The Law and Economics of Lawyers: Evidence from the Revolving Door in China's Judicial System*

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Abstract

This paper studies the roles of lawyers in shaping judicial and economic outcomes, exploiting the unique setting of "revolving-door" lawyers in China's judicial system. By compiling a comprehensive dataset covering the universes of judges, lawyers, law firms, litigants, and lawsuits in China from 2014 to 2021, we identify over 14,000 judges who left their positions to practice as lawyers, accounting for 6.6% (2.6%) of all judges (lawyers) nationwide. We report three main findings. First, in otherwise identical lawsuits, these revolving-door lawyers obtain significantly more favorable court decisions for their clients. Second, leveraging within-lawyer variation in performances at home vs. away courts, we show that the premium of revolving-door lawyers comes from both "know who" and "know how." Third, revolving-door lawyers create an efficiency-equity trade-off for society — on the one hand, they present evidence and reasoning to help judges make more informed decisions; on the other hand, they use connections and strategic arguments to help their (affluent) clients, thereby biasing judicial decisions and exacerbating socio-economic inequalities. We extend the theoretical framework of Dewatripont and Tirole (1999) to quantify these trade-offs.

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"I don't mean to toot my own horn, but if Jesus Christ lived in Chicago today, and he had come to me and he had five thousand dollars, let's just say things would have turned out differently." — Billy Flynn

Chicago, by Maurine Dallas Watkins

1 Introduction

Law is the cornerstone of a modern society. Economists emphasize that an impartial and efficient judiciary is pivotal for fostering a prosperous market economy (Smith, 1937; North, 1986; Besley and Persson, 2011; Acemoglu and Robinson, 2012). Governments and international organizations also spend significant efforts in promoting judicial capacity worldwide (Stephenson, 2007;Piana, 2009). Critical elements of the legal system, such as codes and statutes, precedents, court structure, and judicial behavior, have been the focus of extensive research (Djankov et al., 2003; Chemin, 2012; Agan and Starr, 2018; Arnold et al., 2018; Dobbie et al., 2018; Doleac and Hansen, 2020; Ash et al., 2022; Li and Ponticelli, 2022; Mehmood, 2022; Liu et al., 2023).

In comparison to these other components of the legal system, surprisingly little is known about the roles of lawyers in shaping judicial and economic outcomes, despite the perceived importance of the legal profession. While recent evidence from the U.S. suggests that proficient lawyers might deliver more lenient judicial decisions in criminal cases,[1] their effectiveness in other legal systems, and in a broader spectrum of legal disputes, such as commercial litigation, is less certain. Moreover, as Mark Twain famously remarked, "a good lawyer knows the law; a clever one takes the judge to lunch" — to the extent that high-profile lawyers do deliver favorable outcomes to their clients, the source of this premium is a subject of debate: does it stem from their superior legal acumen (i.e., "know-how") or their extensive personal networks (i.e., "know-who")?

Furthermore, beyond their impacts on the litigants, power lawyers can also create

[1] An emerging literature tries to shed light on this question in the setting of court assignment of lawyers in the US, and attributes differences in lawyer performances to case selection, lawyer-client matching, lawyer ability, and moral hazard, etc. (Agan et al., 2021; Shem-Tov, 2022).

countervailing forces in the entire judicial system — on the one hand, they collect and organize evidence, prepare facts and findings, and provide legal reasoning, aiding judges (and juries) in making more informed decisions; on the other hand, to vigorously represent their clients, power lawyers may also skew judicial results using both personal connections and strategic/selective presentation of evidence, facts, and legal reasoning, which can not only bias judicial decisions, but also exacerbate socio-economic inequality, given the positive sorting between lawyers and litigants.

In this paper, we present novel empirical evidence on the judicial and economic implications of power lawyers. To ground the empirical investigation, our analysis focuses on a particular group of widely-recognized power lawyers in China's judicial system — the "revolving-door" lawyers (henceforth RD lawyers), referring to former judges who resigned from their positions to practice as lawyers in private law firms. In addition to being generally recognized as among the most influential lawyers in this major emerging legal market, the existence of RD lawyers also creates a unique opportunity for us to construct granular measures of a lawyer's private connection, based on his colleague network prior to quitting judgeship; as well as a lawyer's innate legal expertise, based on his past performance record while serving as a judge. These lawyer connection and ability measures, constructed independently from one's performance as a lawyer, enable us to adopt various research designs that shed light on whether/how power lawyers create values for both their own clients and the entire judicial system.

Specifically, by compiling a novel dataset that covers the universes of active judges, lawyers, law firms, litigants, and lawsuits in China between 2014 and 2021, we identify more than 14,000 RD lawyers over the past decade, accounting for 6.6% (2.6%) of all judges (lawyers) nationwide. For each RD lawyer, we are able to extract, from 144 million court judgment files, rich details about his entire professional life, from his performance and colleague network as a judge, to his transition from judge to lawyer, and to his performance, employer(s), clients, colleagues, and career trajectory as a lawyer. Descriptive patterns reveal that both the most and the least proficient judges are more likely to become RD lawyers (as compared to the average-ability judges), and these RD lawyers are more likely to practice law in more developed parts of the country.

Utilizing this unique data infrastructure, we first show that, in otherwise identical commercial lawsuits, such as clear-cut loan/sales contract disputes where every legally relevant feature can be explicitly quantified and held constant, RD lawyers still manage to deliver significantly more desirable decision outcomes for their clients (i.e., 11-15% higher win rate). In addition to matching observable case characteristics, two alternative research designs further confirm that the RD lawyers' higher win rates cannot be explained by their endogenous selection of lawsuits based on unobserved client/case characteristics: (a) when restricting our analysis to pre-existing clients of a law firm and exploiting variations created by the new arrival of RD lawyers to that law firm, we find similar returns to RD lawyers; (b) by instrumenting for "being represented by an RD lawyer" using the weekly caseload of RD lawyers in the corresponding law firm upon the arrival of a new case, we find consistent results on RD lawyer effectiveness. The baseline finding is also not driven by powerful clients directly exerting influence over court decisions, as revealed by its robustness with respect to controlling for a more demanding set of court-by-litigant fixed effects that hold constant potential client influence.

Second, to understand the relative importance of "know how" vs. "know who" in determining the premium of RD lawyers, we exploit within-lawyer variation in performances at the RD lawyer's home court, where he used to be a judge and likely has strong connections, versus at the RD lawyer's away court, where he was not a judge and is likely less well connected. We show that, RD lawyers, especially the ones that hold graduate degrees in law and those that specialize in the same legal domains as a judge and as a lawyer, perform better than ordinary lawyers even in away courts, and this premium does not diminish as they move farther away from their home courts, which are patterns consistent with their better "know how." Nevertheless, the same RD lawyer becomes substantially more effective when he is practicing in his home court, and importantly, this home court advantage only exists when he is arguing in front of a former colleague (as opposed to a new judge who arrived after his departure). Such within-lawyer premium at home court highlights the importance of "know who" in generating lawyer value added.

Third, to understand power lawyers' broader roles in the entire judicial system, we outline a theoretical framework extending Dewatripont and Tirole (1999), in which lawyers

can: (a) present solid evidence and sound reasoning to help judges make more informed decisions, which reduces ruling dispersion for similar lawsuits and promotes judicial consistency; and (b) use personal connections and strategic presentation of evidence/reasoning to influence judges and help their (affluent) clients win, which makes similar cases ruled less consistently and exacerbates inequality. Guided by this framework, we empirically investigate the impact of RD lawyers on the dispersion of rulings for otherwise identical lawsuits, which, through the lens of our model, allows us to quantify the aggregate impacts of power lawyers on judicial quality. We show that, channel (a) dominates channel (b) in our setting, so that, on net, the existence of RD lawyers could be welfare enhancing despite increases in ruling inequality.

Our paper relates to three strands of literature. First and foremost, we contribute to the field of law and economics. Economists have long emphasized the importance of law (Smith, 1937; North, 1986; Besley and Persson, 2011; Acemoglu and Robinson, 2012), and different components of the judicial system have been subjects of extensive research in the previous literature (Djankov et al., 2003; Chemin, 2012; Agan and Starr, 2018; Arnold et al., 2018; Dobbie et al., 2018; Doleac and Hansen, 2020; Ash et al., 2022; Li and Ponticelli, 2022; Mehmood, 2022; Liu et al., 2023). Nevertheless, the judicial and economic impacts of lawyers remain under-researched.[2] We add to the literature by both theorizing and quantifying the benefits and costs of the legal profession — power lawyers can serve their clients using both their legal knowledge and personal connection, but their existence also has mixed impacts on the judicial information environment, which can potentially result in higher levels of judicial bias and socio-economic inequality.

Second, our paper relates to the literature on informational lobbying. While a classic theoretical literature has shown that having different interest groups lobbying the decision maker can potentially improve welfare by generating rich information (Austen-Smith, 1987; Austen-Smith, 1995; Lohmann, 1995; Grossman and Helpman, 2001; Krishna and Morgan, 2001; Bombardini and Trebbi, 2011; Bombardini and Trebbi, 2012; Cotton, 2012), empirical evidence on this prediction has been limited and mixed (Snyder Jr, 1990;

[2]Notable exceptions include Agan et al. (2021), who show that lawyers have worse performance in court assigned cases due to various reasons; and Shem-Tov (2022), who document significant performance gaps between court assigned lawyers and public defenders.

Snyder Jr, 1991; Snyder Jr, 1992; Bertrand et al., 2014). As pointed out by Dewatripont and Tirole (1999), the theoretical foundations for informational lobbying also apply to the judicial system, where lawyers representing different clients try to generate information and exert influence on judges. Following this insight, our paper presents direct evidence that the information generated by power lawyers can reduce ruling dispersion, but may also bias judicial decisions in the presence of substantial asymmetry in lawyer abilities.[3]

Third, our paper also provides new evidence on the economics of the modern service sector. While a large body of research has focused on the operations of traditional manufacturing industries (Bartelsman and Doms, 2000; Tybout, 2000; Akcigit and Kerr, 2018), much less is known about the organization of modern service sectors, such as the banking industry, the consulting industry, and the legal industry, despite the growing importance of these sectors in a modern economy. Our paper unravels this black box by collecting unique granular data on the universes of judges and lawyers in China, which allows us to shed light on how the modern service sectors are organized, and how economic value is created and allocated in these sectors.

The remainder of this paper is organized as follows. Section 2 describes the institutional background. Section 3 introduces the data and presents descriptive facts about China's judicial system and legal industry. Section 4 discusses the value added of RD lawyers, and decomposes it into "know how" vs. "know who." Section 5 outlines a theoretical framework to rationalize the reduced form findings and guide the structural analysis. Section 6 documents how RD lawyers affect ruling dispersion, and discusses the broader impacts of the legal profession through the lens of our theoretical framework. Section 7 concludes.

[3]Our utilization of the revolving door setting in China judicial system also speaks to the literature on revolving door lobbyists (i Vidal et al., 2012; Bertrand et al., 2014), which allows us to separate ability from connection in determining lobbying/judicial outcomes.

2 Background

2.1 China's Judicial System

As illustrated in Appendix Figure A.1, China has a four-level court system — at the national level, there is the Supreme People's Court (SPC); at the provincial level, there are 32 High People's Courts; at the prefecture level, there are 404 Intermediate People's Courts; and at the county/district level, there are 3,111 Basic People's Courts. By default, criminal lawsuits are tried in the place where the alleged crime occurred, while civil lawsuits are tried in the defendant's jurisdiction.[4] The level of court handling the first instance corresponds to the importance of the case. After the first instance, one appeal can be made to the corresponding upper-level court, up to the SPC.

China's legal system largely follows the civil law tradition, with some features of the Great Qing Code. Judges decide cases according to statutes promulgated by the national legislature and statute-like judicial interpretations made by the SPC. There are neither juries nor established, legally-binding precedents. Instead, judges are given substantial discretion in deciding both the factual issues and the legal issues in a case.[5] For the Chinese judiciary, deciding like cases alike has long been a challenge. When being represented by different lawyers or handled by different judges, otherwise similar cases can receive significantly different rulings, leading to a sense of injustice that can potentially turn into social unrest, and increasing uncertainties in economic activities.

In an effort to reduce such dispersion in the ruling of otherwise identical cases, the SPC launched an official website, the China Judgment Online (CJO), in 2014, where they mandate all local courts to disclose their court judgment files in real-time, providing reference points for future rulings. This is generally perceived as an effort to incorporate some (non-binding) common law flavors into a civil law system. We explain the CJO

[4] In commercial contracts, involved parties can potentially pre-specify a third court for conflict resolution, but in practice, only less than 4% of commercial lawsuits in China are tried outside of the defendant's jurisdiction.

[5] To give a simple example, contract law gives judges the discretion to adjust liquidated damages agreed upon by the parties when a judge believes the damages stipulated in the contract are higher or lower than the actual damages incurred. And the "actual damages" in a contract case is of course a factual issue for the court to investigate and decide.

database in greater detail in Section 3.1.1.

While substantial progress has been made in China's legal profession (Zhang and Ginsburg, 2019), among the Chinese public, social ties' influence over court decisions remains a much-discussed issue. There has been a widespread perception that all the trappings of procedural rigor are a facade and that one's strong connection with judges is all that matters — social ties run through the "pores" of laws and regulations (Ng and He, 2017). Noteworthily, personal connections' influence over judicial decisions does not seem to be a uniquely Chinese phenomenon, but has instead been documented in different courts in both Europe and the U.S.[6]

Despite this backdrop of knowledge, how such "know who" effect compares quantitatively to a lawyer's "know how," and how it affects the broader judicial system beyond the client himself, remain less well-understood.

2.2 Judges and Lawyers in China

Judges in China play a particularly important role in trials. They act as chief investigators to aggregate evidence and establish facts, apply the provisions of the law, and make the final rulings. In most of the less complicated cases, a sole judge presides the trial and decides the case, whereas in cases that have high stakes, a collegial panel of usually three judges will be formed. Given the heavy caseload faced by the courts, one judge within the collegial panel will be designated as the "responsible judge," who takes charge of most of the trial process and drafts the judicial decision, making him pivotal in shaping the final ruling. Naturally, judicial capacity in China relies heavily on the quality and incentives of the local judges.

To become a judge in China today, one needs to first obtain at least a bachelor's degree in law, and then pass the civil service exam, which qualifies him to work as a court clerk.

[6]In Europe, the revolving door between the Court of Justice of the European Union and the European Commission raises concerns that the Commission is able to exert influence on the Court from its connections in the inside and gain a comparative advantage in litigation (Zhang, 2016). In cases tried at the U.S. Supreme Court, an attorney who formerly clerked for a justice is more likely to capture that justice's vote than other attorneys who never clerked, while researchers tend to believe that "[the] influence appears to come from clerks' personalized information about their justices" (Black and Owens, 2021). Data from Florida shows that having a plaintiff's attorney who attended the same law school as a randomly assigned judge increases the chances of recovery by 2% in medical malpractice lawsuits (Liu and Zhang, 2020).

During the subsequent 3-5 years working as a court clerk, this person needs to further pass both the national judicial exam and the judge quota exam, which would in turn qualify him to be appointed as a judge. Following this career path, many high-ability young judges are appointed nationwide. These individuals are well educated and hold much power in deciding individual cases, but at the same time poorly compensated economically. For example, as shown in Appendix Figure A.6a, based on a salary sheet of a local court in China in 2013, the average judge was paid around 3500 RMB (around 500 USD) per month.

In contrast, as shown in Appendix Figure A.6b, also in 2013, the average lawyer practicing in relatively developed provinces in China enjoyed salaries that were 4-5 times higher than judges, despite the fact that the entry barrier for lawyers is significantly lower than that for judges. Specifically, in order to become a lawyer, one only needs to obtain a law degree and pass the national judicial exam, which is a subset of the requirements for becoming a judge.

Appendix Figure A.8a illustrates a significant rise in the total number of active lawyers in China during our sample period, escalating from approximately 300,000 to 540,000. A large part of the surge is likely attributable to China's rapid economic expansion and the growing complexity of business and financial transactions. The increase in lawyers can also be linked to the evolving legal framework in China, which has expanded in response to the country's integration into the global economy. The spatial distribution of lawyers further mirrors this trend, with a higher concentration in provinces boasting larger population and higher GDP.

2.3 Revolving Door between Judges and Lawyers

Given the reversal of entry barriers and economic compensations between judges and lawyers, it is probably not surprising that over the past decade, some judges decided to quit their jobs and start practicing as lawyers in private law firms, thereby creating a "revolving door" (RD hereafter) phenomenon in China's judicial system. In addition to being highly influential in judicial decisions, RD lawyers also constitute a neat setting, where we can use a lawyer's prior experience as judge to clearly define his legal capability

and personal connection, independent from his subsequent performance as lawyer. This will in turn allow us to separate the roles of "know who" vs. "know how" in determining lawyer value added. While our analysis focuses on the subset of RD lawyers, we expect most of the qualitative findings to hold for most high-power lawyers in general.

Based on our extensive field interviews with judges, lawyers, and law firms, we are able to make four qualitative observations about the RD lawyers. First, many of them used to be perceived as "key judicial personnel" before quitting, suggesting potential positive selection into becoming RD lawyers. Second, consistent with positive selection, many of these quitting judges are highly sought after on the labor market, being directly offered partnerships at major law firms.[7] Third, many ordinary lawyers hold negative views about the existence of RD lawyers, generally believing that the playing field is being tilted when facing these powerful players. Fourth, China's "judge quota reform" since 2016, which aimed to sideline/fire nearly half of the judges nationwide who do not have sufficient legal backgrounds or skills and caused the active judge count in China to drop by more than 30%, effectively pushed many lower-ability judges to become RD lawyers, potentially inducing negative selection.

The existence of RD lawyers is no news to the central regulators, who already designed stringent regulations against such practice as early as in 2001. Specifically, it was clearly stated that quitting judges are subject to both a "two-year bar" and a "home court prohibition": they cannot practice as lawyers for at least two years, after which, they are only still allowed to practice in courts where they never held judgeship before. However, according to our extensive interviews with judges and lawyers, these tight rules on paper were not strictly enforced until 2021, when the SPC sent central inspection teams to explicitly target the revolving-door phenomenon in China's judicial system.

[7]In fact, many senior litigating lawyers would explicitly advise law students to work as full-time or part-time law clerks in the judiciary before becoming lawyers. Many believe that working in courts provides better training than law firms because judges and law clerks handle more cases (usually over 100 per year) than typical lawyers. This experience also allows law clerks to build personal connections that can be beneficial for their future legal careers.

3 Data, Descriptive Facts, and Empirical Strategy

In this section, we introduce our data (Section 3.1), discuss simple descriptive patterns (Section 3.2), and introduce the baseline empirical strategy (Section 3.3).

3.1 Data

We combine various sources of data for analysis. In the following subsections, we explain the the construction of our main datasets and key variables.

3.1.1 China Judgment Online

In 2013, as part of its efforts to improve judicial transparency and provide (non-binding) precedents for judges, the Supreme People's Court established an official website called *China Judgment Online* (CJO) and required local courts at all levels to publicize both contemporary and historical judicial decisions on this website. Local courts are obligated to disclose all contemporary judgment files within seven days of trial completion, with exemptions granted for special cases such as those involving national security or juvenile delinquency. Screenshots of the CJO website and a sample court judgment file are provided in Supplementary Figure A.2.

We collected the universe of court decisions in China between 2014 and 2021 from CJO. This includes more than 144 million judgment files, from which we identified more than 86 (11) million civil (criminal) lawsuits.[8] For each judgment file, we extracted the following information: court in charge, trial and ruling dates, name of the judge(s) and other court clerks, name of the plaintiff, name of the defendant, basic facts about the case, summary of trial process, claims made by plaintiff, whether the plaintiff's claims were supported by the court, and reasoning provided by the judge. For civil lawsuits in particular, we also extract obligations to pay court fees, dispute type, and detailed case characteristics by each specific dispute type. For example, in a loan contract dispute, we extract the

[8]We keep all court verdicts for cases that were tried between 2014 and 2021 and released by the *China Judgment Online* before August, 2022.

monetary size of the loan, interest rates, continuation rate, duration of repayment, overdue charge rate, etc.[9]

A key variable for our analysis is the win rate of each party in a lawsuit. In civil litigation, court fees are supposed to be paid by the losing party, so how court fees are shared between the plaintiff and the defendant reflects the extent to which each party wins or loses in a lawsuit, from the perspective of the court.[10] Therefore, we follow the standard literature to extract detailed information on each party's obligation to pay court fees, and measure the win rate of each side using the share of the opposing side's obligation to pay court fees: $WinRate_j = \frac{CourtFee_i}{CourtFee_i + CourtFee_j}$.

The judgment files in the CJO data are generally believed to be highly reliable, as any manipulation of such publicized administrative records would require three-way collusion among the plaintiff, the defendant, and the local court. In fact, the information reflected in commercial court judgment files is widely used in the credit rating process by all the major commercial banks. Furthermore, in recent years China has adopted an open justice system whereby civil cases are live-streamed when requested by plaintiffs (Cai et al., 2022). As millions of trial recording videos are publicly accessible on the internet, it has become extremely unlikely that the court judgment files could be systematically manipulated.

While the publicized documents are widely believed to be authentic and reliable, a potential issue with the CJO is missing data — some judgment files are excluded from the public records. This could happen for two reasons: (1) in the early years of the CJO, local courts may not have publicized all cases on the website (Ahl et al., 2019; Liebman et al., 2020); and (2) in 2021, it was reported that the CJO deleted a batch of "politically sensitive" criminal cases from the website. However, it is unlikely that such missing data would substantially affect the analysis in this paper.

As reported by various media outlets, the deletion issue is mainly concentrated in criminal cases.[11] For the civil cases (in particular, contract disputes) that we focus on, case missing rate is substantially lower. Specifically, we cross-validate our data with the

[9]For criminal lawsuits, we extract the defendant's age, gender, education, ethnicity, crime types (485 in total), confession, surrender, victim's forgiveness, crime history, crime details, etc.

[10]For instance, a plaintiff that wins completely would be ordered to pay 0% of the court fees, whereas an even split of the fees implies that each side won 50%.

[11]https://www.rfa.org/mandarin/yataibaodao/renquanfazhi/ql-07162021074351.html

national-level aggregate case numbers in the China Statistical Yearbooks from 2015 to 2021, which were published by the National Bureau of Statistics. As shown in Supplementary Figure A.3, in more recent years, as local courts gained the technological capacity to digitize case files, the missing rate fell below 10% for civil lawsuits.[12] Note that a substantial share of these missing files likely belongs to the exempted cases relevant to privacy or involving juveniles, suggesting that limited scope for strategically selective case disclosure.[13] In addition, we have been collecting data from the CJO website daily since 2018 for any updates, and all cases that were deleted after posting — including the batch deleted in 2021 — are still included in our sample.

3.1.2 Universe of Business Registrations

Our firm-level data is from *Tianyancha*, a company that offers access to the universe of China's business registration records. These records are licensed by the National Enterprise Credit Information Publicity System, and maintained by the State Administration for Industry and Commerce (SAIC). Appendix Figure A.4 shows a screenshot of *Tianyancha*'s webpage, from which we collected business registration information. The business registration data cover every firm that was ever registered in China in the past four decades; as of the end of 2021, the data includes over 75 million entries (including branches of firms). For each registered firm, we have detailed information on its location, ownership type, legal representatives, shareholders and their holdings, executives, value of registered capital, industry code, year of establishment, and all historical changes/updates to any of the above items.

[12]The bulk of the missing cases documented in the literature were actually backlogs due to local courts' capacity constraints in the early years, and these files were added to the CJO later on. For example, Liebman et al. (2020) find that 45% of criminal judgment files were missing in 2014. Using more complete data scraped in 2022, we find that 60% of those missing cases have already been added to the website and are therefore included in our sample. In fact, during the early years after CJO became online in 2013, many local courts throughout the country were incentivized to digitize the backlog of cases, with the rate of digitization being an important KPI for local judges' promotion.

[13]These missing rates are also consistent with our alternative calculations using the gaps in the court cases' reference IDs, which are assigned uniquely to each case and follow consecutive numbers for all cases.

3.1.3 Judges' Education

China's Ministry of Education requires that every graduate degree holder's dissertation must be publicized on the China National Knowledge Infrastructure (CNKI). By scraping the CNKI based on the universe of judge names, we are able to infer who went to graduate school.

3.2 Descriptive Statistics

In this section, we present some simple empirical patterns about RD lawyers, documented using the aforementioned data sources.

3.2.1 Identifying Judges, Lawyers, Law Firms, and Litigants

For every court verdict publicized by the CJO, we are able to extract the the identities of the judge(s) handling the case, as well as the names of the lawyers, law firms, and litigants involved. Altogether, the more than 140 million documents allow us to construct a comprehensive list of all the active players in China's legal profession over the past decade: (a) 217,192 judges, including their complete case-handling records and career paths; (b) 542,269 lawyers, including their complete case/client-representation records and employment histories; (c) 36,593 law firms, including their affiliated lawyers, as well as the cases they handled and clients represented; and (d) more than 5 million firm litigants, including detailed information in their business registration records.

Figure A.8a illustrates a significant rise in the total number of active lawyers in China during our sample period, escalating from approximately 300,000 to 540,000. This surge is largely attributed to China's rapid economic expansion and the growing complexity of business and financial transactions. The increase in lawyers can also be linked to the evolving legal framework in China, which has expanded in response to the country's integration into the global economy. The spatial distribution of lawyers further mirrors this trend, with a higher concentration in provinces boasting larger population and higher GDP.

Reflecting the trend observed in the number of lawyers, the quantity of law firms

in China has similarly seen a substantial increase over the past decade, growing from approximately 23,000 to 37,000. In total, these firms served more than 5 (26) million corporate (individual) litigants in our data. As of 2021, the average number of lawyers per firm stands at around 9. However, this masks the large heterogeneity in the size distribution of the law firms. In Appendix Figure A.5 Panel (a), we plot the frequencies of the lawyers per firm. The majority of law firms have fewer than 50 lawyers, with a small proportion of larger firms exceeding 200 lawyers. In Panel (b), we further plot the linkages between each local branch and its "parent" law firm, which reveals that major law firms in the first-tier cities can penetrate local markets nationwide. Quantitatively, 6.34% of parent law firms control 23.16% of all local branches and hire 37.99% of all lawyers nationwide.

3.2.2 Identifying "Revolving Door" Lawyers

To identify RD lawyers, we first use Chinese family and given names to match "disappearing judges" – those who ceased presiding over cases during our sample period – with "emerging lawyers," defined as attorneys who began representing cases within six months following the departure of a judge with the same name. To avoid matching errors arising from repetitive names, we exclude the top 1,000 most common names in China.[14] This matching process identifies 14,249 RD lawyers, which forms our baseline sample for analysis. We also construct alternative samples with different cutoffs for the time window and the name frequency. These choices change the sample size, but have little impact on the subsequent empirical findings.[15]

In an effort to be even more conservative about our identification of RD lawyers, we construct an alternative, more restrictive sample, for which we require that the transition from judge to lawyer identified based on Chinese names be verified by at least one other source of information, such as Baidu Baike entry (the Chinese counterpart of Wikipedia), official websites of law firms, or official websites of local legal associations. Appendix Figure A.8 illustrates this verification process using a specific example, where the CJO data indicates that a judge named Fu Qinbin quit from a prefectural intermediate court

[14] "Common name" is defined according to the official name registry publicized by the Ministry of Public Security. The 1,000th most common name is used by 0.0625% of the Chinese population.

[15] We present our baseline analysis under these alternative samples in Appendix **??**.

to join a law firm, and this information is corroborated by both his Baidu Baike page, and his bio page on the law firm's official website. By imposing this restriction, we reduce our baseline sample size by almost half, but as shown in Appendix **??**, the main findings still remain robust, which indicates that the matching of judges to lawyers based on uncommon names alone already provides a solid foundation for our analysis.

3.2.3 Descriptive Patterns for Revolving Door Lawyers

In Figure 1, we visualize the time trend and spatial distribution of RD lawyers. As shown in Panel (a), RD lawyers grew quickly after 2016, consistent with the timing of the judge quota reform, which led to the exodus of relatively low-ability judges, many of whom decided to practice in private law firms. The trend slowed down after 2021, the year that the SPC sent central inspection teams to explicitly target the "judicial revolving door," confirming that the government regulations against such practice indeed became more binding in recent years.

As shown in Panel (b), spatially, we observe that judges working in richer parts of the country, mostly the eastern coastal areas, have higher likelihoods of turning into RD lawyers, likely reflecting their better outside options. Panel (c) further reveals that the spatial sorting for RD lawyers' destination is even more severe than that for their origin, indicating that, once turned into lawyers, some former judges from the (less developed) western regions would move to the (more developed) eastern coastal regions to practice law. Such locational choices are consistent with the spatial distribution of lucrative cases and high-profile clients. Big law firms in the more developed regions are interested in hiring former judges from remote provinces, usually because they can either help bring in major clients from the localities where they served as judges, or help the law firm gain new market entries into these areas.

3.2.4 Selection into Revolving Door Lawyers

Based on our observations in the fieldwork, the selection into RD lawyers could involve both positive and negative selections among judges. On the one hand, higher-ability judges tend to have better outside options, such as partner offers from major law firms, which

make them more tempted to quit. On the other hand, the judge quota reform since 2016, by pushing "low-ability" judges out of local courts, effectively leaves these individuals few other option but to practice as lawyers.

To examine the patterns of selection, we construct two proxies for judge ability. First, for every judge handling civil cases, we count the number of "high stakes cases" (i.e., claimed monetary stake above 95th percentile among all civil cases in that jurisdiction) assigned to him during his tenure. Since the remanding or retrial of a high-stakes lawsuit is believed to have devastating consequences for the court handling the first instance, the most capable judges are usually the ones assigned to handle the biggest cases. Second, for all judges, we calculate the frequency that their decisions get appealed by the litigants, which is likely negatively correlated with the quality of their judicial decisions.

In Figure 2, we visualize the patterns for selection into RD lawyers. According to both measures of judge ability, we see a clear bimodal pattern, where both the high- and low-ability judges are more likely to quit their judgeship, while the average-ability judges are more likely to stay in their positions. Such simultaneous existence of positive and negative selections confirms our qualitative observations in the field. Motivated by this finding, in our subsequent empirical analyses, we examine whether the high- vs. low-ability judges function differently once they start practicing as lawyers — specifically, whether they demonstrate different specializations in "know how" vs. "know who."

3.3 Matching of Identical Cases

3.3.1 Case Matching Procedure

Our baseline analysis relies on matching identical lawsuits to each other based on observable case characteristics. Below we explain the procedure of matching identical commercial lawsuits, which we use as the baseline sample for analysis in this paper. We provide more details and examples for the matching procedure in Appendix Appendix A.1.[16] To further verify the validity of our baseline findings, we also adopt various alternative "selection on unobservables" research designs, which we explain in greater detail in Sections 4.1.1 and

[16]In addition, while not the focus of our empirical analysis, in Appendix A.4, we also discuss the matching of similar criminal lawsuits, which can be used to provide complementary suggestive evidence.

4.1.2.

Given the complex and multiplicity nature of commercial disputes, it is admittedly challenging to match similar lawsuits based solely on observable characteristics. That being said, enlightened by our careful examination of relevant legal codes and extensive conversations with judges, lawyers, and legal scholars, we argue that there exist two types of highly simple and well-defined contract-related lawsuits — namely loan contract disputes (for non-repayment) and sales contract disputes (for non-payment), for which all legally-relevant features are both observable and fully disclosed in the court judgment files, thereby enabling us to credibly match identical lawsuits to each other.

These two types of cases account for 45% of all commercial disputes in China, and are ideal for our empirical exercise since from a legal perspective, they can be entirely defined by clear, quantitative features. We briefly describe the matching procedure below, and provide additional details on the matching procedure in Appendix A.1.

In the spirit of comparing identical cases to each other, we have adopted the most conservative matching method possible, matching based on the comprehensive features of each case. These features can be summarized into five aspects: i) causes of action, ii) identity of the parties, iii) plaintiff's claims, iv) facts determined by the judge, and v) legal provisions cited by the judge.

For instance, in loan contract disputes, identity of the parties includes individuals, enterprises, and financial institutions (further divided into banks and other financial institutions). The facts determined by the judge include various aspects of the contract and the default, such as the loan principal and interest agreed upon in the contract, the unpaid loan principal and interest, the guarantees and warranties, and whether the contract stipulates liquidated damages and the amount of such damages. Plaintiff's claims and legal provisions cited by the judge help define the scope of the case and pinpoint the specific legal issues. For example, we only match two cases if the plaintiffs in both cases request repayment of only the loan principal and interest. If the plaintiff requests both repayment of the loan principal and interest and a penalty interest, we will treat it as a different case and only match it with cases that have similar claims. Similarly, we only match two cases when the legal provisions cited in the judgments are the same.

Conditional on all these quantitative features being matched, two non-repayment cases are “identical" from a legal perspective — there is no additional feature that a judge is supposed to take into account when making his decisions.[17]

In Appendix Figure A.9, we present examples of similar loan contract disputes and similar sales contract disputes extracted from our data and matched to each other, demonstrating that for such simple contracts, our matching procedure is able to define very tight “identical case" groups, within which lawsuits barely differ from each other in any meaningful way. To quantify the similarity among matched cases, in Appendix Table A.3, we report detailed balance tests along different dimensions, for lawsuits within each identical case group, with and without RD lawyer representation. The results suggest that RD lawyer representation has no detectable predictive power on case characteristics, confirming that cases within each group are indeed highly comparable along all the observable dimensions.

It is important to note that, even in cases that are extremely similar, judges still hold substantial power to make different judicial decisions. This is because the law not only consists of explicit “rules," but also includes various “standards" that provide judges with discretionary space (Kaplow, 2013). For instance, in loan cases, judges can adjust loan interest rates and repayment schedules based on the principle of fairness. In sales contract cases, judges can modify the damages or penalty for late payment and non-performance. Even if the parties have agreed on liquidated damages in their contract, judges can still adjust the amount of such damages according to the contract law.

[17]Similarly, in sales contract cases, the facts determined by the judge include the type of goods (categorized by the Nice Agreement Concerning the International Classification of Goods), the contract price, whether the contract stipulates liquidated damages and the amount of such damages, whether the defendant has breached the contract, and the amount of losses caused by such breach, among many other things. Similar to loan contract disputes, we also use plaintiff's claims and legal provisions cited by the judge to narrow down the scope and legal issues of the cases. Compared to simple non-payment loan contract cases, sales contract disputes can be much more complex. However, matching based on legal provisions cited by the judge helps find cases with similar legal issues while excluding cases that are too complex or too rare. If a judge cites an uncommon legal provision in the judgment, it means that the legal issue at hand is not common. Our method will likely exclude the case from the matching sample since it would be difficult to find very similar cases.

3.3.2 Potential Concerns and Alternative Research Designs

In our baseline econometric strategy, by exploiting variations in lawyer representation within each group of well-defined similar lawsuits, we are able to tease out confounding differences in case characteristics, and causally attribute differences in judicial outcomes to the lawyers. The key identifying assumption is that, these similar loan/sales contract disputes, which are matched to each other based on quantitative features, do not differ systematically in other unobservable ways, regardless of their lawyer representation status.

Given how simple and clear-cut these two specific types of contract disputes are, beyond the case characteristics that we are able to extract and match on, it is difficult for us to come up with additional case features that should matter in judicial decisions, which makes it likely for our identifying assumption to hold. And even if there does exist such unobservable case characteristics that are relevant for judicial decisions, to the extent that good lawyers are more likely to receive more challenging cases in ways we cannot observe as econometricians, our baseline strategy would end up comparing "hard cases handled by power lawyers" to "simple cases handled by non-power lawyers," thereby under-stating the effectiveness of power lawyers.

Nevertheless, we attempt to further alleviate concerns about selection based on unobservable case characteristics in two important ways. First, we follow Xiao et al. (2021) to evaluate the similarity between cases based on cutting-edge NLP models. To the extent that omitted case characteristics can be (at least partially) picked up by the NLP models, this NLP-based similarity measure allows us to directly examine, within our matched identical case groups, whether RD and non-RD lawyers systematically select cases based on features beyond what we could observe. As shown in Appendix Table A.9, within each identical case group, the textual similarity remains stable when we compare: (a) two cases both without RD lawyer representation; (b) two cases both with RD lawyer representation; and (c) a case with RD lawyer representation and another without. These patterns suggest that, for the simple contract disputes that we focus on, cutting-edge NLP models also fail to detect any additional case feature relevant for case selection, beyond those already used in our matching procedure.

Moreover, as explained in Section 4.1.2, we also adopt two alternative research designs to directly tackle concerns related to case selection. First, we investigate how the new arrival of RD lawyers to a law firm affects the judicial outcomes for the firm's *pre-existing* clients. Since most clients have a single law firm handling all their lawsuits, to the extent that anticipations about the future arrival of new RD lawyers would not affect the types of disputes that a client is currently involved in, this alternative strategy is able to hold constant confounding influences of case selection based on unobservables, thereby allowing us to isolate the effects of getting access to RD lawyers.

Second, we use the universe of verdicts to construct a novel measure of every RD lawyer's caseload in the week that a new case arrives at their law firm, and apply this as an instrumental variable (IV) for whether this particular case would be handled by an RD lawyer. By isolating the variation in RD lawyer representation that is purely driven by caseload distribution, this IV approach addresses endogeneity concerns related to selection on unobserved case characteristics.

4 Private Returns to Power Lawyers

In this section, we present the reduced form analysis on how power lawyers serve their clients. We first leverage the matched similar cases to investigate the impacts of RD lawyers on judicial decision outcomes. We discuss several alternative interpretations, including "selection based on unobservable case characteristics" and "direct influence exerted by powerful clients," which we address using a series of alternative research designs and additional tests, including an "event study approach" and an "instrumental variable" approach. We then investigate the potential sources of RD lawyer premium, by decomposing the "know who" effect from "know how" effect.

4.1 Impact of Power Lawyers on Court Decisions

To understand the roles of power lawyers, we start with a simple question — for otherwise *identical* lawsuits, whether having a high-profile lawyer, such as a revolving-door one, as opposed to an ordinary lawyer, actually delivers significantly more desirable judicial

outcomes for the clients?

In our baseline strategy, to answer this question, we compare, within each group of nearly identical loan/sales contract disputes, the court decisions for cases with and without RD lawyers. Specifically, we estimate the following econometric model:

$$Y_{ijgct} = \beta \cdot RevolvingDoor_{ij} + \omega_g + \gamma_c + \sigma_t + \epsilon_{ijgct} \tag{1}$$

where Y_{ijgtc} represents court decision for litigant i, in lawsuit j that belongs to (identical) case group g, tried in court c, in year t; $RevolvingDoor_{ij}$ equals 1 if the litigant i is represented by RD lawyer in case j, and 0 otherwise; ω_g is (identical) case group FE, γ_c is court FE, and σ_t is year FE. The standard errors are two-way clustered at the court and case-group levels. Intuitively, we are trying to compare the rulings for two otherwise identical lawsuits, being tried in the same court, in the same year, where one case is represented by an RD lawyer while the other by an ordinary lawyer.

Table 1 Panel A reports the main findings. Conditional on all case characteristics being essentially identical, being represented by an RD lawyer, instead of an ordinary lawyer, increases the client's rate of winning by an additional 11-15% relative to the baseline average. This substantial return to hiring RD lawyers is present for both the plaintiffs and the defendants, in both loan contract disputes and sales contract disputes. If we focus on the key claim regarding monetary damage (i.e., repayment (payment) request for loan (sales) contract disputes), and discount all the future (re)payments to their net present values, our estimates imply that RD lawyers can help the plaintiffs recover an additional 8.4% of monetary damages, while helping the defendants avoid 6.9% of liabilities.

It is worth noting that, these estimates, while large in magnitude, are likely still under-stating the effectiveness of RD lawyers, since compared to other more complicated commercial lawsuits excluded from the sample, we are already focusing on the subset of most clear-cut cases that leave relatively little wiggle room for lawyers to influence judicial decisions. Anecdotally, for such simple disputes, power lawyers usually influence court decisions either through personal connections (i.e., "know who"), or by pointing out certain relevant favorable precedents or discretionary legal standards (i.e., "know how"),

but the simple nature of these cases limit the scope for additional actions such as new evidence discovery, witness coaching, appealing to alternative interpretations of the law, etc. One can thus imagine that, in more sophisticated cases with plenty of moving parts, power lawyers can potentially exert even larger influence on court decisions.[18]

4.1.1 Potential Threat 1: Client's Influence

One potential concern is that, the client that hires an RD lawyer is likely also richer and more powerful himself, and can independently exert his own influences on judicial decisions, thereby confounding the estimated effectiveness of RD lawyers. To address this concern, in Table 1 Panel B, we further control for a demanding set of court-by-litigant fixed effects, which teases out the influence that a particular client can exert on a particular court, and separately identifies the role played by RD lawyers. Intuitively, when a business client has a large number of similar loan/sales contract disputes in the same court, the RD lawyer in the partner law firm may not have enough capacity to handle all of them. So despite these cases being similar, some of them would be represented by other non-RD lawyers from the same law firm.[19]

As can be seen, the point estimates barely change compared to the baseline results, indicating that even for the same litigant in the same court, being represented by RD lawyers still delivers a significant premium in terms of judicial decisions. This suggests that the baseline results are indeed driven by differences in lawyer effectiveness, rather than client influence.

[18]Relatedly, while not the main focus of our paper, the baseline "RD lawyer premium" carries over to criminal lawsuits as well. As shown in Appendix Table A.4, for otherwise similar criminal lawsuits, conditional on the alleged crime qualifying for imprisonment, having an RD lawyer could reduce the length of sentence by 2 months, representing a 6% reduction from the baseline; conditional on the alleged crime qualifying for lifetime imprisonment, having an RD lawyer could reduce that likelihood by 0.4 percentage points, representing a 10% reduction from the baseline; and conditional on the crime qualifying for death penalty, having an RD lawyer could reduce that likelihood by 0.2 percentage points, a 14% reduction from baseline. Across the spectrum of crime severity, we observe substantial returns to being represented by RD lawyers.

[19]For example, a regional bank or P2P company would frequently file, within the same local court, a large amount of highly similar loan contract lawsuits against different individual borrowers.

4.1.2 Potential Threat 2: Case Selection Based on Unobservables

Given our focus on the subset of clear-cut contract disputes that can be quantitatively matched based on well-defined observable features, potential selection of cases by RD lawyers based on unobserved case characteristics is unlikely to drive our baseline findings.

It is worth emphasizing that, our baseline strategy does *not* hinge on there being no differential selection of cases by different lawyers. Instead, our design only requires there to be a "common support" of lawsuits between RD and non-RD lawyers. That is to say, RD lawyers and non-RD lawyers might on average handle vastly different lawsuits (in terms of both observables and unobservables), but as long as a subset of identical cases get handled by both types, we can use these overlapping cases to identify a "local average treatment effect" of RD lawyers. In practice, high-profile lawyers, such as the RD ones, are usually not interested in taking simple cases like the loan/sales contract disputes that we focus on. However, when serving affluent clients, they typically need to accept such less lucrative cases in order to also handle those more lucrative ones. Such passive reception of small cases by RD lawyers creates the common support that we need for identification, which also helps alleviate the concern that RD lawyers actively pick and choose loan/sales contract disputes based on unobservable case characteristics.

Alternative Research Design: Event Study Nevertheless, we attempt to further address the possible threat of unobservables by exploiting an alternative source of variation, where we focus on pre-existing clients that have always worked with the same law firm, and look at how their case outcomes change after that law firm has managed to hire an RD lawyer. This comparison alleviates lawyer selection concerns by exploiting only the "passive" reception of RD lawyers by clients/cases, instead of the "active" seeking of clients/cases by RD lawyers. As shown in Figure 3, while this alternative specification is conceptually very different from the baseline approach, our key findings remain. As long as pre-existing clients are not actively changing their economic/legal behaviors based on the expectation of future RD lawyer hires by their law firms, "case selection based on unobservables" cannot explain findings from this event study exercise, thereby suggesting that our baseline results are likely reflecting lawyer effectiveness instead of case selection.

Alternative Research Design: Instrumental Variable We also exploit an instrumental variable approach to further address the concern about endogenous case selection. Based on the duration of every lawsuit retrieved from the universe of court judgment files, we are able to construct a comprehensive measure of each lawyer's weekly caseload. Utilizing this data, we instrument for "whether a case will be handled by an RD lawyer" using "the weekly caseload of RD lawyers in the corresponding law firm upon the case's arrival," which isolates variations in lawyer representation purely driven by RD lawyer availability (rather than endogenous case characteristics selected by RD lawyers). As shown in Table 2, the IV can strongly predict case assignment in the first stage (F-stat $\geq$ 115), and the instrumented "RD lawyer representation" is estimated to cause a 10-20% increase in win rate in the second stage, further confirming our baseline findings, both qualitatively and quantitatively.

Taken together, we find the consistency across various research designs reassuring that the higher win rates of RD lawyers are driven by their effectiveness, rather than endogenous case selection.

4.1.3 Potential Threat 3: Unobserved Settlements

The CJO is required to disclose the universe of court verdicts, but when certain disputes get settled outside of the court, they would not get captured in this data. In China's judicial system, settlement rate is around 20%, which is lower than the U.S. rate (around 50%).

As explained above, as long as there exists a common support of unsettled identical cases being handled by RD and non-RD lawyers, we can estimate RD lawyer premium in trial. Therefore, the existence of settled cases outside of our sample does not necessarily challenge the internal validity of our baseline analysis. Furthermore, to the extent that better (expected) trial outcome leads to higher bargaining power in the settlement process, omitting settled cases would understate the overall returns to hiring RD lawyers.

4.2 “Know How" vs. “Know Who"

In this section, we explore where the premium of RD lawyers comes from. We find both “know how" and “know who" to be at work. While the quantitative estimates would be specific to the Chinese RD lawyers that we focus on, qualitatively, it is plausible that all high-powered lawyers more generally embody some combination of “know how" and “know who."

4.2.1 Evidence for “Know How"

As shown in Table 3 Panel A, within each identical case cluster, RD lawyers perform significantly better than others even in away courts, where they did not serve as judges and therefore might not have much social connection. Importantly, this effect does not tend to diminish as we move farther away from his home court (i.e., to a different region). To the extent that social connections are likely negatively correlated with geographic distance, this stable pattern is consistent with there being a “know how" effect — high-powered lawyers, such as the RD ones, can deliver better outcomes in any court partly due to their superior legal knowledge and skills.

To better understand these results, we construct two proxies for the professional knowledge of an RD lawyer. First, using administrative records of the dissertations of judges and lawyers, we identify whether an RD lawyer obtained a graduate degree in law or not. Second, by comparing an RD lawyer’s fields of specialization as a judge vs. as a lawyer, we identify whether he practices in his field of legal expertise. As reported in Table 3 Panel B, RD lawyers who hold graduate degrees in law and who practice in their fields of expertise are the ones most effective in away courts, in terms of delivering better decision outcomes for their clients. This, again, is consistent with the existence of a “know how" effect.

Moreover, to the extent that RD lawyers indeed deliver better outcomes using their superior legal knowledge, such as finding and presenting relevant precedents for a loan contract dispute, the judge might pick up some useful information, and therefore change his

stance not only in the current case, but also in future comparable cases.[20] For example, if a judge is convinced by a relevant precedent found by an RD lawyer, he might keep referring to that precedent in his future trials, even when the lawyers no longer have any personal connection with him. Motivated by this hypothesis, in Table 4, we examine whether a judge's first encounter of an RD lawyer changes his rulings in subsequent cases of similar nature. Our estimates confirm that RD lawyers have persistent impacts on subsequent judicial decisions even when only ordinary lawyers are involved, further indicating the existence of "know how" in driving RD lawyer effectiveness.

4.2.2 Evidence for "Know Who"

We investigate the existence of "know who" by comparing within-lawyer performances at home vs. away courts, which is holding constant the level of "know how" and varying the level of "know who." Specifically, in Panel A of Table 5, we keep only the sample of RD lawyers, control for a demanding set of lawyer fixed effects, and find that for otherwise similar cases, the same RD lawyer becomes significantly (32-39%) more effective when representing cases in his home jurisdiction, where he previously served as a judge. These findings suggest that personal connections can be an important part of lawyer value added.

A potential alternative interpretation for this "home court advantage" is that, it might be reflecting "local know how," such as knowledge of local culture and dialects that can make one more effective in that court, instead of actual "know who," namely personal connections with the assigned judge. However, as shown in Panels B and C of Table 5, this "local know how" hypothesis is inconsistent with two sets of additional results.

First, when RD lawyers return to their home courts but argue in front of a new judge (i.e., someone who arrived after their departure), they do not outperform themselves in away courts. Second, when RD lawyers go to a court in the same province but a different prefecture, they do not outperform themselves in other provinces. Both results indicate that, knowing the specific judge, rather than possessing location-specific knowledge/dialect, is the key to unlocking "home court advantage," thereby supporting the existence of a significant "know who" effect.

[20] In contrast, a "know who" effect would be more specific to the case represented by the RD lawyer.

4.2.3 Heterogeneity: Positive vs. Negative Selection

Motivated by the "bimodal" pattern for selection into RD lawyers discussed in Section 3.2.4, we delve deeper into the heterogeneous impacts of revolving-door lawyers, focusing on the ability measures constructed based on their performances as judges.

While it's intuitive that the "know how" channel might be predominantly driven by high-ability RD lawyers, namely those who handled important cases and received few appeals as judges, the source of "know who" is arguably more ambiguous. On the one hand, it is possible that human capital (know how) and social capital (know who) are complements with each other, meaning that the high-ability RD lawyers are good at both; on the other hand, the two can also be substitutes of each other, meaning that RD lawyers with less legal knowledge might rely more on their personal connections to influence judicial outcomes.

As shown in Table 6, our findings reveal that RD lawyers who demonstrated high ability as judges are the primary driving forces behind both the "know how" and "know who" effects, suggesting complementarities, rather than substitutabilities, between these two sources of lawyer effectiveness. Such complementarities point to the challenges in regulating the judiical revolving door — one cannot systematically erase patronage without sacrificing some legal expertise.

5 Model

To conceptualize the reduced-form results on how lawyers serve their clients, we lay out a framework that builds heavily on the work of Dewatripont and Tirole (1999). To highlight the distinctive role of lawyers and the rising legal industry, we extend Dewatripont and Tirole (1999) by introducing heterogeneity in lawyer capability and social connections, which in turn guides our structural analysis of the broader judicial and economic impacts of lawyers.

Full Information Benchmark Following the approach of Dewatripont and Tirole (1999), we posit that a lawsuit necessitates information pertinent to both the defendant

(A) and the plaintiff (B). We assume that the "favorable information" (truth) θ_A and θ_B, which are beneficial to parties A and B respectively, are randomly distributed. Intuitively, such information can take various forms, such as evidence, witness, decisions for similar cases in the past, legal terms most relevant to the case, etc.

In a scenario where judges have unrestricted access to and accurate interpretation of all information – a full information benchmark – lawyers become redundant. Under this framework, θ_A equals -1 (favorable for A) with a probability of α, and 0 with a probability of $1-\alpha$. Similarly, θ_B equals 1 (favorable for B) with probability α, and 0 with probability $1-\alpha$. Judges can then simply sum the realized information $\theta = \theta_A + \theta_B$ to make their decisions, which are based on θ taking values of 1, 0, or -1.[21]

It is evident from this model that the probability of the defendant (A) being the sole party with favorable information is $Prob(\theta = -1) = \alpha(1-\alpha)$. Likewise, the likelihood of the plaintiff (B) exclusively possessing favorable information is $Prob(\theta = 1) = \alpha(1-\alpha)$. When both parties have favorable information, then the judge has sufficient information to rule that neither side wins or loses, i.e., $Prob(\theta = 0) = \alpha^2$. However, in situations where neither party has favorable information, the judge faces a decisional impasse and chooses to randomize between -1 and 1 for a winner. In the full information benchmark, we can show that:

Proposition 1 *The winning probability of either party is* $\alpha(1-\alpha) + (1-\alpha)^2/2$*, where the variance of outcome is* $1-\alpha^2$*.*[22]

Lawyers as Information Collector and Interpreter We now introduce the role of lawyers, referred to as "advocates" in Dewatripont and Tirole (1999), into our framework. Each party in a lawsuit has the option to engage these advocates for the purpose of gathering and interpreting information that supports their "favorable cause." For their services, lawyers receive a compensation of K.The likelihood of successfully making this favorable argument is quantified as $\phi\alpha$, where ϕ represents the probability of the lawyer effectively finding and presenting the information, and α is the probability that the

[21] One can extend this setting to allow unequal probability of favorable evidence, say, for criminal cases.

[22] The variance of outcome can be easily calculated as: $(-1-0)^2[\alpha(1-\alpha) + (1-\alpha)^2/2] + (1-0)^2[\alpha(1-\alpha) + (1-\alpha)^2/2] = 2\alpha(1-\alpha) + (1-\alpha)^2 \equiv 1-\alpha^2$

information is indeed favorable to their client.[23] It's important to note that $0 < \phi < 1$, indicating varying degrees of capability by different lawyers.

Proposition 2 *When both parties of the case were represented by lawyers of capability ϕ, the winning probability of either party is $\frac{1}{2}(1-(\alpha\phi)^2)$, where the variance of outcome is $1-(\alpha\phi)^2$.*

In this case, the winning probability for party A (and similar calculation for B) is

$$Prob(\theta=-1) = [\underbrace{\phi\alpha}_{\text{A successful}} \underbrace{(\phi(1-\alpha)+(1-\phi))}_{\text{B unsuccessful}} + \underbrace{(\phi(1-\alpha)+(1-\phi))^2}_{\text{Both unsuccessful}}/2] \equiv \frac{1}{2}(1-(\alpha\phi)^2)$$

We can then calculate the variation of the outcome as $1-(\alpha\phi)^2$. This symmetric case gives the intuition when ϕ gets larger, the variation of the legal outcome converges to full information benchmark $1-\alpha^2$.

Heterogeneous Lawyer Capability We now introduce asymmetry in the lawyers' capabilities. In particular, we assume that for any "power lawyer", her $\phi_H > \phi$. If the power lawyer works for party A and a regular lawyer for party B, we have

$$Prob(\theta=-1) = \frac{1}{2}(1+\phi_H\alpha)(1-\phi\alpha)$$

and on the opposite side

$$Prob(\theta=1) = \frac{1}{2}(1+\phi\alpha)(1-\phi_H\alpha)$$

The expected value of θ now is not zero anymore. It becomes

$$E[\theta] = (\phi-\phi_H)\alpha < 0$$

This is probably not surprising, since the power lawyer now helps tilt the winning towards party A. However, more interestingly, below we show that the variation of judicial decision

[23]For example, ϕ can be the probability that this lawyer finds a precedent that resembles the current case in hand, while α is the probability that the precedent received a ruling that would be desirable for this lawyer's client.

outcomes is also affected by the composition of lawyers involved.

Proposition 3 *Comparing different legal representation scenarios, the variance in case outcomes is lower when a power lawyer faces a regular lawyer, as opposed to cases where both parties are represented by regular lawyers. However, this variability is still greater than that in cases where both parties have power lawyers representing them.*

To show this, we have the variance of outcome as

$$E[\theta^2] - (E[\theta])^2 = \underbrace{[1 - (\alpha)^2\phi_H\phi]}_{\text{better information}} - \underbrace{(\phi - \phi_H)^2\alpha^2}_{\text{systematic winning}}$$

Given that $\phi_H > \phi$, it follows that the variability in case outcomes with only one power lawyer involved is consistently lower than the variance observed when both parties are represented by regular lawyers, which is quantified as $1 - (\alpha\phi)^2$. The presence of a power lawyer diminishes the variability of decision outcomes for two key reasons: they possess a systematically higher probability of winning and they are more adept at collecting, interpreting, and presenting information, thereby helping the judges make more informed decisions. While the enhanced quality of information presented by power lawyers contributes to a more consistent legal process, their systematically higher win rates raise potential concerns regarding equity in the judicial system.

Using similar intuition, we can obtain the second part of Proposition 3, if both sides of the case were represented by power lawyers, the "systematic winning effect" is canceled out while the information advantage dominates.

$$\underbrace{[1 - (\alpha)^2\phi_H\phi] - (\phi - \phi_H)^2\alpha^2}_{\text{one-sided power lawyer}} - \underbrace{[1 - (\alpha\phi_H)^2]}_{\text{both power lawyers}} = (\phi\phi_H - \phi^2)\alpha^2 > 0$$

Lawyers' Social Connections In situations where neither party is able to present favorable information, the social connections lawyers have with judges could become a decisive factor in influencing legal outcomes. As explained in Section 2, this scenario is especially pertinent in China's judicial system. We assume that when judges are compelled to make a randomized decision due to a lack of clear evidence, power lawyers, by virtue

of their connections, can increase the probability of a ruling in favor of their client to γ, where $\gamma > \frac{1}{2}$. When the opposing party is represented by a regular lawyer, the winning probability for A using a power lawyer is

$$Prob(\theta = -1) = (\phi_H\alpha + (\phi_H(1-\alpha) + (1-\phi_H))\gamma)[\phi(1-\alpha) + (1-\phi)] = (\gamma + (1-\gamma)\alpha\phi_H)(1-\alpha\phi)$$

and on the opposite side

$$Prob(\theta = 1) = (\phi\alpha + (\phi(1-\alpha) + (1-\phi))(1-\gamma))[\phi_H(1-\alpha) + (1-\phi_H)] = (1-\gamma+\gamma\alpha\phi)(1-\alpha\phi_H)$$

In this case, the power lawyer would further strengthen the winning rate for party A:

$$E[\theta] = \underbrace{-(\gamma + (1-\gamma)\alpha\phi_H)(1-\alpha\phi) + (1-\gamma+\gamma\alpha\phi)(1-\alpha\phi_H)}_{\text{winning rate by power lawyer when social connection matters}} < (\phi - \phi_H)\alpha < 0$$

Proposition 4 *The social connections possessed by power lawyers elevate their clients' chances of winning and diminish the variability of legal outcomes compared to scenarios where the same power lawyers operate without such connections ($\gamma = \frac{1}{2}$)*

Here we can again use the relationship that

$$Var(\theta) = E[\theta^2] - (E[\theta])^2$$

The variance of outcome can be still represented by

$$[1 - (\alpha)^2\phi_H\phi] - (E[\theta])^2$$

Now notice that the first term in the variance is exactly the same as the case of no connection, i.e. the information precision effect does not change. However, power lawyer's social connection further skews the winning probability in their client's favor, which in turn increases the second "systematic winning" term in the variance equation. In fact, it can be demonstrated that as γ approaches a value near 1, the variance of the legal

outcome can actually become even lower than in cases where both parties are represented by power lawyers.

Discussion In summary, our theoretical framework underscores the vital role of lawyers in information collection, interpretation, and advocacy within the judicial process. Our analysis reveals that when a power lawyer possesses both "know-how" (capability) and "know-whom" (connections), as is the case according to our reduced form analysis, the variation in judicial decision outcomes in cases represented by a single power lawyer can either increase or decrease compared to similar cases where both parties have power lawyers. This occurs because systematic favoritism towards one party can counterbalance the informational benefits gained from having two power lawyers involved in evidence collection and legal reasoning. In the following section, we will delve into quantifying the impact of these crucial mechanisms using empirical data.

6 Societal Impacts of Power Lawyers

As outlined in Section 5, the role of high-powered lawyers in society can be seen from two distinct perspectives. Firstly, a high-powered lawyer can articulate the factual and legal underpinnings of a case more effectively. This aids judges in making well-informed decisions. For example, a skilled lawyer can uncover judicial decisions for similar cases in the past, reducing decision randomness and leading to more consistent rulings in similar cases. In the language of our model, when both sides of the case were represented by power lawyers and $\phi_H \to 1$, proposition 2 shows that the variance of outcomes for "identical cases" converges to the full information benchmark $1 - \alpha^2$.

However, zooming out from the lawyer-client relationship, the societal impacts of powerful lawyers are more ambiguous. Lawyers aim to benefit their clients, not the judges. Therefore, an imbalance in lawyer power can systematically skew judicial decisions in favor of the more powerful lawyer's client. Proposition 3 illustrates this, showing how a power lawyer can tilt the winning probability by $(\phi - \phi_H)\alpha$, in addition to the information benefit reflected in $1 - \alpha^2\phi_H\phi$.

This ambiguity might stem from the power lawyer's expertise in handling information (reflected in ϕ_H). However, Proposition 4 reveals that social connections, or "know who," can also skew judicial decisions without adding informational value. Consequently, the level of power asymmetry between lawyers, and the extent to which such asymmetry is driven by social connections (γ) versus professional capability (ϕ_H), are key in determining the potential biases that can be created by power lawyers.

6.1 Identification

The central concept of model identification involves leveraging both the first-order and second-order moments of judicial outcomes, particularly for nearly identical cases. As demonstrated in Section 4.1, RD lawyers exhibit a systematically higher probability of winning in otherwise identical cases. This phenomenon is a function of the parameters ϕ_H, ϕ, and γ, as illustrated by the equation:

$$E[\theta] = -(\gamma + (1-\gamma)\alpha\phi_H)(1-\alpha\phi) + (1-\gamma+\gamma\alpha\phi)(1-\alpha\phi_H) < 0$$

Furthermore, as discussed in Proposition 2, the variability in judicial decision outcomes for a class of identical cases is also revealing. For instance, the variance in decision outcomes for identical cases represented by either two regular lawyers or two power lawyers is $1-\alpha^2\phi^2$ and $1-\alpha^2\phi_H^2$, respectively. This difference notably isolates the 'capability' factor ($\phi_H - \phi$) due to symmetry.

Using Proposition 4, we can express the variability of legal outcomes in cases represented by one power lawyer as:

$$(1-\alpha^2\phi_H\phi) - (E[\theta])^2$$

These moments form the foundation of identifying the influence of lawyer power in judicial processes, conditional on the same case type (represented by α).

Figure 4 visualizes our identification argument in a reduced form way, by dividing the cases into three categories based on lawyer representations: (a) RD lawyer vs. RD lawyer; (b) RD lawyer vs. non-RD lawyer or non-RD lawyer vs. RD lawyer; and (c) non-RD

lawyer vs. non-RD lawyer. In category (a), compared to (c), the difference is driven by the information advantage from ϕ_H. In contrast, when comparing category (b) to (c), there exists both better information and also a systematic bias in winning rate γ.

Each horizontal line is a group of identical cases, and is divided into three segments corresponding to the three categories above. The darkness of each line segment reflects how large the dispersion in rulings is for the corresponding cases. As we can see, as we move from (a) to (b) to (c), the average color keeps getting darker, indicating increases in dispersion (each pairwise comparison is statistically significant at the 1% level, as shown in Appendix Table A.7). This is consistent with our model prediction in Proposition 3. Also note that if γ were dominant, we would have the dispersion in column (b) reduced even lower than that in column (a) – the observed ordering is not consistent with this extreme case and provides indicative evidence that ϕ_H and γ both play a quantitatively important role. This echoes our reduced-form evidence presented in section 4.2. We next proceed to structurally estimate all of these parameters to match both our reduced-form estimates and the second-order moments.

6.2 Estimation

Method of Simulated Moments There are five parameters to be estimated. These include ϕ and ϕ_H, representing the capability of regular and RD lawyer, respectively; $\gamma > \frac{1}{2}$ representing RD lawyer's social connection effect; and μ_α and σ_α representing the mean and variance of α across case clusters.Our parameter set is thus defined as $\Theta = \{\phi, \phi_H, \gamma, \mu_\alpha, \sigma_\alpha\}$.

We have 368 clusters of cases in total. For each cluster of nearly identical cases, we put them into four categories $c = 1, .., 4$, where 1) both sides represented by power lawyers, 2) both sides represented by regular lawyers, 3) only plaintiff represented by power lawyers, 4) only defendant represented by power lawyers. For each case cluster i and category, we then calculate the sample analog of the mean winning rate m_{ic} and variance wining rate v_{ic}. Together, we define moment vector $\mathbf{M} = \{m_{ic}, v_{ic}\}, c = 1, .., 4, i = 1.., 368$, which contains 8 elements for each cluster i.

For a given set of parameters Θ, we use $S = 500$ simulations to calculate the model

moments $\hat{\mathbf{M}}(\Theta)$. We then search for the parameters that minimizes the distance between the model simulated moments,$\hat{\mathbf{M}}(\Theta)$ and the empirical moments, $\mathbf{M}$,

$$\hat{\Theta} = \arg\min_{\Theta} \|\hat{\mathbf{M}}(\Theta) - \mathbf{M}\|_{\mathbf{W}},$$

where $\mathbf{W}$ is the weighting matrix.

Estimation Results Table 7 reports the value of our structural parameters. We find that, consistent with our reduced-form results, the power lawyers have a higher likelihood $\phi_H = 0.658$ in collecting and articulating favorable information than a regular lawyer with $\phi = 0.403$. This difference is quite substantial, indicating an increase of likelihood of almost a third. In addition, we also find that $\gamma = 0.582$, which is 8% higher than a fair coin flip. Again, consistent with our reduced-form, the dispersion of case outcomes gives a consistent message that while power lawyer could influence judicial outcome via their connections $\gamma > 0.5$, its quantitative magnitude 0.582 is less pronounced than the lawyer ability different ϕ_H/ϕ.

Information-Bias Tradeoff Using the model estimates, we can systematically compare the changes in the average winning rate of a plaintiff as well as the reduction of variance in judicial outcomes. Consider moving from a case where both sides were regular lawyers to a case where one side were represented by power lawyer. In this case, the power lawyer could sway the winning rate by about 13%, however, the dispersion of the winning rate also goes down by 0.15. Half of the decline in this reduction reflects the better ability of power lawyer to search for evidences and articulate the reasons – the channel of better information. The rest is a mechanical reduction in the variation of outcomes since one side can consistently win with better odds due to both high ability and connections.

6.3 Equity Concerns

In addition to creating a tradeoff between information and bias, to the extent that RD lawyers may sort into serving richer and more powerful clients, they generate another layer

of tradeoff by enabling these socio-economically more advanced groups to "buy justice."

To quantify this equity implication, we therefore investigate the matching between RD lawyers and clients. As shown in Table 8, in criminal lawsuits, individuals with high socioeconomic status are 200% more likely to afford RD lawyers, and individuals who attended junior college or above were 80% more likely to afford RD lawyers. In commercial lawsuits, firms with above-median registered capital amounts are 150% more likely to be represented by RD lawyers. Given that these rich individuals and big corporations are likely already among the advantaged groups in society, the fact that they are being disproportionately served by power lawyers could systematically exacerbate socio-economic inequalities.

While our current model does not include this sorting process, we plan to extend our framework to incorporate this for future empirical and counterfactual policy analysis.

7 Conclusion

In this paper, we study the roles of lawyers in shaping judicial and economic outcomes, by investigating the unique group of revolving-door (RD) lawyers in China, who quit their judgeship to practice as lawyers. Compiling comprehensive administrative data on the universes of judges, lawyers, law firms, litigants, and lawsuits in China from 2014 to 2021, we are able to identify each RD lawyer, and construct credible measures of their legal expertise, personal connections, and performances both as judges and as lawyers. Based on this data infrastructure, we document a series of new descriptive patterns about China's legal profession, and present three sets of empirical results.

First, we show that, for otherwise identical lawsuits, such as well-defined contract disputes with quantitatively matched contractual terms, being represented by an RD lawyer delivers significantly more desirable judicial outcomes to their clients, which likely reflects a lower bound for power lawyer premium. Using two alternative empirical strategies — an event study design exploiting the new arrival of RD lawyers at law firms, and an instrumental variable approach exploiting the weekly caseload of RD lawyers, we demonstrate that this effect cannot be explained by the endogenous selection of cases

based on unobservable characteristics. This effect also remains even after controlling for court-by-litigant fixed effects, indicating that it is not driven by powerful clients directly exerting influence in court, but indeed comes from the influence of lawyer representation.

Second, our evidence suggests that the premium of RD lawyers comes from both "know how" and "know who." We find that RD lawyers perform better even at away courts where they did not serve as judges and do not have much connection, and this premium is stronger among those who hold graduate degrees in law or specialize in the same legal domain as judges and lawyers, pointing to the role of legal knowledge in generating lawyer premium. Nevertheless, these RD lawyers further become substantially more effective when going back to their home courts to argue in front of their former colleagues, suggesting that personal connections also play important roles in shaping lawyer value added.

Third, guided by a conceptual framework that extends Dewatripont and Tirole (1999), we empirically examine the tradeoffs presented by RD lawyers. By comparing otherwise identical cases represented by two RD lawyers vs. those represented by two non-RD lawyers, we show that ruling dispersion is lower in the former group, highlighting the higher quality information presented by good lawyers. In contrast, when an RD lawyer faces a non-RD lawyer, ruling dispersion increases compared to when identical cases are represented by two non-RD lawyers, suggesting that biases arising from asymmetric lawyer influences dominate the improvements in information quality in this setting. Furthermore, we show that RD lawyers disproportionately serve rich individuals and big corporations, so the information biases they create would also systematically exacerbate socio-economic inequalities. Through the lens of our model, we simulate various policy counterfactuals aimed at reducing the biases generated by powerful lawyers.

Taken together, our paper provides among the first systematic empirical evidence on how lawyers affect justice and inequality through both their legal knowledge and personal connections, and sheds broader light on the operations of the legal profession, an important yet under-researched modern service sector. An interesting question is, in the second-best world, whether the legal profession would alleviate or exacerbate other existing economic distortions. Answering this question is beyond the scope of the current paper, but we consider it a promising direction for future research.

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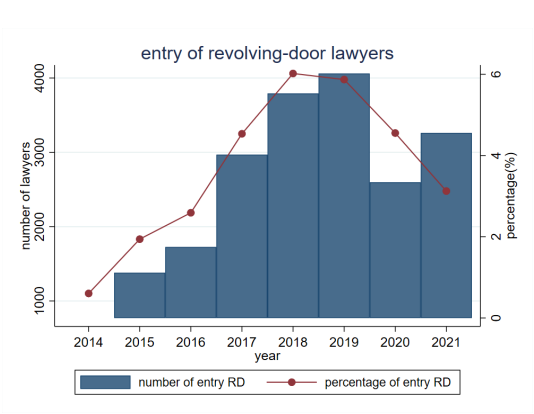
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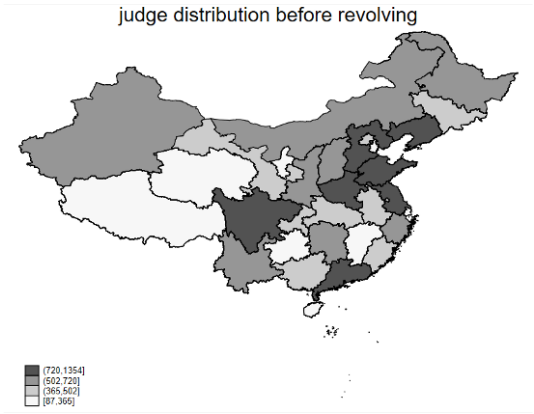
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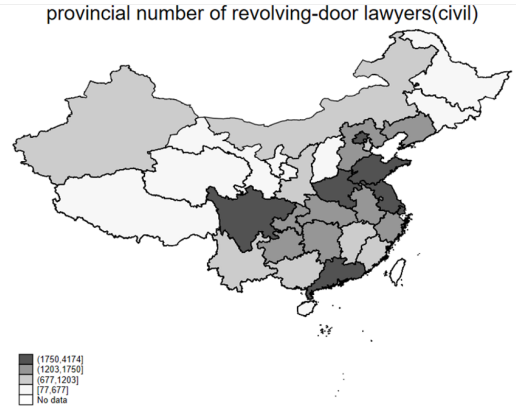
Figures and Tables



(a) Time Trend

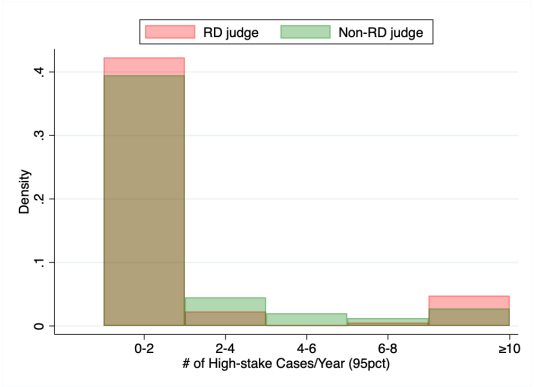


(b) Judges' Geo Distribution

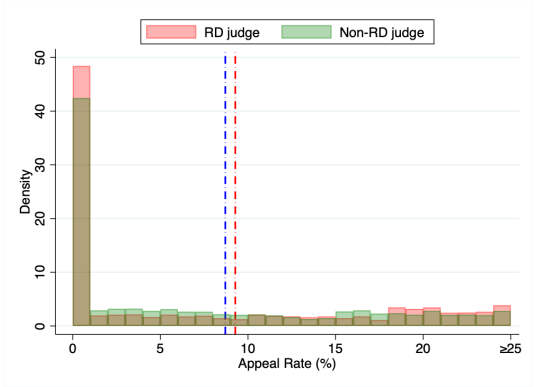


(c) Lawyers' Geo Distribution

Figure 1: Panel (a) plots the number of newly converted revolving door lawyers from 2015 to 2021. Panel (b) plots the geographical distribution of judges who subsequently transitioned into roles as revolving door lawyers. Panel (c) plots the geographical distribution of revolving door lawyers.



(a) Number of high-stake cases per year



(b) Appeal Rate

Figure 2: Panel (a) illustrates the distribution of the number of high-stakes commercial cases per year, distinguishing between judges who exit to practice as lawyers in private law firms (i.e., revolving door judges) and non-revolving door judges. Panel (b) depicts the distribution of appeal rates for revolving door judges and non-revolving door judges, respectively.

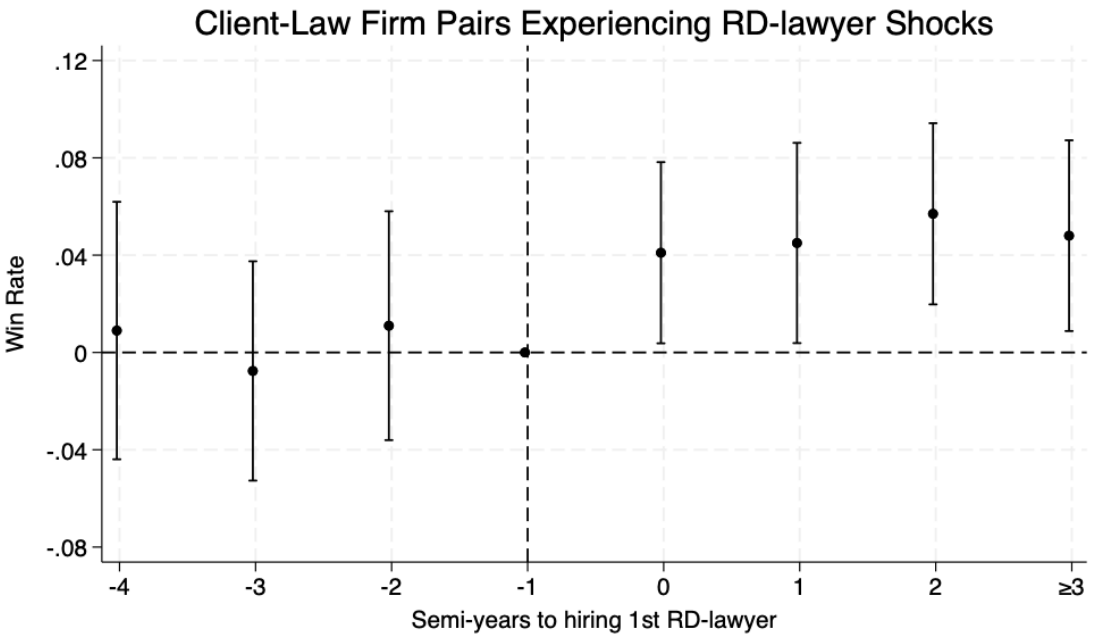


Figure 3: In this figure, we focus on pre-existing clients that have always worked with the same law firm, and look at how their case outcomes change after that law firm has managed to hire an RD lawyer. We plot the event study coefficients (as well as 95% confidence intervals), following the approach suggested by Sun and Abraham (2021)

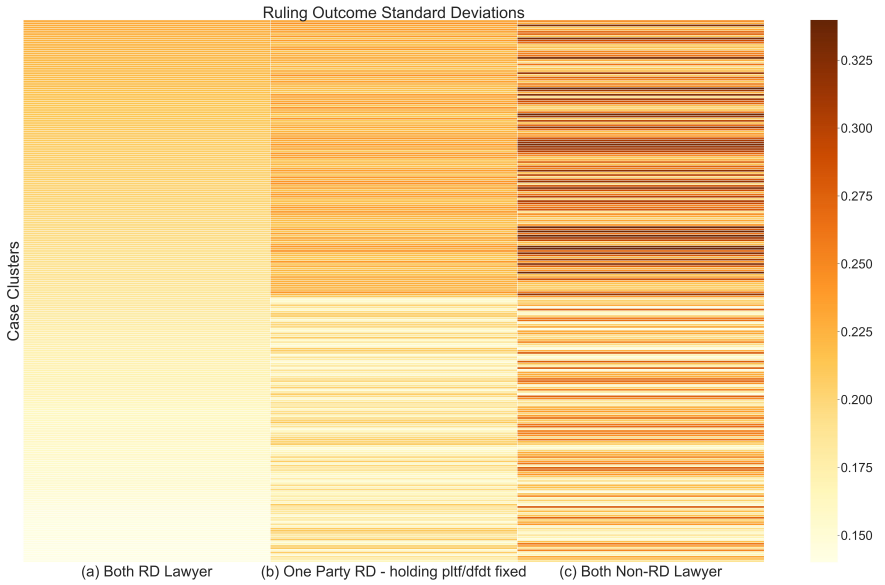


Figure 4: Ruling Dispersion: This figure focuses on a large dataset comprising thousands of identical cases in both loan contract and sales contract disputes. Each line corresponds to a group of identical cases. Within each group of identical cases, we further divide the sample into three categories based on whether a case is represented by RD lawyer: (a) RD lawyer vs. RD lawyer; (b) RD lawyer vs. non-RD lawyer or non-RD lawyer vs. RD lawyer; and (c) non-RD lawyer vs. non-RD lawyer. The color of each line segment indicates the standard deviation in rulings for these otherwise identical cases in that category. Darker colors denote larger standard deviations and more dispersed rulings, while lighter colors indicate smaller standard deviations and more consistent rulings.

Table 1: Revolving Door Lawyers' Impact on Court Decisions

	(1)	(2)	(3)	(4)
	Defendant's Win Rate		Plaintiff's Win Rate	
	Loan Contract	Sales Contract	Loan Contract	Sales Contract
Panel A Baseline				
Revolving Door Lawyer	0.020***	0.066***	0.091***	0.067***
	(0.007)	(0.018)	(0.024)	(0.021)
% in mean	11%	15%	11%	11%
Obs.	334,491	173,209	763,627	330,128
R-squared	0.349	0.319	0.402	0.358
Case Group FE	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
Court FE	Y	Y	Y	Y
Panel B Within Court-litigant Variation				
Revolving Door Lawyer	0.023***	0.059***	0.084***	0.057***
	(0.009)	(0.021)	(0.031)	(0.021)
% in mean	12%	13%	9%	9%
Obs.	31,041	18,237	35,292	18,414
R-squared	0.309	0.314	0.323	0.311
Case Group FE	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
Court-Litigant FE	Y	Y	Y	Y

Notes: This table investigates the impact of the revolving door lawyers on court decisions on civil cases. In Panel A, we focus on within matched case group comparison, while in Panel B we concentrate on cases involving repeated litigants within the same court in civil proceedings. In column (1), we focus on loan contract cases where only the defendant's attorney is a revolving door lawyer, and for each such case, we pair it with 100 comparable cases where no revolving door lawyer is involved. In Columns (2), (3) and (4), we repeated this exercise, concentrating on cases where defendants have revolving door lawyers in sales contract disputes, plaintiffs have revolving door lawyers in loan contract cases, and plaintiffs have revolving door lawyers in sales contract disputes, respectively. Standard errors clustered at the case group level are reported below the coefficients. * significant at 10% ** significant at 5% *** significant at 1%.

Table 2: Revolving Door Lawyers' Impact on Court Decisions - IV Estimation

	Win Rate			
	(1)	(2)	(3)	(4)
	Loan Contract		Sales Contract	
	Defendant	Plaintiff	Defendant	Plaintiff
Represented by RD Lawyer	0.015**	0.094***	0.017***	0.083***
	(0.008)	(0.009)	(0.008)	(0.006)
	First Stage		First Stage	
RD Lawyer's Caseload	-0.118***	-0.123***	-0.098***	-0.103***
	(0.012)	(0.017)	(0.007)	(0.0010)
F-statistics	115.31	147.29	133.21	150.13
Year FE	Y	Y	Y	Y
Law Firm FE	Y	Y	Y	Y
Case Group FE	Y	Y	Y	Y
Observations	27,156	41,581	24,507	38,864

Notes: Standard errors clustered at the case group level are reported below the coefficients.
* significant at 10% ** significant at 5% *** significant at 1%.

Table 3: Revolving Door Lawyers' Impact on Court Decisions – "know-how"

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Defendant's Win Rate				Plaintiff's Win Rate			
	Loan Contract		Sales Contract		Loan Contract		Sales Contract	
Panel A: "know how"– cases in away courts								
RD Lawyer	0.015***	0.014***	0.049***	0.051***	0.068***	0.062***	0.048***	0.047***
	(0.003)	(0.004)	(0.015)	(0.016)	(0.017)	(0.018)	(0.018)	(0.017)
RD × Diff. Prov.		0.003		0.004		-0.005		-0.003
		(0.007)		(0.016)		(0.020)		(0.021)
RD × Diff. Regions		0.005		-0.007		0.003		-0.001
		(0.005)		(0.016)		(0.016)		(0.017)
Obs.	231,913	231,913	113,101	113,101	572,095	572,095	281,146	281,146
R-squared	0.219	0.231	0.254	0.228	0.242	0.257	0.303	0.317
Panel B: "know how"– capability indicators								
RD Lawyer	0.015***	0.016***	0.046***	0.050***	0.079***	0.081***	0.051***	0.047***
	(0.005)	(0.004)	(0.017)	(0.017)	(0.014)	(0.017)	(0.016)	(0.014)
RD × Grad. Degree	0.010**		0.029**		0.037**		0.031**	
	(0.005)		(0.014)		(0.014)		(0.015)	
RD × Same domain		0.011**		0.024*		0.034**		0.028**
		(0.005)		(0.014)		(0.016)		(0.013)
Obs.	280,564	269,725	122,464	131,418	724,105	704,384	304,913	297,156
R-squared	0.262	0.247	0.241	0.248	0.301	0.329	0.284	0.307
Case Group FE	Y	Y	Y	Y	Y	Y	Y	Y
Case Characteristics	Y	Y	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y	Y	Y
Court FE	Y	Y	Y	Y	Y	Y	Y	Y

In Panel A, we retain only those cases that are heard in away courts and exclude cases that are adjudicated in the courts within the home prefectures of the RD lawyers to isolate the social connection channel. In Panel B, we focus on indicators associated with lawyers' capabilities, such as whether they possess a graduate degree or specialize in the same domain as the cases they presided over as judges. Standard errors clustered at the case group level are reported below the coefficients. * significant at 10% ** significant at 5% *** significant at 1%.

Table 4: Learning: Change of Rulings in Similar Cases Before and After a Judge's First Encounters with RD Lawyers

	(1)	(2)
	Ruling Difference = | RD Cases - Non-RD Cases |	
	Loan Contract	Sales Contract
After Hearing 1st RD Lawyer Case	-0.015***	-0.014***
	(0.005)	(0.004)
Obs.	30,966	27,319
R-squared	0.117	0.143
Case Group FE	Y	Y
Year-month	Y	Y
Judge FE	Y	Y

Notes: The table explores the potential learning effects of judges by examining changes in judges' rulings in similar cases before and after their first encounters with RD lawyers. The outcome variable is the ruling deviation between cases represented by non-RD lawyers and cases represented by RD lawyers. We only include case groups where the same judge is observed handling at least one case before and one case after encountering RD lawyers. Standard errors clustered at the case group level are reported below the coefficients. * significant at 10% ** significant at 5% *** significant at 1%.

Table 5: Revolving Door Lawyers' Impact on Court Decisions – "know-who"

	(1)	(2)	(3)	(4)
	Defendant's Win Rate		Plaintiff's Win Rate	
	Loan Contract	Sales Contract	Loan Contract	Sales Contract
Panel A: "know who"– within lawyer variation				
Home Prefecture	0.007**	0.026*	0.030**	0.026**
	(0.003)	(0.015)	(0.014)	(0.013)
Obs.	64,625	56,620	78,342	72,431
R-squared	0.155	0.181	0.171	0.153
Panel B: "know who"– Cases Handled by New Judges in Home Prefecture				
Home Pref. × New Judges	0.003	-0.011	-0.011	-0.015
	(0.010)	(0.014)	(0.024)	(0.017)
Obs.	22,562	18,621	25,017	23,148
R-squared	0.151	0.150	0.156	0.132
Panel C: "know who"– Cases in the Home Province but not in the Home Prefecture.				
Same Prov. × Diff. Pref.	0.007	-0.020	0.010	-0.016
	(0.014)	(0.025)	(0.016)	(0.021)
Obs.	24,215	20,014	33,316	25,057
R-squared	0.166	0.105	0.151	0.133
Court FE	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
Case Group	Y	Y	Y	Y
Lawyer FE	Y	Y	Y	Y

This table examines the "know-who" channel by exploiting within-rd lawyer variations in home vs. away courts. We retain only those cases that are represented by the RD lawyers for this analysis. Standard errors clustered at the case group level are reported below the coefficients. * significant at 10% ** significant at 5% *** significant at 1%.

Table 6: Revolving Door Lawyers' Impact on Court Decisions – High-ability vs. Low-ability

	(1)	(2)	(3)	(4)
	Defendant's Win Rate		Plaintiff's Win Rate	
	Loan Contract	Sales Contract	Loan Contract	Sales Contract
Panel A: Baseline effect using full sample: high ability vs. low ability				
RD Lawyer	0.006	0.026	0.010	0.019
	(0.004)	(0.017)	(0.012)	(0.021)
RD Lawyer × High Ability	0.022***	0.070***	0.106***	0.069***
	(0.005)	(0.020)	(0.016)	(0.021)
Panel B:"know how" using away courts sample: high ability vs. low ability				
RD Lawyer	0.007*	0.011	0.021	0.023
	(0.004)	(0.014)	(0.017)	(0.018)
RD Lawyer × High Ability	0.018***	0.061***	0.074***	0.061***
	(0.006)	(0.017)	(0.018)	(0.015)
Panel C: "know who" using RD lawyer sample: high ability vs. low ability				
RD Lawyer	0.003	0.011	0.020	0.013
	(0.002)	(0.013)	(0.015)	(0.014)
Home Pref. × High ability	0.008***	0.027*	0.032**	0.028**
	(0.003)	(0.015)	(0.014)	(0.014)
Lawyer FE (Panel C Only)	Y	Y	Y	Y
Case Group FE	Y	Y	Y	Y
Case Characteristics	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
Court FE	Y	Y	Y	Y

This table explores the heterogeneous impacts of RD lawyers based on their ability measures. We define RD lawyers as high-ability if, during their tenure as judges, they have handled more than the mean number of high-stakes cases, determined by the economic values associated with these cases. Panel A utilizes the full sample, identical to the one employed in Table 1. Panel B focuses on cases in away courts, utilizing the same sample as in Table 3. Panel C exploits within-rd lawyers' variations on home vs. away courts, using the identical sample as in Table 5. Standard errors clustered at the case group level are reported below the coefficients. * significant at 10% ** significant at 5% *** significant at 1%.

Table 7: Estimation Results

Parameters	Estimates
ϕ	0.404
ϕ_H	0.658
γ	0.582
μ_α	0.949
σ_α	0.140

Table 8: Revolving Door Lawyers and Clients – Positive Sorting

	Revolving Door Lawyer as Attorney (=1)	
	(1)	(2)
	Criminal Cases	Civil Cases
High SES	0.044***	
	(0.000)	
Junior college and above	0.017***	
	(0.000)	
Big Firm		0.023***
		(0.000)
Outcome Mean	0.021	0.016
Obs.	3,954,924	6,304,636
R-squared	0.073	0.508
Court FE	Y	Y
Year FE	Y	Y
Case characteristics	Y	Y
Case Group FE	Y	Y

Notes: This table reports the correlation between litigants' social status and the probability of hiring revolving door lawyers as attorneys. Column (1) focuses on individual criminal defendants, while Column (2) centers on firm litigants in civil lawsuits. * significant at 10% ** significant at 5% *** significant at 1%.

Appendix A APPENDIX

ONLINE APPENDIX

Appendix A.1 Details for Matching Loan/Sales Contract Disputes

China is a unitary (rather than federal) country, where the majority of laws are centrally formulated and uniformly applied nationwide. This means that courts in all regions need to adjudicate cases based on the statutes formulated by the central government. This is different from the United States, where case law and statutes related to loan and sales contracts are not the same across states. Consequently, China's situation creates an ideal setting for case matching: not only does the country have a large number of litigation cases, similar cases across the country should be treated equally under the law. In fact, "treating like cases alike" or "uniform application of the law" has always been a central requirement of the SPC for all local courts.

We limit our research to two types of simple contract cases, namely, loan contract cases (for non-repayment) and sales contract cases (for non-payment). The main advantage of choosing these two types of contract cases is that, given their high levels of standardization and low levels of ambiguity, such cases can be fully characterized by explicit features listed in court judgment files. After conditional on these case characteristics, any remaining variation in judicial decisions is likely attributable to the judges and lawyers involved in the case.

It is important to note that, even in cases that are extremely similar, such as those matched through the process described below, judges still hold substantial power to make different judicial decisions. This is because the law not only consists of explicit "rules," but also includes various "standards" that provide judges with discretionary space Kaplow (2013). For instance, in loan cases, judges can adjust loan interest rates and repayment schedules based on the principle of fairness. In sales contract cases, judges can modify the damages or penalty for late payment and non-performance. Even if the parties have agreed on liquidated damages in their contract, judges can still adjust the amount of such damages based on Article 114, Paragraph 2 of the Contract Law, as explained in the 5th bullet point below.

Our matching method provides a conservative estimate of the influence of power lawyers. In practice, lawyers can not only affect judges' discretion but also their determination of facts and choice of law (Liu and Li, 2019). In our study, by narrowing down the comparison to be within almost identical simple contract cases, we are implicitly assuming that power lawyers have no impact on

facts and laws. The fact that we find substantial returns to power lawyers despite such a restrictive assumption indicates that power lawyers' influence in actual cases could be even more salient.

In the spirit of comparing identical cases to each other, we have adopted the most conservative matching method possible, matching based on the comprehensive features of each case. These features can be summarized into five aspects: i) causes of action, ii) identity of the parties, iii) plaintiff's claims, iv) facts determined by the judge, and v) legal provisions cited by the judge. We explain each of these in turn:

1. Matching causes of action: The SPC of China has detailed regulations on causes of action in civil cases, according to the "Regulations on Causes of Action in Civil Cases" (promulgated in 2008 and amended in 2011). This regulation is the basis for classifying cases in all levels of courts. According to this regulation, loan contract disputes are divided into seven types, including financial loan contract disputes, interbank borrowing disputes, inter-enterprise lending disputes, private lending disputes, small loan contract disputes, financial non-performing debt transfer contract disputes, and financial non-performing debt recovery disputes. Since disputes such as financial non-performing debt transfer are relatively rare and have significant differences between cases, our sample only includes four types of disputes: financial loan contract disputes, inter-enterprise lending disputes, private lending disputes, and small loan contract disputes.[1]

Similarly, according to the above regulations, sales contract disputes are divided into nine types, e.g., ordinary sales contract disputes, installment sales contract disputes, sample sales contract disputes, trial sales contract disputes, and house sales contract disputes. We limit our sample to ordinary sales contract disputes. This significantly reduces the complexity and difficulty of matching cases that we study.

2. Matching identity of the parties: The identity of the parties includes individuals, enterprises, and financial institutions (further divided into banks and other financial institutions). Since different types of parties have different economic strengths and litigation capabilities, such as the obvious differences between individuals and large enterprises or financial institutions, we match different types

[1]Financial loan contract: The borrower takes a loan from a financial institution, agrees to repay the loan upon maturity, and pays interest. Its peculiarity lies in the fact that the lender is a financial institution. Inter-enterprise lending: Borrowing between non-financial enterprises. Private lending: Borrowing activities between individuals or between individuals and non-financial enterprises. The interest rate for private lending can be appropriately higher than the bank's interest rate but must not exceed a price ceiling set by regulations. Small loan contract: A contract in which the borrower takes a small amount of loan from a financial institution or a small loan company, agrees to repay the loan upon maturity, and pays interest. Small loans generally have a smaller amount, lower interest rate, and more flexible and convenient terms for the loan period, issuance, and repayment methods than financial loan. Small loans are often used to support farmers in agricultural production, and reemployment of laid-off workers, among other purposes.

of parties separately.

3. Matching plaintiff's claims: In civil cases, judges can only make judgments based on the plaintiff's claims, so the plaintiff's claims delineate the scope of the case. For example, in a loan contract, we only match two cases if the plaintiffs in both cases only request repayment of the loan principal and interest. If the plaintiff requests both repayment of the loan principal and interest and a penalty interest, we will treat it as a different case and only match it with cases that have similar claims.

Similarly, in a sales contract, we only match two cases if the plaintiffs in both cases only request the defendant to pay the purchase price. If the plaintiff requests payment of both the purchase price and losses due to delayed payment (or other losses), we will treat it as a different case and only match it with cases that have similar claims.

4. Matching facts determined by the judge: After rigorous matching of causes of action, identity of the parties, and plaintiff's claims, we further match cases based on the facts determined by the judge (or judges). The facts determined by the judge appear in the "facts found in this case" section of the judgment, which, according to the SPC, is a required part of every judgment. This section specifies the facts that the judge has determined based on the evidence provided by the parties and the cross-examination during the trial. While key facts can be important areas of disputes in some complex commercial lawsuits, for the two types of simple contract cases that we focus on, conditional on the presence of the original contracts, case facts are barely disputable. Therefore, for this particular empirical exercise, the "facts determined by the judge" can also be understood as "basic contractual/case characteristics."

For example, in loan cases, the facts determined by the judge include various aspects of the loan contract and the default, such as the loan principal and interest agreed upon in the contract, the unpaid loan principal and interest, the guarantees and warranties, and whether the contract stipulates liquidated damages and the amount of such damages.

Similarly, in sales contract cases, the facts determined by the judge include the type of goods (categorized by the Nice Agreement Concerning the International Classification of Goods), the contract price, whether the contract stipulates liquidated damages and the amount of such damages, whether the defendant has breached the contract, and the amount of losses caused by such breach, among many other things.

When matching the facts, we adopt one-to-one exact matching for some variables, which means that the two groups of cases being matched must have exactly the same features, such as the existence

of guarantees, warranties, or liquidated damages in loan cases, or the type of goods and whether the defendant has breached the contract in sales contract cases. For variables involving amounts (such as loan principal, interest, or liquidated damages), we define tight ranges of deviation for each variable.[2] The combination of these methods helps us match cases that have very similar facts in a conservative way.

5. Matching legal provisions cited by the judge: We also match cases based on the specific legal provisions cited by the judge (or judges) in the judgment. This ensures that the cases we match have the same legal issues. For example, according to Chinese Contract Law, judges have the power to exercise discretion and adjust liquidated damages agreed upon by both parties in the contract. When the judge actually adjusts the liquidated damages, he or she must cite the relevant provisions of the Contract Law, such as Article 114, Paragraph 2: "If the liquidated damages agreed upon are lower than the actual losses suffered, the party concerned may request the people's court or the arbitration institution to increase the amount; if the liquidated damages agreed upon are excessively high in relation to the actual losses suffered, the party concerned may request the people's court or the arbitration institution to reduce the amount." When both cases cite Article 114, Paragraph 2 of the Contract Law, it is clear that the judge considers the legal issues and basis for the judgment of the two cases to be the adjustment of liquidated damages. Matching cases based on the specific provisions cited in the judgment allows us to find cases with similar legal issues (and basis for judgment) and distinguish cases with different legal issues.

Matching legal provisions is also important as it helps us exclude cases that are too complex or too rare. If a judge cites a rare legal provision in the judgment, it means that the legal issue at hand is not common, and it is difficult to find very similar cases.

In addition to the above five main contents, the variables used for matching also include some aspects related to the trial procedure and court hearing, such as whether the trial uses an ordinary procedure (presided over by three judges) or a simplified procedure (presided over by one judge), whether the defendant appears in court, etc.

The complete lists of variables used in our case matching procedures for loan and sales contract cases are reported below in Appendix A.2 and Appendix A.3, respectively.

[2]Specifically...

Appendix A.2 Overview of the Loan Contract Variables

Variable Domain	Variable Name	Value Nature	Variable Description
Party Identity and Relationship	Plaintiff's Financial Identity	categorical	the financial identity of the plaintiff (individual, corporation, small loan company, financial institution)
	Defendant's Financial Identity	categorical	the financial identity of the defendant (individual, corporation, small loan company, financial institution)
	Interpersonal Relationship	categorical	whether the involved parties are strangers
Plaintiff's Claims	Claim: Principal Repayment	binary	claim for the principal of the loan
	Claim: Interest Payment	binary	claim for the interest of the loan
	Claim: Penalty Interest	binary	claim for penalty interest
	Claim: Priority of Compensation	binary	claim for Priority of Compensation
	Claim: Damage Compensation	binary	claim for compensation for the damage caused
	Claim: Contract Termination	binary	claim to terminate the signed contract
	Claim: Pay Debt Realization Costs	binary	claim for payment of Debt Realization Costs including attorney fees, litigation costs, notarization fees, etc.
	Claim: Liability Assumption	binary	claim for the defendant to take the responsibility
	Principal Amount	numerical	the principal amount of the loan (unit: yuan)

Variable Domain	Variable Name	Value Nature	Variable Description
	Loan Term	numerical	the agreed loan term (unit: month)
	Unspecified Loan Term	binary	whether the interest rate was not specified in the contract
	Loan Interest Rate	numerical	The agreed interest rate of the loan (unit: % per month)
	Unspecified Loan Interest Rate	binary	Whether the verdict explicitly states that the interest rate is unspecified
	Mortgage	categorical	Whether There is Mortgage, and if so, Whether the Mortgage is Real Estate or Movable Property
	Pledge	categorical	Whether There is Pledge, and if so, Whether the Pledge is Movable Property, Real Estate, or Rights Pledge
	Guarantor	categorical	Whether There is a Guarantor, and if so, Whether the Guarantor is a Natural Person or a Company
	Guarantee Method	categorical	Whether the Guarantee Method is general, suretyship, or controversial
	Joint Guarantee	binary	Whether there is a joint guarantee
	Repayment Method	categorical	Whether the Agreed Repayment Method is Equal Principal and Interest, Interest-First Principal-Later, Interest and Principal Both Later, Equal Principal and Equal Interest, Equal Principal, On-Demand Repayment, or Unknown
Contract Execution	Plaintiff's Claimed Unpaid Principal	numerical	Amount of principal the plaintiff claims remains unpaid.
	Special Circumstances: No Repayment Ability	binary	whether the defendant may have no ability to repay

Variable Domain	Variable Name	Value Nature	Variable Description
	Special Circumstances: Suspected Crime	binary	whether the case involves suspected criminal activity
	Special Circumstances: Death	binary	whether any relevant party involved is deceased.
	Other Special Circumstances	binary	Whether the Document Discusses Potentially Dispute-Influencing Factors such as Force Majeure, Change of Circumstances, or the Principle of Fairness
Other relevant Quantitative Indicators	Penalty Interest (Amount)	numerical	Amount of penalty interest (unit: yuan)
	Penalty Interest (Percentage)	numerical	Percentage rate of penalty interest (unit: % per day)
	Damages for breach of contract (amount)	numerical	Amount of compensation for Damages for breach of contract (unit: yuan)
	Damages for breach of contract (Percentage)	numerical	Percentage rate of compensation for damages for breach of contract (unit: % per day)
Court Hearing Schedule	Trial Procedure	categorical	Whether the Trial Procedure is Ordinary or Summary
Defendant's Attitude	Appearance in Court	categorical	Defendant's Appearance in Court (Full Appearance, Partial Appearance, No Appearance)
Evidence Situation	Evidence Situation	vector	Completeness and Credibility of Evidence
Cited Legal Provisions	Contract Law (Binary Vector)	vector	Cited Articles of the "Contract Law of the People's Republic of China"

Variable Domain	Variable Name	Value Nature	Variable Description
	Regulations (Binary Vector)	vector	Cited Regulations

Appendix A.3 Overview of Sales Contract Variables

Variable Domain	Variable Name	Value Nature	Variable Description
Party Identity and Relationship	Plaintiff's Financial Identity	categorical	the financial identity of the plaintiff (individual, corporation, small loan company, financial institution)
	Defendant's Financial Identity	categorical	the financial identity of the defendant (individual, corporation, small loan company, financial institution)
Plaintiff's Claims	Claim: Payment of Goods	binary	request the defendant to pay for the goods
	Claim: Refund of Payment or Deposit	binary	request the defendant to refund the payment or deposit
	Claim: Payment of Penalty	binary	request for the defendant to pay the penalty
	Claim: Delivery of Goods	binary	request the defendant to deliver the goods
	Claim: Compensation for Losses or Interest	binary	Claim for compensation for the damage caused or Interest
	Claim: Termination of Contract	binary	Claim to terminate the signed contract
	Claim: Payment of Costs for Realizing Credit Rights	binary	Claim for payment of Debt Realization Costs including attorney fees, litigation costs, notarization fees, etc.
	Claim: Assumption of Liability	binary	request the defendant to take the responsibility
Case Dispute	Dispute: Legal Relationship	Categorical	Whether the contract is valid; whether the parties are suitable

Variable Domain	Variable Name	Value Nature	Variable Description
	Dispute: Payment Amount	Categorical	Dispute over the amount of payment owed.
	Dispute: Penalty	Categorical	Dispute over whether a penalty should be paid and the specific amount
	Dispute: Product Delivery	Categorical	Dispute over whether the product was delivered on time
	Dispute: Product Quality	Categorical	Dispute over whether the product meets quality standards or if the quality inspection was timely
	Dispute: Contract Termination	categorical	Dispute over whether there is a right to terminate the contract
	Dispute: Limitation Period	categorical	Dispute over whether the claim is barred by the statute of limitations
Other relevant Quantitative Indicators	Amount in Dispute	Numerical	The amount of payment or goods requested for return or repayment
	Penalty Interest (Amount)	numerical	Amount of penalty interest (unit: yuan)
	Penalty Interest (Percentage)	numerical	Percentage rate of penalty interest (unit: % per day)
	Damages for breach of contract (amount)	numerical	Amount of compensation for Damages for breach of contract (unit: yuan)
	Damages for breach of contract (Percentage)	numerical	Percentage rate of compensation for damages for breach of contract (unit: % per day)
Court Hearing Schedule	Trial Procedure	categorical	Whether the Trial Procedure is Ordinary or Summary
	Counterclaim	Binary	Whether there is a counterclaim situation (defendant as counterclaimant against the original plaintiff)

Variable Domain	Variable Name	Value Nature	Variable Description
Defendant's Attitude	Appearance in Court	categorical	Defendant's Appearance in Court (Full Appearance, Partial Appearance, No Appearance)
	Defendant's Protest	binary	Whether the defendant has defended (either in court or in writing)
Evidence Situation	Evidence Situation	vector	Completeness and Credibility of Evidence
Cited Legal Provisions	Contract Law (Binary Vector)	vector	Cited Articles of the "Contract Law of the People's Republic of China"
	Regulations (Binary Vector)	vector	Cited Regulations

Appendix A.4 Matching Criminal Lawsuits

For criminal lawsuits, case matching is relatively straightforward, as China's criminal law makes it explicit all the case characteristics that should be relevant for judicial decisions, all of which we are able to extract from the court judgment files. Specifically, three types of characteristics are laid out by the criminal law: (a) defendant characteristics and attitudes, such as crime history, principal offender/accomplice, confession, voluntary guilty plea, surrender, behavior during detention, etc.; (b) details of the alleged crime, such as crime type (485 categories), crime severity level, attempted crime, voluntary cessation, negligent crime, crime against vulnerable individuals, forgiveness from victims, etc.; and (c) quantitative features specific to each crime type, for example, for a theft crime, relevant features include monetary size, residential burglary, multiple thefts, and whether a weapon was carried, etc.

Certain case features, such as the forgiveness of the victims, could be an endogenous outcome of a lawyer's ability. But this concern would imply that the high-power lawyers have been handling trickier cases, which would make our baseline comparison an underestimation of the return to good lawyers. In addition, for robustness check, we also focus on a subset of criminal lawsuits for which the case characteristics can hardly be disputable, such as driving under influence (DUI) cases, where the key features are simple and based on clear objective tests, minimizing the influence of lawyers on these features.

Appendix A.5 Figures and Tables

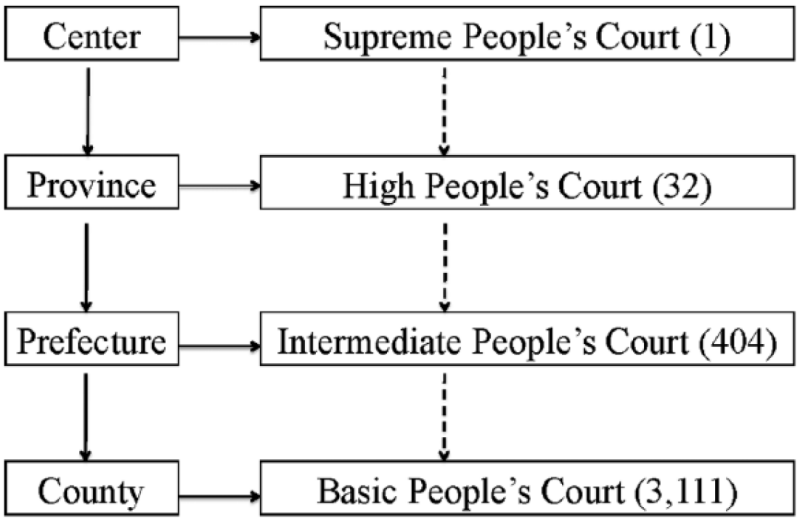
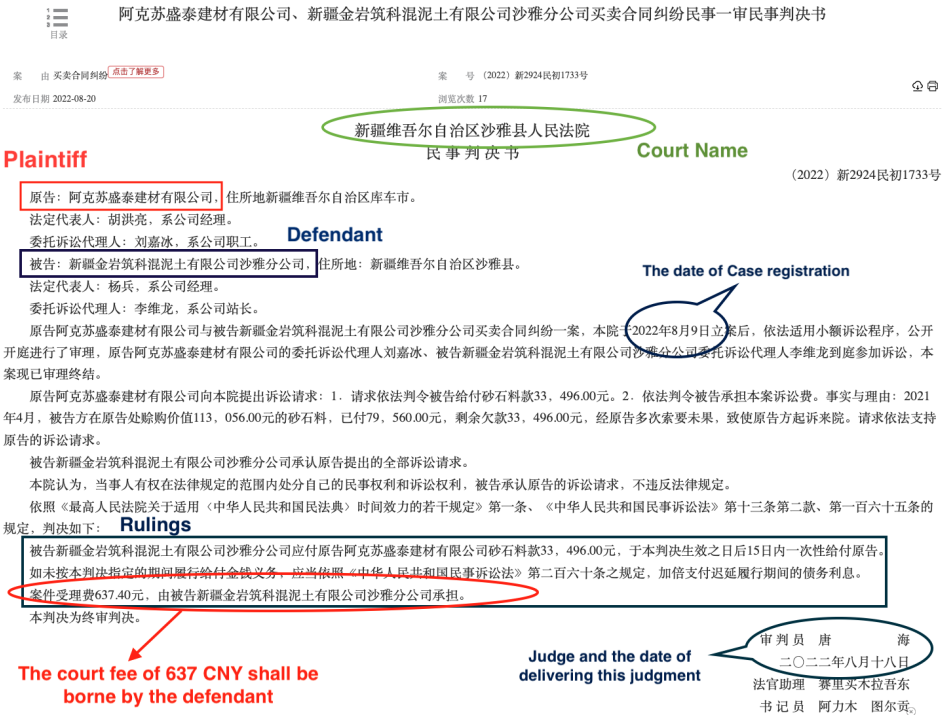


Figure A.1: Structure of China's Judicial System

Notes: Reprinted from Wang (2018).



(a) Frontpage of the China Judgements Online Website



(b) Sample Court Judgement

Figure A.2: China Judgements Online Website and An Example of Court Judgement

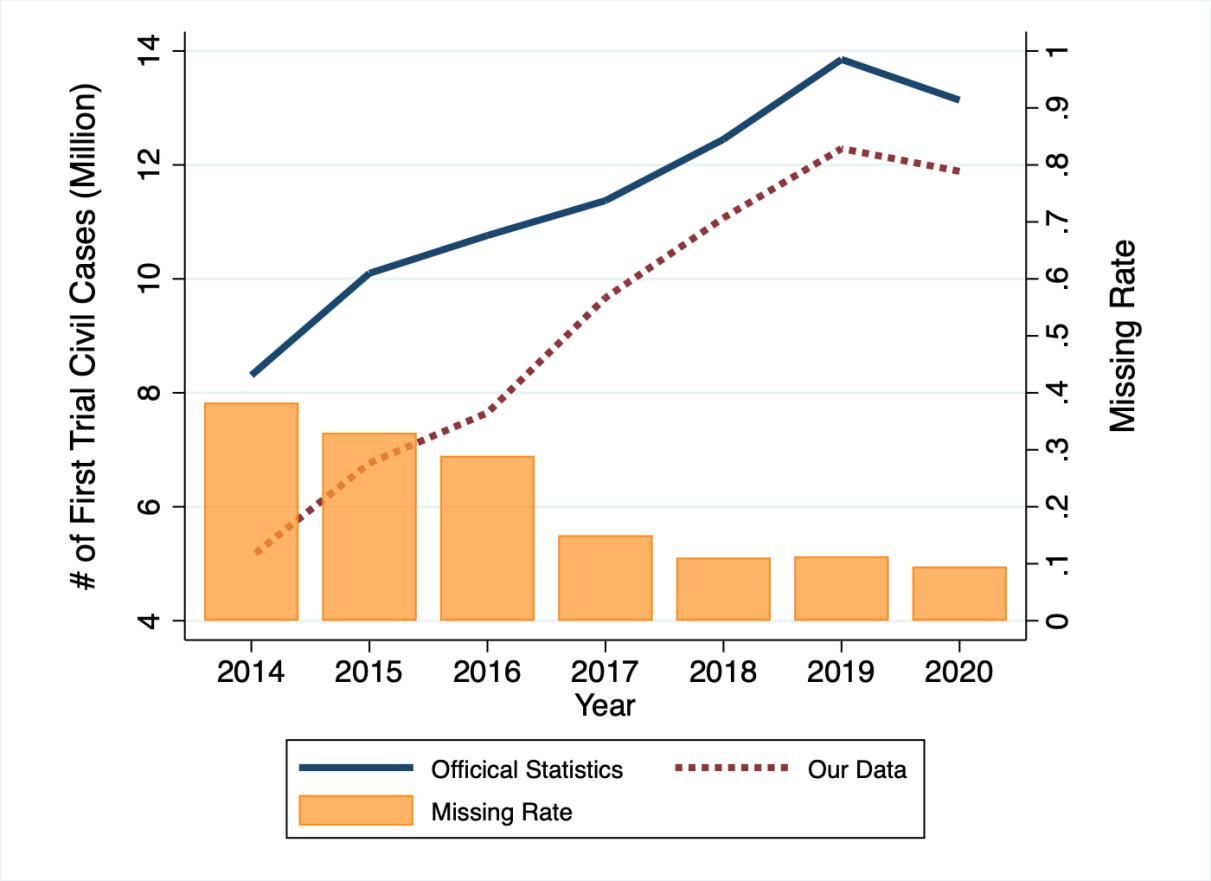
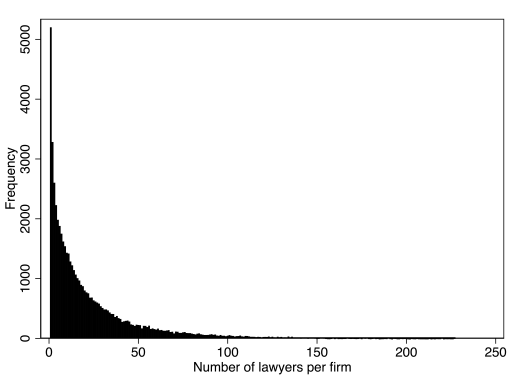


Figure A.3: Missing Rate of First Instance Court Decisions

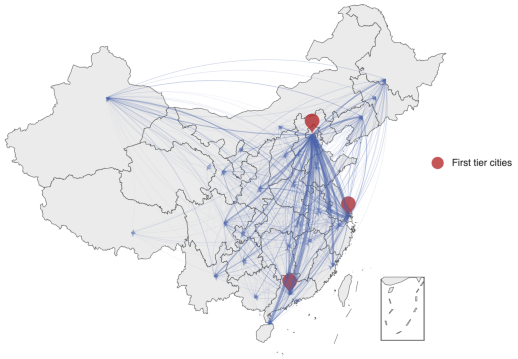
Notes: The official number of first instance civil cases is retrieved from *China Statistical Yearbook* published by National Bureau of Statistics between 2015 to 2021, while the number of first instance civil cases in our data is calculated using cases that were tried between 2014 and 2020 and released by *China Judgements Online* before August, 2022.



Figure A.4: Frontpage of the Tianyancha.com



(a) Distribution of # of Lawyers/Firm



(b) Linkage between Parent Firm & Local Branch

Figure A.5: Panel (a) plots the distribution of number of lawyers per firm. Panel (b) plots the geographical linkage between parent law firms and local branches. Each line represents the connection between parent law firms and local branches, with the arrow attached at the end of the line indicating the direction of the relationship and the width of the line reflecting the number of branches in the destination provinces.

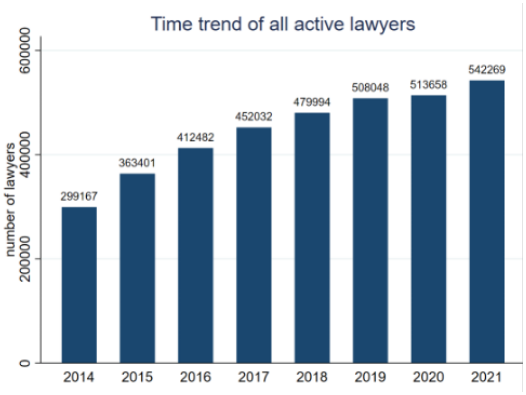
	B	AQ	AR	AS	AT	AU	AV	AW	AX	AY	AZ	BA	BB
5	姓名	住房贷款	工会会费	单位扣款项目一	单位扣款项目二	养老保险费	个人所得税	医疗保险费	失业保险费	住房公积金	物业管理费	扣发工资合计	实发工资
6	合计：					869.28	1,063.00	########		########	#######	########	########
7	[illegible]						75.00	109.60		729.00		913.60	5,165.40
8	[illegible]						202.00	137.92		905.00		1,244.92	6,293.08
9	[illegible]						28.00	90.58		612.00		730.58	4,369.42
10	[illegible]							66.38		446.00		512.38	3,204.62
11	[illegible]						13.00	82.50		544.00	65.40	704.90	3,832.10
12	[illegible]							67.70		454.00		521.70	3,261.30
13	[illegible]							71.32		476.00		547.32	3,416.68
14	[illegible]						17.00	84.37		559.00	82.20	742.57	3,915.93
15	[illegible]							70.70		472.00	82.20	624.90	3,308.10
16	[illegible]						20.00	87.46		574.00	79.30	760.76	4,024.24
17	[illegible]							66.68		448.00		514.68	3,217.32
18	[illegible]							67.90		456.00		523.90	3,279.10
19	[illegible]							61.64		418.00		479.64	3,000.36
20	[illegible]							69.90		467.00	82.20	619.10	3,273.90
21	[illegible]							66.88		449.00		515.88	3,226.12
22	[illegible]						34.00	94.68		637.00		765.68	4,539.32
23	[illegible]						22.00	88.86		583.00	82.20	776.06	4,078.94

(a) Salary Sheet for Judges in a prefectural intermediate court (2013)

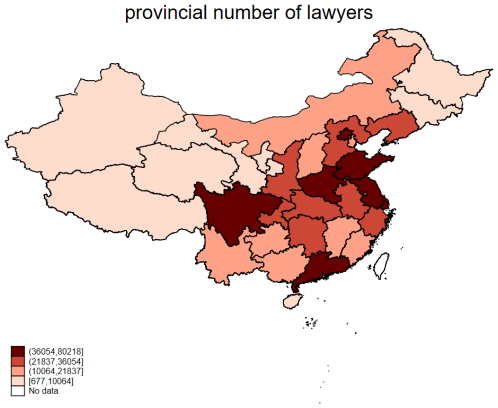


(b) Average Wages for Lawyers in 4 More-developed Provinces

Figure A.6: Panel (a) presents a screenshot of judges' salary sheets in a court in Sichuan province in 2013, the average judge was paid around 4000 RMB (around 600 USD) per month. Panel (b) plots the average wage for lawyers practicing in relatively developed provinces in China.

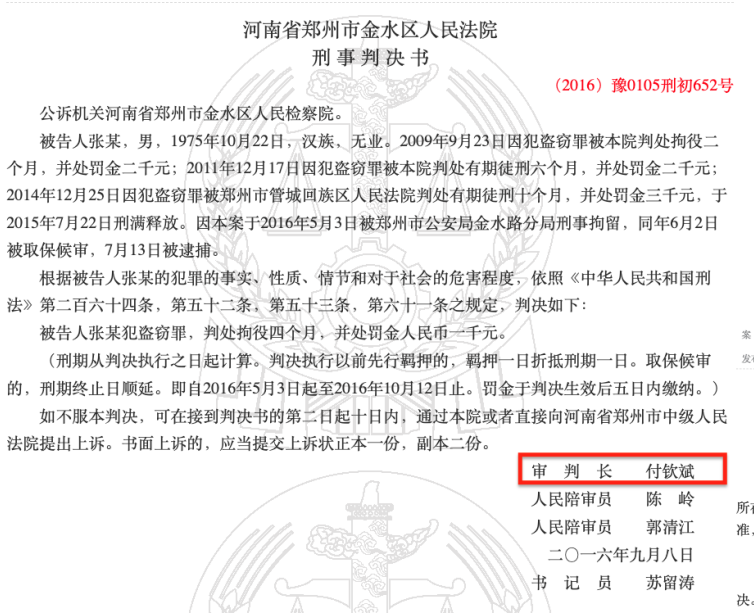


(a) Time Trend



(b) Spatial Distribution

Figure A.7: Panel (a) plots the number of active lawyers from 2014 to 2021. Panel (b) plots the geographical distribution of active lawyers.



河南省郑州市金水区人民法院
刑事判决书

（2016）豫0105刑初652号

公诉机关河南省郑州市金水区人民检察院。

被告人张某，男，1975年10月22日，汉族，无业。2009年9月23日因犯盗窃罪被本院判处拘役二个月，并处罚金二千元；2011年12月17日因犯盗窃罪被本院判处有期徒刑六个月，并处罚金二千元；2014年12月25日因犯盗窃罪被郑州市管城回族区人民法院判处有期徒刑十个月，并处罚金三千元，于2015年7月22日刑满释放。因本案于2016年5月3日被郑州市公安局金水路分局刑事拘留，同年6月2日被取保候审，7月13日被逮捕。

根据被告人张某的犯罪的事实、性质、情节和对于社会的危害程度，依照《中华人民共和国刑法》第二百六十四条，第五十二条，第五十三条，第六十一条之规定，判决如下：

被告人张某犯盗窃罪，判处拘役四个月，并处罚金人民币一千元。

（刑期从判决执行之日起计算。判决执行以前先行羁押的，羁押一日折抵刑期一日。取保候审的，刑期终止日顺延。即自2016年5月3日起至2016年10月12日止。罚金于判决生效后五日内缴纳。）

如不服本判决，可在接到判决书的第二日起十日内，通过本院或者直接向河南省郑州市中级人民法院提出上诉。书面上诉的，应当提交上诉状正本一份，副本二份。

审　判　长　付钦斌
人民陪审员　陈　岭
人民陪审员　郭清江
二〇一六年九月八日
书　记　员　苏留涛

(a) Last Case Ruled as Judge



江华非法采矿二审刑事裁定书

案　由 非法采矿 点击了解更多　　案　号 （2018）豫15刑终417号
发布日期 2018-10-09　　浏览次数 19

河南省信阳市中级人民法院
刑事裁定书

（2018）豫15刑终417号

原公诉机关河南省商城县人民检察院。

上诉人（原审被告人）江**，男，1974年2月16日出生于河南省商城县，汉族，高中文化程度，商城县江申河砂开采有限公司法定代表人，户籍所在地为河南省信阳市商城县，住商城县。因涉嫌非法采矿罪，于2017年7月5日被商城县公安局刑事拘留，于2018年7月19日经商城县人民检察院批准，同日被商城县公安局执行逮捕。

辩护人胡大宽、付钦斌，河南国基律师事务所律师。

河南省商城县人民法院审理河南省商城县人民检察院指控被告江**犯非法采矿罪一案，于2018年7月11日作出（2018）豫1524刑初11号刑事判决。江**不服，提出上诉。本院依法组成合议庭，经过阅卷，讯问上诉人，听取辩护人意见，认为本案事实清楚，决定不开庭审理。现已审理终结。

(b) First Case Represent as Lawyer



河南国基律师事务所 HENAN GUOJI LAW FIRM

首页　关于国基　新闻资讯　国基团队　业务领域　专业研究　案件咨询　招贤纳士

付钦斌

付钦斌，男，中国人民大学法学院刑法学硕士研究生，曾任郑州市某区人民法院刑庭副庭长，现任南国基律师事务所刑事部副主任，并职务犯罪辩护研究中心主任、河南大学硕士研究生导师、西南政法学刑事辩护中心研究员、河南工业大学法学院疑难件研究中心研究员。

(c) Resume on Law Firm's Website



收藏　0　0

付钦斌　播报　讨论　上传视频

河南大学法律专业学位硕士研究生指导教师、西南政法大学刑辩研究中心研究员

本词条部分内容由付钦斌参与编辑完善　详情>>

付钦斌，系中国人民大学刑法学硕士研究生，原郑州市某法院刑庭副庭长[1]，河南大学法律专业学位硕士研究生指导教师、河南国基律师事务所律师[2-3]。

中文名	付钦斌	毕业院校	中国人民大学
国　籍	中国	职　业	律师[3]
出生日期	1974年9月	执业机构	河南国基律师事务所[3]

(d) Resume on Baidu Wikipedia

Figure A.8: Panel (a) shows the last case Fu Qinbin ruled as a judge in 2016. Panel (b) presents the first case Fu Qinbin shows up as an attorney in 2018, which is two years after he quit the judge position. Panel (c) and Panel (d) verify that Fu Qinbin indeed quit his judge position and became a lawyer as revealed in Baidu Baike and his law firm's website, respectively.

Disputes	Case A	Case B	Similarity
Loan Contract Disputes	原告芜湖国元小额货款有限责任公司向本院提出诉讼请求: 1、被告郭发菊、季晓春共同偿还借款本金948536.28元、利息36537.57元、罚息3401.14元、复息1065.85元，合计989540.84元（截至2016年5月23日）； 2、被告郭发菊、季晓春共同支付自2016年5月24日起至实际付清之日止、以借款本金为基数按所执行的贷款利率上浮50%计收罚息,以及对未支付的利息按在所执行的贷款利率上浮50%计收复息； 3、本案律师费25600元、诉讼费、公告费、保全费及实现债权的其他费用全部由被告郭发菊、季晓春承担； 4、被告郭发菊、季晓春、君泰公司不清偿上述债务时，原告对登记的抵押物芜湖市汇金广场房屋折价或拍卖、变卖所得价款享有优先受偿权； 5、被告君泰公司对上述1、2、3项债务承担连带清偿责任。 事实和理由：被告郭发菊、季晓春系夫妻关系。2010年9月20日，原告与被告郭发菊、季晓春、君泰公司签订借款合同约定，约定郭发菊向原告借款159万元，贷款期限为360个月，贷款利率在人民银行同期贷款利率水平上上浮10%，罚息和复息利率为合同执行利率水平上加收50%，还款方式为等额本息还款；借款人连续三个月或累计六个月未能按时足额还款的，原告有权宣布贷款立即到期，并要求借款人立即清偿借款本息及相关费用，由此产生的律师费等由借款人承担；根据原被告签订的商品房抵押贷款合同，郭发菊、季晓春以上述房屋为借款提供抵押担保，并于2010年9月29日办理了抵押权预告登记； 君泰公司对借款提供连带责任保证，并约定放弃要求贷款人首先向借款人先行追索、对抵押物先行处置的权利。 2010年9月25日，原告向被告发放了贷款159万元，自2015年9月起，被告未能按时归还借款本息。	原告重庆市惠信小额贷款有限责任公司向本院提出诉讼请求： 1、被告伍伟、周银梅归还借款本金935348.25元，并支付截止2016年4月12日的借款利息36029.57元，罚息3353.85元、复息1051.03元，合计975782.71元； 2、被告伍伟、周银梅支付自2016年4月13日起至贷款本息结清之日止罚息和复利，其中罚息以贷款本金935348.25元为基数，在所执行的贷款利率上浮50%计收，复利以36029.57元基数，在所执行的贷款利率上浮50%计收； 3、本案律师费25600元、诉讼费、公告费、保全费及实现债权的其他费用全部由被告伍伟、周银梅承担； 4、被告伍伟、周银梅、新跨越公司不清偿上述债务时，原告对被告伍伟提供抵押的位于重庆市巴南区龙洲大道房屋享有抵押权，有权以该抵押物折价或者以拍卖、变卖的价款在上述第1至3项范围内优先受偿； 5、被告新跨越公司对上述第第1至3项债务承担连带保证责任。 事实和理由：被告伍伟与周银梅系夫妻关系。2011年2月9日，原告与被告伍伟、周银梅、新跨越公司签订借款合同约定，原告向被告伍伟发放贷款150万元，贷款期限为360个月，贷款利率在人民银行同期贷款利率水平上上浮10%，罚息和复息利率为合同执行利率水平上加收50%，还款方式为等额本息还款；借款人连续三个月或累计六个月未能按时足额还款的，原告有权宣布贷款立即到期，并要求借款人立即清偿借款本息及相关费用，由此产生的律师费等由借款人承担。同时，双方还就被告伍伟所有的位于重庆市巴南区龙洲大道16号签订了商品房抵押贷款合同，并办理了抵押权预告登记。 被告新跨越公司对以上债务提供连带责任保证。并约定放弃要求贷款人首先向借款人先行追索、对抵押物先行处置的权利。 之后，原告于2011年2月9日向被告发放贷款150万元，但被告未按约履行还款义务(未能按时归还借款本息）。	0.985348701

Figure A.9: Example of Two Identical Loan Contract Lawsuits

Table A.3: Case Matching Balance Test – Criminal Cases

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Herion (g)	Marijuana	Ketamine	Cannabis Leaves	Cannabis Oil	$ Value	# of Victims
RD Lawyer	0.095	0.136	0.234	0.215	0.092	0.118	0.025
	(0.141)	(0.181)	(0.197)	(0.207)	(0.153)	(0.328)	(0.127)
Obs.	141,278	181,462	41,235	101,251	80,721	251,508	122,730
R-squared	0.262	0.215	0.194	0.240	0.172	0.218	0.290
Crime Type	Drug					Theft	Violence
Court FE	Y	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y	Y
Case Group	Y	Y	Y	Y	Y	Y	Y

Notes: This table presents the balance test results for matched criminal cases, focusing on three types of crime: drug crime, theft, and violent crime. Columns (1) to (5) examine whether defendants represented by RD lawyers in drug crime systematically possessed more or fewer drugs compared to defendants represented by regular lawyers within each identical case group. Similarly, for theft crime, the analysis focuses on the monetary value of stolen items in column (6), while for violent crime, we examine the number of victims in column (7). Standard errors clustered at the case group level are reported below the coefficients. * significant at 10% ** significant at 5% *** significant at 1%.

Table A.4: Revolving Door Lawyers' Impact on Court Decisions – Criminal Cases

	Imprisonment (Months)		Life Imprisonment (× 1000)		Death Penalty (× 1000)	
	(1)	(2)	(3)	(4)	(5)	(6)
Revolving Door Lawyer	-2.129***	-1.913***	-4.128***	-3.618***	-2.087***	-1.975***
	(0.319)	(0.241)	(0.923)	(0.618)	(0.408)	(0.326)
% in mean	6.9%	6.2%	11.2%	9.6%	15.0%	14.2%
Obs.	2,726,867	2,434,231	382,074	351,508	185,603	172,730
R-squared	0.314	0.488	0.419	0.518	0.273	0.490
Court FE	Y	Y	Y	Y	Y	Y
Year FE	Y	Y	Y	Y	Y	Y
Case Group (Top 10)	Y	Y	Y	Y	Y	Y
Personal characteristics	N	Y	N	Y	N	Y

Notes: This table reports the impacts of revolving door lawyers on court decisions in criminal cases. We focus on three outcomes: imprisonment length, life sentence, and death penalty, respectively. For cases featuring a criminal defendant represented by a revolving door lawyer, we match each such case with 10 comparable cases based on sentencing factors outlined in criminal law, but without the involvement of a revolving door lawyer. Standard errors clustered at the case group level are reported below the coefficients. * significant at 10% ** significant at 5% *** significant at 1%.

Table A.5: Revolving Door Lawyers' Impact on Court Decisions – Alternative RD Lawyer Definition

	(1)	(2)	(3)	(4)
	Defendant's Win Rate		Plaintiff's Win Rate	
	Loan Contract	Sales Contract	Loan Contract	Sales Contract
Revolving Door Lawyer	0.023***	0.057***	0.074***	0.060***
	(0.007)	(0.009)	(0.019)	(0.020)
% in mean	12%	12%	9%	9%
Obs.	214,742	108,591	416,881	183,975
R-squared	0.181	0.196	0.124	0.153
Case Group FE	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
Court FE	Y	Y	Y	Y

Notes: This table replicates the results in exercises in Panel A of Table 1 by limiting our revolving door lawyer to those that we can be at least further verified by additional information besides name matching. In column (1), we focus on loan contract cases where only the defendant's attorney is a revolving door lawyer, and for each such case, we pair it with 100 comparable cases where no revolving door lawyer is involved. In Columns (2), (3) and (4), we repeated this exercise, concentrating on cases where defendants have revolving door lawyers in sales contract disputes, plaintiffs have revolving door lawyers in loan contract cases, and plaintiffs have revolving door lawyers in sales contract disputes, respectively. Standard errors clustered at the case group level are reported below the coefficients. * significant at 10% ** significant at 5% *** significant at 1%.

Table A.6: Litigant's Win Before and After Law Firm Hires First RD Lawyer

	(1)	(2)	(3)	(4)
	Defendant's Win Rate		Plaintiff's Win Rate	
	Loan Contract	Sales Contract	Loan Contract	Sales Contract
After Hiring RD Lawyer	0.010***	0.034*	0.033**	0.036**
	(0.004)	(0.018)	(0.015)	(0.017)
% in mean	5%	7%	3%	5%
Obs.	10,988	7,301	18,820	10,525
R-squared	0.201	0.245	0.315	0.304
Case Group FE	Y	Y	Y	Y
Year FE	Y	Y	Y	Y
Court FE	Y	Y	Y	Y

Notes: This table investigates how the judicial outcomes changes for that same client-law firm pair before and after law firm hires its first revolving door lawyers. In column (1), we focus on litigants' win rate as defendant in loan contract cases. In Columns (2), (3) and (4), we repeated this exercise, concentrating on cases where litigants as defendants in sales contract disputes, as plaintiffs in loan contract cases, and as plaintiffs in sales contract disputes, respectively. Standard errors clustered at the case group level are reported below the coefficients. * significant at 10% ** significant at 5% *** significant at 1%.

Table A.7: Ruling Dispersion Comparison Between Case Categories

	Ruling Dispersion
	(1)
One Party RD Lawyer	0.102***
	(0.004)
Both Non-RD Lawyer	0.221***
	(0.005)
Inequality Test P-Value	0.000
Case Group FE	Y
Observations	1,042
R-Squared	0.631

Notes: The omitted group is the category where both defendants and plaintiffs are represented by RD lawyers. Standard errors clustered at the case group level are reported below the coefficients. * significant at 10%, ** significant at 5%, *** significant at 1%.