

Hard Landings and Political Change in Nondemocracies

Thomas Pepinsky* and Jeremy Wallace†

Department of Government

Cornell University

First draft: August 15, 2016

Comments welcome

Abstract

Observers of China's economy predict that China's three decades of rapid economic growth are coming to a close. What are the likely implications for China's political future? In this paper we show how the experiences of other authoritarian regimes around the world can inform scholarship on China's politics in an era of more moderate economic performance. In contrast to most current research on economic performance and economic crises, we distinguish the booms and busts that characterize most countries' economies from the distinct pattern of high levels of economic growth sustained over the course of many consecutive years that is the hallmark of China's growth experience. We show that sharp economic reversals following sustained periods of rapid economic growth—which we term “hard landings”—are more likely to result in democratization than are “soft landings.” Even though democratization following hard landings is relatively rare, evidence from other high-performing authoritarian regimes shows that hard and soft landings alike have important political implications over the medium term. We use these findings to inform the current debate on Chinese economic performance, arguing that the likely end of China's current economic flight does represent a threat to the survival of the current regime, but that even regime continuity will be accompanied by substantial changes in the nature of the Chinese politics.

* 322 White Hall, Ithaca, NY 14853. pepinsky@cornell.edu.

† 211 White Hall, Ithaca, NY 14853. wallace@cornell.edu.

Hard Landings and Political Change in Nondemocracies

The Future of China

China's economic future is much debated. For instance, at the annual 2016 World Economic Forum in Davos, Switzerland, it was claimed that "A hard landing is practically unavoidable"; "It's happened—I'm not expecting it, I'm just observing it"; "China can manage it; it has resources ... and greater latitude than most countries because it has over \$3 trillion of reserves."¹ These varied perspectives all came from George Soros during a three minute interview. Overstated current growth estimates, the country's debt burden, excessive capital flight, and factory gate deflation concern him greatly. Etsuro Honda, an economic advisor to Japan's Prime Minister Shinzo Abe, added other worries to this list: excess production capacity, a surprise currency devaluation in the summer of 2015, the slowest growth in a quarter century, and perceived policy missteps such as a four day fiasco of instituting stock market "circuit breakers" in January 2016.² In February 2016, Christine Lagarde, head of the International

¹ (Burton, 2016; "Soros," 2016).

² (Bradsher, 2016; Fujioka, 2016)

Monetary Fund (IMF), claimed that China could avoid a “hard landing” with state-owned enterprise reforms and clearer market-based exchange rate policy.³

The US investment firm Merrill Lynch discussed the possibility of a “hard landing” in China in 1993,⁴ as did the World Bank and IMF in 2004,⁵ but without specific definitions. Investors, international institutions, and governments of neighboring countries are joined by scholars and the media in using the term “hard landing” to describe a country’s economy facing difficulty, but despite common usage, its meaning remains vague.⁶ So, too, do its implications for Chinese politics and China’s economy. For example, can the experiences of other countries inform our expectations of “hard landings”? Do different kinds of growth slowdowns yield political changes in nondemocracies? These questions matter not only because of China’s importance, but also because they raise questions about the typology of growth experiences that we study.

In this paper we introduce a new framework for understanding China’s economic trajectory, its possible futures, and their political implications. Our central innovations are conceptual and descriptive. In contrast to most current research on economic performance and economic crises, we focus on medium-

³ (Lawder, 2016). Her principal framing of China’s economy is that it’s “going through a massive, multi-faceted transition” to a slower rate of economic growth.

⁴ (Ming, 1993)

⁵ (Prasad, 2004)

⁶ (Goldstein & Lardy, 2004; Lai, 2015; Wolf, 2013; Yao & Qing, 2011)

term economic trajectories, separating the booms and busts that characterize most countries' economies from a distinct pattern of high levels of economic growth sustained over the course of many consecutive years. We therefore reinterpret Lagarde and Soros's language of China's hard landing in terms of the aftermath of sustained high-growth periods: hard landings signify sharp economic contractions in the wake of sustained growth periods, whereas an alternative—soft landing—refers to a return to a more modest rate of economic expansion.

Using our conceptualization of hard landings and their alternatives—soft landings, booms, and busts—we use historical and cross-national evidence to characterize what we know about the political and economic aftermaths of hard landings in nondemocratic countries such as China. Although democratization is rare under any growth conditions, hard landings in authoritarian countries are more likely to be followed by political liberalization than are other growth episodes, even when accounting for the depth of the economic contraction. They are more likely to be followed by slower economic growth. Slowdowns following long periods of rapid growth thus differ in important ways from slowdowns that follow more modest or volatile economic growth.

We then return to the Chinese case, and show both how our comparative insights help us to better anticipate China's likely future and the limits of comparison for countries such as China. China is the world's most populous country, with its cities alone housing one in ten humans currently living. Its economy has ascended to second in size to the US (and by some metrics surpassed it); its contribution to global growth over the past decade is 20%.⁷ China's significance in international trade connects individuals everywhere to its fortunes, especially through the price of commodities and the fiscal health of commodity-producers. China's military spending is second only to the US, with strong support for popular nationalism spilling into the streets with some frequency. Finally, China's political system has become a core piece of authoritarianism's "global brand," connected to competence and economic growth. China's economy is nevertheless approaching the end of a long period of rapid economic growth.⁸ Expectations about the implications arising from changes in the trajectory of China's economic "flight" are different than if economic growth had not persisted for as long or been as rapid as it has in the Chinese case. Many of China's distinctive features make it simply incomparable

⁷ ("China," 2014)

⁸ A common figure is three decades of rapid growth, although this expression masks moments of serious economic turbulence, as will be discussed below.

to other countries, but history and cross-national experiences help us to anticipate what kinds of futures are more or less likely.

Beyond the Chinese case, systematizing knowledge of economic growth trajectories in emerging economies presents an opportunity to improve our understandings of when and how changes in economic growth affects political change. While existing evidence is clear that economic growth bolsters nondemocratic regime survival in general, the political effects of different kinds of changes in economic trajectories remain underexplored. In characterizing the differences between flights and booms, and hard landings and busts, we introduce new conceptual tools that yield useful insights into China's recent history as well as that of other high-performing developing economies.

Types of Growth Trajectories in Non-Democratic Regimes

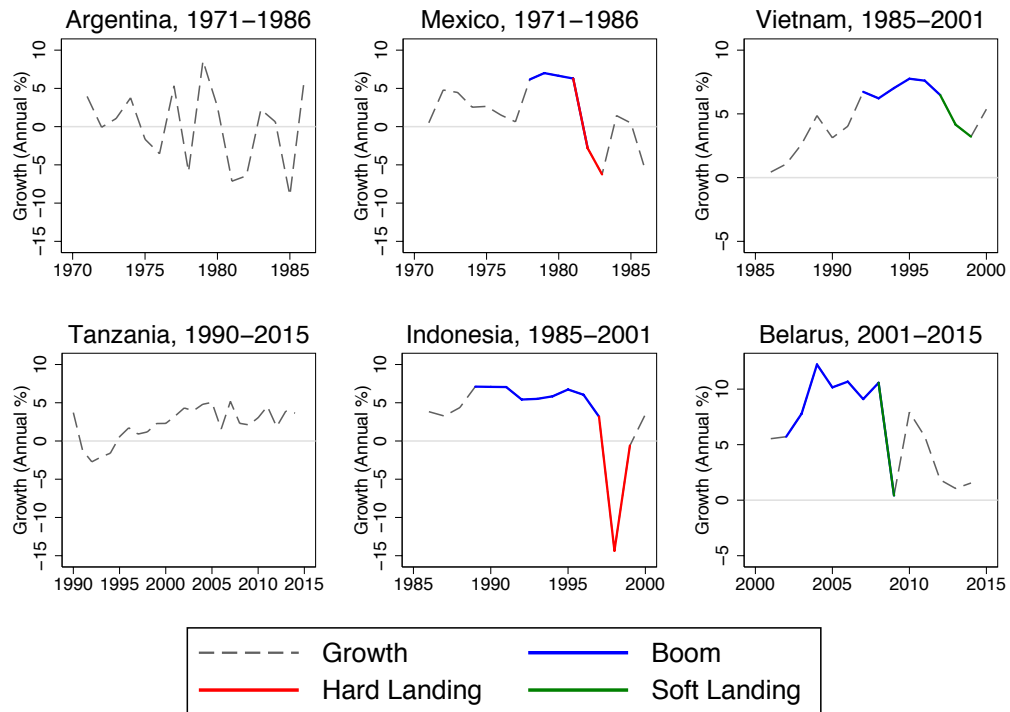
To illustrate how different growth trajectories shape the politics of economic crises, in Figure 1 below we plot the growth trajectories of six countries during periods of economic expansion and contraction. Each of these countries is a non-democratic regime as coded by Cheibub and Gandhi,⁹ and scores below zero on the Polity2 scale.¹⁰ However, their growth experiences differ in important

⁹ (Cheibub, Gandhi, & Vreeland, 2010)

¹⁰ (Marshall, Gurr, & Jaggers, 2015)

ways that, we argue, will highlight what is and what is not unique about China's economic growth since 1978.

Figure 1: Growth Trajectories



Look first at the cases of Argentina and Tanzania. Under the periods shown above, growth is either volatile on a yearly basis (Argentina) or modest over the course of many years (Tanzania). They differ from the other four cases, each of which enjoyed several consecutive years of economic growth exceeding 5% in each year. Persistently high levels of economic expansion are relatively

rare across advanced, emerging, and developing economies, as we will show below, but these are the cases that best approximate the Chinese growth trajectory, the distinguishing feature of which is not simply its high rate but the persistence of that high growth rate over time.

Figure 1 also highlights an important contrast within these four countries, between those whose sustained growth episodes ended with a sharp contraction and those whose sustained growth episodes ended with a reversion to a lower rate of growth. The former are exemplified by the cases of Mexico and Indonesia, countries that enjoyed sustained rates of high economic expansion (in the late 1970s and early 1980s for Mexico, and in the early to mid-1990s for Indonesia) only to see each come to an abrupt end with an economic crisis. By contrast, Vietnam and Belarus both experienced periods of sustained rapid economic growth followed not by crisis but simply by a period of slower economic growth. This latter pattern is what we term a soft landing, in contrast to the cases of Mexico and Indonesia that experience a hard landing.

To capture the global incidence of hard versus soft “landings,” we first begin by measuring the “flights” that precede them. Using data from the World Bank,¹¹ we code a country as having experienced a flight if it registered four

¹¹ (World Bank, 2016)

consecutive years of real per capita GDP growth exceeding 5%. Using this metric, we count a total of 105 flights between 1961 and 2014. In Table 1 we show the regional breakdown of these flights.

Table 1: Flights by Region

Region	No.	%
1. Eastern Europe and former Soviet Union	28	26.7%
2. Latin America	12	11.4%
3. North Africa & the Middle East	10	9.5%
4. Sub-Saharan Africa	12	11.4%
5. Western Europe and North America	11	10.5%
6. East Asia	12	11.4%
7. South-East Asia	13	12.4%
8. South Asia	1	1.0%
10. The Caribbean	6	5.7%
Total	105	100%

Flights are common across the globe, although Eastern Europe and the former Soviet Union account for a substantial proportion of the flights in our data. We also observe variation over time: Table 2 shows the total number of flights by decade, dated by their final year.

Table 2: Flights by Decade

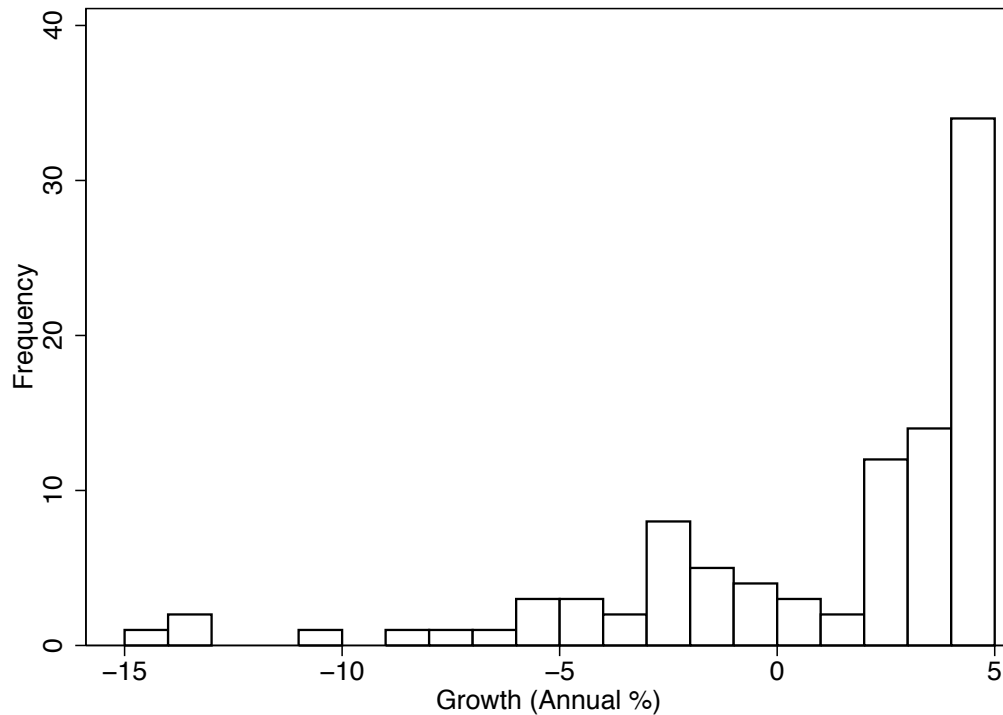
Decade	No.	%
1960s	11	10.5%
1970s	14	13.3%
1980s	13	12.4%

1990s	21	20.0%
2000s	38	36.2%
2010s	8	7.6%
Total	105	100%

Note the rise of flights in the 2000s, reflecting the worldwide economic expansion that preceded the Global Economic Crisis. It is helpful to observe that seven of the eight flights of the 2010s are all ongoing as of 2014, the last year for which comparable data are available. These seven cases are Cambodia, Ethiopia, Laos, Mongolia, Turkmenistan, Uzbekistan, and of course, China.

What do the aftermaths of these flights look like? Figure 2 is a histogram of the real per capita GDP growth rates in the year following the end of a flight for the 98 flights that we have identified that are not ongoing as of 2014.

Figure 2: Post-Flight Growth Outcomes



Two features of this figure are noteworthy. First, most flights are followed by periods of positive economic growth, often just below the 5% threshold that defines a flight. Second, there are indeed many instances of countries whose flights are followed by significant, sometimes dramatic economic contractions. The distribution of post-flight yearly growth rates is in fact bimodal, with a second mode around a 3% economic contraction. Inspecting Figure 2 suggests a simple coding rule to distinguish more broadly between soft landings and hard landings. A country experiences a soft landing when a flight (as defined above)

ends and is followed by a year of positive economic growth, and a hard landing when a flight is followed by a year of negative economic growth.

This distinction is simple and clear, but it risks missing cases where post-flight reversals move slowly, and counting as soft landings those cases where a country experiencing a protracted flight registers more modest growth only temporarily. Consider first the case of Venezuela in 2009. Between 2004 and 2007 Venezuela experienced growth rates of 16%, 8%, 8%, and 7%, which classifies it as having experienced a flight by our definition. 2008 saw Venezuela's growth rate decline to 3.6%, which we would count as a soft landing. But 2009 saw Venezuela's growth rate plummet still further, to a contraction of 4.7%, consistent with what we consider a hard landing during the Global Economic Crisis. In cases such as Venezuela's, a crisis that begins in the middle of the calendar year may not yield negative economic growth in that year even if it does signify the end of a flight.

Consider next the case of South Korea in the 1970s. Between 1968 and 1971 South Korea experienced growth at 9%, 12%, 10%, and 8%. This was followed by a growth rate of 4.53% in 1972, but immediately thereafter, from 1973-1979 growth rates were 13%, 8%, 6%, 12%, 10%, 8%, and 7%. Although South Korea in 1972 falls below our arbitrary 5% cutoff level for a flight, we prefer to consider

the larger context of this growth experience as a flight lasting from 1968 until 1979.

We therefore amend our coding rules as follows. To account for cases such as South Korea, a country experiences a flight when it experiences real per capita GDP growth exceeding 5% for at least three out of four consecutive years, with a growth rate of greater than 4% for the remaining year. To account for cases like Venezuela, a country experiences a soft landing when a flight—as defined above—ends and is followed by two years of positive economic growth, and a hard landing when a flight is followed by negative economic growth in either of the following two years.

In Table 3 we list all instances of hard and soft landings among non-democratic regimes, using data from 1961-2014, and including every country scoring less than 6 on the Polity2 scale or coded by Cheibub and Gandhi as a non-democratic regime.

Table 3: Hard and Soft Landings, 1961-2014, Non-Democracies Only

Soft Landings			Hard Landings		
<i>Country</i>	<i>Year Ended</i>	<i>Length (Years)</i>	<i>Country</i>	<i>Year Ended</i>	<i>Length (Years)</i>
Panama	1964	4	China	1967	4
Nicaragua	1966	4	Algeria	1971	4
Spain	1967	7	Oman	1971	4

Portugal	1969	7	Greece	1974	11
Morocco	1970	4	Portugal	1974	4
Iran	1973	13	Saudi Arabia	1975	4
Dom. Rep.	1974	5	Gabon	1977	8
Singapore	1974	9	Cuba	1980	5
Brazil	1975	7	Korea	1980	12
Indonesia	1975	7	Chile	1982	5
Malaysia	1980	4	Indonesia	1982	5
China	1981	4	Mexico	1982	4
Singapore	1982	6	Paraguay	1982	5
Congo	1983	4	Cuba	1986	5
China	1989	7	Oman	1986	5
Singapore	1991	4	Albania	1997	4
Myanmar	1997	5	Indonesia	1998	9
Vietnam	1998	6	Malaysia	1998	10
Armenia	1999	5	Togo	1998	4
Myanmar	2005	6	Iraq	2000	4
Tajikistan	2005	5	Mozambique	2000	4
Cuba	2008	4	Liberia	2001	5
Jordan	2008	4	Chad	2006	5
Vietnam	2008	8	Singapore	2008	5
Belarus	2009	9	Armenia	2009	9
Rwanda	2009	5	Cambodia	2009	10
			Eq. Guinea	2009	17
			Kazakhstan	2009	9
			Russia	2009	10
			Venezuela	2009	5
			Azerbaijan	2011	13

These cases include the hard landings of Indonesia, Mexico, and Venezuela and reveal additional hard landings such as Chile 1982, Malaysia 1988, and Russia in 2009. In addition to the soft landings of Vietnam 1998 and Belarus 2009 we see cases such as Cuba and Vietnam in 2008.

Critically, we also discover in Table 3 that flights cluster by country. Many non-democratic countries in our data never experience either a hard or a soft landing because they never experience a flight during a period of non-democratic rule, and so never appear in Table 3 (examples include Argentina, Bolivia, Nepal, and most of the Middle East and Africa). Among those that do appear in Table 3, several appear multiple times. Armenia, Malaysia, Myanmar, Oman, Portugal, and Vietnam appear twice, Cuba and Indonesia appear three times, and Singapore four times. But of particular note for our analysis of China's future is the fact that China itself appears in Table 3 three times: a hard landing in 1967 and soft landings in 1981 and 1989.

Hard Landings and Political Change: The Historical Record

Based on these data, we can probe the historical relationship between economic conditions and regime change, taking into account the distinct dynamics of hard and soft landings. In Table 4, Panel A we begin by simply comparing hard or soft landings with all other non-democratic country-years, to examine whether a country is coded by Cheibub and Gandhi as having democratized in any of the following two years.

Table 4: Flights, Landings, and Democratization

PANEL A			
	Democratized		
	<i>No</i>	<i>Yes</i>	<i>Total</i>
<i>Soft Landing</i>	24	0	24
	100%	0%	100%
<i>Hard Landing</i>	21	2	23
	91.3%	8.7%	100%
<i>All Other</i>	3,164	153	3,317
	95.4%	4.6%	100%
<i>Total</i>	3,209	155	3,364
	95.4%	4.6%	100%

PANEL B			
	Democratized		
	<i>No</i>	<i>Yes</i>	<i>Total</i>
<i>Soft Landing</i>	24	0	24
	100%	0%	100%
<i>Hard Landing</i>	21	2	23
	91.3%	8.7%	100%
<i>Midflight</i>	221	6	227
	97.4%	2.6%	100%
<i>Boom</i>	634	24	658
	96.4%	3.6%	100%
<i>Bust</i>	1,013	66	1,079
	93.9%	6.1%	100%
<i>Normal</i>	1,296	57	1,353
	95.8%	4.2%	100%
<i>Total</i>	3,209	155	3,364
	95.4%	4.6%	100%

Two observations are immediately clear. First, democratization is rare, with only 4.6% of all non-democratic country-years followed by democratization within

two years. But for our purposes, democratization is rare *even after hard landings*.

The only countries that we code as having democratized after a hard landing are Indonesia (democratized in 1999 after a hard landing in 1998) and Portugal (democratized in 1976 after a hard landing in 1974). Second, democratization is more likely following hard landings than it is under other conditions, either soft landings or all others.

In Panel B of Table 4 we break out those “all other” conditions into four additional types. “Midflight” corresponds to any year during which a country is in the midst of a flight, while “boom” corresponds to any other year with GDP growth exceeding 5%. “Bust” corresponds to any year in which growth rates are negative, but not including hard or soft landings. Finally, “normal” is any other country-year not otherwise classified as boom, bust, midflight, or a hard or soft landing. When we compare democratization across these six different conditions, we find that as rare as democratization is after hard landings, it is more common there than under any other economic conditions, including other growth contractions that appear on in Panel B as “busts.”

In Table 5, we extend this exercise by estimating regression models that use our coding of growth experiences to predict political change in subsequent years.

Table 5: Time-Series Cross-Sectional Regressions

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
<i>Dependent Variable</i>	<i>Polity2</i>	<i>Democracy</i>	<i>Democracy</i>	<i>Polity2</i>	<i>Democracy</i>	<i>Democracy</i>
<i>Soft Landing</i>	-0.10 (0.17)	-0.03 (0.02)	-15.68 (4126.81)	-0.18 (0.14)	-0.04* (0.02)	-15.95 (4286.43)
<i>Hard Landing</i>	0.86* (0.41)	0.07 (0.05)	2.01+ (1.14)	0.80+ (0.42)	0.06 (0.05)	1.85+ (1.05)
<i>Midflight</i>	-0.07 (0.16)	0.01 (0.02)	-0.38 (0.81)			
<i>Boom</i>	0.07 (0.10)	0.01 (0.01)	0.16 (0.36)			
<i>Bust</i>	0.26* (0.09)	0.03* (0.01)	0.92* (0.32)			
<i>Polity2</i>	0.86* (0.02)			0.86* (0.02)		
<i>Growth</i>	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.02)			
<i>Constant</i>	-1.07* (0.38)	-0.05* (0.02)		-0.99* (0.38)	-0.04* (0.02)	
Observations	3495	3215	1252	3496	3216	1252
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Clustered SEs	Yes	Yes	No	Yes	Yes	No
Year Sample	1961-2014	1961-2008	1961-2008	1961-2014	1961-2008	1961-2008
Regime Sample	Polity2<6	Dem = 0	Dem = 0	Polity2<6	Dem = 0	Dem = 0
Method	OLS	OLS	Logit	OLS	OLS	Logit

In Models 1-3, we include indicators for each of the economic conditions in Panel B of Table 4, with “normal” as the omitted category. Model 1 uses the Polity2 score in the subsequent year as the dependent variable in a sample of all countries with Polity2 scores below 6, controlling for the initial level of Polity2.

Models 2 and 3 use Cheibub and Gandhi's democracy score two years in the future as the dependent variable in a sample of all countries coded as non-democratic regimes. All three models control for the yearly GDP per capita growth rate in order to distinguish our conceptualization of growth episodes from a simpler story in which political change is a function of yearly growth.¹² Our results indicate that as expected, busts increase the likelihood of political liberalization in authoritarian regimes relative to normal periods. But relative to busts, we find that hard landings are still more likely to be followed by democratization or political liberalization. In all three models the coefficient on *Hard Landing* is positive and larger than the coefficient on *Bust*, and in Models 1 and 3 the coefficient on *Hard Landing* is significant at conventional levels.¹³ The coefficient on *Soft Landing*, by contrast, is negative. Models 4-6 repeat this exercise, but collapse all non-landings into a common reference category, as in Table 4, Panel A. We also omit the control for growth, and find once again evidence that only hard landings and not soft landings are associated with an increase in the likelihood of subsequent political liberalization in authoritarian regimes.

¹² Because our yearly variables capturing growth conditions are not monotonic functions of yearly growth rate, it is possible to include both on the same regression model.

¹³ A one-sided F test that the coefficient on *Hard Landing* is larger than the coefficient on *Bust* returns a p-value of 0.07 in Model 1. This p-value rises to 0.17 in Model 3.

What are the mechanisms underlying the effects of hard landings and growth contractions on political change? Cross-national statistical investigations cannot provide much evidence about such mechanisms, but we can nevertheless investigate whether hard landings and growth contractions tend to be followed by spending cuts, violence and instability, increases in poverty, and so forth. Consistent results would suggest that particular causal pathways—such as hard landings leading to spending cuts, which in turn lead to political change—are particularly important. However, in separate results (not reported here) we find little consistent evidence in the cross-national data of any such patterns that would highlight particular causal pathways. For example, we find that government spending and household spending tend to decline in the wake of hard landings; but when conditioning on previous levels of government spending, hard landings are no more likely to be followed by contractions in government spending than are other periods.¹⁴

However, there is consistent evidence that hard landings are followed by slower economic growth than are soft landings. In Figure 3 we overlay density plots of the five-year average of per capita GDP growth following soft landings and hard landings.

¹⁴ Our cross-national statistical analyses of these potential causal pathways always condition on year and country fixed effects and initial levels of GDP per capita.

Figure 3: Growth after Hard and Soft Landings

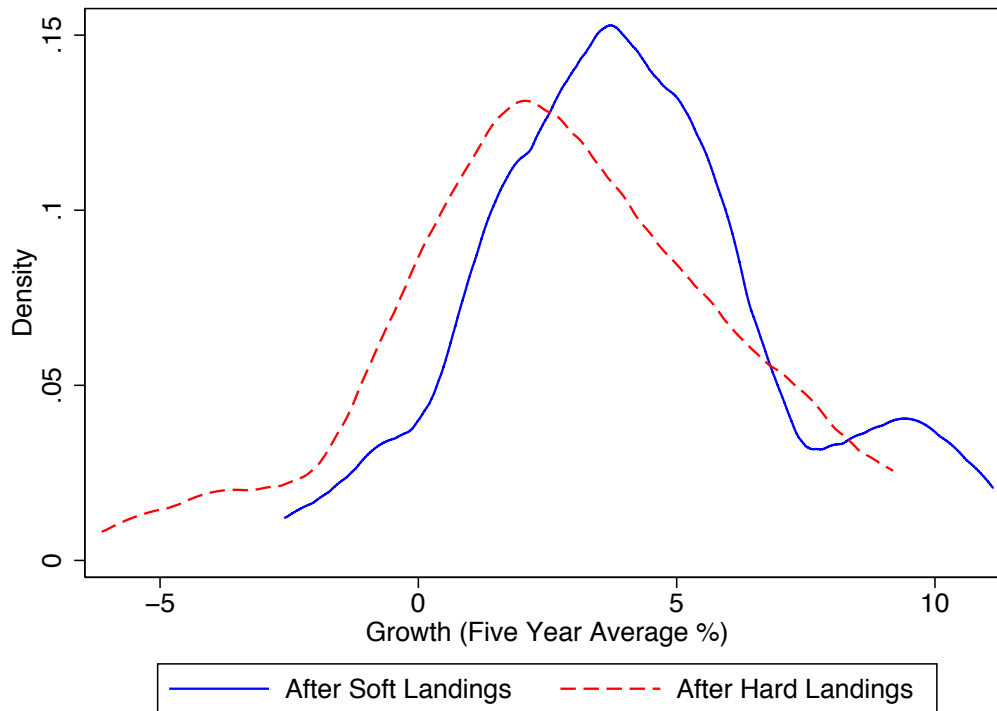


Figure 3 shows that countries experiencing hard landings generally grow more slowly in their aftermath—an average of 2.7% over five years—than do those that have experienced soft landings—an average of 4.1%.

Taken together, the results in this section are descriptive evidence of three propositions. First, *growth conditions matter* above and beyond yearly economic growth rates for understanding authoritarian regime survival. Second, *most non-democratic regimes survive growth contractions*. This applies equally to busts and to hard landings following periods of sustained economic growth. And third,

unlike soft landings, *hard landings increase the likelihood of political liberalization.*

Despite the fact that flights are relatively rare in the cross-national data, our evidence suggests that hard landings are particularly likely to be followed by political liberalization. The mechanisms that underline such effects, however, must be teased out from qualitative analysis of particular cases.

China and the Lessons of History

Our argument so far has been pitched at the broad descriptive level, but our interest is ultimately in understanding how these cross-national findings inform our understanding of China's political future. To do this, we now turn to the issue of comparability: if China is poised to face at least a soft landing or perhaps even a hard landing, what does the historical experience indicate is most likely to follow? To what other country cases might it be compared?

China in 2016 is distinctive for many reasons and along many dimensions; its population, history, political system, economic reform transition, and global position. Also different from other countries is the length of China's growth flight: nearly two decades, unmatched by any country in recent history. It is obvious that no country's experience can serve as a perfect analogue for China.

We distinguish, however, between two perspectives on China's comparability. One is that China is unique because of its specific history, and

therefore is not comparable to any other country. Another is that China is exceptional because across several theoretically relevant variables across which it could be compared, China has extreme values. The former perspective, in our view, is a general statement about the comparability of any country cases and the utility of comparison. It would apply equally to any country in the world—trivially, all countries have unique histories and global positions—so we consider that perspective to be unhelpful for using history and comparative experiences to learn more about the Chinese case.

The second perspective on China’s comparability is both more interesting and more challenging for our purposes. Even if we hold that China is comparable *by assumption*, its extremes across theoretically relevant variables may mean that any counterfactual inferences or comparative statements will require extrapolation from the extreme values of China to more typical values. Doing so places great demands on any theoretical or empirical model; as King and Zeng have usefully demonstrated, when counterfactual claims lie outside of the “convex hull” —essentially, the range of the theoretically-relevant variables— the inferences made based upon them can be especially fragile.¹⁵

¹⁵ (King & Zeng, 2006, 2007)

Of the many reasons why China is distinctive, its immense population, today usually given as 1.3 billion people, stands out.¹⁶ China's urban population alone, around 750 million, is greater than that the combined total of all former communist states at the time of the collapse of the USSR. Population size might be of particular importance because of its connection to global position, connections, and beliefs within the Chinese government and among foreign observers alike about the country's manageability. Whereas small states might not be viewed as consequential enough to save by international organizations and other states, China might be "too big to fail."¹⁷ On the other hand, a swift slowdown of China's economic machinery might have too much momentum and drag down global economic prospects with it. On a Vishnu-like third hand, the mechanisms connecting political change with hard landings might not operate in China due to its size. The perceived complexity of governing such a large state, economy, and society might allow status quo powers in the current regime to remain in power because ordinary Chinese citizens are less likely to believe that non-experienced political entrepreneurs are up to the task to governing.

¹⁶ The 2010 Census figure of 1,339,724,852 people is 39 million more than the 1.3 billion number usually given. This reasonable "rounding error" is larger than the population of California (36.8 million) or Poland (38.5 million).

¹⁷ To use the language of the day. See also (Stone, 2002).

It is possible that factors such as China's immense population mean that no other country facing a soft or hard landing has faced quite the same political calculus. And yet King and Zeng¹⁸ do emphasize that even in such situations, scholars might wish to make counterfactual inferences anyway, due to the sheer importance of the question at hand. How then to proceed? Our first step is simply to acknowledge that making inferences about China means extrapolating beyond the experiences of any country that has ever existed. From here, though, we can use theory and comparative insights to suggest areas in which comparative experiences ought to be useful. China is not just the world's most populous country. It is also a middle-income country ruled by a single post-communist party, with politicized financial sector whose level of fragility is unknown, at the end of a long period of economic expansion that is now coming to a close.

Beyond Size Alone

The first piece of information that helps us to understand China's likely future is nature of its coming landing. If the end of China's flight is marked by a soft landing, then the historical experience suggests both that that CCP will survive and that political liberalization, even something less than regime change,

¹⁸ (King & Zeng, 2006, p. 139)

is unlikely. If, on the other hand, China does experience the hard landing that many observers have anticipated, then history suggests that the risks of a political transition rise. The odds remain against regime change even with a hard landing, but an increase in political competition becomes significantly more likely in the medium term. A hard landing also would predict a more modest growth trajectory in the medium term for China.

Another piece of information to examine is China's political institutions. China is a single-party state, led by a communist party. Other single party communist states in Table 3 have faced soft or hard landings, including Cuba and Vietnam. But these regimes have proven wholly resilient to regime change following crises. Extrapolating to China—a much more populous and systemically important single-party Communist state—gives us more confidence that the CCP regime will remain intact following whatever kind of landing China experiences. Political liberalization might nevertheless be in the cards, but our evidence is skeptical on this account as well. Cheibub and Gandhi code China as a civilian dictatorship, and we find no evidence that civilian dictatorships are more likely to score more highly on the Polity scale as a measure of political competition following hard or soft landings. The same result holds when using

the Geddes, Wright, and Frantz coding of authoritarian regime types, which considers China as a “party” regime.¹⁹

Pushing more deeply into the politics of finance and economic management takes us out of the domain of what we may study using cross-national statistics. And yet this is probably the most fruitful area of inquiry for gaining more analytical leverage over China’s political future. Just what happens when countries experience a soft or a hard landing? For further insights, we now turn to particular country experiences that ought to be relevant: populous authoritarian regimes coming off of extended periods of economic growth with politically influential state sectors, fragile financial systems, and hegemonic parties. Two countries that fulfill these criteria are Indonesia and Vietnam.

Two Country Experiences

Vietnam is perhaps the closest parallel to China. Although its population is just one tenth that of China’s, it shares with China a communist legacy, single party rule, a history of rapid economic growth, and large state-run sectors that coexist with a thriving if still controlled market economy. As Malesky, Abrami, and Zheng have argued, across many dimensions the two countries are comparable, although they also emphasize important differences at the highest

¹⁹ (Geddes, Wright, & Frantz, 2014)

levels of state leadership.²⁰ Vietnam has also experienced two soft landings since the 1980s, in 1998 and then again in 2008.

What have the implications of these two soft landing been for Vietnam's economy and political system? Superficially, Vietnam's communist party structure has remained intact, and the regime has steered through both soft landing with relative ease. Below the surface, however, Vietnamese politics has changed in important ways as a result of its soft landings in 1998 and 2008.

The soft landing of 1998 was the result of the Asian Financial Crisis, which led to decreased trade and investment in Vietnam even though the country did not experience the crisis directly. Vietnam was shielded by its capital controls, which prevented currency speculation and also the wholesale flight of short-term capital as experienced by other countries in the region.²¹ However, Vietnam's leadership did interpret this soft landing in terms of a threat to social and political stability, and took special care to proceed judiciously with the ongoing process of market liberalization.²² The Ninth party congress in 2001 saw some

²⁰ (Malesky, Abrami, & Zheng, 2011)

²¹ (Long & Van Hoa, 2000)

²² (Hung, 2000; Sidel, 1999)

important changes in key leadership posts, but there is little evidence that the regional crisis had anything to do with the course of political change.²³

Vietnam experienced a second soft landing in 2008. But unlike 1998, this proved much more politically contentious. The effects of the crisis on Vietnam once again operated through trade and investment channels, necessitating a stimulus package by the Vietnamese regime in 2009.²⁴ However, unlike in 1998, the Vietnamese financial sector suffered from the crisis as well. The flight preceding 2008 saw rapid expansion in lending (loans rose from 45% of GDP in 2002 to 93% in 2007), but large state-linked commercial banks remained dominant in this sector.²⁵ The stimulus of 2009 appears to have forestalled any further deterioration of the financial sector, but in the wake of the stimulus there has emerged widespread dissatisfaction with the party leadership's handling of Vietnam's economy. The leadership weathered internal challenges in the 11th National Congress in 2011, but in 2013, the National Assembly conducted an unprecedented vote of confidence, the results of which are broadly considered to reflect significant opposition within the party to Prime Minister Nguyễn Tấn

²³ (Thayer, 2006, p. 115)

²⁴ (Pham, 2009)

²⁵ (Leung, 2009, pp. 46–7)

Dũng's track record on economic matters.²⁶ 2016 saw the 12th National Congress of the Communist Party of Vietnam in which Prime Minister Nguyễn and several others stepped down in favor of new leadership. Thus even a soft landing in 2008 set in motion changes to the Vietnamese political system that may yet have broad implications for the country's political future.

Comparing China with Vietnam has the benefit of holding roughly constant both ideology and institutional structure in an authoritarian regime. However, the only other case of a Communist party state experiencing a soft or a hard landing is Cuba, and for obvious reasons a comparison between Cuba and China is bound to be of limited utility. Instead, for additional analytical leverage we look to another large Asian country that has experienced both soft and hard landings: Indonesia. Of course, the differences between these two countries are many. Indonesia under the New Order regime was staunchly anti-communist and a firm ally of the United States. Indonesia's Golkar participated in multiparty (if still largely uncompetitive) elections. Indonesia is a diverse archipelagic state with a majority Muslim population and roughly one thousand

²⁶ (Thayer, 2014) See also Adam Fforde's argument that the 11th Politburo departs in significant ways from previous Politburos in its subordination of the party secretary to the prime minister (Fforde, 2012).

ethnic groups spread over more than ten thousand islands. Along each of these dimensions the differences between Indonesia and China are abundantly clear.

However, the parallels are nevertheless instructive. Indonesia is among the most populous countries in the world, with an internal complexity that has led many Indonesians to suspect that only strong authoritarian rule can preserve order. Indonesia's New Order regime combined civilian elements with an important role for the military as a guarantor of social and political stability. Most critically, Indonesia's thirty years of rapid economic development under the Soeharto regime comes closer to China's record of economic expansion than any other country in modern history. It is certainly true that Indonesia's ethnic diversity, for example, affects the way that it is governed, but it is not clear how exactly this diversity would limit the utility of comparing policymaking with China in the wake of a sustained economic boom. The many differences between Indonesia and China may be less problematic for understanding how China experiences a soft or hard landing than they would be for explaining other aspects of Chinese politics and society.

Indonesia's hard landing in 1982 heralded the end of the late 1970s economic expansion fueled by high petroleum prices.²⁷ After a year of negative

²⁷ (Smith, 2007)

economic growth, Indonesia experienced several subsequent years of anemic economic performance. From a political perspective, the New Order remained secure and Soeharto continued to increase his personal control over key institutions (including the military and the parliament). However, in policymaking terms, the difficult years of the mid-1980s would prove transformative. To jumpstart economic growth amidst a painful period of structural adjustment, the Soeharto regime oversaw an important shift in economic policymaking, with liberalization of the financial sector and several rounds of privatization of key state-owned or -controlled enterprises.²⁸ These reforms were ultimately successful in returning Indonesia to its robust growth trajectory.

These reforms also sowed the seeds of the subsequent hard landing that came during the Asian Financial Crisis of 1997-98. The New Order regime came to a close with Soeharto's resignation at the height of the crisis, and the months that followed saw the reflowering of Indonesian civil society and ultimately democratic elections in 1999.²⁹ How can we understand why the 1998 crisis led to the collapse of the New Order while the mid-1980s crisis led merely to reform?

One key difference between the two crises is simply the depth of the

²⁸ (Pepinsky, 2015; Robison, 1987; Soesastro, 1989; Thorbecke, 1992)

²⁹ (Horowitz, 2013; Pepinsky, 2009)

contraction—a growth rate of -1.2% in 1982, compared to -14.4% in 1998. But as one of us has argued elsewhere,³⁰ another difference is the *nature* of the crisis. The mid-1980s slump in Indonesia was driven by the contraction of petroleum revenues and could be managed through relatively modest efforts at liberalization that generated few losers within Indonesia’s political economy. The Asian Financial Crisis admitted no such easy solution, driven as it was by international overborrowing and decades of imprudent lending and lax financial regulation. The consequences were massive capital flight, the collapse of the rupiah, and the implosion of the domestic banking system. The Soeharto regime tried desperately to find a solution to the crisis, but could adopt no policy that did not harm the interests of a key constituency. The depth of the contraction—in other words, the “hardness” of the hard landing—was in fact a consequence of the regime’s volatile and unpredictable attempts to adjust to the crisis.³¹

The Indonesian experiences in the mid-1980s and 1998 carry lessons for China today. One lesson, further supporting the conclusions drawn from Vietnam, is that even a relatively mild crisis can lead to fundamental changes in an authoritarian regime’s policy framework. Thus the headline question of “did the crisis bring down an authoritarian regime” may miss the politics of how hard

³⁰ (Pepinsky, 2015)

³¹ (MacIntyre, 2001)

landings affect authoritarian regimes, with consequences that may only become visible over the medium term. A second lesson is that the details of the hard landing matter: what parts of the economy are affected, and how will the burdens of adjustment be distributed? In the Chinese case, the question to ask is not just whether or not the country will experience a hard or soft landing, but if it *does* experience a hard landing, what are its sources, who is affected, and what are the policy options that the regime has? One immediate conclusion is that China may have a vulnerable financial sector saddled with bad loans, but it is unlikely to experience the same crisis that Indonesia faced in 1998 for the simple reason that its capital account remains not fully convertible. The Vietnamese case from 2008 appears more relevant.

The Lessons of Chinese History

China's own experiences with flights and three previous landings—in 1967, 1981, and 1989, respectively—complement the comparative lessons from Vietnam and Indonesia. The 1967 hard landing reverses the story, as it exemplifies politics causing an end to an economic flight rather than a hard landing creating political change. Following the calamitous Great Leap Forward from 1958-60, China's economy rebounded through the middle of the 1960s. Then Mao Zedong launched the Great Proletarian Cultural Revolution in 1966 to

remake politics within China, using the people to attack party elites and its increasingly bureaucratic nature as antithetical to generating a society engaged in permanent revolution. Schools were shut down, and cities fell into chaos as competing factions of students known as red guards attacked teachers, managers, political leaders, and each other. The economic wreckage that this chaos engendered was considerable but ultimately secondary to its central political purpose. While some have made comparisons between Mao and what is perceived as the growing political power of China's current leader Xi Jinping, it remains unlikely, going forward, that such drastic political changes are likely to happen based on the whims of a leader.

Less removed from the contemporary situation are China's two soft landings in the 1980s. China's economic reforms are often dated as starting with the 3rd Plenum of the 11th Party Congress in December 1978. After Mao's death in 1976, economic policies moved in more pragmatic, market-oriented directions. The soft landing that shows up in 1981 corresponds to China barely missing the 4% threshold in the World Bank data, as growth dropped to 3.83%, although different the official series from the National Bureau of Statistics reports 5.1%.³² To be sure, the slowdown in growth was real and partially a result of structural

³² The National Bureau of Statistics figure is looking at GDP growth rather than GDP per capita growth, which may explain the difference between these figures.

transformations. China was shifting its growth model from an internal industrialization push to export-led development, which included a substantial devaluation vis-à-vis the US Dollar that started in 1981, losing over 10% of its value that year.³³ Substantial economic growth continued in the wake of this soft landing, with cycles of inflation that resulted in the 1989 soft landing.

When discussing China and 1989, the principal association for many is the significant protests that took place in Tiananmen Square in Beijing as well as many other cities until they were put down by military force on June 4th.³⁴ The major economic concern was inflation. Midflight, there had been a burst of inflation in 1985-6 with two consecutive quarters exceeding 10% price increases over the previous year. Measures to cool this inflation succeeded for two years, but in 1988 prices again jumped rapidly. Inflation exceeded 20% for four quarters from July 1988 until July 1989.³⁵ In an effort to slow down this rapid increase in the price level, restrictions on loans and other price controls were enacted, leading to shortages of commodities and other frustrations for individuals already coping with an inability to purchase basic goods. Paired with concerns over growing corruption, the death of Hu Yaobang, a former leader viewed as a

³³ From 1.48:1 Yuan:Dollar, to 1.7.

³⁴ An extensive literature exists debating the causes of these demonstrations, e.g. (Lim, 2014; Walder, 1991; D. Zhao, 2001).

³⁵ Year-on-year increases in the price level, NBS.

reformer, sparked the transformation of these grievances into collective action. Wreaths and flowers were placed by increasingly large gatherings of students and other Beijing residents in Tiananmen Square, with frustrations and demonstrations growing by the day and across many major cities. The coalescing of joint student-worker protests in Beijing were particularly seen as dangerous by the regime. Also distressing was the regime's inability to control the information environment, with signs, faxes, and international media all avenues that protestors used to disseminate their concerns.

Members of the regime's elite split over how to interpret the events and the appropriate responses. Differences of opinion led to the broadcasting of contradictory messages from party and state organs—some casting the protests in a patriotic light while others denounced them as chaotic and reminiscent of the Cultural Revolution that had presaged the previous hard landing. In the end, Party Secretary Zhao Ziyang was sacked following conciliatory overtures to the protestors. Martial law was declared on 20 May and in the late evening of June 3rd and into June 4th, People's Liberation Army soldiers broke through barricades killing large numbers of protests on their way to clearing the square.³⁶ The leadership turmoil empowered moves to return control of the economy to the

³⁶ Estimates of the numbers killed remain hotly debated from the hundreds to well into the thousands.

state in the short run, although these attempts were dismantled by Deng Xiaoping's visit to Shenzhen's Special Economic Zone (SEZ) during his famed Southern Tour in 1992.³⁷

China's two recent soft landings help to provide lessons on what China is likely to face should its current long economic flight come to an end. Dangerous protests are likely to arise principally from urban rather than rural locales, despite cities being substantially richer than the countryside. Elite differences could be exposed to the population in ways that made popular, anti-regime collective action riskier. The ubiquity of the internet and social media make the job of controlling the information environment even harder than before.

However, China's successful navigation of its economic flight through the turbulence of the 2008-2009 Global Financial Crisis may be even more instructive. In the first five months of 2008, nearly half Guangdong's shoe exporters shut down operations, and by the end of that year, tens of millions of Chinese workers lost their jobs.³⁸ More Chinese lost their jobs during the Great Recession than citizens of any other country, around forty percent of the global total.³⁹ In response, the government initiated a massive stimulus program, using fiscal and

³⁷ (S. Zhao, 1993)

³⁸ See, for example, (广州日报, 2008) and (J. Huang, Zhi, Huang, Rozelle, & Giles, 2010), respectively.

³⁹ (Chan, 2010, p. 660; International Food Policy Research Institute (IFPRI), 2009; Xinhua Net, 2009).

financial resources, to replace disappearing demand for Chinese production and ultimately Chinese labor. While the stimulus kept the economy flying (official GDP growth statistics never dropped below 6.5%), the country's debt to GDP ratio exploded and makes fueling growth through government debt likely to fan flames of concern about the economy's leverage.⁴⁰ In early 2015, total outstanding debt in the economy was estimated at 282% of GDP.⁴¹ Unlike Vietnam's 2008 experience, China economy was able to maintain rapid growth, which likely helped avoid—or at least forestalled—criticism and political action detrimental to the Chinese regime.

In 2016, with growth slowing and the balance sheets of government and corporate loaded with debt, the Chinese economy continues to find itself in mid-flight. But as noted in the introduction to this paper, many observers conclude that a landing is imminent. The framework and case studies presented above can aid in assessing future scenarios for Chinese politics and economics as well as improve understanding of some of the regime's current behavior.

A first scenario to consider for China is that of a soft landing, akin to Indonesia's experience in the mid-1980s, with economic restructuring reinvigorating the economy and in short order returning it to a robust economic

⁴⁰ (Keohane, 2016)

⁴¹ (Dobbs, Lund, Woetzel, & Mutafchieva, 2015)

growth trajectory. China's massive anti-corruption campaign and other crackdowns on political dissent, in this scenario, are consolidations of political power required to ease the passage and implementation of controversial reforms that attack the privilege and power of numerous special interests.⁴² The 3rd Plenum decision of November 2013 buoyed assessments along these lines with the principal talking point being the market playing a decisive role in the functioning of the economy, interpreted as a shot across the bow of sclerotic state-owned enterprises.⁴³ Numerous economists believe that with pro-market policy changes, significant room for continued growth exists, although whether such growth would be rapid enough to take off into another flight is doubtful.⁴⁴ In this regard, China under Xi Jinping in the mid-2010s might usefully parallel Indonesia in the mid-1980s, when Soeharto's efforts to centralize political power in his own hands allowed for space for significant market liberalization without undermining regime stability in the short term.

A more dire scenario could unfold should debt and other structural issues lead to a hard landing. Unlike in Indonesia in 1998, internal actors hold most of China's debts and its capital account retains serious restrictions meant to prevent

⁴² (Feng, 2014; Zhou, 2014)

⁴³ (C. Huang, 2013; A. Kroeber, 2013; Naughton, 2014)

⁴⁴ E.g. (World Bank, 2012)

catastrophic exit of funds. However, a wave of defaults could cause the country's economic machinery to seize up or, in an attempt to avoid this eventuality, the People's Bank of China could allow inflation to erode the massive pile of debt held by Chinese banks, firms, and SOEs. Economic disappointment could coalesce similar to what occurred in China in 1989 with hundreds of thousands of urbanites protesting in city centers and broadcasting their grievances to global audiences. Such events could reveal divisions within the regime's elites, exposing argued factions along a number of potential and hypothesized dimensions—generalists vs. technocrats⁴⁵, conservatives vs. reformers⁴⁶, or princelings vs. the Communist Youth League⁴⁷—or generating new ones in the pressures coming from the lack of economic growth in a regime that had done much to justify its rule.⁴⁸ Such elite conflicts could splinter and yield regime change, either replacing one authoritarian regime with another or heralding political liberalization and movement towards democracy. On the economic side, a long period of little to no growth akin of Japan's so-called lost decade is consistent without our finding of slow growth following hard landings.⁴⁹

⁴⁵ (Shih, 2009)

⁴⁶ (Shambaugh, 2016)

⁴⁷ (Li, 2012)

⁴⁸ (Yang & Zhao, 2015; D. Zhao, 2009)

⁴⁹ As is suggested as the most likely by (A. R. Kroeber, 2016)

Conclusion

China's economy, the world's growth engine for most of the past two decades, is by all indications nearing the end of its current flight. While optimists believe that China has yet to exhaust its ability to generate strong economic growth, the Chinese party-state itself appears to be preparing for a landing. Increasingly, the propaganda apparatus is joining independent analysts in referring to a "new normal" of slower growth.⁵⁰ Such acknowledgment points to an attempt by the regime to dampen expectations about the future state of the economy, preempting threats that might arise when the regime's dominant narrative justifying itself—its ability to generate a rapid expansion in prosperity—becomes less compelling to itself, its agents, and its population.

Our framework for understanding growth trajectories—flights, booms, busts, and landings—assists in unpacking the political logic behind such changes. Long periods of strong economic performance, what we refer to as flights, can generate strong expectations about continued growth. Hard landings to the end of flights historically have experienced the highest rate of political liberalization and democratization, with both popular pressures and elite divisions reinforcing each other in ways detrimental to ruling nondemocratic

⁵⁰ (Lam, Liu, & Schipke, 2015; Tian, 2016; Xinhua, 2016)

regimes. Yet democratization remains unlikely even in these circumstances. This, too, is our short-term prediction for China. But we also expect, given the experiences of other countries facing hard and soft landings, that the end of China's flight will prompt other changes to Chinese politics and political economy such as those that we have identified above. These will surely affect Chinese politics over the medium to long term.

Bibliography

- Bradsher, K. (2016, January 7). A New Economic Era for China Goes Off the Rails. *The New York Times*. Retrieved from <http://www.nytimes.com/2016/01/08/business/international/a-new-economic-era-for-china-goes-off-the-rails.html>
- Burton, K. (2016, January 21). Soros Says China Hard Landing Will Deepen the Rout in Stocks. Retrieved March 3, 2016, from <http://www.bloomberg.com/news/articles/2016-01-21/george-soros-says-he-expects-hard-landing-for-chinese-economy>
- Chan, K. W. (2010). The global financial crisis and migrant workers in China: "There is no future as a labourer; returning to the village has no meaning." *International Journal of Urban and Regional Research*, 34(3), 659–677.
- Cheibub, J. A., Gandhi, J., & Vreeland, J. R. (2010). Democracy and dictatorship revisited. *Public Choice*, 143(1), 67–101.
- China: Size Matters. (2014, March 26). Retrieved from <https://blog-imfdirect.imf.org/2014/03/26/china-size-matters/>
- Dobbs, R., Lund, S., Woetzel, J., & Mutafchieva, M. (2015). *Debt and (not much) deleveraging*. McKinsey Global Institute. Retrieved from <http://www.mckinsey.com/global-themes/employment-and-growth/debt-and-not-much-deleveraging>

- Feng, W. (2014, November 3). Tigers and Flies: How two years of graft probes have shaken China's political elite. *South China Morning Post*. Retrieved from <http://multimedia.scmp.com/china-corruption/>
- Fforde, A. (2012). Vietnam in 2011: Questions of Domestic Sovereignty. *Asian Survey*, 52(1), 176–185. <http://doi.org/10.1525/as.2012.52.1.176>
- Fujioka, T. (2016, February 17). High Chance of China Hard Landing, Says Adviser to Japan's Abe - Bloomberg Business. Retrieved March 3, 2016, from <http://www.bloomberg.com/news/articles/2016-02-17/high-chance-of-china-hard-landing-says-adviser-to-japan-s-abe>
- Geddes, B., Wright, J., & Frantz, E. (2014). Autocratic Breakdown and Regime Transitions: A New Data Set. *Perspectives on Politics*, 12(2), 313–331.
- Goldstein, M., & Lardy, N. R. (2004). *What Kind of Landing for the Chinese Economy?* (Policy Briefs No. PB04-07). Peterson Institute for International Economics. Retrieved from <http://ideas.repec.org/p/iie/pbrief/pb04-07.html>
- Horowitz, D. L. (2013). *Constitutional Change and Democracy in Indonesia*. New York: Cambridge University Press.
- Huang, C. (2013, November 12). Party's third plenum pledges "decisive role" for markets in China's economy | South China Morning Post. *South China Morning Post*. Retrieved from <http://www.scmp.com/news/china/article/1354411/chinas-leadership-approves-key-reform-package-close-third-plenum>
- Huang, J., Zhi, H., Huang, Z., Rozelle, S., & Giles, J. (2010). The impact of the global financial crisis on off-farm employment and earnings in rural China. *World Development*.
- Hung, N. M. (2000). Vietnam in 1999: The Party's Choice. *Asian Survey*, 40(1), 98–111. <http://doi.org/10.2307/3021225>
- International Food Policy Research Institute (IFPRI). (2009). Wanted: Good Jobs for Fighting Poverty. *IFPRI Forum*, 2. Retrieved from http://www.ifpri.org/sites/default/files/publications/if25_0.pdf
- Keohane, D. (2016, May 9). Authoritative person authoritatively admits China can't keep going this way. Retrieved May 11, 2016, from <http://ftalphaville.ft.com/2016/05/09/2161081/authoritative-person-authoritatively-admits-china-cant-keep-going-this-way/>
- King, G., & Zeng, L. (2006). The dangers of extreme counterfactuals. *Political Analysis*, 14(2), 131–159.
- King, G., & Zeng, L. (2007). When can history be our guide? the pitfalls of counterfactual inference¹. *International Studies Quarterly*, 51(1), 183–210.

- Kroeber, A. (2013, November 17). Xi Jinping's Ambitious Agenda for Economic Reform in China | Brookings Institution. Retrieved from <https://www.brookings.edu/opinions/xi-jinpings-ambitious-agenda-for-economic-reform-in-china/>
- Kroeber, A. R. (2016). *China's Economy: What Everyone Needs to Know* (1 edition). New York, NY: Oxford University Press.
- Lai, P. (2015). Growth Slowdown in China since 2008: Will There Be a Hard Landing in the Near Future? *China & World Economy*, 23(3), 42–58. <http://doi.org/10.1111/cwe.12113>
- Lam, W. R., Liu, X., & Schipke, A. (2015). China's Labor Market in the "New Normal." Retrieved from http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2653604
- Lawder, D. (2016, February 5). IMF's Christine Lagarde: China can avoid "hard landing" but spillovers seen. Retrieved March 3, 2016, from <http://www.smh.com.au/business/the-economy/imfs-christine-lagarde-china-can-avoid-hard-landing-but-spillovers-seen-20160204-gmmbcv.html>
- Leung, S. (2009). Banking and Financial Sector Reforms in Vietnam. *ASEAN Economic Bulletin*, 26(1), 44–57.
- Li, C. (2012). The End of the CCP's Resilient Authoritarianism? A Tripartite Assessment of Shifting Power in China. *The China Quarterly*, 211, 595–623.
- Lim, L. (2014). *The People's Republic of Amnesia: Tiananmen Revisited* (1 edition). New York, NY: Oxford University Press.
- Long, P. N., & Van Hoa, T. (2000). Vietnam and the Asian Financial Crisis: How to Avoid the Contagion. In C. Harvie & Van Hoa (Eds.), *The Causes and Impact of the Asian Financial Crisis* (pp. 150–159). Springer. Retrieved from http://link.springer.com/chapter/10.1007/978-0-333-98294-5_9
- MacIntyre, A. (2001). Institutions and Investors: The Politics of the Economic Crisis in Southeast Asia. *International Organization*, 55(1), 81–122.
- Malesky, E., Abrami, R., & Zheng, Y. (2011). Institutions and Inequality in Single-Party Regimes: A Comparative Analysis of Vietnam and China. *Comparative Politics*, 43(4), 409–427.
- Marshall, M. G., Gurr, T. R., & Jagers, K. (2015). *Polity IV Project: Political Regime Characteristics and Transitions, 1800-2015*. Retrieved from <http://www.systemicpeace.org/inscr/p4manualv2015.pdf>
- Ming, C. P. (1993, May 5). Chinese economy may be heading for trouble: Merrill Lynch. *Business Times (Singapore)*. Retrieved from http://www.lexisnexis.com/lxacui2api/results/docview/docview.do?docLinkId=true&risb=21_T23611823821&format=GNBFI&sort=DATE,A,H&sta

- rtDocNo=1&resultsUrlKey=29_T23611795827&cisb=22_T23611795826&treeMax=true&treeWidth=0&csi=11432&docNo=1
- Naughton, B. (2014). *After the Third Plenum: Economic Reform Revival Moves toward Implementation* (Text). Hoover Institution. Retrieved from <http://www.hoover.org/research/after-third-plenum-economic-reform-revival-moves-toward-implementation>
- Pepinsky, T. B. (2009). *Economic Crises and the Breakdown of Authoritarian Regimes: Indonesia and Malaysia in Comparative Perspective*. New York: Cambridge University Press.
- Pepinsky, T. B. (2015). *Crises, Coalitions, and Change in Indonesia and Malaysia*. Conference on Economic Shocks and Authoritarian Stability, UCSD.
- Pham, N. Q. (2009). *Impact of the Global Financial and Economic Crisis on Viet Nam: a Rapid Assessment* (Rapid Assessment Study of the Impact of the Financial and Economic Crisis). Hanoi: ILO. Retrieved from https://www.researchgate.net/profile/Ngoc_Pham23/publication/282364902_Impact_of_the_Global_Financial_and_Economic_Crisis_on_Viet_Nam_A_rapid_assessment/links/560ea92808ae0fc513ee0601.pdf
- Prasad, E. (2004, April 17). Growth and Stability in China: Prospects and Challenges, Remarks by Eswar Prasad, Division Chief, Asia and Pacific Department, IMF. Retrieved from <https://www.imf.org/external/np/speeches/2004/041704.htm>
- Robison, R. (1987). After the Gold Rush: The Politics of Economic Restructuring in Indonesia in the 1980s. In R. Robison, K. Hewison, & R. A. Higgott (Eds.), *Southeast Asia in the 1980s: The Politics of Economic Crisis*. Sydney: Allen & Unwin.
- Shambaugh, D. (2016). *China's Future*. Polity Press.
- Shih, V. C. (2009). *Factions and Finance in China: Elite Conflict and Inflation*. Cambridge; New York: Cambridge University Press.
- Sidel, M. (1999). Vietnam in 1998: Reform Confronts the Regional Crisis. *Asian Survey*, 39(1), 89–98. <http://doi.org/10.2307/2645598>
- Smith, B. (2007). *Hard Times in the Lands of Plenty: Oil Politics in Iran and Indonesia*. Ithaca: Cornell University Press.
- Soesastro, M. H. (1989). The Political Economy of Deregulation in Indonesia. *Asian Survey*, 29(9), 853–869.
- Soros: China Hard Landing Is Practically Unavoidable. (2016, January 21). *Bloomberg.com*. Bloomberg TV. Retrieved from <http://www.bloomberg.com/news/videos/2016-01-21/soros-china-hard-landing-is-practically-unavoidable>

- Stone, R. W. (2002). *Lending Credibility: The International Monetary Fund and the Post-Communist Transition*. Princeton University Press.
- Thayer, C. A. (2006). Political Dissent and Political Reform in Vietnam 1997–2002. In C. Derichs & T. Heberer (Eds.), *The Power of Ideas: Intellectual Input and Political Change in East and Southeast Asia* (pp. 115–32). Copenhagen: Nordic Institute of Asian Studies Press.
- Thayer, C. A. (2014). Vietnam in 2013: Domestic Contestation and Foreign Policy Success. *Southeast Asian Affairs*, 2014(1), 353–372.
- Thorbecke, E. (1992). *Adjustment and equity in Indonesia*. Paris: Development Centre of the Organisation for Economic Co-operation and Development.
- Tian, S. (2016, March 26). Economic Watch: China's new normal: greater opportunity in slower growth - Xinhua. Retrieved August 12, 2016, from http://news.xinhuanet.com/english/2016-03/26/c_135225858.htm
- Walder, A. G. (1991). Workers, managers and the state: The reform era and the political crisis of 1989. *China Quarterly*, 127, 467–492.
- Wolf, M. (2013, July 2). Risks of a hard landing for China. *Financial Times*. Retrieved from <http://www.ft.com/intl/cms/s/0/ae5d1d8c-e26f-11e2-87ec-00144feabdc0.html#axzz2XzbuK9KI>
- World Bank. (2012). *China 2030: Building a Modern Harmonious and Creative High Income Society*.
- World Bank. (2016). *World Development Indicators*. Washington DC: The World Bank. Retrieved from <http://data.worldbank.org/products/wdi>
- Xinhua. (2016, May 10). President Xi stresses innovation to bolster economy. Retrieved August 12, 2016, from http://news.xinhuanet.com/english/2016-05/10/c_135348451.htm
- Xinhua Net. (2009, May 28). 联合国报告预计到 2010 年全球失业人口达 5 千万人. Retrieved May 11, 2013, from http://www.china.com.cn/news/txt/2009-05/28/content_17847417.htm
- Yang, H., & Zhao, D. (2015). Performance Legitimacy, State Autonomy and China's Economic Miracle. *Journal of Contemporary China*, 24(91), 64–82.
- Yao, K., & Qing, K. G. (2011, June 23). Q+A: What would a China hard landing look like? *Reuters*. Retrieved from <http://www.reuters.com/article/us-china-economy-hardlanding-qa-idUSTRE75M1AW20110623>
- Zhao, D. (2001). *The Power of Tiananmen: State-Society Relations and the 1989 Beijing Student Movement*. University Of Chicago Press.
- Zhao, D. (2009). The Mandate of Heaven and Performance Legitimation in Historical and Contemporary China. *American Behavioral Scientist*, 53(3), 416–433.

- Zhao, S. (1993). Deng Xiaoping's Southern Tour: Elite Politics in Post-Tiananmen China. *Asian Survey*, 33(8), 739–756. <http://doi.org/10.2307/2645086>
- Zhou, D. (2014, July 22). Market Reforms, Fight against Corruption Go Hand in Hand, Expert Says. Retrieved July 23, 2014, from <http://english.caixin.com/2014-07-22/100707495.html>
- 广州日报. (2008, June 30). 前5月珠三角近一半出口鞋企因汇率变化退出市场_产经动态_新浪财经_新浪网. Retrieved February 24, 2013, from <http://finance.sina.com.cn/chanjing/b/20080630/08245035968.shtml>