



Homophily in the career mobility of China's political elite



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ARTICLE INFO

Article history:

Received 9 August 2014

Revised 12 June 2015

Accepted 24 August 2015

Available online 28 August 2015

Keywords:

Political elite

Promotion

Homophily

China

ABSTRACT

We argue that leadership promotion in China's political elite relies on homophily for signals of trustworthiness and future cooperative behavior more than on economic performance. We first point to the limitation of the economic performance argument from within the framework of China's specific M-form state structure, and then we proffer a sociological explanation for why higher-level elites in China rely on homophilous associations in recruiting middle-level elites to the top positions of state. Using a unique dataset covering China's provincial leaders from 1979 to 2011, we develop a homophily index focusing on joint origin, joint education and joint work experience. We trace personal similarities in these respects between provincial leaders and members of China's supreme decision-making body, the Politbureau's Standing Committee. We then provide robust evidence confirming the persisting impact of homophilous associations on promotion patterns in post-reform China.

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1. Introduction

China's economic success over the last three decades is to a large extent ascribed to good political leadership. Whether in terms of a helping-hand-state (Frye and Shleifer, 1997) or corporatist state (Walder, 1995; Oi, 1992; Peng, 2001), general assessments converge on the view that China's political leadership and governance have been key to economic performance. Thus, interest in explaining China's remarkable four decades of sustained economic growth has put elite politics and patterns of political leadership recruitment at the center of scholarly interest in the political economy literature.

In addressing the puzzle of Chinese economic growth, economists have mainly applied an organizational perspective focusing analysis on China's federalist, multidivisional state structure (hereafter, M-form state) (Qian and Xu, 1993; Qian et al., 1999). The argument is that M-form state structures allow central governments to treat local jurisdictions as independent profit-centers comparable to divisional units within a multidivisional corporation (Chandler, 1962; Williamson, 1975). This invites local yardstick competition not dissimilar from managerial profit incentives in private enterprise (Maskin et al., 2000), which in turn enables performance-based evaluation of provincial political elites for promotion to national leadership in Beijing.

Empirical evidence for the “performance hypothesis” of leadership turnover remains inconclusive, however. Looking at a sample of provincial governors and party secretaries, Li and Zhou (2005) found a positive correlation between local economic growth and promotion probabilities for provincial leaders in the period between 1979 and 1995. Chen et al. (2005) confirmed higher promotion probabilities for those provincial leaders who outperformed their predecessors between 1979 and 2002. In contrast, Bo (1996) found no evidence of performance-related promotion patterns for a broader sample including vice governors and deputy party secretaries covering the period from 1949 to 1994. Similarly, Landry (2003) rejected the “performance

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hypothesis” based on an extensive study including sub-provincial level jurisdictions covering the period between 1990 and 2000.

An alternative perspective suggests that leadership turnover remains essentially political (Guo, 2009; Gilley, 2003). The argument is that political leaders continue to staff key political positions with loyal supporters to form strategic alliances at all levels of the political hierarchy to avert destabilizing power struggles at the center, and to ensure cooperation between different administrative layers (Li and Bachman, 1989; Dittmer and Wu, 1995). This historical and political perspective reflects the continuing importance of informal politics as a crucial element of institutionalized power relations (Tsou, 1995). According to this perspective, the structure of post-reform patron–client relations may not differ much from the Maoist era, when career advancement and security depended on factional associations (Nathan, 1973; Pye, 1981; Huang, 2000). This perspective in the political economy literature has more recently inspired empirical studies examining how political factions shape promotion patterns of the party elite (Choi, 2012; Shih et al., 2012).

We focus on exploring homophily as the mechanism that provides the social glue in the development of trust and loyalty in political relationships. In this article, our aim is to identify the micro-level mechanisms that explain the basis for identity and group solidarity in political factions. An advantage of our approach is that homophily offers an ‘ex ante’ predictive means to identify political actors who are likely candidates for promotion into the inner circle of the political elite, whereas specifications of membership in elite factions are only amenable to empirical analysis once factional ties are openly displayed and once individuals are identified as members of clearly defined factional groups.¹ The goal of this paper is twofold: First, we offer a sociological perspective and methodology to examine the recruitment of China’s political elite, which undermines the feasibility of performance-driven leadership promotion. We show that the need for vertical coordination between subdivisions and center generates a demand for interpersonal trust and cooperative behavior to secure internal organizational coherence, commitment and efficacy, which in turn makes reliance on achievement in economic performance as a basis for promotion untenable. Second, consistent with the historical and political literature, we argue that leadership promotion in China’s state structure depends on signals of trustworthiness and cooperative behavior. In sum, we proffer a sociological explanation for why higher-level elites in China rely on homophily in recruiting middle-level elites to the inner circles of the political elite. Homophily provides the social mechanism that facilitates trust, commitment and organizational efficacy in the political elite. We then present the empirical data and model, summarize the results, and provide robustness tests. The final sections offer a discussion of our findings and conclude.

2. China’s multidivisional state reconsidered

2.1. The performance perspective

In the economic literature, China’s M-form state structure is regarded as one of the key organizational explanations for China’s outstanding economic performance over the last few decades (Qian et al., 1999). The idea builds on organizational economics, which points to informational advantages and transaction cost economizing of multidivisional corporations. Self-contained sub-divisions allow strategic and tactical planning to be separated (Chandler, 1962; Williamson, 1975). Executives at the central level focus on strategic long-term planning, while self-contained sub-divisions are in charge of local operational tasks. The M-form organization enables the central government to focus on national strategy planning and overall economic reform development (Perkins, 1988), while lower-level jurisdictions engage in coordination of local economic development and experiments involving local policy initiatives. Extending the argument, economists have linked the organizational features of federalist systems with performance-based leadership promotion into the political elite. China’s shift to a quasi-federalist state structure provides organizational conditions that allow the central government to treat local jurisdictions as independent profit centers comparable to divisional units within a multidivisional firm (Maskin et al., 2000), which in turn facilitates performance-based leadership selection based on local yardstick competition. Rational-legal promotion rules are assumed to increase individual commitment, as political agents face transparent prospects of career advancement (Hough, 1969). Thus, the *performance hypothesis* (H1) specifies:

Promotion chances of political agents depend on their economic performance under the current office period.

The assumption of performance-based leadership monitoring and promotional schemes rest on the prerequisites of organizational autonomy and full accountability for divisional performance as observed in corporate M-form structures (Williamson, 1975; Jones and Hill, 1988; Hill, 1985). However, even from within the framework of economic theorizing, the organizational conditions for performance-based promotion are not in place in China’s quasi-federalist state structure.

Most importantly, provinces do not enjoy full strategic and operational autonomy shielded from central government intervention (Montinola et al., 1995). While fiscal decentralization in the 1980s induced inter-provincial competition and improved interest alignment of provincial leaders with the national reforms, the central government maintains effective administrative control needed to secure its capacity to build consensus and support for national policies (Shirk, 1993). Provincial leaders are subjected to routine monitoring and central supervision in order to detect potential political divergence and conflicts of interest between the state and the provinces at an early stage. Central authorities for this reason

¹ A complication is that “China does not officially acknowledge the existence of factions” (Choi, 2012: 970). Identification of factional ties does therefore necessarily invite a high degree of uncertainty.

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