

# Does Democracy Select More Competent Leaders ?

—Evidence From Voters’ Subjective Appraisals

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## Abstract

There has been a growing literature in political economy about the characteristics of political leaders (for example, see Besley (2011) and Ferraz and Finan (2009)). Most of them focus on proxies of the leaders’ competence, such as education. The main finding is that democracy increases the education level of elected leaders. In this paper we take a novel approach to measuring competence directly. Moreover our measure, not limited to single dimension as done in the literature, includes three dimensions of competence. This paper uses a unique data set on China’s village elections to investigate differences in three domains of competence between leaders who are selected by villagers and those who are appointed by upper governments. The competence of village leaders (village committee directors) is measured in three dimensions: (1) the ability to help villagers get rich, (2) the ability to mediate the disputes between villagers, and (3) the ability to speak up for the interests of villagers. All three measures are villagers’ subjective appraisals (ordered responses), which entails our application of ordered discrete choice models. Our results show that the competence of elected village leaders, in terms of all three measures, is significantly greater than that of appointed leaders. To control for potential omitted variable bias, in our econometric model we have a rich set of variables at various levels of observation, including information on individual voters, their household information, village and county

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characteristics. And clustered robust standard errors are calculated too. This finding is robust to a wide range of specifications, choice of sub-samples (for example, differential lengths of holding office), controls (such as characteristics of village directors and party secretaries) and ways of measuring democracy (direct or indirect nomination by villagers).

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