Online Appendix

We provide additional information about the political turnovers in Tables 1-3 and Figures 1-3. We report robustness checks for our main results in Tables 4-5.

Table 1: Distribution of city-level political turnovers by province and year

This table presents the distribution of city-level political turnover events by province and year over the sample period 2003–2014 in China.

Province	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Anhui	0	1	2	7	1	7	5	2	7	7	17	9	65
Beijing	2	0	0	0	0	1	0	0	0	1	1	2	7
Chongqing	3	0	0	1	0	1	0	1	0	1	1	1	9
Fujian	1	3	3	2	3	4	2	2	4	10	8	3	45
Gansu	0	1	4	0	0	3	2	2	0	9	3	5	29
Guangdong	6	2	2	3	5	2	1	6	14	19	8	2	70
Guangxi	4	0	1	1	2	4	2	3	0	6	7	3	33
Guizhou	0	0	1	0	1	4	0	0	2	3	3	11	25
Hainan	1	0	2	0	2	0	0	0	2	0	1	2	10
Hebei	4	2	4	1	11	7	5	2	3	7	12	2	60
Heilongjiang	0	1	0	0	1	1	0	3	6	6	0	3	21
Henan	5	8	1	4	5	6	0	0	13	11	14	10	77
Hubei	8	1	3	2	3	4	2	1	9	3	13	1	50
Hunan	2	1	0	2	8	3	2	0	3	6	16	2	45
Jiangsu	7	1	6	1	0	5	0	6	6	11	7	3	53
Jiangxi	2	2	1	1	2	0	0	0	3	7	0	14	32
Jilin	1	0	3	1	5	2	0	0	6	1	1	3	23
Liaoning	2	2	2	8	1	6	2	5	13	5	6	6	58
Neimenggu	2	0	2	0	2	0	0	2	6	4	1	4	23
Ningxia	1	1	0	1	0	1	0	0	1	1	4	0	10
Qinghai	0	0	1	0	1	0	1	3	3	2	0	2	13
Shandong	9	1	0	2	17	5	0	0	9	13	9	7	72
Shanghai	2	0	0	0	1	1	0	1	0	0	2	3	10
Shanxi	0	1	2	2	2	2	0	0	2	4	3	2	20
Shanxi(Jin)	4	1	0	12	0	4	0	1	7	8	8	2	47
Sichuan	6	3	8	9	4	8	4	1	2	14	7	9	75
Tianjin	1	0	0	0	1	1	0	1	0	0	1	0	5
Xinjiang	3	1	2	2	1	2	1	1	0	11	2	6	32
Tibet	2	1	0	0	2	0	0	0	1	3	2	0	11
Yunnan	3	0	1	3	4	4	0	4	0	2	7	3	31
Zhejiang	4	6	5	2	4	7	1	3	9	5	10	6	62
Total	85	40	56	67	89	95	30	50	131	180	174	126	1123

Table 2: Distribution of arrested city officials by province and year

This table presents the distribution of arrested city officials in China by province and year over the sample period 2003–2014.

Province	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Anhui	0	0	0	0	0	0	0	0	0	0	1	1	2
Beijing	0	0	0	0	0	0	0	0	0	0	0	0	0
Chongqing	0	0	0	0	0	0	0	0	1	1	0	0	2
Fujian	0	0	0	0	0	0	0	0	0	0	0	1	1
Gansu	0	2	0	0	0	0	0	0	0	0	0	0	2
Guangdong	1	0	0	0	0	1	1	1	2	0	1	1	8
Guangxi	0	0	0	0	0	0	0	0	0	0	0	0	0
Guizhou	0	0	0	0	0	0	0	0	0	0	2	0	2
Hainan	0	0	0	0	0	0	0	0	0	0	0	0	0
Hebei	0	0	0	1	0	2	1	1	0	0	0	1	6
Heilongjiang	0	1	0	0	1	1	0	0	0	0	0	1	4
Henan	0	0	0	1	0	1	0	0	1	0	1	2	6
Hubei	0	0	0	0	0	0	0	0	0	0	0	0	0
Hunan	0	0	1	1	1	0	0	0	0	0	1	0	4
Jiangsu	0	0	0	0	0	0	0	0	0	0	1	2	3
Jiangxi	0	0	0	0	0	0	0	0	0	0	0	3	3
Jilin	0	1	0	0	0	0	0	0	0	0	0	0	1
Liaoning	0	0	0	0	0	0	0	0	0	0	1	1	2
Neimenggu	0	0	0	0	1	0	0	0	0	0	0	1	2
Ningxia	0	0	0	0	0	0	0	0	0	0	0	0	0
Qinghai	0	0	0	0	0	0	0	0	0	0	1	0	1
Shandong	0	0	0	1	0	0	0	0	0	0	0	1	2
Shanghai	0	0	0	1	0	0	0	0	0	0	0	0	1
Shanxi	1	0	0	0	0	0	0	0	0	0	1	0	2
Shanxi(Jin)	0	0	0	0	2	2	0	1	0	0	1	5	11
Sichuan	1	1	0	0	0	0	0	0	0	0	2	6	10
Tianjin	0	0	0	0	0	0	0	0	0	0	0	0	0
Xinjiang	0	0	0	0	0	0	0	0	0	0	0	0	0
Tibet	0	0	0	0	0	0	0	0	0	0	0	0	0
Yunnan	0	0	0	0	0	1	0	0	0	0	0	1	2
Zhejiang	0	0	1	1	0	0	0	0	0	0	0	0	2
Total	3	5	2	6	5	8	2	3	4	1	13	27	79

Table 3: Conditional probability of officials' leaving office

This table presents the conditional probability of officials' leaving office. Specifically, conditional probability of officials' leaving office by age is shown in Panel A, while that of their latest tenure is shown in Panel B. Moreover, we plot these two types of probability in Figure 1 and 2, respectively.

Panel A: Conditional probability of leaving office by age

This panel shows the conditional probability of leaving office grouped by the local officials' age. Conditional probability of leaving office (*Ratio*) is calculated as the proportion of officials who leave office in certain age (*Leaving*) to the sum of officials who were in position and those who leave office in certain age (*Sum*).

Age	Mayor				Secretary			
	In position (1)	Leaving (2)	Sum (3)	Ratio (4)=(2)/(3)	In position (5)	Leaving (6)	Sum (7)	Ratio (8)=(6)/(7)
32	0	1	1	100.00%				
34					1	0	1	0.00%
35					1	0	1	0.00%
36					2	0	2	0.00%
37	1	0	1	0.00%	0	2	2	100.00%
38	2	0	2	0.00%				
39	2	0	2	0.00%	0	1	1	100.00%
40	11	0	11	0.00%				
41	18	4	22	18.18%	1	0	1	0.00%
42	23	6	29	20.69%	7	0	7	0.00%
43	31	9	40	22.50%	12	1	13	7.69%
44	33	14	47	29.79%	19	5	24	20.83%
45	60	9	69	13.04%	29	7	36	19.44%
46	73	36	109	33.03%	33	12	45	26.67%
47	92	36	128	28.13%	55	10	65	15.38%
48	109	56	165	33.94%	74	28	102	27.45%
49	139	52	191	27.23%	103	36	139	25.90%
50	150	63	213	29.58%	134	26	160	16.25%
51	142	78	220	35.45%	139	54	193	27.98%
52	117	81	198	40.91%	145	56	201	27.86%
53	93	61	154	39.61%	140	67	207	32.37%
54	81	37	118	31.36%	133	56	189	29.63%
55	69	46	115	40.00%	106	66	172	38.37%
56	57	34	91	37.36%	103	48	151	31.79%
57	37	22	59	37.29%	77	48	125	38.40%
58	20	20	40	50.00%	41	44	85	51.76%
59	10	12	22	54.55%	15	28	43	65.12%
60	5	5	10	50.00%	4	13	17	76.47%
61	5	0	5	0.00%	2	1	3	33.33%
62	3	1	4	25.00%	1	1	2	50.00%
63	2	0	2	0.00%	3	0	3	0.00%

64	1	1	2	50.00%	2	0	2	0.00%
65	0	1	1	100.00%	3	0	3	0.00%
66					2	2	4	50.00%
67					0	2	2	100.00%
68	0	1	1	100.00%				
Total	1386	686	2072	33.11%	1387	614	2001	30.68%

Panel B: Conditional probability of leaving office by latest tenure

This panel shows the conditional probability of leaving office grouped by the local officials' latest tenure, where the *Tenure_latest* is the tenure from the latest normal government succession around the meetings of the National People's Congress at city level. Conditional probability of leaving office (*Ratio*) is calculated as the proportion of officials who leave office in certain age (*Leaving*) to the sum of officials who were in position and those who leave office in certain age (*Sum*).

Tenure_latest	**Mayor**				**Secretary**			
	In position	**Leaving**	**Sum**	**Ratio**	**In position**	**Leaving**	**Sum**	**Ratio**
	(1)	**(2)**	**(3)**	**(4)=(2)/(3)**	**(5)**	**(6)**	**(7)**	**(8)=(6)/(7)**
1	695	207	902	22.95%	673	163	836	19.50%
2	383	194	577	33.62%	401	164	605	27.11%
3	204	136	352	38.64%	232	148	380	38.95%
4	80	104	18I	56.52%	116	90	206	43.69%
5	24	45	69	65.22%	33	49	82	59.76%
total	1386	686	2084	32.92%	1455	614	2109	29.11%

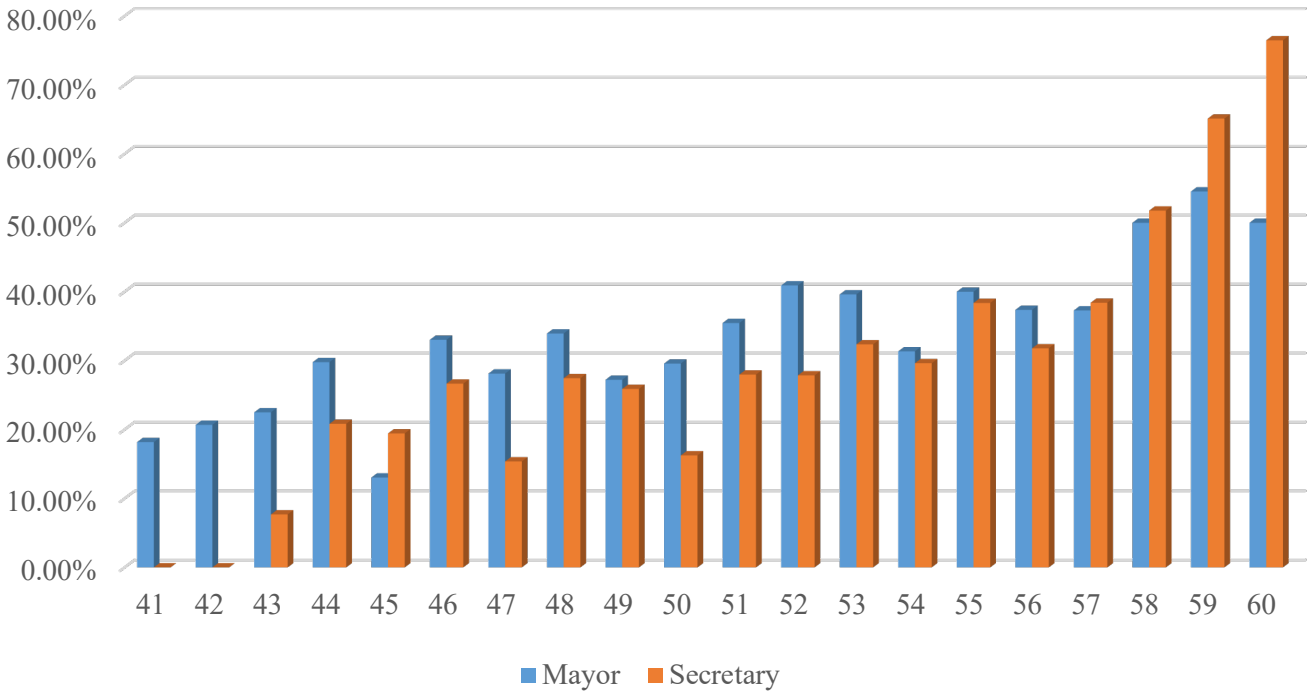

Figure 1: Conditional probability of leaving office by age

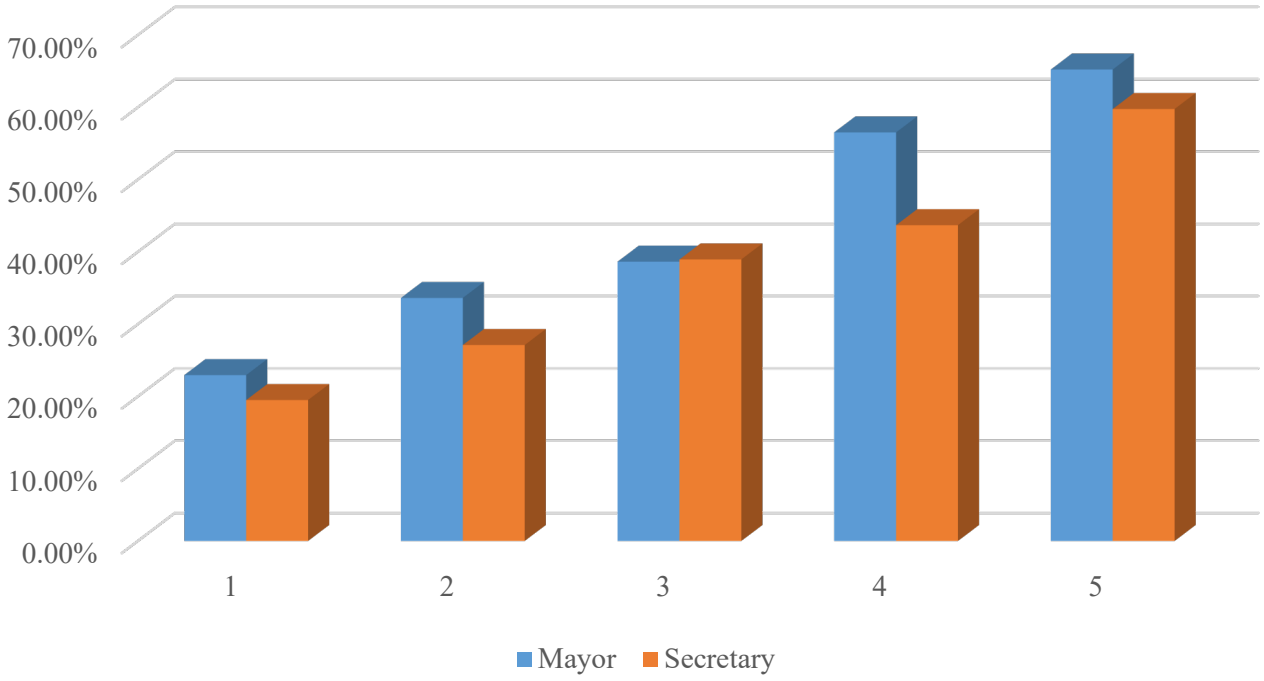

Figure 2: Conditional probability of leaving office by latest tenure

Figure 3: Distribution of officials' age and (latest) tenure when they leave office

This figure plots the distribution of age, tenure and latest tenure when officials leave office. Figure 3a plots the age of city level officials when they leave office. Figure 3b plots the tenure of city level officials when they leave office. Figure 3c plots the latest tenure of city level officials when they leave office, where the *Tenure_latest* is the tenure from the latest normal government succession around the meetings of the National People's Congress at city level.

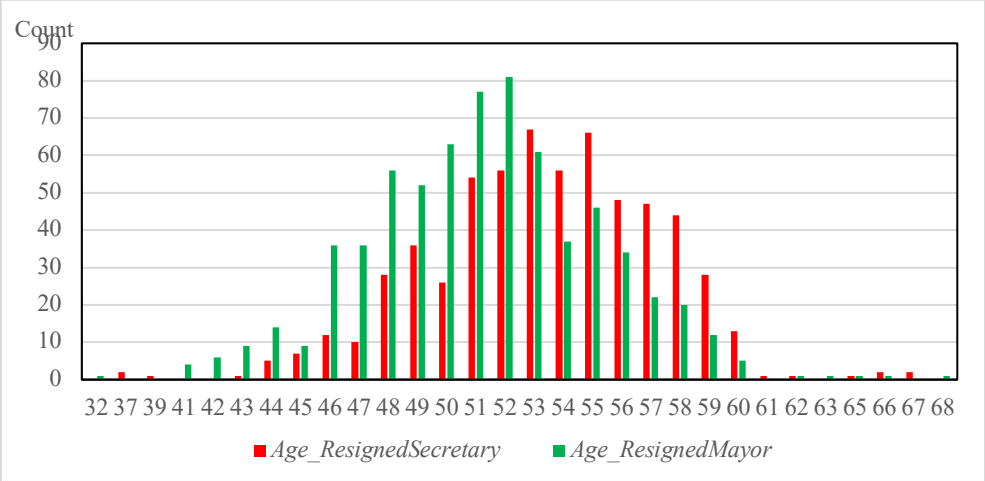

Figure 3a: Age of city level officials when they leave office

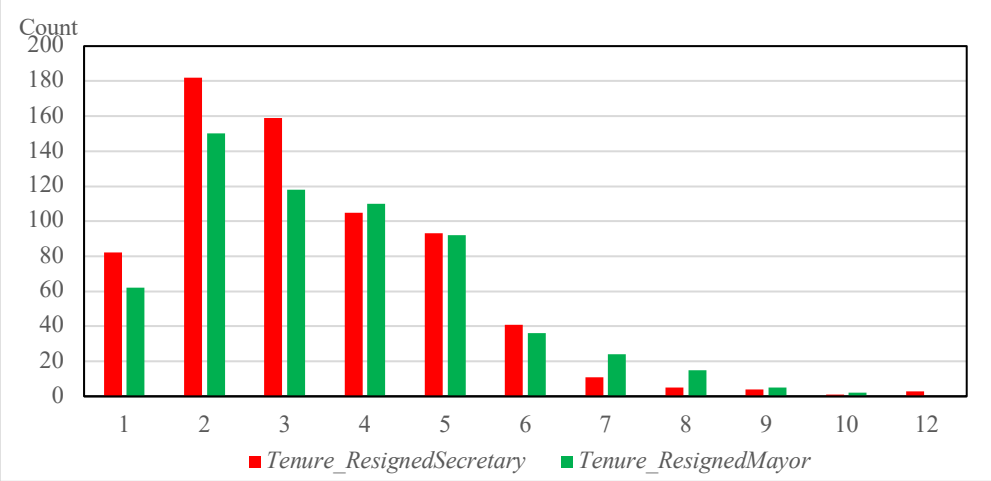

Figure 3b: Tenure of city level officials when they leave office

Figure 3c: The latest tenure of city level officials when they leave office

Table 4: Controlling city fixed effects

This table presents the results by further controlling city fixed effects in the regressions. In this table, we drop those cities with less than 4 listed firms. Year, industry, and city fixed effects (IYC) are included in the regressions. All variables are as defined in the Appendix A. The t-statistics reported in parentheses are based on standard errors clustered by city. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Dep. Var=	$Perk6\_Rev_{i,c,t}$	$ETC\_Rev_{i,c,t}$	$Perk8\_Rev_{i,c,t}$	$Ln\_Perk6_{i,c,t}$	$Perk6\_Asset_{i,c,t}$	*Without major 4 cities*
	(1)	(2)	(3)	(4)	(5)	(6)
$Induction_{c,t}$	0.049*	0.049**	0.035	0.099*	0.008	0.058*
	(1.79)	(2.03)	(0.94)	(1.94)	(0.84)	(1.92)
$FirmSize_{i,c,t}$	-0.198***	-0.176***	-0.284***	0.575***	-0.131***	-0.214***
	(-11.6)	(-11.8)	(-12.5)	(18.2)	(-21.9)	(-10.8)
$Leverage_{i,c,t}$	-0.414***	-0.331***	-0.709***	0.516***	0.260***	-0.326***
	(-4.88)	(-4.49)	(-6.28)	(3.31)	(8.80)	(-3.44)
$ROA_{i,c,t}$	-3.070***	-2.649***	-2.842***	0.223	0.436***	-3.477***
	(-10.4)	(-10.3)	(-7.12)	(0.41)	(4.22)	(-10.4)
$Dual_{i,c,t}$	0.023	0.024	-0.008	0.016	-0.014	0.005
	(0.68)	(0.83)	(-0.18)	(0.27)	(-1.19)	(0.13)
$Indir_{i,c,t}$	0.689***	0.384*	0.753**	0.417	0.133	0.480*
	(2.70)	(1.73)	(2.27)	(0.89)	(1.50)	(1.67)
$SOE_{i,c,t}$	-0.281***	-0.216***	-0.365***	0.056	-0.044***	-0.224***
	(-8.89)	(-7.83)	(-8.67)	(0.96)	(-3.98)	(-6.39)
$Insholdper_{i,c,t}$	0.415***	0.388***	0.365***	-0.047	0.051**	0.419***
	(6.00)	(6.45)	(3.89)	(-0.37)	(2.13)	(5.31)
$DirHolding_{i,c,t}$	-0.010***	-0.009***	-0.009***	0.001	-0.000	-0.007***
	(-5.15)	(-5.04)	(-3.31)	(0.23)	(-0.62)	(-3.30)
$Analysts_{i,c,t}$	0.018*	0.018**	-0.005	0.052***	0.019***	0.019*
	(1.88)	(2.12)	(-0.39)	(2.88)	(5.50)	(1.79)
$Male\_CEO_{i,c,t}$	0.164***	0.146***	0.044	0.294***	0.089***	0.209***
	(3.10)	(3.17)	(0.64)	(3.01)	(4.79)	(3.57)
$Salary\_CEO_{i,c,t}$	0.155***	0.117***	0.065**	0.209***	0.073***	0.143***
	(8.45)	(7.32)	(2.53)	(6.18)	(11.4)	(6.98)
$Age\_CEO_{i,c,t}$	-0.006***	-0.005***	-0.008***	-0.003	-0.002**	-0.006**
	(-2.87)	(-2.80)	(-2.80)	(-0.74)	(-2.53)	(-2.49)
$Gdp\_Growth_{c,t}$	0.074	0.351	-0.051	-0.328	0.137	-0.370
	(0.13)	(0.71)	(-0.056)	(-0.31)	(0.69)	(-0.57)
$Pop\_Growth_{c,t}$	-0.005	-0.006	-0.000	-0.011	-0.006***	-0.002
	(-0.76)	(-1.00)	(-0.026)	(-0.90)	(-2.64)	(-0.22)
Constant	3.258***	3.187***	7.679***	3.886***	1.862***	4.224***
	(7.26)	(8.16)	(13.0)	(4.70)	(11.9)	(8.24)
Fixed effect	IYC	IYC	IYC	IYC	IYC	IYC
Observations	6817	6817	5535	6817	6817	5419
Number of cities	93	93	93	93	93	89
R-squared	0.191	0.189	0.206	0.272	0.310	0.195

Table 5A: The impact of political turnover on perks: Alternative definition of *Induction*

This table presents the regression results of the impact of a new measure of political turnover ($Induction\_new_{i,t}$) on perk consumptions. If a mayor or a secretary in city c takes office in month m of year t, then his/her $Induction\_new_{c,t}$ equals (12-m+1) / 12, while $Induction\_new_{c,t+1}$ equals (m-1) / 12 in year t+1. The dependent variables are respectively $Perk6\_Rev_{i,c,t}$, $ETC\_Rev_{i,c,t}$, $Perk8\_Rev_{i,c,t}$, $Ln\_Perk6_{i,c,t}$, and $Perk6\_Asset_{i,c,t}$ in column (1)-(5). In column (6), we rerun the regression by dropping the "major 4" cities (Beijing, Shanghai, Tianjin, and Chongqing). Year, industry, regional fixed effects (IYR) are included in the regressions. All variables are as defined in the Appendix A. The t-statistics reported in parentheses are based on standard errors clustered by city. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Dep. Var=	$Perk6\_Rev_{i,c,t}$	$ETC\_Rev_{i,c,t}$	$Perk8\_Rev_{i,c,t}$	$Ln\_Perk6_{i,c,t}$	$Perk6\_Asset_{i,c,t}$	*Without major 4 cities*
	(1)	(2)	(3)	(4)	(5)	(6)
$Induction\_New_{c,t}$	0.057***	0.056***	0.061***	0.118***	0.013*	0.068***
	(2.80)	(2.90)	(2.80)	(3.09)	(1.83)	(3.12)
$FirmSize_{i,c,t}$	-0.202***	-0.183***	-0.282***	0.557***	-0.133***	-0.221***
	(-7.23)	(-7.25)	(-7.85)	(15.2)	(-14.1)	(-6.62)
$Leverage_{i,c,t}$	-0.374**	-0.304**	-0.617***	0.585***	0.260***	-0.307*
	(-2.20)	(-2.10)	(-3.66)	(4.70)	(5.10)	(-1.71)
$ROA_{i,c,t}$	-2.693***	-2.348***	-2.360***	0.451	0.525***	-2.804***
	(-6.49)	(-6.56)	(-4.40)	(0.91)	(3.87)	(-5.84)
$Dual_{i,c,t}$	0.014	0.020	-0.026	-0.006	-0.004	-0.001
	(0.22)	(0.34)	(-0.45)	(-0.10)	(-0.15)	(-0.018)
$Indir_{i,c,t}$	0.781**	0.510**	0.651	0.326	0.171	0.591*
	(2.39)	(2.03)	(1.44)	(0.69)	(1.53)	(1.78)
$SOE_{i,c,t}$	-0.243***	-0.187***	-0.290***	0.086	-0.029	-0.193***
	(-3.93)	(-3.40)	(-4.13)	(1.46)	(-1.37)	(-3.25)
$Insholdper_{i,c,t}$	0.402***	0.370***	0.324***	-0.054	0.064*	0.430***
	(4.36)	(4.38)	(2.64)	(-0.53)	(1.80)	(3.59)
$DirHolding_{i,c,t}$	-0.010***	-0.008***	-0.009**	0.001	-0.001	-0.006*
	(-2.79)	(-2.60)	(-2.38)	(0.28)	(-0.53)	(-1.72)
$Analysts_{i,c,t}$	0.011	0.013	-0.008	0.043***	0.015***	0.004
	(0.80)	(1.03)	(-0.50)	(2.76)	(2.61)	(0.24)
$Male\_CEO_{i,c,t}$	0.162**	0.145**	0.082	0.266***	0.097***	0.163**
	(2.27)	(2.58)	(0.72)	(2.77)	(4.38)	(2.17)
$Salary\_CEO_{i,c,t}$	0.136***	0.105***	0.061*	0.205***	0.075***	0.112***
	(3.94)	(3.54)	(1.73)	(6.10)	(5.63)	(3.12)
$Age\_CEO_{i,c,t}$	-0.007***	-0.007***	-0.008**	-0.003	-0.003***	-0.008***
	(-2.95)	(-2.99)	(-2.27)	(-0.77)	(-2.94)	(-2.60)
$Gdp\_Growth_{c,t}$	0.452	0.617	0.622	0.309	0.220	0.505
	(0.54)	(0.87)	(0.81)	(0.35)	(0.70)	(0.50)
$Pop\_Growth_{c,t}$	-0.272	-0.243	1.693**	0.005	-0.069	-0.997

	(-0.41)	(-0.38)	(2.30)	(0.76)	(-0.21)	(-1.00)
Constant	5.135***	4.796***	8.772***	2.128***	2.642***	4.865***
	(6.61)	(6.90)	(9.60)	(6.23)	(10.1)	(5.09)
Fixed effect	IYR	IYR	IYR	IYR	IYR	IYR
N	7935	7935	6316	7935	7935	6631
Adj. R^2	0.224	0.217	0.232	0.316	0.325	0.229

Table 5B: Different types of government officials' turnover

This table examine different types of political turnover in terms of appointing a new mayor or new communist party secretary for the city, as well as the results of alternative measures of *Induction*.. In Panel A, we examine the impact of appointing a new mayor, a new secretary or both in column (1)-(3). In Panel B, we change the definitions of government officials' turnover. Specifically, in column (4), if a mayor is promoted from an acting mayor in the same city, we define the first year as the start year form an acting mayor taking office, rather than from a mayor taking office. In column (5), if a secretary is promoted from a mayor in the same city, we define the first year as the start year form a mayor taking office, rather than from her/his taking office as a secretary. In column (6), we include these two new definitions together in the regression. We further control for year, industry, and regional fixed effects and cluster the standard errors at the city level in all regressions. All variables are as defined in the Appendix A. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively.

Dep. Var=	**Panel A: Full sample**			**Panel B: Alternative definition of *Induction***		
Perk6_Rev$_{i,t}$	*Mayor*	*Secretary*	*Both*	*Mayor*	*Secretary*	*Both*
	(1)	(2)	(3)	(4)	(5)	(6)
Induction_Mayor$_{c,t}$	0.054***		0.049**	0.029**		0.019*
	(3.05)		(2.33)	(1.99)		(1.75)
Induction_Secretary$_{c,t}$		0.033	0.016		0.035*	0.029
		(1.59)	(1.26)		(1.71)	(1.25)
FirmSize$_{i,c,t}$	-0.206***	-0.206***	-0.206***	-0.206***	-0.206***	-0.206***
	(-7.48)	(-7.51)	(-7.49)	(-7.48)	(-7.51)	(-7.50)
Leverage$_{i,c,t}$	-0.354**	-0.354**	-0.353**	-0.355**	-0.354**	-0.354**
	(-2.14)	(-2.14)	(-2.13)	(-2.15)	(-2.14)	(-2.14)
ROA$_{i,c,t}$	-2.677***	-2.673***	-2.677***	-2.673***	-2.671***	-2.673***
	(-6.45)	(-6.44)	(-6.45)	(-6.44)	(-6.44)	(-6.44)
Dual$_{i,c,t}$	0.013	0.013	0.013	0.013	0.013	0.013
	(0.21)	(0.20)	(0.21)	(0.21)	(0.20)	(0.21)
Indir$_{i,c,t}$	0.795**	0.800**	0.795**	0.795**	0.800**	0.798**
	(2.59)	(2.59)	(2.59)	(2.59)	(2.59)	(2.59)
SOE$_{i,c,t}$	-0.242***	-0.242***	-0.242***	-0.242***	-0.242***	-0.242***
	(-3.95)	(-3.95)	(-3.96)	(-3.95)	(-3.96)	(-3.96)
Insholdper$_{i,c,t}$	0.412***	0.412***	0.412***	0.413***	0.412***	0.412***
	(4.38)	(4.36)	(4.37)	(4.38)	(4.36)	(4.36)
DirHolding$_{i,c,t}$	-0.009***	-0.009***	-0.009***	-0.009***	-0.009***	-0.009***
	(-2.75)	(-2.74)	(-2.75)	(-2.74)	(-2.74)	(-2.74)
Analysts$_{i,c,t}$	0.012	0.012	0.012	0.012	0.012	0.012
	(0.85)	(0.88)	(0.86)	(0.85)	(0.87)	(0.87)
Male_CEO$_{i,c,t}$	0.164**	0.164**	0.164**	0.164**	0.164**	0.164**
	(2.35)	(2.35)	(2.36)	(2.36)	(2.35)	(2.35)
Salary_CEO$_{i,c,t}$	0.139***	0.138***	0.139***	0.138***	0.138***	0.138***

	(4.12)	(4.10)	(4.12)	(4.11)	(4.10)	(4.10)
$Age\_CEO_{i,c,t}$	-0.007***	-0.007***	-0.007***	-0.007***	-0.007***	-0.007***
	(-2.98)	(-2.99)	(-2.98)	(-2.99)	(-3.00)	(-2.99)
$Gdp\_Growth_{c,t}$	0.521	0.549	0.520	0.544	0.546	0.538
	(0.64)	(0.67)	(0.64)	(0.67)	(0.67)	(0.66)
$Pop\_Growth_{c,t}$	0.001	0.000	0.001	0.000	0.000	0.001
	(0.18)	(0.059)	(0.19)	(0.10)	(0.064)	(0.12)
Constant	4.696***	4.710***	4.696***	4.700***	4.709***	4.702***
	(7.51)	(7.56)	(7.53)	(7.52)	(7.56)	(7.54)
Fixed effect	IYR	IYR	IYR	IYR	IYR	IYR
N	7935	7935	7935	7935	7935	7935
Adj. R^2	0.225	0.224	0.225	0.224	0.224	0.224