Balancing Ideological Loyalty and Economic Growth: Career Strategies of Local Officials in China*

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Abstract

Using novel data detailing the daily activities of local politicians in China, we find that local politicians focus extensively on economic activities at the beginning of their tenure but increasingly shift towards political activities during the last two years. Such shifts are associated with significantly higher promotion chances. When local politicians lose connections to top leaders, their reduced promotion chances lead to a decline in loyalty-driven political activities. The increased political activities disproportionately benefit state-owned enterprises (SOEs) by boosting their investments while crowding out private sector investment and business opportunities, which leads to worsening overall efficiencies by 15%.

Keywords: Local Politician, Promotion, Connection, Political Activities, China

JEL Classification: D73, G30, L33

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1. Introduction

Politicians possess substantial impacts on economic outcomes worldwide (e.g., Shleifer and Vishny (1994); Fisman (2001)) and an expanding collection of scholarly works in political economy, which can be traced back to the pioneering research of Nordhaus (1975).[1] China's 30-year remarkable economic growth under single-party rule presents a unique case within the framework of political economy theories, such as those by Acemoglu and Robinson (2012) and Rodrik (2011), which often associate economic growth and decentralization of power with eventual political liberalization. This paper examines this paradox by studying how the Chinese Communist Party integrates economic growth with ideological control and how local officials navigate these dynamics to maximize political interests and career advancement.[2]

We show that local politicians prioritize economic activities early in their terms but shift to political activities in the final two years. This shift is more pronounced among those with strong connections to top leaders, as these connections incentivize loyalty-driven political activities. Conversely, when such connections are weakened, reduced promotion prospects lead to a decline in these loyalty signals. While this strategy benefits state-owned enterprises by boosting investment, it crowds out private sector growth, diminishing overall economic efficiency. Our study sheds light on the paradox of China's remarkable economic growth under single-party rule by offering a nuanced understanding of the activities politicians undertake throughout their terms, providing valuable insights into the mechanisms driving the politics-economic nexus and their implications for policy outcomes and economic performance.

Specifically, we utilize novel data on the daily activities of China's city party secretaries through the China National Knowledge Infrastructure (CNKI) online newspaper database, which

[1] This well-established politics-economic nexus has been extensively studied through seminal works such as MacRae (1977), Kornai (1979), Alesina and Sachs (1988), Shleifer and Vishny (1994), Biais and Perotti (2002), Sapienza (2004), Dinc (2005), Khwaja and Mian (2005), Cohen, Coval and Malloy (2011), and Carvalho (2014). Moreover, some research, including Levitt (1996), Dollar, Fisman and Gatti (2001), and Washington (2008), has delved into the impact of politicians' demographics on government policies and economic activities.

[2] The institutional dynamics discussed by Huang (2008), who highlights the state's favoritism towards SOEs and the resulting challenges faced by private enterprises. trade-offs associated with centralized organizational forms discussed by Maskin, Qian, and Xu (2000).

grants us access to a universe of 247 local party newspapers, such as "Beijing Daily", the Beijing Party led newspaper. We are able to identify events linked to officials through their names, such as activities they participated in or meetings they led. Our focus spans all major city party secretaries in China from 2006 to 2020, where we collect comprehensive details about their associated events, covering event dates, report titles and abstracts, and primary content. To enhance the robustness of our analysis, we manually collected supplementary information from additional sources to complement the CNKI data.

Given that a single news report often captures multiple actions by party secretaries within a single day, we employed the GPT-3.5 API to precisely identify and extract each specific activity within the reports. This process yielded a dataset of 2 million distinct actions, with label and sub-labels. Aggregating these categorized activities to the annual level, we constructed a Year-City panel dataset with 6,026 observations spanning 247 cities from 2006 to 2020. This dataset covers a total of 1,292 unique officials, with 408 individuals serving in multiple cities or holding different positions (e.g., as secretary or mayor) over the analyzed period.

Based on this novel granular data, we first find that approximately 48.2% of the time among Chinese officials is devoted to political activities. These activities primarily involve holding meetings with subordinate and propagating the ideology of the party or spirit of central government. The scale of these meetings varies from 50 to 200 participants, typically featuring tedious scripted speeches by leadership without much two-way communication. In contrast to economic activities, such as visiting businesses or engaging in discussions with entrepreneurs. The unconditional pattern shows that local politicians increase their political activities by 15% in the last year of their term, especially for those with connections to the top leaders in CPC politburo. These actions, while having minimal direct impact on local affairs, appear primarily aimed at signaling loyalty to higher authorities and the central government. We hypothesize that officials with strong connections to top leaders, knowing their promotion chances are higher, engage more in political activities as a means to reinforce their loyalty and secure their advancement. In contrast, economic activities, which require longer time horizons to yield tangible outcomes, are less immediately effective for such promotion-oriented strategies.

Next, we conduct a regression analysis of the ratio of political and economic activities, respectively, in relation to city secretaries' years in office. Consistent with unconditional patterns, we find that as officials approach their term limit, they tend to engage more in political activities while reducing their focus on economic activities. For instance, in the final year of their term, city secretaries increase their political activities by 12.9 % compared to the first year, whereas economic activities are 55.5% more prevalent during their initial year in office. In summary, our results demonstrate that local politicians strategically allocate their efforts across various activities depending on their stage in the term.

To further examine how career concerns shape officials' behavior, we analyze the timing of political and economic activities in relation to promotion incentives. Using a time-varying Cox proportional hazards model, we assess how the impact of these activities on promotion prospects shifts over an official's term. This approach clarifies why officials might prioritize certain activities at specific stages, especially as the end of their term approaches. Our analysis reveals distinct timing strategies for political and economic activities. Political activities generally enhance promotion chances, with this effect becoming more pronounced closer to the end of an official's term. This pattern suggests that political activities serve as effective loyalty signals when they are most visible to higher authorities. Economic activities, on the other hand, are associated with a negative initial impact on promotion, though this penalty decreases over time. This implies that economic tasks are strategically undertaken earlier in the term, allowing officials to build a record of developmental achievements without compromising their long-term career goals.

Lastly, our study explores the economic implications of local officials' strategic decisions to prioritize political versus economic activities and how these choices affect state-owned enterprises (SOEs) and private firms differently. Using data from the Chinese Industrial Enterprise Database, we find a pronounced asymmetry: political activities by officials generally benefit SOEs, while private firms tend to suffer. SOEs, with their close alignment to government objectives, experience significant gains in areas such as sales, assets, employment, and profits when officials intensify their political engagement. In contrast, private firms face negative outcomes, suggesting that political priorities may create a disadvantageous environment for the private sector.

To address potential endogeneity concerns, we use a two-stage least squares (2SLS) approach, instrumenting officials' political and economic activities with indicators for the loss of political connections ("Lose Relation" and "Lose Affiliation"). The 2SLS results confirm our findings: political activities primarily benefit SOEs, likely through preferential resource allocation and regulatory advantages, while private firms are either unaffected or harmed. Conversely, economic activities lead to improvements in private firm performance, driving growth in net income, assets, and sales, while offering minimal additional benefits to SOEs. These results illustrate how officials' strategic emphasis on political versus economic tasks shapes firm outcomes, revealing the divergent effects of government engagement on SOEs and private firms within China's political economy.

Our research makes two significant contributions to the existing literature. Firstly, we enrich the field of political economics by providing empirical evidence on the specific actions of politicians in the context of China's unique political system. While prior studies recognize the substantial influence politicians have on economic outcomes (e.g., Acemoglu and Robinson (2006), Besley and Case (1995), North and Weingast (1989), Rodrik (1996), and Persson and Tabellini (2000)), they often lack concrete data detailing politicians' day-to-day activities and how these actions impact economic performance. By utilizing novel, granular data on the daily activities of local officials—including their engagement in political and economic events—we demonstrate how loyalty-driven political behaviors are integral to the promotion system and the functioning of China's political and economic apparatus.[3] This detailed examination enhances our understanding of the mechanisms linking political behavior with economic outcomes, shedding light on the paradox of China's sustained economic growth under single-party rule (Huang (2008)). Our findings reveal that political activities aimed at signaling loyalty to higher authorities can have significant implications for economic efficiency and the allocation of resources, particularly between state-owned and private enterprises.

[3] Our findings also resonate with research on political-economic dynamics using micro-level data, such as Fisman and Miguel (2007), Ferraz and Finan (2008), Calomiris et al. (2010), Fisman and Wang (2015), Fisman et al. (2020), Colonnelli et al. (2024)

Secondly, we contribute to the literature on politicians' career concerns by providing empirical evidence of how both economic and political activities influence promotion prospects in China. Numerous studies (e.g., Li and Zhou (2005), Ru (2018), Chen et al. (2005), Xu (2011)) have investigated the role of economic performance in promotions, particularly through the lens of the GDP tournament. However, the influence of political activities and loyalty signaling has received less empirical attention. Our findings reveal that local officials strategically prioritize economic activities early in their terms to build a performance record but shift toward political activities as they near term limits—a shift more pronounced among officials with strong connections to top leaders. This behavior underscores the critical role of loyalty signaling in career advancement (e.g., Prendergast (1993), Jia et al. (2015)) and highlights a dual-channel strategy balancing economic achievements with demonstrations of political loyalty. By illuminating this interplay between political loyalty, personal connections, and career incentives, our study offers new insights into the promotion mechanisms within the Chinese Communist Party and contributes to a deeper understanding of how these factors collectively shape economic outcomes in China's political economy.

The rest of this paper is organized as follows. Section 2 describes the institutional backgrounds in China. Section 3 presents the data and summary statistics. Section 4 shows the empirical analysis and results. Section 5 concludes.

2. Background

2.1 China's Hierarchical Governance and Promotion Challenges

The decentralized system of the Communist Party of China (CPC) has its origins in its guerrilla beginnings, which required granting local leaders the autonomy for prompt decision-making (Heilmann, 2018). Post-1978 reforms introduced a five-tier government management system, including central, provincial, municipal, county, and township levels. Each level enjoys considerable authority over a range of matters, such as budgeting, public goods provision, land rights, personnel appointments, and even judicial interventions.

China's hierarchical government structure empowers higher-level authorities to control and influence subordinates primarily through appointment and dismissal powers. For instance, provincial governments appoint municipal officials, who then appoint county officials. Although lower levels possess appointment power within their jurisdiction, higher-level authorities frequently intervene in subordinates' decisions, promoting favored candidates even multiple levels below. Superior governments also retain privileges, such as allocating crucial quotas like land entitlements.

In China, promotions offer officials vital incentives, including elevated social status, broader jurisdiction, increased discretionary power, and more rent-seeking opportunities. However, the assessment system lacks transparency, and top-performing officials may not always have the best promotion prospects, despite central government efforts to improve the system. Implementing clear, quantifiable assessment indicators and a performance-based promotion system could reduce higher-level governments' discretion in promotions, limiting rent-seeking opportunities and control over subordinate officials. However, the fairness of assessment results remains questionable, as superior government organization departments, responsible for cadre assessments, may not have first-hand local performance information. Consequently, higher-level governments rarely disclose local cadre assessments except in high-priority cases, such as local security and epidemic prevention. Failing to meet superior government requirements can lead to immediate demotion or lost promotion opportunities for local officials.

2.2 Political Allegiance and Media Control in China

Due to ambiguous and flawed regulations, lower-level governments must anticipate higher-level authorities' preferences and adjust their behavior accordingly. Promotion decisions consider various factors, including local economic performance and officials' ideological and political inclinations. For instance, officials with strong communist ideology adherence may receive preferential treatment. This ideology values collectivism and unwavering party loyalty, potentially leading such officials to prioritize these aspects over economic development, possibly due to their lower opportunity cost from limited knowledge and experience. Consequently, they might be more

compliant with higher-level directives, even if not beneficial to local populations. Emphasizing ideology could also encourage officials to seek favor with superiors through illicit means.

Lower-level officials often showcase their political loyalty to higher-level authorities by organizing meetings to study speeches delivered by senior or central figures. These events typically feature local party committee leaders giving lengthy speeches, with numerous government staff attending. Anecdotal evidence suggests that local officials eagerly capitalize on these opportunities to display their allegiance. For example, when General Secretary Xi Jinping inspected the Yellow River environment in one city, two other provinces along the river quickly held environmental meetings, demonstrating their commitment to environmental governance.

The Communist Party's control over newspapers in China ensures that local officials' conference efforts receive widespread local media coverage. Propaganda requirements dictate that all Chinese newspapers are either directly or indirectly owned and controlled by the Communist Party. Directly-controlled newspapers prominently feature reports on local leaders' daily activities in essential columns. Local newspapers adhere to strict censorship, using regulated language and images, and maintaining a controlled layout. Municipal party committee secretary office staff review local newspaper content before publication to ensure accuracy. Local leaders, aware of their media control, use this to highlight their meeting efforts and impress higher-level government officials.

2.3 Local Government Practices and Economic Priorities

Local governments in China have an immense amount of power, and as a result, they often maintain a busy schedule. The most common practice is to hold conferences, which often require the attendance of subordinates from lower-level governments or departments of the same level government. Failure to attend is considered a serious offense. While some meetings require lower-level governments to report, most meetings are large-scale and focused on specific themes, such as economic work, finance, or taxation.

Unfortunately, these meetings typically involve one-way communication and are not designed for two-way dialogue. They frequently become a one-man show for mayors or secretaries, who

deliver prepared and lengthy speeches written by their staff. With more than 50 people in attendance, it is nearly impossible to have meaningful interaction. Consequently, these meetings have little practical effect in addressing real problems.

Local governments in China also prioritize certain economic activities to promote local economic growth. One such activity is visiting enterprises. Officials typically visit multiple firms in a single trip, selecting the most successful ones to showcase. They may also meet with other entrepreneurs to encourage investment in the local area. Additionally, some officials visit local residents and public facilities, such as nursing homes, orphanages, and the homes of low-income and retired officials, to show their care and connection to the local people. These activities often occur before holidays, such as the Spring Festival. However, there are few instances where the government visits other cities to learn about their administrative experiences and communicate with local officials.

3 Data Description

3.1 Officials' Tenure

We gathered and compiled a list of municipal party secretaries who have served in every prefecture-level city in China since 2000, using the website HotelAAH.com. This travel booking site offers extensive information on various Chinese cities, including transportation maps, government websites, postal codes, and essential data on previous officials. It features the names and specific tenure periods of municipal party secretaries and mayors who have served in 330 prefecture-level cities in China since 1949. This data has been utilized in numerous studies on China (Meng et al., 2019).

Our compiled data covers 2000 to 2020 and includes 31 provinces, 329 cities, 2,120 municipal party secretaries, and 2,580 mayors. Over 90% of their tenures range between 2-6 years, with a small number (0.6%) serving for 10 years.

3.2 Official Background

We extracted comprehensive information on Chinese officials from Baidu Baike (baike.baidu.com), a Chinese-language online encyclopedia akin to Wikipedia. By searching

officials' names, titles (e.g., party secretary or mayor), and cities they serve, we obtained various details, including gender, birthplace, birth date, and educational background.

We manually cross-checked and filtered officials' resumes against those of central government high-ranking officials to identify political connections. Specifically, we compared job histories of mayors and party secretaries with Politburo members at the time. If an official held a post in the same place and time as a Politburo member, and their rank difference was no greater than three levels, we inferred a political connection. For example, if the Politburo member served as the provincial party secretary, a full minister-level position, any official at the deputy department level or above in that province would be considered connected.

Baidu Baike's politically related content is strictly regulated in China. Officials' profiles are curated by a dedicated team and not editable by ordinary users, ensuring reliability. We collected and processed information from 2,101 party secretaries and 2,300 mayors..

3.3. Official Daily Activities

3.3.1 Data source

In China, each city has a party-run newspaper controlled by the local propaganda department, such as Beijing Daily in Beijing. These newspapers primarily serve a political propaganda function, with one of their main tasks being to report on local leaders' activities, usually appearing on the front pages.

We used officials' names and the cities they serve as keywords to search for all news articles published in local party newspapers. We extracted relevant information, including news headlines, dates, officials mentioned, and specific content, from the full-text newspaper database provided by China National Knowledge Infrastructure (CNKI).

The CNKI newspaper database primarily covers news articles since 2006, when newspaper digitalization began in China. Data before 2005 is scarce and lacks party newspaper data in certain cities. Consequently, we collected news reports from 2006 onwards and removed newspapers with significant data gaps. To address potential gaps in the CNKI dataset, we supplemented our data by scraping related news articles from Baidu News. As a result, we gathered a total of 850,000 valid

news articles, including 254 cities, 1,308 party secretaries and 1,450 mayors. Most officials had between 200 and 300 related news articles, and on average, at least one article was published about them per working day.

3.3.2 Event extraction based on GPT-3.5

In our latest methodology, we leveraged the GPT-3.5 API to enhance the accuracy and efficiency of data labeling and categorization. Initially, we manually annotated a subset of news articles, breaking each article down into 2-3 distinct events and assigning both primary and secondary labels to each event. The primary labels included Pol (political activities), Eco (economic activities), and Others. For further granularity, Pol was subdivided into categories such as party-building activities (Party), responding to directives from superiors (Resp), studying central policies (Study), and visiting citizens (Visit). The Eco category included subcategories like industrial development (IndDev), infrastructure and real estate (Hous), investment promotion (Invest), and visiting enterprises (VisitE).

These manually labeled examples served as a foundation for fine-tuning GPT-3.5. Then by using carefully crafted prompts and refining them over multiple iterations, we achieved high-quality automated labeling. GPT-3.5's language processing capabilities proved particularly effective in recognizing complex events and contextual nuances within each article, allowing us to accurately classify diverse activities into our pre-defined categories and subcategories.

Finally, these 850,000 articles were then segmented into 2 million distinct behavioral records, providing a broad and representative view of officials' activities. For instance, an article from Kaifeng Daily (a Henan Province city) in January 2017 described Ji Binwei, Secretary of the Kaifeng Municipal Committee, instructing subordinates to study provincial government documents (Resp, Pol) and emphasizing the importance of avoiding corruption (Party, Pol).

3.4. Summary Statistics

Table 1 provides summary statistics for the key variables used in this study. It includes both behavior-related variables at the city-official level and firm-level outcomes. Behavior-related variables, such as Pol (political activities) and Eco (economic activities), are expressed as

proportions of total activities recorded for officials. These are further subdivided into specific subcategories. For example, Pol comprises activities like party-building (Party), responding to directives from superiors (Resp), studying central policies (Study), and visiting citizens (Visit). Similarly, Eco includes industrial development (IndDev), infrastructure and real estate activities (Hous), investment promotion (Invest), and visiting enterprises (VisitE).

The descriptive statistics show that political activities constitute a larger share of total activities, with Pol having a mean proportion of 0.482, compared to Eco's mean proportion of 0.354. Among the subcategories, activities focused on industrial development (IndDev) and party-building (Party) are the most prominent within their respective categories.

For firm-level variables, such as Sales, EmployeeSize, and NetIncome, all values are log-transformed to mitigate skewness and ensure comparability. The results show substantial variability, with a broad range across cities and years. For instance, the average (log) sales are 10.83, with a p5 value of 8.746 and a p95 value of 13.19, reflecting significant heterogeneity across firms. Similarly, contextual variables such as GDP and Population also exhibit substantial variation, with GDP averaging 227 billion yuan and Population averaging 4.83 million across the sample.

4.1 Empirical Design

What we aim to explore first is whether the three types of behaviors exhibited by officials—politically-related, economically-related, and socially-related—change as they approach the end of their term. We hypothesize that officials will adopt different behaviors at various stages of their tenure. For instance, at the beginning of their tenure, officials might engage in more economically-related activities, as economic growth is a long-term process. Conversely, as they near the end of their term, officials may focus on politically-related activities, since these actions could potentially increase their chances of promotion within a shorter time frame.

Based on these assumptions, we can establish the following empirical model:

$$Activities_{ijt} = \alpha + \sum_{k=1}^{6} \beta_k k\ Years\ Left\ in\ Term_{ijt} + X_{ijt} + \delta_i + \theta_t + \varepsilon_{ijt} \quad (1)$$

In this equation, i refers to city, j refers to official, and t refers to year. $Activities_{ijt}$ means the share of one specific activities among total activities. To capture the dynamics of officials' behavior, $kYeartoLeave_{ijt}$ is a dummy variable which equals one if there is k years left for official j's term in city i in year t. X_{ijt} is a series of control variables both at city level and individual level, including city's GDP scale, population, and official's gender, education and so on. δ_i captures the fixed effect of city. θ_t is the year fixed effect. ε_{ijt} is the unobserved error term. We focus on the interpretation of β_k, which directly shows the dynamics of people's behavior changing.

5. The Empirical Analysis

We categorized officials' behaviors into three groups: political, economic, and others. In our sample, the term of office for a city's party secretary typically ranges from 2 to 6 years. Our research indicates that the proportion of officials' three types of behaviors changes significantly at different stages of their term. Specifically, they focus more on economically-related tasks, such as attracting investment during their term, while they engage in a higher proportion of politically-related work, like holding meetings to study central government policies, towards the end of their term. Further research suggests that the incentive for promotion can explain these changes in officials' behaviors: Engaging in economically-related tasks earlier in one's term can improve an official's chances of promotion later on. As the term nears its end, political behavior supersedes economic behavior as the most influential factor affecting the likelihood of promotion.

5.1 Shifting Priorities: The Evolution of Political and Economic Activities among Local Officials (2006-2020)

Over the past decade and a half, the behavior and priorities of local Chinese officials have shown a clear transformation, reflecting changing political and economic imperatives in China's governance landscape. As illustrated in Figures 1(a) and 1(b), the allocation of officials' time between political, economic, and other activities has shifted markedly from 2006 to 2020, with an increasing focus on political activities over time.

Figure 1(a) reveals that the proportion of time devoted to political activities has steadily risen, particularly from 2013 onwards, reaching a peak of over 50% by 2020. In contrast, economic activities, which constituted a significant share in the earlier years of our sample, show a consistent decline starting around 2012. By the end of the sample period, the proportion of economic activities falls below 30%. This shift likely mirrors broader political developments and policy shifts in China, where recent years have seen an intensified emphasis on ideological control and political loyalty within the governance system. The declining share of economic activities suggests that local officials may be deprioritizing growth-oriented initiatives, possibly reflecting central policy directives that place greater importance on political alignment over purely economic outcomes. The frequency data in Figure 1(b) further underscores this transformation. While the count of political activities exhibits an upward trend, with a particularly steep increase after 2013, economic activities show a gradual decrease in frequency. This rise in political engagements, both in relative proportion and absolute count, suggests a recalibration of priorities among local officials, likely in response to an increasingly centralized political environment. Meanwhile, the count of other activities remains relatively stable and low, indicating that such activities occupy a minor and consistent role in local governance, unaffected by the broader shifts in political and economic focus.

Together, these figures paint a picture of evolving administrative priorities in China: local officials are increasingly focusing on activities that signal political loyalty and alignment with central directives, while economic activities—which were more prominent in earlier years—are receiving less attention. This trend reflects a potential reorientation within the political economy of China, where loyalty to the central government and adherence to ideological objectives may be taking precedence over economic performance metrics at the local level. These findings provide evidence of how local governance priorities in China have adapted in response to the shifting balance between political control and economic development within the broader context of a one-party system.

Together, these findings provide compelling evidence that local officials adjust their focus within their terms, likely in response to promotion incentives within China's governance system. Early in their terms,

officials may engage more heavily in economic activities to build a record of developmental achievements. However, as they near the end of their terms, political activities take precedence as a more direct means of signaling loyalty and alignment with higher authorities. This shift underscores the dual pressures that local officials face, balancing economic and political objectives, with political loyalty taking priority as they reach the critical stages of career evaluation.

5.2 Strategic Reallocation Within Terms: Shifts Between Political and Economic Activities

Our analysis of local officials' activities throughout their terms uncovers a strategic shift in focus, reflecting how political career incentives shape the allocation of time between political and economic activities. Figures 2(a) and 2(b) illustrate the unconditional mean trends in the proportion and count (logged) of political and economic activities as officials progress through their terms. The data reveal a clear pattern: as officials approach the end of their terms, they increasingly prioritize political activities, while economic activities become progressively deprioritized.

Figure 2(a) shows that in the initial years of an official's term, the proportion of time allocated to political and economic activities is relatively balanced, with political activities only slightly outpacing economic ones. However, a marked divergence emerges as officials near the term's end. In their final year, political activities comprise more than 50% of their total activities, whereas economic activities drop to below 30%. This pattern suggests a shift toward political activities as the term progresses, likely driven by career considerations where signaling loyalty and political alignment becomes increasingly crucial for promotion prospects.

Figure 2(b) further reinforces this interpretation by examining the logged counts of activities. The frequency of political activities exhibits a steady upward trend, particularly intensifying in the last two years of the term. In contrast, the count of economic activities declines, signaling a relative reduction in their importance as officials focus more on visible political engagements. This change in frequency underscores a recalibration of priorities, aligning officials' actions with incentives to demonstrate political loyalty in the lead-up to evaluations for potential career advancement.

To formally capture these shifts, we conduct regression analyses, presented in Table 2, which quantify the relationship between years remaining in term and the intensity of both political and economic activities. Columns (1) and (2) show that proximity to the end of the term is positively

and significantly associated with both the proportion and frequency (log count) of political activities. The coefficients increase consistently as officials approach the final year, with the most substantial effect observed in the last year, highlighting a clear pattern of prioritizing political activities over time. This trend is robust, as indicated by the high statistical significance across models.

In contrast, columns (3) and (4) of Table 2 indicate a negative association between term progression and both the proportion and frequency of economic activities. The coefficients for economic activities decline steadily, reaching their lowest values in the final year. This inverse relationship suggests that officials are consciously deprioritizing economic tasks as they near term completion, shifting their focus toward politically-oriented actions that may serve as loyalty signals.

Figures 3(a) through 3(d) further illustrate these regression results by plotting the estimated coefficients and 95% confidence intervals for each remaining year in term. Figures 3(a) and 3(b) demonstrate a distinct upward trajectory in both the proportion and log count of political activities as term-end approaches, with a sharp increase in the final year. Conversely, Figures 3(c) and 3(d) show a consistent downward trend in economic activities, with the largest declines appearing in the last two years.

These findings provide compelling evidence that local officials adjust their focus within their terms, likely in response to promotion incentives within China's governance system. Early in their terms, officials may engage more heavily in economic activities to build a record of developmental achievements. However, as they near the end of their terms, political activities take precedence as a more direct means of signaling loyalty and alignment with higher authorities. This shift underscores the dual pressures that local officials face, balancing economic and political objectives, with political loyalty taking priority as they reach the critical stages of career evaluation.

5.3 The Role of Political Connections

To examine the impact of political connections on local officials' behavior, we use a high-quality, hand-curated dataset that identifies specific relationships between local officials and

Politburo members. These connections are defined based on career trajectories: if a Politburo member previously served as a provincial leader (either as party secretary or governor) who could significantly influence local promotions, officials who were promoted under their leadership during this period are classified as having a " political connection." This connection is considered active while the Politburo member remains in office, and lapses when they step down. By focusing on officials within three administrative levels below the provincial leader, we capture only those connections likely to have a direct impact on career trajectories.

Using this dataset, Table 3 provides initial evidence on the influence of political connections on officials' time allocation between political and economic activities, measured here as proportions. Columns (1) and (2) present results for political activities, while Columns (3) and (4) show results for economic activities. The findings indicate that connected officials allocate a greater proportion of their time to political activities. Specifically, the coefficient for connection in Column (1) is positive and statistically significant (0.0481, $p < 0.05$), suggesting that officials with strong connections to Politburo members are more likely to engage in loyalty-signaling political activities. Conversely, Columns (3) and (4) reveal a negative relationship between political connections and the proportion of time allocated to economic activities. The coefficients for connection in both the proportion and count models are negative and statistically significant, indicating that connected officials are less likely to focus on economic activities. This suggests that the presence of a political connection shifts officials' priorities, diverting attention away from economic tasks in favor of politically oriented actions that signal alignment with central leadership.

Figures 4(a) through 4(d) further illustrate these dynamics by comparing the term-wise patterns of political and economic activity proportions and counts for officials with and without connections. In Figure 4(a), the proportion of political activities among connected officials (red line) shows a steady upward trend, particularly in the last two years of the term, compared to their unconnected counterparts (blue line). Similarly, Figure 4(b) demonstrates that connected officials tend to increase the count of political activities as they near the end of their term, although the differences are less pronounced. Figures 4(c) and 4(d) show the opposite trend for economic activities: connected officials reduce both the proportion and count of economic activities over the

term, suggesting a strategic reallocation of effort towards political objectives, particularly as their term progresses.

To understand the effect of losing a political connection, we explore the dynamics before and after a connection lapses. Figures 5(a) and 5(b) present these dynamic effects for political and economic activities, respectively. In Figure 5(a), the coefficient for political activity proportion decreases over time following the loss of connection, indicating a decline in political focus once the connection is no longer active. Conversely, Figure 5(b) reveals an upward trend in the proportion of economic activities after losing a connection, suggesting that without the incentive to signal loyalty, officials may revert to focusing more on economic responsibilities.

In summary, these results reveal that political connections significantly influence local officials' activity allocation, encouraging a shift toward political tasks at the expense of economic engagements. The effect of this reallocation appears to be dynamic, with officials altering their behavior both during and after the connection's active period. By examining both active and lapsed connections, our findings highlight the profound impact of political incentives on local governance in China, where career advancement depends not only on economic performance but also on maintaining political alignment with central leaders.

5.4 The Influence of Political and Economic Activities on Promotion: Evidence from a Time-Varying Cox Model

To understand how political and economic activities influence promotion prospects over the course of an official's term, we employ a time-varying Cox proportional hazards model (stcox). This method allows us to examine how the relationship between these activities and promotion evolves over time, while controlling for key individual characteristics such as gender, age, and educational background. To address potential time-varying effects, we include an interaction term between each activity and time (_t), capturing how the impact of these activities changes as officials progress through their tenure. Equation (2) expresses how the promotion hazard rate evolves over time for an official, based on the dynamic effects of political or economic activities, gender, age, and educational background.

$$lnt(t|X) = lnh_0(t) + \beta_1 \cdot Activities + \beta_2 \cdot Activities \cdot g(t) + Controls \quad (2)$$

The results presented in Table 4 reveal distinct and dynamic patterns for political and economic activities. For political activities, the main effect is negative, suggesting that engaging in these activities earlier in the term does not yield immediate promotion benefits. However, the positive interaction term with time indicates that the negative effect diminishes as time progresses, ultimately becoming positive in the later stages of the term. This aligns with the idea that loyalty signaling through political activities becomes most impactful when conducted closer to the end of an official's term, when promotion decisions are likely to be made.

In contrast, economic activities exhibit the opposite trend. The main effect is positive, implying that focusing on economic development provides early-term promotion benefits. However, the interaction term with time is negative, indicating that the advantage of economic activities weakens over time. This suggests that officials aiming for promotion strategically emphasize economic tasks in the initial years of their term, transitioning to political tasks as they approach the term's end.

Using the regression coefficients derived from the time-varying Cox proportional hazards model (both with and without the tvc specification), combined with the baseline survival probabilities estimated from a non-time-varying stcox regression, we calculate how the probability of promotion changes when political or economic activities increase from 0 to 1. These calculations provide the marginal effects of each type of activity across different years in office. The results are visualized in Figure 6, where the y-axis represents the percentage change in promotion probability, and the x-axis tracks the years in office. As shown, political activities (Pol) exhibit an increasingly positive effect on promotion as the term progresses, particularly in the later years, when such activities carry the most weight for career advancement. Conversely, economic activities (Eco) show a declining effect on promotion likelihood over time, indicating their relative importance is higher in the earlier years of an official's term. This dynamic underscores the strategic timing of activities to maximize promotion opportunities.

The results also highlight how political connections moderate these effects. For officials without political connections, political activities have a less pronounced and delayed positive effect on promotion compared to their connected counterparts. In contrast, connected officials experience a more significant benefit from political activities, particularly in the later stages of their term, reflecting their ability to leverage established ties for career advancement. On the other hand, economic activities have a stronger early-term positive effect for unconnected officials, as they may rely on tangible economic achievements to enhance their visibility and promotion prospects.

These findings underscore the strategic timing of activities by officials to maximize their promotion chances. Political activities, which are more effective later in the term, serve as a signal of loyalty and alignment with higher authorities. Economic activities, on the other hand, provide early-term benefits by building a track record of tangible development achievements. This nuanced behavior highlights how officials balance the competing demands of loyalty signaling and development objectives in response to shifting promotion incentives within China's political system.

5.5 Effects of Political and Economic Activities on Firm Outcomes

To examine the impact of local officials' political and economic activities on firm performance, we utilize data from the Chinese Industrial Enterprise Database, where state-owned enterprises (SOEs) are defined as firms with any degree of state or collective capital ownership. Table 5 presents the OLS regression results, while Table 6 provides the two-stage least squares (2SLS) estimates, using instrumental variables to address endogeneity concerns. Specifically, we exploit officials' **loss of connections** as instruments, distinguishing between **Lose Relation** (a connection lasting less than five years, implying a weaker, more transactional relationship) and **Lose Affiliation** (a connection lasting five years or more, indicating a deeper, more stable connection).

The OLS results in Table 5 reveal a nuanced pattern in the effects of political (Pol) and economic (Eco) activities on firm outcomes, highlighting differences between SOEs and non-

SOEs. Political Activities generally have a positive impact on SOE performance. For instance, in Column (2), Pol is associated with increased net income for SOEs, while the interaction term Pol # SOE is positive and significant in several outcomes, such as return on equity (ROE) in Column (4) and employment in Column (6). These results suggest that SOEs benefit from officials' political focus, possibly due to favorable policies, preferential access to resources, or political alignment with government objectives. However, the effect of political activities on non-SOEs is either neutral or negative. In particular, Columns (2) , (4) and (6) show that non-SOEs experience a decline in net income, ROE and employment as political activities increase, indicating that private firms may suffer when officials prioritize political tasks, potentially due to resource allocation biases or the crowding-out effect of state-focused policies.

Economic Activities (Eco), in contrast, show a stronger positive effect on non-SOEs. In Column (1) and (2), Eco is significantly associated with higher TFP and net income for private firms, and similar positive effects are observed on profit margins (Column (5)) and fixed asset growth (Column (8)). This suggests that when officials emphasize economic development, private firms benefit, likely through a more favorable business environment or access to economic resources. For SOEs, however, the interaction term Eco # SOE is either insignificant or negative, implying that economic activities do not provide the same advantages to state-owned firms.

To address potential endogeneity in officials' activity choices, we use 2SLS estimation in Table 6, instrumenting Pol and Eco with **Lose Relation** and **Lose Affiliation**. The first-stage results (Columns (1) and (2)) indicate that officials reduce political activities significantly, especially for those after losing a deep affiliation (Lose Affiliation), but there is only a modest increase in economic activities for them. This behavior may reflect a "low-profile" strategy where officials who lose strong ties to higher authorities choose to avoid drawing attention by limiting both political and economic engagements, essentially "living in peace."

The second-stage results further clarify the differential effects of political and economic activities on SOEs and non-SOEs. Consistent with the OLS results, the 2SLS estimates confirm that political activities primarily benefit SOEs. In Columns (8), (9), (10) and (11), Pol is positively associated with employment, investment, fixed asset and sales for SOEs. These findings reinforce

the idea that SOEs, aligned with government interests, are well-positioned to benefit from officials' political engagement, possibly due to enhanced political support or regulatory advantages. For non-SOEs, however, the results indicate neutral or even negative impacts from political activities, suggesting that political activities may divert resources or create competitive disadvantages for non-SOEs.

Economic activities, on the other hand, are shown to benefit non-SOEs significantly in the 2SLS results. Column (44) shows that Eco positively influences net income, while Columns (10) and (11) indicate that increased economic focus leads to higher fixed asset growth and sales for non-SOEs. This pattern suggests that private firms thrive when officials focus on economic tasks, likely because these activities foster a more open and supportive business environment. Conversely, for SOEs, the interaction term Eco # SOE is generally insignificant or negative , suggesting that SOEs benefit less from general economic policies since they may already have state support independent of broader economic initiatives.

These results underscore the differential impact of officials' political and economic activities on SOEs and non-SOEs. Political activities tend to benefit SOEs by providing them with political alignment and resource advantages, while non-SOEs may be disadvantaged by the crowding-out effect or biases in resource allocation. Economic activities, in contrast, are more beneficial for non-SOEs, as they create a conducive environment for private sector growth, while SOEs receive limited additional benefits. These findings provide a nuanced view of how political and economic priorities among officials shape firm performance across ownership types, illustrating how SOEs and non-SOEs experience divergent effects from government engagement in the Chinese political economy.

6 Conclusion

This study has provided valuable insights into the dynamic behaviors of municipal party secretaries in China and their impact on promotion probabilities and economic growth. Our findings reveal that officials strategically adjust their proportions of political, economic, and livelihood-related behaviors throughout their term, with an emphasis on political behavior towards the end of their tenure to maximize promotion opportunities. Additionally, the study highlights

that regional variations in political atmosphere, age, and education level of the officials play a crucial role in influencing their behavioral choices and promotion probabilities. The results call for a balanced approach to evaluating the performance of municipal party secretaries, ensuring that their focus on political activities does not overshadow the importance of fostering economic development and attending to the livelihood of local residents.

This study holds significant value for the rest of the world as it provides a comprehensive and in-depth understanding of the decision-making and behavioral dynamics of municipal party secretaries in China, one of the world's most influential nations. By analyzing a unique dataset, we offer empirical evidence on the strategic adjustments of political, economic, and livelihood-related behaviors throughout their term. These findings can serve as important lessons for policymakers and political analysts in other countries, helping them understand the complexities of governance within a different political system.

Moreover, our study highlights the trade-offs and opportunity costs associated with prioritizing political behavior, which is relevant not only for China but also for other political systems where political motivations may sometimes overshadow economic and social objectives. By emphasizing the importance of balanced performance evaluation systems that recognize the value of economic development and improving the well-being of local residents, our research promotes a more global understanding of effective governance and efficient resource allocation. Additionally, it encourages further investigation into the factors affecting the behavior of local officials in various political contexts, ultimately contributing to the development of better governance practices across the globe.

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Figures and Tables

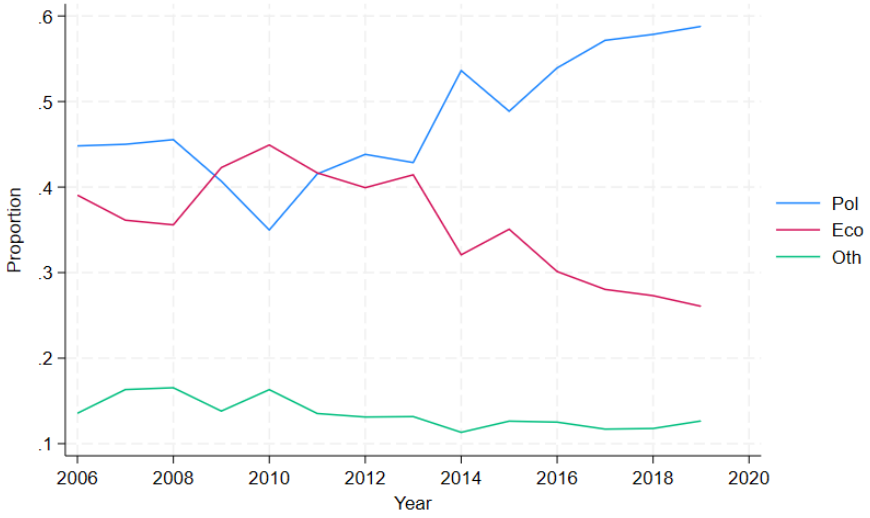


Figure 1(a) Proportion of Activities over Year

This figure illustrates the yearly proportion of local officials' activities divided into three main categories: political activities (Pol), economic activities (Eco), and other activities (Oth). From 2006 to 2020, there is a notable shift toward an increasing proportion of political activities over time, particularly after 2013, while the share of economic activities steadily decreases. The category "Others" remains relatively stable throughout the period.

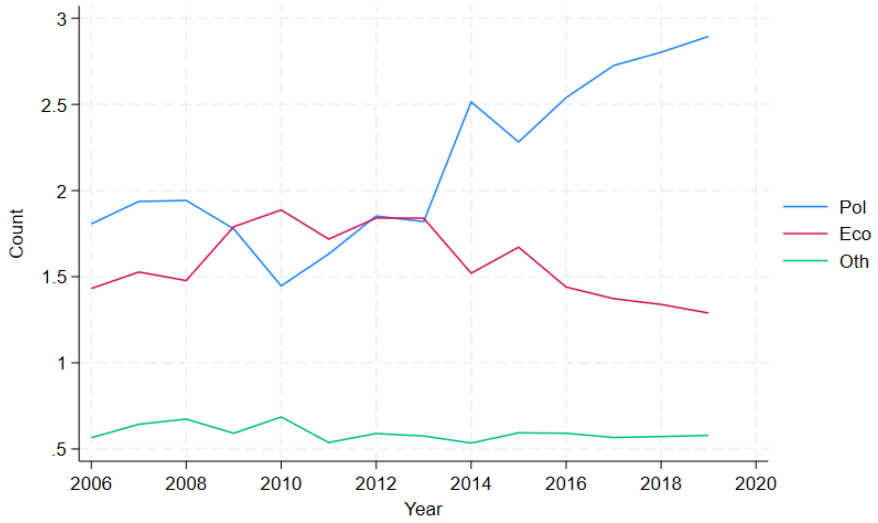


Figure 1(b) Count of Activities over Year

This figure presents the annual count of activities per category for the same timeframe. Similar to the proportional trends, the absolute count (in logarithmic scale) of political activities shows a significant upward trajectory, especially post-2013, while economic activities gradually decline in frequency. This pattern indicates a growing prioritization of political tasks among officials over economic ones in recent years.

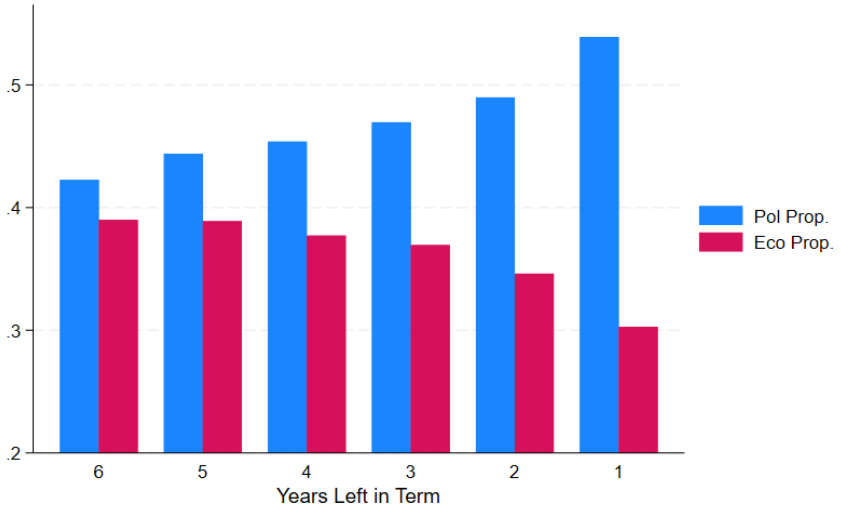


Figure 2(a) Avg. Proportion of Activities over Years Left in Term

This figure shows the average proportion of political (Pol) and economic (Eco) activities as a function of the years left in an official's term. The data reveal a clear trend: the proportion of political activities increases as officials approach the end of their term, reaching its peak in the final year. Conversely, the proportion of economic activities declines over time, suggesting that officials focus more on political signaling as they near the end of their term.

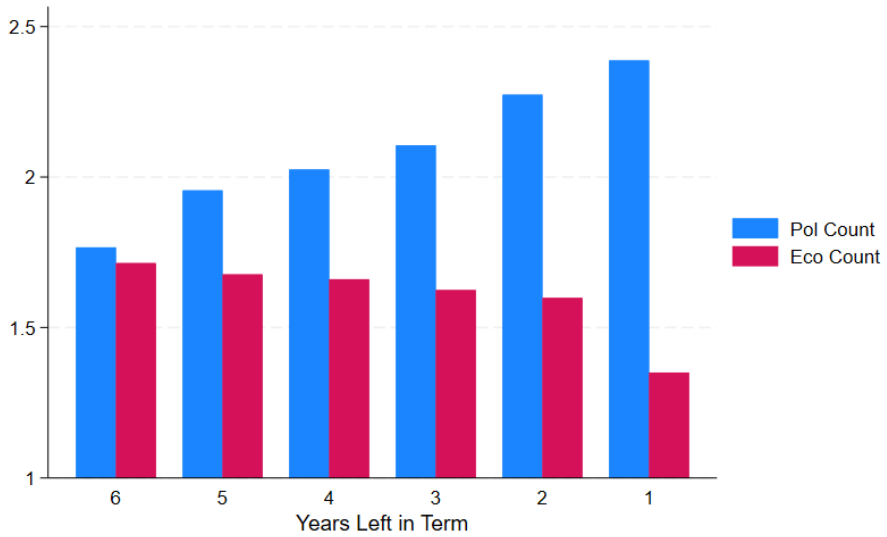


Figure 2(b) Avg. Count of Activities over Years Left in Term

This figure presents the average count of political and economic activities over the years left in the term. Similar to the proportional trends, the count of political activities (in logarithmic scale) rises as the term progresses, peaking in the last year. In contrast, the count of economic activities is higher in the early years of the term and gradually decreases. This pattern indicates a strategic shift by officials from economic to political tasks as they approach term end, likely driven by career incentives related to promotion.

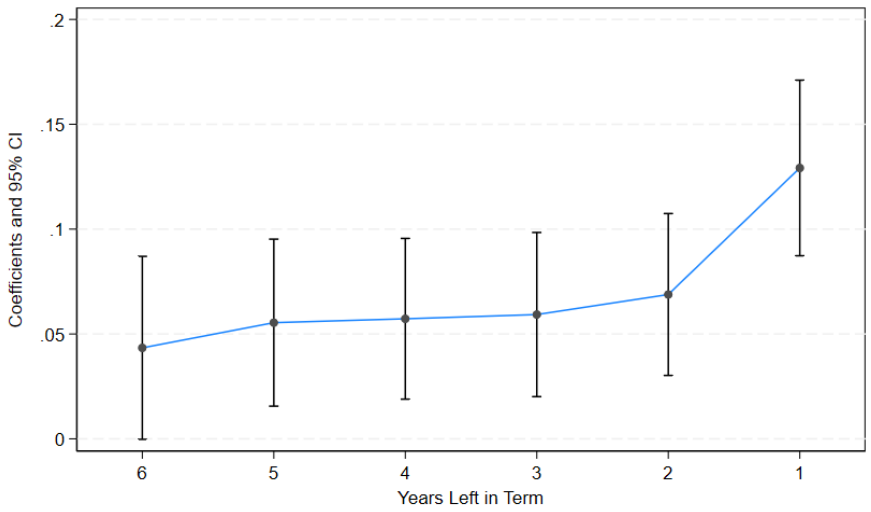


Figure 3(a) Pol Proportion Dynamics

This figure shows the regression coefficients and 95% confidence intervals for the effect of years left in term on the proportion of political activities (Pol). The positive coefficients indicate that as officials have fewer years left in their term, they increasingly allocate a higher proportion of time to political activities, with the effect becoming most pronounced in the final year.

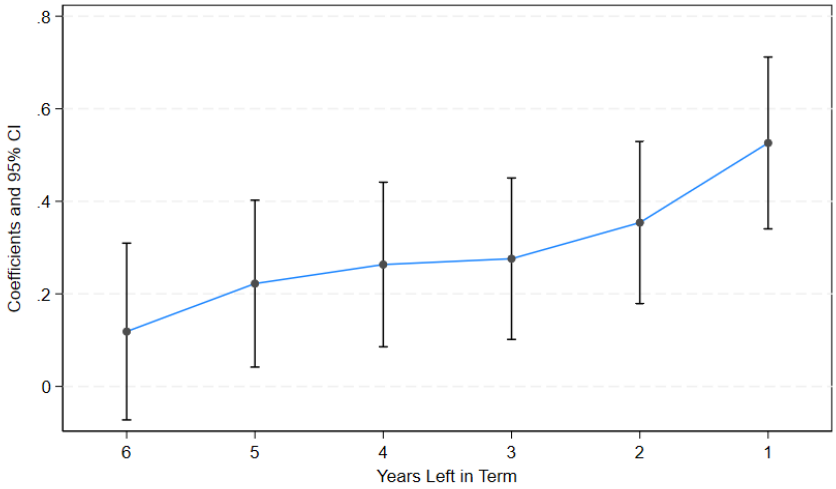


Figure 3(b) Pol Count Dynamics

This figure illustrates the regression coefficients for the logged count of political activities over the years left in term. The upward trend in coefficients implies that as officials near the end of their term, the count (in log terms) of political activities they undertake significantly increases, reaching a peak in the last year.

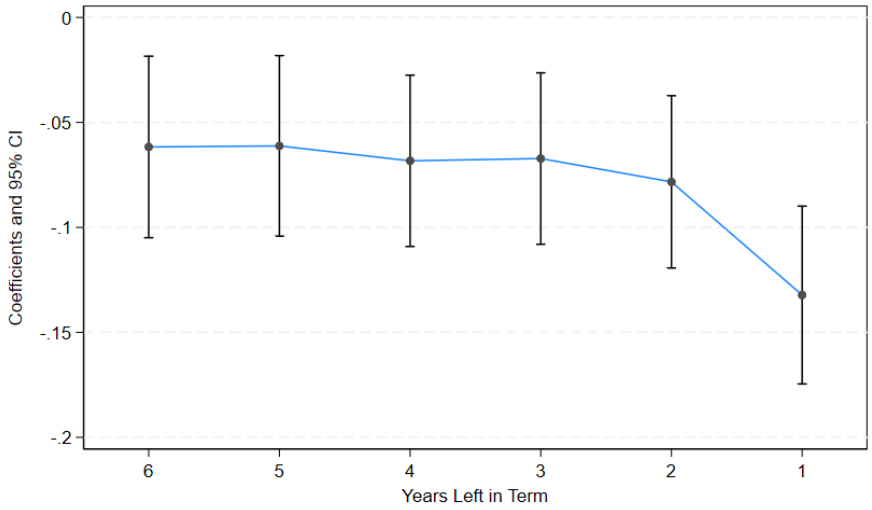


Figure 3(c) Eco Proportion Dynamics

This figure presents the regression coefficients for the effect of years left in term on the proportion of economic activities (Eco). The negative coefficients indicate that the proportion of time dedicated to economic activities declines as officials approach the end of their term, with the largest reduction observed in the final year.

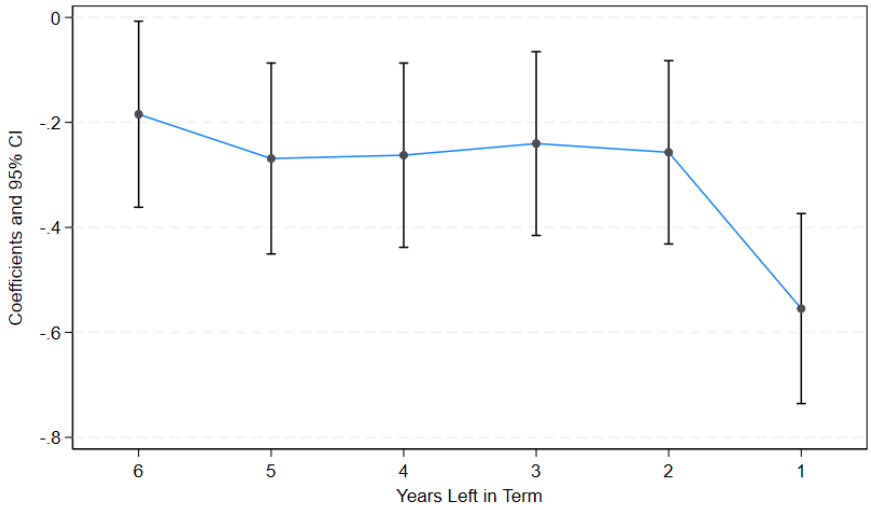


Figure 3(d) Eco Count Dynamics

This figure shows the regression coefficients for the logged count of economic activities over the years left in term. The negative trend in coefficients reveals that as the term end nears, officials engage in fewer economic activities (in log terms), with the lowest levels occurring in the final year.

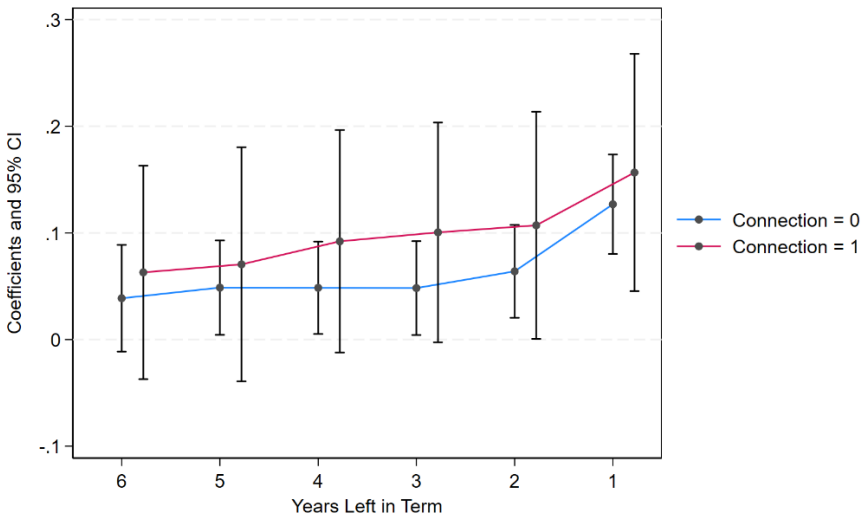


Figure 4(a) Pol Proportion Dynamics: With versus Without Connection

This figure displays the regression coefficients and 95% confidence intervals for the effect of years left in term on the proportion of political activities (Pol), distinguishing between officials with connections (Connection = 1) and without connections (Connection = 0). Officials with connections show a stronger upward trend in political activities as they approach the end of their term, indicating a greater reliance on political engagement for signaling loyalty in the final years.

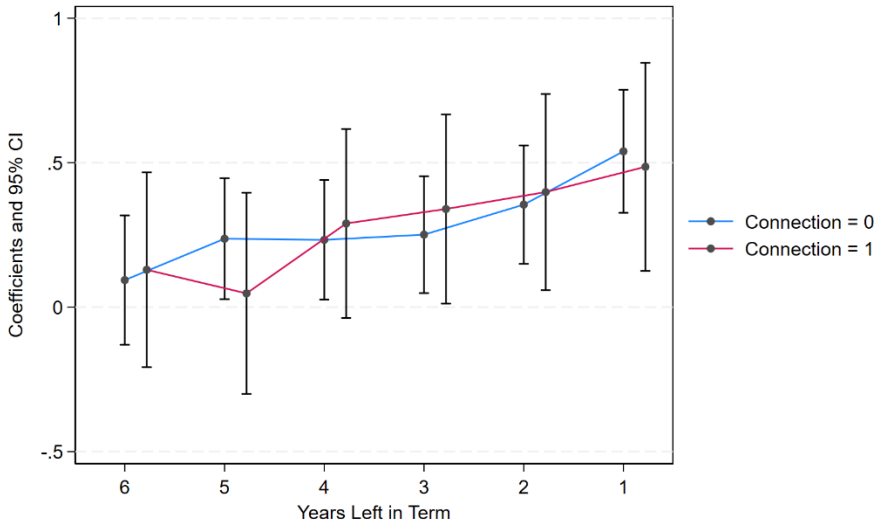


Figure 4(b) Pol Count Dynamics: With versus Without Connection

This figure illustrates the regression coefficients for the logged count of political activities over the years left in term, again differentiating between connected and non-connected officials. The count of political activities (in log terms) increases more sharply for connected officials as they near term end, reinforcing the pattern observed in Figure 4(a) that political signaling is intensified for those with stronger connections.

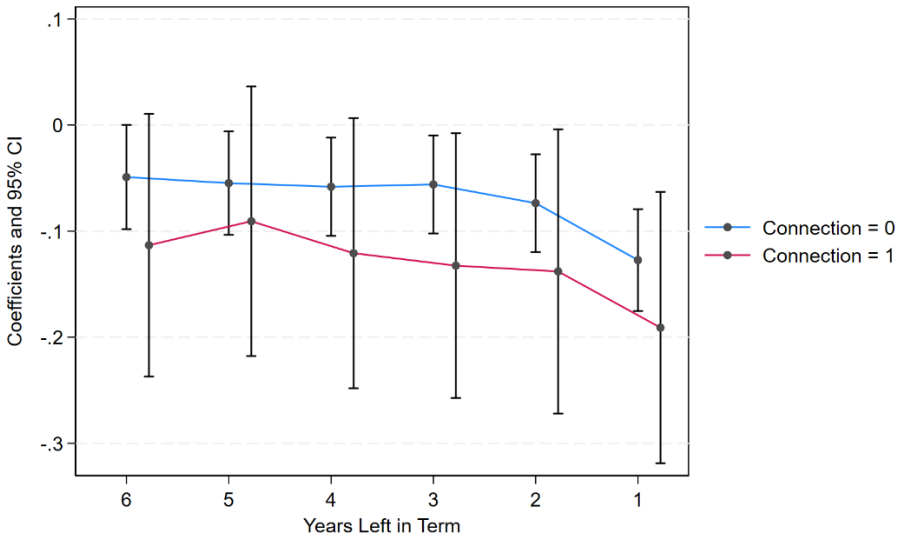


Figure 4(c) Eco Proportion Dynamics: With versus Without Connection

This figure shows the regression coefficients for the effect of years left in term on the proportion of economic activities (Eco) for both connected and non-connected officials. For both groups, the proportion of economic activities decreases as term end approaches, but the decline is more pronounced for connected officials, suggesting they deprioritize economic tasks in favor of political activities as they get closer to the end of their term.

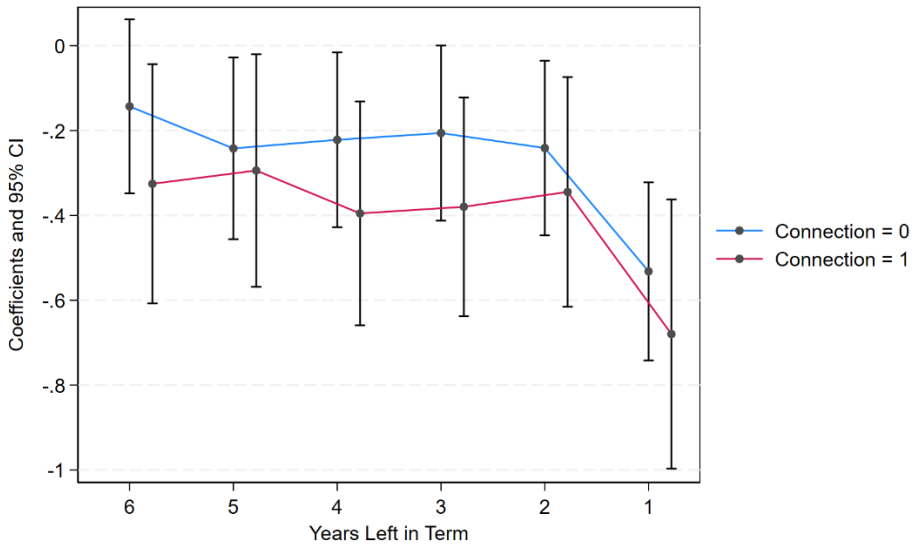


Figure 4(d) Eco Count Dynamics: With versus Without Connection

This figure presents the regression coefficients for the logged count of economic activities over the years left in term, by connection status. The logged count of economic activities declines more steeply for connected officials as they near the end of their term, reflecting a strategic shift away from economic activities among those with stronger connections.

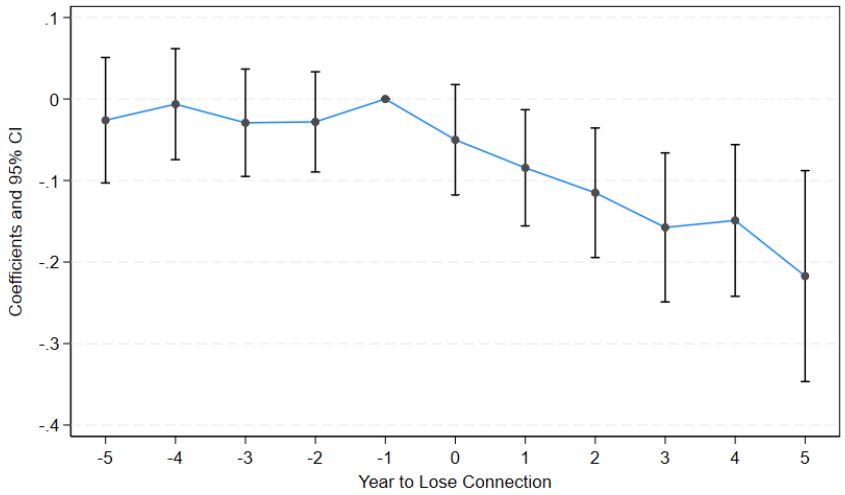


Figure 5(a) Dynamical Effect of Lose Connection on Pol

This figure displays the dynamic effect of losing a connection on the proportion of political activities (Pol) over time. The x-axis represents the years before and after the loss of connection, with year 0 indicating the time of disconnection. The negative trend in coefficients after year 0 shows that officials significantly reduce their proportion of political activities following the loss of a connection. This decline suggests that officials deprioritize political signaling when they no longer have direct ties to higher authorities.

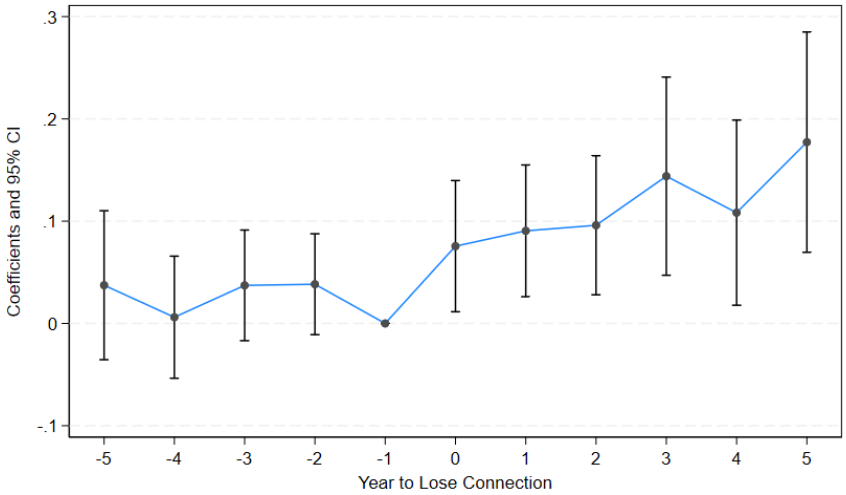


Figure 5(b) Dynamical Effect of Lose Connection on Eco

This figure illustrates the dynamic effect of losing a connection on the proportion of economic activities (Eco) over time. In contrast to political activities, the coefficients display an upward trend after year 0, indicating that officials increasingly focus on economic activities following the loss of connection. This shift suggests a strategic adjustment, where officials may prioritize low-profile economic tasks to maintain productivity and relevance without direct political ties.

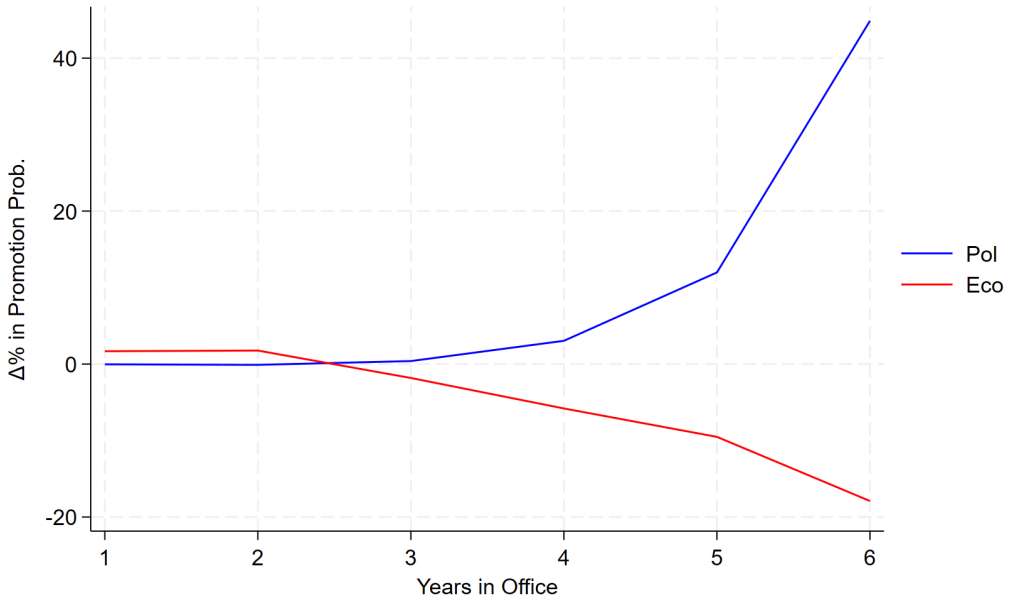


Figure 6 Net Effect on Promotion

Figure 6 illustrates the marginal effects of political (Pol) and economic (Eco) activities on promotion probability over the course of an official's term. These effects are calculated based on the regression coefficients from the time-varying Cox proportional hazards model and the baseline survival probabilities obtained from a standard Cox model without time-varying covariates. The y-axis represents the percentage change in promotion probability when an activity increases from 0 to 1, while the x-axis indicates the years in office. Political activities show an increasing positive effect as the term progresses, peaking in the final years. In contrast, economic activities exhibit a diminishing effect over time, being most influential in the earlier years of an official's tenure.

Table 1 Summary Statistics

VARIABLES	(1) N	(2) mean	(3) p5	(4) p95
Reports Count	3,142	126.9	4	366
Pol	3,142	0.482	0.195	0.783
Party	3,142	0.160	0	0.333
Resp	3,142	0.103	0	0.208
Visit	3,142	0.0449	0	0.136
Study	3,142	0.175	0	0.373
Eco	3,142	0.354	0	0.653
Invest	3,142	0.0447	0	0.125
IndDev	3,142	0.154	0	0.326
Hous	3,142	0.0850	0	0.222
VisitE	3,142	0.0666	0	0.167
Term Length in Years	3,142	4.865	2	8
GDP (billion Yuan)	3,142	227.2	27.42	734.5
Population (thousand)	3,142	4,828	1,363	10,352
FiscalIncome (million Yuan)	3,142	19,965	1,375	70,399
Sales	1,436,820	10.83	8.746	13.19
EmployeeSize	1,421,256	4.975	3.135	6.672
DebtRatio	1,436,405	0.530	0.0583	0.956
YearsOfEstab	1,441,094	2.028	0.693	3.135
InventoryRatio	1,432,795	0.489	0	0.491
TFP_FE	1,373,626	7.492	6.052	9.124
ROA	1,296,150	0.131	-0.0459	0.582
ROE	1,292,930	0.433	-0.140	1.245
ProfitMargin	1,295,441	0.0276	-0.0547	0.168
NetIncome	1,122,217	7.278	3.829	10.64
NewInvestment	335,619	7.705	4.250	11.15
FixedAssets	1,415,462	8.934	6.109	11.91
Employ	1,421,256	4.975	3.135	6.672

Table 1 summarizes the key variables used in the analysis. Behavior-related variables, including Pol (political activities) and Eco (economic activities), are measured as proportions of total reported activities. Pol is further divided into subcategories: party-building activities (Party), responding to directives from superiors (Resp), studying central policies (Study), and visiting citizens (Visit). Eco includes industrial development (IndDev), infrastructure and real estate (Hous), investment promotion (Invest), and visiting enterprises (VisitE). Firm-level variables, such as Sales, EmployeeSize, and NetIncome, are log-transformed to account for skewness.

Table 2 Activities Pattern over Years Left in Term

VARIABLES	(1) Pol	(2) Pol Count	(3) Eco	(4) Eco Count
1 Yr Left	0.129***	0.526***	-0.132***	-0.555***
	(6.055)	(5.562)	(-6.129)	(-6.015)
2 Yr Left	0.0688***	0.354***	-0.0783***	-0.257***
	(3.499)	(3.967)	(-3.746)	(-2.889)
3 Yr Left	0.0593***	0.276***	-0.0672***	-0.240***
	(2.971)	(3.105)	(-3.231)	(-2.693)
4 Yr Left	0.0572***	0.263***	-0.0683***	-0.262***
	(2.931)	(2.907)	(-3.286)	(-2.934)
5 Yr Left	0.0554***	0.222**	-0.0612***	-0.269***
	(2.730)	(2.418)	(-2.794)	(-2.900)
6 Yr Left	0.0434*	0.119	-0.0617***	-0.184**
	(1.951)	(1.219)	(-2.801)	(-2.043)
Observations	3,138	3,138	3,138	3,138
R-squared	0.322	0.509	0.310	0.366
City FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES

Table 2 presents the regression results showing the pattern of political (Pol) and economic (Eco) activities as a function of years left in term. Columns (1) and (2) demonstrate that both the proportion and count of political activities increase as officials near the end of their term, with the effect most pronounced in the final year. This pattern aligns with officials' incentive to intensify political signaling closer to term end.

In contrast, Columns (3) and (4) show that both the proportion and count (log-transformed) of economic activities decrease as term end approaches. This indicates a strategic shift away from economic tasks as officials prioritize political activities for potential promotional gains.

City and year fixed effects are included, with standard errors clustered at the official level. *10%, **5%, ***1%.

Table 3 With versus Without Connection

VARIABLES	(1) Pol	(2) Pol Count	(3) Eco	(4) Eco Count
Connection	0.0481**	0.0255	-0.0305*	-0.159*
	(2.507)	(0.313)	(-1.756)	(-1.877)
Observations	3,142	3,142	3,142	3,142
R-squared	0.608	0.740	0.583	0.635
City FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Official FE	YES	YES	YES	YES

Table 3 compares the effects of having a connection on political (Pol) and economic (Eco) activities. Column (1) shows that connections are associated with a significant increase in the proportion of political activities (coefficient = 0.0481, $p < 0.05$), though the effect on the count (logged) of political activities in Column (2) is not significant.

For economic activities, Columns (3) and (4) reveal that connections negatively impact both the proportion and count of economic activities, with coefficients of -0.0305 ($p < 0.1$) and -0.159 ($p < 0.1$), respectively. These results suggest that connected officials are more focused on political tasks, likely as a means of signaling loyalty, while those without connections devote relatively more time to economic activities.

City, year, and official fixed effects are included, with standard errors clustered at the official level. *10%, **5%, ***1%.

Table 4 Time Varying Effect on Promotion

	(1)	(2)	(3)	(4)	(5)	(6)
	Full SP	Connection=0	Connection=1	Full SP	Connection=0	Connection=1
		Pol			Eco	
VARIABLES	Promotion	Promotion	Promotion	Promotion	Promotion	Promotion
Act	-2.144	-0.705	-6.060*	3.168**	2.179	6.177*
	(-1.447)	(-0.440)	(-1.861)	(2.037)	(1.265)	(1.680)
Act # Year in office	0.854***	0.607*	1.510**	-1.230***	-0.964**	-2.015**
	(2.885)	(1.799)	(2.541)	(-3.520)	(-2.395)	(-2.518)
Gender	0.712	0.701	0.534	0.763*	0.761	0.622
	(1.571)	(1.292)	(0.701)	(1.692)	(1.394)	(0.835)
Young	-0.0399	-0.391	0.311	-0.0725	-0.446	0.347
	(-0.127)	(-0.880)	(0.675)	(-0.229)	(-0.990)	(0.799)
HigherEducation	0.929***	0.948***	0.808	0.920***	0.925***	1.013*
	(3.597)	(3.066)	(1.576)	(3.677)	(3.065)	(1.902)
Observations	2,447	1,408	640	2,447	1,408	640

Table 4 presents the time-varying effects of political (Pol) and economic (Eco) activities on promotion probabilities, using a Cox proportional hazards model with time interactions. Columns (1)–(3) analyze the impact of political activities, while Columns (4)–(6) focus on economic activities. The interaction term between activities and the year in office captures how the effects of these activities evolve over time. Results indicate that political activities become more beneficial for promotion as officials approach the end of their term, while economic activities are more favorable earlier in the term. Columns (2) and (3) show the effects of political activities for officials without connections (Connection = 0) and with connections (Connection = 1), respectively. Connected officials experience stronger promotion benefits from political activities as their term progresses. Similarly, Columns (5) and (6) examine economic activities, showing that connected officials incur a slightly reduced penalty from engaging in economic tasks earlier in the term.
Standard errors are clustered at the official level. *10%, **5%, ***1%.

Table 5 Effect on Firm Outcome -OLS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
VARIABLES	F.TFP_FE	F.NetIncome	F.ROA	F.ROE	F.ProfitMargin	F.Employ	F.NewInvestment	F.FixedAssets	F.Sales
Pol	-0.00907	-0.0850**	0.101	-0.0791***	0.00264	-0.0585***	0.0215	0.00331	-0.00938
	(-0.819)	(-2.374)	(0.791)	(-5.894)	(1.552)	(-6.094)	(0.291)	(0.213)	(-0.808)
Pol # SOE	0.0275	0.187***	0.0141	0.0407**	0.00209	0.0757***	0.0419	0.0457*	0.0717***
	(1.471)	(3.190)	(1.271)	(2.068)	(0.766)	(5.272)	(0.413)	(1.751)	(3.592)
Eco	0.0663***	0.354***	0.184	0.0338*	0.0193***	0.00351	-0.111	0.0983***	0.116***
	(4.550)	(7.873)	(1.005)	(1.894)	(9.308)	(0.297)	(-1.283)	(4.696)	(7.502)
Eco # SOE	0.00460	-0.102	-0.00820	-1.00e-05	-0.000607	-0.0774***	-0.0123	-0.106***	-0.0320
	(0.196)	(-1.362)	(-0.437)	(-0.000400)	(-0.178)	(-4.680)	(-0.102)	(-3.243)	(-1.265)
Observations	273,114	203,680	247,170	246,860	247,146	267,971	92,416	263,681	267,810
R-squared	0.897	0.871	0.500	0.674	0.741	0.938	0.702	0.925	0.930
Controls	YES	YES	YES	YES	YES	YES	YES	YES	YES
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES

Table 5 presents the OLS regression results on the impact of political (Pol) and economic (Eco) activities on firm performance, measured across various outcomes. Columns (1) to (9) show that political and economic activities have contrasting effects, particularly when interacting with state-owned enterprises (SOEs). These findings imply that political activities favor SOEs, while economic activities support private sector growth, highlighting the divergent impact of officials' activities on different types of enterprises. The controls include firm-level variables such as employee size, debt ratio, inventory ratio, years of establishment, local GDP, and fiscal income. Firm and year fixed effects are included, with standard errors clustered at the firm level. *10%, **5%, ***1%.

Table 6 Effect on Firm Outcome -2SLS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
VARIABLES	Pol	Eco	F.TFP_FE	F.NetIncome	F.ROA	F.ROE	F.ProfitMargin	F.Employ	F.NewInvestment	F.FixedAssets	F.Sales
Lose Relation	-0.0554***	0.0476***									
	(-33.11)	(35.30)									
Lose Affiliation	-0.0664***	0.0394***									
	(-67.24)	(46.65)									
Pol			-0.150***	-0.105	0.230	-0.00240	0.00691*	-0.0150	-0.206	-0.269***	-0.204***
			(-5.379)	(-1.285)	(1.174)	(-0.0747)	(1.939)	(-0.674)	(-1.060)	(-6.731)	(-6.886)
Pol # SOE			-0.0116	0.174	-0.0379	0.0221	0.00579	0.210***	0.449**	0.223***	0.0914**
			(-0.310)	(1.644)	(-0.712)	(0.523)	(1.045)	(6.901)	(2.389)	(4.375)	(2.271)
Eco			0.534***	1.616***	0.768	0.400***	0.0540***	0.182***	0.231	0.142**	0.656***
			(12.92)	(13.11)	(1.289)	(7.863)	(9.260)	(5.484)	(0.837)	(2.460)	(15.13)
Eco # SOE			0.0596	-0.0989	0.0595	0.0191	-0.00603	-0.234***	-0.492**	-0.320***	-0.0469
			(1.288)	(-0.746)	(0.907)	(0.367)	(-0.896)	(-6.666)	(-2.160)	(-5.133)	(-0.943)
Observations	640,215	640,215	273,114	203,680	247,170	246,860	247,146	267,971	92,416	263,681	267,810
R-squared	0.593	0.624									
First-stage F-statistic			246	218.7	39.44	33.55	33.28	2647	14.58	292.9	725.9
Controls	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES

Table 6 shows 2SLS regression results for the impact of political (Pol) and economic (Eco) activities on firm performance, with "Lose Relation" and "Lose Affiliation" serving as instrumental variables to address endogeneity. Losing affiliations and relationships both lead to decreased political activities and slight increases in economic activities. These results reinforce that political activities align more with SOE interests, while economic activities support private sector growth. The controls include firm-level variables such as employee size, debt ratio, inventory ratio, years of establishment, local GDP, and fiscal income. Firm and year fixed effects are included, with standard errors clustered at the firm level. *10%, **5%, ***1%.

Appendix

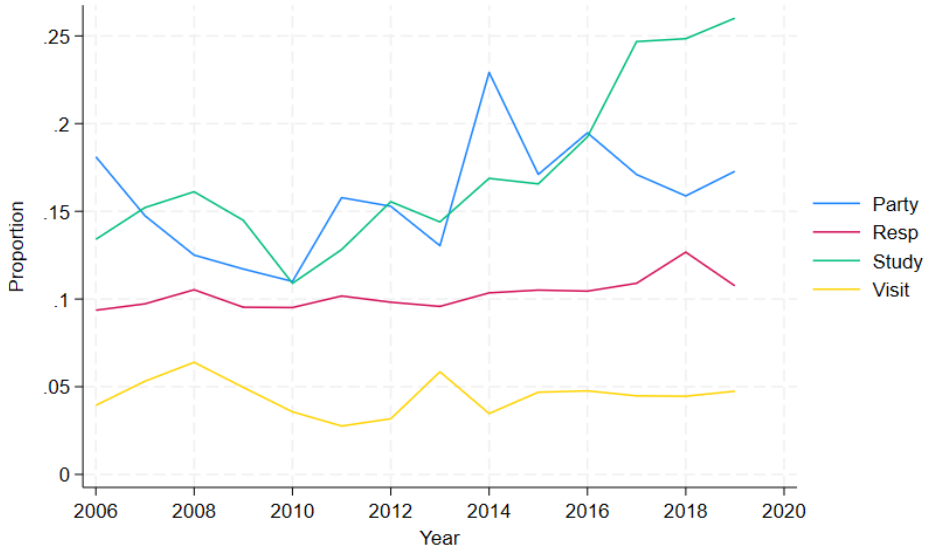


Figure A.1(a) Proportion over Year Subact Pol

This figure shows the proportion of political subcategories over time, divided into four specific types: Party (party-building activities), Resp (responding to directives from superiors), Study (studying central policies), and Visit (visiting citizens). The trends indicate changes in the emphasis on each type of political activity from 2006 to 2020.

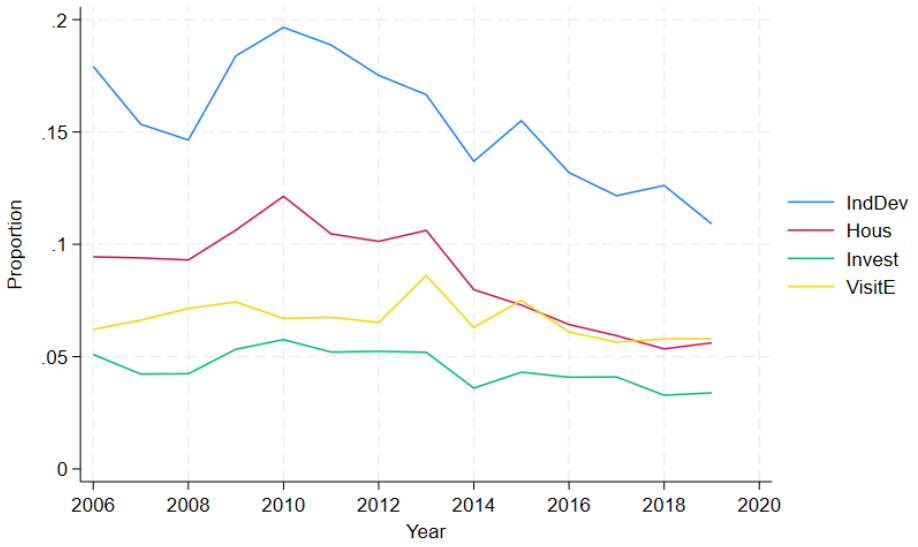


Figure A.1(b) Proportion over Year Subact Eco

This figure depicts the proportion of economic subcategories over time, separated into four main types: IndDev (industrial development), Hous (infrastructure and real estate), Invest (investment promotion), and VisitE (visiting enterprises). It reflects the shifting focus on various economic activities over the years.

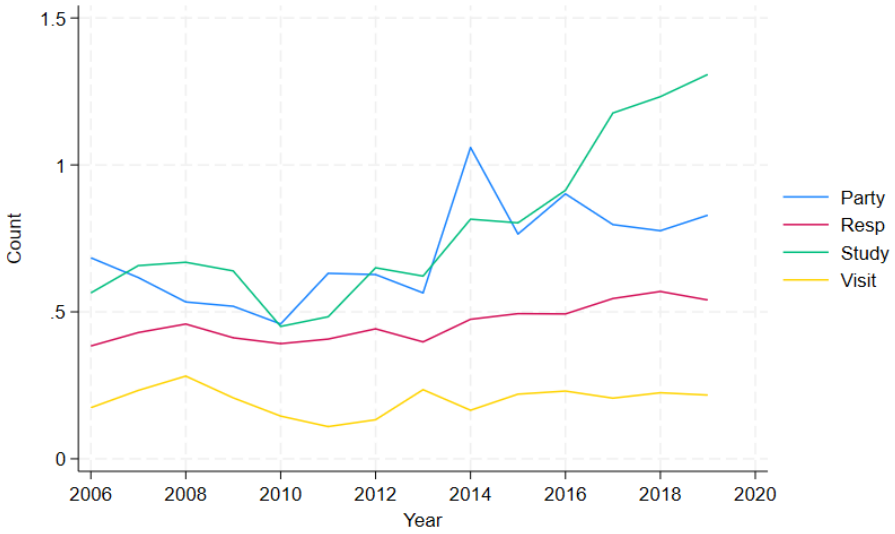


Figure A.1(c) Count over Year Subact Pol

This figure illustrates the logged count of political subcategory activities by year, broken down into Party (party-building activities), Resp (responding to directives from superiors), Study (studying central policies), and Visit (visiting citizens). The annual counts show the frequency of each type of political activity over time from 2006 to 2020.

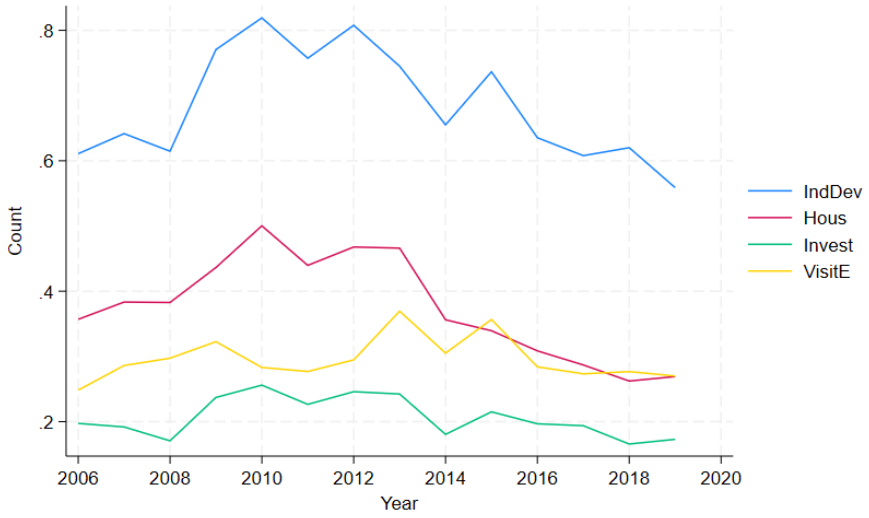


Figure A.1(d) Count Over Year Subact Eco

This figure presents the logged count of economic subcategory activities by year, divided into IndDev (industrial development), Hous (infrastructure and real estate), Invest (investment promotion), and VisitE (visiting enterprises). The annual counts track changes in the emphasis on each economic activity type across the years.