



Facultad de Ciencias Económicas y Empresariales  
ICADE

# **Analysis of China's current economic crisis and its likely sociopolitical effects**

Author: Claudia de Martín Olea  
Advisor: Peter Guenther Antoon Claeys

MADRID | June, 2024

# Table of contents

<b>1. INTRODUCTION</b>	<b>4</b>
1.1. PURPOSE	4
1.2. STATE OF THE ART	5
1.2.1. <i>Chinese economy</i>	5
1.2.2. <i>Chinese democratic dreams</i>	7
1.3. LITERATURE REVIEW	9
1.3.1. <i>Development theories</i>	9
1.2.3. <i>Effects of economic decline in democratization processes</i>	11
1.4. METHODOLOGY	12
1.5. RESEARCH QUESTIONS AND HYPOTHESES	13
<b>2. ANALYSIS OF RELEVANT POLITICAL FACTORS</b>	<b>13</b>
2.1. THE CHINESE COMMUNIST PARTY UNDER XI JINPING	14
2.2. ROLE OF CHINESE BUSINESS ELITES	15
2.3. ROLE OF THE CCP'S INSIDER ELITES	17
<b>3. ANALYSIS OF RELEVANT ECONOMIC FACTORS</b>	<b>19</b>
3.1. ECONOMIC OPENNESS OF CHINA	20
<b>4. ANALYSIS OF RELEVANT SOCIAL FACTORS</b>	<b>22</b>
4.1. ANALYSIS OF THE CHINESE SOCIAL CONTRACT	23
4.2. CHINESE POPULAR PROTESTS IN THE PAST AND THEIR OUTCOMES	25
<b>5. CONCLUSIONS</b>	<b>28</b>
5.1. KEY FINDINGS	28
5.2. FUTURE OUTLOOK	30
<b>6. DECLARATION OF THE USE OF GENERATIVE AI IN THE CREATION OF THIS PAPER</b>	<b>32</b>
<b>7. REFERENCES</b>	<b>33</b>

## **Abstract.**

While the relationship between development and democratization has profusely been studied in the past, not so has the relationship held between economic recessions or crises and political regime changes in authoritarian regimes. This paper explores how this tie may be held under the current economic crisis being experienced in China, and how, said crisis could spark waves of changes in the sociopolitical sphere leading towards higher levels of political liberalizations. Following an analysis of political, social and economic factors which have traditionally boosted democratization processes, this paper's findings argue how, in the case of an economic crisis in China, political liberalizations may arise with a higher amount of likelihood from waves of popular protests and social unrest, as well as from the high level of influence which the private sector holds in the country. This paper emphasizes, however, that increased levels of political liberalizations catalyzed by the current economic downturn do not necessarily imply a Western-style democratic system being instilled in the country.

**Keywords:** China, democratization processes, social contract, authoritarian regimes, political liberalization.

## **Resumen.**

Mientras que la relación entre el desarrollo económico y procesos de democratización ha sido estudiada en profundidad, la relación entre crisis económicas o recesiones y los cambios de régimen político en sistemas autoritarios, no se ha abarcado de la misma manera. Este artículo investiga cómo se puede dar dicha relación entre crisis económica y procesos de democratización bajo la actual crisis económica que enfrenta China, y cómo dicha crisis podría desencadenar olas de cambios en la esfera sociopolítica, pudiendo conducir a un mayor nivel de liberalización política en el país. Tras una serie de análisis de factores políticos, sociales y económicos que tradicionalmente han impulsado procesos de democratización durante crisis económicas, los hallazgos de este artículo argumentan cómo, en el caso de una crisis económica en China, las liberalizaciones políticas podrían surgir con una mayor probabilidad a partir de olas de protestas populares y descontento social, así como a raíz del alto nivel de influencia que el sector privado tiene en el país. Este artículo enfatiza, sin embargo, que mayores niveles

de liberalización política catalizados por la actual recesión económica no implican necesariamente la instauración de un sistema democrático occidental en el país asiático.

**Palabras clave:** China, procesos de democratización, contrato social, regímenes autoritarios, liberalización política.

# 1. Introduction

## 1.1. Purpose

The post pandemic global order brought the news of a Chinese halt in economic growth. China had been seeing its GDP rise at an astounding average annual rate of 6%-7% since the early 2010s (Statista, 2023). Such growth gained China the position of a global economic superpower accounting for the world's second-largest GDP, however, the crisis that ensued from the coronavirus pandemic has made such an economic outlook tremble. According to data from the International Monetary Fund, it is predicted that Chinese real GDP growth rate will plummet to around 3% in the years to come (2023).

An aggravation of the halt in its GDP growth rate could funnel an economic crisis in the country. Furthermore, this crisis could also be exacerbated by the current downfall in the Chinese real estate market. Said market has been on a negative downturn since the beginning of 2022 (Dai & Chen, 2024). The property market in China finished 2023 with one of the biggest drops in property prices in decades and with a drop in property investment of more than 9% (Gao & Woo, 2024). According to an empirical study carried out by Chen et. Al (2023), the risks of a real estate market crisis in China include an increase in local governments debt growth and in debt repayment risk, showing further signs that the Chinese economy is said to experience a significant downturn, unprecedented for the country which has grown accustomed to growth and prosperity since the late 20<sup>th</sup> century.

The halt in economic growth, added to the deteriorating real estate market crisis and growth in debt could make for an unstable economic situation in China, which could eventually channel the setting for an economic crisis. In regard to such a plausible hypothetical near-future economic crisis in China, the following paper will analyze if and how such a situation could lead to a change in the current authoritarian regime represented by the Chinese Communist Party (CCP) under the leadership of Xi Jinping. The purpose of understanding the sociopolitical effects that an economic crisis could catalyze in China lies on the importance that China has acquired in recent decades within the international arena. Understanding the focus of China's future is of crucial relevance for current policymakers, diplomats and economists, given that an economic crisis in China could not only provoke changes within the country, but it could also alter the way the international sphere has developed over the past years. Furthermore, this paper intends to provide a better understanding of current Chinese affairs as well as provide a

specific case study to the existing literature analyzing how economic crises affect democratization processes and political liberalizations in authoritarian regimes.

## **1.2. State of the art**

The year 1978 is typically accredited with marking the start of the Chinese economy 'opening up to the world'. The series of reforms that began in said year by former Chinese president Deng Xiaoping, not only altered the Chinese economy, but also shifted economic relations at a global scale (Fanjul, 2018). However, it was under the same leader, Deng Xiaoping, that the Chinese Communist Party halted its approach towards a political reform process (regarding political openness), following the 1989 student-led protests in Tiananmen, Beijing (Wang, 2014). Since then, Chinese politics have suffered small changes, with the Chinese Communist Party being the country's single party for over seventy-five years.

### **1.2.1. Chinese economy**

Following the 1978 reform process, China's economy witnessed a significant growth and, with a current GDP of \$18.53 billion it has slowly settled itself as the second-largest economy in the world, only surpassed by the United States (IMF, 2024). Chinese GDP per capita also experienced significant growth, with it almost quadrupling during the first fifteen years following the initiation of the reform process (Hu & Khan, 1997). What is more notable even, is that in recent years China became the most important catalyzer of economic growth, as it held the largest share of global nominal GDP growth (Prasad, 2023).

It is important to emphasize that the Chinese growth has prevailed without many of the tools that traditional Western economists considered crucial for an economic boom, such as, a democratic government or a market-oriented economy, making analysts worried that such a growth would never be sustainable over time (Prasad, 2023). During the three decades leading to the 2008 financial crisis, the Chinese economy blossomed via instruments such as a strong public investment, a powerhouse workforce due to its demography, a shift in its economic model promoting inner consumption, and a notable increase in exports (particularly since China's adherence to the WTO) (Quiroga, 2009). Following the 2008 financial crisis the Chinese government intensified these measures and while the world faced an important recession, the Chinese GDP began to grow at an even quicker rate (Prasad, 2023). In fact, it was soon after, in 2010 that China surpassed Japan and became the second largest economy in the world (Barboza, 2010).

As has already been mentioned, due to its unconventional rapid growth, Western economists soon became worry that the Chinese case was due for an economic slowdown at some point or another, as had already occurred in other East Asian countries, such as Korea or Japan (Zhu, 2012). The significant inefficiency from the ever-so important Chinese banking sector, a large imbalance between the public and the private sector or Chinese productivity levels lagging far behind those of the United States, are some of the factors which suggested that the sharp increase in GDP could be limited (Zhu, 2012). However, skepticism regarding the Chinese economy arose significantly following the 2020 Covid-19 China-originated pandemic. China's reliance on foreign trade and exports and a deep halt in consumer demand profoundly affected the Chinese economy, which alongside China's strict and long measures to prevent the spread of Covid (its infamous Zero-COVID policy), shattered economic growth in the first years following the pandemic (Li & Li, 2023). These series of events are what led to the first serious concerns regarding an abrupt and incoming fall of the Chinese economy.

After what seemed to the world like the end of the pandemic, in December of 2022, China ended its Zero-Covid policy, but its economy was still on the brink of crisis. According to the World Bank, in 2023 China's GDP grew at around 5.3%, already below the average it had been obtaining in the years prior, and the 2024 estimate of growth is settled at 4.5%, showcasing how growth is slowly diminishing in the country (World Bank, 2024). This downturn is being boosted by a large and growing accumulation of debt (particularly corporate debt, which represents a 131% of its GDP, and household debt) (Prasad, 2023). This unbalanced amount of debt is said to spiral negative effects onto the already fragile Chinese real estate market. This market has also been on a negative slump since the pandemic, and it is having a major effect on the Chinese economy, due to its dependence on this precise sector (Prasad, 2023).

On another hand, Chinese markets are currently also suffering from the effects of a maintained fall in demand in China (Asensio, 2024). This drop in consumption has been prolonged since the beginning of the pandemic and the establishment of quarantine measures (which, is important to reinstate that these measures begun in China almost a trimester prior to most other countries), when citizens could not leave their houses and consumption fell drastically. In this regard, it is important to emphasize the severity of the Chinese Zero Covid Policy, which was completely lifted after almost three years since the spark of the pandemic (Asensio, 2024). Chinese markets, thus, spent a long time with a

dwindled demand, and it shocked the Chinese government, when following the lifting of certain Zero Covid bans, consumers did not react, and consumption did not flourish immediately (Asensio, 2024). In fact, a year and a half after the ending of the Chinese Covid policy, Chinese markets are still being negatively affected by weak consumption (Asensio, 2024). The fall in Chinese household consumption is primarily due to the lack of consumer confidence in China, which has been aggravated due to a novelty growth in unemployment and an uncertain future ahead (Kumar, 2024).

Furthermore, there have also been external factors affecting the Chinese economy recently. For one, following the pandemic, foreign trade within China (as within every other country) dwindled. On one hand, imports to China fell impressively in 2023, not only due to a slowdown in foreign trade because of the pandemic, but also due to China's weak domestic demand, as has already been stated (Lardy, 2023). On another hand, exports, which are a crucial part of the Chinese economy, dropped in 2023 for the first time since 2016, foreshowing a negative decline in China's economy (Cheng, 2024). In 2022, exports represented more than a third of the Chinese GDP, emphasizing the negative effect that a fall in exports has for the economy (Asensio, 2024). Lastly, regarding external effects, it is worth mentioning an uprise in tension between China and Western powers, particularly the United States, but also including the European Union. Due to said increase in geopolitical tension, Chinese commercial relations with these powers have also been affected. Both the US and the EU have recently put into play various trading instruments which have dwindled their economic relations with China, including measures such as the EU FDI Screening Mechanism or the US restrictions on Chinese tech (Crow & Niblett, 2024).

### **1.2.2. Chinese democratic dreams**

In a recent speech by the Chinese Ambassador to Cyprus, H.E. Liu Yantao, stated why China was such a strong democracy (2023). He claimed that China constituted a democracy, due to the government placing Chinese citizens at the heart of their decision-making, argued that China featured democratic participation, and, stated that democracies are dependent on significant national factors and culture, which is why no other country should lecture another on democratic conditions (Ministry of Foreign Affairs of the People's Republic of China, 2023). As an ambassador pursuing its country's interests and voicing the word of the Head of State, H.E. Liu Yantao, perfectly showcases the CCPs views on democracy and how they widely differ from those shown by Western liberal states. To



understand current Chinese views on democracy and political freedoms, it is important to understand how these notions have changed over the years.

The People's Republic of China came to be when Mao Zedong came to power in 1949, following a series of Chinese wars. Since then, the single-party Chinese state, led by the Chinese Communist Party, has had full control over the country's political sphere. A single-party regime does not mean, however, that the Chinese political field has not suffered important changes throughout its history. As has already been mentioned recurringly, the year 1978 signifies an important date for Chinese history because it is when former leader Deng Xiaoping opted for a change of direction and distanced itself, the party and the country from the traditional communist school of thought, by welcoming China to the international arena (Fanjul, 2018). However, many analysts suggest, that it was during the same leadership of Deng Xiaoping, that the idea of a Western-understood democracy in China was relinquished during the Tiananmen Square Protests of 1989. Even if students involved in said protests were not explicitly advocating for a democracy as we understand it (as the centrality of the CCP and the single-state regime was rarely argued against in these protests), these students were advocating for bigger political freedoms and transparency from the government (Fanjul, 2019). However, the harsh response, which infamously included the intervention of the Chinese military, poised a question to both international media and Chinese citizens, of whether Chinese politics would ever drift farther away from Communism towards larger political rights and freedoms, as have come to be understood by Western nations (Fanjul, 2019). Following Deng Xiaoping, after Xi Jinping came to office, his intentions to further distance China from the liberal concept of democracy, were noted when in 2018 Xi Jinping announced the end of the traditional two-term limit, possibly converting himself in 'president-for-life' (Lun Tian, 2022). However, Xi's strong grip to power, has also been reiterated during anticorruption campaigns, where he has purged numerous CCP officials or during the authority shown within the Zero Covid policy, which will be analyzed in greater depth within this paper.

Overall, it has become evident that China is said to experience (in a shortcoming future), an aggravation to its economic situation, which will pose a radically different scenario for Chinese citizens than the prosperous economic growth to which they have grown accustomed in recent years.

### **1.3. Literature review**

#### **1.3.1. Development theories**

Economists and sociologists both, have traditionally looked at the link bounding economic development and democratization processes. In fact, the relationship held between these two factors grew in popularity during the mid-twentieth century as part of the modernization theory. Initially, the modernization theory argued that economic development and societal progress occur in a linear sequence of stages, typically moving from traditional to modern stages. It posits that all societies progress through a series of steps, involving industrialization, urbanization, and the adoption of modern political, social, and cultural institutions, similar to the historical path followed by Western nations. The theory suggests that traditional societies can develop into modern ones by emulating the economic practices, technological advancements, and governance structures of more developed nations (Ntini, 2016) This last point holds particular importance, given the link that modernization theorists settled between Western-style democracies and economic growth. Scholars concluded that economic growth, led to higher levels of democratization during the developing stages of a country (Arat, 1988). While this argument was a commonality during the initial stages of modernization theory, it is important to reiterate that authors did vary the extents of said claim: some argued that urbanization was necessary for it to occur, given the effects it would have on education (Lerner, 1958; Lipset, 1959 in Arat, 1988); others mentioned the effectiveness and legitimacy of political systems (Lipset, 1959 in Arat, 1988); and some highlighted how the relationship between economic growth and democracy could only be initially achieved during the lower stages of development (Neauber, 1967 and Jackman, 1973 in Arat, 1988).

Numerous critiques have argued against the veracity of the modernization theory. Modernization theory's 'one-size-fits-all' approach regarding development, has lately been criticized due to it not taking into consideration social and cultural variables which foster a sense of uniqueness in developing process (Chipo & Nyoni, 2020). Moreover, said theory has been named to be notably ethnocentric due to it viewing Western nations as the ultimate goal to model by developing nations (Chipo & Nyoni, 2020). Furthermore, mimicking of Western political and economic institutions is not sufficient, but, according to the theory, developing countries must also adhere to Western-style cultures and values (Dobb, 1963 in Ntini, 2016). This argument has been heavily criticized since the early stages of modernization theory (Dobb, 1963, Kruger, 2008 in Ntini, 2016). However, the

modernization theory has also been criticized because, since the time when the modernization theory grew in relevance, several countries have experimented substantial economic growth without necessarily following the sociopolitical patterns that the modernization theory implied that would go along economic growth. Examples of countries posing significant exceptions to the traditional pathway implied by the modernization theory include Nigeria, Indonesia, Saudi Arabia, Singapore, India or China (Jaques, 2023). These countries have all experienced significant economic growth and development in recent years but have not transitioned into the Western-style democracies that the modernization theory suggested economic growth would bring, nor are they in the process of doing so (Jaques, 2023).

Following the country evidence that economic development did not always bring political regime changes leading towards democracies, numerous new development theories arose. An example of these theories which scholars argue suits the Chinese case is the authoritarian modernization theory (Gel'man, 2022). This theory gained popularity after the collapse of the USSR to comprehend the Russian approach towards modernization and development, while maintaining a political system opposed to that of the West (Gel'man, 2022). Scholars which analyzed this theory argued that Russian citizens were sacrificing their Western democratic ambitions in order for the Russian economy and its markets to prevail (Gel'man, 2022). This theory has also been used to explain the modernization process that China has taken, as well as the reason behind the lack of protests in China seeking greater political freedoms. Scholars have argued that China, just like Russia, have developed without major political regime shifts, due to strong and stable social contracts between the political elites and its citizens (Gel'man, 2022; Davies, 2010; Cook & Dimitrov, 2017). Authors such as Gel'man (2022), Davies (2010) or Cook & Dimitrov (2017) claim that the Chinese social contract has typically been held by factors such as low rates of unemployment, a big number of subsidies or a growing Human Development Index. These factors are clearly highly interrelated with economic results, which is why understanding the Chinese theory of the social contract holds a big significance for this study.

Furthermore, arguing against the link tying economic growth and democratization processes posed by the modernization theory, the political economy of development theory also grew in popularity and is also applicable to the Chinese case (Acemoglu, 2010; Acemoglu & Robinson, 2012; Acemoglu & Robinson, 2006). In the early 21<sup>st</sup> century, Acemoglu and Robinson began studying the effects of the economy in democratization

processes, primarily due to the fact that they had observed how several countries had not democratized following sharp increases in their economies. Both authors concluded that economic growth does not always lead to democratization due to the nature of political and economic institutions. In countries with extractive institutions, elites have incentives to maintain their power and wealth, using economic gains to suppress democratic movements. Historical context and entrenched authoritarian practices further impede democratization, as shown in examples like China and Singapore, where significant economic growth has not resulted in political liberalization. Both authors conclude that democratization is not an inevitable outcome of economic growth but rather the result of complex interactions between economic interests, political conflicts, and historical contingencies. Thus, the authors highlight the importance of internal aspects of each country, drifting away from the one-size-fits-all model that the modernization model proposed (Acemoglu, 2010; Acemoglu & Robinson, 2012; Acemoglu & Robinson, 2006).

### **1.2.3. Effects of economic decline in democratization processes**

As has been mentioned previously, numerous development theories help explain why China has not necessarily democratized in spite of its clear economic growth over recent decades. However, there is little literature analyzing how the opposite, an economic decline, could help boost political liberalization in the country, which is the precise focus of this paper. Thus, a series of papers regarding how, in the past, a number of autocratic governments have collapsed due to economic crises and the reasons behind it, will be useful for this analysis. In this regard, one must firstly mention Kendall-Taylor and Frantz (2014), and their work in *How Autocracies Fall*, where the authors claim that, in fact, economic downfall is a big impetus in the fall of autocracies. Moreover, they argue that this is particularly fueled by internal tensions in those autocracies in which the power of insider elites carries a significant weight. The power of the elites is a variable that has also been analyzed in various papers, such as in Harrijvan and Weerdesteijn (2020) or in Wright (2007). In the latter, Wright also mentions the relevance of power of not only political internal leaders, but also of business elites and the influence which the private sector has. In the case of China, home country to some of the most influential multinational enterprises of the world, the analysis of said variable is of particular importance.

Furthermore, previous literature regarding how economic crises can potentially lead to the democratization of a country tend to focus on the effect that economic downfalls can have on splurges of popular protests. In his work in *Pathways to Political Liberalization in Dictatorships*, Jay Ulfelder (2009), argues that economic declines in dictatorships will typically

motivate political liberalizations. Throughout his research, he empirically studied forty-three cases of democratization processes and concluded that in every which case, the major stimulus for the spark of political liberalizations was either an economic decline or the idea of a threat of it. The idea behind this conclusion is that following an economic decline, the lowering of living standards catalyzes popular rebellions. According to Ulfelder, these rebellions then lead to authoritarian regimes' political liberalization, in many cases, in order to improve economic results and diminish what could turn out to be regime-threatening protests (2009). While analyzing the weight and dimension of popular protests in China may prove hard due to lack of official transparency, it remains an important variable to analyze, as Ulfelder points its importance in the link tying it to the economy and democratization transitions.

Finally, authors agree that there are also specific economic factors that can catalyze the topic of this study. An example of this is included in Pavlova's (2021) *Authoritarian Regimes and Financial Crises: Explaining Autocratic Regime Survival and Collapse*. In this paper, Pavlova's key findings suggest that the probability of an authoritarian regime falling down following a crisis depends on the type of economic crisis. This view had also been contrasted by Gasirowski (1995) who, as part of his *Economic Crisis and Political Regime Change: An Event History Analysis* work, developed a model which concluded that during the 1980s, most democratic transitions catalyzed by crises occurred during inflationary ones, whereas recessionary crises did not tend to pose a significant effect on democratization of governments. Lastly, Pavlova (2021) also finds evidence regarding the importance of internal actions of leaders in authoritarian states during crises for the survival of said regime. She finds, for instance, that opting for capital controls during such crises makes regimes more likely to survive in the midst of economic crises.

#### **1.4. Methodology**

The following paper will consist of a qualitative analysis of certain variables that have been said to be of importance when democratic transitions have occurred in the past following an economic crisis. These variables have been chosen due to their relevance in the Chinese case and due to their found relevance in previous literature, as has been stated in the previous point. These include variables of political, social, and economic descent, to help provide a holistic approach regarding the Chinese society, its government and its economy. Every variable will be introduced with its proved effects on authoritarian regimes which face economic breakdowns, a specific analysis regarding the Chinese case will ensue and, finally a

brief explanation of whether or not it can be concluded that said variable can hold negative effects for the CCP's incoming economic crisis.

It is important to emphasize that the writing of this paper and the study of certain variables can prove challenging at times due to the lack of official information and transparency that the CCP provides, in particular, to Western researchers. Whenever possible, official Chinese documents have been used, in order for this paper to align itself as much as possible with the intricacies of the Chinese case. However, when said information has proved difficult to obtain, reliance on Western sources of information, as well as newspaper articles, has shown to be necessary.

### **1.5. Research questions and hypotheses**

The research question driving this analysis is whether the economic downturn that China is expected to face in the incoming future can set the perfect scene for China breaking away from the CCP regime which has been leading the country for more than seventy-five years. Although it seems unlikely that such a change could occur in the near future of the economic downturn, this paper will set out to answer whether the economic crisis can spark any sort of sociopolitical changes that could potentially catalyze a bigger array of changes within the Chinese government which could eventually lead to a democratization process initiating in the country.

Thus, the primary hypothesis of this analysis is that in the Chinese case, a negative economic decline, such as the one which China is currently set to face, can lead to important sociopolitical changes and, in particular, to the spark of a set of a broader political freedoms and liberalizations. Following the literature analysis on how authoritarian regimes have traditionally fallen at the hands of economic crises, my second hypothesis is that the biggest threat to the CCP during the economic recession comes at the hands of insider elites and Xi Jinping's most important political rivals, rather than from mass protests and rebellions, which typically do not pose as big as a threat for the stability of the central government in an authoritarian regime.

## **2. Analysis of relevant political factors**

Many of the authors studying the effects of economic crises in democratization processes, have tended to highlight the importance of the elites and their role to play in a hypothetical government turnover. In fact, empirical analysis in the past have proven that

internal elites tend to be the number one actor in provoking regime changes in authoritarian regimes (Kendall-Taylor & Frantz, 2014; Harrijvan & Weerdesteijn, 2020; Wright, 2007). As has already been explained in the literature review, these elites can be divided into insider government elites and/or private sector, business elites with influential powers in the government. Understanding how the status that these two groups have within the Chinese Communist Party remains thus, relevant for the current study. However, to better understand the influence that these groups hold, a brief explanation of the current CCP and its approach to politics will ensue.

## **2.1. The Chinese Communist Party under Xi Jinping**

Chinese citizens have been living under the CCP rule ever since Mao Zedong's accession to power in 1949. However, the fact that the country has been ruled by a single party for 75 years does not necessarily signify that it has been ruled in the same way by its various leaders. During Mao's regime, the leader paved the way for Communism, ruling under the most authoritative measures to ascertain a form of economic equality for its citizens. On another hand, the country had its economy boosted by Deng Xiaoping's pragmatic leadership who opted to rule under policies that would effectively aid the weakened economy by taking a gamble on strict communist ideals. However, it was precisely under this pragmatic leader that the hopes and dreams for a Western democracy forever vanished during the infamous Tiananmen Square Massacre (Fanjul, 2019). For this analysis to be comprehended, a dive into current leader, Xi Jinping's rule is needed, given the personalized quality of Chinese leaders within the CCP.

Since coming to power in 2012, the CCP has experienced numerous changes, many of which to promote the strategic aim of keeping the president in power, some even resembling Mao-era politics (Li, 2022). The most notable of these changes was the removal of the two-term limit of the presidency, approved in 2018 and, hypothetically making Xi Jinping a so-called 'president for life' (Lun Tian, 2022). Traditionally, the Chinese government has worked with five-year terms in which the president of the country is also the Secretary General of the CCP. As such, Xi Jinping is also the central figure of the CCP's standing Committee of the Politburo, which includes another six members, and together make for China's most powerful politicians. These men typically hold their roles within the Committee for five-year terms, after which the CCP's national congress takes place, and a new cohort of members is selected in secrecy (Jie, 2022). During these congresses, the whole political agenda is set for the following

five years, and a detailed review of the previous five-year term is detailed (Jie, 2022). The latest of these congresses took place in October 2022 and held particular importance for Xi Jinping due to it resulting in an official break from the two-term limitation, and due to it being the first congress he led following negative economic results (Jie, 2022).

## **2.2. Role of Chinese business elites**

As has repeatedly been mentioned, the relationship between an authoritarian regime and influential business partners, can define the longevity and survival rate of these sorts of governments. More importantly for this analysis, how these relationships are handled during economic crises can shape the political sphere of the country for the years to follow. Joseph Wright mentions in his work in *When Does Economic Crisis Lead to Democratization?* how economic crises can disrupt previously acquired equilibriums of power (2007). One of the consequences of this disruption of equilibrium is that negative economic results can provoke a change in the status of clientelist relationships between a state and private sector elites (Wright, 2007). Harrijvan and Weerdesteijn have also studied this relationship and claim that it is crucial in determining the survival rate of regimes and that in economic crises, as how the political sphere handles its relationships with said elites can either boost the confidence in the regime or catalyze its dismantling (2020).

In contemporary China, the intertwining of economic and political power is a distinctive feature of the country's governance model, where wealthy business leaders and large corporations do play a critical role. Especially following China's sharp economic growth during the late 20th and early 21st century, where strong multinational Chinese companies have reached unprecedented accounts of business success stories in the country. Prominent entrepreneurs often hold formal positions within influential political institutions, such as the Chinese People's Political Consultative Conference (CPPCC) and the National People's Congress (NPC) (Deng & Shen, 2021). These bodies serve as platforms where business leaders can directly influence policy-making processes, advocating for regulations and laws that favor economic growth and innovation (C, 2014). For instance, Pony Ma, the founder of Tencent, has famously utilized his role in the NPC in the past to shape discussions around technology and economic policy, reflecting the significant impact that business leaders can have on occasions in national legislation (Deng & Shen, 2021).



Moreover, many of these business leaders are also members of the Chinese Communist Party (CCP), which further integrates them into the political system., for example, Jack Ma, co-founder of Alibaba and once China's wealthiest person, has been a party member, which historically provided him with a degree of political leverage (Doyon, 2023). This membership between high notch Chinese businessmen and the central government not only grants the former to greater access to political leaders but also aligns their business practices with state goals, thus, showcasing how the relationship also benefits the party. To further highlight how the Chinese government positively views these strong ties, recently the CCP's party-building reforms have intensified this integration by establishing party committees within private enterprises. These committees ensure that corporate activities are in line with party policies and provide a direct channel for political oversight and influence (Sayari, 2021). However, the inclusion of these policies further shows how the CCP has intentions of further positioning itself within the private sector range in order to exert larger control (Mcgregor, 2019)

The relationship between economic power and political influence in China is further complicated by the mutual benefits it can offer. Wealthy businesspeople contribute to local and national economies through investment, job creation, and technological advancements, garnering political goodwill. In turn, favorable government policies can support business growth and stability (C, 2014). However, this dynamic also underscores the potential for political risks. The CCP maintains a tight grip on political authority and is vigilant against any threats to its dominance. Business leaders who step beyond the acceptable boundaries of influence or who challenge the party's authority can face severe repercussions. The biggest example of this was the campaign launched against millionaire Jack Ma and Alibaba group in 2020 following open criticisms from the businessmann regarding the intensity of Chinese state intervention in the banking sector (Doyon, 2021). However, Ma's has not been the only case as the Chinese government has been notoriously aggressive with some of its wealthiest sector in cases of fraud and corruption, regardless of their status within the Chinese economy or their political ties (Doyon, 2021).

It is also important to mention how in recent years, especially since Xi's rise to power, Chinese markets have experienced a shift in focus from the private to the statal sector (Mcgregor, 2019). Prior to Xi's arrival to the central government leadership, the Chinese private sector represented around 75% of all economic output (Mcgregor, 2019). Currently, this number has given way to the public sector to which Xi has given more thought and investment, and is currently the larger producer of economic output (Mcgregor, 2019). These

policies, combined with the previously mentioned ones regarding the lack of objection in publically attacking China's most influential businessmen, reveal the willingness of the CCP to exert bigger and tighter control over the business sector (Doyon, 2021).

This intricate balance of power reflects a broader strategy by the CCP to harness economic growth while maintaining strict political control. By integrating business leaders into the political framework, the party can leverage their expertise and resources to drive national development goals. At the same time, the party's influence within companies ensures that economic activities do not undermine political stability or party authority. This model of governance, characterized by state capitalism and political integration, has enabled China to achieve rapid economic development while maintaining an authoritarian political structure.

However, the intricacies of the relationship between the CCP and the private sector also poses challenges for business leaders, who must continually navigate the complexities of aligning their economic ambitions with the overarching goals of the CCP. In the current scenario of China facing a strong economic decline, influential business leaders could see their positions of power and wealth be tumbled, which as, Harrijvan and Weerdesteijn propose in their writing, could fuel for a big divide between both sectors (2020). As has already been shown, in earlier cases of the private sector demonstrating anti-regime behaviors, the CCP has demonstrated its preference for an aggressive approach cutting any sort of behaviors of the sort (Doyon, 2021). According to Harrijvan & Weerdesteijn's analysis, in times of economic crises, when dictators have opted for a repression approach towards the business elites, the probability of the latter of further mobilizing protests and acting against the regime has grown, increasing the probability of political regime changes of authoritarian regimes during economic declines (2020).

### **2.3.Role of the CCP's insider elites**

In their work in *How Autocracies Fall*, authors Andrea Kendall-Taylor and Erica Frantz find that “most dictators still exit office as a result of actions or decisions of regime insiders—including coups, term limits, resignations, or the consensus of regime insiders in a politburo or military junta” (2014). In fact, such is the case that when analyzing how autocracies have fallen since the 1950s up to the 2010s, a trend has been seen that around 60% of regime falls have been insider led, whereas the rest of the percentage can be divided between revolts, civil wars or deaths in office (Svolik, 2012 in Kendall-Taylor & Frantz, 2014). However, it is worth noting that while insider-led have been symbolic in the past, their effective use in ending

autocratic regimes, has fallen rapidly with the turn of the 21st century (Kendall-Taylor & Fritz, 2014). Moreover, as the authors state, for coups to be successful, elites are required to have meaningful influence and force over the central leader, in this case, Xi Jinping (Kendall-Taylor & Fritz, 2014). It is important to reiterate in any case, the lack of official and transparent information regarding the CCP and its elites, when carrying out this analysis.

Soon after coming to power in 2012, Xi Jinping began showing signs of wanting to centralize his power and assert control within the CCP (Li, 2022). Through certain measures, he assured himself a lengthy position in power and thoroughly made sure of the loyalties lying within the members of the Politburo he presided (Li, 2022). Examples of how he has slowly surrounded himself by members of the CCP, not only devoted to the party's cause but to himself as well, include the launch of an aggressive 'anti-corruption' campaign or a radical reorganization of the Chinese military, the People's Liberation Army (Li, 2022). These measures have also given him a more centralized and personalized approach to power, with the aims of assuring his leadership within the CCP (Li, 2022).

Following the formerly mentioned anti-corruption campaign, President Xi Jinping decided to launch an even more aggressive approach of the campaign via the instillment of a so-called Supervision Law, in 2018 (Li, 2022). The purpose of this law was to supervise and detain Chinese officials acting against the party, by means of a new institution: the National Supervisory Commission (Li, 2022). Only five years since the establishment of these measures, more than 1.5 million Chinese officials had been prosecuted, including well-known senior delegates (Li, 2022). However, this campaign gained worldwide attention in July of 2023, when in a succession of a few weeks, the equivalent to the minister of Foreign Affairs, Qin Gang, and numerous army officials were all controversially publicly destituted (Palmer, 2023).

As has already been mentioned as part of the literature review, empirical data proves that insider-led coups are the most common way for a dictator to fall (Kendall-Taylor & Frantz, 2014; Goldring & Matthews, 2021). To prevent said coups, throughout history, numerous dictators have leaned towards public elite purges as an ultimate measure. Examples of these (beyond Xi Jinping) include South Korea's Park Chung-hee, Iraq's Saddam Hussein or, more recently, the Russian president Vladimir Putin (Goldring & Matthews, 2021; Goldring, 2023). For these measures to favor the dictator in power, these public purges need to be implemented strategically: weak purges can often carry little effect whereas aggressive ones can oftentimes create even more deterrence from insider elites catalyzing stronger coups and protests from

within (Goldring & Matthews, 2021; Goldring, 2023). The timing of these purges is likewise important, as Goldring & Matthews explain in *To purge or not to purge? An Individual-Level Quantitative Analysis of elite purges in dictatorships* (2021). For said timing to be optimal (for a dictator's benefit), central leaders must benefit from their privileged access to information (Goldring & Matthews, 2021).

Regarding Xi Jinping's purges since his rise to power in 2012, these have certainly been aggressive, particularly in terms of quantity (as has already been mentioned, in a timespan of only five years more than 1.5 million CCP and PLA officials were destituted) (Li, 2022). However, these purges have also been aggressive in terms of the status of the delegates being purged. According to data from the Chinese government, from 2012 to 2021, more than 390 leading cadres above the provincial ministerial level have been ousted from their positions of power (Xia, 2022). These insider elites being purged, are oftentimes politicians and strategists who earned their place within the CCP during China's reform era of the 1980s. As such, they helped with the opening up policies of Deng Xiaoping and are currently skeptical of Xi Jinping's stricter approach towards Communism (Yuwen, 2022). Many of these politicians are already retired, however, those who still practice politics, not only have leading roles within the government, but are also held in high regard by other members of the CCP and society due to the cultural significance of Confucianism in China and its inherent filial piety (Yuwen, 2022; Štefanko, B, 2021).

### **3. Analysis of relevant economic factors**

Given that this paper is studying how an economic crisis in China could affect its sociopolitical sphere, it remains imperative to analyze certain economic factors which could aggravate or alleviate the effects of said crisis. Numerous scholars which have already been mentioned, have repeatedly analyzed how important the economic field is for authoritarian leaders when facing an economic crisis. In *When Does Economic Crisis Lead to Democratization?*, Joseph Wright (2007) established a connection between countries with open economies and the insulating effect it has on democratization or political liberalization in authoritarian regimes. Other relevant economic factors to study, include the type of economic crisis that China is facing (Gasiorowski, 1995, Pavlova, 2021)

### **3.1. Economic openness of China**

According to Joseph Wright's empirical analysis, when authoritarian regimes face an economic crisis which could garner a backlash in the political sphere, this effect fades out whenever the country's economy is significantly open (2007). Even if the direct relationship held between economic openness and its effects on authoritarian politics in times of crisis has not been largely studied beyond Wright's empirical model, there have been numerous analysts and scholars who have studied the effects of openness both on the economic and political fields. Interestingly, renowned economists and political scientists both, such as Dani Rodrik (1998) or Bueno de Mesquita et., al (2003) who have studied the possible consequences that globalization and elevated international trade can have on political regimes, underlying a clear tie between these two fields.

Since opening up its economy to the world in 1978, China has experienced significant economic growth, as has been mentioned recurringly along this paper. Chinese international trade grew at a vertiginous speed since the late 1970s, and in fact, China sustained the largest growth in international trade out of any country in the post-war (WWII) period (Lardy, 2000). In this regard it is particularly important to mention how China's inclusion to the World Trade Organization (WTO) in 2001 emphasized the Chinese will to open its economy to the world (Hye et al., 2016). In fact, some argue that it was said inclusion to the WTO which paved the way for China's becoming one of the most notable destinations of foreign direct investment (FDI) and China gaining a vantage point within the global chain of production (Hye et al., 2016). This is reflected in China's increase in international trade, as since the beginning of its economic liberalization, China has increased its international trading position in a stable manner, rising from the thirtieth position to the second overall position in international trade, only behind the United States (Hye et al., 2016). It is important to clarify, however, that China is the current top global exporter in terms of value of exports, significantly ahead of the United States, the second largest exporter (IMF, 2024).

Through China's membership to the WTO and its increase in volume and value in international trade, little doubts are left regarding the openness of its economy. However, these are not the only factors showcasing China's increased foreign commercial ties. For one, Chinese foreign direct investment (both inbound and outbound) has grown significantly since 1978, tying the country to an incredible array of trading partners via said investment (Irwin-Hunt, 2024). However, this growth (particularly on the outsource section) has increased dramatically since the establishment in 2013 of the One Belt, One Road strategy (later renamed

as Belt and Road Initiative) (Irwin-Hunt, 2024). The Belt and Road Initiative (BRI) constitutes a commercial and geopolitical Chinese strategy aiming to enhance connectivity and cooperation through projects spanning Asia, Europe, Africa, and beyond, primarily through the development of land and maritime routes. Since its establishment, China has increased its outward FDI impressively, as it has given its BRI partners notable funding and investment, particularly for infrastructure projects abroad (McBride, Berman & Chatzky, 2023). Such has been the growth in FDI levels that China is currently the third largest source country of FDI in the world, when in 2012 it was not a member of the top-ten FDI source countries (Irwin-Hunt, 2024).

As to FDI, it is important to state that there has been a clear and sharp decline in net results, due to the prolonged and strict measures ensuing from the pandemic, and, following that, due to an increase in tension between China and the United States (Kawate & Tabeta, 2024). The latter provoked the installation of a series of instruments and measures, such as the EU FDI Screening Mechanism, which have seriously dwindled FDI flows to and from China with the ‘West’ (Crow & Niblett, 2024). The decline in overall Chinese FDI has been so notable since then, that in 2023, its net flows of FDI fell by almost 80% in comparison to 2022, year in which they had also fallen (Kawate & Tabeta, 2024). But FDI is not the only aspect that has been negatively affected by the pandemic and unstable bilateral relations with the US. Other examples include a major decline in the number of foreign multinational companies with presence in China, as well as in expats living in the country, and those that remain, have increased the share of earnings being taken outside of China (Liang, 2023).

A further aspect showcasing the global economy which China has become is the way in which China utilizes international cooperation and development and foreign aid. Even though China is officially still considered a ‘*developing country*’, its position as the second largest economy in the world has allowed for it to develop a strong relationship with other developing countries, particularly in the Global South, as an important donor of foreign aid (Toettoe, 2023). As with FDI, this foreign aid has grown drastically since the establishment of the Belt and Road Initiative in 2013, with many of the projects part of said strategy, being also included in the official records of Chinese foreign aid (Chinese Ministry of Finance, 2024). According to the Chinese ministry of Finance, as of 2022, Chinese overall global foreign aid constituted around US\$ 3.1 billion, which is still notably behind many developed economies, such as the United States, Germany or Japan (Chinese Ministry of Finance, 2024).

It remains clear, thus, that since 1978, China has increasingly opened its economy, leaning towards globalization, and acquiring a pivotal role in the global value chain of production. There are many factors one could analyze to reach this conclusion: whether it be the Chinese balance of payments, the rapid growth seen in foreign direct investment or the rise in aid that has been achieved due to the Chinese economic growth over the past decades. It is also important to emphasize the decrease that all these factors are experiencing, majorly since the breakout of the Covid-19 pandemic and Chinese overall weakened ties with the 'West'. However, due to the rapid growth in international trade that China had experienced in previous decades, these decreases have yet to make an impact on the Chinese position of trade, where China still remains one of the economies with larger worldwide presence.

According to the theory, when authoritarian regimes are faced with economic crises, the threat of political changes is diminished whenever the regime's economies are significantly open (Wright, 2007). Thus, one can argue, that having such an open economy, could inhibit the possible effects of the current economic scenario, due to the fact that China does not remain enclosed in itself and is not entirely reliant in its resources in order to prosper and grow. However, at the same time, China's growing differences with the 'West' have already been felt in the economy and could be deepened over time, which could pose grave effects due to China's reliance in exports. While perhaps not directly influencing the possible effects of political changes, this could spark discontent within the Chinese society, which could, as will be analyzed in continuation, pose a bigger threat to the Chinese central government (Liang, 2023).

#### **4. Analysis of relevant social factors**

Following an analysis of relevant economic and political factors which have been shown to determine the effects that economic crises can have on authoritarian regimes, it remains important to carry out a study of social and cultural variables that can be significant for the Chinese case. As has already been mentioned recurringly, numerous scholars believe that economic decline can drive political liberalization processes in countries with authoritarian regimes. Many of these scholars point out that a big reasoning behind this argument is that a significant economic downturn can catalyze popular rebellions and mass protests, which can either make authoritarian leaders lean towards controlled political liberalization processes or even, terminate the regime in itself (Ulfelder, 2009). Understanding this is important given that mass protests are the third most common cause for authoritarian regime collapses, following

what has already been mentioned of coups and elections (Geddes et. al, 2018 in Leuschner & Hellmeier, 2023).

#### **4.1. Analysis of the Chinese social contract**

To better comprehend how the Chinese society works and to understand their use of protests in the past, which will be later explained, an analysis of the Chinese social contract is required. This unofficial social contract by which Chinese citizens seem to ‘accept’ their political system, has been deeply studied both by national Chinese citizens and by Western scholars (Cheng, 1999; Cook & Dimitrov, 2017; Davies, 2010). In brief, these authors conclude that following the arrival of the CCP to power in China, and particularly since the 1978 reform era, Chinese citizens have accepted a social contract by which they lack political freedom in exchange of growing levels of prosperity, particularly due to the Chinese export-led economic growth (Cheng, 1999; Cook & Dimitrov, 2017; Davies, 2010).

The Chinese social contract is essentially bound by incredibly low rates of unemployment, a raise and in improvement in the level of state subsidies and an overall growth in their quality of life (measured by the Human Development Index or by the life expectancy, for instance) (Cook & Dimitrov, 2017). Since Deng Xiaoping’s arrival to power in 1978 and the subsequent opening reforms of the Chinese economy, many of these attributes have notably improved in China, and popular unrest has traditionally been insignificant for the CCP (with clear exceptions such as the Tiananmen Square Massacre of 1989), showcasing the relevance of the social contract for the Chinese government and its longevity (Cook & Dimitrov, 2017).

Regarding the social contract, it is also important to emphasize that while Chinese citizens may not have electoral rights or political freedom, this does not mean that the CCP ignores popular opinion. On the contrary, for this social contract to work, the CCP must be aware of public opinion, especially when the party encounters situations of mass disagreement. To prevent protests and to abide by the social contract, the Chinese government uses several non-electoral instruments to analyze public opinion (Cook & Dimitrov, 2017). These instruments include petition reports, opinion polling or reports on the origins of mass incidents, which allow for the government to have a clear understanding of how Chinese citizens are reacting to practically every topic regarding their country (Cook & Dimitrov, 2017). While it remains clear that within an authoritarian regime, final decisions are taken by the leading party, and in the case of Xi’s personalized power, these reports are taken so seriously that there are



numerous examples of legislative change that has occurred because of analysis on Chinese public opinion (Cook & Dimitrov, 2017).

Moreover, in the current scenario China is facing, and regarding its social contract, it is important to emphasize that the Chinese citizens that originally *adhered* to said contract had long known suffering. Up to the 1978 reform era, Chinese citizens had endured two opium wars against foreign powers and a subsequent extraterritorial rule, a nationalist revolt to remove the dynastic system which had ruled the country for centuries, an arduous civil war, one of history's deadliest famines under Mao Zedong's strict communist rule, and alongside this, the infamous Cultural Revolution which was an era filled with violence, purges and death (Fanjul, 2018). Deng Xiaoping's efforts to open the country and initiating a long journey of prosperity and growth would have been clearly celebrated by China's citizens who had not experienced such a rise in wellbeing and life quality beforehand, thus, making the social contract all that more appealing (Davies, 2010).

Overall, social stability achieved via the social contract which has long been in play, could be jeopardized because of the current lowering of economic standards. Firstly, unemployment has been on the rise in China since the pandemic, with youth unemployment being particularly affected. The rise in the youth unemployment rate reached a record high of 21% in June of 2023 (Goldin, 2024). From 19990 up to 2013, the total unemployment rate in China was stabilized at around 4%-5%, and this stability was greatly used as part of the social contract and keeping society content with their living conditions (Cook & Dimitrov, 2017). The current Chinese economy's downturn is already '*breaching*' a key condition of the social contract. Furthermore, it must be emphasized that it is the youth that is being most affected by this, the same youth who have grown up in an era of prosperity and economic growth and have not suffered the arduous situations of older generations Chinese (Cook & Dimitrov, 2017; Goldin, 2024). In fact, due to youth opinion being expressively negative in this regard, the CCP decided to halt the publication of youth unemployment data between June and December of 2023 (Goldin, 2024). Other variables, such as life expectancy or the Chinese human development index, have long been stabilized since 2019 (UNDP, 2024). While this stability has been reached at levels notably above those of the past, China is still significantly behind Western nations in this regard, which could, again, promote arguments that the social contract is not being met in its entirety.

## **4.2.Chinese popular protests in the past and their outcomes**

Mass revolts and popular protests also posit a relevant factor when analyzing how autocracies come to an end (Kendall-Taylor & Frantz, 2014). While these methods for autocrats exiting power are still not as relevant as others such as coups or internal legislative changes, mass-led revolts have grown in effectivity and ponderance in democratization transitions since the 1990s, and in particular with the turn of the 21<sup>st</sup> century (Kendall-Taylor & Frantz, 2014). However, it is important to emphasize how the majority of these revolts do not often catalyze full blown democratization processes, but rather slight changes in the government (Kendall-Taylor & Frantz, 2014). As has previously been explained, given the incoming Chinese economic crisis, the stability of the Chinese social contract can begin to be severely questioned. Alongside this, a strong decline in the national popularity of the CCP may spur, which in itself, could also result in an increase in protests in the country, both physically and via digital media. Scholars have repeatedly mentioned the importance of China to not only maintain but expand its social contract, because “if it fails to do that, it (the country) will face a level of social unrest that may destabilize the entire political system” (Cook & Dimitrov, 2017). It is also important to reinstate that the information received by Western media is heavily biased towards the CCPs interests, and that the Chinese state does not account for official data of protests in its country, as a method to prevent the spreading of said behaviours and assure the government’s credibility and power (Göbel & Ong, 2012; Göbel, 2021).

In contemporary Chinese history, the Chinese society has been strongly characterized for its lack of widespread protests regarding its unique political system, especially in comparison to other authoritarian regimes or even to Western democracies (Chen, 2020). However, it is important to reinstate that this lack of mass protests does not necessarily imply that the Chinese society is a complacent one in terms of politics. In recent years, there have been numerous protests, both in person revolts, as well as digital campaigns against politicians or specific policies (Chen, 2020). These protests, however, have been characterized by being disorganized, decentralized and incredibly short-lived (Chen, 2020; Qin et al., 2021; Göbel, 2021). Traditionally, protests in China have been carried out by small groups, but these groups change over time and have included different sectors of the society such as students, public administration workers, professors or farmers (Chen, 2020). However, due to the small convening power of said protests, they rarely escalate and include diverse social groups (Chen, 2020). It is precisely because of said disorganazation and decentralization that the CCP tends to diverge from repressing these types of protests (Göbel, 2021). Given that many of the

contemporary protests in China are small-scaled, the CCP opts for staying away and deterring from any sort of public or physical repression whenever possible, in order to brighten, as much as possible, ideas of political rights and representation in China (Chen, 2020).

Even though the typical government reaction regarding physical protests or strikes is to allow for them to dissuade by themselves, it is important to mention how during Xi Jinping's leadership, the CCP has increased its level of online censorship and information control (Qin et al., 2021; Guriev & Treisman, 2022). During the early stages of the social media boom in the early 2000s, political scientists argued that the internet would potentially pose a liberalization wave in authoritarian regimes given that citizens of said regimes would have a newly-found access to international media and Western ideals (Bellin, 2012 in Guriev & Treisman, 2022). However, many of these regimes quickly devised methods of censorship in order to prevail in their political quests (Guriev & Treisman, 2022). China is one of the biggest examples where censorship of the digital media has been widespread since the early stages of the Internet boom (Guriev & Treisman, 2022). In order to impede the CCP via the digital sphere, the Chinese government not only censors profiles and messages of revolt and protest, but it has also employed methods such as designing bots promoting CCP policies and arguing against protesters, or creating indoctrination channels to achieve widespread communication through all groups of society (Guriev & Treisman, 2022). This contrast between digital grassroots anti-regime protests and those protests which are held in person, has to do with the fact that digital information has a much wider reach and thus, it has more convening power than that of physical protests traditionally held by Chinese citizens. Because of this, the CCP tends to carry out a much stricter approach of censorship and protest prevention within the digital media than with other types of anti-regime activity (Qin et al., 2021).

The CCP is not always successful in its prevention of protests, however. In 2022, unprecedented protests took place in China due to the infamous Chinese Zero-Covid policy (Huang & Han, 2022). Thousands of people, from diverse backgrounds and social groups, took the streets following the death of ten people in a building in Xinjiang, due to an apartment fire when people were forcibly being held inside following Covid protocol (Huang & Han, 2022). Such a large group of Chinese protesters were capable of organizing themselves with the use of VPNs, with which they were able to bypass the typical online censorship of the government (Huang & Han, 2022). These waves of protests were not only unique due to its convening power within heterogeneous groups, but also due to the open critique towards the central government (Huang & Han, 2022). As has already been mentioned, other small-scale protests

tended to argue against specific policies of certain local governments which affected certain social groups. However, these protests had a wider range and showcased a rise in negative opinions regarding Xi Jinping and his government. Such is the case, that certain protesters dared claim in favour of Xi Jinping stepping down from power (Huang & Han, 2022). Moreover, the protests were a novelty due to its crossregional presence, and even gained transnational influence, since Chinese citizens from abroad organized protests in major international metropolis, such as London or New York (Huang & Han, 2022). The response of the CCP towards these protests was largely pacific, and the government tried to opt away from any sort of physical oppression which could further damage the already-weakened view of the central government (Huang & Han, 2022; Ong, 2023). Furthermore, even though it has never been officially declared by any government leader, following these protests, Chinese Covid policies begun to be lifted and citizens acquired a new sense of freedom which had been lacking since the spark of the pandemic (Ong, 2023).

As has been shown, protests in China did not necessarily worry the Chinese Communist Party, especially before the digitalization of the media and prior to the Covid pandemic. However, following the boom of social media, it has been proved that protesters have gained a bigger rate of convening power and wide reach, which is why Xi Jinping's government has increased its intents of censoring any sort of anti-regime behaviour in the digital media. This being said, the Covid-19 protests showcase how full-blown censorship cannot entirely prevent the Chinese nation from mobilizing against the government and that there are certain instruments which can be used to avoid and bypass the censorship instruments put in place by the CCP. Moreover, the nationwide Covid protests have also served as proof to the Chinese society that they can serve a purpose for them whenever they disagree with the government, be it local governments or the central one, given the favorable outcome of the Covid protests (Huang & Han, 2022). It is also important to emphasize, that during the Covid protests, an important factor catalyzing them, was the national preoccupation regarding the Chinese economy due to excessive lockdowns and halts to economic activity (Huang & Han, 2022). Given the current scenario of economic crisis and breach in the social contract, it is not unlikely, thus, that Chinese citizens may opt for another wave of nationwide protests arguing against the economic situation the country is suffering from. However, in contrast to the Covid-19 protests, these hypothetical ones, would not incur in a clear forward path. The previous protests of 2022, impelled a clear solution: to drift away from excessively strict Covid measures, whereas

possible protests arguing against the central government due to the precarious state of the economy cannot propose a clear and concise solution to said problem.

## **5. Conclusions**

### **5.1. Key findings**

The late 20<sup>th</sup> century and early 21<sup>st</sup> century have further fueled criticisms regarding the modernization theory's premise that economic development brought about democratization transitions. China is a clear example of how this has not occurred and how authoritarian modernization is perfectly possible due to the fact that there are numerous variables that modernization theorists did not analyze when entailing their development theory. These set of variables include the relationship of the elites and the political system put in place, the social contract between the government and its citizens, as well as historical and sociocultural factors which can clearly differ between developing nations and liberal Western ideals of democracy and development. In fact, throughout their contemporary history, Chinese citizens have rarely proposed a full-style Western democratization, and throughout their political claims, they have tended to seek policy or local government changes rather than a central government transformation or the impulsion of Western electoral rights.

Following the holistic qualitative analysis which has been carried out in this paper and including variables from political, economic and social backgrounds one can arrive to the following conclusions. Firstly, it has become evident that the economic crisis which China is already beginning to suffer from (and which will likely further develop), represents a new scenario for Chinese citizens, business leaders and for the government, which will surely have an effect in the sociopolitical spheres. While it is difficult to estimate the broadness of these effects in the aperture of political freedoms, there are several arguments in favor of certain political liberalizations taking place in the Chinese government, which favor my initial hypothesis regarding the fact that an economic crisis in China could spiral waves of further political freedoms and rights in the coming years.

Examples of arguments which hold said conclusion include the high likelihood of popular protests taking place, in particular due to the notable breach in the social contract which, until now, has maintained a sense of stability and development within Chinese citizens. The fact that the economic crisis has already been felt in important clauses of this contract, in addition to the fact that it is the youth which is being significantly adversely affected and that

this youth does not have the same memory of arduous past times, posits a notable sense of possible mobilization against the central government. Along with the social contract being notably damaged by the economic crisis, Chinese citizens have begun to see how protests against the central government are capable of overturning policies with which the society disagrees, as was seen during the Covid protests. This finding is particularly interesting, given that popular protests are not the most common way for democratic transitions to occur, with coups and internal political rivalries normally posing bigger threats for authoritarian regime leaders. As such, my second hypothesis which stated that the most probable catalyzer for a regime change would come from insider elites, proves to be wrong, due to the strong case posited by social effects and waves of popular protests. On top of this, the Covid-19 protests also manifested a sense that Chinese citizens are capable of organizing themselves and bypassing digital censorship restrictions, indicating that this could be redone in a scenario of generalized unrest due to a lowering of living conditions provoked by a deep economic recession.

Furthermore, when analyzing the likelihood of an insider-led movement arguing in favor of broader political liberalizations, my findings indicate that due to Xi Jinping's aggressive approach as part of his anti-corruption campaigns and his centralization and personalization of power, this seems rather unlikely in the near-future. Xi Jinping has encircled himself with loyal politicians both towards the party, but also towards himself and his ideals, and cases of active senior officials with notable powers and influence with public cases against the party leader are extremely rare. In the cases where senior delegates have been critical with Xi's approach towards leadership, the CCP has not trembled and strictly purged these individuals in order to make examples of the consequences of what is considered anti-regime behavior. On top of this, most of the current members of the CCP who have contradictory ideas to those proposed by the country's leader, are senior politicians nearing the retiring age. Having considered the filial piety style of society that the Chinese case posits, this fact still does not pose a significant threat for the current CCP, as there have already been cases of purges in this sector, and this group is significantly divided and disorganized. Thus, my second hypothesis regarding the possibility of an insider-led democratization transition process due to the economic crisis seems highly unlikely in present times.

On another regard, my findings also show that another sector which could pose a slight threat for the CCP's stability is that of the private sector. There has, in the past, been a link between economic crises and social unrest with this sector, which, when repressed can pose a

meaningful threat to the central government. I find that in the Chinese case, the tendency with this sector has been of repression in times of social unrest, which could deepen a hypothetical rise in social unpopularity with the regime. The influence that this sector has in China, while having diminished in recent years due to the resurgence of state companies, is still incredibly big and interestingly tied with the social contract as well, due to the importance of said businesses in the Chinese economy. Moreover, the ties between the political sphere and the private sector are tight, and both parties count with open information regarding the other, due to the membership of businessmen to the CCP and due to the political committees present in private enterprises. Thus, this sector could hold important influences and powers in a hypothetical wave of political liberalization. This power would be particular in a case of public repression against members of these companies, which could come from a divergence in ideas between the business sector and the CCP regarding how to deal with the economic downturn.

Lastly, previously analyzed literature suggests that economic openness could inhibit the effects that an economic crisis can have on authoritarian regimes. In the case of China, the country clearly has an economy with a significant level of openness, being the top global exporter of goods. However, I argue that due to the significance of trade, particularly exports, not only for China but for the international arena, China poses a radically different situation than authoritarian regimes previously analyzed, which had more fragile economies and a less relevant role in the international sphere. This idea, added to the growing animosity between China and European institutions, as well as the US, which has limited the ongoing trade between both blocs, suggests that, even if China does indeed count with a significant level of trade, the reasons behind the inhibition of openness on political liberalizations, do not account for the Chinese case. On top of that, Chinese trade with Western countries is expected to decrease in recent years, further affecting the Chinese economy, which in itself, can also fuel waves of social unrest and protest, taking us back to the primary conclusion regarding the significance of the Chinese society in bringing about political liberalizations in the country.

## **5.2. Future outlook**

Having understood that the main findings of this paper are that sociopolitical changes could indeed occur in China as a result of the current economic crisis, it remains important to understand how these set of changes could alter the future of the international arena. It is important to emphasize here, however, that the political liberalizations forementioned do not necessarily imply a full liberal democratization, given the fact that Chinese citizens have rarely

acclaimed for such changes and given the generally understood Chinese concept of democracy, which is not fully aligned with Western ideals.

A greater set of political liberalizations in China could possibly deepen ties between China and the European Union as well as the United States, which have recently been damaged as a result of the pandemic and of a growing sense of tension in an international arena which has seen two new sets of wars emerging in recent years. This situation could foster a return of the levels of trade, between both blocs, to those seen in the past or even a greater increase in said levels, particularly due to a rise in confidence in the system proposed by China. Furthermore, levels of inward FDI to China could also rise due to a growth in confidence between two systems, which, have recently been growing their differences. Overall, this could fuel, not only, China's struggling economy, but also the overall international economy, which is still resenting the effects of the pandemic and is so intensely tied to China as the second largest economy in the world.

Furthermore, the potential for political liberalizations could pave the way for China to play a more active role in addressing pressing global issues like climate change, technological innovation, and public health. As political freedoms expand, China may adopt transparent regulatory frameworks, rendering it a more appealing hub for international businesses. This shift could ignite progress in vital sectors such as green energy, technology, or manufacturing, bolstering global economic development. Moreover, improved diplomatic ties could yield stronger multilateral agreements, fortifying current international institutions and nurturing a more harmonious and cooperative global landscape. However, it's essential to recognize that the process of political liberalization in China is likely to unfold gradually and that it requires the social unrest and popular protest that has been previously mentioned for it to produce significant effects in the international arena.



## 6. Declaration of the use of generative AI in the creation of this paper

### Declaración de Uso de Herramientas de Inteligencia Artificial Generativa en Trabajos Fin de Grado

**ADVERTENCIA:** Desde la Universidad consideramos que ChatGPT u otras herramientas similares son herramientas muy útiles en la vida académica, aunque su uso queda siempre bajo la responsabilidad del alumno, puesto que las respuestas que proporciona pueden no ser veraces. En este sentido, NO está permitido su uso en la elaboración del Trabajo fin de Grado para generar código porque estas herramientas no son fiables en esa tarea. Aunque el código funcione, no hay garantías de que metodológicamente sea correcto, y es altamente probable que no lo sea.


Por la presente, yo, [Nombre completo del estudiante], estudiante de [nombre del título] de la Universidad Pontificia Comillas al presentar mi Trabajo Fin de Grado titulado "[Título del trabajo]", declaro que he utilizado la herramienta de Inteligencia Artificial Generativa ChatGPT u otras similares de IAG de código sólo en el contexto de las actividades descritas a continuación [el alumno debe mantener solo aquellas en las que se ha usado ChatGPT o similares y borrar el resto. Si no se ha usado ninguna, borrar todas y escribir "no he usado ninguna"]:

1. **Crítico:** Para encontrar contra-argumentos a una tesis específica que pretendo defender.
2. **Referencias:** Usado conjuntamente con otras herramientas, como Science, para identificar referencias preliminares que luego he contrastado y validado.
3. **Metodólogo:** Para descubrir métodos aplicables a problemas específicos de investigación.
4. **Estudios multidisciplinares:** Para comprender perspectivas de otras comunidades sobre temas de naturaleza multidisciplinar.
5. **Constructor de plantillas:** Para diseñar formatos específicos para secciones del trabajo.
6. **Sintetizador y divulgador de libros complicados:** Para resumir y comprender literatura compleja.
7. **Revisor:** Para recibir sugerencias sobre cómo mejorar y perfeccionar el trabajo con diferentes niveles de exigencia.

Afirmo que toda la información y contenido presentados en este trabajo son producto de mi investigación y esfuerzo individual, excepto donde se ha indicado lo contrario y se han dado los créditos correspondientes (he incluido las referencias adecuadas en el TFG y he explicitado para que se ha usado ChatGPT u otras herramientas similares). Soy consciente de las implicaciones académicas y éticas de presentar un trabajo no original y acepto las consecuencias de cualquier violación a esta declaración.

Fecha: 05/06/2024

Firma: \_\_\_\_\_



## 7. References

- Acemoglu, D. (2010). Theory, general equilibrium, and political economy in Development Economics. *The Journal of Economic Perspectives* 24(3), 17–32. <https://doi.org/10.1257/jep.24.3.17>
- Acemoglu, D., & Robinson, J. A. (2006). *Economic origins of dictatorship and democracy*. Cambridge University Press.
- Acemoglu, D., & Robinson, J. A. (2012). Why Nations Fail: The origins of power, prosperity and poverty. *ASEAN Economic Bulletin*, 29(2), 168. <https://doi.org/10.1355/ae29-2j>
- Arat, Z. F. (1988). Democracy and Economic Development: Modernization Theory Revisited. *Comparative Politics*, 21(1), 21–36. <https://doi.org/10.2307/422069>
- Asensio, C. (2024). La crisis de demanda interna en China pone en tensión el comercio mundial. *El Economista*.
- Barboza, D. (2010). China Passes Japan as Second-Largest Economy. *The New York Times*.
- C. E. (2014). The Political Plight of China's Wealthy. *Council on Foreign Relations*.
- Chen, C. J. (2020). A PROTEST SOCIETY EVALUATED: POPULAR PROTESTS IN CHINA, 2000–2019\*. *Mobilization*, 25(SI), 641–660. <https://doi.org/10.17813/1086-671x-25-5-641>
- Chen, J. & Lu, C. (2011). Democratization and the Middle Class in China: The Middle Class's Attitudes toward Democracy. *Political Research Quarterly*, 64(3), 705-719. <https://doi.org/10.1177/1065912909359162>
- Chen, M., Chen, T., Ruan, D., & Wang, X. (2023). Land Finance, Real Estate Market, and Local Government Debt Risk: Evidence from China. *Land*, 12(8), 1597. <https://doi.org/10.3390/land12081597>
- Cheng, E. (2024). China's annual exports drop for the first time in seven years. *CNBC*.
- Cheng, X. (1999). 7 Breaking the social contract. In *Lynne Rienner Publishers eBooks* (pp. 107–126). <https://doi.org/10.1515/9781685854492-008>
- Chipo, M., & Nyoni, T. (2020). A critique of the modernization theory to development. *International Journal of Innovations in Engineering Research and Technology*, (1), 1-5.

- Colaresi, M. P., & Thompson, W. R. (2003). The Economic Development-Democratization Relationship. *Comparative Political Studies*, 36(4), 381–403. <https://doi.org/10.1177/0010414003251174>
- Cook, L. J., & Dimitrov, M. K. (2017). The Social Contract Revisited: Evidence from Communist and State Capitalist Economies. *Europe-Asia Studies*, 69(1), 8–26. <https://doi.org/10.1080/09668136.2016.1267714>
- Crow, A. & Niblett, R. (2024). Demystifying decoupling: what's really at stake in the US-China relationship. *World Economic Forum*.
- Dai, X. & Chen, Y. (2024). China's property market downturn. *Swiss Re Institute*. Retrieved January 19<sup>th</sup>, 2024.
- Davies, I. S. (2010). Does the financial crisis threaten democracy? *The SAIS Review of International Affairs*, 30(1), 165–173. <https://doi.org/10.1353/sais.0.0079>
- Deng, I. & Shen, X. (2021). China's Two Sessions: Tencent boss Pony Ma makes his mark in key Beijing political gala with new proposals. *South China Morning Post*.
- Deng, Y., & Zhou, M. (2022). Why People Don't Protest? Work Units, Selective Paternalism, and Social Ties in China. *The China Review*, 22(3), 243–269.
- Doyon, J. (2021). Influence without Ownership: the Chinese Communist Party Targets the Private Sector. *Institut Montaigne*.
- Doyon, J. (2023). CCP branches out into private businesses. *East Asia Forum*.
- Fanjul, E. (2018). China, 40 años de la mayor revolución económica de la historia. *Real Instituto Elcano*.
- Fanjul, E. (2019). Tiananmen, 30 años después. *Real Instituto Elcano*.
- Fu, D. (2023). Political Drivers of China's Private Sector Demise. *The Jamestown Foundation*, 23(16).
- Funke, M., Schularick, M., & Trebesch, C. (2016). Going to extremes: Politics after financial crises, 1870–2014. *European Economic Review*, 88, 227–260. <https://doi.org/10.1016/j.eurocorev.2016.03.006>
- Gao, L. & Woo, R. (2024). China's property market slide worsens despite government support. *Reuters*.

- Gasiorowski, M. J. (1995). Economic Crisis and Political Regime Change: An Event History Analysis. *The American Political Science Review*, 89(4), 882–897. <https://doi.org/10.2307/2082515>
- Gel'man, V. (2022). Authoritarian Modernization: Illusions and Temptations. In *The Politics of Bad Governance in Contemporary Russia* (pp. 53–70). University of Michigan Press.
- Göbel, C. (2020). The political logic of protest repression in China. *the Journal of Contemporary China/Journal of Contemporary China*, 30(128), 169–185. <https://doi.org/10.1080/10670564.2020.1790897>
- Göbel, C., & Ong, L. H. (1994). Social Unrest in China. *Europe China Research and Advice Network*.
- Goldin, N. (2024). Youth unemployment in China: New metric, same mess. *Atlantic Council*.
- Goldring, E. (2023). *Elite purges in dictatorships*. <https://doi.org/10.32469/10355/78075>
- Goldring, E., & Matthews, A. S. (2021). To purge or not to purge? An Individual-Level Quantitative Analysis of elite purges in dictatorships. *British Journal of Political Science*, 53(2), 575–593. <https://doi.org/10.1017/s0007123421000569>
- Guriev, S., & Treisman, D. (2020). The popularity of authoritarian leaders: A cross-national investigation. *World Politics*, 72(4), 601–638.
- Harrijvan, M., & Weerdesteijn, M. (2020). To appease or to repress: how dictators use economic dynamics to increase their regime longevity. *Crime, Law and Social Change*, 74(3), 315–338. <https://doi.org/10.1007/s10611-020-09911-4>
- He, Z., & Wei, W. (2022). *China's Financial System and Economy: a review*. <https://doi.org/10.3386/w30324>
- Hu, Z., & Khan, M. S. (1996). Why is China Growing so Fast? *Social Science Research Network*. <https://doi.org/10.2139/ssrn.882972>
- Hye, Q. M. A., Wizarat, S., & Lau, W. (2016). The impact of trade openness on economic growth in China: an empirical analysis. *the Journal of Asian Finance, Economics, and Business/the Journal of Asian Finance, Economics and Business*, 3(3), 27–37.
- Huang, K. & Han, M. (2022). Did China's Street Protests End Harsh COVID Policies? *Council on Foreign Relations*.

- Huang, G., & Pang, R. (2022). How a non-democratic regime maintains its legitimacy over time: A study of changes in Chinese Communist Party legitimacy after 1949. *Asian Journal of Comparative Politics*, 7(4), 971–987. <https://doi.org/10.1177/20578911221078030>
- IMF. (2024). *Direction of Trade Statistics (DOTS)* [Dataset; IMF Data].
- Irwin-Hunt, A. (2024). Xi's trip to Europe followed China's FDI trail. *FDI Intelligence*.
- Jaques, M. (2023). Chinese modernization free of Western template. *The Global Times*.
- Jie, Y. (2022). A guide to the Chinese Communist Party's National Congress. *Chatham House*.
- Kawate, I & Tabeta, S. (2024). Foreign direct investment in China falls to 30-year low. *Nikkei Asia*.
- Kendall-Taylor, A., & Frantz, E. (2014). How autocracies fall. *The Washington Quarterly*, 37(1), 35–47. <https://doi.org/10.1080/0163660x.2014.893172>
- Kumar, A. (2024). The Hidden Dangers in China's GDP Numbers. *Foreign Policy*.
- Lardy, N.R. (2023). How serious is China's economic slowdown? *Pearson Institute for International Economics*.
- Lardy, N.R. (2000). Is China a “Closed” Economy? *Brookings*.
- Leuschner, E., & Hellmeier, S. (2023). State concessions and protest mobilization in authoritarian regimes. *Comparative Political Studies*, 57(1), 3–31. <https://doi.org/10.1177/00104140231169022>
- Li, J. (2022). China under Xi Jinping. *Journal of International Affairs: Insecurities*, 75(1).
- Li, H., & Li, X. (2023). The COVID-19 Pandemic's Impact on the Chinese Economy. *China Research Center*, 22(1).
- Liang, A. (2023). Why businesses are pulling billions in profits from China. *BBC*.
- Liu, L. (2009). Impact of the global financial crisis on China: empirical evidence and policy implications. *China & World Economy*, 17(6), 1–23. <https://doi.org/10.1111/j.1749-124x.2009.01171.x>
- Liu, Y., Su, Y. S., & Wu, W. (2023). How modernization theory has stumbled in China: A political interception perspective. *Democratization*, 30(2), 302-324.

- Lun Tian, Y. (2022). How China's Xi accumulated power, and why it matters in a third term. *Reuters*.
- McBride, J., Berman, N. & Chatzky, A. (2023). China's Massive Belt and Road Initiative. *Council on Foreign Relations*.
- McGregor, R. (2019). How the state runs business in China. *The Guardian*.
- De Mesquita, B. B., Smith, A., Siverson, R. M., & Morrow, J. D. (2003). The logic of political survival. In *The MIT Press eBooks*. <https://doi.org/10.7551/mitpress/4292.001.0001>
- Ministry of Foreign Affairs of the People's Republic of China. (2023). *Keynote Speech by Chinese Ambassador to Cyprus H.E. Liu Yantao at the Workshop on the Two Sessions: China's Modernization · View of Democracy · View of Civilization*.
- Ministry of Finance of the People's Republic of China. (2024). *Foreign aid and cooperation*.
- Ntini, E. (n.d.). Today's World: Can Modernisation Theory Still Explain It Convincingly? *Journal of Sociology and Social Anthropology*, 7(1), 56–67. <https://doi.org/10.1080/09766634.2016.11885702>
- Ong, L. H. (2023). The CCP after the zero-covid fail. *Journal of Democracy*, 34(2), 32-46.
- Palmer, J. (2023). China Closed 2023 With a Military Purge. *Foreign Policy*.
- Pavlova, M. (2021). *Authoritarian Regimes and Financial Crises: Explaining Autocratic Regime Survival and Collapse* [PhD Dissertation]. Hertie School.
- Pellegrini, C., Cincinelli, P., Meoli, M., & Urga, G. (2022). The contribution of (shadow) banks and real estate to systemic risk in China. *Journal of Financial Stability*, 60, 101018. <https://doi.org/10.1016/j.jfs.2022.101018>
- Prasad, E.W. (2023). CHINA STUMBLES BUT IS UNLIKELY TO FALL. *International Monetary Fund Finance and Development*.
- Przeworski, A., Álvarez, M. E., Cheibub, J. A., & Limongi, F. (2000). *Democracy and Development*. <https://doi.org/10.1017/cbo9780511804946>
- Przeworski, A., & Limongi, F. (1997). Modernization: Theories and Facts. *World Politics*, 49(2), 155–183. <https://doi.org/10.1353/wp.1997.0004>
- Qin, B., Strömberg, D., & Wu, Y. (2021). Social media and collective action in China. *Social Science Research Network*. <https://doi.org/10.2139/ssrn.3976832>

- Quiroga, G. C. (2009). China, 30 años de crecimiento económico. *Anuario Jurídico Y Económico Escurialense*, 42, 463–480.
- Rodrik, D. (1998). Globalisation, social conflict and economic growth. *World Economy*, 21(2), 143–158. <https://doi.org/10.1111/1467-9701.00124>
- Russett, B., & Oneal, J. R. (2001). Triangulating peace: democracy, interdependence, and international organizations. *Foreign Affairs*, 80(3), 131. <https://doi.org/10.2307/20050168>
- Sayari. (2021). Chinese Communist Party Cells in Private Companies: Though Not Yet Universal, Increasingly Situated to Play Greater Roles in Corporate Governance. *Sayari*.
- Statista. (2023). *Growth rate of real gross domestic product (GDP) in China from 2012 to 2023 with forecasts until 2028*[Dataset]. IMF.
- Štefanko, B. (2021). Filial Piety in Contemporary China: A Political Discourse Analysis.
- Toettoe, B. (2023). Chinese Development Aid and Finance: Effective Soft Power Tool or Public Diplomacy Liability? A Spatial Study of Project Influence. *International Journal of China Studies*, 49-77.
- Treisman, D. (2014). Income, democracy, and leader turnover. *American Journal of Political Science*, 59(4), 927–942. <https://doi.org/10.1111/ajps.12135>
- Ulfelder, J. (2009). Pathways to political liberalization in dictatorships. *Social Science Research Network*. <https://doi.org/10.2139/ssrn.1532791>
- UNDP. (2024). Human Development Index. *United Nations Development Programme*.
- World Bank. (2024). The World Bank in China: Overview. *World Bank*.
- Wright, J. (2007). When Does Economic Crisis Lead to Democratization? *Center for Globalization and Governance*
- Yang, L. (2020). Analysis of capital control policies in China. *American Journal of Industrial and Business Management*, 10(02), 492–505. <https://doi.org/10.4236/ajibm.2020.102033>
- Yuwen, D. (2022). Who are Xi's Enemies? *Foreign Policy*. Retrieved May, 17<sup>th</sup> 2024.

- Zhou, J. (2023). China's Economy Might Be Down, But Don't Expect Regime Collapse. *The Diplomat*.
- Zhu, X. (2012). Understanding China's Growth: Past, Present, and Future. *Journal of Economic Perspectives*, 24(4), 103–124.