Inequality and Political Conflict: Are Left Wing Authoritarian Governments More Responsive?

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Abstract

Comparative political science research has been inconclusive on whether inequality leads to political conflict. One important cause of differing outcomes is likely to be government policy response. This paper shows through a study of Chinese government policy since the 1990s that in an authoritarian political system the policy response may go beyond increasing repression to address inequality itself. Such a response is related in turn to ideology and sources of regime legitimacy, suggesting that authoritarian states with leftist ideology are more likely to deal – at least modestly – with inequality.

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Introduction

Comparative research on whether inequality leads to political conflict has been inconclusive. Some have suggested that inequality leads to political instability: the poor may mobilize in unequal societies, and inequality is associated with bottom-up democratic transitions, top-down political coups and social unrest. Others, on the other hand, have argued that inequality reduces trust and social cohesion, which then increases tolerance of inequality and prevents political opposition to it from building. This paper shows that how governments respond – and specifically the policies that they introduce to tackle inequality (or at least to be seen to be tackling it) – also may affect the likelihood of political conflict. In authoritarian political systems, left wing parties may be more responsive to bottom-up dissatisfaction with inequality and so better able to prevent or delay regime change.

This paper focuses on the issue of identifying variables – particularly government policy responses -- that may explain differing outcomes on our dependent variable (political conflict). Before proceeding, however, we should acknowledge the other problems we face in trying to understand the relationship between inequality and political conflict. First, there are


difficulties defining our dependent variable: by political conflict (or “instability”) do we mean heated debate, public protest, palace coup, bottom-up revolution or some other kind of political action or change? Second, there are difficulties in agreeing on measures of our independent variable: do we use the Gini coefficient or income share of the poorest decile; do we measure inequality of income, consumption, land or other goods; and are we concerned with the impact of sudden changes in inequality or in its absolute levels? Third we have not yet identified other key variables in our analysis: do economic conditions or trends, political system or international models also affect outcomes?

Our paper cannot resolve all these issues. Instead it has the modest aim of showing that the Chinese party-state (or government) has responded to – and perhaps reduced – the threat of a bottom-up political challenge by trying to tackle (or be seen to tackle) fast-rising inequalities.

China experienced substantial and rapid increases in inequality in the 1990s and 2000s. Using the Gini index measure, its inequality rose from a low 0.32 in 1990 to at least 0.49 by 2008, and though there may have been a slight fall since 2012, China has nonetheless been transformed from one of the most equal to one of the most unequal societies in the world in less than 20 years.\(^6\) Income inequalities are only part of the story, but they have exacerbated inequalities on other dimensions because they occurred at the same time as housing markets appeared and school, university and medical fees increased. Stark differentials across all these dimensions exist not only between individuals but also between rural and urban areas, and between Western and Eastern regions.

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At the same time, China has also experienced a steady rise in public protest, with the number of “mass incidents” increasing to an estimated 180,000 per year into the 21st century [add ref., dates]. Although these incidents were (and still are) often catalyzed by specific, localized problems such as unpaid pensions or wages, poor working conditions, land seizures and pollution incidents, some believe them to be underpinned by a simmering resentment over rising inequality. Although one study of attitudes in the early 21st century argued that there was little anger with income inequality, a more recent poll showed dissatisfaction to have risen.

Even if there is public dissatisfaction, the rapid rise in inequality in China has not (yet) led to a political coup or other path to regime change; and it is not even clearly the cause of China’s

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widespread public protests. This may in part be due to ongoing and — perhaps intensifying — policies to control the media and prevent freedom of speech in China’s authoritarian political system. But it is also due to 21st century leaders identifying inequality as a political problem and producing policies to tackle it. Early reform era leaders were not so concerned: Deng Xiaoping argued in the 1980s in favor of “allowing some people to get rich first”, and his successors Jiang Zemin and Zhu Rongji in the 1990s did little to address rising income disparities or unequal access to public services such as health care. They believed that CCP support had been eroded by decades of class conflict and stagnant living standards and that inequality was offset by rapidly rising incomes.

By the early 21st century, however, a new generation of leaders felt that now stark inequalities underpinned much protest and had begun to raise awkward questions about the CCP’s legitimacy.10 As a result, they prioritized social policies that addressed inequality and promoted “social fairness”. Over their decade in power from 2002/03—2012/13, they introduced policies to help the poorest, for example extending social insurance and basic public services across the population, removing rural taxes and establishing poverty assistance for the rural poor. Since 2012, their successors, Xi Jinping and Li Keqiang, have announced their commitment to extending public goods but have also focused on tackling inequality by reducing corruption, waste and conspicuous consumption within the party-state elite itself.

The next section of this chapter sets out China’s post-Mao trends in inequality and how a market-oriented growth economic strategy allowed individual and household income inequalities to rise. Subsequent sections then discuss China’s leaders’ different responses to dealing with inequality in the 21st century. The paper concludes by assessing whether current policies to address inequality can continue to prevent political conflict.

**China’s inequality trends, 1980s—21st Century**

In the late Mao era of the 1970s, after almost three decades of Maoist “class struggle” and state planning, China’s income inequality was very low – measuring less than 0.30 on the commonly-cited Gini index. As market-oriented reforms began to bite, however, inequality rose – particularly in the 1990s. According to World Bank data, it had risen to 0.39 by 1999 and to 0.43 by 2005 (see Figure 1). When the Chinese government released its own Gini calculation in January 2013 -- the first time it had done so since 2000 -- it was at 0.47, though reportedly down slightly from 0.49 in 2008 (see detail in Figure 2). Another recent study,

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however, found the Gini index to be 0.60, suggesting that even these high official figures may substantially understate the problem.\footnote{\textit{Reuters}, “Zhongguo 2010 nian jiating shouru jini xishu yuan gao yu shijie junzhi--jigou” (China’s 2010 household income Gini coefficient is far higher than the world average—organization), 10 December, 2012. At: \url{http://cn.reuters.com/articlePrint?articleId=CNCNE8B909T20121210}. This study has been criticized for its skewed sampling [add ref].}
Even if there has been a recent fall on the Gini index measure, inequality in China remains higher than in relatively unequal industrialized nations such as the United States (0.38), higher than India at 0.33 (in 2009) and Vietnam at 0.36 (in 2007), and in (or close to) the same bracket as highly unequal societies such as Brazil (0.55, 2009) and South Africa (0.63, 2009) (see Figure 3).

![Figure 3: China’s inequality compared](image)


The Gini index indicates China’s high income (and asset) inequality on several dimensions: between individuals and households; between people living in urban versus rural areas; and between those living in Eastern versus Western provinces. In addition to high income inequalities, however, there are inequalities in access to education, health care and housing between both rich and poor and between urban and rural residents. For the most deprived,


17 Explain different measures and how inequality has risen on whatever measure is used.
poor access to these goods threatens to entrench poverty by reducing the next generation’s opportunities. The unequal treatment of rural migrants to China’s cities -- especially in their access to urban jobs and public services -- is another widely-reported dimension of the problem.\(^{18}\) The birth registration system set up in 1958 means that an estimated 206 million of China’s 666 million urban dwellers are thought to be formally registered as “agricultural”. This means that they face obstacles to educating their children in city public schools and as well as being ineligible for urban health insurance as well as some housing and jobs.\(^{19}\) Finally, gender inequalities mean that women experience discrimination in employment and a substantial pay gap [add refs].

**Inequality as a stimulus for growth under Deng Xiaoping and Jiang Zemin**

In the early post-Mao period, the Chinese government’s goal was to raise living standards by stimulating agricultural and light industrial development. There was at this early stage a focus on raising living standards rather than concern about wealth distribution. Indeed Deng Xiaoping clearly encouraged the emergence of some inequality when he argued that it was acceptable for some to “get rich first.” In this he was acting on the view that high levels of equality in the Mao era had hindered economic growth.

In the 1990s CCP leader Jiang Zemin remained apparently unconcerned with rising inequality.\(^{20}\) The party-state did introduce new social policies, but its focus was almost


exclusively on urban enterprise workers, indicating it was concerned primarily at pre-empting protest or opposition to enterprise reform from this formerly privileged CCP support base. It thus introduced a basic income support safety net for the growing numbers of urban poor, and reformed systems to support urban employees in case of unemployment, ill-health and old-age.

A new income support program provided the basic safety net in the cities. Through this program—mandated in all cities from 1999—the party-state extended eligibility for material social relief in principle (though not fully in practice\textsuperscript{21}) to all the urban poor as a “minimum livelihood guarantee”\textsuperscript{22}. It provided means-tested benefits using a locally-determined minimum cost of living based on a basket of essential food, clothing, shelter and other necessities. It helped reduce opposition to the politically sensitive state enterprise reforms that raised unemployment just as the state also deregulated grain prices and commodified housing, health care and education.\textsuperscript{23} But it was underfunded because urban governments saw benefits as fostering dependency and had stronger incentives to invest instead in economic growth [add ref].


The Chinese government also introduced unemployment insurance and re-employment service centers to limit political opposition to state enterprise reform. At the same time, it announced new policies to deliver old-age and health insurance to the urban employed.

Toward the end of their tenure, Jiang and his Premier, Zhu Rongji, did however turn attention to the poorest rural areas, usually in the interior or “West” of the country and especially in remote mountainous regions. Then in 2000 they announced a major new project to rebalance unequal regional development and reduce poverty by “major development of the Western regions” (xibu da kaifa), and over the first six years injected more than a trillion yuan, or 125 billion US dollars, into infrastructure (railways and highways, hydropower and pipelines), education and ecological protection. Finally, toward the end of the Jiang and Zhu leadership in 2002, the government also announced policies to try and reduce the rural–urban disparity.

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26 Major 1990s poverty reduction initiatives were set out in the 8-7 program (begun in 1994), and the five-yearly plans.

divide by introducing a “New Cooperative Medical Scheme” (NCMS) and cutting the tax burden on farmers.\textsuperscript{28}

With perhaps the exception of NCMS, the Jiang/Zhu policies were apparently motivated more by attempts to prevent worker protest against state enterprise reform or redress the criticisms of poor provinces that they were being disadvantaged by policies to develop the coastal regions. In any case, efforts to reduce interpersonal inequality were undermined by policies – such as privatizing provision or permitting providers to charge fees for education and health treatment -- that commodified goods previously provided by the state. From the 1980s, private education and health service providers appeared, while in the 1990s schools and universities began to charge fees -- if not for tuition then for equipment and other “extras”.\textsuperscript{29} Rural dwellers and the poor were disadvantaged by the rising costs.\textsuperscript{30} Their problems accessing health care were further compounded by the early 1980s’ nationwide collapse of rural cooperative medical schemes and the 1990s’ erosion of urban health insurance.\textsuperscript{31} Also in the 1990s, urban housing, previously available at very low rental prices, 

\textsuperscript{28} Central Committee and State Committee. “Guanyu jinyibu jiaqiang nongcun yiliao weisheng gongzuo de jueding” (Decision Concerning Further Strengthening Rural Health Work), 19 October, 2002. Available at: 


was commercialized.\textsuperscript{32} Again, although housing quality improved for the better-off, housing markets pushed up prices, contributing to urban poverty and exacerbating inequalities.

**Hu and Wen: Basic provisions to help the poorest**

Into the first decade of the 21\textsuperscript{st} century, China’s inequality-related social problems became increasingly evident, and provided impetus for new policies to tackle it. The CCP’s top leader from 2002, Hu Jintao, and his Premier, Wen Jiabao (officially in post from early 2003), were driven by fears of political instability. Apparently motivated by rising rural protest [add refs to interviews], their government began first with policies aimed at tackling the evident rural--urban inequalities in access to education and health care. These policies were soon packaged as “Building a New Socialist Countryside”,\textsuperscript{33} and included measures to abolish agricultural taxes in a move significantly more radical than the late Jiang and Zhu era proposals to lighten the tax burden on farmers.

The Hu and Wen administration also expanded NCMS, investing more in subsidies and at the same time setting concrete targets for local governments to enroll (voluntarily) the vast majority of villagers.\textsuperscript{34} Then in 2006, it announced that all children would receive nine years of free education and began implementation in western and central rural districts, extending it

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nationwide by September 2008. From 2007 the government formally announced that the means-tested “minimum livelihood guarantee” program operating in the cities since the 1990s would be introduced across all rural areas. In 2009 it established a national framework for rural pensions, the Rural Pension Pilot Program, and then extended its coverage. By 2013, 790 million Chinese were said to be included in national pension endowment schemes.

Under Hu and Wen the government also plugged holes in the previous government’s urban social policies. In 2007 it introduced an Urban Residents’ Health Insurance for the non-working population -- to tackle criticisms that urban employee health insurance (introduced in the late 1990s) had left too many without protection. And in April 2009, the government announced a major overhaul of the health system that included a commitment to universal access to basic health care for all by 2020.


39 Party Central Committee & State Council. Guanyu shenhua yiyao weisheng tizhi gaige de yijian (Opinions on deepening Medical and Health System Reform), issued 6 April, 2009.
rural pensions and announced Pilot Social Pension Insurance for Urban Residents. Finally, with late 1990s promises to deliver low-cost housing in the cities unmet, the Hu and Wen leadership renewed its targets as house price inflation became one of the greatest sources of popular disquiet. Across social insurance reforms, there was also some improvement -- though locally very variable -- in the rights of rural migrant workers.

Finally, in March 2011, the Hu and Wen government published the 12th Five Year Plan (2011-2015; hereafter, the Plan): its blueprint for economic and social development well into the Xi Jinping and Li Keqiang leadership term. This long document committed the government to continuing the social reforms of the previous eight years -- reducing rural poverty, increasing social assistance payments for the poor, raising the minimum wage, extending participation in social insurance schemes, and decreasing not only unequal income distribution between individuals and households (though pro-poor growth and progressive tax reforms) but also regional gaps and rural-urban inequalities in access to public services such as education and health. The Plan bridged the change of leadership, providing continuity.

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and direction for the next generation of leaders as well as indicating the challenges as perceived at the end of the Hu and Wen period (2012-13).

**Xi and Li: tackling corruption and elite privilege**

Toward the end of the Hu Jintao and Wen Jiabao leadership term, in June 2012, one elite commentator articulated the shift to seeing inequality as undermining “social harmony” and a challenge for China:

“Food is no longer the biggest challenge. What China’s poor people need most is equal access to improve their livelihoods and participate in China’s development…. [A] fair and harmonious society … cannot be realized with a widening income gap.”

Certainly, inequality remained high on the agenda in both Xi Jinping’s and Li Keqiang’s accession speeches. Although they made only broad commitments, they signaled that

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43 China’s leaders and commentators usually articulate their responses to problems rather than directly identifying the problems themselves. Thus they “promote social harmony” rather than deal with social protest or instability.


China’s leaders often prefer not to discuss problems but to focus on positively on how they are providing a solution. Rather than dwelling on the problem of “social instability”, for example, Hu Jintao and Wen Jiabao have promoted “social harmony”. Similarly, we found from a systematic search of leaders’ speeches in *People’s
inequality would be a priority. Both Xi and Li are likely to be committed to the goals and targets of the 12th Five Year Plan drawn up by their predecessors but to which they themselves will have contributed. In November 2012, moreover, just a few months before he became Premier, Li Keqiang (then a Vice-Premier), set out in a speech to the 18th Party Congress the challenges that China faced. Among these, was the challenge arising from what he referred to as the “middle income trap” of the “gap between rich and poor” and he acknowledged the “gap in income distribution between residents” in China. Li also stressed the importance of reducing regional (East–West) as well as rural–urban gaps, providing social safety nets and social housing, equalizing compulsory education provision, and promoting urban and rural pensions and basic health care for all.46

Since 2013, Li Keqiang has also taken health care system and public hospital reform as one of his work priorities, aiming to tackle the most serious gaps -- between cities and countryside and between regions -- so that ordinary people, especially those in central, western and rural areas really benefit.47 In his first press conference after the closing meeting of the first session of the 12th National People's Congress when he assumed the Premiership, he stressed that maintaining economic growth, improving people's livelihoods and

Daily between 2000 and 2013 that they did not discuss “inequality” but did often urge improvements in “equity” or “equity and justice” (gongping zhengyi).


safeguarding social justice were the three top tasks of the newly-installed government. On improving people’s livelihoods, Li said “it means to continuously improve people's livelihoods by raising the income of urban and rural residents, in particular that of the poverty-stricken people, and expand the size of the middle-income class.” He emphasized the significance of creating a strong social safety net to safeguard basic welfare for all Chinese people across compulsory education, medical care, social insurance and housing. A subsistence system and medical assistance must be in place for the poor to fall back on when in difficulty.

Calling social fairness “a yardstick” by which to measure public satisfaction with the government, Li said his government would strive to ensure all Chinese enjoy equal opportunities and receive due rewards for their hard work, whatever social or family backgrounds they have. To this end, the government has begun to set new targets. For example in recommitting to increasing the supply of housing for people on lower incomes it set a target of 4.7 million units of subsidized urban housing units to be built in 2013. And crucially, the new leadership has announced new investment to back up some of its poverty reduction goals.

The Third Plenum also agreed reforms in other policy areas because of concerns about inequality. Its Decision reiterated the central government’s greater fiscal responsibility toward poor areas and vowed to reform the current tax system to make it fairer. It set fiscal

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49 Xinhua, “Premier Li outlines top tasks of China’s new cabinet”.

50 Lyu Chang and He Dan, “China to increase efforts to alleviate poverty”, *China Daily*, 25 March 2013.
reform as a priority for the coming years, in part to help “equalize basic public services”.  

The Decision also emphasized the new central leaders’ determination to tackle corruption and waste within the party-state -- seen as an important part of improving social fairness and tackling social inequality and apparently based on the understanding that people might be more angered by the ill-gotten wealth of corrupt elites than by other manifestations of inequality. This approach built on Xi and Li’s anti-corruption measures from the end of 2012: between November 2012 to December 2013, 18 ministerial/provincial level officials were dismissed, investigated and punished. And according to the latest figures published by the CCP’s Central Commission for Discipline Inspection (CCDI) and the Ministry of Supervision, in the year 2013, they formally investigated 172 thousand cases and punished 182 thousand officials.

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The obstacles to reducing inequality

In trying to sustain reductions in inequality the Chinese party-state faces many problems, including poor state capacity and corruption. Slowing growth may help, since inequalities tend to rise during the early stages of rapid industrialization and economic development. But there is still scope for government policies to prevent the worst inequities, especially the very unequal access to health, education and housing.\(^{55}\) In the early 21st century, social policies were having only a very slight disequalizing effect.\(^{56}\) The Hu and Wen government has since then extended provisions to provide income-based safety nets for the poorest and introduced a range of new social policies. But these schemes have provided only the most meager support or cut taxes, rather than tackling the roots of deprivation. Although they may have contributed to the slight fall in income inequality announced in 2012, they need to be sustained and deepened if those gains can be consolidated.

We should not forget that China has experienced impressive poverty reduction since the late 1970s.\(^{57}\) Using the World Bank’s poverty threshold of $1.25 dollars a day, its poverty fell from 60 to 13 per cent of the population between 1990 and 2008 and it has contributed significantly to achieving the United Nations’ Millennium Development Goal of halving


\(^{57}\) The poverty reduction trend has been sustained overall, but was fastest in the early 1980s and rose briefly in the late 1980s and late 1990s, only to fall again. See World Bank. From poor areas to poor people: China’s evolving poverty reduction agenda. Beijing: World Bank, 2009.
world poverty (at $1.25 a day) between 1990 and 2015. By 2008, the global number in poverty had fallen from 2 billion (1990) to 1.4 billion, with China contributing 510 million of the 600 million reduction.  

These poverty figures, however, refer to “absolute poverty” and severe deprivation, and these gains have not prevented inequality from increasing so substantially that it has been seen as a major political problem for CCP legitimacy. Although there is no public discussion in these terms, it is an embarrassment (hence the suspension of reporting on the Gini for around a decade until it was able to demonstrate the ‘good news’ that inequality was falling) for a communist party to have permitted inequality to rise so dramatically.

Inequalities can be tackled through progressive growth, for example by adjusting the taxation structure to raise the threshold for paying tax on the one hand and increasing the tax contributions of the richest. In fact the Chinese government committed to doing this in the 12th Five Year Plan. However, corruption and a weak administrative and legal capacity to enforce tax obligations (common in developing countries) are likely to undermine achievement of this objective. Indeed, it was in part because of poor administrative capacity that the government abolished agricultural taxes early in the first decade of the 21st century. This radical move however reduced local government funding and in some localities may have hit spending on education, health and social services. It thus prevented the tax cuts


59 Tony Killick, Responding to Inequality.

being supplemented by important investment in human capital to help the poorest -- often those in the agricultural sector -- to move into higher productivity work.\textsuperscript{61} Although the 12\textsuperscript{th} Five Year Plan also sets out a parallel goal of improving government tax administration, it will take time to achieve nationwide.

Other problems are equally difficult to solve. For example, to deliver health care more equitably China needs to restrain cost inflation, better manage health service providers, improve primary care and develop doctor training, each an enormous task in itself. Similarly, with China’s elderly population set to rise to over 200 million for the first time in 2013, and with a recent Chinese Academy of Social Sciences survey reporting that only 17 per cent of elderly people thought their pensions were minimally sufficient, establishing an adequate and sustainable pensions system may be one of the Chinese government’s greatest challenges.\textsuperscript{62}

Reducing the inequities experienced by rural migrants to the cities is also fraught with difficulty. Although the central government has announced experiments with reform of the household registration system, there has been no major nationwide reform. Most recently, in 2012, it announced that it would become easier for migrants to transfer their registration to county and prefecture-level cities, and it planned to reduce the welfare restrictions associated with “agricultural” registration. But, this does not solve the problems of the majority of migrants in the largest cities. A major obstacle is decentralized fiscal arrangements that mean local governments would be shouldered with paying for the provision of services to people


from other localities. The same fiscal arrangements have blocked efforts to create national, or even provincial, social insurance schemes. And it has produced an over reliance by the central government on transfers. But changes to the fiscal system are likely to be blocked by richer localities who do not want to subsidize poorer ones. With no independent labor unions, workers are unable to counter either these regional interests or opposition to policy changes from employers, managers and the middle classes more generally.

China’s recent policies to reduce inequality, such as introducing progressive taxation and land reform face obstacles because they are redistributive and so are likely to meet opposition in the form of pre-emptive resistance or overt political challenge from beneficiaries of the status quo. Political coups tend to follow periods of steep decline in inequality under populist regimes in the developing world, which suggests that when governments successfully reduce inequality they may be challenged by elites who are unhappy with their redistributive policies.

Elite opposition to redistribution in China may in fact explain why -- despite progress over the last 20 years -- pro-poor policies have been underfunded while new old-age and health insurance programs have disproportionately benefitted the urban middle classes. Jiang


64 See Yang Xiao, “Thoughts on Solving Inequality” (Jiejue pinfu chaju de sikao), Guangming ribao, 7 June 2011, p. 5.

Zemin’s 1990s policies were limited by political opposition. Wealthy local governments opposed efforts to change the fiscal system and give the centre more re-distributional capacity. So although tax reforms in the 1990s did increase the centre’s fiscal revenues and is credited with increased central spending on poverty reduction, they did not fundamentally change the decentralized tax system that left revenue generation and spending decisions in the hands of local governments. Similarly, better-off localities opposed efforts to introduce provincial or national level risk pooling in social insurance because it would have entailed them subsidizing poorer cities and reducing benefits to their own residents. Middle-class representatives to local people’s congresses meanwhile sometimes opposed efforts to cut their social insurance entitlements, while medical professionals resisted health reforms that threatened lucrative sources of income.

The indications are that Xi and Li would like to increase the opportunities for the poorest to make better lives for themselves by reversing some of the inequities in access to health, education and housing. And they seem to be motivated by the threat of public dissatisfaction to tackle elite corruption and conspicuous consumption. But reducing structural sources of deprivation and the benefits enjoyed by officials within the party-state may weaken support for the CCP within the state itself. Political science tells us that threats to authoritarian rulers may come not only from restive and dissatisfied economic development losers, but also from among from elites opposed to redistribution [add ref]. Perhaps the greatest challenge for Xi

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and Li therefore is to identify and navigate a route between the divergent interests of rich and poor.

**Conclusion**

The CCP’s ideology and history of tackling class-based inequalities (eventually) encouraged its leaders to address the rising inequality that resulted from a post-Mao growth-led strategy and the commodification of housing, education and health services. Apparently driven by fears of declining legitimacy and destabilizing social unrest, CCP leaders extended public provisions and social insurance, then began to tackle corruption and conspicuous consumption within the party-state itself. Their policies face obstacles from both vested interests and weak state capacity, and may be limited in their ambition. But while evidence is limited, it seems that the most recent policies aimed at tackling corruption have been particularly popular among the general public [add ref]. Combined with social policies extending safety nets, social security and public goods provision, they may have reduced the bottom-up threats to CCP rule. Although we do not yet have a good measure of political conflict arising from dissatisfaction with inequality, the CCP has remained in power even if the chances of to-down political coup or dissatisfaction within the party-state may have increased.

This paper has shown that governments -- even authoritarian ones – can respond with social policies to address the (perceived) threat of public dissatisfaction and unrest arising from inequality. Although we do not know how high the threat of inequality-induced conflict was before Hu and Wen took power in 2002/03, we do know that they were concerned and that Xi and Li have remained alert to it. And their policy responses were not simply to increase media and social controls (though at times they have also done that) but also to try to address
inequality itself. Such responses are related in turn to ideology and sources of regime legitimacy, suggesting the proposition that authoritarian states with leftist ideology are more likely to deal – at least modestly – with inequality.