

Compensation and the Consolidation of Authoritarian Power: Evidence from China's 2016 PLA Reform*

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Abstract

The extant literature suggests that a dramatic move to weaken the power of a large segment of the military elite would invite collective resistance against the dictator. Yet, other theoretical work suggests that the dictator can divide even a powerful elite by offering selective incentives to a subset, thus forestalling collective resistance even in the midst of a naked power grab. We examine the dynamics of this path to power consolidation through China's 2016 reform of the People's Liberation Army (PLA). We draw on an original database of Chinese top leaders' activities and factional ties with PLA officers to show Xi Jinping compensated senior officers in units affected by the reform without displaying favoritism to his followers during its gestation period. After the reform, however, factionalism dominated instead. The article unpacks how a dictator personalizes political power in a highly institutionalized setting.

Keywords: divide and rule, 2016 PLA Reform, Guardianship Dilemma, Global Games, Power Sharing, Chinese Politics, Collective Action, Moral Hazard

JEL Classification:D73, D74, H11, H56

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1 Introduction

The guardianship dilemma, the potential threats to the leadership posed by armed forces whose job is to defend the regime, is particularly severe in authoritarian regimes, where constitutional constraints are weak (Acemoglu, Ticchi, and Vindigni 2010; Svolik 2012a; Tullock 1987; Slantchev and McMahon 2015). The resolution of this dilemma typically involves transferring benefits to the military to disincentivize a coup and institutionalization which provides transparency and guarantees future payoffs to military elite (Acemoglu, Ticchi, and Vindigni 2010; Meng and Paine 2022; Svolik and Boix 2013; Svolik 2012a; Gandhi 2008). A heightened sense of external threat also alleviates the threats from the guardians (Slantchev and McMahon 2015). We add to the existing understanding of civil-military dynamics in authoritarian regimes by focusing on a clear episode where the civilian dictator centralized an enormous amount of power in his own hands at the expense of major segments of the military, the 2016 People's Liberation Army (PLA) reform in China.

Because the reform substantially weakened the power of three major departments of the PLA, as well as disbanded two military regions, the military elite had high incentives to act collectively against the dictator. Yet, the reform took place smoothly after nearly 3 years of lobbying and maneuvering by Xi Jinping. The static nature of the existing theories of the guardianship dilemma makes it difficult for them to explain both the smooth outcome and the enormous changes in the relative distribution of power. We thus propose the additional mechanism focusing on the use of selective incentives to compensate affected members of the military elite during the reform, in essence a divide-and-rule (henceforth DR) strategy.

Theoretically, we argue that the dictator is able to implement a reform by offering losers authoritarian compensations that help divide the resolve of (potential) challengers to Xi's reform. To be sure, this maneuvering to prevent collective action took place in the backdrop of established military and party institutions, which provided relatively stable payoffs to officers of different ranks and dictated the authorities and benefits of active duty and retired officers. These institutional features allowed Xi to implement a DR strategy which created divergence in officers' expectation of the eventual payoffs based on Xi's allocation of various outcomes during the reform period: delayed or early retirement, promotions, and purges.

Empirically, we answer questions regarding how Xi credibly signaled his intention to compensate officers, who were compensated, and how/when were they compensated during the 2016 PLA reform. We break two new grounds. First, we collect publicly available press data on Xi Jinping's engagement with the PLA and find that in addition to formal meetings on reforming the military, Xi also engaged in a number of ad hoc visits to military units across China, where bilateral, informal meetings between Xi and senior officers were more likely. The level of ad hoc visits was higher than Hu Jintao's visits to military units and higher than his own visits to military units in the 2017-2019 period after the reform. Second, adding to the growing literature on military promotions in authoritarian regimes (Mattingly 2022), this paper also finds that Xi did not pursue a clear factional strategy of promoting followers before the completion of the reform, which would have invited collective action against him. Instead, Xi selectively awarded promotions and delayed retirements to officers affected by the reform. He also did not carry out a wide-ranging purge of anyone associated with Xu Caihou, who oversaw an enormous, corrupt empire in the PLA. Because he did not clearly pursue a factional strategy in the military and signaled heterogeneous, but on average positive, outcomes to officers affected by the reform, open opposition against him was never mobilized.

Our findings also suggest the importance of military institutionalization in authoritarian regimes, an under studied area in the extant literature. Clearly, Xi's strategy of offering selective incentives

to affected officers during the reform only worked because these officers found higher ranks or delayed retirement as credible payoffs to them. This was only possible because of a high degree of institutionalization in the pay and benefits of the military, rather than institutionalization in the party. The case of the 2016 PLA reform suggests military institutionalization as a fruitful avenue of research on dictatorships.

Moreover, our paper engages with several strands of literature on comparative authoritarianism and makes both theoretical and empirical contributions to them. First of all, this paper enriches the literature of authoritarian compensation by expanding its scope to include the context of the Chinese military. So far, most studies (J. Chen, Wang, and Zhang 2022; Gandhi, Heller, and Reuter 2017; Kaire 2019) have focused on civilian bureaucrats or politicians, but we make inroads in showing empirically that such a political logic also applies to the military under dictatorships.

Second, in contrast to various exogenous factors such as the lack of elite cohesion (Kaire 2022), the absence of "old guards" (Leber, Carothers, and Reichert 2023) and failed coup attempts (Timoneda, Escribá-Folch, and Chin 2023) that give dictators an opportunity to shift the balance of power between them and their allies in their favor, our study shows how such a transformation can happen endogenously through dictators' DR strategy. Empirically, our findings demonstrate how authoritarian institutions empower dictators with an informational edge to divide their allies and make the latter unable to overcome the collective action problem. Naturally, our research also extends the literature on civil-military relations in dictatorships (Croissant and Kuehn 2015; Li 2021; Sheng 2023; You 2020) by demonstrating what tactics a civilian dictator can adopt to change the power-sharing relationship with his or her guardian in a highly institutionalized context.

Finally, among the recent surge of scholarly interest in how the personalization of authoritarian power leads to more assassinations/less coups orchestrated by regime challengers (Chin et al. 2022), less nonviolent uprisings mounted by protesters (Chin, Song, and Wright 2023), lower central bank independence (Redwood 2022)¹, and less media freedom (Sheen, Tung, and Wu 2022), our study adds to this body of work with rich findings of leadership consolidation of control over high-level military personnel in China and, more critically, the mechanism through which the dictator accomplished such a power grab.

The paper is structured as follows. We present our theoretical argument and derive the hypotheses to be tested in Section 2, followed by a qualitative and descriptive account of the 2016 PLA reform in Section 3 to contextualize our theory. Section 4 details our methodology of data collection and empirical results. Section 5 concludes the paper with a summary of findings, our contributions, and avenues for future research.

2 Power Consolidation through Authoritarian Compensation and Divide-and-Rule Strategy

2.1 Authoritarian Compensation

The importance of power-sharing arrangements and patronage distribution in authoritarian politics has long been recognized by scholars. For example, in an earlier study on dictatorships, Win-trobe (2009) made a noteworthy comparison, "*...if democracy may be likened to a pork barrel, the typical dictatorship is a warehouse or temple of pork!*" (336) The political logic behind this is succinctly summarized by Bueno de Mesquita et al. (2005) : "*Make no mistake about it, no leader rules alone. Even*

1. What should be noted here is that the paper actually finds the relationship to be nonlinear. The authoritarian regimes with very low and very high levels of personalism tend to have lower central bank independence vis-à-vis those with intermediate personalism.

the most oppressive dictators cannot survive the loss of support among their core constituents." (28-9) In essence, leaders in authoritarian nations, similar to their counterparts in democratic systems, must engage in concessions and negotiations to form a governing coalition with their essential supporters. Furthermore, recent literature on authoritarian institutions expands on this argument, both theoretically and empirically demonstrating that institutionalizing such power-sharing relationships through mechanisms like elections, legislatures, or political parties can prolong the lifespan of authoritarian regimes (Brownlee 2007; Magaloni 2008; Wright 2008), boost their economic growth rates (Gehlbach and Keefer 2011; Magaloni 2008), and attract more investments (Gehlbach and Keefer 2011).

From this perspective, when dictators try to introduce certain reforms that could disrupt the original power-sharing relationship between them and their supporters, the regime stability could also be undermined. In fact, even if such reforms might benefit the regime as a whole in the long run, they might nonetheless create short-term losers. For instance, when Deng Xiaoping kicked off the reform to institutionalize China's Communist Party in 1980s and "eliminated lifetime tenure and instituted mandatory retirement for almost 20 million cadres" (Gehlbach and Keefer 2011; Manion 1993), these people instantaneously lost the perks their predecessors used to enjoy and stakes in the regime despite the fact that the reform allowed the country to attract "investment without democracy." More recently, we saw another similar case in Russia where between 2003 and 2007, as Putin tried to enlarge the United Russia's base through manipulating the electoral rules, the changes nevertheless also made the reelection prospect for some of the incumbent legislators of the same party more uncertain (Gandhi, Heller, and Reuter 2017). Last but not least, the case in focus of this paper, the PLA reform in 2016, also created losers within the Chinese military (e.g., those officers who served in the merged military regions and disempowered PLA departments) in the name of facilitating China's military modernization. When the reform is sufficiently wide-ranging, the losers may make up a sufficient share of the ruling coalition so as to pose threats to dictators' political survival.

Authoritarian leaders have a number of tools available to deal with this trade-off between reform and stability so as to avoid the danger Tocqueville predicted more than one century ago: "The most dangerous moment for a bad government is when it begins to reform. (Tocqueville 1983)" When they are strong enough, they can disenfranchise all losers by purging the ruling coalition of them—just like what we witnessed in the recent anti-corruption campaigns in China, Saudi Arabia, and Vietnam. Yet, in fact, as the voluminous literature on political economy of reforms has shown, we also see various kinds of dual-track solutions where, in addition to the track where reforms are implemented, a non-reform one is created at the same time for (potential) losers of them to be compensated.² In the context of economic reforms, Lau, Qian, and Roland (2000) famously argue that it was precisely owing to its dual-track approach where the implicit lump-sum transfers could be made to compensate potential losers of market liberalization that China was able to create an economic miracle since the late 1970s.³ Moreover, we also witness the same strategy in various cases of political reforms. For example, in the aforementioned Russian case, Gandhi, Heller, and Reuter (2017) show that, at the same time when the change in the electoral system was enforced for political benefits, the prospective losers owing to the change were also compensated either by an electoral boost or appointed positions. Similarly, when Deng Xiaoping terminated the lifelong tenure for party cadres in China in 1982, the Chinese leadership also didn't forget to establish a

2. The "dual track" therefore refers more broadly to the presence of any inefficient compensation schemes in tandem with a welfare-enhancing reform.

3. China's dual-track price system was not fully terminated until 1994 when its dual exchange rate regime was finally abolished.

separate system of perks for retirees as a compensation (Manion 1993)⁴ J. Chen, Wang, and Zhang (2022) also observe a similar political strategy in China's state-building during her Early Medieval period (circa 220-589 AD). Beyond domestic politics, Kaire (2019) also found cross-nationally that compensating autocratic elites was strategically employed by dictators to defuse potential regime risks arising from international demands for economic liberalization that hurt the former's interests. We therefore have the following hypothesis:

H1 Authoritarian Compensation A military officer who was affected by the reform was more likely to receive a promotion or delayed retirement than one who was not.

2.2 Divide and Conquer

From a dynamic perspective, making authoritarian compensations for losers to accomplish reforms allows dictators to enforce a DR strategy that makes potential challengers unable to overcome their collective action problem. First, if a population already is divided due to some exogenously given differences which increase the costs of cooperation, even a weak political leader can take advantage of the fragmentation of its society to implement a DR strategy. These differences can either arise from a long-standing feud among different groups, or from certain primordial features that hamper communications and undermine trust among them. For example, Miquel (2007) argues that, in an ethnically divided society, even a weak leader can prey on the group of his or her own kin by exploiting their fear of being further abused by a new leader coming from another ethnic group. The trust among different ethnic groups in a society is so low that a challenger from an ethnic group is unable to make a credible commitment to people of other groups that they won't be hurt by a change in leadership.

Theoretically, even without existing social cleavages, Acemoglu, Verdier, and Robinson (2004) contend that a kleptocrat in a two-group society can simply buy off the group which may receive a proposal to join an opposition coalition against the dictator. Anticipating such a counteroffer made by the kleptocrat, the proposer group would never make such an attempt along the equilibrium path. In other words, a DR strategy is made possible by the proposer group's belief that kleptocrat is credible in making such a counteroffer and the proposed would turn down the proposal to accept it. In the context of the issue addressed in this paper, the 2016 PLA reform, a DR strategy implies that the authoritarian compensation should be made to those affected military officers from both Xi and non-Xi factions. It is precisely because of this non-discriminatory approach that those potential anti-Xi forces were unable to act in tandem to resist the reform and Xi's power grab.

Furthermore, the theory also predicts that, when the dictator's power is consolidated and the potential threats to the regime have been removed, the dictator can abandon the DR strategy. In the Chinese context, we therefore should expect to observe a far more exclusive approach in promoting only members of Xi's faction after the reform was concluded. Finally, the DR strategy is predicated on the proposer group's belief that a leader's counteroffer (which is only going to be realized *ex post*) is credible to the proposed group. Since the PLA authorities, pay, and benefits are distributed in a hierarchical fashion and the compensation was made in the form of promotion to a higher military-bureaucratic echelon or delayed retirement, we share Xi (2019)'s and Geddes (2009)'s view that the dictators' commitment problem to their payment is mitigated by the institutionalization of the bureaucracy over which they seek to control. As an example, for officers

4. What is worth noting here is a subtle difference between economic and political reforms. In the former, compensations are usually made to neutralize veto players who are potential *economic* losers but enjoy enough *political* clouts to sabotage reform efforts. In the latter, by contrast, compensations are made instead to prevent reform targets from becoming a threat to authoritarian stability.

affected by the reform and who were not in Xi's faction, if they were offered a promotion and the chance to serve additional years beyond retirement, they knew that military institutions would automatically bestow on them some benefits, even if they were forced into retirement a few years later. For the promoted generals, they would enjoy higher levels of benefits even in retirement (Manion 1993). For those nearing retirement age who received an additional year or two of active service, they could use that extra time to enrich themselves, even knowing that they may be forced into retirement sooner than some of Xi's followers. As long as basic institutions bestowing additional benefits to higher level officers and to active duty officers held, senior military officers did not have to worry too much about the commitment problem.

Based on the theoretical discussion above, we derive hypotheses on expected personnel outcomes during course of the PLA reform, which began soon after Xi took power in 2013 and lasted through 2016.

H2 Endogenous Power

H2a Before Xi's power was consolidated, there was a positive probability for a non-Xi-faction military officer to receive a promotion or delayed retirement.

H2b After Xi's power was consolidated, there was a positive probability for a Xi(non-Xi)-faction military officer to be promoted or to delay retirement (purged/ early retirement)

What is worth noting here is that we focus on personnel outcomes because, unlike most outcomes in authoritarian regimes, they are credible and easily observed. Given the pyramidal structure of the regime, including the military, promotions to higher echelons automatically bestow greater power, prestige and benefits. The higher one rises, the fewer the number of positions and the greater the benefits, thus making higher level positions desirable. Meanwhile, the state media, in most cases, still report the latest promotions of senior officers, which allows outside observers to collect systematic data on their career trajectories up to a point.

3 Background: The 2016 PLA Reform and PLA Institutions

By all accounts, the 2016 PLA reform was the deepest restructuring the PLA has seen since the death of Mao in 1976. As the 2016 Central Military Commission decree formalizing the reform states "the reform of defense and the military...is backed by an unprecedented force, is affecting vested interests with unprecedented depth, and is having an unprecedented breadth of impact" (Central Military Commission 2016). A long-time expert of the PLA likewise assesses that the 2016 reform has "gone far beyond previous periods of reform." (Finkelstein 2019).

Most important for theories of authoritarian politics, the 2016 reform took power away from a large number of officers and placed it into the hands of the dictator himself, Xi Jinping. The 2016 reform dramatically weakened three traditionally powerful departments of the PLA, the General Staff Department (GSD), the General Political Department (GPD), and the General Logistics Department (GLD).⁵ For the GSD, its strategic planning functions, training and education functions, its control over the internal structure of the military, and even some electronics intelligence roles were stripped out and given to newly created departments of the CMC and even to a newly created branch of the military, the Strategic Support Force (Wuthnow and Saunders 2019a). The GPD lost

5. Although the General Armament Department (GAD) also became a branch of the Central Military Commission (CMC), instead of an independent department, it did not lose as much power.

two of its most powerful tools vis-à-vis the entire military, its anti-corruption role and the military judiciary system. These two functions became independent departments under the CMC, thus giving Xi himself greater direct control over the justice system in the military (Wuthnow and Saunders 2019b). This relegated the GPD, now the CMC Political Work Department, to a mainly propaganda role. Finally, the General Logistics Department also lost functions to the Strategic Support Force and its auditing function to a newly created independent department. The GLD's previous authorities to audit its own procurement of military equipment had allowed it to engage in vast amount of corruption, but that authority was taken away in 2016 (Wuthnow and Saunders 2016).

As a result of these changes all three departments were transformed into smaller, less powerful organs under the direct control of the CMC, headed by Xi Jinping himself (Wuthnow and Saunders 2019a). In addition, two military regions, the Jinan Military Region and the Chengdu Military Region, were disbanded with hundreds of subordinate units either disbanding or placed under the command of surviving military regions, now called theater commands (Wuthnow and Saunders 2019a). More astonishingly, these changes, which altered the careers and powerbases of hundreds if not thousands of senior officers, all came into effect on a single day, January 1st, 2016. This was not a reform decades in the making, but was planned and executed by Xi during the first three years of his tenure as the head of the party and of the military. Yet, in the midst of this wide ranging reform, the fundamental hierarchy of the military was not disturbed. Positions in the military were still divided into hierarchical echelons— division, army, military region, CMC— with higher echelon officers entitled to serve in more powerful positions with greater benefits.

The reform was not a surprise for those in the military since hints of the extent of the reform likely began to circulate in the elite circle starting in early to mid 2013. Even the first public hint of the scope of the reform, described in the 3rd plenum reform document published in November 2013, strongly suggests radical reconstitution of the command structure. The 3rd plenum document states “deepen the adjustment and reform of the institutions and rosters of the military, promote reform of the management structure, improve the allocation of duties and institutional design of the leading organs of the Central Military Commission...” (Central Committee 2013). In 2013, however, much of the authorities to operate various aspects of the military resided in the three historically entrenched departments of the PLA—the GSD, the GPD, and the GLD, and not in the CMC. By highlighting new authorities and institutions for the CMC and by not mentioning the other three departments, it was apparent that Xi had meant for power to migrate out of the three departments toward the CMC, which was and is headed by him.

Furthermore, the 2013 decree also calls for “perfecting the institutions in the CMC for joint warfare command and perfecting the system of joint command at the theater level” (Central Committee 2013). Not only does this additional wording suggest a migration of battlefield command from the General Staff Department, which had overseen operational command since 1949 following the Soviet model, to the CMC, it also suggests replacing military regions, the traditional geographical subunits in the PLA, into something that was more akin to theater command in the US. Certainly by the end of 2013, it was very clear to PLA insiders that enormous changes in the PLA command structure, both at the highest level and at the regional level, would take place. These clear hints in 2013 suggest that private information on the nature of the reform was an unlikely explanation of the success of the reform. Such changes to status quo power would have been an open invitation to collective action in the PLA to either stall the reform indefinitely, as the PLA had done during previous administration, or even to act collectively against Xi himself (Wuthnow and Saunders 2019b).

In the midst of these enormous changes, however, one should note that basic institutions organizing officers into a pyramidal hierarchy and allocating power and benefits to officers of different

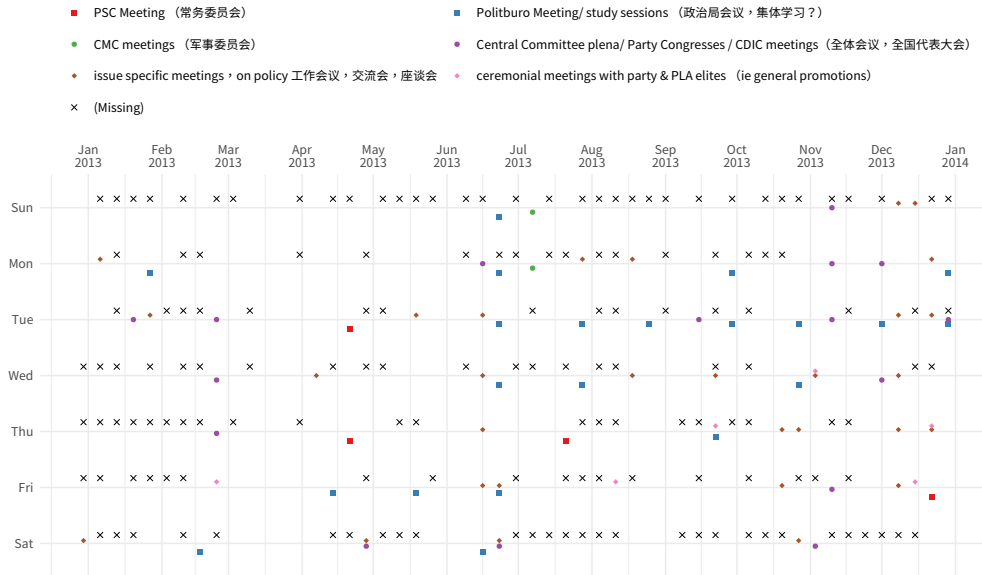
levels remained the same, as stated in the 1988 “Regulations on military ranks of PLA officers” (Central Military Commission 1988). Although pay and benefits among officers of the PLA were relatively egalitarian in the wake of the Cultural Revolution, the 1980s and 1990s saw both overall increase in military pay and differentiation in both pay and benefits based largely on the positions officers held in the military hierarchy (Cheng and K. Chen 2009). In addition to basic pay and special duty pay, PLA officers at different levels also were entitled to a growing array of housing, medical, food, and schooling benefits for themselves and their dependents with commanders at the military region and CMC levels enjoying the pinnacles of the suite of benefits (Cheng and K. Chen 2009). In fact, the pay and benefit system based on administrative rank, instead of military rank per se, was still so entrenched in 2016 that even some PLA insiders called for some reform of the system (Gao and Hu 2016).

For Xi, the institutionalization of the benefit system in the PLA likely provided a useful lever for his DR strategy. Although military regions were abolished and the power and authorities of individual departments changed, officers serving in units at a certain level still enjoyed greater power than officers at lower level units and reaped greater legal benefits than subordinate officers. For example, officers leading a military region level unit still had greater power and benefits than officers at the vice military region level or the army level. Likewise, although retirement age was malleable, as we show, it was not infinitely malleable for most officers of the PLA, except for the chairman and vice chairmen of the CMC. Thus, if Xi were to grant an officer the benefit of a year or two of delayed retirement, there is less risk of renegeing since the best possible outcome was not that much better than the realized outcome. We show that the stability of these basic institutions made the selective payoff offered by the dictator more credible and encouraged a degree of willful myopia on the part of the military elite (Geddes 2009).

The literature suggests several alternative mechanisms to explain the success and smooth progress of the 2016 reform. The simplest explanation was that the dictator, in this case Xi, was already governing over an “established dictatorship” when it came to the PLA, allowing him to reform it as he pleased since the military was too weak to resist it in any event (Svolik 2009). In the history of Chinese politics, a clear example of military reform under an established dictatorship was Mao’s rotation of military leaders between military regions in 1973. By rotating the leadership of all the military regions, officers had to leave their established networks behind and serve in positions where they had few followers. Yet, Mao was able to achieve this by holding a single meeting where he issued the order for rotation after leading the attending officers in the singing of a song on military discipline (Shih 2022). The 2016 reform was not nearly as easy. First, in addition to holding numerous formal meetings of the CMC or the Leading Group on Military Reform, he also spent additional time visiting various military units, much more so than his predecessor Hu Jintao (Wuthnow and Saunders 2019b). If he was so powerful, why did he need to do so? Second, as we show in our results, he also did not pursue a strictly factional strategy in promoting or purging military officers. This likely was done to prevent collective action from occurring, which suggests his perception of limited power.

Second, perhaps power sharing institutions in the party and in the military, including the Central Committee and the Central Military Commission, provided enough assurance of long-term payoff to enough officers such that they were not incentivized to act against Xi (Svolik and Boix 2013; Gandhi 2008). To be sure, the case of China suggests that the hierarchically ranked payoffs to the elite, provided by both party and military institutions, played a key role in dissolving resistance against Xi (Svolik 2012b). Nonetheless, we do not think that institutions alone could have produced such a smooth outcome for Xi, nor did Xi himself apparently believe it since he spent three years actively lobbying and signaling to the military elite about their eventual payoffs. If he had believed that institutions alone were enough, he would have carried out the reform by holding

Figure 1: Part of Xi's Activities in 2013



only a series of formal meetings on the reform and by promoting officers purely on a merit basis. This was not the case.

Finally, perhaps an intensification of external threats forced the military to fall in line with his proposed reforms, which had the stated aim of strengthening the joint fighting ability of the PLA (Finkelstein 2019; Slantchev and McMahon 2015). Although the beginning of the Trump Administration in 2016 led to greater US actions against China, the wave of US measures primarily took place after the January 2016 reform, not during its gestation. Also, US policies against China mainly took the form of targeted sanctions and tariffs, rather than direct military threats. The survival of the regime was not under threat at any time in the entire reform period.

4 Data and Empirical Findings

4.1 Data Collection

4.1.1 Xi's Activities

This paper makes use of two main databases. First, in order to assess whether Xi actively proposed payoffs to potential opponents of the reform, we code an original database of Xi Jinping's activities using publicly available reporting from Xinhua, the People's Daily, as well as from edited collections of Xi's speeches on national defense. This data base records over 2000 activities between late 2012 and 2019, over 300 of which were related to the military (see Figure 1 for some examples). Although by no means definitive, we show suggestive evidence that Xi elevated the level of engagement with the military in the 2013–2016 period through both formal meetings, suggesting the use of formal institutions, and through ad hoc inspections of military units, which suggest private proposal of payoffs to officers. We further show his level of engagement with the military compared with his predecessor Hu Jintao through the first three years of them serving as the chairman of the CMC.

Figure 2: Biographical Panel of PLA Officers (Part)



Figure 1 provides a snapshot of Xi’s activities in 2013. Other than attending regular Politburo, PSC, and CMC meetings, Xi also traveled around the country for domestic inspections, visited military units, attended ceremonial meetings, and met with foreign leaders. As we will see in the analysis below, Xi especially engaged with the military during the 2013–2016 gestation period for the reform.

4.1.2 Biographical Panel of PLA Officers

The second set of data consists of the biographical data of over 600 PLA officers. We combine existing data on PLA officers serving the Central Committee (Meyer, Shih, and Lee 2016) with PLA officer data from Mattingly (2022) and additional officers serving at the provincial military region level. For each PLA official we record every position they have held throughout their careers, and the start and end time they held each position. We also include other individual-level characteristics such as factional affiliation, princeling status, birth year, ethnicity, branch affiliation (defined as two or more positions in a given branch), and education levels. This data set provides both the IVs and the DVs for our individual level analysis.

Figure 2 provides an examples of the biographical panels of some PLA officers. Each row represents one PLA officer, where we track their career advancement over time. We track officers at the vice army (*fujun*) and above level from 2004 onward. 2004 was chosen as a starting point because it was the first year when Hu Jintao served as the chairman of the Central Military Commission, which allows for a comparison between Hu and Xi.

In order to measure promotion, an important positive outcome for officers, we classify PLA positions into 4 levels: Lower PLA positions (mainly vice army and army level), Vice Military Region (ViceMR) level, Military Region (MR) Level, and Central Military Commission (CMC) level for those officers who served as a member of the CMC. Since specific positions in the military came with various administrative ranks, our data, which contain information on hundreds of disparate positions in the PLA, can easily be converted into administrative rank data. Administrative ranks also contain crucial information for testing our theory because each rank comes with its own level of authorities and benefits. Obviously, the higher the level, the greater the authorities and benefits (Cheng and K. Chen 2009). Although authorities are taken away once an officer retires, the benefits can be enjoyed by officers at a given level for life. This institutional feature heightens the premium of promotions in the Chinese government and in the military. In our regression analysis, any change from a lower level position to a higher level position is considered a "promotion" which bestows repeated benefits over time.

Other than promotion, time of retirement is another benefit dictators can hand to officials. Although officers are required by law to retire by a certain age (eg, Lower PLA has to retire by age 55; Vice MR has to retire by age 63; full MR level by 65), we do observe large heterogeneity in the actual retirement age (Figure 3). Although retired officers still enjoy housing and salary benefits post-retirement, they lose most authorities upon retirement. Thus, delayed or early retirement are important outcomes at the individual level. In our measurement of delayed or early retirement, we use the median retirement age of each PLA level as the baseline to determine whether factional affiliation and service in units affected by the 2016 PLA Reform affected whether an official received early or delayed retirement.

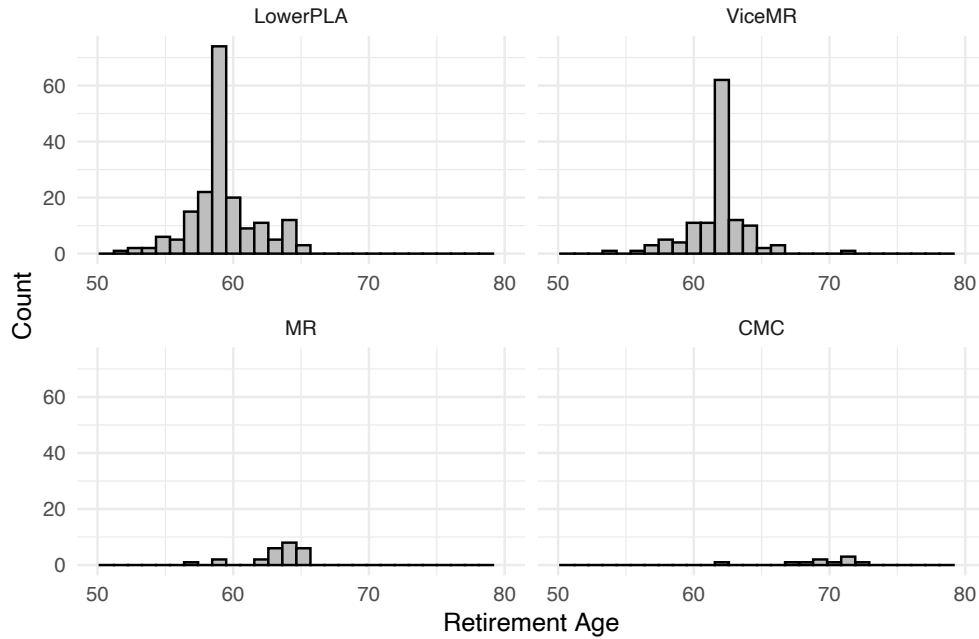
The final component of our DV is purges, which is marked by the beginning of an officially announced anti-corruption investigation against an officer. Once an official investigation is announced, an officer is removed from office, and the conviction rate is nearly 100%. Thus we mark an officer's purge with such an announcement.

To come up with a single measurement of career outcomes, we group these various outcomes into positive, neutral or negative outcomes (1, 0, -1) for the officer. Promotion and delayed retirement are considered good outcomes, while purges and early retirement are bad outcomes. Lateral rotations and retirement after one has reached official retirement age are considered neutral outcomes. Given this scale, we estimate how factional affiliation and potential impact from the reform affected career outcomes.

To measure factional connections, we follow much of the existing literature to code overlaps in position between the patron, Xi Jinping, and clients, military officers primarily in the Nanjing Military Region when Xi had served there, as a dummy variable. Although Xi is a civilian leader, as the party secretary at the municipal and provincial level, he also served as the first secretary of sub-provincial Ningde and Fuzhou military sub-regions, the first secretary of the Zhejiang Provincial Military Region, and of the Shanghai Garrison (*Shanghai Jingbeiqu*), as well as a member of the Nanjing Military Region Mobilization Committee between 1999 and 2003 (Xinhua 2017). Because of these links, the extant literature on faction suggests that Xi has a faction within the military. Likewise, his predecessor Hu Jintao, who spent the bulk of his career in similar positions in the Chengdu Military Region, also had some links with military officers. Finally, Xi's biggest opponent in the military, Xu Caihou, had a sizable faction as well based on his career in the Shenyang MR, the Jinan MR, and the General Political Department.

Figure 4 presents the rate of promotion (percentage of officers got promoted), late retirement, early retirement, and purge between officers belong to Xi and Hu factions. Quite to our surprise, up until 2016, officers from Xi faction did not really enjoy benefits of promotions, compared to officers from the Hu faction. The factional benefits of promoting Xi followers only took place after

Figure 3: Retirement Age of PLA Officers by Level



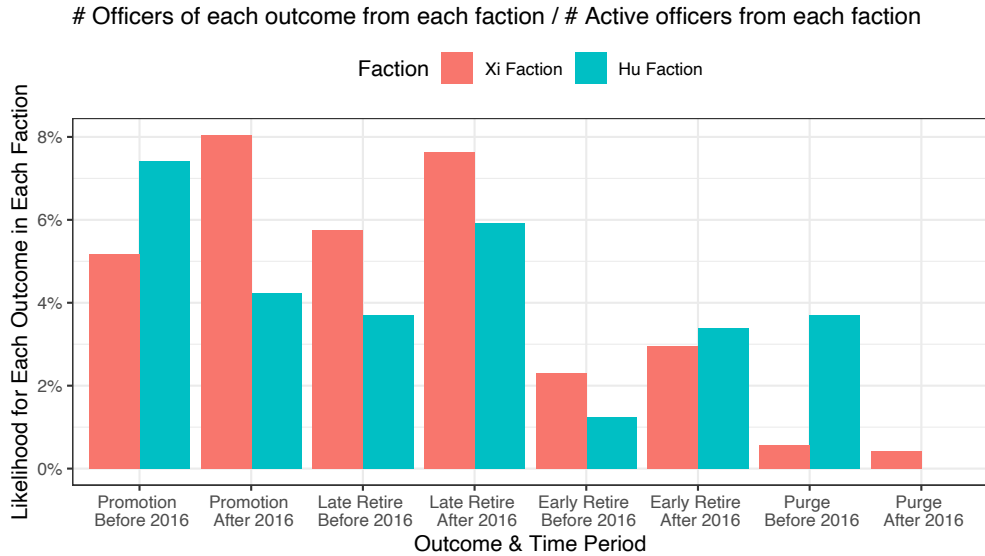
2016. This puzzle motivates further analysis using panel data regressions.

Figure 5 presents the number of officers in each faction. As Figure 5 reveals, most officers in our data do not have a clear factional connections to Xi himself or to his main civilian competitor, Hu Jintao, or even competitor in the military, Xu Caihou. Thus, the majority of senior military officers were “up for grab” as Xi sought to prevent them from acting collectively against him.

4.2 Xi’s Formal Meetings and Ad Hoc Visits with PLA Officers

In order for the DR strategy to work, dictators must demonstrate credibly that they are prepared to offer some payoffs to potential members of opposition coalitions. We present suggestive evidence of this by measuring how much of his scarce time Xi devoted to military-related activities during the gestation period of the reform, compared to the post-reform period and compared to the activities of his predecessor, Hu Jintao. Xi’s military engagements can be divided into two categories: (1) institutionalized meetings, which included CMC meetings, work meetings of PLA departments, or PLA Leading Group on Reform meetings, and (2) ad hoc visits to PLA units. Institutionalized meetings involve a large number of senior military corp and do not signal his attempt to offer selective incentives to a subset of the military elite. In contrast, ad hoc visits, which are not required to take place by regulation, include visits to military units during provincial inspection tours and inspections of military units based in Beijing. Unlike institutionalized meetings, these visits at times spanned days and afforded the CMC Chairman ample opportunities to speak privately or in small groups with members of the military elite. Historically, ad hoc visits with military units played an important role in Chinese leaders’ political strategy. In 1971, Mao took a southern tour to hold a series of small-group meetings with his most trusted generals in the run up to his clash with Lin Biao (Shih 2022). In 1991, Deng Xiaoping embarked on the Southern Tour, including visits to military units, to send a strong signal to the incumbent secretary general, Jiang Zemin, that his po-

Figure 4: Promotion Outcomes by Factions

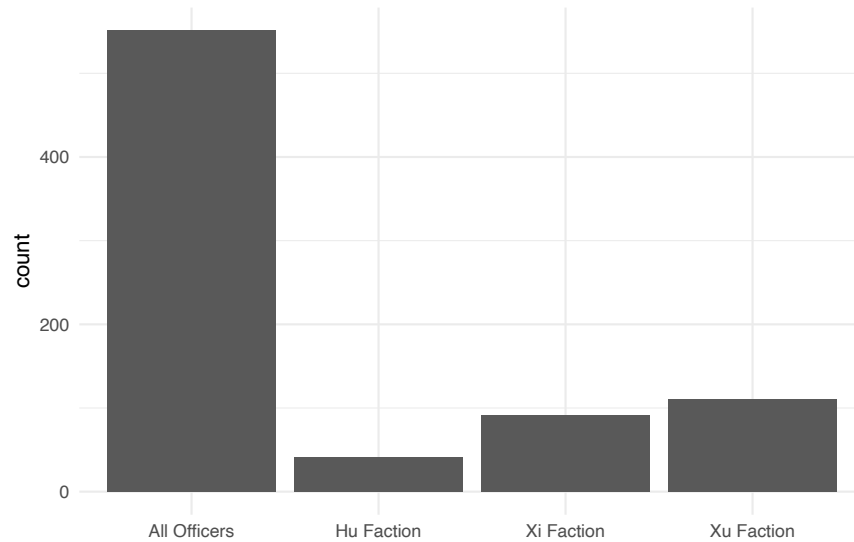


sition, should he failed to carry out further reform, was far from secure (Nathan and Gilley 2002). In both cases, the supreme leaders of the party met privately with PLA generals, which potentially led to private guarantees of payoffs to these generals, but also an uncertain signal to the rest of the elite on whether these PLA officers could be convinced to side with any collective action against these supreme leaders. Sowing the seeds of doubt in a sense is at the heart of a DR strategy.

Figure 6 shows the number of military-related activities by quarter both for Xi and Hu. In our data, we find that Xi usually spent more time on ad hoc visits than institutionalized meetings of the PLA, especially during 2013–2016. On average, Xi had around 6 ad hoc meetings per quarter, while only 2 institutionalized meetings per quarter before 2016. To be sure, he likely had even more unreported institutionalized meetings with the PLA, especially with the Leading Group on PLA Reform, that were not reported by the media. Yet, provincial visits to the troops also typically took much longer than a typical institutionalized meeting in Beijing, days versus half a day or so in Beijing. In addition, when we compare Xi’s military engagements with Hu’s, the difference is even more striking. Hu’s engagement with the military through institutionalized settings actually were much more frequent than Xi’s, and Hu hardly changed anything in the military. Yet, Hu conducted many fewer ad hoc inspection visits to military units. Compared to Xi, who had 6 ad hoc meetings with the military per quarter, Hu usually just had 1-2 ad hoc military meetings per quarter. Xi’s observed time allocation to ad hoc visits suggests that Xi at least felt that ad hoc military meetings played just as important, if not more important, of a role in the military reform process as institutionalized meetings.

If we look more closely into where Xi visited, it shows another interesting pattern. Figure 7 presents the number of visits per quarter Xi did with the winner of the reform, losers of the reform, and his core support base, the Nanjing Military Region. We find that Xi spent more time visiting both his base supporters, officers of the Nanjing Military Region, and losers of the reform, officers of the 3 major PLA departments and officers of the Chengdu and Jinan Military Regions, during the lead-up to the reform. This is consistent with the theory that Xi had wanted to signal his intention to court the officers affected by the reform, potentially offering them payoffs during his

Figure 5: Size of the Factions among PLA Officers



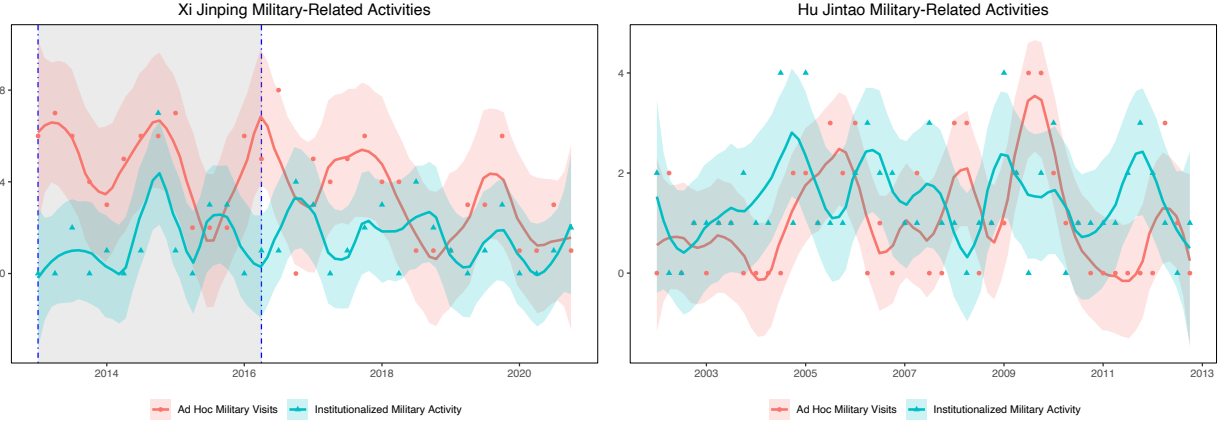
visits (Acemoglu, Verdier, and Robinson 2004). According to the theory of divide and rule, the rest of the officer corp, even those strongly against Xi, would be deterred from forming an opposition coalition given Xi’s courting of the reform losers.

4.3 2016 PLA Reform and PLA Promotion

We further explore Xi’s reform strategy through the lens of promotions of senior officers. According to the DR theory, if Xi were able to offer payoffs to reform losers in a credible way, it would have provided powerful deterrence to the formation of an opposition coalition in the PLA. Ex post, we can observe whether this was indeed the case. Because of the institutionalization of the Chinese military, promotion outcomes had a profound impact on the welfare of officers, which affected their incentives to support or act against the incumbent. In regression analysis, we explore how officers working in units negatively impacted by the 2016 reform fared in the Xi period, controlling for factional affiliation, merit, and demographic variables. While Hu Jintao exerted only weak control over military promotion outcomes, Xi orchestrated personnel outcomes in a much more thoughtful and systematic way by offering promotions and delayed retirement to officers in units affected by the reform. Also, during the gestation period of the reform, Xi followers did not enjoy exceptionally good career outcomes. After the success of the reform, however, Xi no longer needed to court potential opponents and bestowed more positive career outcomes on his followers. Both the weak factional favoritism and rewards for victims of the 2016 reform served to deter collective action against Xi for carrying out the reform.

Building on the existing literature on PLA promotion pioneered by Mattingly (2022), we first explore promotion dynamics using a baseline model, which includes units affected by the reform, factional affiliation, proxies of merit, and controls. We depart from the existing literature, which focuses on promotions, by estimating how political calculi affected good, bad, and neutral personnel outcomes, which bestowed starkly different welfare levels to the officers in our sample. These outcomes include promotion by administrative rank (not military rank) and delayed retirement on

Figure 6: Military Activities: Xi vs. Hu



the positive side and early retirement and purge on the negative side. Because authorities are taken away from officers upon retirement, years of service beyond the median retirement age of a given rank are coded as the positive outcome of delayed retirement, whereas below median retirement years are coded as the negative outcome of early retirement. Lateral moves, staying in the same position, and retirement status after official retirement age are relatively neutral outcomes.

The empirical strategy for our baseline results largely follows Francois, Trebbi, and Xiao (2023) and Mattingly (2022). We estimate the following panel data regression for officer i in year t

$$y_{it} = \beta_0 + \beta_1 \text{Affected by Reform}_i + \sum_f \beta_{2f} \text{Faction}_{if} + \gamma^\top \mathbf{X}_{it} + \varepsilon_{it} \quad (1)$$

where $\text{Affected by Reform}_i$ is a dummy variable for whether officer i is in the units affected by the 2016 PLA reform, Faction_{if} is a dummy variable for whether officer i belongs to faction f , and \mathbf{X}_{it} is a set of control variables including age, dummy for princelings, ethnicity, proxies for merit (dummy for college education and dummy for serving during the war against Vietnam in the 1970s and 80s), as well as PLA branch fixed effects (Army, Navy, Air Force, Armed Police, and Second Artillery) to account for differences in promotion by PLA branches, position level fixed effects to account for differences in promotion rate by position level, and year fixed effects to account for year-specific promotional patterns.

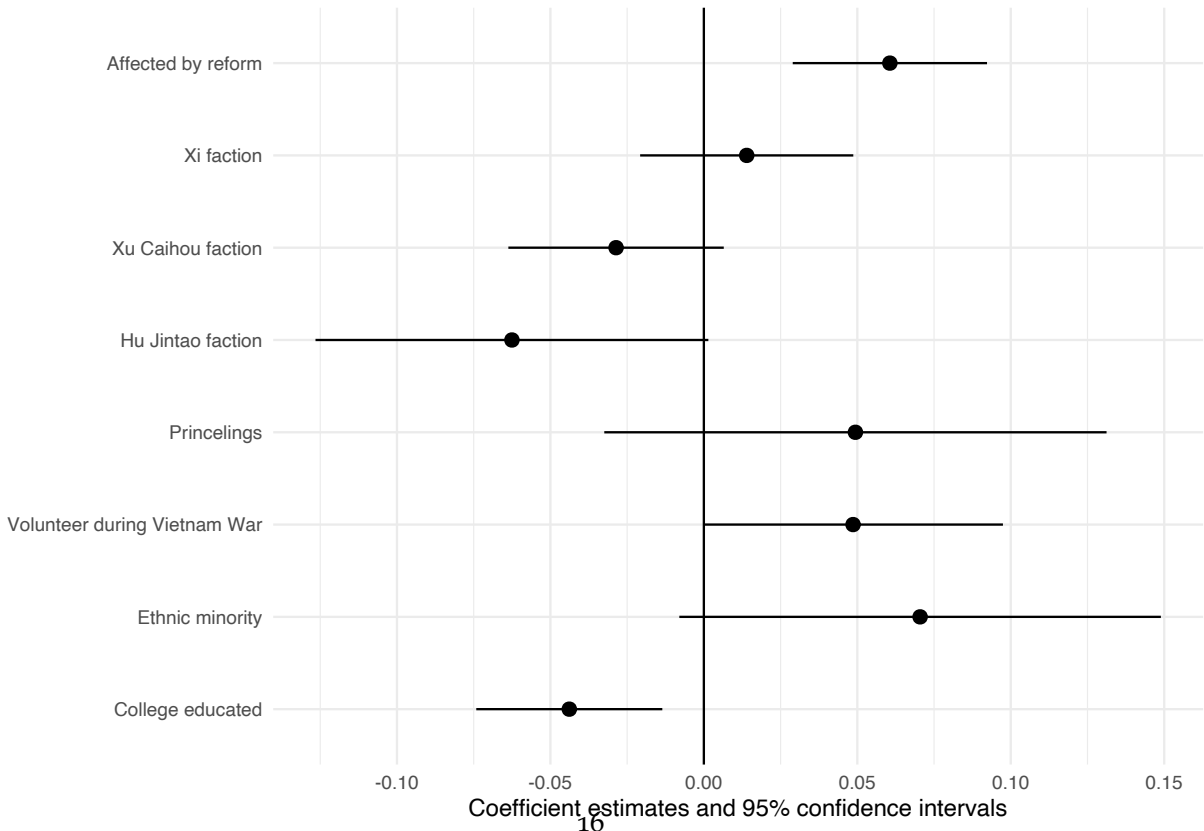
Figure 7: Signaling Uneven Payoffs



Figure 8: PLA Reform and Promotion: Binary Outcome

Xi as CMC Chairman (2013--)

Outcome: Promotion, Delayed Retirement = 1; Lateral Move = 0; Early Retirement, Purge = -1



To establish a baseline result, we measure the promotion outcomes in a three-way setting: Positive outcomes such as promotions and delayed retirements are coded as 1, while negative outcomes such as purge and early retirements are coded as -1. Neutral outcomes such as status quo and lateral transfers are coded as 0. Figure 8 reports the result based on a linear probability model after controlling for year, branch, and position level fixed effects. We find that officers serving in units affected by the 2016 reform are more likely getting positive outcomes, while we do not find positive effects from being in Xi's faction. The mean outcome is 0.21 while the marginal effect of affected by reform is 0.06, this gives officers who were affected by the reform $(0.06/0.21)/(1 - (-1)) = 14\%$ greater likelihood of receiving positive outcomes. This confirms our Hypothesis H1.

We should note here that the baseline outcome is surprising in the midst of this military reform. Both the weakening of the core PLA departments and the abolition of the two military regions should have negatively impacted the career trajectories of senior officers in those units. Within the core PLA departments, because sub-units were eliminated or moved out, officers in those departments could easily have found themselves stuck in the same positions or forced into early retirement. For example, former vice chairman of the General Staff Department, Yi Xiaoguang, could have been marginalized when the GSD was dismantled in all but name in 2016. Yet, Yi was rewarded with an administrative promotion to full military region level as the head of the Central Theater Command, the reincarnation of the Beijing Military Region. As vice chairman of the GSD, Yi had enormous power over the entire military, but in his new position, he enjoyed greater benefits as a higher ranking officer and still controlled the most important regional command in the military. This compensation likely weakened Yi's motivation to resist the reform.

This logic also applied to slightly lower ranking officers in our sample. For example, Feng Jianhua had been the head of a department in the General Political Department (GPD) prior to the reform, an army level position. The reform weakened the GPD, but saw Feng receive a promotion to a vice-MR level position as the head of political work in a newly created branch of the military, the Strategic Support Forces. The authorities of his former work place were dismantled, but he personally received greater pay and benefits.

In the case of the abolished military regions, it brought about a dramatic (roughly 25 percent) reduction in the number of vice and full military region level positions among the regional commands, which should have disproportionately harmed the careers of senior officers in the abolished regions. Yet, they actually enjoyed better outcomes than officers serving in unaffected regions. Officers like Yang Chengxi and Song Jingyuan from the Chengdu Military Region, also a former strong-hold of former party secretary general Hu Jintao, could have been marginalized by the reform or forced into retirement. Yet, many were rewarded with promotions or delayed retirement. Yang Chengxi, an army level officer in the Chengdu MR, received a promotion to the vice military region level as the new vice chairman of the powerful CMC Discipline and Inspection Commission, in charge of anti corruption in the entire military. Meanwhile, although Song Jingyuan remained as the head of the Tibetan Military Region through the 2016 reform, his rank rose by half a step to vice Military Region level when the Tibetan MR was transferred under PLA Army Command. Again, this positive outcome for him personally likely attenuated the dissatisfaction with the breaking up their power base, the Chengdu Military Region. The systematic compensation of senior officers in the affected military units strongly suggests deliberate intervention by higher level authorities, namely by the CMC Chairman.

To disentangle the different outcomes received by these officers, we estimate the same model for each five outcomes: promotion, delayed retirement, lateral moves, early retirement, and purge

Table 1: PLA Promotion During Hu Jintao Period (2004-2012)

	Promotion	Delayed Retirement	Lateral Move	Early Retirement	Purge
Xi faction	0.024* (0.012)	0.006 (0.006)	0.085*** (0.017)	0.004 (0.006)	-0.002* (0.001)
Xu Caihou faction	-0.025* (0.012)	0.006 (0.006)	-0.033* (0.016)	-0.003 (0.005)	-0.002* (0.001)
Hu Jintao faction	-0.036* (0.015)	0.010 (0.009)	-0.011 (0.024)	-0.013* (0.006)	-0.002* (0.001)
Princelings	0.113*** (0.026)	-0.011 (0.011)	-0.046 (0.034)	-0.018*** (0.003)	-0.001* (0.001)
Volunteer during Vietnam War	-0.051** (0.017)	-0.009 (0.010)	-0.019 (0.024)	-0.009 (0.006)	-0.001* (0.001)
Ethnic minority	-0.058** (0.020)	-0.006 (0.005)	0.106** (0.034)	0.025 (0.017)	-0.002* (0.001)
College educated	-0.013 (0.010)	-0.006+ (0.004)	-0.010 (0.015)	-0.003 (0.004)	0.000 (0.000)
Age	1.489** (0.540)	5.507*** (0.424)	3.733*** (0.655)	-0.411+ (0.228)	0.088+ (0.047)
Age ²	0.520 (0.589)	3.403*** (0.455)	-5.778*** (0.620)	-0.979*** (0.178)	0.060+ (0.036)
Age ³	-0.777 (0.580)	-0.404 (0.486)	-1.796** (0.663)	-0.197 (0.125)	-0.029 (0.020)
Branch Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Position Level Fixed Effects	Yes	Yes	Yes	Yes	Yes
Num.Obs.	5008	5008	5008	5008	5008
R ₂	0.345	0.207	0.256	0.064	0.010
R ₂ Adj.	0.342	0.203	0.252	0.059	0.004
AIC	4782.3	-5019.6	7172.5	-5841.2	-20 593.0
BIC	4854.0	-4947.9	7244.2	-5769.5	-20 521.3
RMSE	0.39	0.15	0.49	0.14	0.03

+ p < 0.1, * p < 0.05, ** p < 0.01, *** p < 0.001

in the Hu Jintao period (2004-2012) and in the Xi Jinping period (2013-2022). Again, the Hu Jintao period in the CMC began in 2004 because he did not become the chairman of the CMC until 2004, replacing Jiang Zemin. Tables 1–2, present findings of this model for both the Hu Jintao period (2004-2012, Table 1) and the Xi Jinping period (2013-2022, Table 2). Generally speaking, Hu Jintao exerted very weak influence over outcomes in the military during his tenure as CMC Chairman. His followers faced a lower probability of promotion, although they were able to avoid early retirement and purges to some degree (Table 1). However, similar benefits were bestowed on followers of CMC Vice Chairman Xu Caihou and even the followers of Xi Jinping. Xi became CMC vice chairman late in the Hu Administration. Meanwhile, princelings, children of 8th Party Congress Central Committee members or of senior generals in the 1950s, were able to obtain more promotions during the Hu Jintao Administration, even controlling for age and war experience. This finding demonstrates the power of princeling generals relative to Hu followers, during the Hu period. Among the controls, we do not find a positive effect of serving on the Vietnam conflict in the late 1970s and 1980s on promotion. However, veterans of the Vietnam conflict were able to avoid purges and early retirement to some degree, a pattern that is repeated during the Xi period. We do not see much effect on the education variable, likely due to the paucity of education data for officers in the public domain. The plot of coefficients for Table 11 is also showed in Figure 11 in

Appendix A.

Table 2: PLA Promotion During Xi Jinping Period (2013–)

	Promotion	Delayed Retirement	Lateral Move	Early Retirement	Purge
Affected by reform	0.043*** (0.013)	0.034*** (0.010)	0.030* (0.014)	-0.008 (0.006)	0.000 (0.007)
Xi faction	0.013 (0.015)	-0.026** (0.009)	0.021 (0.017)	-0.015* (0.007)	-0.017** (0.007)
Xu Caihou faction	-0.039** (0.013)	-0.004 (0.010)	0.009 (0.016)	-0.003 (0.007)	0.009 (0.008)
Hu Jintao faction	0.027 (0.024)	-0.029+ (0.015)	-0.084** (0.028)	-0.002 (0.013)	0.064*** (0.017)
Princelings	0.033 (0.030)	0.096*** (0.026)	0.016 (0.031)	-0.031*** (0.007)	0.134*** (0.030)
Volunteer during Vietnam War	0.028 (0.019)	0.015 (0.015)	-0.002 (0.027)	0.015 (0.012)	-0.064*** (0.007)
Ethnic minority	0.075* (0.030)	0.086*** (0.023)	0.069+ (0.036)	0.063* (0.026)	-0.063*** (0.008)
College educated	-0.049*** (0.012)	-0.009 (0.008)	-0.071*** (0.014)	-0.012+ (0.006)	0.011+ (0.006)
Age	-4.621*** (0.518)	10.976*** (0.487)	-13.434*** (0.640)	-3.429*** (0.408)	-0.908+ (0.468)
Age^2	-1.339*** (0.231)	-0.814* (0.397)	-3.665*** (0.552)	0.493 (0.343)	0.064 (0.154)
Age^3	1.792*** (0.264)	-4.473*** (0.482)	4.617*** (0.654)	-0.379 (0.410)	0.056 (0.174)
Branch Fixed Effects	Yes	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes
Position Level Fixed Effects	Yes	Yes	Yes	Yes	Yes
Num.Obs.	4739	4739	4739	4739	4739
R2	0.342	0.313	0.362	0.062	0.092
R2 Adj.	0.338	0.309	0.358	0.056	0.086
AIC	6485.3	-152.5	7790.1	-1980.0	-2081.9
BIC	6562.9	-74.9	7867.7	-1902.4	-2004.3
RMSE	0.47	0.24	0.54	0.20	0.19

+ p < 0.1, * p < 0.05, ** p < 0.01, *** p < 0.001

Table 2 reports how various factors impacted promotion outcomes in the Xi period. Although Xi did not pursue a clearly factional promotion strategy, his followers also did not suffer any promotion disadvantages as Hu did during his administration. Xi's followers also enjoyed less possibility of being purged and of being forced into early retirement. Although the factional logic seems weaker for military officers than for civilian CCP officials (Shih and Lee 2020), it makes perfect sense if Xi had wanted to avoid a backlash among the vast majority of officers, who were not affiliated with Xi. Not surprisingly, after the investigation and purge of Xu Caihou in 2013 and 2014, his followers faced a lower chance of promotion and a higher chance of being purged. In Figure 13 of the Appendix A, we also provide the event study plot for Xu Caihou's followers.

Also, not surprisingly, Xi went after some followers of Hu Jintao, who faced a higher risk of being purged. Interestingly, during the Xi period, princelings no longer enjoyed a promotion advantage, but rather were able to delay their retirement considerably. Again, Xi, as a princeling

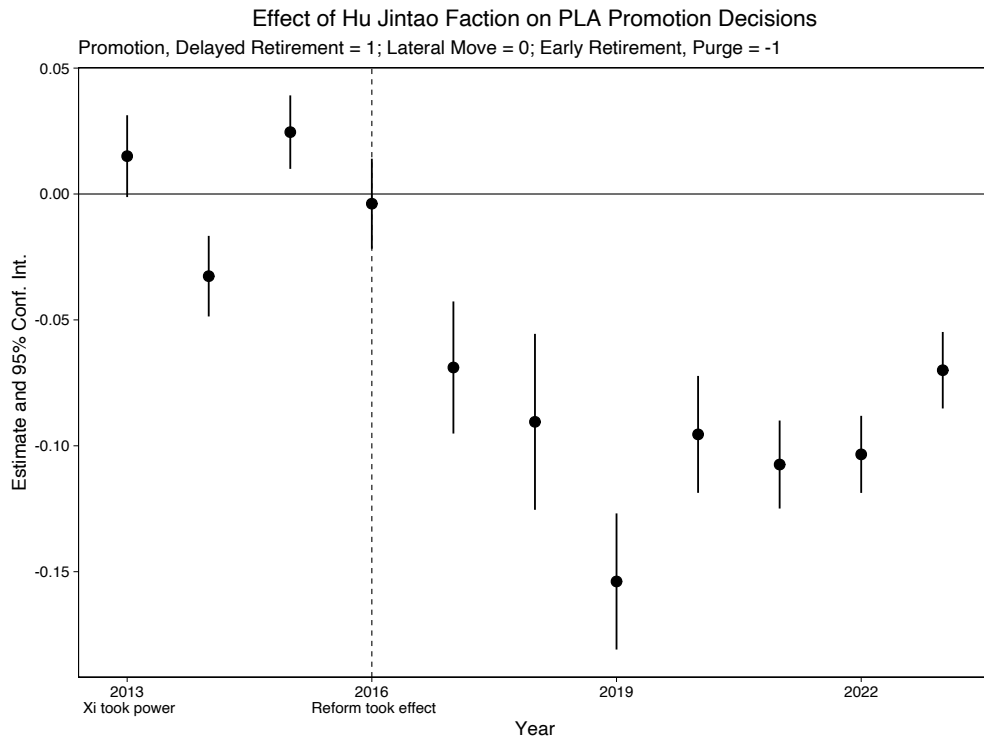
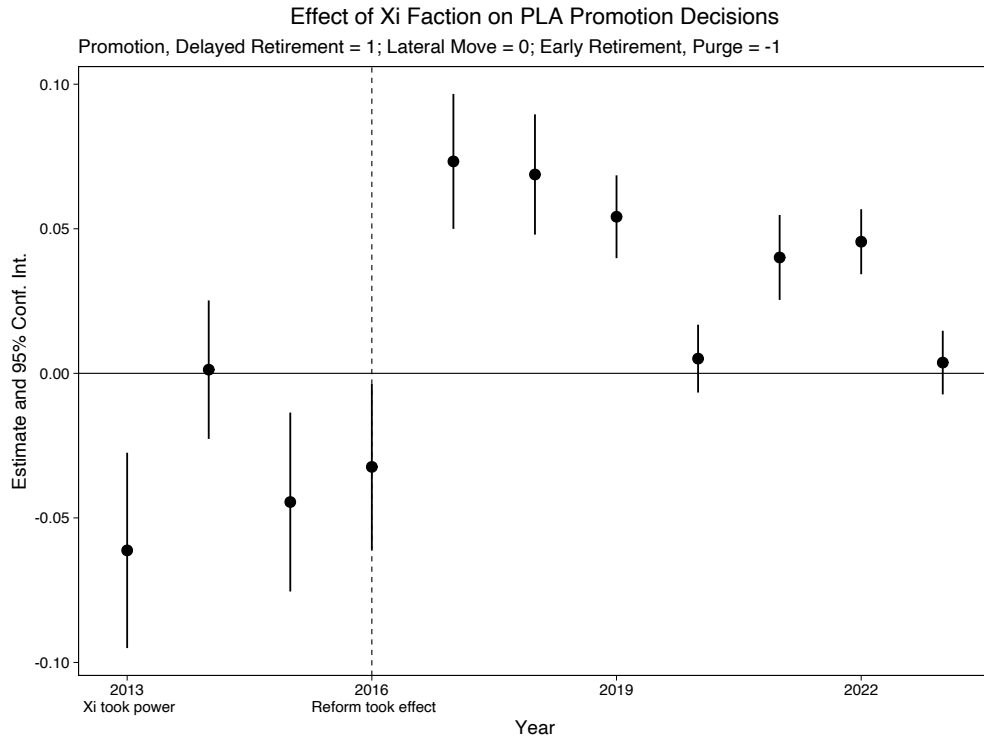
himself, has not played an obviously “bloodline princes” strategy in the military, which would have invited much grumbling and even opposition among the vast majority of non-princeling officers⁶

Finally, we examine the promotion outcomes of officers serving in units negatively affected by the 2016 reform. Again, these units included the General Staff Department, the General Political Department, and the General Logistics Department, which were weakened and placed under the control of the CMC. Jinan and Chengdu Military Region were also affected since they were abolished. As it turned out, officers in these affected units enjoyed both a higher chance of promotion and of delayed retirement. Ex-post, fear of private deal-making between Xi and officers in affected units would have been justified. They also faced a lower risk of being purged in the midst of a ferocious anti-corruption campaign. At the very least, many officers in the affected units were able to keep their ill-begotten gains from earlier periods. This would have provided strong incentive for them to not invite the wrath of Xi by joining any potential collective action against him. Others, fearing the possibility of private deals, were right in not rising up against Xi. The plot of coefficients for Table 12 is also shown in Figure 12 in Appendix A. These results suggest that Xi not only signaled the willingness to provide payoffs to officers affected by the reform; consistent with the DR strategy, he actually gave them enhanced benefits in the form of promotion and delayed retirement.

Dynamically, did Xi’s success in carrying out the 2016 reform allow him to exhibit greater favoritism toward members of his faction in the military, consistent with the endogenous power framework set forth by Francois, Trebbi, and Xiao (2023)? Figure 9 shows the event study plots by interacting year fixed-effects and Xi/Hu factional affiliations, respectively. Again, the gestation and implementation period of the reform spanned 2013 through 2016. After the reform, military power concentrated in the hands of Xi, which meant he had less need to hide his favoritism for his faction members in the military and to discriminate against members of rival factions. Indeed, as Figure 9 shows, although members of Xi’s faction in the military did not enjoy exceptionally positive outcomes during the gestation period, they enjoyed significantly positive career outcomes for most years after the completion of the reform. In contrast, for military officers with ties to Hu Jintao, Xi’s predecessor as the chair of the CMC, they did not face discrimination during the gestation period of the reform. However, after the completion of the reform, they systematically faced worse outcomes in the form of purges and early retirement compared to peers who did not belong to Hu’s faction. The findings confirm our endogenous power Hypotheses **H2a** and **H2b**.

6. During the Cultural Revolution, princeling Red Guards invented the “bloodline theory” which stated that children of senior officials had uniquely noble qualities, making them natural leaders of the revolution. See Walder (2009).

Figure 9: PLA Reform and Promotion: Event Study Plots



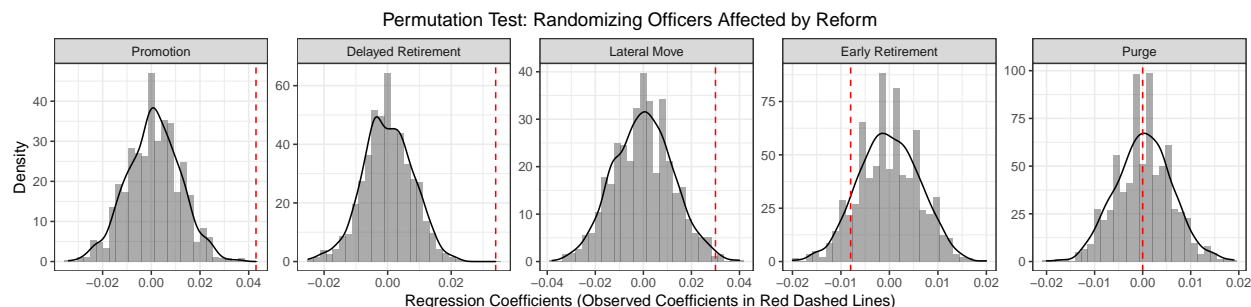
4.4 Robustness Checks

To ensure that the results we observed were not driven by chance, we conduct a series of placebo tests. We randomly assign fake interventions for officers, expecting such fake interventions to generate null effects on outcomes and those effects much less extreme than the effects we observed in Table 2.

The first placebo test is by randomly permuting the officers affected by the 2016 PLA Reform. We estimate the same regression model 1 but from the permuted data, and repeat this procedure 1000 times. Figure 10 plots the distribution of the resulting coefficients of “Affected by Reform” on outcomes from permuted data, while the red dashed lines indicates the coefficients we observe (same as Table 2). We clearly see that all coefficients from fake interventions are centered around zero, and that almost no other hypothetical assignment of officers affected by reform can attain the same level of effects on promotion and delayed retirement as we actually observed. This suggests that deliberate appointments by the CMC Chairman, Xi Jinping, rather than random action, led to the observed outcomes.

We conduct similar placebo tests for two more key variables of interest: Xi factions and Hu factions. We permute whether each officers belong to Xi or Hu factions, respectively. We then estimate the same model, expecting null effects on outcomes. The results are reported in Figure 14. The results are consistent with what we found in Table 2.

Figure 10: Placebo Test



5 Discussion and Conclusion

Our paper makes both theoretical and empirical contributions to the literature on the guardianship dilemma, one of the greatest challenges facing authoritarian leaders. On the theoretical front, the paper delves into the mechanics of how the dictator can overcome this dilemma and consolidate power via the DR strategy. We further demonstrate its use in the case of the 2016 PLA reform. Empirically, we show several pieces of evidence suggesting the DR strategy at work in the run-up to the 2016 reform. First, we show that Xi invested considerable time and energy during the gestation of the 2016 reform to conduct ad hoc visits to military units around China, especially to units that lost out on the reform. This investment in his scarce time is strongly suggestive of him negotiating offers of additional benefits to officers potentially affected by the reform in order to deter the formation of an opposition coalition in the military.

Both during and after the reform period, officers who were affected by the reform enjoyed exceptionally better career outcomes in the form of promotions and delayed retirement. This suggests that Xi tried to forestall an opposition coalition to the reform by compensating a large subset

of officers affected by the reform. During the gestation period of the reform, he also did not show obvious favoritism to members of his own faction or disfavor to members of Hu Jintao's faction in the military. The combination of compensating reform losers and appearing factionally neutral apparently worked to prevent a backlash against his wide-ranging reform of the military. After the completion of the reform in 2016, Xi began to favor officers in his faction and discriminate against officers with ties to Hu Jintao, displaying the "rule" phase of the "divide and rule" strategy.

This empirically grounded case of power consolidation in the military provides motivations for further research into the comparative politics of authoritarian regimes. For one, our focus on the military once again highlights the importance of the guardian dilemma and the need to conduct more empirical research on the issue. Also, consistent with the extant literature on authoritarian institutionalization, our findings also suggest that institutionalization was a crucial ingredient in Xi's success, but it likely hinged more on institutionalization within the military itself than broader institutions in the state or the party apparatus. This may suggest that scholars of authoritarianism may find it fruitful to dis-aggregate institutions in authoritarian regimes both theoretically and empirically and examine how different institutions, including power organs such as the military and the secret police, drove outcomes in different circumstances (Dimitrov 2022; Mattingly 2022). Finally, our findings however are based on a study of a case where the military was highly institutionalized and professionalized. This implies that officers were able to have well-defined expectations about their payoffs from their ranks and positions. This was also the reason for which Xi's offers could be credible and used as an instrument for his DR strategy. This conclusion might not be able to travel to other authoritarian regimes with lower levels of institutionalization. This scope condition therefore calls for more comparative studies across regimes with different degrees of military professionalization.

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Appendices

A Additional Figures

Figure 11: PLA Promotion During Hu Period

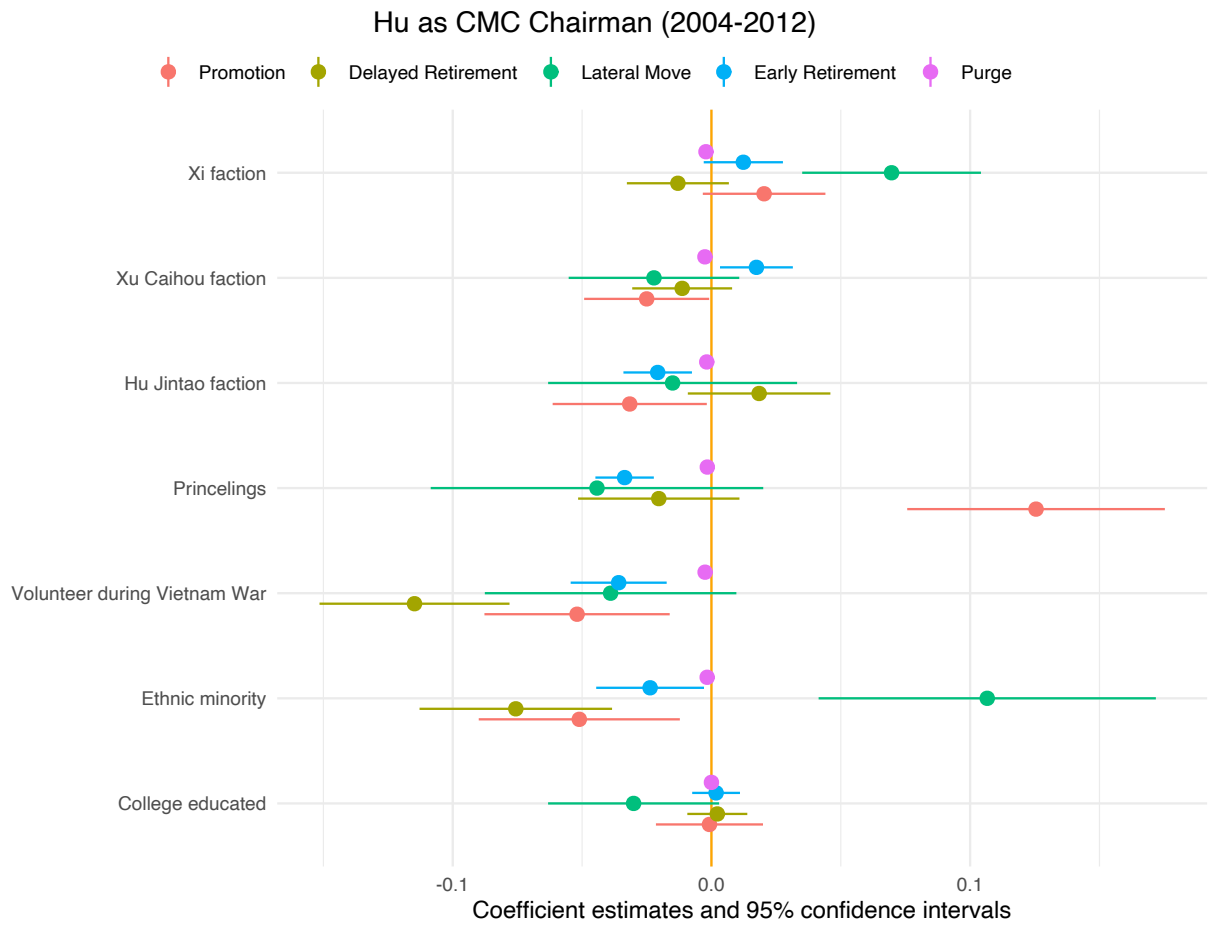


Figure 12: PLA Promotion During Xi Period

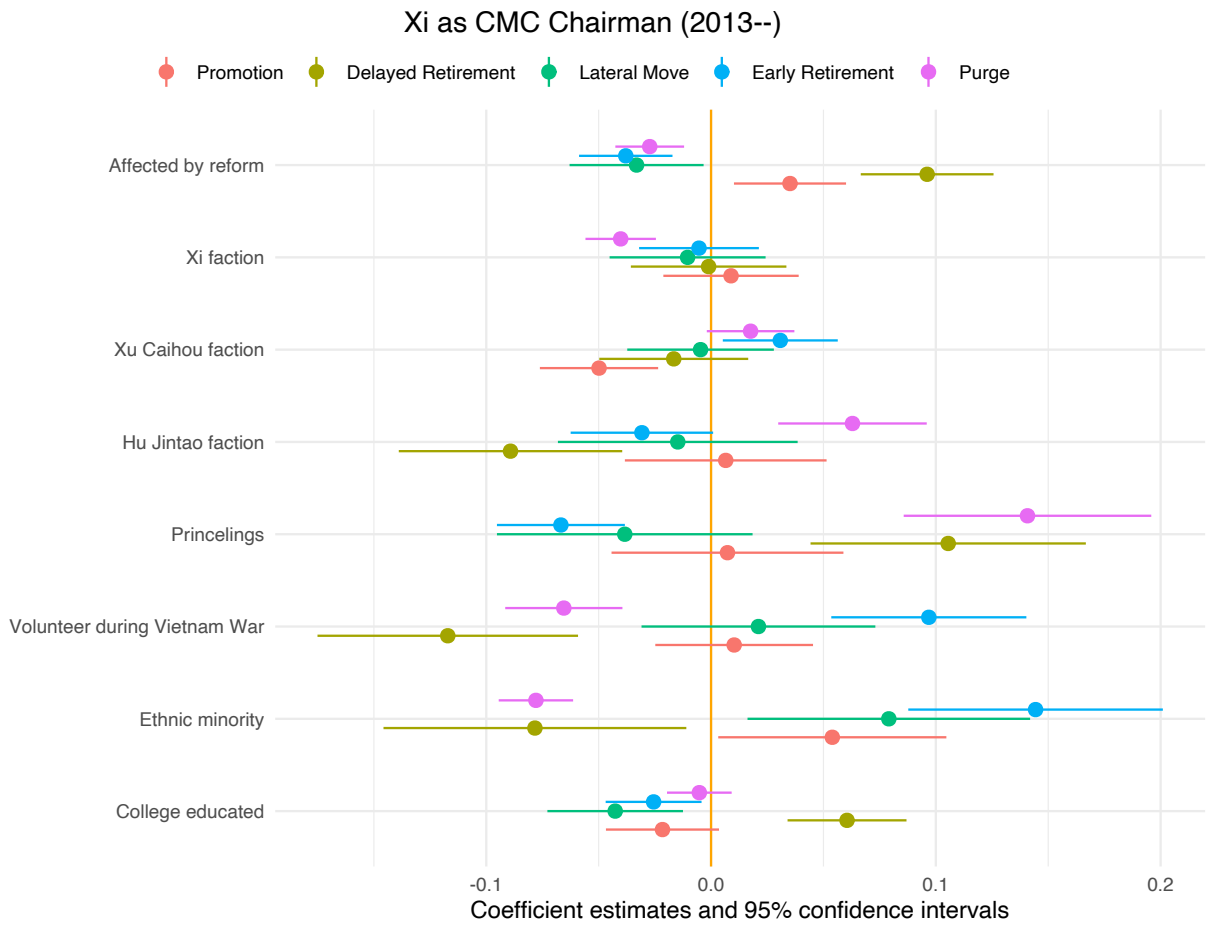


Figure 13: PLA Reform and Promotion: Event Study Plots for Xu Caihou Faction

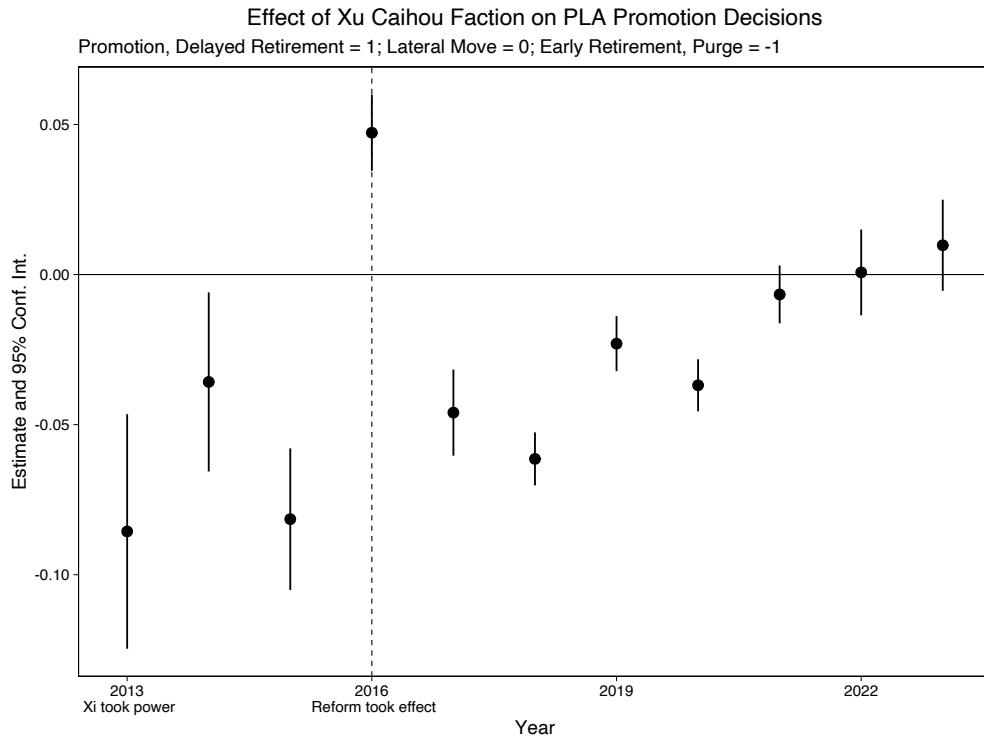


Figure 14: Additional Placebo Tests

