Political Alignment and the Allocation of Stock Market Resources in China

(Online Appendix)

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A Coordination Office for IPO Promotion

To identify which city leader to study, we need to find out the city leader responsible for helping firms get listed on the stock market. We pinpoint this city leader by studying government documents that appoint the members of the so-called Coordination Office for IPO Promotion (企业上市工作领导小组). We collect these government documents from PKU-Law.com, a website operated by the Law School of Peking University that collects legal and government documents in China. The website also maintains a good collection of documents released by city governments. This allows us to identify in total 83 documents released by city governments to appoint members of a Coordination Office for IPO Promotion. While these are not all the Coordination Offices established in Chinese cities, they should give us some sense for which city leader we should focus on.

In the interest of space, we do not show the data on these 83 documents here (but is available upon request) and only discuss the general pattern we find. Among them, 34 cities appointed mayor, 48 cities appointed a deputy mayor, and one city appointed an assistant mayor as head of this office. However, city party secretary (CPS) is *never* appointed head of this office. This indicates that CPS is unlikely to be the city leader responsible for IPO promotion. The data also show that a good portion of cities have appointed mayor as head of this coordination office, indicating that mayors in many cities are entrusted with the task to help firms obtain IPO.

We also notice that more than half of cities have appointed a deputy/assistant mayor as the head of this coordination office. This alerts us that studying deputy/assistant mayors may also be important. While we generally agree with this statement, the data on deputy/assistant mayors are not available to the best of our knowledge. Moreover, city governments do not disclose as complete information for deputy/assistant mayors as mayors since the public attention usually focuses on mayors (and CPS's). Another problem for studying deputy/vice mayors is that we do not know which deputy/assistant mayor to look at.

B Province-Level Favorable Policies to Promote the IPOs

This Appendix Section discusses the policies enacted by provincial governments to promote the number of public firms. Table B1 reports these policy documents that we have found from public sources including news reports and PKULaw, a third-party platform that archives the policy documents released by all tiers of Chinese governments.

Table B1 demonstrates that provincial governments share great enthusiasm for helping local firms get listed on the stock market. To summarize, we find that all 31 Provincial Governments in Mainland China have published policy documents to help local firms go public.[1] Many provinces have in fact enacted more than one policies for this purpose. Moreover, since governments may also enact policies that are not disclosed to the public, this list reported in Table B1 serves as only a conservative estimate of the number of provincial favorable policies for IPO applicants.

Furthermore, 17 provinces have included such outcomes as the number of new IPOs into the annual evaluation of city officials (see the "Evaluation" column). The results of these annual evaluations will then affect the career advancement of city mayors. Note that it does not mean that other provinces do not evaluate local officials for the progress of helping firms obtain IPO approvals. Provincial governments may issue separate, internal documents to establish such evaluation rules. Such internal documents, which are not disclosed to the public, are not included in Table B1. For instance, Shandong did not include evaluation rules in its general policies for promoting IPOs in Shandong (2005) and Shandong (2006). However, the Office of Finance in the Provincial Government of Shandong (山东省金融办) later issued separate rules that stipulates the evaluation rules in 2008 and 2011. Such internal rules are usually not disclosed to the public. In fact, Shandong is the only province that publishes the internal rules of evaluating local governments' progress in promoting IPOs on the website. Hence, we expect that other provinces may enact similar internal rules but

[1] We cannot find the published policy document for Shanxi Province and Tibet. However, we find news reports for working conferences organized by the Provincial Government of Shanxi and Autonomous Regional Government of Tibet to promote IPOs.

they neglect to disclose these rules.

In addition, these policy documents often instruct the internal agencies of the Provincial Government to be flexible when they provide information regarding the IPO applicants to the CSRC. The final column ("Flexibility") shows that all provinces other than Gansu and Tibet give such orders to the internal agencies even in policy documents disclosed to the public. To name a few examples, the Provincial Government of Ningxia Autonomous Region asks its internal agencies and cities to interpret the records of legal compliance in favor of IPO applicants when consulted by the CSRC.[2] Moreover, the Provincial Government of Hubei tries to stop its internal departments and cities from punishing IPO applicants especially (and unsurprisingly) in the policy areas identified in the 25th clause.[3] Liaoning Province also instructs its law enforcement agencies to be lenient over IPO applicants and should interpret policies favorably for them.[4]

[2]《宁夏回族自治区人民政府关于鼓励和扶持企业上市工作的若干意见》(宁政办发(2008)180号) 第二十二条: 对拟上市企业在原始积累过程中出现的不规范问题，在法律、法规允许的范围内，按照有利于企业发展的原则作妥善处理。

[3]《湖北省人民政府关于进一步推进企业上市工作的意见》(鄂政发(2018)17号) 第十和第十一条: 对企业改制上市中涉及的土地、房产、税务、国资、工商、环保和项目立项等各项审批或备案确认，各职能部门要结合实际，积极研究灵活的解决办法，为企业改制上市创造条件。在上市后备企业依法补齐权证工作中，对须进行行政处罚的事项，可按规定和实际情况，依法依规从轻或减轻行政处罚。各级行政执法部门履职过程中，对"报会""报辅"和"金种子"企业进行相关检查时，应以帮助整改规范为主。如确需对上述企业做出行政处罚决定的，应在履行事先告知程序之前通报省上市办。

[4]《辽宁省人民政府办公厅关于进一步支持企业上市发展的意见》(辽政办发(2019)29号)第六和第七条：.....各级行政执法部门履职过程中，对"在审""备案"及上市后备企业进行相关检查时，在依法合规情况下，考虑企业处于上市特殊时期，应以帮助整改规范为主，尽量避免对企业上市造成负面影响.....对法律、法规、规章、政策没有明确规定的特殊问题，相关部门要按照尊重历史、解决问题、有利于企业发展、充分保护投资者主体和其他相关主体利益的原则，"一事一议""一企一策"、妥善处理。

Table B1: Summary of Province-level Policy Documents

Province (Year)	**Time**	**Target**	**Evaluation**	**Flexibility**
Anhui (2010)	2010-		No	Yes
Beijing (2010)	2010-2017		No	Yes
Beijing (2018)	2018-		No	Yes
Chongqing (2011)	2011-		No	Yes
Fujian (2007)	2007-2010	50 (new)	No	Yes
Fujian (2010)	2010-		Yes	Yes
Gansu (2016)	2016-2018		No	No
Guangdong (2017)	2017-2020	450 (total)	Yes	Yes
Guangxi (2001)	2001-2011		No	No
Guangxi (2012)	2012-2015		No	Yes
Guizhou (1998)	1998-		No	No
Guizhou (2016)	2016-		No	Yes
Hainan (2021)	2021-		No	Yes
Hebei (2019)	2019-		Yes	Yes
Heilongjiang (2010)	2010-2019		Yes	Yes
Heilongjiang (2019)	2019-2022	30 (new)	Yes	Yes
Henan (2000)	2000-2007		No	Yes
Henan (2007)	2007-2010	100 (total)	No	Yes
Henan (2008)	2008	15 (new)	No	Yes
Henan (2019)	2019		Yes	Yes
Henan (2020)	2020-2024	160 (total)	No	Yes
Hubei (2008)	2008-2010	100 (total)	No	Yes
Hubei (2018)	2018-2020	200 (total)	Yes	Yes
Hubei (2021)	2021-		Yes	Yes
Hunan (2008)	2008-2010		No	Yes
Hunan (2019)	2019-2025	200 (total)	Yes	Yes
Inner Mongolia (2018)	2018-2020	4 (new)	No	Yes
Jiangsu (2000)	2000-		No	No
Jiangxi (2018)	2018-2020	120 (total)	Yes	Yes
Jilin (2020)	2020-		Yes	Yes
Liaoning (2008)	2008-2012	240 (new)	Yes	Yes
Liaoning (2019)	2019-		No	Yes
Ningxia (2008)	2008-		Yes	Yes
Ningxia (2019)	2019-2023	26 (total)	No	Yes
Qinghai (2004)	2004-		No	No
Qinghai (2010)	2010-		Yes	Yes
Shaanxi (2019)	2019-2021	30 (new)	Yes	Yes
Shandong (2005)	2005-2007	120 (total)	No	Yes
Shandong (2006)	2006-2010	50 (new)	No	Yes

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Table B1 – continued from previous page

Province (Year)	Time	Target	Evaluation	Flexibility
Shandong (2008)	2008-2011		Yes	No
Shandong (2011)	2011-		Yes	No
Shanghai (2010)	2010-		No	Yes
Shanxi (2021)	2021-2025	increase by 100%	Yes	Yes
Sichuan (2014)	2014-2019	150 (total)	No	Yes
Tianjin (2007)	2007-2012		No	Yes
Tianjin (2012)	2012-2015	100 (total)	No	Yes
Tianjin (2015)	2015-2017		No	Yes
Tianjin (2017)	2017-2020		No	Yes
Xinjiang (2008)	2008-2018	70 (total)	No	Yes
Yunnan (2008)	2008-2012	20 (new)	No	Yes
Yunnan (2019)	2019-2021	70 (total)	Yes	Yes
Zhejiang (2008)	2008-2012	150 (new)	No	Yes
Zhejiang (2017)	2017-2020	700 (total)	Yes	Yes

Notes: Time=Effective/Valid period of the policy. Target=The total or added number of public firms a province aims to achieve. Evaluation=Whether the promotion of IPO is *explicitly* included as a criterion for mayor's performance evaluation. Flexibility=Whether the province provides flexible policies to help firms meet IPO requirements. This table summaries the publicly available documents for 30 provinces (out of all 31, except Tibet) in China. The full name of documents and additional information from news reports are included in the list below.

List of Documents or News Reports:

- Anhui (2010): 《安徽省人民政府办公厅转发省政府金融办等部门关于支持皖江城市带承接产业转移示范区企业上市融资实施意见的通知》（皖政办(2010)40号）
- Beijing (2010): 《北京市人民政府办公厅关于进一步推动企业上市工作的意见》（京政办发(2010)35号）
- Beijing (2018): 《北京市人民政府办公厅关于进一步支持企业上市发展的意见》（京政办发(2018)21号）
- Chongqing (2011): 《重庆市人民政府关于进一步加快我市企业改制上市工作的意见》（渝府发(2011)45号）
- Fujian (2007): 《福建省人民政府关于加快推进企业上市的意见》（闽政(2007)13号）
- Fujian (2010): 《福建省人民政府办公厅关于进一步做好我省企业上市工作的实施意见》（闽政办(2010)21号）
- Gansu (2016): 《甘肃省人民政府办公厅关于印发"甘肃省支持企业挂牌上市奖励办法"的通知》（甘政办发(2016)30号）
- Guangdong (2017): 《广东省科学技术厅关于印发"广东省促进科技企业挂牌上市专项行动方案"的通知》（粤科规财字(2017)104号）
- Guangxi (2001): 《广西壮族自治区人民政府办公厅转发自治区经贸委关于进一步做好我区企业上市工作若干意见的通知》（桂政办发(2001)79号）
- Guangxi (2012): 《广西壮族自治区人民政府办公厅转发自治区财政厅关于加大扶持力度推动企业上市若干意见的通知》（桂政办发(2012)305号）
- Guizhou (1998): 《贵州省人民政府办公厅转发省证券委关于搞好我省上市公司和进一步加强企业上市工作意见的通知》（黔府办发(1998)3号）
- Guizhou (2016): 《贵州省人民政府办公厅关于印发支持我省企业上市发展八条措施的通知》（黔府办函(2016)215号）
- Hainan (2021): 《海南省人民政府关于提高上市公司质量促进资本市场发展的若干意见》（琼府(2021)15号）
- Hebei (2015): 《河北省人民政府关于加快推进企业上市工作的实施意见》（冀政发(2015)36号）. A summary of the document can be found here: http://zhuanti.hebnews.cn/2016/2016-09/01/content_5804966.htm
- Hebei (2019): 《河北省人民政府办公厅关于加快推进企业挂牌上市工作的通知》（冀政办字(2019)11号）
- Heilongjiang (2010): 《黑龙江省人民政府办公厅关于进一步做好企业上市融资工作的通知》（黑政办发(2010)3号）

- Heilongjiang (2019): 《黑龙江省人民政府办公厅关于印发黑龙江省加快推进企业上市工作方案的通知》（黑政办规(2019)17号）
- Henan (2000): 《河南省人民政府关于加强企业上市工作加快证券市场发展的通知》（豫政(2000)44号）
- Henan (2007): 《河南省人民政府办公厅关于加强我省企业上市工作的意见》（豫政办(2007)61号）
- Henan (2008): 《河南省人民政府办公厅关于做好2008年企业上市工作的通知》（豫政办(2008)23号）
- Henan (2019): 《河南省人民政府办公厅关于印发河南省建立企业上市挂牌“绿色”通道办法（试行）的通知》（豫政办(2019)23号）
- Henan (2020): 《河南省人民政府办公厅关于加快推进企业上市挂牌工作的意见》（豫政办(2020)22号）
- Hubei (2008): 《湖北省人民政府关于推进企业上市的若干意见》（鄂政发(2008)42号）
- Hubei (2018): 《湖北省人民政府关于进一步推进企业上市工作的意见》（鄂政发(2018)17号）
- Hubei (2021): 《湖北省人民政府办公厅关于印发进一步加快推进企业上市若干措施的通知》（鄂政办发(2021)15号）
- Hunan (2008): 《湖南省人民政府办公厅关于鼓励和扶持企业上市的若干政策意见》（湘政办发(2008)16号）
- Hunan (2019): 《湖南省人民政府办公厅关于加快推进企业上市的若干意见》（湘政办发(2019)61号）
- Inner Mongolia (2018): 《内蒙古自治区人民政府办公厅关于印发自治区推进企业上市挂牌三年实施计划(2018—2020年)的通知》（内政办发(2018)44号）
- Jiangsu (2000): 《江苏省政府办公厅关于进一步做好企业上市工作的通知》（苏政办发(2000)40号）
- Jiangxi (2018): 《江西省人民政府办公厅关于印发加快推进企业上市若干措施的通知》（赣府厅字(2018)39号）
- Jilin (2020): 《吉林省人民政府办公厅关于进一步推动企业上市发展的实施意见》（吉政办发(2020)3号）
- Liaoning (2008): 《辽宁省人民政府办公厅关于推进全省企业上市工作有关问题的通知》（辽政办发(2008)47号）
- Liaoning (2019): 《辽宁省人民政府办公厅关于进一步支持企业上市发展的意见》（辽政办发(2019)29号）

- Ningxia (2008): 《宁夏回族自治区人民政府关于印发宁夏回族自治区人民政府关于鼓励和扶持企业上市工作的若干意见的通知》（宁政办发(2008)180号）
- Ningxia (2019): 《宁夏回族自治区人民政府办公厅关于印发进一步支持企业上市发展的若干政策措施的通知》（宁政办规发(2019)4号）
- Qinghai (2004): 《青海省人民政府办公厅转发省经委等部门关于加快推进我省企业上市工作意见的通知》（青政办(2004)123号）
- Qinghai (2010): 《青海省人民政府办公厅转发省金融办关于支持企业上市工作实施意见的通知》（青政办(2010)173号）
- Shaanxi (2019): 《陕西省人民政府办公厅关于印发推进企业上市三年行动计划（2019-2021年）的通知》（陕政办发(2019)28号）
- Shandong (2005): 《山东省人民政府关于推进资本市场改革开放和稳定发展的意见》（鲁政发(2005)12号）
- Shandong (2006): 《山东省人民政府办公厅转发省发展改革委等部门关于推进企业上市融资的意见的通知》（鲁政办发(2006)65号）
- Shandong (2008): 《山东省企业上市目标责任考核办法(试行)》（鲁发改资本(2008)428号）
- Shandong (2011): 《山东省企业上市年度考核评价办法》（鲁金办发(2011)9号）
- Shanghai (2010): 《上海市人民政府办公厅转发市金融办等十六部门关于推进本市中小企业上市工作实施意见的通知》（沪府办发(2010)36号）
- Shanxi (2021): 《山西省召开“推进企业加快上市工作电视电话会议”》(中国财经网报道). “Shanxi Province Held a Teleconference on Promoting Firms to Get listed.” The article from China Financial and Economic News can be found here: http://www.cfen.com.cn/dzb/dzb/page_2/202103/t20210316_3670912.html
- Sichuan (2014): 《四川省人民政府关于发展多层次资本市场服务实体经济的若干意见》（川府发(2014)51号）
- Tianjin (2007): 《天津市人民政府办公厅转发市金融办、市财政局、市国资委、市国土房管局关于进一步支持我市企业上市融资加快发展意见的通知》（津政办发(2007)96号）
- Tianjin (2012): 《天津市人民政府办公厅转发市金融办等七部门关于进一步推动我市企业上市工作意见的通知》（津政办发(2012)56号）
- Tianjin (2015): 《天津市人民政府办公厅转发市金融局等八部门关于支持我市企业上市融资加快发展有关政策的通知》（津政办发(2015)39号）
- Tianjin (2017): 《天津市人民政府办公厅转发市金融局等八部门关于支持我市企业上市融资加快发展有关政策的通知》（津政办发(2017)77号）

- Tibet (2011): 《西藏召开"推进企业上市工作培训会"》（证监会工作报告）. "The Autonomous Regional Government of Tibet Held A Working Conference on Promoting Enterprise Listing." The report from the CSRC can be found here: http://www.csrc.gov.cn/pub/xizang/gzdt/201110/t20111020_200912.htm
- Xinjiang (2008): 《新疆维吾尔自治区人民政府关于加强自治区企业上市工作的意见》（新政发(2008)32号）
- Yunnan (2008): 《云南省人民政府办公厅关于印发云南省中小非公企业上市培育办法的通知》（云政办发(2008)125号）
- Yunnan (2019): 《云南省人民政府办公厅关于印发云南省推进企业上市倍增三年行动方案（2019-2021年）的通知》（云政办发(2019)2号）
- Zhejiang (2008): 《浙江省人民政府关于进一步加强我省企业上市工作的意见》（浙政发(2008)35号）
- Zhejiang (2017): 《浙江省人民政府关于印发浙江省推进企业上市和并购重组"凤凰行动"计划的通知》（浙政发(2017)40号）

C Additional Information on Research Design and Data

Table C1: An Overview of IPO Application Results (2004-2016)

Year	Num. of IPO Reviews	Approved		Rejected		Others	
		Number	%	Number	%	Number	%
2004	110	73	66.36	37	33.64	0	0.00
2005	3	1	33.33	1	33.33	1	33.33
2006	74	62	83.78	11	14.86	1	1.35
2007	157	117	74.52	35	22.29	5	3.18
2008	116	96	82.76	20	17.24	0	0.00
2009	198	169	85.35	28	14.14	1	0.51
2010	408	342	83.82	61	14.95	5	1.23
2011	339	263	77.58	72	21.24	4	1.18
2012	220	176	80.00	37	16.82	7	3.18
2013	0	0	0.00	0	0.00	0	0.00
2014	188	182	96.81	6	3.19	0	0.00
2015	272	251	92.28	15	5.51	6	2.21
2016	271	247	91.14	18	6.64	6	2.21
Total	2356	1979	84.00	341	14.47	36	1.53

Notes: The number of IPO applications is calculated in firm-times. Decisions made by the CSRC other than IPO approval and rejection include suspension of the review process due to insufficient firm information, and postponed voting. There is one major suspension of the IPO review process in 2013 due to reform of the CSRC. No decision was made in that year. Given that the rejection rate before 2013 is rather high, we also test if our findings are driven by only applications before 2013 in Appendix Table D8.

Table C2: The Missing of Applying Year and Political Alignment

	Applying Year is Missing					
	(1)	(2)	(3)	(4)	(5)	(6)
Political Alignment	-0.053	-0.039	-0.013	-0.003	-0.005	-0.017
	(0.108)	(0.158)	(0.088)	(0.083)	(0.073)	(0.035)
City Fixed Effects		✓	✓	✓	✓	✓
Application Controls			✓	✓	✓	✓
Industry Fixed Effects				✓	✓	✓
Firm Controls					✓	✓
City Controls						✓
Outcome Variable Mean	0.304	0.303	0.308	0.301	0.318	0.309
Number of Obs	1969	1898	1806	1772	1747	1700

Notes: This table shows that the missing of applying year variable is not statistically associated with the Political Alignment, the key explanatory variable used in this paper. Moreover, the magnitude of the coefficient is small compared to the mean of the outcome variable. This is another signal that the missing of Applying Year is likely to be "missing at random." Outcome variable in this appendix table is a dummy variable indicating whether the applying year of an IPO application is missing in the Wind Financial Database. Control variables: (1) Application controls include board fixed effects, underwriter fixed effects, and the length of IPO review; (2) Firm controls include ROA, ROE, asset-liability ratio, state-owned shares, log registered capital, log employment size, and direct political connection (i.e., membership in People's congress, People's Political Consultative Conference, or prior work experience in government at or above the city-level) at the time of applying (even though the applying year may be missing, these variables at the time of applying are generally not missing in the Wind Database); (3) City controls include log population size, log GDP, log GDP per capita, annual GDP growth rate, log fixed investment size, log government revenue and expenditure, and unemployment rate. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table C3: Political Alignment and City-Level Covariates

	Political Alignment							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Population	-0.094							
	(0.178)							
GDP		-0.183**						
		(0.085)						
GDP Per Capita			-0.123*					
			(0.067)					
GDP Growth				-0.002				
				(0.002)				
Public Revenue					0.019			
					(0.051)			
Public Expenditure						-0.077		
						(0.066)		
Fixed Asset Investment							-0.081*	
							(0.042)	
Unemployment Rate								0.011
								(0.021)
City Fixed Effects	✓	✓	✓	✓	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓	✓	✓	✓	✓
Number of Cities	285	285	285	285	285	285	285	285
Number of Obs	3630	3626	3620	3621	3630	3630	3621	3607

Notes: The analysis reported in this appendix table investigates the within-city association between city-level economic and fiscal indicators and the political alignment between mayor and PPS. All explanatory variables are lagged by one year. Hence, the substantive interpretation for the set of analysis contained in this table is to understand whether economic and fiscal conditions of a city could predict the political alignment in the next year. This table shows that Political Alignment is not meaningfully associated with most city covariates except for GDP, GDP per capita and fixed asset investment. These results demonstrate that loyal subordinates are not assigned to cities with a more robust economy or stronger fiscal performance. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table C4: Testing Firms' Self-Selection on IPO Application

	Panel A: City level			Panel B: Firm level		
	Num. of new IPO applications in a year			Firm's decision to apply for IPO		
Political Alignment	0.050	0.058	0.064	0.053	0.034	0.048
	(0.032)	(0.043)	(0.051)	(0.042)	(0.037)	(0.039)
City Fixed Effects	✓	✓	✓			
Year Fixed Effects	✓	✓	✓			
City Controls	✓	✓	✓			✓
Mayor Controls		✓	✓			
Province-Year Trends			✓			
Province Fixed Effects				✓	✓	✓
Firm Controls					✓	✓
Outcome Variable Mean	0.372	0.366	0.366	0.117	0.116	0.115
Number of Obs	3585	3541	3541	1326	553	520

Notes: This table shows that the strategic adjustment (potential sample selection bias) does not drive our results. Knowing that politically aligned mayors can help them obtain IPO approval, firms can either wait until a politically aligned mayor is appointed or strategically register in cities whose mayor is politically aligned with the current PPS. We exclude this alternative explanation in two ways. In Panel A, we show that political alignment is not associated with a larger number of new IPO applications. Then, in Panel B, we focus on a set of firm-level analysis where we demonstrate that political alignment does not prompt private firms to seek IPO. City controls include population, GDP, GDP per capita, GDP growth, government revenue and expenditure, investment, and unemployment rate in the previous year. Mayor controls include mayor's age (and quadratic term), tenure (and quadratic term), gender, education level, and whether the mayor is in his/her first year in office. Firm controls include profit, firm size, firm age, and the PC/CPPCC member. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

D Additional Results for Firm-level Analysis

Table D1: Comparing Our Results with Previous Studies on IPO Approval in China

Study	Data sample	Connection variable	Effect size
Bao et al. (2016)	IPO applications for ChiNext Board in 2009-2012	The membership of CEO or directors in NPC	0.160***
Liu et al. (2013)	IPO applications from private firms in 2004-2010	CEO's (former) membership in PC/CPPCC or government	0.0924***
This paper	**All applications in 2004-2016**	**Mayors' political alignment with PPS**	**0.078*** **
Du et al. (2013)	All IPO applications in 2006-2010	Firm's connections with the IEC	0.0775***
Liu et al. (2013)	IPO applications from private firms in 2004-2010	Founder's (former) membership in the PC/CPPCC or government	0.0738**
Liu et al. (2013)	IPO applications from private firms in 2004-2010	PE investor's (former) membership in the PC/CPPCC or government	0.0699**
Chen et al. (2017)	All IPO applications in 2006-2011	Underwriter's (former) membership in government or military	0.0553**
Liu et al. (2013)	IPO applications from private firms in 2004-2010	Sponsor's (former) membership in the PC/CPPCC or government	0.0484*
Wang and Wu (2020)	All IPO applications in 2007-2015	Political connections of the VC backing the IPO applicant	0.043**
Bao et al. (2016)	IPO applications for ChiNext Board in 2009-2012	The membership of CEO or directors in the CPPCC	0.03
Yang (2013)	All IPO applications in 2002-2010	Auditing firm's connection to the IEC	0.014**
Bao et al. (2016)	IPO applications for ChiNext Board in 2009-2012	The membership of CEO or directors in local PC	0.01

Notes: The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. IEC=Issuance Examination Committee. PE=Private Equity. VC=Venture Capital. (N)PC=(National) People's Congress. CPPCC=Chinese People's Political Consultative Conference.

Table D2: IPO Approval and Political Alignment (Heterogeneous Effects by Firm's Direct Political Connection and Performance)

	IPO Approval			
	(1)	(2)	(3)	(4)
Political Alignment	0.077***	0.093***	0.120**	0.143***
	(0.027)	(0.028)	(0.048)	(0.045)
Political Alignment × PC/CPPCC	0.025			
	(0.052)			
Political Alignment × State-Owned Enterprises		-0.166**		
		(0.074)		
Political Alignment × ROA (%)			-0.002	
			(0.002)	
Political Alignment × ROE (%)				-0.003**
				(0.001)
City Fixed Effects	✓	✓	✓	✓
Applying Year Fixed Effects	✓	✓	✓	✓
Application Controls	✓	✓	✓	✓
Industry Fixed Effects	✓	✓	✓	✓
Firm Controls	✓	✓	✓	✓
City Controls	✓	✓	✓	✓
Province-Year Trends	✓	✓	✓	✓
Outcome Variable Mean	0.676	0.676	0.682	0.677
Number of Obs	1497	1497	1461	1492

Notes: In this table, we test whether the effect of political alignment differs by firm's direct political connection and performance. We find that the effect of mayor's political alignment is most effective for firms without good financial performance or direct political connection. While for firms with superior financial performance or alternative political ties (such as a politically connected CEO or controlled by the state), political alignment between the mayor and the PPS becomes less important for its IPO approval. Control variables: (1) Application controls include the length of IPO review, board fixed effects, and underwriter-year fixed effects; (2) Firm controls include asset-liability ratio, log registered capital, log employment size, and firm age at the time of application; (3) City controls include log population size, log GDP, log GDP per capita, annual GDP growth rate, log fixed investment size, log government revenue and expenditure, and unemployment rate. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

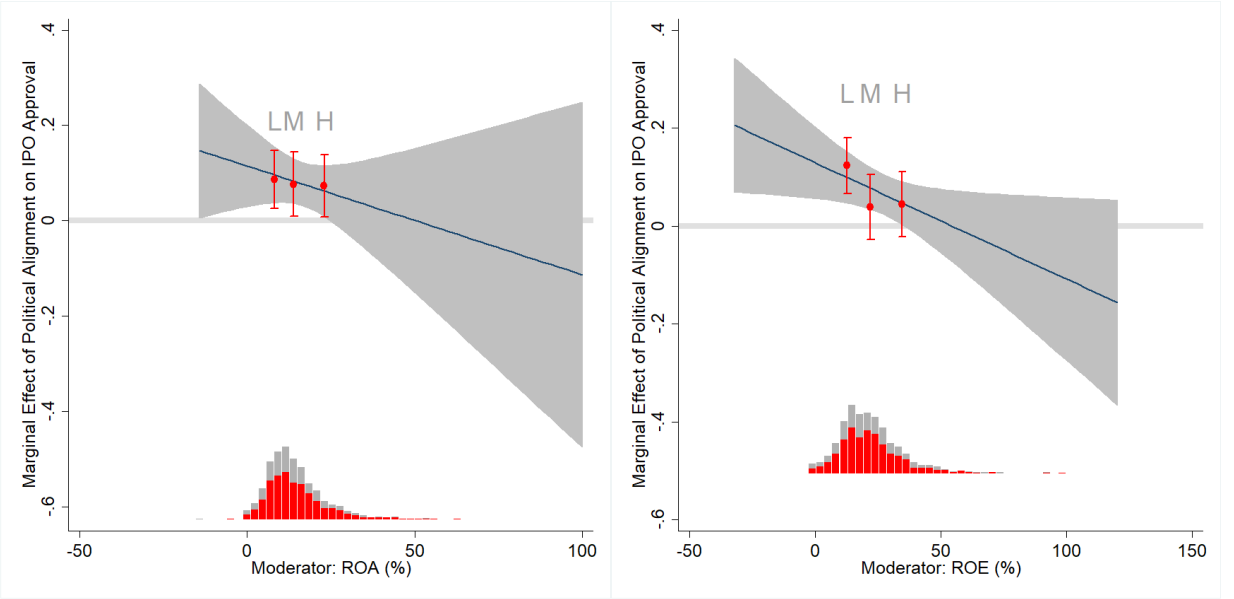

Figure D1: Heterogeneous Effects of Political Alignment by Firm Performance

Notes: This figure serves as an additional check on the moderation effect of ROA and ROE in Appendix Table D2. We plot the effects for low, medium, and high level of the moderator based on tertiles using the binning estimator (red dot). The distribution of data is shown below the estimates, where red bars represent observations with political alignment and gray bars represent those without political alignment. These results confirm the implications from Appendix Table D2 that mayor's political alignment with the PPS is most influential for IPO approval when the firm has unsatisfactory financial performance (such as a low ROE).

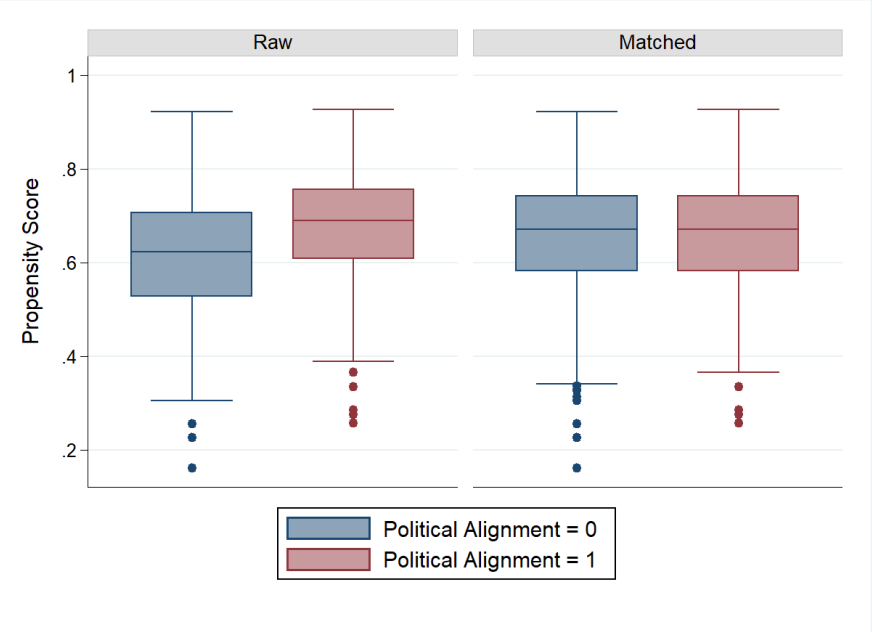

Figure D2: Balance Plot for Raw and Matched Sample

Notes: Firm characteristics are used to conduct propensity score matching between observations with and without political alignment. The boxes show the median, 25 percentile, and 75 percentile in propensity score for the treatment (red rectangles) and control (blue rectangles) groups respectively. The bars represent 95% confidence intervals.

Table D3: Political Alignment and IPO Approval (with Propensity Score Matching)

	IPO Approval					
	(1)	(2)	(3)	(4)	(5)	(6)
Political Alignment	0.099***	0.059**	0.056**	0.058*	0.071**	0.069**
	(0.030)	(0.028)	(0.026)	(0.031)	(0.029)	(0.027)
City Fixed Effects	✓	✓	✓	✓	✓	✓
Applying Year Fixed Effects	✓	✓	✓	✓	✓	✓
Application Controls		✓	✓	✓	✓	✓
Sector Controls			✓	✓	✓	✓
Firm Controls				✓	✓	✓
City Controls					✓	✓
Province-Year Trends						✓
Outcome Variable Mean	0.654	0.660	0.660	0.677	0.676	0.676
Number of Obs	1393	1378	1378	1302	1273	1273

Notes: Control variables: (1) Application controls include the length of IPO review, board fixed effects, and underwriter-year fixed effects; (2) Firm controls include ROA, ROE, asset-liability ratio, state-owned shares, log registered capital, log employment size, firm age, and direct political connection (i.e., membership in People's congress, People's Political Consultative Conference, or prior work experience in government at or above the city-level) at the time of application; (3) City controls include log population size, log GDP, log GDP per capita, annual GDP growth rate, log fixed investment size, log government revenue and expenditure, and unemployment rate. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table D4: IPO Approval and Political Alignment with Alternative Measures

	IPO Approval					
	(1)	(2)	(3)	(4)	(5)	(6)
Hometown Connection	0.391***	0.568***				
	(0.033)	(0.135)				
Workplace Connection			0.177***	0.228**		
			(0.042)	(0.108)		
College Connection					-0.093	0.237**
					(0.112)	(0.102)
City Fixed Effects	✓	✓	✓	✓	✓	✓
Applying Year Fixed Effects	✓	✓	✓	✓	✓	✓
Application Controls		✓		✓		✓
Industry Fixed Effects		✓		✓		✓
Firm Controls		✓		✓		✓
City Controls		✓		✓		✓
Province-Year Trends		✓		✓		✓
Outcome Variable Mean	0.655	0.683	0.655	0.683	0.655	0.683
Number of Obs	1898	1457	1898	1457	1898	1457

Notes: This table repeats the analysis in Table 3 with alternative measures for the political alignment between the mayor and PPS. The results reported here demonstrate that political alignment still increases the chance of IPO approval when we employ different measures. We use another three commonly-used measures here, namely, (1) Hometown Connection, a dichotomous variable which is assigned with the value one if the mayor and PPS were born in the same prefecture and with the value zero if otherwise; (2) Workplace Connection which indicates whether the mayor and PPS used to work in the same government agency; (3) College Connection, a dummy variable which equals to one if the mayor and PPS went to the same college, and zero if otherwise. Control variables: (1) Application controls include the length of IPO review, board fixed effects, and underwriter-year fixed effects; (2) Firm controls include ROA, ROE, asset-liability ratio, state-owned shares, log registered capital, log employment size, firm age, and PC/CPPCC membership at the time of application; (3) City controls include log population size, log GDP, log GDP per capita, annual GDP growth rate, log fixed investment size, log government revenue and expenditure, and unemployment rate. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table D5: IPO Approval and the Political Alignment between CPS and PPS

	IPO Approval					
	(1)	(2)	(3)	(4)	(5)	(6)
Political Alignment	0.042	0.079***	0.077**	0.066*	0.065	0.077*
	(0.031)	(0.029)	(0.032)	(0.034)	(0.041)	(0.042)
City Fixed Effects	✓	✓	✓	✓	✓	✓
Applying Year Fixed Effects	✓	✓	✓	✓	✓	✓
Application Controls		✓	✓	✓	✓	✓
Industry Fixed Effects			✓	✓	✓	✓
Firm Controls				✓	✓	✓
City Controls					✓	✓
Province-Year Trends						✓
Outcome Variable Mean	0.656	0.676	0.682	0.687	0.685	0.685
Number of Obs	1894	1572	1547	1491	1453	1453

Notes: This table repeats the analysis in Table 3 with an alternative measure for the political alignment between city leaders and PPS. We use the political alignment between city party secretary (CPS) and provincial party secretary (PPS) as the main explanatory variable. Control variables: (1) Application controls include the length of IPO review, board fixed effects, and underwriter-year fixed effects; (2) Firm controls include ROA, ROE, asset-liability ratio, state-owned shares, log registered capital, log employment size, firm age, and PC/CPPCC membership at the time of application; (3) City controls include log population size, log GDP, log GDP per capita, annual GDP growth rate, log fixed investment size, log government revenue and expenditure, and unemployment rate. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table D6: Robustness Check with Sub-samples and Additional Control Variables

	IPO Approval					
	(1) w/o start-up board	(2) w/o financial sector	(3) First application	(4) Control for IEC fixed effects	(5) Control for innovation expenditure	(6) Control for tax, subsidy, cash flow
Political Alignment	0.101***	0.079***	0.066***	0.079***	0.140**	0.063*
	(0.034)	(0.025)	(0.023)	(0.027)	(0.065)	(0.035)
City Fixed Effects	✓	✓	✓	✓	✓	✓
Applying Year Fixed Effects	✓	✓	✓	✓	✓	✓
Application Controls	✓	✓	✓	✓	✓	✓
Industry Fixed Effects	✓	✓	✓	✓	✓	✓
Firm Controls	✓	✓	✓	✓	✓	✓
City Controls	✓	✓	✓	✓	✓	✓
Province-Year Trends	✓	✓	✓	✓	✓	✓
Outcome Variable Mean	0.697	0.682	0.682	0.684	0.469	0.765
Number of Obs	860	1441	1407	1410	737	801

Notes: This appendix table shows that the results in Table 3 are robust to the inclusion of additional fixed effects, control variables, and different sub-samples. More specifically, earlier studies have shown that firms which apply on the start-up board, are in the financial sector, and had applied for IPO before are more likely to be approved. Hence, we repeat our analysis by dropping IPO applications for the start-up board in column (1); dropping applications from firms in the financial sector in column (2); and using a sub-sample of only the first IPO application from each firm in column (3). Moreover, we control for the Issuance Examination Committee (IEC) fixed effects in column (4) to absorb the potential influence due to specific IEC meetings. Finally, given that firm characteristics such as innovation expenditure (as share of revenue), tax (as share of revenue), government subsidy (as share of revenue), and net cash flow have much smaller sample size than other variables, we do not control for them in Table 3 to preserve the sample size. These control variables are included in columns (5) and (6) and we still obtain robust results. Control variables: (a) Application controls include the length of IPO review, board fixed effects, and underwriter-year fixed effects; (b) Firm controls include ROA, ROE, asset-liability ratio, state-owned shares, log registered capital, log employment size, firm age, and PC/CPPCC membership at the time of application; (c) City controls include log population size, log GDP, log GDP per capita, annual GDP growth rate, log fixed investment size, log government revenue and expenditure, and unemployment rate. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table D7: Political Alignment and IPO Approval without Imputation

	IPO Approval					
	(1)	(2)	(3)	(4)	(5)	(6)
Political Alignment	0.032**	0.045**	0.048*	0.073***	0.082***	0.078**
	(0.014)	(0.021)	(0.025)	(0.022)	(0.023)	(0.030)
City Fixed Effects	✓	✓	✓	✓	✓	✓
Applying Year Fixed Effects	✓	✓	✓	✓	✓	✓
Application Controls		✓	✓	✓	✓	✓
Industry Fixed Effects			✓	✓	✓	✓
Firm Controls				✓	✓	✓
City Controls					✓	✓
Province-Year Trends						✓
Outcome Variable Mean	0.566	0.581	0.585	0.586	0.585	0.585
Number of Obs	1303	1063	1057	1004	990	990

Notes: The analysis shown in this appendix table uses the original data without applying the imputation technique. The results are still robust. Control variables: (1) Application controls include the length of IPO review, board fixed effects, and underwriter-year fixed effects; (2) Firm controls include ROA, ROE, asset-liability ratio, state-owned shares, log registered capital, log employment size, firm age, and PC/CPPCC membership at the time of application; (3) City controls include log population size, log GDP, log GDP per capita, annual GDP growth rate, log fixed investment size, log government revenue and expenditure, and unemployment rate. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table D8: Political Alignment and IPO Approval (Sub-sample of Applications after 2013)

	IPO Approval					
	(1)	(2)	(3)	(4)	(5)	(6)
Political Alignment	0.045	0.114***	0.122***	0.127***	0.118***	0.139**
	(0.027)	(0.028)	(0.038)	(0.039)	(0.040)	(0.066)
City Fixed Effects	✓	✓	✓	✓	✓	✓
Applying Year Fixed Effects	✓	✓	✓	✓	✓	✓
Application Controls		✓	✓	✓	✓	✓
Industry Fixed Effects			✓	✓	✓	✓
Firm Controls				✓	✓	✓
City Controls					✓	✓
Province-Year Trends						✓
Outcome Variable Mean	0.435	0.469	0.470	0.473	0.472	0.472
Number of Obs	909	764	762	734	725	725

Notes: This table serves as a robustness check for the results in Table 3. Using a sub-sample of only IPO applications submitted after 2013, the effect of political alignment is still significant and even more salient. Control variables: (1) Application controls include the length of IPO review, board fixed effects, and underwriter-year fixed effects; (2) Firm controls include ROA, ROE, asset-liability ratio, state-owned shares, log registered capital, log employment size, firm age, and PC/CPPCC membership at the time of application; (3) City controls include log population size, log GDP, log GDP per capita, annual GDP growth rate, log fixed investment size, log government revenue and expenditure, and unemployment rate. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table D9: Political Alignment and IPO Approval (Heterogeneous Effects by Industry)

	IPO Approval			
	(1)	(2)	(3)	(4)
Alignment	0.216	0.313**	0.319*	0.310*
	(0.158)	(0.152)	(0.163)	(0.166)
Alignment * Catering	-0.213	0.114	0.085	0.160
	(0.166)	(0.175)	(0.191)	(0.203)
Alignment * Information	-0.143	-0.276*	-0.250	-0.228
	(0.163)	(0.163)	(0.178)	(0.182)
Alignment * Agriculture	-0.143	-0.057	-0.052	-0.052
	(0.234)	(0.276)	(0.281)	(0.294)
Alignment * Manufacturing	-0.185	-0.277*	-0.267	-0.257
	(0.161)	(0.152)	(0.165)	(0.168)
Alignment * Health	0.625***	0.616***	0.596***	0.600***
	(0.160)	(0.191)	(0.198)	(0.205)
Alignment * Construction	-0.148	-0.196	-0.190	-0.213
	(0.167)	(0.186)	(0.200)	(0.199)
Alignment * Real estate	0.032	0.237	0.147	0.014
	(0.221)	(0.212)	(0.243)	(0.245)
Alignment * Retail	-0.154	-0.100	-0.082	-0.099
	(0.170)	(0.179)	(0.194)	(0.201)
Alignment * Entertainment	-0.176	-0.383*	-0.390*	-0.381
	(0.197)	(0.225)	(0.233)	(0.239)
Alignment * Facilities	-0.141	-0.249	-0.218	-0.154
	(0.208)	(0.178)	(0.187)	(0.190)
Alignment * Energy	-0.390*	-0.334	-0.312	-0.254
	(0.213)	(0.241)	(0.262)	(0.247)
Alignment * R&D	-0.152	-0.201	-0.204	-0.197
	(0.219)	(0.211)	(0.218)	(0.230)
Alignment * Rental	-0.291	-0.446**	-0.455**	-0.438*
	(0.193)	(0.213)	(0.229)	(0.242)
Alignment * Mining	-0.493**	-0.448*	-0.491*	-0.446
	(0.197)	(0.233)	(0.264)	(0.273)
Alignment * Finance	-0.228	-0.23	-0.261	-0.215
	(0.161)	(0.162)	(0.178)	(0.180)
Number of Obs	1863	1496	1458	1458
City Fixed Effects	✓	✓	✓	✓
Applying Year Fixed Effects	✓	✓	✓	✓
Application Controls		✓	✓	✓
Firm Controls		✓	✓	✓
City Controls			✓	✓
Province-Year Trends				✓

Notes: Transportation is used as the reference group, and others (including residential service and maintenance) is dropped due to too few observations. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

E Longitudinal City-Level Analysis

Although we have included many control variables in Table 3, the research design does not allow us to rule out the influence of unobserved confounding factors. To further alleviate this concern, we adopt a generalized difference-in-differences (DID) design applied to a city panel. To this end, we aggregate IPO approvals to the city level and obtain the number of IPO approvals that each city receives from 2004 to 2016. We then complement these IPO data with other covariates of the city and mayor. Appendix Table E1 reports the data sources and descriptive statistics for the variables used in the city-level analysis.

The following equation describes our generalized DID design.

$$Y_{ct} = \alpha_0 + \alpha_1 Alignment_{ct} + \delta X_{c,t-1} + \gamma Z_{ct} + \theta_c + \lambda_t + \epsilon_{ct} \quad (1)$$

where Y_{ct} is the primary outcome variable, namely, the total number of IPO approvals, and $Alignment_{ct}$ denotes the political alignment between the mayor and the PPS for city c in year t. θ_c and λ_t are city and year fixed effects, respectively. We also include a vector of city-level control variables, $X_{c,t-1}$, to reduce the omitted variable bias. For instance, we control for the number of IPO applications under review since this sets an upper bound for the number of approvals. Furthermore, we control for the same set of city covariates used in Table 3 and lag them (except the number of IPO applications under review) by one year to reduce the post-treatment bias. Finally, we control for a battery of mayor characteristics, Z_{ct}, including mayor's age (and its quadratic form), tenure (and its quadratic form), gender, education, and a dummy variable indicating the mayor's first year in office. We cluster standard errors at the city level to deal with the intra-city serial correlation.

Table E2 reports the results for our city-level analysis. Column (1) contains the results for the baseline model that controls for only city and year fixed effects. We then gradually add city controls, mayor controls, and province-year trends in columns (2) to (4). The coefficient of Political Alignment remains positive and statistically significant at the 1% level across all columns. Although the coefficients of Political Alignment are small in magnitude, this is mostly because a city, on average, receives only 0.4 IPO approvals each year. Hence, the results reported in Column (4) mean that Political Alignment helps a city boost the number of IPO approvals by 19.4% above the average.

We also explore the robustness of these results in several ways. First, since not all cities have firms that aspire to go public, we further limit our sample to only those cities that have had at least one firm applying for IPO between 2004 and 2016, and repeat the analysis in Appendix Table E3. Moreover, we further control for the idiosyncratic influence of mayors and PPS's by including their fixed effects separately in Appendix Table E4. In both sets of tests, the results become even stronger.

Finally, we conduct a falsification test for the critical parallel trends assumption required in a DID setup. The test should show that political alignment does not have any effect on the number of IPO approvals *before* the alignment is formed. More specifically, we adopt the following specification.

$$Y_{ct} = \beta_0 + \sum_{k=-3}^{+5,k\neq 1} \delta_k Alignment_{c,k+t} + \delta X_{c,t-1} + \gamma Z_{ct} + \theta_c + \lambda_t + \epsilon_{ct} \tag{2}$$

where $Alignment_{c,k+t}$ is a set of dummy variables indicating that the city will form political alignment in k years (when $k > 0$) or the city has already formed political alignment for k years (when $k \leq 0$). We omit the year just before the city establishes political alignment as the baseline year. Hence, all coefficients δ_k (where $k \neq 1$) should be interpreted in comparison with δ_1, the effect of political alignment on the number of IPO approvals in the year just before a nascent political alignment is established.

Figure E1 presents the results for this exercise. We include the same set of control

Table E1: Summary Statistics of Variables for City-Level Analysis

	N	Mean	SD	Min	Max	Data Source
IPO Outcome Variables						
IPO approvals	4,643	0.348	1.350	0	31	1
IPOs in waitlist	4,643	0.747	3.462	0	94	1
New IPO applications	4,643	0.295	1.755	0	64	1
Mayor Characteristics						
Mayor's political alignment	4,584	0.634	0.482	0	1	2
Mayor's promotion	4,581	0.149	0.356	0	1	2
Mayor's age	4,581	50.19	3.969	33	62	2,3
Mayor's gender	4,584	1.940	0.237	1	2	3
Mayor's education	4,497	5.080	1.300	1	7	3
Mayor's tenure	4,643	1.492	1.507	0	11	2,3
Mayor's first year in office	4,643	0.319	0.466	0	1	2,3
City Characteristics						
(*log*) Population	3,932	5.835	0.676	2.855	7.244	4
(*log*) GDP	3,928	15.88	1.031	12.67	19.09	4
(*log*) GDP per capita (Yuan)	3,921	10.06	0.818	4.605	13.06	4
GDP growth (%)	3,922	12.13	4.734	-19.38	109	4
(*log*) Investment	3,923	15.34	1.176	12.02	18.24	4
(*log*) Government Revenue	3,932	13.06	1.248	9.412	17.26	4
(*log*) Government Expenditure	3,932	13.91	1.032	10.41	17.56	4
Unemployment rate (%)	3,908	0.622	0.539	0	11.54	4
Measurements for Corruption						
Corrupt mayor	4,643	0.087	0.281	0	1	2,3
Number of bureau-level corrupt officials	1,629	0.373	1.224	0	24	5
Land purchase by princeling firms	3,593	0.482	0.500	0	1	6
Discount in land price (%)	3,540	3.245	5.350	0	35.35	6

Notes: City characteristics are measured in tens of thousands except for GDP per capita, GDP growth, and unemployment rate. Data Sources: 1. Wind Financial Database. 2. CCER Official Database. 3. Chinese Political Elite Database (CPED). 4. China City Statistical Yearbook. 5 Data from Wang and Dickson (2022). 6. Data from Chen and Kung (2018).

Table E2: Political Alignment and IPO Approvals with the Generalized DID Design

	Number of IPO Approvals			
	(1)	(2)	(3)	(4)
Political Alignment	0.093***	0.075***	0.071***	0.084***
	(0.026)	(0.019)	(0.027)	(0.032)
City Fixed Effects	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓
City Controls		✓	✓	✓
Mayor Controls			✓	✓
Province-Year Trends				✓
Outcome Variable Mean	0.377	0.432	0.433	0.433
Number of Cities	332	285	284	284
Number of Obs	4274	3585	3541	3541

Notes: City controls include population, GDP, GDP per capita, GDP growth, government revenue and expenditure, investment, unemployment rate in the previous year, and the number of IPO applications under review. Mayor controls include age (and its quadratic term), tenure (and its quadratic term), gender, education level, and mayor's first year in office. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

variables, fixed effects, and province-year trends as the model presented in column (4) of Table E2. Figure E1 shows that there is no significant difference in the number of IPO approvals before the city forms political alignment (i.e., X-axis with negative numbers). However, we see a significant jump in the number of IPO approvals once political alignment is established (zero on X-axis) and this difference remains at least in the first three years thereafter. Hence, the figure helps clarify that our results are not driven by the selection bias that politically aligned cities have more IPO approvals before their mayors establish the alignment.

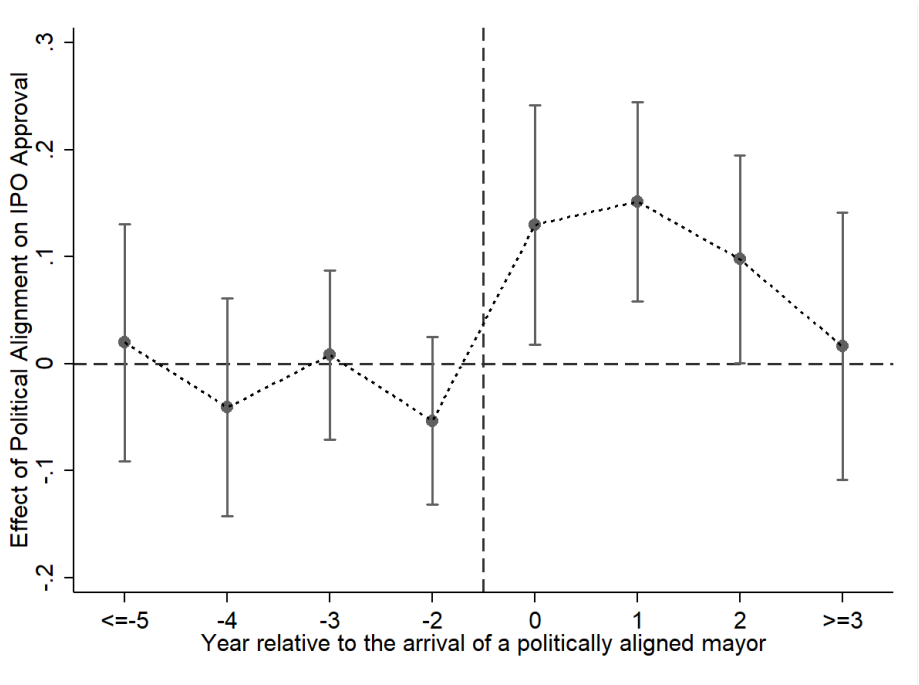

Figure E1: Dynamic Effects of Political Alignment on IPO Approval

Notes: Each dot indicates a point estimate and the vertical bars are the 95% confidence intervals. Horizontal axis denotes the year relative to the year when the city establishes a new political alignment between mayor and PPS. Negative numbers on the horizontal axis refer to the years before a city establishes political alignment. Numbers without signs on the horizontal axis indicate the years since the city has formed political alignment. We omit the year before the city forms political alignment as the baseline.

Table E3: Political Alignment and IPO Approvals with a Smaller Sample

	Number of IPO Approvals			
	(1)	(2)	(3)	(4)
Political Alignment	0.158***	0.125***	0.126***	0.142***
	(0.040)	(0.026)	(0.036)	(0.044)
City Fixed Effects	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓
City Controls		✓	✓	✓
Mayor Controls			✓	✓
Province-Year Trends				✓
Outcome Variable Mean	0.608	0.629	0.630	0.630
Number of Obs	2653	2466	2433	2433

Notes: The analysis reported here focuses on cities that have at least one IPO application from 2004 to 2016. In other words, we exclude cities that never have any firm applying for IPO. City controls include population, GDP, GDP per capita, GDP growth, government revenue and expenditure, investment, unemployment rate in the previous year, and the number of IPOs in waitlist. Mayor controls include age (and quadratic term), tenure (and quadratic term), gender, education level, and whether the mayor is in his/her first year in office. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table E4: Political Alignment and IPO Approvals Controlling for Provincial Party Secretary (PPS) and Mayor Fixed Effects

	Number of IPO Approvals					
	(1)	(2)	(3)	(4)	(5)	(6)
Political Alignment	0.102***	0.099***	0.104**	0.165***	0.084*	0.098*
	(0.032)	(0.032)	(0.043)	(0.063)	(0.044)	(0.054)
City Fixed Effects	✓	✓	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓	✓	✓
PPS Fixed Effects	✓	✓	✓			
Mayor Fixed Effects				✓	✓	✓
City Controls		✓	✓		✓	✓
Mayor Controls		✓	✓			
Province-Year Trends			✓			✓
Outcome Variable Mean	0.379	0.433	0.433	0.377	0.432	0.432
Number of Obs	4249	3541	3541	4274	3585	3585

Notes: The analysis shown in this appendix table provides a robustness check for the results in Table E2 by including additional fixed effects. Columns (1) to (3) further control for the provincial party secretary (PPS) fixed effects. Columns (4) to (6) further control for the mayor fixed effects (and hence, mayor characteristics such as age, gender, education level are not controlled for). City controls include population, GDP, GDP per capita, GDP growth, government revenue and expenditure, investment, unemployment rate in the previous year, and the number of IPOs in waitlist. Mayor controls include age (and quadratic term), tenure (and quadratic term), gender, education level, and whether the mayor is in his/her first year in office. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

F Additional Evidence for the Mechanism: A Case Study

The Anhui Guangxin Agrochemical Co., Ltd ("Guangxin" hereafter), located in Xuancheng City, Anhui Province, is a firm that produces chemical pesticides. The firm applied for the IPO in 2011. However, the CSRC rejected Guangxin's application in the same year due to Guangxin's worrying records of environmental protection and production safety. The CSRC found out this problem because, when consulted by the CSRC about Guangxin, the Provincial Government of Anhui forwarded a report from its Provincial Bureau of Environmental Protection. This report showed that the firm had a severe chemical accident in 2010 that killed three workers, and that another two factories of Guangxin did not take adequate measures to prevent similar chemical accidents.

After its initial failure, Guangxin applied for IPO again in 2014. This time, the CSRC approved its application within a few months. What led to the change in the CSRC's decision? From 2011 to 2014, there were no significant changes in the CSRC's review rules for IPO. Moreover, compliance with local environmental regulations remained a crucial criterion that firms needed to satisfy. However, one factor did change between the firm's two IPO applications. Initially, in 2011, the mayor of Xuancheng City was *not* politically aligned with the PPS of Anhui Province; whereas in 2014 when Guangxin submitted its second application, the new mayor who had taken office in 2013 *was* politically aligned with the PPS. Although we do not know why the CSRC approved the firm's second IPO application, it is possible that the provincial government hid information unfavorable to the firm, or even helped defend the firm's worrying pollution records. This case provides an example of how the political alignment between the city and provincial governments may influence the review of IPO applications.

Although the case study is illustrative, it may not represent the general pattern of all IPO applications. Moreover, we are unable to control for many other mechanisms that may account for Guangxin's second, successful application. For instance, it is possible that, in this specific case, Guangxin has improved its safety and environmental standards by 2014.

To rule out the influence of these concerns, we consider all IPO applications from 2004 to 2016 and perform a quantitative analysis in Section 5.

G Additional Tests on the Consequences of Alignment-Induced IPO Approval

Table G1: IPO Approvals and the Mayoral Promotion

	Mayoral Promotion Within X year(s)			
	(1) this year	(2) 1 year	(3) 2 years	(4) 3 years
Number of IPO Approvals	0.037**	0.032**	0.028**	0.022*
	(0.017)	(0.014)	(0.014)	(0.013)
Provincial Party Congress	0.041**	0.019	0.018	0.017
	(0.020)	(0.018)	(0.016)	(0.015)
Central-level Work Experience	0.010	0.029	0.007	-0.030
	(0.027)	(0.043)	(0.049)	(0.051)
City Fixed Effects	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓
City Controls	✓	✓	✓	✓
Mayor Controls	✓	✓	✓	✓
Province-Year Trends	✓	✓	✓	✓
Outcome Variable Mean	0.166	0.301	0.397	0.458
Number of Obs	3533	3533	3533	3533

Notes: City controls include population, GDP, GDP per capita, GDP growth, government revenue and expenditure, investment, unemployment rate in the previous year, and the number of IPO applications under review. Mayor controls include age (and its quadratic term), tenure (and its quadratic term), gender, education level, patronage connection, and mayor's first year in office. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table G2: IPO Approvals and the Mayoral Promotion (Aggregate by Mayor's Term)

	Promotion by the End of Mayor's Term			
	(1)	(2)	(3)	(4)
IPO Approvals Per Year	0.024	0.033**	0.034*	0.036**
	(0.016)	(0.017)	(0.017)	(0.017)
City Fixed Effects	✓	✓	✓	✓
Year Fixed Effects		✓	✓	✓
Mayor Controls			✓	✓
City Controls				✓
Outcome Variable Mean	0.472	0.472	0.477	0.498
Number of Obs	1449	1449	1399	1231

Notes: This table serves as a robustness check for the results in Table 7. We aggregate the average number of IPOs per year for each mayor in his/her term, and use promotion at the end of this mayor's term as the outcome variable. The results suggest that the more IPOs a mayor obtains each year, the more likely (s)he will be promoted at the end of his/her term. Mayor controls include the age, gender, education level, patronage connection, first year in office, and the total number of years in office. City controls include the population, GDP, GDP per capita, GDP growth, government revenue and expenditure, investment, and unemployment rate. Both mayor's and city's characteristics are measure in the year the mayor first took office. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table G3: IPO Rejections and the Mayoral Promotion

	Mayoral Promotion Within X year(s)			
	(1) this year	(2) 1 year	(3) 2 years	(4) 3 years
Number of IPO Rejections	-0.037**	-0.034**	-0.030**	-0.025*
	(0.018)	(0.015)	(0.015)	(0.014)
City Fixed Effects	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓
City Controls	✓	✓	✓	✓
Mayor Controls	✓	✓	✓	✓
Province-Year Trends	✓	✓	✓	✓
Outcome Variable Mean	0.166	0.301	0.397	0.458
Number of Obs	3533	3533	3533	3533

Notes: This table shows that the number of IPO rejections negatively correlates with the mayoral promotion. City controls include population, GDP, GDP per capita, GDP growth, government revenue and expenditure, investment, unemployment rate in the previous year, and the number of IPO applications under review. Mayor controls include age (and its quadratic term), tenure (and its quadratic term), gender, education level, patronage connection, and mayor's first year in office. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table G4: IPO Approval and the Mayoral Promotion in Earlier Years

	Mayoral Promotion within		
	Previous 1 Year	Previous 2 Years	Previous 3 Years
No. of IPO approvals	-0.009*	-0.007	-0.009
	(0.005)	(0.007)	(0.010)
City Fixed Effects	✓	✓	✓
Year Fixed Effects	✓	✓	✓
City Controls	✓	✓	✓
Mayor Controls	✓	✓	✓
Province-Year Trends	✓	✓	✓
Outcome Variable Mean	0.155	0.305	0.445
Number of Obs	3260	2983	2709

Notes: The analysis reported here shows that IPO approvals are not positively associated with earlier mayoral promotion. City controls include population, GDP, GDP per capita, GDP growth, government revenue and expenditure, investment, unemployment rate in the previous 1-3 years, and the number of IPOs in waitlist. Mayor controls include mayor's political alignment, age (and quadratic term), tenure (and quadratic term), gender, education level, and whether the mayor is in his/her first year in office. Standard errors clustered at the city level are reported in parentheses. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table G5: The Moderating Effect of Age Limit for City Mayors

	Number of IPO Approvals			
	(1)	(2)	(3)	(4)
Political Alignment	0.103***	0.087***	0.097***	0.105***
	(0.026)	(0.020)	(0.031)	(0.036)
Alignment × 𝟙(Age≥57)	-0.147	-0.410*	-0.458*	-0.427*
	(0.143)	(0.226)	(0.233)	(0.230)
Alignment + Alignment × 𝟙(Age≥57)	-0.044	-0.323	-0.361	-0.322
(F-statistic)	[0.10]	[2.17]	[2.71]	[2.18]
City Fixed Effects	✓	✓	✓	✓
Year Fixed Effects	✓	✓	✓	✓
City Controls		✓	✓	✓
Mayor Controls			✓	✓
Province-Year Trends				✓
Outcome Variable Mean	0.378	0.432	0.433	0.433
Number of Obs	4266	3582	3541	3541

Notes: We add the same set of control variables as Table E2. Standard errors clustered at the city level are reported in parentheses. F-statistics are included in brackets. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table G6: Moderating Effect of Age Limit (Alternative Cutoffs)

	No. of IPO Approvals	
	(1) Age≥58	(2) Age≥56
Political Alignment	0.103***	0.095**
	(0.035)	(0.037)
Alignment × 𝟙(Age≥58)	-0.585*	
	(0.316)	
Alignment × 𝟙(Age≥56)		-0.126
		(0.164)
Alignment + Alignment × 𝟙(Age≥56/58)	-0.482	-0.031
(F-statistic)	[2.48]	[0.04]
City Fixed Effects	✓	✓
Year Fixed Effects	✓	✓
City Controls	✓	✓
Mayor Controls	✓	✓
Province-Year Trends	✓	✓
Outcome Variable Mean	0.433	0.433
Number of Obs	3541	3541

Notes: This table checks the robustness of the results in Table G5 by using alternative cutoffs for mayors' last term, namely 56 and 58 years old. City controls include population, GDP, GDP per capita, GDP growth, government revenue, government expenditure, investment, unemployment rate, and the number of IPOs in waitlist. Mayor controls include age (and quadratic term), tenure (and quadratic term), gender, education level, and whether the mayor is in his/her first year in office. Standard errors clustered at the city level are reported in parentheses. F-statistics are included in brackets. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table G7: IPO Approvals and Corruption

	Corruption		
	Same Year	After 1 Year	After 2 Years
Panel A			
Corrupt mayor	-0.003	-0.005	-0.006
	(0.005)	(0.005)	(0.005)
N	3541	3270	2994
Panel B			
Bureau-level corrupt officials	-0.039	-0.266**	0.024
	(0.068)	(0.114)	(0.026)
N	1366	1364	1364
Panel C			
Land purchase by princeling	0.008	0.010	-0.005
	(0.008)	(0.017)	(0.015)
N	2990	2713	2436
Panel D			
Discount in land price	0.132	0.120	0.172
	(0.119)	(0.260)	(0.213)
N	2988	2711	2434

Notes: We use four different measurements for corruption as the outcome variable. More specifically, column (1) draws on the Chinese Political Elite Database (CPED) and CCER Official Database (2004-2016) and codes "corrupt mayor" as a dichotomous variable that takes the value one if the mayor has ever been investigated by the Chinese government for corruption and as zero if otherwise. Column (2) utilizes the data from Wang and Dickson (2022) and constructs a continuous variable ("bureau-level corrupt officials") that counts the number of (deputy) bureau-level officials ((副)厅局级干部) investigated for corruption between 2012 and 2016. Column (3) and (4) draw on the data from Chen and Kung (2018) and construct two variables: a dichotomous variable coded as one if there is land purchased by "princeling" firms (i.e., firms run by close relatives of the Politburo members), and a continuous variable that measures the discount in land price offered to princeling firms. We include the same set of control variables and fixed effects as in our longitudinal study. The significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

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