are absent or rare. Based on rarely used sources of internal party documents, I conduct a detailed case study of the evolution of the CCP's strategy of personnel selection to test my argument about why authoritarian ruling parties employ dispositional and behavioral criteria in personnel selection. Since the beginning of the economic reform in the late 1970s, cadres of the CCP have been responsible for an increasing number of tasks. Moreover, because of the decline of ideological doctrines and the lack of regime-threatening crises, the CCP can no longer infer the cadres' loyalty based on a single indicator. As a result, internal party documents over the last four decades demonstrate that the party has augmented the weight of dispositional criteria in the process of cadre evaluation and selection.

Chapter 3 provide the argument and empirical tests about the implications of risk attitudes. I first argue that cadres who are more subjectively acceptant to risks are more likely to disobey orders from the party leadership. Based on data from a unique and original political elite survey experiment in China, an original endorsement experiments confirm the argument. The subsequent sections further identify the causal mechanism behind the relationship between risk acceptance and obedience. Two

causal mechanisms may explain the relationship. Risk acceptant cadres may be more likely to take the risk of disobedience because they perceive more subjective returns from the incentives for policy innovation (“Sensation Seeking”). Or, they may do so because they perceive smaller subjective losses from the risk of disobedience (“Loss Aversion”). Based on an orthogonal survey experiment of medium-level and senior cadres of the CCP, the empirical tests based on an original survey experiment support the causal mechanism of loss aversion.

Building on the arguments and findings of the previous chapters, chapter 4 argues that authoritarian ruling parties employ a diversified strategy of personnel management. Survey data of medium-level and senior cadres of the CCP confirm my argument that risk-averse cadres are more likely to be assigned to organizational, disciplinary, and other party-related offices. Chapter 5 concludes this dissertation and presents thoughts on its theoretical and policy implications.

Chapter 2

Dispositional Factors in Authoritarian Ruling Parties - the Chinese Communist Party after 1949

I've always been thinking: if something complicated like a Color Revolution takes place right in front of us, will our cadres be capable of defending the single-party rule and socialism? ... In the years of revolution and wars, examining whether a cadre has firm faiths and beliefs was straightforward: just take a look at whether he was willing to sacrifice for the Party and the people's cause, or whether he could execute a charge immediately when a bugle call was sounded. In peacetime, there are some life or death moments, but they are rare...

Xi Jinping^a

^aComrade Xi Jinping's Speech at the National Organization Work Conference (*Xi Jinping tongzhi zai quanguo zuzhi gongzuo huiyi shang de jianghua*), June 28, 2013, 240-4, in "Organization Work Bulletin - 2013."

Political scientists and journalists often compare authoritarian ruling parties with human resource departments of corporations (McGregor 2010; Svolik 2012). They both recruit productive youths into the organization, forcing senior elites to retire periodically so that they can make space for younger elites. They both reward younger members who contribute to the organization with more senior and lucrative positions. Additionally, they must solve similar problems in personnel management. Objective performance ratings, which are common instruments of performance evaluation in both types of organizations, may induce the multitask problem. Specifically, when the agents are responsible for multiple tasks, they often shirk responsibilities or maximize only the performance of the most measurable task. As the issue of regime survival is not immediately relevant in many single-party regimes (Gandhi and Lust-Okar 2009, 407), authoritarian ruling parties prefer elites with higher levels of organizational loyalty, such as obedience to the party leadership and compliance with disciplines and rules. Objective performance measures, however, cannot help authoritarian ruling parties measure elites' organizational loyalty. How do authoritarian ruling parties solve these problems and select elites with desirable behavioral attributes?

Drawing insights from the firm and organizational management literature, this chapter attempts to answer this research question. Corporations face similar problems when they evaluate and reward employees based merely on objective performance indicators, such as profits, output figures, and sales. To solve these problems, an increasing number of firms and other organizations (such as military and social service organizations) have adopted dispositional and behavioral criteria in personnel selection during the last three decades. To better measure employees' behavioral attributes, they have employed the approach of "multi-source" or "360-degree" feedback, which is based on subjective performance ratings from supervisors, peers, and subordinates in personnel evaluations.

Subsequently, based on a set of rarely used internal party documents from the Harvard-Yenching Archives and the author's own collection, I present a detailed case study of the personnel management system in the CCP. The CCP is a useful example of the institutional shift toward dispositional and behavioral criteria in personnel management, and not only because it is the largest authoritarian ruling party in the world. More importantly, the CCP has experienced dramatic changes in its personnel management structure since it took power in 1949. In the 1950s and 1960s (and briefly around 1989), the CCP focused on a single indicator of regime loyalty and used traditional metrics of loyalty, such as connections with regime rivals, family origins, and actual participation in anti-regime activities, in personnel selection. During the last three decades, however, cadres of the CCP have been responsible for an increasing number of tasks, ranging from generating economic growth to propaganda, environmental conservation, and maintaining social stability. Moreover, because of the demise of ideological doctrines and the lack of regime-threatening crises, the role of their organizational integrity has also become more crucial in the CCP's cadre evaluation and selection processes. As a result, leaders of the CCP began to increase the weight of dispositional criteria in the cadre evaluation and selection.

This chapter is organized as follows. The first section summarizes the similarities between single-party regimes and firms in personnel management. The second section introduces the puzzle and discusses why authoritarian ruling parties need dispositional criteria in personnel management. The third section discusses how corporations face similar multitask and organizational loyalty problems, and more importantly, how they use dispositional criteria and the multi-source approach to evaluation to solve these problems. The fourth section tests the argument with a detailed case study of the CCP, and the last section concludes the chapter.

2.1 Similarities between Single-party Regimes and Corporations in Personnel Management

Economists and political scientists have long argued that authoritarian ruling parties employ corporate-like methods to manage their members and elites. While firms have seniority-based hierarchies which reward the best performing employees with pay rises, bonuses, and promotions, authoritarian ruling parties have similar institutions of personnel management. Similar to corporations, an authoritarian ruling party has a hierarchy of positions and benefits based on seniority of service. Recruiting younger members and letting senior members retire regularly, the party selects the best performing younger members and rewards them with more powerful and lucrative political, economic, and social positions (Svolik 2012, chapter 6). In order to select the best performers, according to the political economy literature, the party measures cadres' performance based on a single objective metric that arguably aggregates their overall performance, such as economic growth (Landry, Lü and Duan 2018; Li and Zhou 2005; Markevich and Zhuravskaya 2011; Maskin, Qian and Xu 2000) or collection of fiscal revenue (Lü and Landry 2014).

Theoretical and empirical evidence about single-party regimes, particularly the Chinese single-party regime, corroborates that single-party regimes are similar to firms in their organization and management of human capital. When we compare single-party regimes to corporations in their systems of personnel management, we are able to draw the following major similarities between them. The first similar feature is the recruitment of productive youths from the job market. Both authoritarian ruling parties and corporations recruit members among the educated youth, and they often need to compete with other corporations in the job market. Historically, Leninist parties that challenge the incumbent regime or in their early years of rules recruit members and cadres from revolutionaries and soldiers. Authoritarian parties that have

established stable rules, however, recruit members and cadres among recent college graduates (Liu 2018). As a result, similar to employees in corporations, cadres in authoritarian ruling parties are evaluated and rewarded by the party based on their overall recent performance rather than their past revolutionary credentials.

Authoritarian ruling parties incentivize members and elites by implementing a hierarchical arrangement of offices and associated benefits. Depending on whether they are intensive in physical capital or human capital, firms choose to have steep or flat hierarchies that provide incentives for employees to protect, rather than steal, the sources of organizational rents (Rajan and Zingales 2001). Similar to firms, particularly firms in physical-capital-intensive industries where individual talents are not irreplaceable and not indispensable to the organizational survival, authoritarian ruling parties implement large and steep hierarchies of offices to incentivize members and political elites. The political economy literature substantiates that authoritarian ruling parties evaluate political elites' performance and incentivize them with more powerful and senior positions in the hierarchies, which is similar to how corporations evaluate and reward managers (Li and Zhou 2005; Xu 2011).¹

The final and most critical organizational similarity is the centralized control of personnel appointments. While corporations have dedicated human resources department which oversees personnel recruitment, evaluation, and promotion, authoritarian ruling parties have also centralized parties' control over personnel appointments. This organizational feature is exemplified by the *nomenklatura* system across communist parties, where organization departments at different levels are responsible for evaluating cadres and assigning them to a wide range of party-controlled political, economic, and social offices (Burns 1987; Chan 2004; Voslensky 1984). According to Xu (2011,

¹This similarity is particularly salient between Japanese firms, which traditionally offer long-term or career-long employment (*Shūshin koyō*) and seniority-based wages (*Nenkō joretsu*) to their employees, and authoritarian ruling parties. For details, see Aoki (1990) and Xu (2011).

1093), the personnel management system of the CCP is “a nested network in which the center directly controls the key positions at the provincial level and grants each tier of subnational government the power to appoint key officials one level below it.” This system mirrors how a multinational corporation manages personnel across regional subsidiaries, in which headquarters control appointments at the regional level and the regional subsidiaries are responsible for appointing lower-level managers.

While authoritarian ruling parties share many similarities with corporations in personnel management, they also share similar problems in the management of human capital. More importantly, because authoritarian ruling parties have an even more substantial stake in organizational cohesion and elites’ organizational loyalty than corporations and other similar hierarchical organizations (such as Weberian bureaucracies), some of the problems in personnel management are even more severe in single-party regimes. The next section introduces these problems and why they matter in authoritarian ruling parties.

2.2 Problems of Personnel Management in Authoritarian Ruling Parties

However, incentive theories suggest several problems in this stylized, quasi-corporate model of personnel management. First, outcomes of these objective performance measures are jointly determined by the agents’ (party cadres) efforts and external random factors (Lazear and Rosen 1981). If the tasks of the party cadres are sufficiently heterogeneous, the random noise follows different distributions, and it becomes difficult to compare cadres with each other based on a single performance measure. Admittedly, a stream of political economy literature points out that the problem of random noise is less serious in some authoritarian polities than others (Cai and Treisman 2006; Maskin, Qian and Xu 2000; Qian and Xu 1993; Xu and Zhuang 1998). In a multi-regional orga-

nizational form of national economy (known as M-form in the management literature), such as those of China and Vietnam, subnational regions are sufficiently self-contained and unspecialized, so it is feasible to compare subnational leaders' performances. In a unitary form of national economy (known as *U*-form), such as that of the Soviet Union, however, subnational regions are so specialized and heterogeneous that it is difficult to compare performances across regions.² Nevertheless, it is worth noting that the distinction between M-form and U-form economies only makes it easier to measure performances of managers of regional economies. Authoritarian ruling parties control a much wider range of political, economic, and social appointments, including administrators of specialized ministries or departments, legislative institutions, courts, mass media, mass organizations, and universities. Moreover, the tasks of many positions are not easily quantifiable. It is still unknown how authoritarian ruling parties select the best performers from such a specialized pool of elites.

While the heterogeneity problem is largely present in all authoritarian ruling parties, the multitask problem is particularly prevalent in contemporary authoritarian ruling parties. Contract theories have demonstrated that incentivizing agents through tournament-like or yardstick competitions is particularly harmful when the agents are responsible for multiple tasks. In such scenarios, rational agents may exclusively focus on the most measurable task at the expense of other less measurable ones or complete all the tasks at mediocre levels (Holmström and Milgrom 1991). Compared with the agents that are normally examined in contract theories, such as corporate employees and managers, party cadres are often responsible for an even more diverse set of tasks. They typically need to accomplish a mix of ideological, economic, political,

²Markevich and Zhuravskaya (2011) documented the failed *Sovnarkhoz* Reform in the Soviet Union during the Khrushchev era. The *Sovnarkhoz* Reform attempted to create a multidivisional system of subnational regional economies, but the reform failed because the newly established regional economic Soviets (or regional economic councils, *Sovnarkhozes*) were poorly diversified and too specialized.

educational, and social objectives, such as propaganda, implementing policies, driving regional or national economic development, environmental conservation, and social stability, and so on. Consequently, authoritarian ruling parties face an even more critical multitask problem than ordinary firms. Charged with multiple tasks, cadres in authoritarian ruling parties either maximize their performance in the most measurable or best-incentivized task, such as economic growth at the expense of environmental degradation (Xu 2011), or deliver a mediocre performance across multiple objectives (Bai et al. 2000). When intervals of evaluation are long, say three to four years, and the evaluation is based on multiple performance indicators, party cadres choose to maximize performance right before the evaluation (Guo 2009; Lü and Liu Forthcoming).

Moreover, apart from elites' technical competence, authoritarian ruling parties have a large stake in organizational cohesion and elites' organizational loyalty.³ Unlike firms or Weberian bureaucracies, civil service systems in Leninist party-states are tightly controlled by authoritarian ruling parties. Cadres are expected to be loyal to the party (Burns 1987; Chan 2004; Voslensky 1984). However, compared with Weberian bureaucracies, authoritarian ruling parties have looser formal controls and a weaker institutional environment. Less likely to be bound by written and formal rules, cadres in authoritarian parties often make decisions based on discretionary power and unwritten instructions (Edin 2003; He 2014). As the cadre system in authoritarian ruling parties is far from the impartial and politically neutral Weberian model, strict rules and regulations can hardly hold members accountable. Moreover, most citizens under authoritarian rules are often reluctant to express their genuine ideological

³It is worth noting that even Weberian bureaucracies in Western democracies have taken a shift from an exclusively merit-based approach. Since the 1980s, many governmental agencies in advanced democracies have assessed, screened, and evaluated employees based on their dispositional factors, which are often referred to as “public service motivations” (PSM). PSM is commonly defined as “an individual’s predisposition to respond to motives grounded primarily or uniquely in public institutions and organizations” (Perry and Wise 1990, 368). For further discussions on public service motivation, see Francois (2000), Delfgaauw and Dur (2007), Perry, Hondeghem and Wise (2010), and Bellé (2013).

preferences unless there are massive protests (Kuran 1991, 1997). The prevalent “preference falsification” makes it difficult for authoritarian parties to measure elites’ loyalty when they have not participated in protests or do not have connections with rivals of the regime. As a result, authoritarian ruling parties rely much more on cadres’ dispositional commitment to the party’s authority and adherence to specific policies in personnel management. Dispositional attributes such as obedience and compliance with the party discipline even when monitoring and incentives are absent or weak, therefore, are particularly crucial for personnel management in authoritarian ruling parties. In Rothstein (2015, 13)’s words, to minimize self-serving actions among party cadres that may undermine the organization, authoritarian ruling parties recruit and train cadres so that “agents will choose the measures the principal would have applied in the specific situation if the principal would have had the same information about the case as the agent has.”

Political economists have largely overlooked the role of dispositional factors at the individual level in authoritarian ruling parties. But they have long noticed that the limitations of objective measures in personnel management could pose serious problems for authoritarian ruling parties, as the incentive structure may induce cadres to prioritize certain tasks over others. In his comprehensive review of the incentive structures of subnational officials in the CCP, Xu (2011) coined the term “regionally decentralized authoritarian regime” (RDA regime) to describe a cluster of institutions in China which are close to the definition of authoritarian party institutions in the political science literature. The RDA regime enables the CCP to appoint medium and high-level party cadres across the country, grant them certain degrees of autonomy in the governance of regional economies, and select the most competent through regional competition and regional experimentation. While the political economy literature traditionally regards economic growth as a valid aggregated indicator of performance,

Xu (2011, 1129) notes that “the multitask nature of subnational governments’ duties has become more pronounced and the general consensus on the importance of economic growth has broken down.” As a consequence, Xu argues:

However, regional competition and regional experimentation are effective only when subnational governments’ tasks can be summarized by a single indicator, e.g., economic growth. If subnational governments face multiple tasks that cannot be encompassed under a single objective, regional competition and regional experiments may become focused on tasks, which are more measurable, while less measurable tasks are ignored. In that case, high-powered incentives created through regional competition may lead to undesirable consequences.

The ultimate solution to these problems, according to Xu (2011, 1140), is “transforming the RDA regime into a democratic federal system in which subnational officials are elected and are accountable to their constituencies, so that their multitask problem will be converted into a single-task election problem.” Unsurprisingly, authoritarian ruling parties usually show little interest in such proposals, unless they face strong opposition or a grave crisis. In the case of China, the CCP has allowed only popular elections of village heads, who are neither the most powerful officials in villages⁴ nor a formal part of the Chinese bureaucracy, since the 1990s (O’Brien 1996; O’Brien and Li 2000). Obviously, democracy is not an option for the party.

Xu (2011, 1139) argues that the failure of performance measurement “can be traced back to the Lange versus Hayek debate on the feasibility/infeasibility of centralized information collection.” It is indeed true that market mechanisms might be the most effective instruments, but that does not mean that centralized and hierarchical organizations have no other tools to mitigate this problem. As discussed at the beginning of this section, corporations share similar hierarchical forms of organization and methods of personnel management with authoritarian ruling parties. Furthermore,

⁴The most powerful figure in Chinese villages is usually secretary of the CCP branch at the village level. These individuals are appointed by CCP committees at the town or township level.

activities within firms are not coordinated through the market mechanism. Instead, they are organized by a centralized figure (the entrepreneur) within a hierarchy (Coase 1937). Firms and other organizations (such as social and military organizations) have faced similar distortion problems in objective performance measures. However, over the last three decades, the management literature has demonstrated that firms and other organizations have mitigated this problem by taking employees' behavioral patterns and dispositional factors into account when they recruit, select, and reward people. The next section will discuss how these organizations face and solve these challenges, and how their methods shed light on the research of personnel management in authoritarian ruling parties.

2.3 Why Behavioral Traits in Personnel Selection Matter

2.3.1 Problems of Objective Performance Measures

Corporations have frequently used objective measures of workers' performance, that is, easily verifiable figures such as profits, output figures, and sales, to evaluate workers periodically. They also evaluate, select, and reward the most competent members through tournament-type competitions based on objective performance measures.⁵ However, objective performance measures are not the only instruments of personnel management in corporations, because two prevalent problems may distort them (Lazear and Oyer 2007). First, workers' positions and tasks often vary dramatically from each other. As their outputs are not exclusively determined by their efforts, their work output is often a function of their efforts and unobserved random noise, which could

⁵Tournament competition in organizations refers to a reward system in which a group of people compete for fixed and *ex ante* revealed prizes. The winner is determined by relative performance, and the prizes could be either a single promotion or a large set of prizes that diminishes in value. For details about the tournament theory, see Lazear and Rosen (1981).

be caused by random shocks. Because jobs are heterogeneous, the random noise does not necessarily follow the same distribution. As corporations cannot directly observe workers' input but only output, if the levels of random noise are too high and follow different distributions, it would be impossible to compare workers' performances with each other's.⁶

A more serious problem behind the distortion of objective measures is multitasking. Many positions in firms and other organizations require employees to complete multiple tasks. Objective performance measures and tournament competitions based on objective measures, however, could cause harmful outcomes for organizations when employees have multiple tasks. Corporations can compare employees' performances and select the most competent only if one's overall performance across multiple tasks can be aggregated into a single indicator. Otherwise, rational employees exclusively focus on the most measurable task at the expense of other less measurable ones. Or, they may choose to complete all the tasks at mediocre levels (Holmström and Milgrom 1991).

Empirical studies of employees' output have confirmed that when workers face multiple tasks, using exclusively objective measures negatively affects workers' behavior and leads to undesirable consequences for the organization. The United States Navy evaluated their recruiters based on their ability to enlist sailors. But signaling abilities to enlist sailors involved multiple tasks, primarily qualities and quantities of the enlisted sailors. Therefore, the recruiters strategically chose to prioritize the most measurable task by maximizing the number of recruits right before each round of evaluations (Asch 1990). In the 1990s, the University of Rochester's Simon Business School changed its performance evaluation and reward systems to increase the emphasis on teaching. Professors were highly responsive to the transformed reward structure. They simply

⁶For a detailed discussion on the random factor in workers' objective performance measures, see Lazear and Rosen (1981) and Prendergast (1999).

devoted more effort to promoting teacher ratings at the expense of research output (Brickley and Zimmerman 2001).

2.3.2 Why Behavioral Measures Matter

To mitigate the distortion of objective measures, many organizations exploit behavioral measures so that they can evaluate employees' overall performance.⁷ Applied psychologists argue that besides extrinsic motivations such as monetary and institutional incentives, intrinsic motivations, which are dispositional and invariant to monetary incentives such as wages, drive some people to accomplish certain types of tasks better than others.⁸ As a result, if organizations are able to observe employees' behavioral patterns, they can pick workers, assign them to appropriate jobs, and increase efficiency and productivity at the organizational level.

Several branches of literature corroborate the theory that behavioral measures are as critical as objective performance measures for managers and supervisors in large organizations. Fundamentally, this approach requires the assumption that employees' behavioral patterns are largely stable over time. This assumption is supported by the theoretical insight that dispositional attributes predict individuals' behavioral patterns consistently. According to psychologists, besides situational factors, including environmental incentives and constraints, dispositional factors, such as basic personality traits at the individual level, are largely stable over life cycles and also help shape human behavior.⁹ Contrary to the classical rationalist

⁷An alternative to objective measures and behavioral measures is monitoring. Indeed, empirical studies suggest that higher levels of monitoring give rise to employees' productivity and discourage misconduct (Duflo, Hanna and Ryan 2012; Nagin et al. 2002). However, since monitoring is often costly and imperfect in firms and other organizations, it is often costly and difficult to increase levels of monitoring.

⁸The original purpose of this stream of literature was to help us understand why organizations often hire people with "biased" preferences (Bénabou and Tirole 2003; Prendergast 2007). For a review of intrinsic motivations of corporate organizational members (ranging from corporate employees to bureaucrats) and their implications, see Prendergast (2007).

⁹Personality refers to "multifaceted, enduring, internal psychological structure." Psychologists define

assumption that individuals make decisions solely based on rational calculations, empirical research in psychology, management, and political psychology reveals that dispositional traits alone, or interactions between predispositions and the environment, also affect individuals' choices in a wide array of domains. They explain individuals' choices on risky decisions (Bromiley and Curley 1992; Jackson, Hourany and Vidmar 1972; Plax and Rosenfeld 1976; Sitkin and Weingart 1995), compliance with norms (Organ 1988), citizen engagement in politics (Mondak et al. 2010), and political ideologies (Gerber et al. 2010).

As the relationship between dispositional attributes and behavioral patterns is largely stable over time, the personnel management literature further confirms that corporations take behavioral measures into account when they evaluate, select, and reward people. Researchers of personnel selection coined the terms “task performance” and “contextual performance.” They define task performance as “the effectiveness with which job incumbents perform activities that contribute to the organization’s technical core either directly by implementing a part of its technological process, or indirectly by providing it with needed materials and services” (Borman and Motowidlo 1993, 71). Contextual performance, however, refers to “contribution to organizational effectiveness in ways that shape the organizational, social, and psychological context that serves as the catalyst for task activities and processes” (Borman and Motowidlo 1997, 100). Contextual performance includes not only work ethics that are particularly important to firms and organizations of social services, such as extra effort and helping and cooperating with others, but also behavioral patterns that are desirable to political organizations, such as following organizational rules and procedures, and endorsing, supporting, and defending organizational objectives (Borman and Motowidlo 1993, 1997).

traits as “internal psychological structures that are relatively fixed and enduring, that are susceptible to observation, and that predict behavior” (Mondak et al. 2010, 86).

According to the literature of applied psychology, better contextual performance among employees independently contributes to higher levels of productivity, efficiency, and cohesion at the organizational level (Dalal 2005; Podsakoff et al. 2009). As a result, a series of firm and organizational management studies about personnel evaluation processes show that supervisors and managers weight task and contextual performances equally when they select, evaluate, and reward employees. This pattern is salient in normal business organizations. Sales managers take contextual performance into account in personnel evaluation, even when insurance agents' sales data are also available for the managers (MacKenzie, Podsakoff and Fetter 1991). More importantly, in organizations that pay more attention to compliance with rules, procedures, and disciplines, contextual performance plays an even more critical role in personnel evaluation. In the US Air Force (Motowidlo and Van Scotter 1994) and the US Army (Borman, White and Dorsey 1995), the weight of contextual performance is also significant and comparable to that of task performance when supervisors evaluate and select people. Quantitative research of personnel evaluation in military organizations, which prioritize compliance with discipline and rules in personnel selection, further reveals that dispositional factors are the strongest predictors of contextual performance. According to a series of studies about the US Armed Forces, dispositional attributes, such as summary personality factors, predict compliance with discipline, work orientation, dependability, and locus of control. Meanwhile, it is worth noting that dispositional attributes are not correlated with indicators of task performance, such as technical proficiency and job performance ratings (Borman and Motowidlo 1997; Campbell 1990; Kamp and Hough 1988; Motowidlo and Van Scotter 1994).

Furthermore, since dispositional attributes predict contextual performance, psychology and management scholars suggest that organizations recruit and select members

based on their dispositional attributes, which predict contextual performance (Brehm and Gates 1997). Demonstrating the relationship between intrinsic motivations and organizational selection, one easy example is the hiring of Internal Revenue Service (IRS) employees, who are often notoriously indifferent or even hostile toward their clients' (taxpayers') wishes. Their distinct behavioral profiles can hardly be explained by the lack of competition or how they are paid. Other public employees, such as firefighters and social workers, who exhibit behavioral profiles in the opposite direction, face similarly low degrees of competition and also have pay that varies little with their performance. What directly explains the difference between the IRS employees and social workers is that "the IRS desires employees who are hostile to their clients' interests" (Prendergast 2007, 181). Another straightforward example is the recruitment and selection of police officers in the United States. According to a series of ethnographic studies of police officers, their behavioral attributes are far from those of an average person because their selection and promotion processes have taken dispositional factors into account. The studies find that police officers "have a more cynical view of human nature" (Goodsell 1981, 51) and "ambivalent about the rights of others" (Manning and van Maanen 1978, 19). Moreover, they are often hostile toward restrictions and procedures, which could impede their investigations (Skolnick 1966). Researchers have also noticed that social workers are selected based on their levels of empathy and altruism to their clients (Brehm and Gates 1997; Mor Barak, Nissly and Levin 2001). Even firms, which arguably are less concerned about employees' behavioral attributes, take dispositional factors into account when they recruit and select employees. A case study of a global consulting firm based in Sweden reveals that employees and partners recruit new consultants on their own, so they can form "a fairly homogenous work force [sic], which presumably shares certain predispositions and thus is inclined to act in anticipated ways" (Alvesson and Kärreman 2004, 431).

2.3.3 Subjective Performance Measures from Different Sources

While corporations care about behavioral patterns of their employees, how do corporations take behavioral measures of workers' performance into account when they evaluate, select, and reward people? The personnel economics literature suggests two feasible alternatives. The first one is evaluating and rewarding employees based on subjective measures of performance, which are generated by their supervisors' periodic evaluations of how employees finish multiple tasks. As discussed earlier, objective performance measures are verifiable, but they fail to generalize employees' overall performance and describe their behavioral patterns. Supervisors and managers are well-placed to observe employees' overall performance. Therefore, they can generate a "reasonably accurate, but non-verifiable" signal of employees' overall performance, which complements objective measures (Lazear and Oyer 2007, 6). Many firms, ranging from investment banks to hardware manufacturers, have augmented the role of subjective measures of performance relative to that of objective measures when they assess and reward employees (Baker, Gibbons and Murphy 1994).

Nevertheless, this strategy suits some organizations better than others. The approach of subjective performance measures requires long-term relationships of monitoring and co-working experience between supervisors and workers, so that younger workers have sufficient time to update and improve managers' and supervisors' beliefs about their overall performance. As a result, subjective performance measures are particularly effective and predominant in organizations where employees have more chances of career advancement and stay longer. In such organizations, younger employees expect opportunities for upward mobility within firms rather than seeking outside options in the labor market. Therefore, they will expect a career within the firm, have longer time horizons within the corporation, and form long-term and repeated interactions with their supervisors, which facilitate subjective performance

measures (Chevalier and Ellison 1999; Gibbons and Murphy 1992). In their detailed case study of a Swedish consultancy firm that offers employees explicit expectations of promotions in a multi-level hierarchy over the course of ten years, Alvesson and Kärreman (2004, 431) show that the performance evaluation is not based on objective figures, which are readily available to supervisors. Instead, the employee’s “nearest boss” is responsible for evaluating her overall performance three to four times a year.¹⁰

Still, because of several limitations, subjective performance measures based on supervisors’ monitoring *per se* may not solve the problems of performance measure distortion. Short-term impressions (Milgrom and Roberts 1988), negative prior views of employees (Longenecker, Sims and Gioia 1987), and favoritism (Hedge and Teachout 2000; Prendergast and Topel 1996) may bias supervisors’ opinions and thus distort subjective performance measures. More importantly, managers and employees may have diverging opinions about the employee’s performance. Supervisors are more likely to focus on the employee’s contribution to other employees’ work and overall team performance, while the employee’s self-assessment pays more attention to how she finishes tasks (Conway 1999). In order to avoid conflicts with employees, supervisors may compress their ratings and reward the employees for all performance evaluations above the lowest possible rating. In such scenarios, subjective performance measures solely based on supervisors’ monitoring and observation may fail to single out ideal employees (MacLeod 2003).

Many organizations thus have taken one step further and applied the second extended approach—that is, behavioral measures based on multiple subjective sources—in the appraisal of employees’ performance. The fundamental assumption is that evaluations from fellow employees, who have close working relationships with the

¹⁰As discussed later in this chapter, sharing many similarities with such kinds of corporation, authoritarian ruling parties are even more effective in forming members’ career aspirations within the organizations and limiting their exit options.

employee and observe her behavior every day, provide insight into the employee's overall behavior and performance. Moreover, compared with evaluations based on a single source (supervisors), multi-source feedback evaluations provide more information about employees' behavioral patterns because each rating source provides unique information about the targeted employee, and these multiple aspects of evaluations provide incremental validity over individual sources (Borman 1997; Fletcher and Baldry 2000). Therefore, while traditional subjective measures rely on supervisors' input, the multi-source approach generates more accurate behavioral performance evaluations from multiple sources, such as supervisors, peers, and subordinates. As multi-source evaluations provide an extra edge for organizations when they observe members' behavioral patterns, the personnel management literature has noted the rise of multi-source (or 360-degree) feedback systems across corporations since the early 1990s. Organizations ranging from the military to firms have gathered quantitative ratings and qualitative descriptions of behavior (such as whether an employee fits into several types of personality) about employees from their supervisors, peers, and subordinates. More importantly, these organizations have used the information from multiple sources to make administrative decisions such as promotion, compensation, and succession planning (Borman 1997; Toegel and Conger 2003).

2.4 The Case of the CCP: Evolution of Multi-source Subjective Performance Measures

Authoritarian ruling parties share many institutional similarities with the organizations that implement single- or multi-source subjective evaluations of employees. As discussed earlier, to make subjective evaluations of employees' behavior work, organizations must have a hierarchy of positions that offers members expectations of career advancement within the organization, so that the member's supervisors, peers,

and subordinates have sufficient time to observe her behavior. Authoritarian ruling parties, not surprisingly, provide such expectations to their elites. As the literature of authoritarian ruling parties demonstrates, a typical authoritarian party controls a political hierarchy which includes a wide array of political and social appointments. The party exploits incoming elites' career aspirations and induces them to serve for the party over the long run (Svolik 2012). Therefore, authoritarian ruling parties have institutions that help form long-term social interactions between elites and their colleagues. But apart from the favorable institutional environment and the need to collect elites' behavioral information, one question is still left unanswered: Why do authoritarian ruling parties make costly investments in personnel management institutions to collect elites' behavioral information, while they may have other convenient means of measuring loyalty?

As shown in the previous section, corporations and other organizations focus on dispositional criteria when objective performance measures are seriously distorted and contextual performance is desirable to the organization. More specifically, they have more incentives to shift toward dispositional criteria when (1) their heterogeneous set of employees are responsible for multiple tasks and (2) employees' contextual performance or organizational loyalty carries more weight than regime loyalty in the party's personnel selection.

This section attempts to test this argument based on a case study of the CCP. The CCP is an excellent case for studying why authoritarian ruling parties adopt dispositional criteria in personnel management and make costly investments in enforcing multi-source subjective performance measures. It is not only because the CCP is the largest authoritarian ruling party in the world, but also because the CCP has experienced dramatic changes in its personnel management system. The CCP has maintained a single-party rule for nearly 70 years, but the institutions of behavioral

measures were largely absent until the 1980s. During the first three decades of the communist rule (1949–1978), the CCP hardly had any institution of cadre evaluation at all. Because tenures of party cadres were essentially life-long, there was little need to replace them periodically and conduct cadre evaluation. The party’s attempt to enforce cadre evaluation in the 1950s eventually failed, because its provincial organizations lacked incentives and found the extra workload superfluous.¹¹ When the party needed to select and promote people, the decision was largely based on a single metric of regime loyalty, most commonly one’s revolutionary history. However, after the party started the economic reform and began to replace its old revolutionaries with well-educated technocrats in the rank of elite cadres in the 1980s,¹² the CCP began to take dispositional criteria into account and collect cadres’ behavioral information from multiple sources when the party selected and promoted cadres.

The following subsections will discuss why the institutions were absent in the first three decades and how these institutions emerged for practical reasons. In particular, I

¹¹In a directive issued in November 1954, the Central Organization Department of the CCP lamented that after almost a year had passed, it had received only 12 percent of the 1953 annual cadre examination reports from provincial-level party organization departments. Eight out of thirty-three provinces and eight out of fifteen provincial-level municipalities did not bother filing a single cadre evaluation report. The most common excuses were that the party apparatus was busy cleansing counter-revolutionaries or dealing with natural disasters. The enforcement of cadre examination in 1954 was even worse. In late 1955, the Central Organization Department had no choice but to call off the whole program of annual cadre examination for the previous year. In November 1956, the Central Organization Department eventually backed down and admitted that it was too demanding to conduct annual cadre examination. Since then, the requirement of annual examination has been completely waived. Only cadres who were transferred to other posts were required to a one-shot investigation by corresponding party committees. See *Notice of the Central Organization Department of the CCP on a Few Problems about Cadre Examination (Zhongyang zuzhibu guanyu nianzhong ganbu jianding jige wenti de tongzhi)*, November, 1954, 363-5, in 28-67 “Compendium of Organizational Work Documents, 1953-54,” *Notice of the Central Committee of the CCP on the 1955 Annual Cadre Examination (Zhongyang guanyu 1955 nian nianzhong ganbu jianding gongzuo de tongzhi)*, December, 1955, 364, in 28-68 “Compendium of Organizational Work Documents, 1955,” and *Notice of the Central Committee of the CCP on the Problem of Annual Cadre Examination (Zhongyang guanyu ganbu nianzhong jianding wenti de tongzhi)*, November, 1956, 252-3, in 28-68 “Compendium of Organizational Work Documents, 1956.”

¹²For detailed discussions about how the CCP enforced the mandatory retirement of old revolutionaries, see Manion (1993).

will discuss how the emergence of the multitask problem and the rising impracticability of traditional loyalty indicators (such as anti-regime activities and connections with the old regime) drove the CCP to make such an institutional shift. Moreover, I will briefly show how these institutions work, and why the party did not use them when the aforementioned problems were absent.

2.4.1 The Multitask Problem

When the CCP began to replace old and poorly educated revolutionaries with younger and well-educated technocrats, leaders of the CCP had only a rough idea about measuring cadres' task performance. This is not surprising, as replacing old revolutionaries, many of them having only finished primary or middle school, with technocrats who mostly had received college education *per se* improved the status quo. Still, as most of the newly promoted technocrats were trained as engineers, they worked as factory managers who were responsible for both technological issues and management before entering the rank of party cadres. Moreover, they were expected to serve party-controlled positions that were responsible for multiple tasks. Therefore, the CCP was largely aware that the party needed to examine their performance across multiple tasks. For example, according to the first intra-party regulation of cadre evaluation in 1979, an annual cadre evaluation must examine the cadre's "professional, technological, and management abilities, work rate, degrees of education, and whether she is competent to fulfill the current job."¹³

As discussed earlier, however, years of economic expansion have worsened the multitask problem of the party cadres. Since the 2000s, subnational officials have been responsible for not only economic growth, but also for environmental conservation and

¹³*Notice of the Central Organization Department of the CCP on Circulating Advices of Enforcing Institutions of Cadre Evaluation.* (*Zhonggong zhongyang zuzhibu yinfa guanyu shixing ganbu kaohe zhidu de yijian de tongzhi*), November 21, 1979, 386-90, in 28-110 "Compendium of Organizational Work Documents, 1979."

implementation of social welfare policies. According to an internal publication of the CCP in 2011, Zhejiang Province¹⁴ had implemented a dozen objective performance indicators to measure the performance of municipal and county governors across multiple tasks. Their conflicting performance indicators included economic growth, fiscal revenue, the share of service sector in the GDP, the share of household consumption in the GDP, carbon intensity, the share of non-fossil fuels in energy consumption, social welfare expenditure per capita, and so on. The non-economic indicators carried similar or even greater weight in the evaluation process.¹⁵

Internal documents show that leaders of the CCP attempt to solve the multitask problem by enforcing dispositional criteria in the party's personnel management, so senior cadres would be more likely to implement the party leadership's instructions rather than shirking multiple tasks or prioritizing the most measurable task. In an address to provincial heads of party organizational departments in 2010, Xi Jinping¹⁶ asserted that

The most crucial principle of staffing the subnational party committees and governments for the next five years is to select cadres based on both virtues and competence, while virtues are the more important one...[To enforce these criteria,] we must not use sizes of GDP or economic growth as the main indicators of cadre evaluation. Rather, we need to promote the cadres who have both virtues and competence.¹⁷

In plain language, the party today needs to enforce dispositional criteria in the personnel selection so it can find and promote non-multitaskers. Two instructional

¹⁴Zhejiang had an annual GDP per capita of around \$7,600 in 2010.

¹⁵*Zhejiang Attempts to Improve Mechanisms of Cadre Evaluation that Fits the Scientific Outlook on Development (Zhejiang zhuoli jianquan cujin kexue fazhan de ganbu kaohe pingjia jizhi)*, January 18, 2011, 56-9, in 28-128 "Organization Work Bulletin - 2011."

¹⁶Xi Jinping was then heir apparent and the Politburo Standing Committee member who was in charge of organizational affairs

¹⁷Xi Jinping. *Comrade Xi Jinping's Speech at the National Conference of Heads of Provincial Party Organizational Departments (Xi Jinping tongzhi zai quanguo zuzhi buzhang huiyi shang de jianghua)*, December 17, 2010, 1-13, in "Organization Work Bulletin - 2011."

articles, which were published in an internal journal for cadres of subnational party organizational departments, made it even clearer how the party interprets “virtues” as subjective and behavioral criteria:

Nowadays, it is worth paying attention that some party cadres do not dare to uphold the principles [of the party]. Some of them do not dare to touch complicated and thorny problems, do not tell right from wrong, and shirk responsibilities.... If cadres do not uphold the principles, it would damage a lot to our party’s cause.... Our first choice [in the personnel selection] must be cadres who dares to uphold the principles. In other words, if there are two candidates who have similar credentials and work performance, we must choose the one who dare to uphold the principles and assume responsibilities even at the expense of doing harm to others’ interests.¹⁸

2.4.2 The Declining Validity of Traditional Loyalty Indicators

Another structural change in the early 1980s also contributed to the rise of dispositional and behavioral criteria. As a consequence of the introduction of mandatory cadre retirement, the CCP recruited a large number of younger cadres to fill the vacancies that once had been filled by the retired cadres. However, the younger cadres, mostly born in the 1940s or later, received education and began their careers under the rule of the CCP. Therefore, it was impossible for the party to examine the younger cadres’ loyalty based on their revolutionary histories.

After Deng Xiaoping consolidated power and abandoned the Maoist party line in 1978, one of his top priorities was the implementation of mandatory cadre retirement. Deng faced an aged, frail, and poorly educated group of CCP cadres. Most of the cadres purged during the Cultural Revolution were revolutionaries who were born in the 1900s or 1910s. After the Cultural Revolution, the septuagenarians and sexagenarians

¹⁸ *Upholding the Principles is the Foundation of Cadres’ Virtues and Competence* (*Jianchi yuanze shi ganbu de cai jianbei de jichu*), No. 2304, April 12, 2011, 223-4, and *Make Choosing Cadres Who Dare to Uphold the Principles a Priority* (*Youxian xuanyong ganyu jianchi yuanze de ganbu*), No. 2305, April 13, 2011, 225, in “Organization Work Bulletin - 2011.”

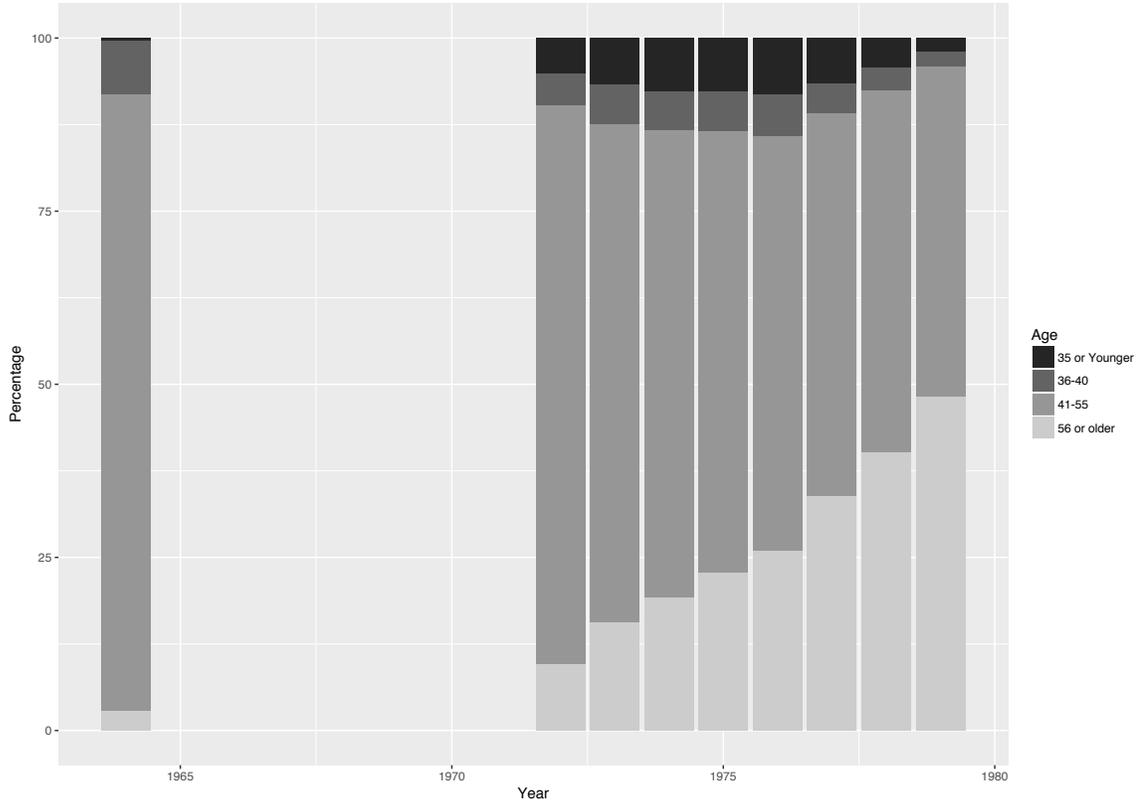


Figure 2.1: The shifting demographic pattern of prefecture-level CCP leaders, before, during, and after the Cultural Revolution (1964 and 1972-1979). Lighter bands indicate more elderly age groups. Data from 1965-1971 are missing due to political turmoils in the early years of the Cultural Revolution. Data Source: *Compendium of National Statistics on Party and Government Leading Cadres above the Rank of County or Division Level (Quanguo xianchuji yishang dangzheng lingdaoganbu tongji ziliao huibian, 1954-1998)*.

were rehabilitated and returned to their previous offices. Because of their poor health and low degrees of education, however, they were competent to carry forward Deng’s economic reforms. In a secret speech in 1979, Deng pessimistically gauged that over half of senior officials, who were in their 60s or 70s, could not work eight hours a day.¹⁹

¹⁹Deng Xiaoping, *Senior Cadres Must Take the Lead to Carry Forward the Party’s Fine Traditions of Austerity and Closely Linking with the Masses: Comrade Deng Xiaoping’s Report at the Conference of Deputy Ministers and Above from Central Party, Governmental, and Military Organs (Gaoji ganbu yao daitou fayang dang de jianku pusu miqie lianxi qunzhong de youliang chuantong: Deng Xiaoping tongzhi zai zhongyang dang zheng jun jiguan fubuzhang yishang ganbu hui shang de baogao)*, November 2, 1979, 428, in 28-110 “Compendium of Organizational Work Documents, 1979.” An abridged version, titled “Senior Cadres Must Take the Lead to Carry Forward the

Figure 2.1 illustrates the pressing need to enforce mandatory retirement and speed up cadre turnover rates. In the early 1960s, among more than 1,000 CCP party secretaries who governed around 300 Chinese prefectures, only 2.82 percent of them were over 55 years old.²⁰ The same age group, indicated by the lightest bands, gradually grew in relative size after 1972, the first year that cadre demographic data became available in the Cultural Revolution. Making things worse, during the later years of the Cultural Revolution, cadres who were younger than 40 years old were mostly mass organization leaders who had been quickly elevated into revolutionary committees since 1969. As they were gradually purged after Mao's death in 1976, cadres who were 56 or older comprised 40.18 percent of all prefecture-level party leaders in 1978 and 48.26 percent in 1979.²¹ As the normal retirement age for prefecture-level cadres is 60, the figures mean that almost half of the vacancies needed to be filled within five years.

By the time most revolutionaries were retired, elite cadres of the CCP were almost full of post-revolutionary generations. As Figure 2.2 illustrates, among around 4,000 prefecture-level party standing committee members, only about 10 percent of them were veteran revolutionaries who began their careers before 1949. By 1995, none of veteran revolutionaries still remained in this echelon of the CCP. Cadres who entered employment after 1949 already comprised more than 90 percent of the whole group in the late 1980s. Cadres who began their careers after 1957, who also received

Party's Fine Traditions" (*Gaoji ganbu yao daitou fayang dang de youliang chuantong*), can be found in *Selected Works of Deng Xiaoping, Vol. 2* See <http://cpc.people.com.cn/GB/69112/69113/69684/69695/4949699.html>.

²⁰There were multiple party secretaries in CCP local party committees before the 1980s. They were largely equivalent to local party standing committee members today.

²¹Although prominent Maoist figures had been jailed, Deng and his colleagues still worried that Maoist remnants might regain power when the septuagenarian and octogenarian elders' health declined. When persuading fellow revolutionaries to retire voluntarily, Deng documented the menace of radical remnants by quoting Wang Hongwen, one of the emerging young radicals and a member of the Gang of Four in the Cultural Revolution. After facing resistance from Deng and other rehabilitated elders in 1975, Wang, assuming many of them would be dead or feeble by then, dropped a famous line: "Let's see what happens in ten years" (See Deng, 433).

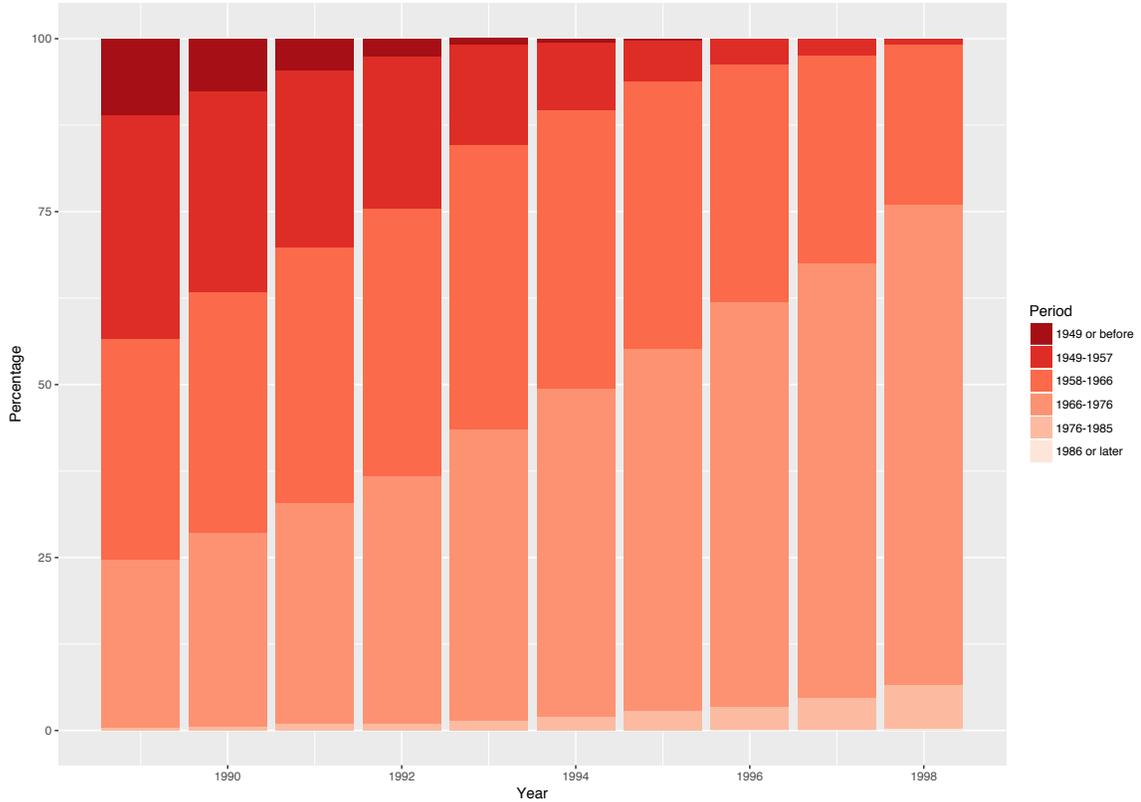


Figure 2.2: Compositions of cadre cohorts, 1989-1998. Dark red bands indicate groups who began their careers before 1949. Data Source: *Compendium of National Statistics on Party and Government Leading Cadres above the Rank of County or Division Level, 1954-1998*.

secondary education (middle school and high school) under the communist rule,²² have accounted for over three-quarters of the whole group since 1992. In 1998, almost all prefecture-level party standing committee members had held their first jobs after 1957.

For the pre-1949 veteran cadres, one of the main criteria of cadre selection and promotion in the CCP was loyalty to the regime. The main reason was the remaining influence of the old elites. These old elites usually had connections with the Kuomintang (KMT) regime (1927—1949), which was overthrown by the CCP and fled to Taiwan

²²Chinese secondary education (middle school and high school) lasted from four to six years in the 1950s.

after the Chinese Civil War (1946—1950), and Western powers. While the CCP took political power and expropriated the old elites, the better-educated old elites still obtained considerable cultural capital and possessed technical expertise (Andreas 2009). To prevent these old elites from entering the rank of communist elites and rising within the party-controlled hierarchy, the CCP employed a series of straightforward indicators. These traditional indicators of loyalty included family origins, whether the cadre participated in core institutions of the KMT regime (such as the military and the secret police), and whether she exhibited any discontent in political campaigns.²³ As a straightforward strategy of distributing spoils based on regime loyalty, the CCP has also maintained a hierarchical arrangement of benefits based on the time when cadres joined the communist revolution. Veteran cadres who joined the revolution during the communist insurgency (1927–July 6, 1937) have more privileges and access to benefits than those who joined the revolution during the Sino-Japanese War (July 7, 1937–September 2, 1945) after retirement, while the latter group is also better treated than cadres who joined the revolution during the Chinese Civil War (September 3, 1945–September 30, 1949; Manion 1993).

For the post-1949 generations, however, these traditional indicators of regime loyalty can no longer measure their loyalty. Because they received their education and began their careers under communist rule, they do not have any direct links to the KMT regime. It is also impossible to measure their loyalty based on the time at which they joined the communist revolution. Because of the demise of the Maoist line, the CCP also ceased to launch political campaigns periodically, meaning that it is no longer feasible to use discontent in political campaigns as an indicator of regime

²³An Ziwen. *On Problems of Cadre Education, Training, and Promotion: Comrade An Ziwen's Speech at the First National Organizational Work Conference of the CCP* (*Guanyu ganbu de jiaoyu peiyang tiba de wenti: An Ziwen tongzhi zai zhongguo gongchandang diyici quanguo zuzhigongzuo huiyi shang de fayan*), April 6, 1951, 145, in 28-58 "Compendium of Organizational Work Documents, 1949.10-1952."

loyalty.

2.4.3 Organizational Loyalty and Obedience

The strategy of using traditional loyalty indicators no longer worked in the 1980s, as the CCP started the economic reform and began to replace old, mostly ill-educated revolutionaries with younger technocrats who had received higher education under the communist rule. As a result, leaders of the CCP began to take behavioral criteria such as obedience to the party leadership and compliance with the party discipline into account. They began to focus on organizational integrity when they selected elites. In particular, organizational loyalty refers to pragmatic behavioral patterns that contribute to organizational cohesion, such as obedience to the instructions of the party leadership and compliance with party disciplines and rules. In a secret speech in 1979, Deng Xiaoping stated clearly that besides regime loyalty, the party must take behavioral attributes about organizational loyalty into account in its personnel selection and management:

Today we have a favorable condition for choosing successors, namely, we know where people stand politically.²⁴ In his National Day speech, Marshal Ye Jianying put forward three criteria for successors: first, they must resolutely support the party's political and ideological lines; second, they must be selfless, abide strictly by the law and the party disciplines, uphold the *partinost*²⁵ and be completely free of factionalism; and third, they must be deeply committed to the revolutionary cause, have a strong sense of political responsibility and be professionally competent... Our senior cadres must assume personal responsibility for selecting successors who meet the three criteria. Chairman Mao listed five criteria of cadre selection. Of course they could be working. But for now, we must use the

²⁴Deng refers to the party leadership's notion that as long as she has not committed "serious errors," such as leading "rebel factions" (*zaofanpai*) or collaborating with Lin Biao and the Gang of Four, everyone has a clean slate politically.

²⁵The Soviet notion of *partinost* is often roughly translated as "party spirits," "partyiness," or "partisanship." It refers to dispositional attributes such as obedience to instructions of the party leadership and compliance with party discipline and rules even when there is no monitoring or structural incentives.

three criteria I mentioned above.²⁶

However, the traditional indicators of regime loyalty were briefly revived after the Tiananmen Square Protests in 1989. Tens of thousands of party cadres actively participated in protests across the country. After the protests were cracked down on, the policy of using behavioral attributes in the party's personnel management suffered a backlash, as the top priority of the CCP was to cleanse the dissidents from the ranks. Between 1989 and 1992, intra-party directives about personnel management listed loyalty during the protests and martial law as the principal requirement of political selection.²⁷ Between September 1989 and February 1990, more than 400,000 elite cadres went thorough checks of their activities during the protest.²⁸ Thousands of them were expelled from the party because they had actively participated in the demonstrations and revealed their genuine ideological preferences.²⁹

Since the purge in the early 1990s, however, the CCP has not experienced any

²⁶Deng 1979, 428.

²⁷*The Organization Department of the CCP Central Committee and Party Members' Group of the State Education Commission's Directive on Further Strengthening Leadership of Higher Education Institutions* (*Zhonggong zhongyang zuzhibu zhonggong guojia jiaowei dangzu guanyu jinyibu jiaqiang gaodeng xuexiao lingdao banzi jianshe de tongzhi*), May 17, 1991, 238-47, and *The Organization Department of the CCP Central Committee's Notice on Recordkeeping of Cadres in Provinces, Autonomous Regions, and Provincial-level Municipalities* (*Zhonggong zhongyang zuzhibu guanyu zuohao sheng zizhiqu zhixiashi ganbu beian gongzuo de tongzhi*), March 19, 1991, 253-5 in 28-125 "Compendium of Organizational Work Documents, 1989."

²⁸*National Leading Cadre Statistics. (Quanguo lingdao ganbu tongji ziliao)*, 5, in 30-18/19 "Compendium of National Statistics on Party and Government Leading Cadres above the Rank of County or Division Level, 1954-1998."

²⁹In an internal speech by Song Ping, then the member of the Politburo Standing Committee who was in charge of organizational affairs, he named three senior cadres who were purged after the crisis because of their explicit defection. Luo Zhengqi, then party secretary and president of Shenzhen University, endorsed a circular telegram and an open letter by university faculty members and employee, which demanded the resignation of Deng Xiaoping. Wu Xiaoyong, then deputy director of the China Radio International's English service, broadcast the massacre live on air on June 4, 1989.³⁰ Xie Wenqing, then deputy minister of Radio, Film, and Television, led street protests after the government declared martial law in late May. See Song Ping. *Comrade Song Ping's Speech at the Conference of Provincial Party Organization Department Heads* (*Song Ping tongzhi zai quanguo sheng zizhiqu zhixiashi dangwei zuzhi buzhang huiyi shang de jianghua*), August 18, 1989, 20-1, in 28-113 "Compendium of Organizational Work Documents, 1989."

regime-threatening crisis. In other words, the party could no longer select loyal members based on background checks and individuals' past activities in mass protests. As a result, for the second time, the CCP turned to focus on organizational loyalty in the selection of elite cadres. In 1994, the CCP held its first organizational work conference in the 1990s. Hu Jintao, then the member of the Politburo Standing Committee who was in charge of organizational affairs, rarely mentioned loyalty to Marxist and Maoist doctrines as a criterion of cadre selection. Instead, he highlighted following pragmatic behavioral criteria of cadre management and selection, which included (1) obedience to the party's line, (2) implementation of the party leadership's order, and (3) enforcement of the party's policies.³¹ In a secret address to heads of provincial party organizational departments in 1998, Hu asserted a number of "critical problems" among elite cadres, which were mostly about their dispositional attributes that contributed to organizational cohesion. Although he named "lack of commitment to Socialism with Chinese Characteristics" as the most serious one, according to his explanation, this notion actually meant "indecisive and vacillating stand toward challenges and difficulties." Other serious problems included "shirking responsibilities" and "resisting policies of the party leadership due to self-serving interests."³²

Compared with his predecessor, Hu Jintao (2002–2012), the CCP's new leader, Xi Jinping, has been even more concerned about unconditional obedience to the party leadership (and himself) and all levels of party committees at the expense of adaptability and flexibility. To achieve power centralization and facilitate selection of

³¹Hu Jintao. *Comrade Hu Jintao's Speech at the Conference of National Organizational Works* (*Hu Jintao tongzhi zai quanguo sheng zizhi qu zhixiashi dangwei zuzhi buzhang huiyi shang de jianghua*), November 30, 1994, 41-65, in 28-127 "Compendium of Organizational Work Documents, 1994." (Reprinted from *Zhongban tongbao* [General Office of the CCP Newsletters] 1994:28)

³²Hu Jintao. *Comrade Hu Jintao's Speech at the Conference of Heads of Provincial Party Organizational Departments (Secret)* (*Hu Jintao tongzhi zai quanguo ssheng qu shi dangwei zuzhibuzhang huiyi shang de jianghua [mimi]*), December 11, 1998, 46-68, in 28-128 "Compendium of Organizational Work Documents, 1998, Volume I." (Reprinted from *Zhongban tongbao* [General Office of the CCP Newsletters] 1998:32)

more submissive cadres, Xi has not only downplayed the weight of semi-competitive mechanisms in the cadre selection but also promoted an accumulative and multi-source approach to cadre evaluation.³³ In his first address to top administrators of the party's organizational affairs in 2013, Xi explicitly articulated why the party needs dispositional criteria and subjective performance measures based on multiple sources, including cadres' colleagues and subordinates, in the party's personnel selection processes:

... I often say that faiths and beliefs are like "calcium" for we communists. Those with firm faiths and beliefs have unyielding integrity. Those whose faiths or beliefs are not firm suffer from rickets spiritually. As historical facts have shown, faith-shattering is the most dangerous [thing to the party]. I've always been thinking: if something complicated like a Color Revolution takes place right in front of us, will our cadres be capable of defending the single-party rule and socialism? I believe that most party members and cadres will.

In the years of revolution and wars, examining whether a cadre had firm faiths and beliefs was straightforward: just take a look at whether he was willing to sacrifice for the Party and the people's cause, or whether he could execute a charge immediately when a bugle call was sounded. In peacetime, there are some life or death moments, but they are rare. Examination of faiths and beliefs is pretty difficult. Even X-rays, CT scans, or NMRI cannot figure this out.

But of course, it doesn't mean that we cannot check [cadres'] faiths and beliefs at all. We look at whether a cadre can stay firm at critical political moments, whether he has right aims and purposes, whether he is extremely committed to his works, and whether he dares to assume challenging tasks... Such examinations are not one-shot. We cannot learn their true commitments based on one or two occasions or chanting a few slogans. We need to look at his long-term behavior, or even over a whole life.³⁴

³³For an in-depth study of quasi-competitive mechanisms of cadre selection such as democratic recommendation of candidates and semi-competitive elections at party congresses during Hu Jintao's tenure and their relationship with power decentralization and "intra-party democracy" in the CCP, see Zeng (2016).

³⁴Xi Jinping. *Comrade Xi Jinping's Speech at the National Organization Work Conference* (*Xi Jinping tongzhi zai quanguo zuzhi gongzuo huiyi shang de jianghua*), June 28, 2013, 240-4, in "Organization Work Bulletin - 2013."

2.4.4 How Selection Works

In this very speech, Xi Jinping explained why the CCP must use multi-source subjective measures to collect cadres' behavioral information:

Our evaluation of cadres cannot just be impressions or sketches. We must further improve mechanisms and instruments of examination, and learn about cadres based on inputs from multiple channels, multiple levels, and multiple aspects ... We need to interview more lower-level cadres and learn about reputations of the evaluatees. We [need to] look at their virtues not only from big events but also from smaller details.³⁵

Selection processes for eight senior *nomenklatura* posts in Henan Province in the late 1990s provide an early example of this institutional shift in personnel management and selection of the CCP. Unsurprisingly, detailed documents about how political selection works in China are rarely published. I chose this case because in dozens of archival documents about the CCP's organizational affairs, only a once-classified booklet provides all the technical details about how political selection proceeds in the CCP.³⁶ The booklet shows how a subnational party organizational department took dispositional criteria into account and how subjective performance measures based on multiple sources played a critical role. In 1995, Henan Province conducted open recruitment and selection of eight deputy bureau heads across provincial administrative agencies.³⁷ Later publicized within the party as an exemplary effort of cadre selection, the selection processes were organized and conducted by the Organization Department of the CCP Henan Provincial Committee. The first two stages were merit-based written tests and oral tests, which eliminated 959 out of 995 applicants. In the final

³⁵Ibid.

³⁶See S67 *Compendium of Public Selection of Deputy Bureau Heads in Henan (Henan sheng gongkai xuanba futingji ganbu ziliao huibian)*.

³⁷The eight provincial agencies were the Bureau of Agriculture, Administration of Press and Publication, the Bureau of Environmental Protection, the Bureau of Land Administration, the Bureau of Technology Supervision, the Bureau of Township and Village Enterprises, and the Office of Science, Technology, and Industry for National Defense.

and most decisive phase, however, cadres of the Organization Department were sent to the original workplaces of the remaining thirty-six applicants (all of them were party cadres) to examine their past behavioral patterns. The evaluators solicited opinions from their party committees, collected and reviewed their dossiers, and conducted interviews with their supervisors, peers, and subordinates, as well as the applicants themselves. For each of the thirty-six applicants, about twenty-five to thirty related cadres were interviewed. The interviews covered a series of dispositional qualities and performance indicators of the remaining thirty-six applicants on the shortlist:

Political qualities, which mainly refer to the political attitudes about implementing and enforcing the party's line, agenda, and policies. This item also includes the cadre's mentality and working style. Leadership, which includes organizational and coordination abilities, planning abilities, visions, management abilities, and technical expertise. Work attitudes, which refer to commitment, responsibilities, and dedication. Work performance, which includes to what extent the cadre fulfills the job, her efforts, and quantities, qualities, and efficiencies of her work performance. Integrity, which includes whether the cadre complies with disciplines and laws even without external monitoring and constraints.³⁸

In recent years, there have been more examples of dispositional criteria and multi-source feedback in the cadre evaluation and selection. An internal party bulletin about organizational affairs published an article about how the party organization in the city of Tangshan (an industrial city close to Beijing) employed dispositional criteria and collected input from multiple sources in the cadre evaluation and selection process. The following paragraph exemplifies how a subnational party organizational department evaluates cadres' dispositional and behavioral qualities today:

We set up five categories of virtues, which include faiths and beliefs,³⁹ gen-

³⁸Ibid. p.49.

³⁹In the terminology of the Communist Party, "faiths and beliefs" usually refers to ideological commitments.

eral thinking,⁴⁰ upholding the principles, responsibilities, and work ethics. Each cadre is graded as “good,” “relatively good,” “acceptable,” or “poor” in each category.... We have employed various forms including questionnaires, surveys, and interviews to obtain inputs from supervisors, other cadres, and employees at cadres’ workplaces, party congress delegates, people’s congress delegates, and members of the local consultative conference.⁴¹

2.4.5 When the Problems of Multitask and Regime Loyalty Are Absent

As suggested by the discussion above, when party cadres are only responsible for a single task and there are straightforward indicators of loyalty, authoritarian ruling parties have little incentive to implement subjective performance measures based on multiple sources and select cadres based on dispositional criteria. The CCP between 1949 and 1978 presents a useful example of this counterfactual scenario.

Between 1949 and 1966, cadre selection in the CCP was largely one-shot and intermittent, because employment of cadres was essentially permanent. There were a few waves of elite cadre selection and promotion, but they were largely ideologically motivated. In the 1950s, the main concern of leaders of the CCP was the loyalty of co-opted old elites, who had connections with the KMT and Western powers. However, because they were better educated than most revolutionaries and had technical expertise, some of them continued to work for the CCP regime or were even admitted into the rank of elite cadres. As shown in a Central Committee Resolution in 1953, the top priority was to evaluate whether the party cadres were loyal to the regime:

Since the liberation of the whole country [in 1949], the rank of cadres has

⁴⁰In the terminology of the Communist Party, “general thinking” (*dajuguan*) usually refers to whether local governments could enforce the central government’s and the party leadership’s orders even at the expense of their own interests.

⁴¹*The City of Tangshan’s Innovation in Evaluation Mechanisms of Cadres’ Virtues* (*Tangshan shi chuangxin ganbu de de kaoping jizhi*), November 3, 2014 (No. 2743), 299-300, in “Organization Work Bulletin - 2014.”

rapidly expanded, and the composition of the cadres is more complicated than it has ever been.... Among our newly promoted cadres, a considerable number of them have stained personal histories or gaps in resumes. There are even some counterrevolutionaries within them. In our more senior cadres, some of them have never been examined and inspected. Some have been inspected but have not obtained clearance. Some of them have been found with critical issues in further investigations. Some supervisors are not vigilant on this issue. They only focus on cadres' technical competence but overlook their political aspects.⁴²

Following the Sino-Soviet split in the early 1960s, Mao Zedong became even more anxious about ideological loyalty among younger cadres. One of his main concerns was whether the newly promoted elites would challenge Maoist doctrines in the future, just as Nikita Khrushchev had done to Joseph Stalin and Stalinism:⁴³

Based on the experience of the international communist movement, the issue of training successors is a critical one that is closely related to the future of our revolution. If we cannot train generations of successors, our party and state would become revisionist. The cause of the revolution would be suspended and the fruits of the revolution would be lost. The lessons of the Soviet Union were harsh. Therefore, from now on, we must find and train successors who can carry forward the Mao Zedong Thought and the Party's good traditions and working styles, so that they would be able to work on the Party's cause of revolution until [the realization] of communism.

During the past two years, which one has been the most serious concern of Chairman Mao and other leaders? Briefly, it is how to carry forward our cause of revolution by learning from the lessons of the Soviet Union.

As political loyalty was the primary criterion in cadres' background checks, and most cadres in this period were adults before the CCP took power in 1949, conducting

⁴²*Decision of the Central Committee of the CCP on Cadre Investigation (Zhongyang guanyu shencha ganbu de jue ding)*, November, 1953, 106-11, in 28-67 "Compendium of Organizational Work Documents, 1953-1954."

⁴³An Ziwen, *Comrade An Ziwen's Speech at the Conference of Organization Department Heads of Greater Administrative Area Bureaus (An Ziwen tongzhi zai ge zhongyangju zuzhibuzhang zuotanhui shang de jianghua)*, March 3, 1964, 140, in 28-82 "Compendium of Organizational Work Documents, 1964."

background checks into their pasts turned out to be a less taxing approach. In internal cadre screening and selection documents issued by the Central Organization Department of the CCP throughout the 1950s and early 1960s, the most widely used term was cadre investigations (*ganbu shencha*), instead of cadre evaluations (*ganbu jianding*). Cadre investigations were mostly related to scrutinizing one's personal history, rather than updating one's task and contextual performance periodically. In particular, the party cared primarily about the following: whether a cadre had been arrested by the KMT authorities, revealed CCP secrets or confessed during interrogations, defected, or voluntarily quit the Communist Party before 1949.⁴⁴ For a small number of retained employees and technocrats who used to work for the KMT regime, CCP party committees were more eager to confirm their loyalty. Party committees typically checked whether they had served in the KMT military forces, police, secret police, or intelligence agencies, worked for KMT party organizations or youth wing (The Three Principles of the People Youth League), or been active in secret societies (such as the Triad or the *Yiguandao*).⁴⁵ Unsurprisingly, it was futile to expect alleged renegades and counter-revolutionaries to turn themselves in. Therefore, the CCP mainly investigated cadres' backgrounds with the help of its nested network of party organizations. In a typical case of cadre investigation, a cadre's party committee collected her dossiers from different sources, such as interviews or testimonies from former colleagues, subordinates, and supervisors who could be reached by the party organization. Party committees were also able to access and

⁴⁴*Regulations on Renegades Issued by the Central Committee of the CCP (Zhongyang guanyu chuli panbian zishou fenzi de guiding)*, November, 1953, 111-4, in 28-67 "Compendium of Organizational Work Documents, 1953-1954."

⁴⁵An Ziwen. *On Problems of Cadre Education, Training, and Promotion: Comrade An Ziwen's Speech at the First National Organizational Work Conference of the CCP (Guanyu ganbu de jiaoyu peiyang tiba de wenti: An Ziwen tongzhi zai zhongguo gongchandang diyici quanguo zuzhigongzuo huiyi shang de fayan)*, April 6, 1951, 145, in 28-58 "Compendium of Organizational Work Documents, 1949.10-1952."

scrutinize associated documents from the KMT's police, judicial, and intelligence organs because the documents were captured intact by the CCP during the Civil War. Investigators wrote reports of individuals' histories based on these archives and stored the reports in personal dossiers.⁴⁶

After Mao launched the Cultural Revolution in 1966, loyalty became the predominant indicator of cadre evaluation. More importantly, because Mao dismantled all levels of party organizations during the early years of the Cultural Revolution (1966–1969),⁴⁷ throughout the later years of the Cultural Revolution (1969–1976), elite cadre recruitment, turnover, and promotion at various levels were even less institutionalized. Personnel decisions were determined by a handful of regional leaders, rather than being examined and screened by party organizations. Party organization departments were nonexistent, and all forms of the cadre evaluation and organizational vetting process were abolished. Because of the complete absence of personnel evaluation, administrative decisions about personnel management were made by a handful of regional leaders based on sketchy impressions or personal connections.

An illustrative example is the selection of delegates to the 9th CCP National Party Congress in 1969. Today, as it is mostly reserved for senior party officials, delegates to a CCP National Party Congress are supposed to go through a strict vetting process by various levels of party organization departments. In 1969, however, delegates needed only to be nominated by a handful of leaders in provincial-level revolutionary committees. Once they were ticked by leaders, the delegates would receive invitations and registration forms to the Party Congress in a few days. For instance, Zhang Chunqiao (later a member of the Gang of Four) and Xu Jingxian, two rising stars from

⁴⁶*Decision of the Central Committee of the CCP on Cadre Investigation (Zhongyang guanyu shencha ganbu de jueding)*, November, 1953, 106-11, in 28-67 “Compendium of Organizational Work Documents, 1953-1954.”

⁴⁷Mao's main purpose was to purge Liu Shaoqi, his ex-aide and designated successor, and Liu's allies in the bureaucracy. For details, see MacFarquhar and Schoenhals (2008).

Shanghai during the Cultural Revolution, singlehandedly nominated all Party Congress delegates in Shanghai.⁴⁸ Because none of the nominees went through any form of background check, let alone personnel evaluation, Zhang and Xu even nominated many delegates who had yet not joined the Communist Party.⁴⁹ In Guangdong, delegates were decided by an ad hoc “Party’s Core Group,” which consisted of a few members of the Provincial Revolutionary Committee. Without a proper vetting process, some of the delegates they nominated did not qualify even as obedient hand-clappers or cheerleaders. It was reported that during a lengthy pre-Congress session, a delegate of the Yao ethnic minority was so impatient that he left the residence and tried to return to his countryside home without notice. When stopped by guards, the absent-minded delegate explained that since the Lunar New Year was approaching, as the only man of the household, he was obliged to rush home and butcher a pig for the celebration (Wu 2015, 84-5).

2.5 Conclusion

This chapter examines how authoritarian ruling parties solve two critical problems in personnel management. First, when party cadres are responsible for multiple tasks, they may minimize their efforts across the tasks or only maximize the performance of the most measurable task. Second, in normal times, authoritarian ruling parties need to select elites with relatively high levels of organizational loyalty. Objective performance measures, however, cannot help the party measure these behavioral qualities. By drawing on insights from the management literature, this chapter argues that authoritarian ruling parties employ dispositional criteria and multi-source

⁴⁸Zhang was chairman of the Shanghai Revolutionary Committee, and Xu was one of four vice-chairmen.

⁴⁹Guo Yuzhen, “Trivia about the Ninth Party Congress of the CCP.” (*Zhonggong jiuda yishi.*), News of the Communist Party of China. <http://cpc.people.com.cn/GB/68742/70427/70428/7335200.html>.

subjective performance measures to solve these problems when they select elites. A detailed case study of the CCP further supports my argument. An authoritarian ruling party is incentivized to take such an institutional shift only when it faces the multitask problem and the challenge of measuring organizational loyalty.

In the aforementioned internal speech in 2013, Xi Jinping projected his vision of an ideal cadre of the Communist Party: “not moved by profits, interests, and temptations, honest and well-behaved as a person, dependable as a worker, and clean as an official.”⁵⁰ This quotation may interest readers who are familiar with the Big Five Personality Trait theory, as these qualities are closely related to openness to experience, which includes the preference for novelty and excitement, and conscientiousness, which includes the basic dispositional sense of dependability.⁵¹ As risk-averse individuals systematically score lower in openness to experience and higher in conscientiousness (Becker et al. 2012; Dohmen et al. 2010), the next chapter will present an argument about the relationship between risk aversion and unconditional obedience in authoritarian ruling parties. I will also test this argument with an original survey experiment of elite cadres in the CCP.

⁵⁰Xi Jinping, 2013, p. 242.

⁵¹For definitions of the Big Five personality traits, see Mondak et al. (2010).

Chapter 3

Risk Attitudes and Obedience

[t]he Communist parties can perform their duty only if they are organised in a most centralised manner, are marked by an iron discipline bordering on military discipline, and have strong and authoritative party centres invested with wide powers and enjoying the unanimous confidence of the membership.

Vladimir Lenin^a

^aSee Lenin (1920b).

As single-party regimes have drawn interest from political scientists over the last two decades, a burgeoning branch of literature has attempted to explain the role of authoritarian ruling parties in regime resilience and survival. The scholarship has reached a consensus that authoritarian ruling parties are successful in aligning regime elites' moves and behavior with the will of party leaders, thus maintaining organizational cohesion. As discussed in the introduction, political scientists have put forward three arguments about how authoritarian ruling parties contribute to regime stability through its organizational cohesion. Earlier researchers either focus

on how authoritarian ruling parties facilitate material or political exchanges between the regime and its supporters (Blaydes 2010; Gandhi 2008; Geddes 1999; Magaloni 2006) or underline how a regime party creates a common expectation which enables cooperation and prevents factionalism among regime elites (Brownlee 2007; Geddes 1999; Magaloni 2006). The grassroots co-optation and career mobility argument theorizes that as a hierarchical organization that monopolizes appointments to political offices, an authoritarian ruling party exploits the career aspirations of productive youths, promises them prospects of career advancement, and induces them to lock their career goals within the authoritarian ruling party (Svolik 2012).

However, several streams of centrifugal forces in single-party regimes challenge the explanatory power of these theories. Party discipline, which is the main instrument of inducing other political elites' obedience, is not always perfectly enforced (Gunther and Diamond 2003; Pieke 2009; Schurmann 1968; Selznick 1952). To motivate economic growth in subnational units, contemporary single-party regimes often use material incentives to encourage leaders of subnational governments to start pilot projects and adopt policy initiatives that deviate from the party's political line (Coase and Wang 2012; Gainsborough 2002; Xu 2011). Finally, they lack certain Weberian organizational features that encourage cadres' obedience. Weberian bureaucracies are able to employ the principle of rule of law, political neutrality and impartiality, impersonal relations between employees, strict enforcement of formal and written rules, and high degree of predictability within the organization to induce bureaucrats' obedience to the authorities. Such instruments and components, however, are largely weak or absent in authoritarian ruling parties (Ahlers 2014; Birney 2014; Pieke 2009; Rothstein 2015). While several organizational features of contemporary authoritarian ruling parties may prevent political elites from sticking together, what explains political elites' obedience to the party leadership's authority?

Following the previous chapter's discussion on the role of behavioral factors in authoritarian ruling parties' personnel selection strategy, I argue that the missing piece of the puzzle in the literature is individual heterogeneities in risk orientation. Behavioral economics and psychological research reveals that individuals' subjective perceptions of risks determine their propensities for participating in risky activities. Risk-acceptant individuals are more likely to engage in risky activities because they subjectively perceive more benefits and smaller losses from these activities. Policy innovations in authoritarian ruling parties involve an uncertain prospect of rewards such as political promotion. However, they also entail the risk of disciplinary punishment. Because risk-acceptant cadres subjectively perceive more gains from the career incentives for innovation and smaller losses from disciplinary punishment for disobedience, they are more likely to engage in policy innovation and deviate from the party leadership's instruction. To test my argument, I implemented an original cadre survey in China and designed an endorsement experiment. The empirical results support my argument.

One question, however, is still left unanswered: What is the causal mechanism that makes this relationship work? Risk orientation can be further decomposed into two components: subjective perception of expected returns and the subjective perception of losses. A cadre may engage in disobedient activities because she perceives relatively more returns from the career incentives for policy innovation. Or, a cadre may also take the risk of disobedience because she perceives smaller losses from the potential disciplinary punishment.

To identify which causal mechanism drives the observed relationship between risk orientation and cadres' obedience to the party leadership, I designed an additional survey experiment that is orthogonal to the previous design. Cadre respondents were randomly assigned to read authentic quotations from the incumbent CCP leader

about different aspects of their (dis)incentives. The first one was about how the CCP employs disciplinary punishment against deviators and disobedient behavior. The second vignette explicitly stated that the party provides career incentives for policy innovation. The empirical results support the causal mechanism of loss aversion and disciplinary punishment: cadres who are more risk acceptant are less averse to losses, and therefore, they are more likely to engage in disobedient activities.

This finding is critical not only to the research of authoritarian ruling parties. Additionally, the finding of this chapter shed light on the broader political economy literature of authoritarianism. The career incentives for policy innovation have been substantiated by the influential branch of fiscal federalism and market-preserving federalism literature, which attempts to attribute China's fast economic growth to local policy experimentation and decentralization (Qian and Xu 1993; Qian, Roland and Xu 2006; Xu 2011). However, other scholars have attacked the fundamental assumption of fiscal federalism or market-preserving federalism. With highly centralized political power in hand, the party leadership's promise to decentralize power and reward deviating policy initiatives is hardly credible (Mertha 2005; Whiting 2000). The finding of this chapter supports the critics' view that career incentives for policy innovation may have limited effect in convincing and motivating cadres.

In the meantime, the loss aversion theory has been a key component of the prospect theory (Kahneman and Tversky 1979). In recent decades, it has been applied to many subfields of political science such as political psychology (Jervis 1992), international relationships (Boettcher 2004), and taxation politics (Sandbu 2006). However, we still do not know how loss aversion affects the decision-making of officials in authoritarian regimes, who often face higher levels of risk and uncertainty than politicians in democracies. This chapter is one of the first attempts to incorporate the loss aversion theory into authoritarian politics.

This chapter is organized as follows. Section 2 discusses the puzzle of explaining cadres' obedient behavior in authoritarian ruling parties and presents my argument. Section 3 introduces the unique survey data and the experimental design. Section 4 summarizes the two theories that may explain the observed relationship between risk orientation and obedience. Section 5 presents an experimental design that can identify the causal mechanism(s). Section 6 presents the empirical results and robustness checks. Section 7 concludes the chapter.

3.1 How Risk Attitudes Interact with Party Institutions

3.1.1 Why Is Obedience Critical in Authoritarian Ruling Parties?

Since the emergence of Leninism and Leninist parties in the early twentieth century, both practitioners of Leninism and scholars of Leninist parties have agreed that the core value of authoritarian ruling parties is unconditional obedience to upper-level party organizations' command and authority. Cadres' obedience to upper-level authorities is critical for ensuring the top-bottom chain of command and organizational efficiency in a hierarchical organization like an authoritarian ruling party. Only when cadres obey orders from above can the leadership's will and policies can be successfully implemented by lower-level cadres and members, and the party can function as an organization of collective action (Lenin 1902, 1920*a*; Selznick 1952). In Vladimir Lenin's own words, "the Communist parties can perform their duty only if they are organised in a most centralised manner, are marked by an iron discipline bordering on military discipline, and have strong and authoritative party centres invested with wide powers and enjoying the unanimous confidence of the membership" (Lenin 1920*b*). The importance of obedience has not diminished in contemporary single-party regimes.

According to Pieke (2009, 1)'s observation of the CCP's cadre selection and training programs, the ideal personal characteristics of communist party cadres still comprise of "a sense of self that straddles the boundaries between strong individuality, total submission to the party's will, elitist exclusivity, and faceless anonymity."

In other hierarchical administrative organizations, obedience to upper-level authorities' orders could be induced by following the Weberian model of rule-of-law based and impartial bureaucracy.¹ More specifically, members of a Weberian bureaucracy are situated in a hierarchical environment with clearly defined tasks and responsibilities, written organizational rules, and formal requirements. They are loyal to the principles of rule of law and professional standards rather than the ruling party's political line and agenda. Because their promotions and rewards are solely determined by the impersonal and technical evaluation of their completion of tasks, the Weberian model of bureaucracy can incentivize bureaucrats to follow higher authorities' orders. As discussed in the previous chapter, however, authoritarian ruling parties lack several key components of the Weberian model of bureaucracy, such as the principle of rule of law, political neutrality and impartiality, impersonal relations between employees, strict enforcement of formal and written rules, and therefore, high degree of predictability within the organization (Ahlers 2014; Birney 2014; Pieke 2009; Rothstein 2015). While these key Weberian elements are missing, what determines cadres' obedience to higher-level authorities in authoritarian ruling parties?

Psychologists and some observers of non-democracies may argue that in similar settings, the obedience of subordinates could be achieved simply through fear (Milgram 1974) or repression (Hibou 2011).² In contemporary single-party regimes, however, it

¹For a detailed discussion on the Weberian model of bureaucracy, see Weber (1921).

²It is critical not to confuse obedience or organizational loyalty with regime loyalty. Both of them could be manufactured through voluntary compliance or fear. However, obedience refers to one's instrumental compliance with higher authorities' orders in an organization. Regime loyalty refers to one's normative and value-based allegiance to the regime as a whole. A cadre may not obey some

has become increasingly difficult to make cadres obedient simply by imposing fear and repression. One principal reason is the side effects of repression. The most notable side effect of relying on repressive tools is the moral hazard problem: while the ruler could use security forces to repress ordinary citizens and other political elites, the soldiers pose threats to the rulers themselves. Relying on repressive organs to rule may result in frequent coups or higher degrees of military involvement in politics (Feaver 1996; Svobik 2013).

In the context of China, the CCP used to rely on the combination of ideological indoctrination and repression to induce the obedience of cadres and the mass public in the Maoist era (1949–1978). In the Maoist era, ideological indoctrination played a central role in aligning lower-level officials’ behavior with the party leadership’s will.³ Deviators were punished by repressive tools such as political purges, disciplinary demotions, or criminal charges. As Lieberthal (2003, 189-90) notes:

Naturally, the [Party] Center wants to guide lower levels with its broad policy statements that articulate policy lines and goals. The pervasive role of ideology during the Maoist era contributed greatly toward achieving this coordination. At that time, officials at all levels were taught to view the Center as the fount of wisdom and themselves as local extensions of the will of the Center. Rigorous programs of ideological indoctrination for officials maintained a relatively high degree of sensitivity to themes and priorities articulated by the Center. The ready recourse to an iron fist for those who deviated reinforced the tendency of officials at all levels to strive to understand and implement priorities directed from Beijing.

Indeed, inducing obedience solely based on the combination of ideological indoctrination and repression was once successful. However, its long-run implications and legacies were so negative that not only were leaders increasingly less confident about it, but cadres and ordinary citizens also became skeptical and less receptive to these

orders from above, but she is not necessarily disloyal to the regime.

³Traditional China scholars prefer the literal translation “Party Center” or “the Center” to “the Party leadership.”

instruments. As the comparative literature predicts, an early ominous precursor was the ruler's concerns over the military forces' moral hazard problem. One notable case was the predominance of men in uniform in the 9th Central Committee of the CCP (1969) and the subsequent split between Mao and the nominal top military commander, also Mao's designated successor, Lin Biao.⁴ More importantly, because Mao and his radical supporters exploited Mao's personal authority and the cult of personality to promote a series of ill-conceived policies, causing adverse outcomes, officials at all levels no longer took official ideologies of the party at face value after the Cultural Revolution (1966–1976). As a result, since the 1980s, the CCP has abandoned the approach of solely using ideological and repressive means to induce cadres' obedience. In the words of Lieberthal (2003, 190), "normative incentives for officials to obey Beijing have diminished considerably." The same pattern of decline also applies to the use of coercive elements in inducing cadres' obedience to the party leadership's authority:

Deng [Xiaoping] also recognized that the system would have to become less coercive if the leadership wanted lower-level officials to utilize fully their talents and initiative. The results have been diminished use of the security forces to enforce discipline at lower levels and, to a very limited extent, greater recourse to law instead of political command.⁵

The quote above is directly related to another reason why modern single-party regimes can no longer induce political elites' obedience simply through fear and repression. To improve economic performance, contemporary single-party regimes,

⁴For a detailed discussion about Mao's concern over threats from the People's Liberation Army, especially Lin Biao and his protégés from the former Fourth Field Army, between 1968 and 1971, see MacFarquhar and Schoenhals (2008, 285-336).

⁵See Lieberthal (2003, 190). For a more detailed discussion, see Lieberthal (2003, 123-68). It is noteworthy that since 2012, Xi Jinping, the incumbent leader of the CCP, has attempted to revive some Maoist practices to boost his personal authority. One of them is using a combination of ideological indoctrination and repression to induce obedience among cadres. So far, however, the effects of these practices are hardly comparable to those in the Maoist era, and there is no evidence substantiating that cadres have regained their confidence in the official ideology.

most notably those of China and Vietnam, have encouraged lower-level officials to take their own initiatives and carry out policy experimentations, even though some of them break existing rules and norms of the party or deviate from the general party line. Since the 1980s, both China and Vietnam have loosened the previously tight control over officials at the local level, considerably decentralized decision-making power, and allowed local officials to start regional pilots and experimentations on their own. The main purpose, as the advocates of policy experimentation argue, is that local experimentation helps the central government insulate the rest of the economy from potential negative externalities of new policy initiatives and identify successful policies from many candidates. As a result, some scholars regard local experimentation as a key driver of China's and Vietnam's fast economic development over the last few decades (Coase and Wang 2012; Xu 2011). As a consequence of the use of experimentation, party cadres in contemporary single-party regimes are sometimes encouraged to initiate their policy initiatives and deviate from the party leadership's instructions.⁶

Local governments are sometimes encouraged to initiate pilot projects and deviate from the party line. And unlike in Western democracies and Weberian bureaucracies, local party committees, the *de facto* highest political authorities across China, are not checked by free press, an independent judicial system, or a legislature. The absence of external monitoring and constraints means that there is considerable room for the party cadres to disobey orders from above. Journalists' accounts have well documented why obedience to the party leadership's authority is particularly critical in the age of economic reform and decentralization:

Beijing frets constantly about the disobedience of local fiefdoms outside

⁶For an overview of policy experimentation in China and Vietnam's economic reforms since the 1980s, see Malesky and London (2014, 408-11). For prominent examples of local policy experiments in Vietnam, see Fforde and De Vylder (1996), Kerkvliet (2005), and Malesky (2008).

the capital. In 2005, Zhang Baoqing, then a vice-minister for education, complained that a precisely worded order issued by Beijing in support of loans for poor students had been flatly ignored by many provinces. “The central government’s control does not extend beyond the walls of Zhongnanhai [the central leadership compound, next to the Forbidden City],” he said, in exasperation. “People below just don’t listen.” What Zhang left unsaid in his critique was any mention of the underlying reason for Beijing’s difficulties, which is the Party itself. The virtual dictatorial power of local officials on the ground is anchored by a fundamental paradox: that a strong, all-powerful Party makes for a weak government and compromised institutions. Freed of the checks and balances provided by democratic government and an open media, the writ of the party chief on the ground in China is as good as law (McGregor 2010, 173).

Locally initiated policy experimentations, however, still entail considerable political risks to officials who are simultaneously cadres in the party-managed personnel system.⁷ Political risks of policy experiments are well documented in historical accounts of single-party regimes. The Regional Economic Soviet (*Sovmarkhoz*) experiment in the Soviet Union (1957–1965), one of the most famous policy experiments in the political framework of communism, illustrates how detrimental policy experiments can be even to central leaders, who are less constrained by the party discipline and more powerful than other party cadres. Initiated by Nikita Khrushchev after he consolidated power within the Communist Party of the Soviet Union (CPSU), the *Sovmarkhoz* reform transferred central planning power from industrial ministries to newly established regional authorities (known as “Regional Economic Soviets”) and predated policy experiments in China and Vietnam by decades. The damages caused

⁷It is critical to distinguish locally initiated experimentation from centrally mandated policy experimentation. The latter policies are initiated and mandated by at least some central leaders rather than local officials or political elites at lower levels. They are known as experimentations because only some of the regions or localities adopt the new policy initiatives. Notable examples of centrally mandated policy experimentation include the Chinese Open Governance Initiative (Stromseth et al. 2017) and the pilot removal of elected people’s councils across ten Vietnamese provinces (Malesky, Nguyen and Tran 2014). The risk orientation theory, articulated in this chapter, may also apply to central leaders who also bear political risks of pilot policy projects. However, this topic is out of the scope of this chapter because it is practically infeasible to test my theory empirically among central leaders.

by the *Sovnarkhoz* Reform, however, along with many of Khrushchev's other reforms, broke rules and norms within the CPSU, contributed to central and regional political elites' discontent toward him, and eventually caused the palace coup and his abrupt removal from office in 1964.⁸

For party cadres at lower levels, who are less powerful and more vulnerable to the party disciplines than central leaders, risks of policy experimentation bear even more weight in their cost-benefit calculations. Because policy initiatives deviate from the endorsed policies of the party leadership, innovative party cadres bear the risks of disobeying orders from the party leadership and receiving disciplinary punishment. Qualitative evidence shows that local officials in Vietnam were aware that by generating new policy initiatives, they violated central policy and risked being punished for their actions. As a result, scholars used the term "fence-breaking" to highlight the political risks of being punished by the party disciplines (Fforde and De Vylder 1996; Malesky 2008; Turley and Womack 1998). Similar risks of fence-breaking also exist in China. Reform-minded local officials in China face the risks of disciplinary punishment and objections from higher-level authorities when their policy initiatives deviate from the central policy or break existing norms and rules. Moreover, other local officials, whose interests are threatened by the new policies, often act as informants for higher-level party authorities by observing and reporting such disobedient behaviors (Cai 2015, 161-64).

The liberalization and proliferation of media in contemporary single-party regimes have made policy experimentation and deviation from the general party line more risky for reform-minded party cadres. Media coverage of officials' activities feeds other political elites with information. By exploiting existing institutions within the

⁸For details on the relationship between Khrushchev's reforms, particularly the *Sovnarkhoz* reform, and his loss of support among senior party colleagues in the CPSU Central Committee, see Markevich and Zhuravskaya (2011, 1552) and Kibita (2013, 124-8).

party, these informed elites are able to affect innovative officials' political careers negatively. State-run newspapers in Vietnam often sharply criticize ongoing fence-breaking activities of subnational officials (Malesky 2008). In China, rather than reporting ordinary officials, commercial newspapers and social media users are more interested in covering senior party cadres' activities that deviate from the party's norms and rules. Even worse, empirical evidence shows that CCP Party Congress delegates pick up the information and cast disapproval votes on these norm-deviating elites in intra-party elections (Lu and Ma Forthcoming).

The existing political economy literature provides two theories that explain why some party cadres still take the risks of punishment and engage in policy innovations. The first explanation originates from the reciprocal accountability theory by Shirk (1993). The reciprocal accountability between provincial and central leaders allowed central leaders to stay in power, which in turn granted space for policy experimentation in China's coastal provinces. Recent studies further argue that upper-level leaders sometimes tolerate or even support policy initiatives of reform-minded local leaders (Cai 2015, chapter 7). Some scholars modify the argument and highlight the role of political centralization in single-party regimes. Cai and Treisman (2006) challenge the role of decentralization in encouraging local experimentation. They propose an alternative theory which argues that local experiments are possible because rival factions in the center, which have different ideological predispositions and local connections, send their supporters to certain regions to demonstrate the effectiveness of their policy initiatives.

This argument of upper-level patronage, however, is not necessarily consistent with empirical observations. In both China and Vietnam, empirical evidence shows that leaders of innovative regions do not have significantly better career prospects than leaders of less innovative regions (Gainsborough 2002; Yang 2006). A closer look

at reform-minded officials in China also demonstrates considerable variation in their career trajectories. While some of them were eventually promoted, many of them stayed in the same positions or were transferred to similar positions.⁹ Some were even forced to resign or were dismissed (Cai 2015, 162-63). This pattern suggests that instead of forming stable patron-client relationships with certain central leaders, which is the fundamental assumption of the patronage argument, innovative local leaders are still covered and managed by the same party hierarchy as other local leaders. In other words, little evidence suggests that innovative local leaders have any insurance policy for their policy experiments. It is still not clear why some party cadres pursue risky policy innovations even when doing so forces them to confront a high level of uncertainty.

Another explanation argues that local leaders use traditional communist rhetoric as camouflage for their norm-deviating reforms. This ideological rhetoric theory argues that political debates between factions within the party leadership generate uncertain signals about which policies local officials should pursue. To avoid critiques and attacks from central leaders from a certain faction if policy initiatives fail, local leaders adopt conservative or orthodox communist rhetoric while allowing local experiments. As a result, these experiments do not transgress ideological borders until they prove to be successful, which helps officials minimize political risks (Huang 2013).

There is no doubt that reformers in Leninist single-party regimes often use orthodox Marxist-Leninist jargons to justify or disguise their initiatives.¹⁰ Sometimes they even make anti-reform statements to neutralize the radicalness of their policies. However, such language and statements do not necessarily shield them from political risks. As

⁹It is also worth noting that several officials were promoted to more senior positions in window-dressing institutions. In other words, they were worse off in terms of decision-making power after promotion.

¹⁰Gainsborough (2010, chapter 2) provides many examples of such rhetoric in Vietnam.

discussed earlier, state-run media, commercial newspapers, and social media users have keen eyes to see when officials break rules and norms or deviate from central policies (Lu and Ma Forthcoming; Malesky 2008). It is hard to believe that critiques and suspicion from cadres' colleagues and superiors, who are even more sensitive to political issues than journalists and netizens, could be shielded solely by rhetoric.

In this chapter, I present an alternative theory that explains why some cadres engage in policy experiments and disobey the party leadership's instructions in spite of political risks, while others do not. By incorporating insights from political psychology and behavioral politics, I argue that the key to understanding the cause of cadres' innovative behavior lies in their subjective perceptions of risks, which are also dubbed "risk orientations" or "risk attitudes."

3.1.2 Risk Attitudes and Subjective Perceptions of Risks

Risk attitudes have been one of the most thoroughly studied concepts of individuals' dispositional traits across different disciplines of social science. The classical theorization of risk aversion and risk-taking in economics dates back to the standard economic risk-return models, which originate from the expected utility (EU) theory. The expected utility theory presumes objective probabilities of gains and losses and fixed reference points (von Neumann and Morgenstern 1953). Empirical evidence about human behavior, however, has not always been consistent with the predictions of the expected utility theory. The most prominent challenge to the expected utility theory is that a series of studies show that individuals' utilities often derive from distorted probabilities. In other words, individuals make decisions under risk and uncertainty often based on subjective rather than objective probabilities (Wu, Zhang and Gonzalez 2004).¹¹

¹¹The two most prominent examples of individuals' distorted perceptions of objective probabilities are the *Allais paradox* (Allais 1953) and the *Ellsberg paradox* (Ellsberg 1961). For a historical

To explain these anomalies in human behavior, Kahneman and Tversky (1979, 1984) presented the prospect theory and proposed three major changes to the expected utility theory: (1) allowing subjective perceptions of risks and returns (rather than objective probabilities of losses and gains); (2) defining utilities based not on a fixed reference point (such as total wealth) but rather on gains and losses relative to a dynamic reference point; and (3) the psychological trade-off between the two. Another fundamental difference between the prospect theory and the expected utility theory is that the prospect theory is a descriptive theory rather than a normative theory. The expected utility theory is normative because it attempts to provide theoretical underpinnings about how decisions under risk should be made. The expected utility theory, however, attempts to describe the choices that people actually make (Johnson and Ratcliff 2014).

One critical reason that this study employs the psychological definitions of risk attitudes, risk aversion, and risk-taking, all based on the prospect theory, is that political activities, especially those in authoritarian ruling parties, often involve subjective perceptions of risks and uncertainties rather than objective risks and uncertainties. Management scholars are among the first who observed that subjective perceptions of risk play a key role in firm management.¹² Contrary to the conventional wisdom that entrepreneurs are more willing to take risks, entrepreneurs do not have a greater preference for risk than other managers. What differentiates entrepreneurs and other managers is that entrepreneurs have a more optimistic perception of the risks in market activities. To outside observers who are able to observe risks more realistically, it appears that entrepreneurs assume greater objective risks (Cooper, Woo and Dunkelberg 1988). To entrepreneurs and managers, however, they make

overview, see Wu, Zhang and Gonzalez (2004).

¹²For a review on this topic, see Weber, Blais and Betz (2002).

a strong and clear distinction between gambling, where they believe the odds are objective, exogenously determined, and uncontrollable by themselves, and risk-taking in business activities, where they believe that their manageability and information reduces subjective perception of uncertainty and risk (March and Shapira 1987). As a result, while entrepreneurs have a more optimistic perception of the risks in business than ordinary managers, they demonstrate a moderate level of preference for risk, similar to that of other managers (Brockhaus 1982). Because entrepreneurs believe that their manageability (which might be either realistic or illusory) can help them reduce the perception of the risks in business, they appear to make more risk-seeking decisions and appear to be more risk-seeking than ordinary managers.

A crucial characteristic of business activities makes this pattern possible in firm management: to participants of business activities, the risks involved are often not objectively quantifiable and measurable. The same applies to risks and uncertainties in personnel evaluation and disciplinary punishment in authoritarian ruling parties. As discussed in the previous chapter, cadres in authoritarian ruling parties are regularly evaluated by different levels of organizational departments based on their work performance and violations of rules. In principle, they are rewarded for achievements and punished by the party discipline for rule violations. However, many party cadres are still willing to take policy initiatives and innovations that break existing norms and rules in the party and explicitly go against instructions from higher-level party organizations. In his detailed study of reform-minded officials and the party's disciplinary punishment in China, Cai (2015, 163) finds that because upper-level authorities do not have perfect information, the severity of the party's disciplinary punishment varies quite dramatically. In other words, similar to how entrepreneurs and managers see risks in business activities, party cadres do not treat the probability of political risk (such as disciplinary punishment and discontent of lower-level officials) as exogenously

determined and fixed. More importantly, similar to entrepreneurs, cadres who assume more risks do so because of their subjective perceptions. According to Cai (2015, 164-65, 171), the main reason that cadres still attempt innovations is career-driven officials' (mis)perception of the risks involved rather than their greater preference for risk. Officials who initiated risky reforms and innovations are not particularly more objectively risk averse or risk-taking than other cadres. Instead, these officials believe that they are able to manage the foreseeable risks, and the political credits of successful initiatives thus outweigh the controllable risks.

Because political risks, uncertainties, benefits, and costs of cadres' decision-making in authoritarian ruling parties are subjective rather than objective, I focus on psychological risk attitudes (or risk orientations) rather than preference for risk in this study. It is thus critical to distinguish the psychological concept of risk attitudes and the psychophysical risk-return model, which are based on the prospect theory, from the standard economic risk-return models and their derived concepts (such as risk aversion and risk-taking in the classical economics literature). Risk aversion in the standard economics literature is defined as individuals' tendencies to prefer the same or lower expected returns with an objectively lower level of risk to the same or higher expected returns with an objectively higher level of risk. Risk aversion in psychophysical risk-return models, however, refers to an individual's subjective overestimation of risk and subjective underestimation of potential returns.

Applied psychology, behavioral economics, and firm management studies have linked risk attitudes to several patterns of organizational behavior. In organizational settings, risk-seeking individuals differ significantly from risk-averse ones in problem-solving and decision-making. Individuals who underestimate risks are more likely to comply with norms and rules in organizational settings (Kahneman and Tversky 1984; Kahneman, Knetsch and Thaler 1991; Rabin 2000; Rabin and Thaler 2001).

Risk-acceptant individuals, however, are much less willing to submit to bureaucratic norms, organizational rules, and other political constraints (Conger and Kanungo 1987; Macko and Tyszka 2009; Palich and Bagby 1995; Stewart and Roth 2001).

A recent wave of behavioral politics research further reveals that people who are more risk-accepting are more likely to participate in novelty-seeking activities and go for riskier options in politics. In democracies, risk-accepting citizens are generally more likely to participate in politics actively (Kam 2012; Kam and Simas 2010), endorse aggressive and risky acts (Ehrlich and Maestas 2010), support military interventions (Eckles and Schaffner 2011) and secessionist movements (Nadeau, Martin and Blais 1999), and vote for candidates characterized by uncertainty and change (Kam and Simas 2012) and challengers rather than incumbents (Eckles et al. 2014). In hegemonic party regimes such as Mexico's under the rule of the Institutional Revolutionary Party (PRI), risk-averse voters were less likely to vote for opposition parties. Instead, they were more willing to stick with the incumbent ruling party in elections.

Very few political science and economics studies so far, however, focus on democracies or non-democracies with manipulated national elections.¹³ How do risk attitudes of party cadres in authoritarian ruling parties affect their behavior, such as obedience, in organizational settings? The next subsection addresses this question by conceptualizing risk attitudes and cadres' behavior in the parties.

3.1.3 Conceptualizing Risk Attitudes and Obedience

The psychophysical risk-return model, which is based on the prospect theory, provides a theoretical departure point for understanding the linkage between risk attitudes and political behavior. The psychophysical risk-return model argues that risk

¹³The only exception so far is a recent survey of university students in Hong Kong (Cantoni et al. 2017). The paper finds that risk-tolerant college students are more likely to exhibit anti-authoritarian ideology and behavior.

attitude could be better conceptualized in the risk-return framework of risky choice, which is often used in finance. In finance, riskiness is simply defined as the option's variance. The psychophysical risk-return model, however, allows perceived risk to differ at the individual level. In the psychophysical risk-return model, an individual's willingness to engage in certain kinds of behavior is a function of three factors: (1) the perceived returns or benefits of the behavior; (2) the perceived risks or costs of the behavior; and (3) the individual's willingness to trade off between those costs and returns. The function can be expressed in the following way, where one's preference for engaging in risky activities is determined by her expected benefit coefficient a and perceived risk coefficient b (Weber, Blais and Betz 2002).

$$\text{Preference}(X) = a(\text{Expected Benefit}(X)) + b(\text{Perceived Risk}(X)) + c \quad (3.1)$$

In an attempt to incorporate psychophysical factors into the classical expected utility framework, Sinn (1985) argues that the function above could be interpreted in the following way:

$$U(w) = \begin{cases} \ln(w) & \text{if } \varepsilon=1 \\ (1 - \varepsilon)w^{1-\varepsilon} & \text{otherwise} \end{cases}$$

where ε stands for a standard Arrow-Pratt measure of relative risk aversion $\varepsilon = -\frac{U''(w)}{U'(w)}w$. $U(w)$ stands for a revised von Neumann-Morgenstern utility function that includes a behavioral factor. As a measure of risk aversion, ε represents the curvature of the utility function, which substantively aggregates one's tradeoff between returns and risks. $\varepsilon = 1$ represents a risk-neutral person, while $\varepsilon > 1$ and $\varepsilon < 1$ represent risk-seeking and risk aversion respectively.

Following the risk-return framework, this subsection will examine three aspects of party cadres' decision-making when they implement policies as government officials: (1) the subjective benefits of disobedience; (2) the subjective costs of disobedience; and (3) the trade-off between the returns of disobedience and the costs of disobedience. In the psychology literature, risk-acceptant individuals are characterized by their "sensation-seeking" behavior. More specifically, people with higher degrees of risk acceptance tend to perceive more benefits and lower costs from risky experiences. As a result, risk-acceptant individuals are predisposed to engage in risky activities (Kam 2012; Zuckerman 1994).

The literature of political economy in single-party regimes has identified several sources of returns and costs associated with policy innovations. The scholarship shows that policy innovations, which violate orders from the central authority and rules in the party, bring about a higher degree of risk in cadres' political careers. Earlier research of economic reforms in China and Vietnam argues that reformers and policy innovators at the local level are rewarded with promotions. Recent developments in the literature, however, suggest that these studies focused only on a small number of fortunate cases and their findings suffer from selection effects. Politicians everywhere are cautious about initiating controversial reforms because changes to the status quo could threaten their political careers (Huntington 1968, 345), and cadres in authoritarian ruling parties are not exceptions. While some fortunate officials receive promotions and rewards, some others receive harsh punishments because of their violations of the party's policy agenda and political line. On average there is no association between policy innovations and promotions (Malesky and London 2014, 410).

A closer look at the reformers' career trajectories reveals that their political careers indeed have a larger degree of uncertainties and risks than those of ordinary officials. Specifically, they may obtain higher rewards from their deviations from the party's

line and successful policy experiments. However, they are also more likely to be punished by the party discipline. A 2004 report by the Hong Kong based *Phoenix Weekly* examined seven senior officials in China who initiated policy innovations. As rewards for their innovations, two of the remote prefecture leaders were eventually promoted to the rank of provincial leaders, which is unusual for officials in similar ranks. A third leader also received a promotion to a more powerful position in a prefecture-level government, and a fourth remained in the same office as of 2004. However, two officials were removed from office because they did not obey orders from higher-level authorities, and the last one was forced to resign (Cai 2015, 162-63).

Several high-profile cases of policy innovators epitomize the political risks and uncertainties in their careers. Although some rising stars significantly outperform their colleagues in subsequent political careers because of their policy innovations, their deviations from the party line may still trigger their political defeats like time bombs. The official who stayed in the same position according to the 2004 report, Qiu He (then CCP party chief of Suqian, Jiangsu), deserves a special mention. Qiu was famous for his authoritarian governing style and radical reforms during his tenure in Suqian, Jiangsu (1996–2005). A few years after 2004, Qiu became a rising star and quickly rose to the rank of provincial leader in his late 40s. In 2011, the 54-year-old Qiu was promoted to the office of deputy party chief (the third most powerful figure) in Yunnan Province, and he was “elected” as alternate member of the CCP Central Committee in 2012. These achievements dwarfed those of all but one of his predecessors and successors in Suqian. In 2015, however, Qiu was purged under dubious charges of corruption. A widely circulated article with official endorsements, however, attributed his political fall to his “bald, defiant, and capricious” governing style, which explicitly referred to his series of policy experiments that deviated from the general party line (Lu and Ma Forthcoming).

Another name that deserves discussion is Zhu Mingguo, whose policy experimentation involved the sensitive topic of governance modes. Zhu became famous for his handling of the Wukan incident, a thousand-person anti-corruption protest that resulted in a month-long standoff between the villagers and armed police in the village of Wukan in Lufeng, Guangdong, in 2011. Deviating from the conventional hard line solution endorsed by the party leadership, Zhu employed a more liberal and lenient approach. He backed down and acknowledged the villagers' self-organized and autonomous organization and vowed to satisfy most of their demands (Lagerkvist 2015). Zhu's innovative maneuvering earned him not only a good reputation in the Chinese and foreign media, but also political promotions. Widely regarded by political observers and analysts as a rising star, Zhu was also "elected" as an alternate member of the CCP Central Committee at the 18th Party Congress in 2012 and soon promoted to be the top political advisor in Guangdong. However, in 2014, he was removed and investigated under the charge of "serious violations of party discipline and law."¹⁴

As discussed above, disobedience entails expected benefits, such as rewards for policy innovations, and subjective costs, such as disciplinary punishment. While disobedient behavior and deviations from the party leadership's political line could result in risks, compared with risk-averse cadres, risk-acceptant cadres weigh the benefits and costs differently. As the psychological theory of risk acceptance suggests, risk acceptant cadres are more likely to systematically perceive more gains from the subjective benefits of disobedience and perceive smaller losses from the subjective costs. As a result, risk-acceptant cadres are more likely to take risks and deviate from the party leadership's instructions.

¹⁴See "Senior Guangdong Official Who Helped Broker Peace in Wukan Probed for Graft." *South China Morning Post*, November 28, 2014. <http://www.scmp.com/news/china/article/1650944/senior-guangdong-official-who-helped-broker-peace-wukan-probed-graft>.

3.1.4 Hypothesis

Based on my argument, I derive the following hypothesis:

Hypothesis 1 *Cadres who are more risk acceptant are less likely to obey orders from the party leadership*

3.2 Data and Measurements

3.2.1 The Party Cadre Survey

The data were collected from the author's recent wave of paper-based CCP cadre surveys in China between August 2017 and January 2018. The respondents were recruited from short-term training courses in the School of Public Administration at one of the top two universities in China. All of the respondents were officials from prefecture-level or province-level party organizations or governments, who were managed by the cadre system of the CCP. To my knowledge, this is one of the few survey experiments conducted among medium-to-high level political elites in China. In total, I have circulated around 300 questionnaires and collected 255 valid responses. The 85 percent completion rate is relatively high compared with those of other political elite surveys.

The sampling method was not probabilistic because the participants of the training programs were not chosen at random. However, the non-probabilistic sampling approach is not likely to hurt the validity of my results. As discussed later in this chapter, respondents were randomly assigned to treatment, placebo, and control groups. The experimental design alleviates the concern of selection bias, as the respondents of each group are similar. Moreover, the non-random sampling may even help me better investigate the opinions of senior political elites in the CCP, whose opinions and attitudes are usually inaccessible for academic research. According to my

interviews with faculty members, staff, and graduate students at the School of Public Administration, officials in these part-time training programs are heavily invested in by their provincial or municipal government. Each training program lasts around one or two weeks, and provincial or municipal governments pay around RMB 10,000 to 30,000 (about USD 1,450-4,350) to the university for each participant's tuition, lodging, accommodation, and other expenses. Because of the prestige of the university and additional benefits, including a stay at a three- or four-star hotel and a few excursion trips around Beijing, access to such programs is usually reserved as a perk for important and promising officials in their jurisdictions. Therefore, compared with an average official in the CCP-controlled political hierarchy, respondents in this survey were more likely to hold key offices and to be promoted in the future than average officials.

The descriptive statistics match the impression that the subjects were mainly senior cadres in the CCP. Of the surveyed cadres, 61.1 percent of the cadres held the bureaucratic rank of deputy departmental chief (*fu chuzhang*), deputy county mayor (*fu xianzhang*), or higher at the time. Cadres at or above these ranks are also known as elite cadres or leading cadres (*lingdao ganbu*), which account for only 1 to 2 percent of the CCP membership.¹⁵ The high percentage of leading cadres in the survey sample not only strengthens the validity of the study, but also outperforms other recent survey experiments of Chinese officials, which also employ non-probabilistic sampling (Liu Forthcoming; Meng, Pan and Yang 2017; Pan and Zhang 2017).

3.2.2 Measures of Risk Orientations

Measuring risk orientations at the individual level presents serious challenges for empirical research. Latent variables by nature, risk attitudes also manifest in many

¹⁵See *National Leading Cadre Statistics*. (*Quanguo lingdao ganbu tongji ziliao*), 5, in 30-18/19 “Compendium of National Statistics on Party and Government Leading Cadres above the Rank of County or Division Level, 1954-1998.”

aspects of everyday human behavior. While psychologists were the first group of scholars to take interest in risk attitudes, the orthodox approach of measuring risk attitudes in the literature of psychology is using lengthy batteries of questions about risk orientations. The most prominent example is Zuckerman's Sensation-Seeking Scale, which consists of forty questions about risk-related behaviors such as thrill and adventure seeking, experience-seeking, disinhibition, and boredom susceptibility (Zuckerman, Ball and Black 1990; Zuckerman, Eysenck and Eysenck 1978). The Choice Dilemmas Questionnaire (CDQ) represents a slightly more compact alternative. First developed by Wallach and Kogan (1959, 1961), the CDQ asks subjects to give recommendations to actors facing uncertain situations based on twelve distinct vignettes. The Domain-Specific Risk Taking Scale (DOSPERT), a more recently developed strategy, measures risk orientations in daily behaviors based on thirty questions covering social, recreational, financial, economic, health, and ethical risks (Blais and Weber 2006). However, given their large numbers of survey instruments, such approaches are obviously hardly applicable outside laboratories. To the best of my knowledge, few survey questionnaires in the field of social science have the luxury to include such lengthy batteries of questions.¹⁶

At another extreme, a host of political science studies has relied on an oversimplified single-item approach to measure risk attitudes at the individual level (Berinsky and Lewis 2007; Morgenstern and Zechmeister 2001; Nadeau, Martin and Blais 1999; Peterson and Lawson 1989; Tomz and van Houweling 2009). Despite its apparent advantages such as space saving and practicality, the single-item strategy is prone to measurement errors. Specifically, because any single-item measure of an underlying variable may contain random measurement error, reliability almost always increases with the number of items (Loose, Hou and Berinsky 2018). As a result, the single-item

¹⁶The only exception to date is Kowert and Hermann (1997), who surveyed 125 college undergraduates.

approach could be problematic for measuring risk orientations.

To measure CCP cadres' risk orientations, I employ the seven-item Risk-Acceptance Scale, which was developed by Kam and Simas (2010, 2012) as a balanced measurement of risk orientations. Attempting to minimize the measurement errors caused by the single-item strategy, the risk-acceptance scale combines seven valid indicators of risk orientations across different disciplines, including political science, psychology, and sociology. Question 1 asks subjects about their life choices under uncertainty. The question is based on a similar item in the 1990 and 1995 installments of the World Value Survey (WVS) and a 1997 post-electoral national survey of the Mexican electorate (Morgenstern and Zechmeister 2001).¹⁷ Used by Berinsky and Lewis (2007), question 2 measures risk propensities in the context of gambling. Questions 3 to 6 are adapted from a shortened version of the Zuckerman Sensation-Seeking Scale. These three questions, also known as "the Brief Sensation-Seeking Scale," were previously analyzed by Hoyle et al. (2002). The last question examines respondents' cognitive difficulty of accepting risks and was first used by Nadeau, Martin and Blais (1999). The Risk-Acceptance questions were also included in several waves of the American National Election Study (ANES). For each participant, responses to each question are normalized between 0 and 1 and aggregated into a risk-acceptance index (RAI) that ranges from 0 to 7. A larger RAI indicates a higher degree of risk acceptance.

According to Kam and Simas (2010), the Risk-Acceptance Scale approach has the following additional advantages: (1) the questions are all clearly distinct in nature from the decision task; (2) the questions are distinct from the focus of the dependent variable, which is responses to public policy implementations in a political and organizational context; (3) the questions have been used as valid indicators of risk preference in prior studies across several academic fields, making the final aggregated index applicable

¹⁷Miller (2000) and Freese (2004) have analyzed the WVS question individually.

across domains; (4) all the questions, as they appeared on the questionnaire, vary in direction, and thus help avoid the acquiescence response bias;¹⁸ and (5) the measure is compact enough to be administered in a survey context, which avoids some of the difficulties with the long and administratively cumbersome measures in psychology. Based on a close review of the literature on measurements of risk attitudes at the individual level, this study employs the Risk-Acceptance Scale with a minimal degree of localization. The exact design of the Risk-Acceptance Scale is shown in item 5.1.

3.2.3 Measures of Obedience: An Endorsement Experiment

Obedience to the party leadership's authority and its orders is a sensitive topic in the organizational context of authoritarian ruling parties, particularly in the contemporary CCP. Cadres who explicitly fail to implement instructions could be punished by the party discipline. In the context of China and the CCP, Xi Jinping, the paramount leader since 2012, has launched a number of campaigns to strengthen the authority of the party leadership and himself. One critical component of these campaigns is to repress dissident views within the party. Asking the cadre respondents directly whether they will support an instruction from the party leadership in this climate could be problematic and cause high non-response rates. Eliciting truthful and sincere answers in surveys, as a result, becomes a challenging task.

To tackle the social desirability bias, I use an indirect measure of obedience to the party leadership's authority known as "endorsement experiment." First introduced by Bullock, Imai and Shapiro (2011) and Blair et al. (2013) to study support for political groups and political violence in a conflict area such as Pakistan, endorsement experiments have been used by political scientists to study support of and submission to sensitive political groups that control by coercive means (Fair, Malhotra and Shapiro

¹⁸The acquiescence response bias refers to the respondents' tendency to agree or disagree with all the questions. For example, a respondent with acquiescence response bias may choose "relatively agree" for all survey questions.

2014; Fair, Littman and Nugent 2018).¹⁹

The core and fundamental rationale of the endorsement experiment is to obscure individual responses by exploiting evaluation bias in human judgment (Rosenfeld, Imai and Shapiro 2016, 785). Social psychology research on persuasion suggests that individuals' opinions could be influenced by endorsers (Cialdini 1984; Petty and Wegener 1998; Petty and Cacioppo 1986). Accordingly, this technique randomizes whether nonsensitive policy questions are paired with the sensitive group object, such as the leadership of the CCP, so any difference in policy support can be attributed solely to the object. In the survey, respondents were randomly assigned to a treatment group, a control group, or a placebo group. All of them answered whether they would be willing to implement three distinctive policies if they were executives of a prefecture-level city. I identify these three policies by closely scrutinizing policy documents of the CCP and the Chinese government in the past few years.

Earlier practitioners of endorsement experiments argue that an endorsement experiment needs to meet two criteria (Blair, Imai and Lyall 2014; Bullock, Imai and Shapiro 2011). First, respondents should not have overly strong prior opinions about the policies, so it is still possible that a group's endorsement can affect their evaluations of the policies. Second, the policies must be somewhat familiar to the respondents, so the group endorsement could be meaningful and salient. All these policies met these two criteria. The three policies were relatively well known to the cadre respondents. However, they were not likely to have extremely positive or negative opinions over any one of them: (1) expanding access to the urban social security system (including medical insurance, pension, unemployment insurance, employment injury insurance, maternity insurance, and the Housing Provident Fund) to migrant workers (*Migrant Workers*);

¹⁹For a methodological explanation of endorsement experiments, see Bullock, Imai and Shapiro (2011). For other recent examples of endorsement experiments in political science and political psychology, see Blair, Imai and Lyall (2014); Cohen (2003); Kam (2005); Lupia and McCubbins (1998); Lyall, Blair and Imai (2013); Nicholson (2011).

(2) allowing elite primary schools and junior middle schools to recruit students from outside their school districts within their own prefectures (*School Recruitment*); and (3) disbursing additional monetary subsidies to married couples who give birth to a second child (*Second Child*).

Respondents in the control group were simply asked whether they would be willing to implement these three policies if they were executives of a prefecture-level city. In other words, the controlled subjects were only told to express their willingness to implement policies that were not endorsed by anyone. Respondents in the treatment group, however, were told that these policies were explicitly endorsed by the CCP party leadership. The treated subjects were thus asked about their willingness to implement the very same policies that were also instructions of the party leadership. Positive responses were coded as 1, and negative responses 0. Because the only difference between the control and treatment conditions was the explicit endorsement by the CCP party leadership, the difference in means between the treatment and control groups could be interpreted as respondents' obedience to the party leadership. To make sure that no any group endorsement message would lead to changes in the subjects' responses, I also included a placebo condition which stated that a professor at Peking University had endorsed these policies.²⁰

One potential threat to this experimental design is that the untreated respondents might also identify the three policies as instructions from above. Although cadre respondents were somewhat familiar with all three policies, it is unlikely that the respondents in the control group and the placebo group would identify them as instructions of the party leadership without an explicit endorsement. One of the policies was explicitly sanctioned by the CCP in one of the lengthy communiqués of the plenary sessions of the CCP Central Committee. However, a typical communiqué

²⁰For the exact design of the endorsement experiments, see item 5.1.

of the CCPCC plenary session, which is released once or twice a year, usually has 5,000-7,000 Chinese characters, and its English version usually has 3,000-5,000 words. It is not likely that an average cadre respondent was highly familiar with the document and could recognize a low-profile policy proposal from among hundreds of them. The other two policies were pitched by senior officials from corresponding ministries on less formal occasions. However, because of their potentially controversial implications, they had not yet been sanctioned by any formal policy document of the Chinese government or any resolution of the CCP Central Committee. As a result, there is little reason to believe that the cadre respondents would recognize any of these policies as instructions of the party leadership without an explicit endorsement.

3.2.4 The Baseline Specification

I employ a binary logistic model with the following specification as the baseline estimation framework for each question:

$$\begin{aligned}
Willingness_i = & \alpha_1 Risk\ Acceptance_i + \alpha_2 Party\ Endorsement_i \\
& + \alpha_3 Risk\ Acceptance_i \times Party\ Endorsement_i + \alpha_4 PKU\ Endorsement_i \\
& + \alpha_5 Risk\ Acceptance_i \times PKU\ Endorsement_i + X_i\beta + \varepsilon_i
\end{aligned}
\tag{3.2}$$

where $Willingness_i$ denotes cadre i 's binary response to the three policy questions ("Yes" or "No"). $Risk\ Acceptance_i$ denotes cadre i 's Risk-acceptance Index, which as discussed earlier, ranges from 0 (most risk averse) to 7 (most risk acceptant). $Party\ Endorsement_i$ denotes whether cadre i is randomly assigned to receive the experimental treatment (the party leadership's endorsement), and $PKU\ Endorsement_i$ denotes the placebo treatment (endorsement of a professor at Peking University).

Therefore, α_5 is the primary quantity of interest here, because it grasps a cadre's obedience to the party leadership's authority by capturing her willingness to implement the policy *only when* it is an instruction of the party leadership.

X_i denotes a possibly empty vector of individual-level demographic controls. To ensure robustness of the empirical results, in some of the models, I included a rich set of controls based on the subjects' responses to demographic questions in the cadre survey questionnaires. The demographic controls include conventional ones such as gender and age. I also control for their political affiliation by including a dummy for CCP members. About 90 percent of all respondents are CCP members. It is worth mentioning that although the remaining 10 percent of respondents are not CCP members, they are government officials and still managed by the cadre system of the CCP. I control for degrees of education by adding a dummy for full college education (four-year colleges) or above. I also control for cadres' administrative rank (whether she is an elite or leading cadre, which means that she holds the administrative rank of deputy departmental head, deputy county mayor, or above) and whether the respondent is a supervisor (*lingdao*) of her own institution or work unit (*danwei*).

3.3 Empirical Results

3.3.1 Baseline Results

Table 3.1 presents the baseline binary logistic estimates on the effects of risk acceptance on obedience to the party leadership's instructions. Models 1 and 2 use responses to the first policy question (*Migrant Workers*) as the dependent variable, models 3 and 4 the second (*School Recruitment*), and models 5 and 6 the third (*Second Child*). Models 1, 3, and 5 use the most parsimonious setting that excludes demographic covariates. Models 2, 4, and 6 include all demographic controls that

Table 3.1: Logistic estimates of the endorsement experiments.

	<i>Dependent variable:</i>					
	Q1: Migrant Workers		Q2: School Recruitment		Q3: Second Child	
	(1)	(2)	(3)	(4)	(5)	(6)
Risk Acceptance Index	0.530 (0.406)	0.228 (0.463)	0.048 (0.329)	-0.062 (0.392)	0.045 (0.317)	-0.085 (0.380)
Party Leadership Endorsement	9.011*** (2.220)	8.671*** (2.477)	4.521*** (1.553)	4.136** (1.777)	4.601*** (1.445)	4.682*** (1.664)
Peking University Endorsement	-5.233 (3.324)	-7.969* (4.167)	0.141 (1.882)	-0.414 (2.133)	-1.094 (1.812)	-2.218 (2.063)
Male		0.255 (0.578)		-0.844* (0.484)		-0.084 (0.407)
Age		-0.026 (0.037)		0.070** (0.030)		-0.010 (0.027)
CCP Member		-0.566 (0.905)		-0.451 (0.622)		-0.095 (0.554)
College Education or Above		-0.043 (0.883)		0.085 (0.645)		-0.195 (0.596)
Elite Cadre		-0.391 (0.631)		-0.801 (0.507)		-0.246 (0.458)
Supervisor		-0.536 (0.646)		0.057 (0.466)		-1.086** (0.442)
Risk Acceptance Index × Party Leadership Endorsement	-2.172*** (0.577)	-2.017*** (0.644)	-1.078** (0.425)	-0.996** (0.485)	-1.102*** (0.404)	-1.136** (0.462)
Risk Acceptance Index × Peking University Endorsement	1.822* (1.060)	2.701** (1.323)	0.011 (0.533)	0.147 (0.592)	0.284 (0.510)	0.523 (0.572)
Constant	-0.677 (1.349)	2.149 (2.667)	0.376 (1.148)	-0.798 (2.138)	-0.290 (1.113)	1.376 (2.012)
Observations	226	205	232	209	234	212
Log Likelihood	-80.095	-68.762	-128.914	-110.244	-145.159	-124.681
Akaike Inf. Crit.	172.191	161.525	269.829	244.488	302.317	273.362

Notes: This table presents the effects of the endorsements on cadres' responses to the policy questions. The results are based on binomial logistic models. Standard errors are reported in parentheses. *p<0.1; **p<0.05; ***p<0.01.

were discussed earlier.

The results from both sets of models support my hypothesis that risk-acceptant party cadres are more likely to deviate from orders of the party leadership. The coefficient estimates for all six models consistently show that endorsements of the party leadership successfully induce higher levels of willingness to implement policies among the cadres. The coefficients of the risk-acceptance index are near zero and statistically insignificant. In other words, when the policies are not affiliated with any external endorsements, the risk-acceptance index *per se* does not affect cadres' willingness to implement the policies. Risk acceptance, however, consistently affects cadres' obedience. As the interaction terms of risk-acceptance index and the party leadership's endorsement are negative and statistically significant, the results suggest that risk-acceptant cadres are less likely to implement the policies when they are endorsed by the party leadership, showing that they are less likely to obey orders from the party leadership.

There is also limited evidence for an interesting finding. Models 1 and 2 demonstrate that when the policy is endorsed by a professor from a major university, cadres are generally less likely to take the advice. However, risk-acceptant cadres may be more willing to implement the policy when it is endorsed by a professor from Peking University. Still, the evidence is limited because the coefficients are marginally significant and the cadres' responses to the other two questions do not suggest this pattern. Models 2, 4, and 6 also present estimates of other demographic variables. Most demographic variables have insignificant effects on cadres' willingness to implement policies. Most estimates are near zero and statistically insignificant. The only exception is that leading cadres may be more reluctant to distribute subsidies to parents who give birth to a second child.

3.3.2 Robustness Checks

Diagnostics

There are two assumptions when using multiplicative interaction models to test conditional hypotheses. First, multiplicative interaction models assume a linear interaction effect (LIE) that changes at a constant rate with the moderator (in this case, the risk-acceptance index). Second, if there is insufficient common support in the treatment variable (in this case, the endorsement of the party leadership) across different values of the moderator, the observed interaction effects might be caused by extrapolation. Violating these two assumptions may seriously threaten the validity of the results (Hainmüller, Mummolo and Xu Forthcoming).

To address these two concerns, I employ the R package named **interflex**, which was developed by Hainmüller, Mummolo and Xu, to diagnose whether the survey data meet the two criteria of LIE and common support.²¹ Figure 3.1 reports the binning estimates superimposed on the estimates from the multiplicative interaction models used in column 2, 4, and 6 of Table 3.1. The three red bins represent the conditional marginal linear effect estimates of the binning estimator for the treatment of party endorsement at low, medium, and high levels of risk attitudes. As these three bins line up very closely with the interaction effects across all three models, it is safe to conclude that all three models meet the LIE criteria. In other words, the conditional effects of the party endorsement change at a constant rate with the risk-acceptance index. In the meantime, the moderator, the risk-acceptance index, has relatively low L-Kurtosis values across all three sets of models (0.1221 in model 2, 0.1201 in model 4, and 0.1216 in model 6), which are all below the cutoff point of 0.16 in Hainmüller, Mummolo and Xu (Forthcoming). As higher L-Kurtosis values indicate higher degrees of skewness,

²¹Unfortunately, the **interflex** package does not support plotting marginal effects of ordered logistic estimates. However, the package can still diagnose whether the problems of LIE and common support are present.

the relatively low L-Kurtosis values suggest that the distribution of risk-acceptance index is not skewed and the findings are not caused by severe extrapolations.

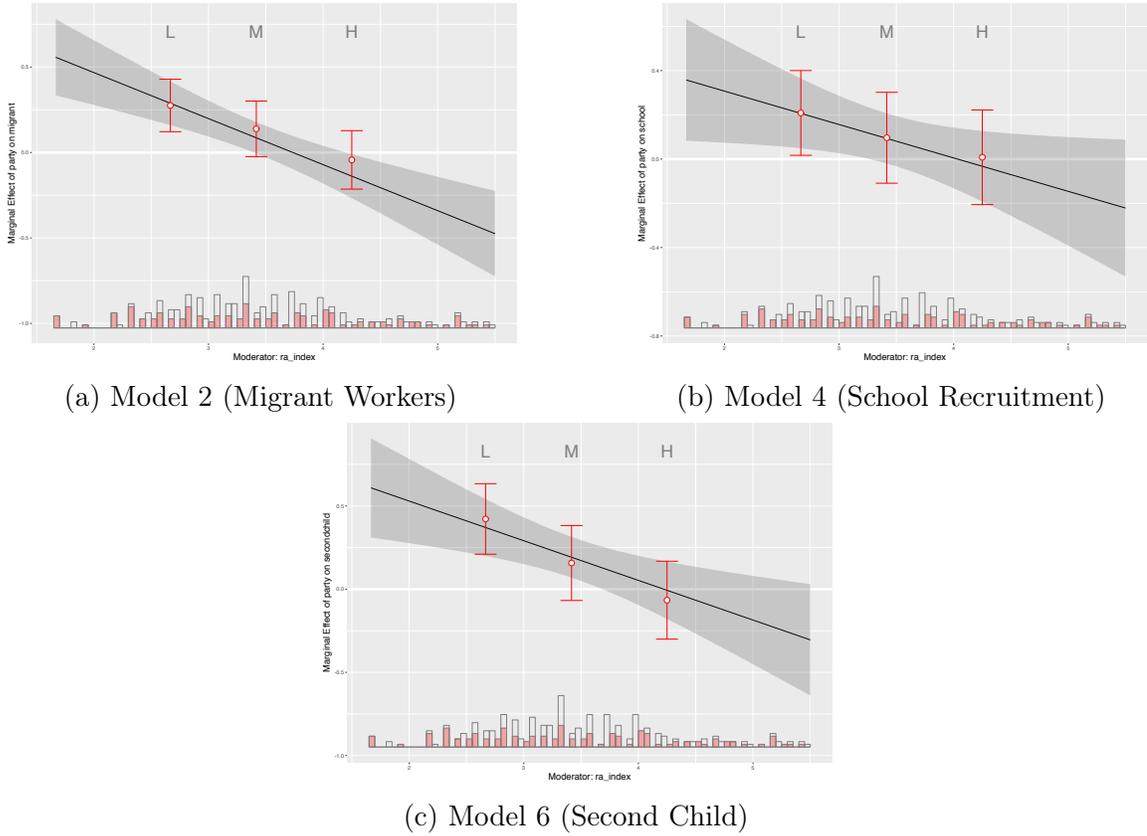


Figure 3.1: Marginal effects estimates from model 2, 4, and 6, and the binning estimators (red dots)

Alternative Estimator

One potential concern about the robustness of the baseline results is that the results may be sensitive to the binary logistic estimators. To confirm the robustness of the baseline results, I re-estimate the baseline models with binary probit models. As Table 3.2 demonstrates, the estimates are almost identical to the baseline results.

Dropping Respondents Who Were Not Party Members

One legitimate concern about the observed results is that whether the result is still valid after dropping cadres who were not party members. Non-party members

Table 3.2: Probit estimates of the endorsement experiments.

	<i>Dependent variable:</i>					
	Q1: Migrant Workers		Q2: School Recruitment		Q3: Second Child	
	(1)	(2)	(3)	(4)	(5)	(6)
Risk Acceptance Index	0.311 (0.236)	0.144 (0.272)	0.029 (0.203)	-0.033 (0.240)	0.028 (0.198)	-0.044 (0.235)
Party Leadership Endorsement	4.540*** (1.148)	4.269*** (1.287)	2.614*** (0.911)	2.404** (1.042)	2.831*** (0.873)	2.849*** (0.998)
Peking University Endorsement	-3.167* (1.898)	-4.854** (2.368)	0.094 (1.152)	-0.173 (1.296)	-0.688 (1.128)	-1.346 (1.271)
Male		0.079 (0.326)		-0.482* (0.276)		-0.058 (0.246)
Age		-0.015 (0.021)		0.041** (0.018)		-0.004 (0.016)
CCP Member		-0.318 (0.500)		-0.255 (0.362)		-0.081 (0.335)
College Education or Above		-0.038 (0.485)		0.022 (0.381)		-0.079 (0.357)
Elite Cadre		-0.202 (0.353)		-0.434 (0.299)		-0.140 (0.278)
Supervisor		-0.341 (0.352)		0.059 (0.277)		-0.640** (0.264)
Risk Acceptance Index × Party Leadership Endorsement	-1.108*** (0.311)	-1.002*** (0.349)	-0.626** (0.253)	-0.578** (0.288)	-0.679*** (0.246)	-0.694** (0.279)
Risk Acceptance Index × Peking University Endorsement	1.093* (0.594)	1.634** (0.742)	0.004 (0.326)	0.068 (0.360)	0.179 (0.318)	0.317 (0.353)
Constant	-0.373 (0.799)	1.311 (1.519)	0.236 (0.709)	-0.504 (1.279)	-0.182 (0.697)	0.717 (1.224)
Observations	226	205	232	209	234	212
Log Likelihood	-80.758	-69.393	-128.982	-110.304	-144.986	-124.667
Akaike Inf. Crit.	173.515	162.786	269.964	244.609	301.973	273.334

Notes: This table presents the effects of the endorsements on cadres' responses to the policy questions. The results are based on binomial probit models. Standard errors are reported in parentheses. *p<0.1; **p<0.05; ***p<0.01.

Table 3.3: Logistic estimates of the endorsement experiments. All non-party members are dropped.

	<i>Dependent variable:</i>					
	Q1: Migrant Workers		Q2: School Recruitment		Q3: Second Child	
	(1)	(2)	(3)	(4)	(5)	(6)
Risk Acceptance Index	0.473 (0.405)	-0.149 (0.405)	0.080 (0.321)	0.132 (0.472)	-0.027 (0.338)	-0.051 (0.385)
Party Leadership Endorsement	8.761*** (2.284)	3.319* (1.842)	4.488*** (1.483)	8.188*** (2.547)	3.662** (1.592)	4.510*** (1.713)
Peking University Endorsement	-5.077 (3.341)	-1.765 (2.254)	-1.334 (1.890)	-8.604** (4.282)	-0.683 (1.957)	-2.781 (2.177)
Male		-0.985* (0.526)		0.337 (0.587)		-0.108 (0.444)
Age		0.092*** (0.032)		-0.019 (0.039)		0.007 (0.029)
College Education or Above		0.169 (0.717)		0.433 (0.886)		0.118 (0.643)
Elite Cadre		-0.932* (0.528)		-0.556 (0.649)		-0.444 (0.479)
Supervisor		-0.202 (0.477)		-0.823 (0.657)		-1.121** (0.464)
Risk Acceptance Index × Party Leadership Endorsement	-2.132*** (0.595)	-1.782*** (0.503)	-1.085*** (0.415)	-1.930*** (0.663)	-0.871** (0.438)	-1.124** (0.476)
Risk Acceptance Index × Peking University Endorsement	1.736 (1.066)	0.515 (0.628)	0.278 (0.535)	2.848** (1.357)	0.197 (0.560)	0.592 (0.605)
Constant	-0.469 (1.353)	-1.714 (2.222)	-0.348 (1.128)	1.363 (2.685)	0.728 (1.186)	0.378 (2.078)
Observations	206	190	213	187	210	193
Log Likelihood	-75.595	-99.770	-131.912	-64.444	-117.999	-112.610
Akaike Inf. Crit.	163.191	221.539	275.824	150.888	247.999	247.221

Notes: This table presents the effects of the endorsements on cadres' responses to the policy questions. The results are based on binomial probit models. Standard errors are reported in parentheses. *p<0.1; **p<0.05; ***p<0.01.

in China who work for party or governmental institutions are either non-partisan or members of satellite parties. They are also managed by the party's organization departments. However, the party's control over them may be weaker than that over party members. As a result, their requirement of obedience may be different from party members' requirement and the theoretical argument in this chapter may not necessarily apply to non-party members.

To address this issue, I drop non-party members from the original analysis sample and replicate the baseline analysis. As all respondents in the subsample were CCP members, I no longer control for CCP membership in columns 2, 4, and 6. The estimates are consistent with the baseline results.

Coastal Provinces

Another concern about the validity of the baseline results is that officials from the Southeast coastal provinces in China may respond differently to the policy questions. As discussed earlier, some scholars believe that the Southeast coastal provinces, the main powerhouse of China's fast economic growth, arguably have more freedom in policy innovations (Shirk 1993). As a result, there are legitimate reasons to believe that they may be less likely to obey orders from the party leadership.

To address this concern, I construct a dummy for officials who were working in the Southeast coastal provinces.²² Based on the coastal dummy, divide the main analysis sample into two subsamples: respondents from coastal provinces and respondents from inland provinces. As a robustness check, I re-estimate the baseline results with these two subsamples. The results in Table 3.4 show logistic estimates with the coastal subsample (columns 1-3) and the inland subsample (columns 4-6). The robustness check suggests that cadres from the Southeast coastal provinces as a whole do not

²²Following the conventional definition in the literature, I define Jiangsu, Zhejiang, Fujian, Guangdong, and Hainan as the Southeast coastal provinces.

Table 3.4: Logistic estimates based on two subsamples: respondents from coastal provinces and those from inland provinces.

Subsamples:	Coastal Provinces			Inland Provinces		
	<i>Dependent variable:</i>					
	Q1	Q2	Q3	Q1	Q2	Q3
	(1)	(2)	(3)	(4)	(5)	(6)
Risk Acceptance Index	-0.025 (0.621)	0.702 (0.576)	0.059 (0.538)	0.363 (1.107)	-1.049 (0.809)	-0.519 (0.663)
Party Leadership Endorsement	7.398** (3.295)	4.502** (1.807)	5.443** (2.425)	10.556** (4.799)	4.070* (2.106)	3.637** (1.612)
Peking University Endorsement	-13.802 (11.562)	4.619 (3.333)	-1.609 (3.126)	-7.947 (5.454)	-4.446 (3.527)	-2.563 (3.156)
Male	0.052 (0.801)	-1.668** (0.708)	-0.838 (0.568)	0.549 (1.063)	-0.506 (0.823)	0.660 (0.780)
Age	0.029 (0.055)	0.125*** (0.043)	0.047 (0.038)	-0.102 (0.074)	0.004 (0.052)	-0.087* (0.051)
CCP Member	0.160 (1.046)	0.136 (0.789)	-0.005 (0.712)	-18.271 (2,383.664)	-1.142 (1.321)	0.636 (1.117)
College Education or Above	0.173 (0.974)	0.370 (0.722)	0.493 (0.653)	-17.246 (19.922)	-15.845 (16.431)	-17.692 (18.255)
Elite Cadre	-0.650 (0.988)	-0.986 (0.702)	-0.529 (0.643)	0.559 (1.114)	-0.471 (0.874)	0.169 (0.782)
Supervisor	1.366 (1.220)	0.509 (0.637)	-1.054* (0.551)	-4.087*** (1.526)	-1.017 (0.849)	-1.709* (0.910)
Risk Acceptance Index × Party Leadership Endorsement	-1.615* (0.834)	-1.064** (0.409)	-1.442** (0.661)	-2.590* (1.379)	-0.917* (0.497)	-0.807** (0.363)
Risk Acceptance Index × Peking University Endorsement	4.771 (3.785)	-1.047 (0.893)	0.258 (0.841)	2.658 (1.788)	1.084 (1.028)	0.731 (0.932)

Notes: This table presents the effects of the endorsements on cadres' responses to the policy questions. The results are based on binomial probit models. Standard errors are reported in parentheses. *p<0.1; **p<0.05; ***p<0.01.

behave differently from their counterparts in other provinces. The baseline results still hold across all columns.

3.4 Identifying the Mechanism

3.4.1 The Two Potential Mechanisms: Sensation-Seeking vs. Loss Aversion

The baseline results, however, cannot answer which mechanism makes the observed relationship between risk aversion and obedience possible. If we further examine Equation 3.1, the causal relationship of risk acceptance and lower levels of obedience could be further decomposed into two causal mechanisms. In the first causal mechanism, risk-acceptant cadres are more likely to deviate from the party leadership's instructions because they perceive more gains from the subjective benefits. In the second causal mechanism, cadres are more likely to deviate from the party leadership's instructions because they perceive smaller losses from the subjective risks.

Both mechanisms can find support in the various streams of literature in psychology, firm management, and political economy of single-party regimes. The first mechanism corresponds to the sensation-seeking theory in psychology. According to the sensation-seeking theory, risk-acceptant individuals are characterized by their tendency of sensation seeking because they seek "varied, novel, complex, and intense sensations and experiences, and the willingness to take physical, social, legal, and financial risks for the sake of such experience (Zuckerman 1994, 27)." Because risk-acceptant individuals systematically perceive more positive returns from the risky activities, they are more likely to pursue risky choices such as gambling, drug use, high-risk sports, risky sexual activity, and reckless driving (Zuckerman 1979, 2007).

Studies of firm management and political economy have not yet incorporated the concept of risk attitudes and explored the relationship between risk attitudes and career

incentives. However, many scholars have noticed that firms and governments in single-party regimes employ various incentives to motivate entrepreneurs or innovators among their employees or officials. Firm management literature points out that for successful firms, an optimal incentive scheme stimulates innovation by tolerating early failure and rewarding long-term success (Manso 2011). According to the fiscal federalism and regionally decentralized authoritarianism literature, authoritarian ruling parties have adopted similar incentive schemes to motivate policy innovation among local officials. As one of the more successful single-party regimes in generating economic growth, the Chinese government has encouraged local officials to conduct local experiments. With its centralized political power, the central government motivated local officials by promoting successful innovators (Qian and Xu 1993; Qian, Roland and Xu 2006; Xu 2011).

The incentive for policy innovation, however, is quantitatively small in the context of the CCP's cadre management system. As the economics literature on tournament theory illustrates, smaller sets of prizes and a large number of contestants lead to higher levels of uncertainty in the competition (Prendergast 1999). While local officials in China need to compete against each other for promotion, the chance of promotion is relatively small but the uncertainty is high. Given the hierarchical nature of authoritarian ruling parties and the limited number of senior and more prestigious positions, there are indeed only a small number of higher-level vacancies for party cadres in the CCP. Typically, only one or two out of ten cadres can make one level of career advancement on the administrative ladder.²³ Because of the high uncertainty in political promotions, there are reasons to believe that sensation-seeking leads to risk-acceptant cadres' deviation from the party line. While deviating from

²³See *National Leading Cadre Statistics (Quanguo lingdao ganbu tongji ziliao)*, 5, in 30-18/19 "Compendium of National Statistics on Party and Government Leading Cadres above the Rank of County or Division Level, 1954-1998." Also see chapter 1 for detailed discussions.

the party leadership's line may entail more risks, risk-acceptant cadres may still do so because they perceive more subjective returns from the relatively small incentives for innovation.

Meanwhile, the mechanism of loss aversion may also explain the causal relationship between risk acceptance and disobedience. Psychologists broadly view risks as "possibility of loss" (Yates and Stone 1992, 4). According to the behavioral economics literature, particularly the prospect theory, loss aversion, that is, an individual's tendency to avoid losses relative to obtaining gains, is a critical component of risk aversion (Kahneman and Tversky 1979; Kahneman, Knetsch and Thaler 1991). As a result, risk-acceptant individuals are more likely to perceive smaller losses from risky activities (Weber, Blais and Betz 2002).

The primary organizational feature in authoritarian ruling parties that could cause losses in cadres' careers is the party discipline and disciplinary punishment for disobedience. Scholars of single-party regimes have argued that authoritarian ruling parties facilitate cooperation and prevent factionalism among regime elites (Brownlee 2007; Geddes 1999; Magaloni 2006). However, the elites do not automatically stick together and act collectively merely because there is a party name. Case studies of single-party regimes reveal that organizational cohesion in authoritarian ruling parties requires enforcement of the party discipline and punishment of disobedient regime elites (Cai 2015; Solnick 1998). Anecdotal evidence shows that cadres in the CCP are aware of the risks when they deviate from the party's line and engage in policy innovation. According to Cai's (2015, 162) interviews with multiple local officials in China, it is almost common knowledge to them that "a big innovation implies a big risk, a small innovation implies a small risk, and no innovation implies no risk." According to my interviews with two cadres who worked, respectively, in coastal and inland provincial governments, when subnational officials attempt to implement

policies that are different from the superiors' instructions, disciplinary punishment is a major deterrent and source of risks.²⁴ If loss aversion is the driving force behind the causal relationship observed in the previous chapter, the causal mechanism is that risk-acceptant cadres perceive smaller subjective losses from the potential disciplinary punishment for disobedience and deviation.

3.4.2 Hypotheses

It is worth noting that the two causal mechanisms are not strictly competing and both of them could cause the observed causal relationship between risk acceptance and disobedience. Based on the theories of sensation seeking and loss aversion, I derive the following two hypotheses:

Hypothesis 2 *Reward: More risk-acceptant party cadres are less likely to obey orders unconditionally from the party leadership because they subjectively perceive more returns in career incentives for innovation.*

Hypothesis 3 *Punishment: More risk-acceptant party cadres are less likely to obey orders unconditionally from the party leadership because they subjectively perceive smaller losses in disciplinary punishments for disobedience.*

3.4.3 The Survey Experiment

In order to test the two hypotheses, I incorporated an orthogonal survey experiment into the cadre survey.²⁵ The respondents were randomly chosen to read two priming cues or nothing before answering the policy questions, and the random assignment was orthogonal to the other experimental designs. The two priming cues were both authentic quotes from internal speeches of Xi Jinping, the general secretary of the

²⁴Interview 20160802 and Interview 20170701.

²⁵For a detailed methodological discussion on similar survey experimental designs, see Gaines, Kuklinski and Quirk (2007).

CCP since 2012, in last four years. In a straightforward and explicit manner, each of the treatment messages highlighted a different aspect in the CCP's institutions of personnel management and the cadres' career concerns. The first *Punishment* quote primed the disciplinary punishment for cadres' disobedient behavior in the CCP:

General Secretary Xi Jinping points out that, “[u]pholding the authority of the party leadership and making sure that every order is executed throughout the party, is the key to the fate of the Party and the state. Every party cell and every party cadre, no matter where she is, must submit to the party leadership and make sure that every order is executed.” In line with this instruction, according to Article 8 of the new party regulation on cadre management, a party cadre who does not firmly carry out orders and keep in line with the party leadership must be removed. Are you familiar with these?

1. Yes; 2. No; 9. Refuse to answer

The *Reward* quote highlighted the potential career incentives for cadres' successful policy innovations and the prospects of political promotion:

General Secretary Xi Jinping points out that, “[b]y further improving evaluation and incentive mechanisms, we encourage innovation, reward top performers, allowing trials and errors, and tolerating failures. We should distinguish human errors caused by adapting to local conditions and innovation from intentional malfeasance, and protect courageous and innovative cadres.” Are you familiar with this quotation?

1. Yes; 2. No; 9. Refuse to answer

All subjects were either randomly assigned to a control group, which did not read any additional message, or to one of the two treatment groups. Subjects in the first treatment group read the *Punishment* message before answering the policy questions, and subjects in the second treatment group read the *Reward* message before the policy questions. This experimental design was orthogonal to the endorsement experiment

discussed in the previous chapter. Therefore, by observing whether the participants responded to the endorsement experiments differently after reading these two priming cues, we are able to identify which component in the institutions of authoritarian ruling parties leads to the causal relationship between risk aversion and higher levels of obedience.

3.4.4 Specification

To test the two hypotheses and identify the causal mechanism, I expand the baseline model and employ a generalized Difference-in-difference-in-differences (DDD) model with the following specification:

$$\begin{aligned}
Willingness_i = & \alpha_1 Risk\ Acceptance_i + \alpha_2 Party\ Endorsement_i \\
& + \alpha_3 Risk\ Acceptance_i \times Party\ Endorsement_i + \alpha_4 PKU\ Endorsement_i \\
& + \alpha_5 Risk\ Acceptance_i \times PKU\ Endorsement_i + \alpha_6 Punishment_i \\
& + \alpha_7 Reward_i + \alpha_8 Party\ Endorsement_i \times Punishment_i \\
& + \alpha_9 Party\ Endorsement_i \times Reward_i \\
& + \alpha_{10} Risk\ Acceptance_i \times Party\ Endorsement_i \times Punishment_i \\
& + \alpha_{11} Risk\ Acceptance_i \times Party\ Endorsement_i \times Reward_i \\
& + X_i\beta + \varepsilon_i
\end{aligned} \tag{3.3}$$

where *Punishment* denotes whether a cadre respondent was randomly assigned to read the quotation on the party's disciplinary punishment, and *Reward* denotes whether she was randomly assigned to read the quotation on the party's reward for innovation. Other variables are defined in the same way as in the baseline specification of the last

chapter. X_i denotes a possibly empty vector of individual-level demographic controls, which have been thoroughly discussed in the previous chapter. The primary quantities of interest here are the DDD estimators α_{10} and α_{11} . They capture whether the *Punishment* message and the *Reward* message trigger risk-acceptant and risk-averse cadres' heterogeneous responses in the endorsement experiments.

3.4.5 Results

Table 3.5 reports the results based on the binary logistic DDD models. As in the previous chapter, Models 1 and 2 estimate the effects of the treatments to responses to the first policy questions, models 3 and 4 the second, and models 5 and 6 the third. Models 1, 3, and 5 do not include the demographic controls, and models 2, 4, 6 include all demographic controls.

The results in Table 3.5 support the *Punishment* hypothesis. While the *Punishment* message amplified the effect of the party leadership's endorsement and induced a higher level of obedience among the cadres, the effect was attenuated among risk-acceptant cadres. Risk-acceptant cadres who read the *punishment* message were less likely to implement the central policies unconditionally.

Meanwhile, the results provide little evidence that the party's career incentives for policy innovation motivate risk-acceptant cadres to deviate from the party's line. There is limited evidence that the *Reward* message causes lower levels of disobedience among all cadres (see model 3). Although the large standard errors might be caused by the relatively small number of observations, given the relatively small estimates of the second DDD estimator α_{11} , there is little evidence that risk-acceptant cadres are more likely to deviate from the party leadership's instruction because they are motivated by career incentives for policy innovation.

Table 3.5: Effects of the *Punishment* message and the *Reward* message on responses to the endorsement experiments.

	<i>Dependent variable:</i>					
	Q1: Migrant Workers		Q2: School Recruitment		Q3: Second Child	
	(1)	(2)	(3)	(4)	(5)	(6)
Punishment Message	-1.995 (4.258)	-1.594 (4.544)	-4.231 (3.535)	-4.822 (4.007)	-1.253 (3.494)	-1.165 (3.899)
Reward Message	-3.126 (3.394)	-0.821 (4.137)	-5.164* (2.936)	-5.736 (3.871)	-0.692 (2.644)	-0.509 (3.571)
Risk Acceptance Index × Party Leadership Endorsement	-0.267 (0.983)	-0.397 (1.010)	0.165 (0.803)	0.388 (0.890)	-0.372 (0.697)	-0.345 (0.795)
Risk Acceptance Index × Punishment Message	0.480 (1.220)	0.482 (1.299)	1.217 (0.994)	1.404 (1.112)	0.741 (0.997)	0.780 (1.088)
Risk Acceptance Index × Reward Message	0.837 (0.987)	0.225 (1.185)	1.613* (0.849)	1.802 (1.105)	0.278 (0.765)	0.387 (1.009)
Party Leadership Endorsement × Punishment Message	15.414** (7.713)	21.178** (10.471)	8.603* (4.881)	9.407* (5.349)	10.715* (5.650)	12.259* (6.525)
Party Leadership Endorsement × Reward Message	7.829 (5.312)	3.986 (5.832)	3.613 (3.865)	4.539 (4.569)	0.163 (3.343)	0.335 (4.159)
Risk Acceptance Index × Party Endorsement × Punishment	-3.808** (1.909)	-5.096** (2.432)	-2.502* (1.298)	-2.809** (1.418)	-3.199** (1.502)	-3.645** (1.714)
Risk Acceptance Index × Party Endorsement × Reward	-2.070 (1.426)	-1.028 (1.604)	-1.397 (1.092)	-1.737 (1.301)	-0.147 (0.962)	-0.361 (1.186)
Demographic Controls	No	Yes	No	Yes	No	Yes
Constant	1.526 (2.802)	2.577 (4.127)	3.553 (2.284)	2.516 (3.480)	0.243 (2.063)	0.835 (3.219)
Observations	175	161	180	164	182	167
Log Likelihood	-57.602	-49.399	-90.136	-75.869	-101.974	-86.461
Akaike Inf. Crit.	139.203	134.798	204.272	187.738	227.949	208.923

Notes: This table presents the effects of the *Punishment* message and the *Reward* message on cadres' responses to the endorsement experiments. All columns use binomial logistic model. Standard errors are reported in parentheses. *p<0.1; **p<0.05; ***p<0.01.

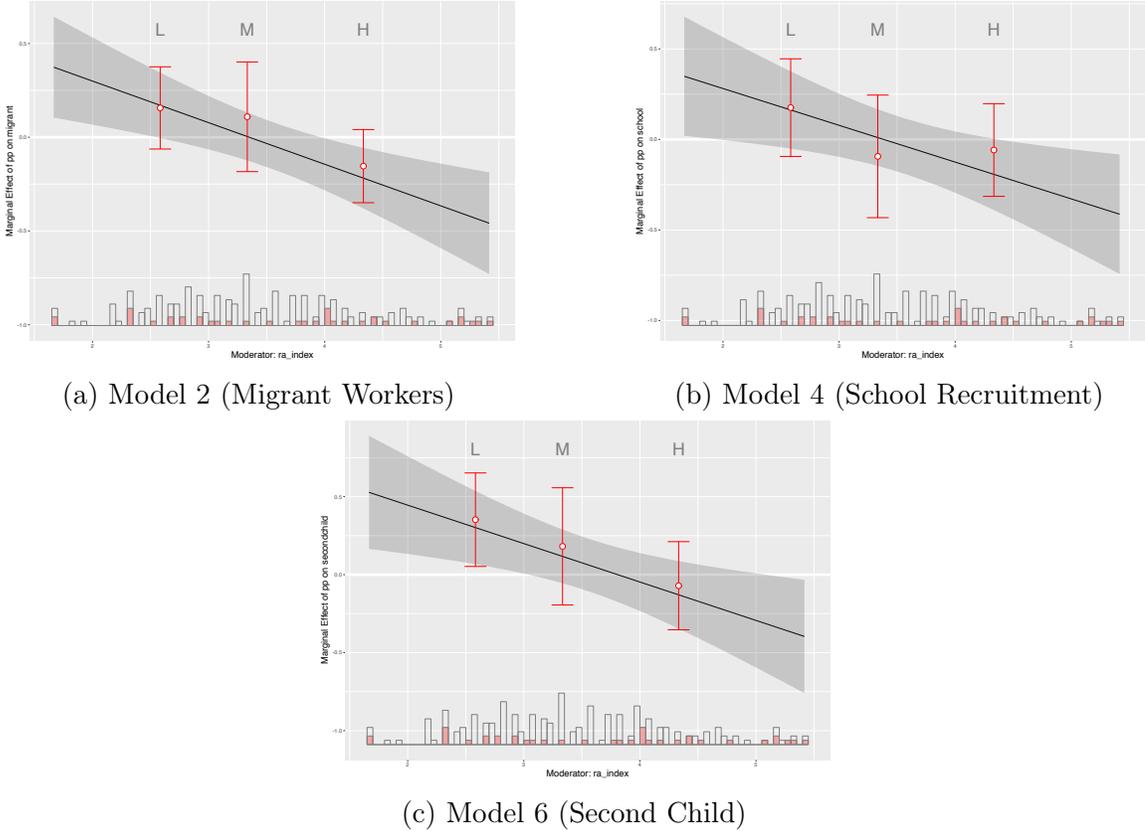


Figure 3.2: Marginal effects estimates from model 2, 4, and 6, and the binning estimators (red dots)

3.4.6 Diagnostics

As the results are also based on multiplicative interaction models, I follow the approach in subsection 3.3.2 to diagnose whether the multiplicative interaction models in this chapter meet the criteria of LIE and common support. Figure 3.2 report the binning estimates superimposed on the estimates from the multiplicative interaction models used in column 2, 4, and 6 of Table 3.5. The three red bins represent the conditional marginal linear effect estimates of the binning estimator for the interaction of the party endorsement and the punishment treatment (Party Leadership Endorsement \times Punishment Message) at low, medium, and high levels of risk attitudes. Again, these three bins line up closely with the interaction effects across all three

models, suggesting that all three models meet the LIE criteria. The moderator, the risk-acceptance index, has relatively low L-Kurtosis values across all three sets of models (0.0947 in model 2, 0.0888 in model 4, and 0.0908 in model 6), which are all below the recommended cutoff point of 0.16 in Hainmüller, Mummolo and Xu (Forthcoming). The relatively low L-Kurtosis values suggest that the distribution of the risk-acceptance index is not skewed and the findings are not likely to be caused by severe extrapolations.

3.5 Conclusion

While the political science literature of authoritarianism and democratization suggests that organizational cohesion contributes to single-party regimes' resilience, the imperfect enforcement of discipline, the prevalence of policy experimentation and innovation at the subnational level, and the lack of a Weberian bureaucracy still motivate regime elites to deviate from orders of the party leadership. By incorporating insights from behavioral economics and applied psychology, this paper presents a novel argument on how risk orientations affect cadres disobedient behavior through the mechanism of loss aversion and tests it with data from an original cadre survey experiment in China. The argument challenges the dominant assumption that ruling elites in authoritarian regimes are behaviorally homogeneous and illuminates why dispositional factors are critical in the personnel management and selection of authoritarian ruling parties.

The finding of this paper has several implications for the literature of authoritarianism. The literature of fiscal federalism, or market-preserving federalism, argues that the fast economic growth in single-party regimes is possible because the party leadership decentralizes power and grants more autonomy to local leaders (Qian and Xu 1993; Qian, Roland and Xu 2006; Xu 2011). A major critique of the literature,

however, points out that because of its highly centralized and largely unchecked political power, the party leadership or central leaders can at any time renege their promises of incentivizing pilot projects and decentralizing power (Mertha 2005; Whiting 2000). Based on causal evidence at the micro level, this paper suggests that such promises do not gain much currency among cadres. The finding also encourages political economists to rethink the motivations of local policy experimentation in single-party regimes. As there is limited evidence supporting that upward career mobility drives local cadres' policy initiatives, their motivations may be more likely to involve their local interests.

In the meantime, this paper also sheds light on the research of loss aversion and party discipline in single-party regimes. As discussed in the introduction of this paper, the role of loss aversion has been thoroughly explored in other subfields of political science, but its implications in single-party regimes, where officials face higher levels of risks and uncertainties than politicians in democracies, have been largely overlooked. Similarly, there is a massive literature on the role of party discipline in democracies. The role of repression against citizens in non-democracies has also been the focus of a burgeoning branch of literature. How leaders of authoritarian ruling parties use party discipline to sanction and punish lower-level regime elites, however, has been limited to qualitative and descriptive studies (Cai 2015; Solnick 1998). The findings of this chapter will stimulate future studies and debates on the role of disciplinary and repressive instruments within regime elites.

One question still remains unaddressed: While (1) authoritarian ruling parties employ dispositional criteria in personnel selection, and (2) there is a well-documented relationship between risk acceptance and disobedience, how do authoritarian ruling parties assign cadres based on their levels of risk acceptance? With data from a cadre survey over an extended period, chapter 4 presents my theoretical argument about the party's diversified strategy of personnel management and tests the argument.

Chapter 4

Assignment and Distribution of Party Cadres with Different Risk Orientations

It would hardly be right to exclude one or another category beforehand. Probably preference will have to be given to a mixed composition for this institution (a preparatory commission for the Central Control Commission), which should combine many qualities, and dissimilar merits. Consequently, the tasks of drawing up the list of candidates will entail a considerable amount of work. For example, it would be least desirable for the staff of the new People's Commissariat to consist of people of one type, only of officials, say, or for it to exclude people of the propagandist type, or people whose principal quality is sociability or the ability to penetrate into circles that are not altogether customary for officials in this field, etc.

Vladimir Lenin^a

^aSee Lenin (1923).

Previous chapters have answered two critical questions about personnel selection in authoritarian ruling parties. With a thorough review of different streams of literature and a detailed case study of the CCP after 1949, chapter 2 reveals an overlooked aspect of the CCP's personnel selection strategy. The chapter argues that the CCP began to increase the weight of dispositional factors in cadre selection and promotion after the economic reform in 1978. The main cause behind this change is that the CCP has periodically selected and replaced elites since 1978 and its cadres have been charged with multiple tasks and required to exhibit organizational loyalty rather than regime loyalty. As a result, the party needs dispositional criteria to select cadres who comply with the party's norms and rules, so that the party can assign into key offices. With an original and unique endorsement experiment among senior cadres of the CCP, chapter 3 answers how cadres' dispositional factors affect their behavior in the party. Chapter 3 also provides causal evidence about the relationship between risk orientation, a key dispositional factor, and obedience to the party leadership's authority at the individual level.

However, one question is still left unanswered: While authoritarian ruling parties select and promote cadres based on dispositional criteria and there is a substantiated relationship between dispositional factors and certain types of behavior, how do authoritarian ruling parties assign cadres based on the dispositional information? To facilitate the inquiry into this question, I begin with a description of organizational structures of governments in the context of China. Three key institutions help the CCP keep all levels of governments (including the central government) under control. First, party secretaries are authorized to be the *de facto* leaders of the same level of government. The party secretary and departments of the party committee oversee all affairs of the jurisdiction by coordinating key political and economic affairs and managing personnel, propaganda, and party affairs. Administrative leaders,

such as provincial governors, municipal mayors, and county mayors, are responsible only for economic affairs. Second, organization departments of CCP committees at different levels are responsible for evaluating, selecting, and promoting cadres in their jurisdiction. As discussed earlier in chapter 2, authoritarian ruling parties monopolize appointments of political, economic, and social offices through this institution. Finally, disciplinary commissions of CCP committees are responsible for investigating and confining cadres who break party disciplines and commissions for politics and law command police, procuratorates, and courts at the same level.

As I argue in chapters 2 and 3, the party seeks more risk averse and obedient cadres when 1) the office involves multiple tasks or multiple performance indicators and 2) the tasks require higher degree of organizational loyalty. The offices of party generalists and the offices of party organizational or disciplinary affairs either involves multiple tasks or evaluating cadres based on multiple indicators. Moreover, the party also expects cadres in these positions to adhere to a higher standard of organizational integrity. In a blunt and intuitive manner, official documents and press in China have increasingly referred to these positions as “seals” (*yinbazi*), “handcuffs” (*shoukaozi*), and “knife handles” (*daobazi*) in recent years. These vulgar names illustrate these offices’ power in controlling and punishing not only ordinary citizens but also party cadres. While cadres who are responsible for economic affairs are more predisposed to assume risks and be innovative, their norm-deviating and innovative behaviors are monitored and checked by three institutions as mentioned above. By assigning more risk-averse cadres who are more norm-binding to the three institutions, the CCP can take advantage of employing risk-acceptant cadres in economy-related positions and keep them under control.

This chapter tests my argument with an original cadre survey conducted in China between 2016 and early 2018. Based on more than 600 valid responses from medium-

level and senior CCP cadres, I reconstruct the distribution of cadres with different risk attitudes across four major segments of the CCP: organizational, disciplinary, other party-related (such as party committees and propaganda departments), and economy-related offices. I find that cadres in the first three segments are significantly more risk-averse than cadres who are responsible for economic affairs. The pattern is robust after controlling for a series of other demographic variables.

The chapter is organized as follows. Section 2 provides details about the party institutions that keep executive officials, particularly administrators of national and regional economies, in check. The section also discusses the CCP's diversified strategy of personnel selection and appointment and argues that the party is more inclined to assign risk averse cadres to institutions that monitor and check economic administrators. Section 3 presents survey evidence that supports the argument and section 4 concludes the chapter.

4.1 Risk Attitudes and Occupational Assignments

The main argument of chapter 2 is that an authoritarian ruling party increases the weight of dispositional criteria in personnel selection when (1) a heterogeneous set of cadres is responsible for multiple tasks and (2) the party's personnel selection focuses on cadres' organizational loyalty rather than their regime loyalty. Meanwhile, chapter 3 has provided evidence for two key insights. First, authoritarian ruling parties, such as the CCP, also employ dispositional criteria in personnel selection. Second, there is a strong relationship between subjective risk aversion and obedience at the individual level.

Building on the arguments of previous chapters, I argue that the mapping of occupational roles onto behavioral dispositions sought by the party is directly related to the two key conditions in chapter 2. Specifically, the party seeks more risk-averse

and obedient individuals when the occupational or political role involves (1) multiple tasks or multiple indicators of evaluation and (2) the occupation requires a higher degree of organizational loyalty. I divide the cadres managed by the CCP into four categories: executive officials who were directly in charge of economic or social affairs; party generalists who were in charge of party affairs; organizational officials who worked for party organizational departments at various levels; and disciplinary officials who worked for party commissions for politics and law, police, procuratorates, and courts at the different levels. This section articulates why organizational, disciplinary, and other party-related offices require more risk-averse and obedient people as they meet the two conditions.

4.1.1 The Multitask Problem across Organizational Divisions

Executive officials who work for bureaus and departments in Chinese local governments are directly responsible for implementing policies. Because of their higher levels of specialization, executive officials who serve in offices of bureaus of governments are mostly responsible for single tasks. In his comprehensive overview of the responsibilities of key political institutions at the local level in China, Lü (2011, 46) shows that the main responsibilities of Chinese local governments are micro-management of economic and social affairs and policy implementation. Their other roles are largely secondary. While they may also assist cadre selections and recommendations, these affairs are administered by party organizational departments. In practice, the responsibility of an executive official is further confined by the specialization of his bureau or department—say finance, land planning, health, or education. As they are mostly responsible only for a single cluster of tasks in their specialization, it is easier for the party to evaluate executive officials based on a single performance indicator in their specialization. Based on my argument about the party's choice of employing

dispositional criteria in personnel selection, the selection of executive officials is more likely to be based on objective indicators rather than subjective indicators of their behavior.

Although various levels of government are responsible for implementing policies in China, the most prominent party institution in all levels is CCP Committees at different levels. As Lü (2011, 46) summarizes, CCP Committees are responsible for providing macro-management and coordination of key county political and economic affairs, facilitating the implementation of policy guidance from central and upper-tier governments, performing cadre management, and managing local propaganda and political education. In the words of (Lü and Liu Forthcoming, 9), the party secretary, the head of the party committee, is the “*de facto* No.1-ranked official.” It is also widely accepted that there is a division of labor between party secretaries and regional executives (such as governors and mayors) in China: the latter officials specialize in economic policy-making, while the former groups of officials have the power to veto the latter’s decisions and coordinate other affairs (Lü 2011; Sheng 2009).

Moreover, the party secretary is also responsible for supervising the propaganda department and the two commissions on disciplinary affairs (which will be discussed later). A cadre serving party organizations is a party generalist who manages a wide range of affairs that need to be supervised by the party. While an executive official needs to focus only on economic or social affairs in her specialization, a party generalist is evaluated based on her performance outcome across different targets, including not only economic performance or provision of social services, but also political stability, propaganda, and party affairs. As the party evaluates the party generalists based on their performance across multiple dimensions, they are more likely to face multiple tasks than executive officials who specialize in a certain field. The selection of party officials, as a result, is more likely to be based on behavioral criteria.

Soviet scholars would describe the distinction between executive officials and party officials as the problem of “specialists vs. generalists.” The term “specialists” refers to white-collar engineers or technocrats who possess technical expertise and focus on solving problems in their specializations. “Generalists,” however, refers to party apparatchiks who manage general affairs across a wide range of targets. The targets include party recruitment, supervising technical works and economic activities, ensuring the implementation of the party’s line, and maintaining political stability (Harasymiw 1984). Although the roles of party generalists in China still mirror those of their counterparts in the Soviet Union, this division may no longer exactly fit into the reality of contemporary single-party regimes such as China’s. As the private sector emerges and the state-owned enterprises (SOEs) are no longer administered by central ministries, fewer party cadres fit into the category of specialist. The concept of specialists may apply only to those who manage economic and social affairs in specialized bureaucracies. However, the distinction of specialists vs. generalists is still useful to help us understand one of the key differences between executive officials and party officials, that is, the number of tasks they need to complete.

Two sets of institutions in the party committee deserve more detailed discussions, as officials in these two institutions seemingly face only a single task rather than multiple tasks. The first set of institutions is the organization department of the party committee, which controls cadre evaluation, selection, and appointment in the jurisdiction. One critical organizational feature of authoritarian ruling parties is to monopolize appointments of key political, economic, and social offices (Svolik 2012, chapter 6). Leninist parties further established the *nomenklatura* system to formalize the party’s control over these appointments (Burns 1987; Chan 2004; Voslensky 1984). As discussed in the previous chapters, the organization department of the CCP Committee at each administrative level is responsible for selecting, periodically

evaluating, transferring, and promoting cadres. In other words, along with party secretaries, cadres in the organization departments make the decisions about executive officials' political careers. As a result, the organization department represents the second set of party institutions that keep executive officials and their experimentation in check.¹

Another set of institutions in the party committee is its disciplinary commission and commission of politics and law. Often known as the party's "handcuffs" in official documents and press, the disciplinary commission is responsible for investigating and confining cadres who break the party discipline. While the conventional view maintains that the disciplinary commission's main targets are corrupt officials (Guo 2014), officials who disobey instructions from superiors and deviate from the party line also receive punishment from the disciplinary commission (Cai 2015). While the disciplinary commission is largely not confined by the law, sometimes they still need the involvement of formal legal institutions to close the case. The party commission of politics and law, the party's "knife handle" which commands police, procuratorates, and courts, is responsible for assisting the disciplinary commission when the disciplinary punishment involves criminal charges. Cadres in these commissions thus represent the last set of party institutions that keep executive officials in check.

Apparently, cadres in these two sets of institutions need to complete only a single task, namely selecting or punishing cadres. However, their jobs involve multiple targets as they must evaluate cadres based on their performance across multiple tasks, especially when they evaluate party generalists. Although they do not need to oversee a wide range of issues as party generalists do, their work of selecting or punishing cadres still involves multiple tasks, especially when they evaluate party generalists

¹Previous works on the political economy of China have highlighted the role of the party's personnel control (Edin 2003; Li and Zhou 2005; Xu 2011). However, they largely do not distinguish cadres of organization departments from executive officials who are managed and evaluated by the former.

who are responsible for multiple targets. In his internal address to senior party cadres in charge of organizational affairs, Xi Jinping made it clear that evaluating party generalists involves multiple targets:²

It is challenging to evaluate critical cadres' performance accurately.... We need to incorporate indicators such as improvement of people's lives, progress of social service, and eco-efficiency into personnel evaluation. We should no longer only speak highly of those who have generated high GDP growths... The Central Organization Department [of the CCP] must implement these as quickly as possible.

4.1.2 The Weight of Organizational Loyalty

As previous chapters have demonstrated, policy experimentation and deviation from party norms and rules bring about both benefits and risks in authoritarian ruling parties. Successful policy initiatives cause positive externalities that may benefit other subnational units (Coase and Wang 2012; Xu 2011). However, while previous chapters have substantiated risks of policy experimentation to lower-level cadres' own political careers, unsuccessful policy initiatives may also entail risks for the party leadership. Failures associated with the policy experiment may be utilized by rival factions in the party leadership to challenge other party leaders (Cai and Treisman 2006; Xu 2011). Moreover, as the cases of Qiu He and Zhu Mingguo in the previous chapter illustrate, even when policy experiments are successful, policy innovators' activities may break existing party norms and rules, which eventually causes discontent among their colleagues and challenges the authority of the party leadership and other higher-level institutions.³ Intra-elite tensions and conflicts provoke intra-elite conflicts (Svolik 2009)

²Xi Jinping. *Comrade Xi Jinping's Speech at the National Organization Work Conference (Xi Jinping tongzhi zai quanguo zuzhi gongzuo huiyi shang de jianghua)*, June 28, 2013, 240-4, in "Organization Work Bulletin - 2013."

³For a detailed study about how norm-deviating behavior of political elites in the CCP causes discontent of and political sanctions from their peers, see Lu and Ma (Forthcoming).

or even regime collapse (O'Donnell and Schmitter 1986). Leninist parties' survival hinges on obedience to the party leadership's authority (Lenin 1920*a*) and compliance with rules, clear lines of authority, and collective decision-making institutions (Shirk 1993). Challenges to the party leadership's authority and existing lines of authority often undermine the organizational cohesion of the party and threaten regime survival.

Because of their divisions of labor, the four occupational divisions within the party-controlled *nomenklatura* system also vary in terms of their requirements of organizational loyalty, which also contribute to their different behavioral requirements. Executive officials, who are monitored and checked by the aforementioned party institutions, are the main sources of policy experimentation and deviation from the party line. As I demonstrated earlier, however, executive officials policymaking decisions, are checked by the aforementioned party institutions. The three sets of party institutions, namely the party committee, the organization department, and the disciplinary branch, function as firewalls that monitor, veto, and punish executive officials.

Party committees of the CCP control most of the political appointments in their jurisdictions, which include not only appointments of lower-level party secretaries and executive officials but also cadres who work for the three sets of party institutions. As the previous chapters demonstrate, the organization department of the party committee observes and evaluates cadres' dispositional traits and takes them into account when selecting and promoting cadres. Therefore, if the party committee aims to maximize the benefits of policy innovations in its jurisdiction, the rational strategy is to assign relatively more risk-acceptant but less obedient cadres, who are more predisposed to innovate in policy alternatives, to executive posts. In the meantime, assigning risk-averse but obedient cadres to offices that monitor and check executive officials can minimize the risks of policy innovation. As cadres in party-related,

organizational, and disciplinary offices are responsible for ensuring that executive decisions are not out of bounds, it is not surprising that the party expects higher degrees of organizational loyalty among them.

Anecdotal evidence suggests that the CCP has different requirements for cadres' organizational loyalty in different segments and posts in the regime. In an interview with a senior official who served as a deputy in the secretariat of a province-level party committee for years, the interviewee recalled that the provincial party committee had different dispositional criteria for party secretaries and executive chiefs at lower levels. While it was fine to assign more "entrepreneurial" cadres to executive posts, party secretaries must be those who were "cautious and prudent" when they weighed benefits and risks of policy decisions.⁴ In an internal article about staffing political leaders of subnational party committees and governments, the anonymous author, representing the Central Organization Department of the CCP, confirms that compared to those chosen for executive positions, candidates for party secretaries must be particularly "good in political qualities,⁵ good at coordinating the general affairs, good at organizing and leading the leadership team, fair, broad-minded, and disciplined."⁶

In a recent internal speech, Xi Jinping further articulated the party's higher bars of organizational loyalty for cadres who work in these party institutions. Xi emphasized that "for comrades who control knife handles, gun barrels, seals, pens, and money bags, we must have even more strict requirements for their loyalty." As previous chapters demonstrate and the official mouthpiece defines, "loyalty" here is not simply loyalty to the regime, but "loyalty to the party doctrine, loyalty to the party organizations,

⁴Interview 170701.

⁵In communist parties, "political qualities" usually refers to one's willingness to implement superiors' orders even they are against one's own interests.

⁶See "Qieshi zengqiang lingdao banzi zhengti gongneng." (*Effectively Improving the Functionality of Teams of Leadership*), The Central Organization Department of the CCP (Eds.). 2017. *Zugong Tongxun - 2016 (Organization Work Bulletin - 2016)*. Beijing, China: Party Building Books Publishing House.

and loyalty to the party's theory, line, strategy, and policy."⁷ The five nicknames refer to the law enforcement institutions ("knife handles"), military ("gun barrels"), political authority ("seals"), propaganda ("pens"), and fiscal accounts ("money bags") respectively: almost all of them are directly controlled by the party committee rather than the government.⁸

4.1.3 Hypothesis

Based on my argument, I derive the following hypotheses:

Hypothesis 4 *Cadres who are party generalists exhibit higher levels of risk aversion*

Hypothesis 5 *Cadres who serve in party organizational departments exhibit higher levels of risk aversion*

Hypothesis 6 *Cadres who serve in the party's disciplinary branches exhibit higher levels of risk aversion*

4.2 The Cadre Survey and the Distribution of Cadres with Different Risk Orientations

4.2.1 The Cadre Survey

Risk orientations of cadres from different segments of the regime were collected from the same cadre survey as described in chapter 3. However, the data used in this chapter were collected over an extended period between late 2016 and late 2017. The

⁷Zhao, Changmao. "Zuo dui dang zhongcheng laoshi de gongchandangren." (*To Be a Communist Who Is Loyal and Honest to the Party.*), *Xuexi shibao (Study Times)*, April 17, 2017. <http://theory.people.com.cn/n1/2017/0417/c40531-29215689.html>. It is worth noting that the author of this piece was vice president of the Central Party School, the top cadre training institution in the CCP, at the point of publication.

⁸For subnational party committees, the only exception is the military, which is controlled by the Central Military Commission of the Party.

justifications and exact wordings of the risk orientation questions can be found in the appendices. 648 survey questionnaires were circulated and 539 respondents (83.2 percent) completed the demographic questions and the risk orientation questions. The percentage of elite cadres is comparable to that of the sample in chapter 3: about 51.7 percent were at or above the rank of deputy county mayor (*fu xianchu ji*).

4.2.2 Categorization and Coding of Cadres' Offices

In the cadre survey, all subjects were asked to choose for which segment of the regime they worked at the point of the survey. To learn about respondents' segments in the regime, I use a conventional question that was used in previous political elite surveys in China (Meng, Pan and Yang 2017). The options in the questions cover all parts of local party apparatus and government in China.

Which of the following category does your primary office belong to?

1. Industry and transportation; 2. Agriculture and forestry; 3. Organizational affairs; 4. General office of local party committees; 5. Science, education, culture, and health; 6. Disciplinary Commission or Politics and Law Commission; 7. Other party affairs; 8. Finance and trade; 9. Urban construction; 10. Propaganda; 11. Foreign Affairs; 12. Others (please specify).

All respondents are categorized into four groups. Those who worked for subnational governments and governmental institutions that are responsible for making policy decisions (such as Municipal Governments, Development and Reform Commissions, Commissions of Economy and Informatization, Bureaus of Land and Resources, etc.) are categorized as executive officials. As only governmental bureaus and departments are directly responsible for policy decisions in these fields, I code respondents who chose "1. Industry and transportation", "2. Agriculture and forestry", "5. Science, education, culture, and health", "8. Finance and trade", and "9. Urban construction" as executive officials.⁹ The main rationale of this coding scheme is also consistent

⁹Because I code them based on their primary office, an executive official who simultaneously served

with the survey data: all respondents who chose these options claimed that they were working for governmental bureaus and departments.¹⁰

Cadres who was working for organization departments of CCP committees at any level (who chose “3. Organizational affairs”) are categorized as organization official. Cadres who chose “6. Disciplinary Commission or Politics and Law Commission” are counted as disciplinary officials. The other cadres whose works mainly involve party affairs (choosing “4. Party general office”, “7. other party affairs”, and “10. Propaganda”), are counted as party generalists. Respondents who worked for other forms of political institutions, such as People’s Congresses (PCs) or People’s Political Consultative Conferences (PPCCs), are omitted from the sample for analysis. It is worth noting that this coding approach also include party generalists who work as designated and full-time party secretaries in technocracies. In one of the robustness checks, I employ an alternative coding method that uses a narrower definition of party generalists, which only includes party generalists across departments of municipal or county-level party committees.

4.3 Empirical Results

4.3.1 Baseline Results

Table 4.1 presents the baseline results about whether cadres who worked for party institutions were substantially more risk averse than executive officials. Executive officials are used as the reference group in the empirical analysis. Column 1 does not include any demographic controls. Column 2 includes the demographic controls

as a (standing member) of a municipal or county party committee is not coded as a party official, because her main job involves executive decision making rather than being a party generalist.

¹⁰In another demographic question, respondents were also asked for which form of institution they were working (such as government bureaus or departments of party committees). By incorporating the information from that question, I use an alternative coding scheme in one of the robustness checks.

Table 4.1: OLS Results: Risk attitudes across different segments of the regime

	<i>Dependent variable:</i>		
	Risk Acceptance Index (0-7)		
	(1)	(2)	(3)
Party Generalist	-0.392*** (0.083)	-0.421*** (0.086)	-0.420*** (0.087)
Organization Department	-0.311*** (0.093)	-0.246** (0.101)	-0.244** (0.103)
Disciplinary Branch	-0.307*** (0.100)	-0.252** (0.103)	-0.252** (0.103)
Male		0.331*** (0.077)	0.332*** (0.078)
Age		-0.012** (0.005)	-0.012** (0.005)
CCP Member		-0.039 (0.123)	-0.038 (0.123)
College Education		-0.183* (0.102)	-0.182* (0.103)
Elite Cadre		-0.581** (0.259)	-0.584** (0.261)
Supervisor		-0.061 (0.076)	-0.062 (0.078)
Surveyed in 2016			0.007 (0.074)
Constant	3.717*** (0.055)	4.777*** (0.334)	4.771*** (0.340)
Observations	600	539	539
R ²	0.042	0.101	0.101
Adjusted R ²	0.038	0.086	0.084
Residual Std. Error	0.810 (df = 596)	0.790 (df = 529)	0.791 (df = 528)
F Statistic	8.796*** (df = 3; 596)	6.595*** (df = 9; 529)	5.925*** (df = 10; 528)

Notes: Executive officials are used as the reference group. Standard errors are reported in the parentheses. *p<0.1; **p<0.05; ***p<0.01.

that were used in chapter 3. Since the survey data in this chapter were collected over an extended period, column 3 includes an additional dummy which controls for respondents who took the survey in 2016.

The baseline results show that cadres who were working for organization departments, disciplinary institutions, and other branches of party committees were substantially more risk averse than executive officials. The differences between the executive officials' average risk-acceptance index and that of the three groups of party officials range from 0.244 to 0.311. Substantially, the magnitude of the difference is comparable to one-third of the standard deviation of executive officials' risk-acceptance indices (0.83, not reported here). Furthermore, this pattern is robust and consistent across all three sets of model specifications.

The estimates of the covariates suggest some other interesting findings. Elite cadres, who were at or above the rank of deputy county mayor (*fu xianchu ji*), were significantly more risk averse. This pattern shows that the CCP may have more concerns about cadres' risk attitudes and obedience if they have more decision-making power. In the meantime, estimates of other covariates are consistent with general findings in behavioral economics and behavioral politics. Male cadres were generally more risk acceptant. Not surprisingly, age progression leads to higher levels of risk aversion.

4.3.2 A Narrow Sense of Party Generalists?

One potential concern in the baseline results is that the definition of party generalists may be too broad. In the baseline estimation, all cadres who work across party departments or as party generalists at government administrative units or other public institutions are counted as party generalists. To address this concern, I employ a more strict definition of party generalists and use this alternative coding scheme as

Table 4.2: OLS Results: Risk attitudes across different segments of the regime with a narrower definition of party generalists

	<i>Dependent variable:</i>		
	Risk Acceptance Index (0-7)		
	(1)	(2)	(3)
Party Generalist	-0.601*** (0.115)	-0.573*** (0.121)	-0.565*** (0.121)
Organization Department	-0.328*** (0.094)	-0.265** (0.103)	-0.245** (0.106)
Disciplinary Branch	-0.324*** (0.100)	-0.273** (0.105)	-0.269** (0.105)
Male		0.312*** (0.087)	0.320*** (0.088)
Age		-0.011** (0.005)	-0.011** (0.005)
CCP Member		-0.043 (0.146)	-0.038 (0.146)
College Education		-0.167 (0.111)	-0.159 (0.111)
Elite Cadre		-0.537 (0.335)	-0.555* (0.336)
Supervisor		-0.072 (0.087)	-0.083 (0.088)
Surveyed in 2016			0.068 (0.081)
Constant	3.733*** (0.055)	4.733*** (0.424)	4.673*** (0.430)
Observations	491	445	445
R ²	0.065	0.097	0.099
Adjusted R ²	0.059	0.079	0.078
Residual Std. Error	0.813 (df = 487)	0.800 (df = 435)	0.801 (df = 434)
F Statistic	11.217*** (df = 3; 487)	5.215*** (df = 9; 435)	4.761*** (df = 10; 434)

Notes: Executive officials are used as the reference group. Standard errors are reported in the parentheses. *p<0.1; **p<0.05; ***p<0.01.

a robustness check.

In survey questionnaires, one demographic question asks about the category of the respondents' *danwei*.¹¹

Which of the following category does your *danwei* belong to?

1. Bureaus or departments of local governments; 2. Departments or offices of local party committees; 3. People's Congress or Political Consultative Conference; 4. Communist Youth League; 5. Courts or procuratorates; 6. Mass organizations; 7. State-owned enterprises; 8. State-funded social services (*shiyi danwei*); 9. Others (please specify)

In the alternative coding scheme, I only code respondents as party generalists if they chose “2. Departments or offices of local party committees” in the question above. In this coding scheme, only party generalists who worked for departments or offices of party committees at different administrative levels are counted as party officials. The narrow definition, however, leads to more false negatives. One major disadvantage of doing so is that I omit a large number of party generalists who work as full-time party secretaries in governmental bureaus or agencies and other state-funded institutions such as mass organizations, universities, and other schools.

Table 4.2 presents the results after employing the alternative coding scheme. Although this robustness check employs the strictest possible definition of party generalists, the estimates are still consistent with the baseline results.

4.3.3 Alternative Explanations

Two alternative mechanisms may also explain the observed results. One of them is the problem of self-selection: cadres who are more risk averse might be more likely to

¹¹The term *danwei* literally means “workplace” but it has also historically been basic functional cells in the Chinese communist society. According to Lü (1997), “the *danwei*, an self-enclosed, multifunctional, and self-sufficient entity, is the basic collective unit in the Chinese political and social order.” Although its function as the provider of social service has diminished in recent decades, *danwei* continues to be the basic collective unit for Chinese public employees.

Table 4.3: OLS estimates with a subsample of cadres who have been assigned by the party to a different office in their careers.

	<i>Dependent variable:</i>		
	Risk Acceptance Index (0-7)		
	(1)	(2)	(3)
Party Generalist	-0.273*** (0.086)	-0.316*** (0.090)	-0.303*** (0.100)
Organization Department	-0.193** (0.094)	-0.271** (0.104)	-0.275** (0.106)
Disciplinary Branch	-0.289** (0.115)	-0.252** (0.125)	-0.252** (0.125)
Male		0.346*** (0.087)	0.346*** (0.087)
Age		-0.015** (0.006)	-0.015** (0.006)
CCP Member		0.029 (0.137)	0.031 (0.137)
College Education		-0.217* (0.121)	-0.213* (0.122)
Elite Cadre		-0.405 (0.268)	-0.415 (0.271)
Supervisor		-0.041 (0.086)	-0.044 (0.087)
Surveyed in 2016			0.031 (0.103)
Constant	3.568*** (0.059)	4.499*** (0.370)	4.471*** (0.382)
Observations	446	391	391
R ²	0.025	0.103	0.104
Adjusted R ²	0.018	0.080	0.078
Residual Std. Error	0.793 (df = 442)	0.770 (df = 380)	0.771 (df = 379)
F Statistic	3.766** (df = 3; 442)	4.386*** (df = 10; 380)	3.986*** (df = 11; 379)

Notes: Executive officials are used as the reference group. Standard errors are reported in the parentheses. *p<0.1; **p<0.05; ***p<0.01.

Table 4.4: OLS estimates with a subsample of cadres who have been assigned by the party to a different office in their careers. Years in current office controlled.

	<i>Dependent variable:</i>	
	Risk Acceptance Index (0-7)	
	(1)	(2)
Party Generalist	-0.336** (0.146)	-0.360** (0.149)
Organization Department	-0.223** (0.090)	-0.226** (0.099)
Disciplinary Branch	-0.257** (0.111)	-0.225** (0.113)
Years in the Current Job	0.003 (0.013)	0.008 (0.014)
Party Generalist × Years in the Current Job	0.011 (0.020)	0.007 (0.021)
Organization Department × Years in the Current Job	-0.006 (0.025)	-0.010 (0.024)
Disciplinary Branch × Years in the Current Job	0.013 (0.024)	0.001 (0.024)
Demographic Covariates	No	Yes
Constant	3.554*** (0.096)	4.485*** (0.377)
Observations	432	391
R ²	0.027	0.105
Adjusted R ²	0.011	0.074
Residual Std. Error	0.794 (df = 424)	0.773 (df = 377)
F Statistic	1.669 (df = 7; 424)	3.388*** (df = 13; 377)

Notes: Executive officials are used as the reference group. Standard errors are reported in the parentheses. *p<0.1; **p<0.05; ***p<0.01.

choose the career tracks of party generalists, organizational cadres, or disciplinary officials in the communist party. Another alternative explanation is that the socialization effect of serving in party organs may induce cadres to be more risk averse.

If this chapter had examined the relationship between risk attitudes and job assignments in firms, the concern of self-selection would be a serious challenge to the validity of the results. Corporate employees generally have more freedom when choosing and quitting jobs in the job market. Party cadres might choose the type of jobs on their own when they are recruited into the party apparatus or the government. However, they do not have the liberty of choosing their future career tracks once they entered the *nomenklatura* system. As apparatchiks that can be shifted by the party at will, they have no choice but to obey personnel decisions of the party organization department that keeps their files (McGregor 2010, chapter 3).

As the process of self-selection may only occur at the point of recruitment in the CCP, I re-estimate the baseline specification with a subsample of respondents who had been shifted to a different job by the CCP. In the demographic questions, each respondent was asked how long they had entered the party-controlled political hierarchy and how long they had served in the current job. Based on responses to these questions, I am able to distinguish respondents who had not changed jobs because their years in service and years in the current job were the same. In this subsample, I exclude dozens of respondents who had not changed jobs in their political careers, as they might self-select themselves into their current positions.

To address this concern, I conduct a robustness check that examines a subsample of the respondents whose jobs had been shifted in their careers. As reported in Table 4.3, the estimates are still consistent with the baseline results after the self-selected cadres are excluded. The findings suggest that the observed pattern is not likely to be driven by the mechanism of self-selection.

It is more challenging to exclude the mechanism of socialization. A thorough test of socialization effects would require panel observations of respondents, while it is almost impossible to conduct panel surveys of CCP cadres. To address this concern, I include each respondent's years in current position as a control variable and interact it with the three dummies (party generalists, organizational cadres, and disciplinary officials). If the socialization mechanism is true, cadres who serve longer in these positions have higher degrees of socialization with their risk-averse colleagues and may present higher levels of risk aversion. However, as Table 4.4 demonstrates, cadres who serve longer in party-related, organizational, and disciplinary offices are not significantly more risk averse than those who are less experienced. The null finding suggests that the observed pattern is more likely to be driven by the party's personnel assignment rather than socialization.

4.3.4 Results with Matched Samples

Readers may worry that the baseline results may suffer from the selection bias, as these four groups of CCP cadres may not share the same supports across a range of demographic covariates such as age, rank, and level of education. To address the concern of selection bias, I match the subsamples with propensity score matching (PSM).¹² Specifically, each subsample of cadres who worked for each set of party institutions is matched with the subsample of executive officials based on their propensity scores. The propensity scores are calculated based on their observable demographic covariates, including gender, age, CCP membership, level of education, administrative rank, and whether she is a supervisor in her *danwei*. As there are few other unobserved demographic variables that may affect risk attitudes, the assumption of ignorability is reasonable. Using the matched samples that share common supports,

¹²For methodological rationales and details of the method of propensity score matching, see Rosenbaum and Rubin (1983) and Imbens (2004).

Table 4.5: OLS results: risk attitudes across different segments of the regime with matched samples

	<i>Dependent variable:</i>		
	Risk Acceptance Index (0-7)		
	(1)	(2)	(3)
Party Committee (Other)	-0.488*** (0.092)		
Organization Department		-0.215* (0.120)	
Disciplinary Branch			-0.301** (0.127)
Constant	3.756*** (0.065)	3.719*** (0.085)	3.740*** (0.090)
Observations	312	206	174
R ²	0.084	0.016	0.032
Adjusted R ²	0.081	0.011	0.026
Residual Std. Error	0.808 (df = 310)	0.859 (df = 204)	0.835 (df = 172)
F Statistic	28.405*** (df = 1; 310)	3.235* (df = 1; 204)	5.641** (df = 1; 172)

Notes: Executive officials are used as the reference group. Standard errors are reported in the parentheses. *p<0.1; **p<0.05; ***p<0.01.

I re-estimate whether risk attitudes of cadres who was working for the three sets of party institutions are substantially different from those of executive officials.

Table 4.5 reports the estimation results with matched samples, and the results are generally consistent with the baseline results presented in Table 4.1. In general, fewer than 50 percent of observations were omitted as the result of propensity score matching. Again, cadres who were working for organization departments, disciplinary institutions, and other branches of party committees were substantially more risk averse than executive officials. Compared with those of baseline estimates, the magnitudes of the coefficients are also largely similar or even larger, which further supports my theoretical argument. The estimate of cadres in organization departments is marginally significant in column 2. The larger standard error may be caused by the fact that propensity score matching omits a considerable number of observations.

4.4 Conclusion

While the centralized power structure of traditional single-party regimes cannot create sufficient motivations for agents to observe and resolve potential problems, proponents of decentralization and policy experimentation argue that decentralization and encouraging local policy initiatives can solve this problem. In the words of Xu (2011), “[d]elegating the power to conduct reform experiments to local governments converts local officials into entrepreneurs.” Converting cadres of authoritarian ruling parties into entrepreneurs, however, may also cause risks and undermine the cohesion of the party. How do authoritarian ruling parties balance the entrepreneurship of executive officials and the top-bottom command within the party?

By incorporating insights from behavioral politics and authoritarian politics, this chapter follows the conceptual arguments of previous chapters and offers a theoretical framework that helps us answer this question. In this chapter, I argue that authoritar-

ian ruling parties employ different strategies when they staff executive offices vis-à-vis offices that monitor and check the executives. Authoritarian ruling parties control appointments across a wide range of offices. While executive officials are largely responsible for making policy decisions, they are monitored and checked by a large number of other party-appointed officials. As previous chapters have demonstrated that authoritarian ruling parties take dispositional factors into account when they select cadres, party committees are more likely to assign risk-acceptant but less obedient cadres to executive posts. Party offices, particularly posts in organizational and disciplinary branches, are more likely to be staffed by risk-averse but obedient cadres.

The argument of this chapter sheds light on the literature on the political economy of single-party regimes. One major critique to the literature on decentralization and economic growth in single-party regimes is that policy innovators dare to assume the risks of policy innovation because successful local experiments are backed by powerful patrons in the party leadership (Cai and Treisman 2006). In my argument, however, party institutions are no longer a backdrop or sideshow. Authoritarian ruling parties may use a diversified personnel management strategy to both stimulate genuine and successful policy innovation and keep these moves in check.

Moreover, the argument also helps us better understand how authoritarian ruling parties contribute to authoritarian resilience and regime survival. A recent article in *The Economist* epitomizes why and how overlooking party institutions can mislead our understanding of subnational governments and institutional constraints of executive officials in single-party regimes.¹³ In the article, the author wrongly celebrated Xi's 2013 quote about "locking power in a cage" as a liberal move toward creating and empowering an independent judicial system.¹⁴ Based on this misinterpretation, the

¹³See "Xi Who Must Be Obeyed: The Rise and Rise of Xi Jinping," *The Economist*, September 14, 2014.

¹⁴The original quote was that "power must be confined into the cage of institutions."

author optimistically predicted that if Xi would follow this principle, the party should and would “stop meddling in the appointment of judges (and, indeed, of legislators)” in the future. Apparently, the author had overlooked the role of party institutions, which are always behind the scene. The author misread the institutional context of authoritarian ruling parties and the specific context of Xi’s quote: Xi did not make this argument to the party secretaries who control the appointments of judges and legislators. Instead, Xi addressed this point to the Central Disciplinary Commissions of the CCP and disciplinary commissions of party committees at lower levels, which directly monitor and investigate cadres outside the boundaries of the formal judicial system. In Xi’s mind, the “institutions” that can keep officials under control are party institutions, such as party committees and their disciplinary instruments, rather than non-party judicial or legislative institutions such as courts, procuratorates, and legislatures. If observers of Chinese politics had correctly recognized the role of party institutions, they would not be surprised that Xi has actually endorsed and supported the party’s interventions of judiciaries and legislatures in recent years. Moreover, as this chapter demonstrates, they would and should not be surprised that cadres who work for these institutions present different dispositional patterns from those of ordinary executive officials.

Compared with judiciaries and legislatures, the overlooked party institutions may better serve autocrats’ interests. As Svobik (2012, 193) summarizes, authoritarian ruling parties may contribute to regime survival through two distinct organizational mechanisms. First, they oppress dissidents and the opposition through direct political control, such as “intelligence gathering, maintenance of social stability, and monitoring of political discipline.” Meanwhile, they may also create party-based co-optation by recruiting party elites and creating “a stake in the perpetuation of the regime.” This chapter demonstrates that these two organizational features are not necessarily

mutually exclusive. As there are functional divisions of responsibilities among party cadres, authoritarian ruling parties can select and appoint individuals who are different in dispositional factors to the party-controlled offices in order to maintain political stability.

Chapter 5

Conclusion

Cadres are a decisive factor, once the political line is determined.

Mao Zedong^a

^aSee Mao (1938).

While the implications of dispositional and behavioral factors at the individual level have been thoroughly studied in behavioral economics and electoral politics, the role of dispositional and behavioral factors in authoritarian politics is largely unexplored. As a vast host of literature in applied psychology and behavioral economics suggests, while it is true that individuals respond to structural or institutional incentives, they also make decisions based on their different dispositional traits. Based on these insights, this dissertation investigates the role of behavioral traits in personnel selection in authoritarian ruling parties and tests the arguments with unique qualitative and quantitative evidence from the CCP, the largest authoritarian ruling party in the world.

This dissertation first answers the question of why authoritarian ruling parties need dispositional and behavioral criteria in personnel evaluation and selection. While the literature about single-party regimes assumes that the parties evaluate and select

cadres based on objective performance, firm management literature has pointed out two problems of objective performance indicators. First, objective performance indicators are determined both by the agents' levels of effort and by random factors. If agents' tasks are heterogeneous, their objective performance indicators may be too noisy for the principal to discern the agents' true levels of efforts. Second, agents often need to complete multiple tasks. If there is not a single objective performance indicator that can successfully aggregate their performance across all domains, agents will concentrate on the most measurable task or complete all tasks at a mediocre level. While authoritarian ruling parties face similar problems in personnel evaluation, they also cannot directly observe elites' true levels of loyalty during peacetime, because individuals can falsify their political preferences.

As a response to these challenges, firms and other organizations have incorporated subjective performance ratings, which reflect the agents' dispositional and behavioral traits, into personnel evaluation and selection. I argue that as authoritarian ruling parties increasingly face problems of performance measurements in personnel evaluation and selection during peacetime, they increase the weight of subjective performance measures and behavioral criteria when they evaluate and select cadres. This trend is particularly salient when the regime experiences fewer political crises and delegates policy-making power to lower-level cadres. Using qualitative data from rarely used archival sources and contemporary internal publications of the CCP, I find strong evidence in support of my argument. The cadres of the CCP have been responsible for an increasing number of tasks since the economic reform in 1978. Moreover, except for the 1989 Tian'anmen protests, the CCP has not experienced any political crisis that reveals political elites' political preferences. As a result, the CCP has increasingly employed subjective performance ratings and behavioral criteria in cadre evaluation and selection.

As authoritarian ruling parties take behavioral criteria into account when they evaluate and select cadres, which dispositional factor leads to cadres' obedience to the party leadership, which is a core behavioral trait for cadres in Leninist parties? Based on insights from applied psychology and behavioral politics, I propose that risk attitudes explain cadres' obedience to orders from above. Risk attitudes, which conceptualize one's subjective perception of risks and expected benefits, also determine one's evaluation of political risks. I argue that risk-acceptant cadres are more likely to subjectively overestimate the benefits of policy innovation and underestimate the risks of violating the party discipline. As a result, they are more likely to disobey orders from the party leadership. I test this argument with unique data from an original survey experiment among medium-level to senior cadres in China. The empirical analysis supports my argument that risk-acceptant cadres are less likely to accept and implement orders from the party leadership. The results are also robust across different policies and model specifications.

I further explore the causal mechanism that makes the relationship between risk attitudes and obedient behavior work. Two causal mechanisms may explain the linkage. First, risk-acceptant cadres are generally more likely to gain utility from the uncertain benefits of risky moves. In the organizational context of authoritarian ruling parties, they are more likely to perceive more subjective returns, such as policy successes and political promotions, from policy innovation. In the second mechanism, risk-averse cadres are more averse to potential losses from risky activities. For risk-averse cadres, they are more likely to perceive more subjective losses, such as disciplinary punishments, from disobedience. Based on an original and orthogonal survey experiment among medium-level to senior cadres in China, I provide causal evidence showing that the loss aversion mechanism causes the relationship. Risk-acceptant cadres are more likely to disobey orders from above because they subjectively perceive smaller risks and

losses from their deviation from the party's line.

Finally, I focus on how the party assigns cadres with different behavioral attributes. Based on the arguments and findings of the previous chapters, I argue that authoritarian ruling parties diversify their strategies of cadre selection and assignment. Authoritarian ruling parties control appointments across a wide range of offices, which include not only executive offices that make direct policy decisions, but also many party posts that can veto executive decisions, check the executives' behavior, and determine their career trajectories. While the party tends to assign risk-acceptant cadres to executive posts, their deviations from the party's line can still be monitored and checked by a range of party institutions. By assigning more risk-averse cadres to the latter set of offices, the party can take advantage of the risk-acceptant cadres' innovation and adaptability. But in the meantime, their deviations and disobedience are still kept under control. Based on an original cadre survey in China, I provide empirical evidence about the distribution of cadres with different risk attitudes across the regime. The analysis reveals that cadres in executive offices are generally more risk acceptant. Cadres in party offices, especially organization and disciplinary ones, are systematically more risk averse than executive officials.

5.1 Further Implications

This dissertation generates several insights for the studies of authoritarian politics. This dissertation is directly related to the literature on single-party regimes and authoritarian ruling parties. As discussed in the introduction, the political economy research of single-party regimes has primarily treated the party institution as an executive bureaucracy or a backdrop of factional conflicts. Little theoretical and empirical work has been done on the specific roles of different party institutions in regime stability and survival. Building on insights from behavioral research,

this dissertation documents how the institutions of cadre evaluation and selection contribute to the stability of the regime. This study thus echoes recent studies about the stabilizing roles of party institutions of disciplinary enforcement (Cai 2015) and the limited intra-party democracy (Lu and Ma Forthcoming). Hopefully, this dissertation will pave the way for further studies about party institutions and how they contribute to the resilience and survival of authoritarian rules.

This research also contributes to the existing studies about loyalty in authoritarian politics. Loyalty to the ruler(s) plays a central role in theoretical models about authoritarian politics (Egorov and Sonin 2011). It is true that the agents' loyalty to the ruler or the regime is critical in weakly institutionalized environments. In many institutionalized authoritarian regimes where the issue of regime survival is not at stake (Gandhi and Lust-Okar 2009, 407), however, agents' obedience to the central leaders' authority, which can be conceptualized as "organizational loyalty," plays a more relevant and critical role in regime stability. This dissertation investigates why authoritarian ruling parties focus on obedience rather than regime loyalty in personnel evaluation and selection. Furthermore, this research provides consistent evidence about the dispositional mechanism of obedience in authoritarian ruling parties. As many contemporary non-democracies lack organized and influential opposition groups which represent feasible alternatives to the incumbents, this dissertation sheds light on how to conceptualize and operationalize loyalty in empirical studies of non-democracies.

The arguments and findings of this dissertation are fundamentally related to a burgeoning stream of literature on how individuals process information in authoritarian contexts. In recent years, political scientists have been increasingly interested in how ordinary citizens respond to propaganda and repressive signals of the government in non-democratic settings (Adena et al. 2015; Bush et al. 2016; Huang 2015, 2018; Peisakhin and Rozenas 2018). However, none of the existing studies have explored

how political elites, who generally have more say in authoritarian politics, respond to external information and signals. Furthermore, while the literature on behavioral politics has well documented that individuals respond to environmental incentives and signals differently, none of the studies have focused on the behavioral heterogeneities among individuals and individuals' heterogeneous responses to information.

This dissertation presents arguments and strong quantitative evidence about party cadres' different behavioral attributes, the cadres' heterogeneous responses to the party leadership's signal, and their political implications in the CCP. My findings echo recent scholarship about the association between risk tolerance and anti-authoritarianism (Cantoni et al. 2017). Furthermore, this dissertation shows that in authoritarian contexts, risk attitudes affect not only one's ideological preferences but also how one processes external information and responds to it. As the behavioral mechanisms about citizens' and elites' responses to propaganda and other signals remain unclear, I hope my arguments and findings will stimulate further research in this subfield.

Appendices

Appendix A: The Interview Protocol

All interviewees are first invited to talk about their jobs, past experiences with organizational affairs, and general thoughts.

After 20 to 30 minutes, I ask the following questions.

1. Could you briefly describe how you and your colleagues evaluate cadres (when you worked for the party organization department)
 - PROBES: principal selection criteria
 - PROBES: if the criteria involve more than simply objective performance indicators, what other factors are taken into account
2. In your opinion, what are the main risks that the cadres you manage may face in their jobs?
3. As organization departments manage a wide range of offices, what are the likely reasons for assigning individuals to different offices?

During the interview, I also ask follow-up questions to interesting topics that come up in the interviews.

Appendix B: Official Documents Cited

Collection of Important Historical Documents of the Chinese Communist Party

Compilation 28: Materials of Internal Policy Documents (*Neibu zhengce wenjianxing shiliao zhuanji*)

- Vol. 58 General Office of the Central Organization Department of the Chinese Communist Party. 1980[2008]. *Compendium of Organizational Work Documents, 10/1949-1952 (Top Secret) (Zuzhi gongzuo wenjian xuanbian [1949.10-1952] (juemi))*. Los Angeles, CA: Service Center for Chinese Publications.
- Vol. 67 General Office of the Central Organization Department of the Chinese Communist Party. 1980[2009]. *Compendium of Organizational Work Documents, 1953-1954 (Top Secret) (Zuzhi gongzuo wenjian xuanbian [1953-1954] (juemi))*. Los Angeles, CA: Service Center for Chinese Publications.
- Vol. 68 General Office of the Central Organization Department of the Chinese Communist Party. 1980[2009]. *Compendium of Organizational Work Documents, 1955 (Top Secret) (Zuzhi gongzuo wenjian xuanbian [1955] (juemi))*. Los Angeles, CA: Service Center for Chinese Publications.
- Vol. 70 General Office of the Central Organization Department of the Chinese Communist Party. 1980[2009]. *Compendium of Organizational Work Documents, 1956 (Top Secret) (Zuzhi gongzuo wenjian xuanbian [1956] (juemi))*. Los Angeles, CA: Service Center for Chinese Publications.
- Vol. 74 General Office of the Central Organization Department of the Chinese Communist Party. 1980[2009]. *Compendium of Organizational Work Documents, 1958 (Top Secret) (Zuzhi gongzuo wenjian xuanbian [1958] (juemi))*. Los Angeles, CA: Service Center for Chinese Publications.
- Vol. 81 General Office of the Central Organization Department of the Chinese Communist Party. 1980[2010]. *Compendium of Organizational Work Documents, 1963 (Top Secret) (Zuzhi gongzuo wenjian xuanbian [1963] (juemi))*. Los Angeles, CA: Service Center for Chinese Publications.
- Vol. 82 General Office of the Central Organization Department of the Chinese Communist Party. 1980[2010]. *Compendium of Organizational Work Documents, 1964 (Top Secret) (Zuzhi gongzuo wenjian xuanbian [1964] (juemi))*. Los Angeles, CA: Service Center for Chinese Publications.
- Vol. 83 General Office of the Central Organization Department of the Chinese Communist Party. 1985[2010]. *Compendium of Organizational Work Documents,*

1978-1984 (*Zuzhi gongzuo wenjian xuanbian [1978-1984 nian]*). Los Angeles, CA: Service Center for Chinese Publications.

Vol. 110 General Office of the Central Organization Department of the Chinese Communist Party. 1980[2012]. *Compendium of Organizational Work Documents, 1979* (*Zuzhi gongzuo wenjian xuanbian [1979]*). Los Angeles, CA: Service Center for Chinese Publications.

Vol. 113 General Office of the Central Organization Department of the Chinese Communist Party. 1990[2012]. *Compendium of Organizational Work Documents, 1989* (*Zuzhi gongzuo wenjian xuanbian [1989]*). Los Angeles, CA: Service Center for Chinese Publications.

Vol. 125 General Office of the Central Organization Department of the Chinese Communist Party. 1992[2014]. *Compendium of Organizational Work Documents, 1991* (*Zuzhi gongzuo wenjian xuanbian [1991]*). Los Angeles, CA: Service Center for Chinese Publications.

Vol. 126 General Office of the Central Organization Department of the Chinese Communist Party. 1994[2014]. *Compendium of Organizational Work Documents, 1993* (*Zuzhi gongzuo wenjian xuanbian [1993]*). Los Angeles, CA: Service Center for Chinese Publications.

Vol. 127 General Office of the Central Organization Department of the Chinese Communist Party. 1995[2014]. *Compendium of Organizational Work Documents, 1994* (*Zuzhi gongzuo wenjian xuanbian [1994]*). Los Angeles, CA: Service Center for Chinese Publications.

Vol. 128 General Office of the Central Organization Department of the Chinese Communist Party. 1999[2014]. *Compendium of Organizational Work Documents, 1998, Vol. 1* (*Zuzhi gongzuo wenjian xuanbian [1998], shangce*). Los Angeles, CA: Service Center for Chinese Publications.

Vol. 129 General Office of the Central Organization Department of the Chinese Communist Party. 1999[2014]. *Compendium of Organizational Work Documents, 1998, Vol. 2* (*Zuzhi gongzuo wenjian xuanbian [1998], xiace*). Los Angeles, CA: Service Center for Chinese Publications.

Compilation 30: Rare Statistics (*Xijian Tongji Ziliao Zhuanji*)

Vol. 18/19 Central Organization Department of the Chinese Communist Party. 1999[2009]. *Compendium of National Statistics on Party and Government Leading Cadres above the Rank of County or Division Level* (*Quanguo xianchuji yishang dangzheng lingdaoganbu tongji ziliao huibian, 1954-1998*). Los Angeles, CA: Service Center for Chinese Publications.

Special Compilation (*teji*)

Vol. 67 Office of the Leading Group of Public Selection of Deputy Bureau Heads in Henan. 1995[2007]. *Compendium of Public Selection of Deputy Bureau Heads in Henan* (*Henan sheng gongkai xuanba futingji ganbu ziliao huibian*). Los Angeles, CA: Service Center for Chinese Publications.

Organization Work Bulletin (*Zugong Tongxun*)

- The Central Organization Department of the CCP (Eds.). 2012. *Zugong Tongxun - 2011* (*Organization Work Bulletin - 2011*). Beijing, China: Party Building Books Publishing House.
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Appendix C: Survey Designs

The Risk-Acceptance Scale

1. Some people say you should be cautious about making major changes in life. Suppose these people are located at 1. Others say that you will never achieve much in life unless you act boldly. Suppose these people are located at 7. And others have views in between. Where would place yourself on this scale?
(Most conservative to most boldly, 7 categories)
2. Suppose you were paying Mahjong and were a big winner in the third or fourth round. Would you be more likely to continue playing or take your winnings?
(1. Definitely take my winnings; 2. Probably take my winnings; 3. Not sure; 4. Probably continue playing; 5. Definitely continue playing)
3. I would like to explore strange places.
(Strongly disagree to strongly agree, 5 categories)
4. I like to do frightening things.
(Strongly disagree to strongly agree, 5 categories)
5. I like new and exciting experiences, even if I have to break the rules.
(Strongly disagree to strongly agree, 5 categories)
6. I prefer friends who are exciting and unpredictable.
(Strongly disagree to strongly agree, 5 categories)
7. In general, how easy or difficult is it for you to accept taking risks?
(Very difficult to very easy, 5 categories)

The Endorsement Experiment Questions

Only the treatment group will read the content in the parentheses. Only the placebo group will read the content in the bracket. Please read through the following policies and answer a few questions. (All of these policies have been explicitly endorsed by the Party leadership.) [All of these policies have been endorsed by a professor at the School of Government, Peking University.]

Policy A: Migrant workers are given access to urban social security benefits, including medical insurance, pension, unemployment insurance, employment injury insurance, maternity insurance, and Housing Provident Fund.

Policy B: Elite primary and junior middle schools recruit students across boundaries of school districts within their own prefectures.¹

Policy C: To encourage fertility, every couple that gives birth to a second child receive monetary rewards and subsidies.

Imagine if you are in charge of a prefecture-level city, will you implement these policies?

Policy A: 1. Yes; 2. No.

Policy B: 1. Yes; 2. No.

Policy C: 1. Yes; 2. No.

¹Elite schools or key schools are known as *zhongdian xuexiao* in Chinese. In China, primary schools usually cover grades 1-6 and junior middle schools grades 7-9.

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Biography

Fengming Lu was born in Ningbo, China on April 25, 1989. Lu received a B.A. degree in political science at University of Illinois at Urbana-Champaign in 2012. Between August, 2012 and August, 2018, Lu attended the Ph.D. program in political science at Duke University. He will receive the Ph.D. degree in December, 2018. His research interests include authoritarian politics, behavioral politics, the role of information in politics, and the political economy of China. His research utilizes historical and observational data, original survey data, Bayesian statistics, and a series of (quasi-)experimental designs. Fengming Lu has published the article “Is Any Publicity Good Publicity? Media Coverage, Party Institutions, and Authoritarian Power-Sharing” (co-authored with Xiao Ma) at *Political Communication*. His research has been funded by the Graduate School of Duke University, the Chiang Ching-kuo Foundation, the National Science Foundation, the Asian/Pacific Studies Institute at Duke University, and the National Natural Science Foundation of China. Between 2018 and 2020, he will be a Postdoctoral Research Associate of the Peking-Princeton Postdoctoral Program (PPPP).