

GDP or Life? Promotion Incentives of City Leaders and Workplace Accidents

Abstract

Promotion incentives of government officials based on evaluation matrices are essential for development. In the case of complex roles like mayors, designing these matrices becomes both essential and complicated due to the multifaceted nature of their responsibilities. Only emphasizing certain aspects within the mayors' evaluation system can lead to detrimental effects on other less emphasized dimensions. We investigate the negative spillover of incentives on underemphasized dimensions in the context of mayoral promotions in China, where GDP growth takes center stage in the evaluation process. In contrast, workplace safety receives little attention, except in cases of major accidents that attract media scrutiny and national investigations. Given that prefectural city leaders aren't eligible for promotion after the age of 57, officials' strong incentive to push for GDP wanes after turning 58. Consistent with this incentive change, we find that cities experience a 19.3% decline in fatalities of workplace accidents after corresponding city leaders reach 58. This reduction is primarily driven by smaller accidents, whereas major accidents, which significantly devastate a city leader's promotion prospects, remain largely unaffected. Further analysis suggests that such change in workplace accidents is due to local governments selectively easing safety regulations in relatively less hazardous industries and sectors, rather than changes in economic scale or industrial shifts. For example, machine learning analysis of annual government reports for each city reveals that workplace safety gains more attention after mayors lose promotion incentives.

Zihan Hu

Assistant professor at Singapore Management University