

$$g_{it} = \beta_0 + \beta_1 chan_{it} + X_{it}\lambda + \eta_i + \mu_t + \varepsilon_{it}$$

1978-2006

29

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1

2006 2007

2006 2007  
1952 2004

1

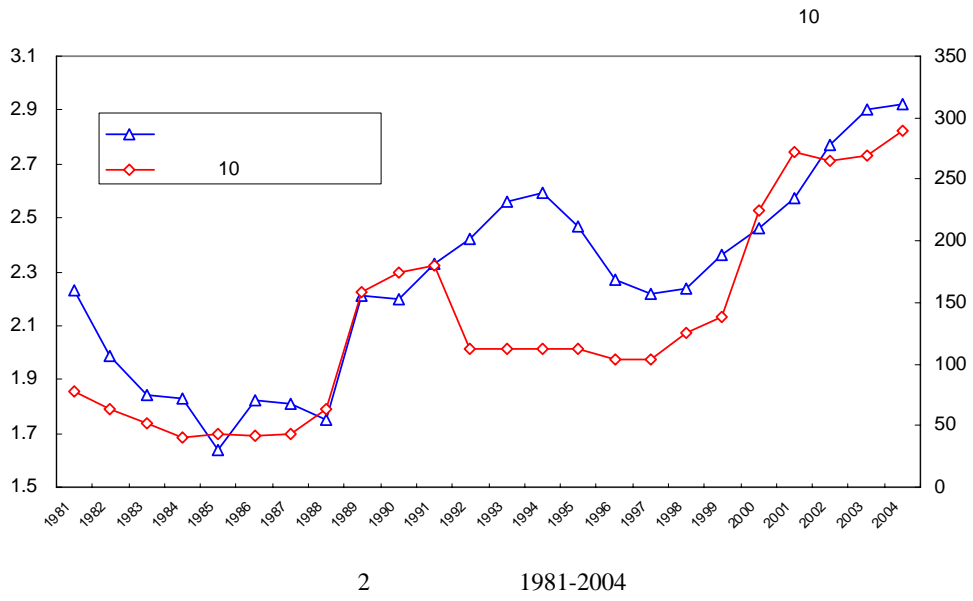
[THS10]:  
10.5

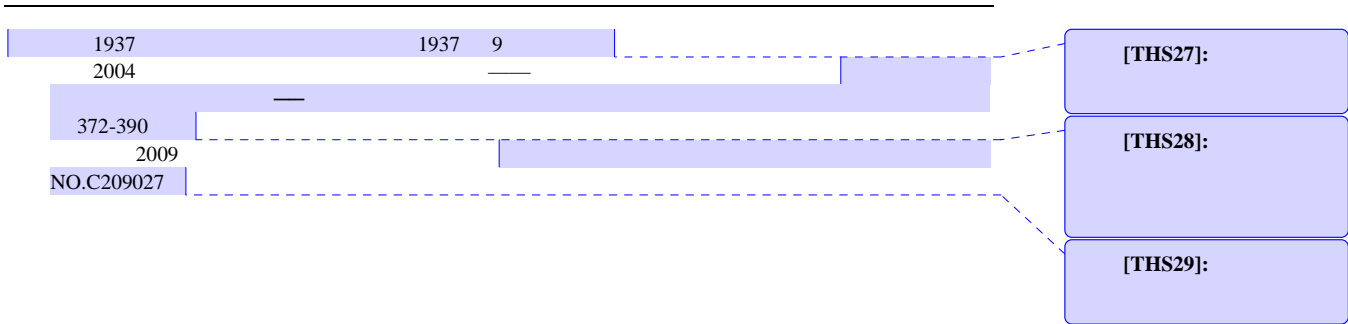


|                               |          | 2                   |                     |                       |                       |                     |                       |
|-------------------------------|----------|---------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|
|                               |          | (1)                 | (4)                 | (5)                   | (7)                   | (8)                 | (9)                   |
|                               |          | OLS                 | IV                  | IV                    | OLS                   | IV                  | IV                    |
|                               |          | 12.178***<br>(5.10) | 13.709***<br>(2.79) | 246.107***<br>(8.21)  | 67.002***<br>(3.63)   | 19.051***<br>(6.05) | 165.006***<br>(5.31)  |
| <i>chan</i>                   |          | -1.503<br>(-1.51)   | -4.602<br>(-1.55)   | -4.809*<br>(-1.69)    | -1.708**<br>(-2.18)   | -5.103*<br>(-1.88)  | -5.054**<br>(-2.11)   |
| <i>log(gdp(-1))</i>           |          |                     |                     | -23.054***<br>(-7.77) | -16.480***<br>(-4.86) |                     | -16.051***<br>(-5.50) |
| <i>industr</i>                |          |                     |                     | 4.090<br>(0.34)       | 15.033<br>(0.83)      |                     | 19.023<br>(1.13)      |
| <i>trade</i>                  |          |                     |                     | 10.80<br>(0.52)       | 2.054<br>(0.45)       |                     | 1.082<br>(0.51)       |
| <i>soe</i>                    |          |                     |                     | 30.35**<br>(2.29)     | 42.784***<br>(3.57)   |                     | 440.49***<br>(3.74)   |
| <i>loan</i>                   |          |                     |                     | -3.810<br>(-1.14)     | -1.045<br>(-0.62)     |                     | -1.040<br>(-0.55)     |
| <i>within - R<sup>2</sup></i> |          | 0.390               | 0.441               | 0.505                 | 0.563                 | 0.514               | 0.556                 |
|                               |          |                     | 4.920<br>(0.24)     | 1.949<br>(0.68)       |                       | 2.079<br>(0.43)     | 12.996<br>(0.74)      |
|                               |          | 812                 | 736                 | 717                   | 609                   | 606                 | 606                   |
| 1                             | 5 6 9 10 | <i>chan</i>         |                     | <i>tenure_sz</i>      | <i>tenure_sj</i>      | <i>age_sz</i>       | <i>age_sj</i>         |
|                               | t        | ***                 | ** *                |                       |                       | 1% 5% 10%           | 2                     |
|                               |          |                     |                     |                       |                       |                     | 3                     |

[THS14]:  
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## Local Officials Turnover and Investment Fluctuation

[THS30]:  
Times New Roman

**Abstract:** This paper attempts to enhance the understanding of macroeconomic stability by identifying the impact of local officials' turnover to investment growth. It is found that the replacement of local officials makes the year's investment growth rate reduced by about 1.5 percentage points. Before the 1990s, the officials' replacement did not bring about investment volatility, and thereafter resulted in significant fluctuations in investment. The turnover of local officials in the coastal region reduce that year's investment growth greatly, similar phenomenon also exists in the western region significantly, while there is no such a phenomenon in the central region. Also, relative to the secretary, local governors showed more significant impact to investment. Finally, the impact of officials turnover to investment is more obvious in urban than in rural area. These differences reflect that the specific central-local relationship in China is an important institutional factors influencing investment volatility, thus affecting the country's macroeconomic stability.

[THS31]:  
Times New Roman

**Keywords:** Officials Turnover, Investment Fluctuation, Political Incentive

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[THS32]:  
Times New  
Roman