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**Accountability and
Inequality in Single-Party
Regimes: A Comparative
Analysis of Vietnam
and China**

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Accountability and Inequality in Single-Party Regimes: A Comparative Analysis of Vietnam and China

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Abstract:

Over the past two decades, no two economies have averaged more rapid economic growth than China and Vietnam. But while China's income inequality has risen rapidly over that same time frame, Vietnam's has only grown moderately. Structural and socio-cultural determinants fail to account for these divergent pathways. Existing political variables are also unhelpful. China and Vietnam are coded in exactly the same way, even in the path-breaking work on authoritarian regimes. In this paper, we take a deeper look at political institutions in the two countries, demonstrating that profound differences between the polities directly impact distributional choices. In particular, we find that Vietnamese elite institutions require construction of broader coalitions of policymakers, place more constraints on executive decision making, and have more competitive selection processes. As a result, there are stronger political motivations for Vietnamese leaders to provide equalizing transfers that limit inequality growth.

Accountability and Inequality in Single-Party Regimes: A Comparative Analysis of Vietnam and China

Over the past two decades, no two economies have averaged more rapid annual economic growth than China (9.88%) and Vietnam (7.53%).¹ But while China's economic inequality has risen rapidly over that same time frame, Vietnam's has only grown moderately. Structural and socio-cultural determinants fail to account for these divergent pathways. Nearly every variable predicts higher inequality in Vietnam.

Present political indices are similarly unhelpful. China and Vietnam are coded in exactly the same way, even in path-breaking work on authoritarian regimes (Geddes 1999, Brooker 2000, Hadenies and Teorell 2006). If we take a closer look at the formal powers, representation, and selection processes comprising each country's political institutions, important differences nonetheless can be found. Indeed, we find that literature on political accountability and inequality in democratic regimes to be a useful theoretical guide to the origin of differences in the rates and level of inequality in these still Communist, single-Party regimes.

Concretely, scholars in this literature have argued that democratic governance discourages inequality through institutional checks on political elites (Muller 1988, O'Donnell 1994, Boix 2003, Bollen and Jackman 1985) and opportunities for participation by constituents who are negatively affected by economic policies (Muller 1988, Reuveny and Li 2003, Boix 2003, Chan 1997, Hellman 1998). The basic notion is that institutional arrangements can redistribute political power to the economically disadvantaged, a majority in society, ultimately leading to more balanced economic initiatives (Lenski 1966, Lipset 1959). Implicit is the claim that political institutions and not regime types necessarily, establish the parameters of horizontal and vertical accountability.

Nevertheless, this literature has yet to address the origins of divergent income distribution in non-democratic regimes (Rigolini 2002). None other than Hu Jintao, China's General Secretary of the Communist Party, however, has observed that a fundamental change in the way a government makes its decisions and thus remains accountable is an important step toward addressing inequality. He extended this claim to inner-Party workings as well (Hu 2007). Such emphasis on rules for decision-making becomes obscure in large-n, cross-national tests as political science has yet to

¹ Authors' calculations from World Bank 2007.

develop a fine-grained enough method for distinguishing among institutions within authoritarian contexts. One useful but still somewhat blunt approach to generalizing across both democratic and non-democratic systems, however, is that of Bueno de Mesquita, Smith, Silverson, Morrow (2003).²

Building on the work of McGuire and Olson (1996), who argue that the size of a group of relevant insiders influences the equity of public goods provision, BdM et al devise a ratio of the winning coalition (W) to the selectorate (S). S is defined as a subset of a country's population who are endowed with the authority to choose the political leadership (BdM et al 2003: 42). W is defined as a sufficiently-sized subset of the selectorate whose support endows the leadership with political power over the rest of the subset and the disenfranchised members of the population (BdM et al 2003, 51). Yet sufficient size is contingent on the specific institutions within a society; as such, electoral rules and administrative design, or institutions, more generally, create different thresholds for winning office and therefore different sizes of W .

Exploring the implications of cross-national variance in W , BdM et al find that the larger the ratio of W to S , the more individuals or diverse interests that must be accommodated, ultimately resulting in more egalitarian (or redistributive) policy outcomes. Furthermore, they find that the choice of side payments varies according to the size of the winning coalition. When W is small, the least costly method of buying support from a coalition is through private goods (i.e. bribes, preferential access to land or government contracting). When W is large, the cost of private goods is prohibitively expensive, and rulers are more likely to use public goods provision as a means winning acquiescence from other political actors. The authors test this theory empirically, finding that the size of W correlates strongly with a range of public goods provision measures, including transfers for education, health, and infrastructure.

Building on this theory, our paper is structured as follows. We begin by elucidating our dependent variable - economic inequality, demonstrating that Vietnam outperforms China on different measures and that familiar structural, economic, and socio-cultural variables fail to account for the difference. We conclude this section by showing that the critical distinction between the two regimes is the percentage of their budgets devoted to transfers. Because redistribution through transfers is ultimately a political decision, we next turn to our explanatory variable, differences in political institutions between the two countries. We show that beginning in the early 1990s, the two

² Henceforth, BdM et al.

polities evolved in radically different ways. Specifically, exogenous crises led to a diffusion of elite political power (and consequently a larger W/S ratio) in Vietnam, and its further concentration in China. These changes led to more inter-institutional checks on decision-making in Vietnam, which we demonstrate, encouraged the formation of broad political coalitions, thus affecting the terms of competition for formal power, and ultimately, we contend, led to lower income inequality.

This article contributes to a growing body of literature describing variation in authoritarian institutions (Geddes 1999, Brooker 2000, Ghandi and Przeworski 2006, Levitsky and Way 2002, Slater 2006; Ulfelder 2006; Smith 2005, Brownlee 2006, Hadenius and Teorell 2007), but with one important difference. These pieces have concentrated on creating typologies of authoritarian regimes. We focus instead on institutional differences within types.

1. Trajectories of Inequality in Vietnam and China

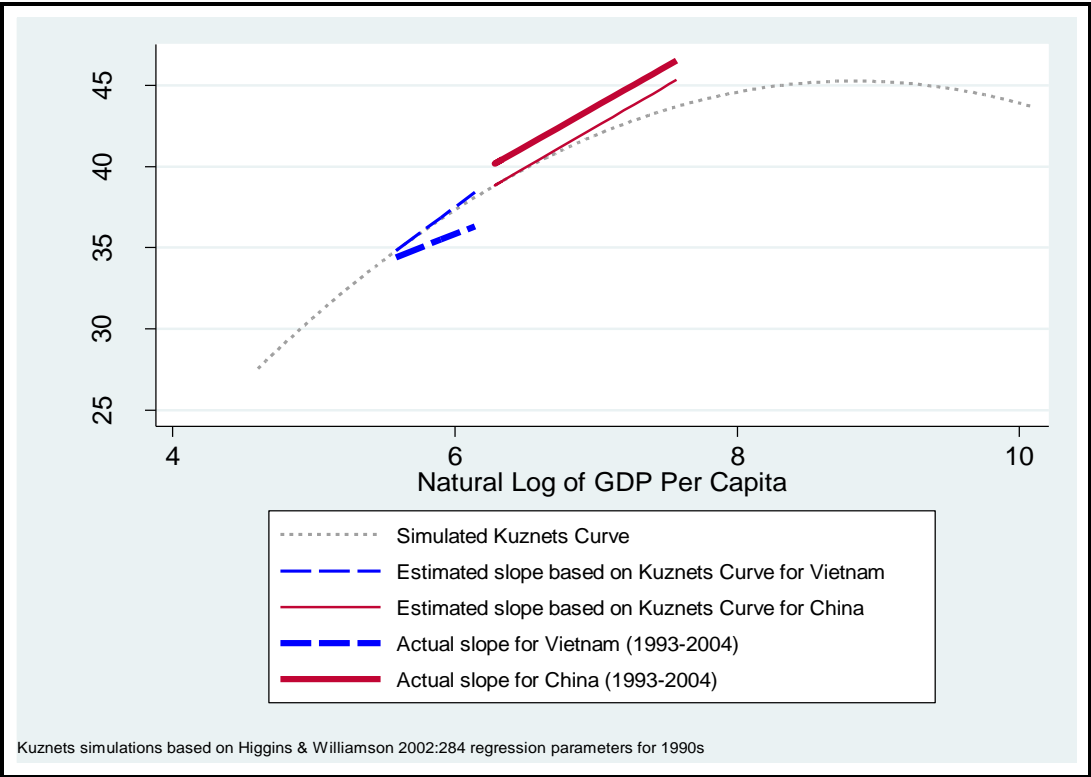
Over the past two decades, both China and Vietnam have grown at blistering paces, ranking among the very fastest in the world. As the famed Kuznets (1955) curve predicts (Aghion and Williamson 1998, Alesina and Rodrick 1994, Barro 2000, Riskin 2007), such rapid economic growth at low starting levels of GDP per capita is associated with rising levels of income inequality. Strikingly, however, income inequality is more pronounced in China than in Vietnam. China's Gini coefficient in 2004 (47.25), a common metric derived from household expenditure surveys, is far more unequal than Vietnam's present 37.08. Even more importantly, inequality in China has risen at a faster rate than Vietnam. Since 1993, the first date of comparable household surveys in the two countries, China's inequality has grown at an annualized rate of 1.35% compared to Vietnam's 0.55% (ABD 2007).³

Direct tests of the Kuznets inverted-U hypothesis linking per capita growth and inequality are mixed (Higgins and Williamson 2002), but they offer a helpful starting point for thinking about differences between the two nominally Communist states. Figure 1 simulates the predicted Kuznets curve, based on the Higgins and Williamson (2002: 284)

³ It is worth noting that some studies have slightly different findings. Gustafson et al. (2008) and Riskin (2007) find a discontinuous process to Chinese inequality using a different survey dataset and different calculation of Gini coefficients. They find that inequality grew rapidly between 1988 and 1995, but remained constant between 1995 and 2002. Unfortunately, their specific survey instrument and methodology do not extend to 2007 and have not been replicated in Vietnam. To aid comparison we use international measures, but recognize the importance of their rigorous assessment

panel estimates of inequality (shown in the dotted black line).⁴ Along that curve, we plot the estimated relationships (shown with dashes) between changes in GDP per capita and Gini coefficients, based on the line tangent to their respective incomes in 1993 (5.58 for Vietnam and 6.28 for China).

Figure 1: Kuznets Predictions and Actual Relationship between Growth and Inequality



Because Vietnam begins at a lower level of income, the slope of the predicted relationship between inequality and income should be slightly steeper than China’s, which is closer to the inflection point of the curve (Riskin 2007). A one-unit shift in Vietnam’s income, therefore, is estimated to yield a six-point change in inequality, as opposed to a five-point increase for China. In actuality, inequality has risen at a slower pace between 1993 and 2004 in Vietnam, where the slope is 3.4 compared to China’s 4.9.

⁴ Hundreds of different regression parameters have been estimated for the Kuznets curve since its original articulation, varying based on whether the specification is a cross-sectional or panel design, and the specific population of countries being studied. Higgins and Williamson’s estimates are the most useful for us, because they look specifically at developing country panels over the course of the 1990s, however, the theoretical implications do not change much when different estimates are employed.

Gini coefficients are only one measure of inequality, however, and with some well-documented deficiencies. As such, it is important to confirm that other metrics allow the same conclusion. Table 1 provides data illustrating that the above results are robust to different measures of inequality. Expenditure ratios of the top and bottom quintile and direct indicators of welfare such as life expectancy, infant mortality, and access to health care, all indicate that Vietnam has done a better job of ameliorating the distributional consequences of rapid economic growth. Most noteworthy, Vietnam has a lower percentage of its population living on less than one dollar a day, that is, 8.4% compared to 10.8% for its wealthier northern neighbor. Based on the one-PPP-dollar per-day measure, between 1990 and 2004 the percentage of the population living in poverty fell by twice the rate of China. Moreover, in Vietnam's case the trend is confirmed when using a comparable poverty line, one related to the consumption bundle (including food and non-food items) necessary to secure a daily food intake of 2,100 calories per person per day (World Bank 2007).

Table 1: Differences in Inequality and Divergence in Vietnam and China			
Panel 1: Indicators of Inequality	China	Vietnam	Source
Gini Coefficient in 2004	47.25	37.08	ADB 2007
Expenditure Ratio of Top 20%/Bottom 20%	11.37	6.24	ADB 2007
Percentage of Population Living on under \$1 per day in 2004	10.8	8.4	ADB 2007
Life Expectancy at Birth	72.5	73.7	HDR 2007
Infant Mortality (per 1,000 Births) in 2004	23	16	WDI 2007
Adult Illiteracy Rate	90.9	90.3	HDR 2007
People without access to improved water source (%)	23	15	HDR 2007
Access to Primary School (lowest region) 2004	57.79	99.3	WDI 2007
Access to Health Facilities (lowest region) 2004	61.1	96.6	WDI 2007
Panel 2: Changes in Inequality	China	Vietnam	Source
Annualized Growth in Gini since 1993	1.35	0.55	ADB 2007
Annualized Growth in Expenditure Ratio since 1993	2.68	1.31	ADB 2007
Δ Expenditures of Top 20%/ Δ Expenditures of Bottom 20%	7.1/3.4	4.69/3.37	ADB 2007
Δ Percentage of Population Living on under \$1 per day since 1990	- 21.7	- 42.3	ADB 2007
Δ Infant Mortality since 1993	- 15	- 22	WDI 2007
ADB: Asian Development Bank. 2007. <i>Key Indicators 2007</i> . Asian Development Bank: Manila, Philippines.			
WDI: World Bank. 2007. <i>World Development Indicators</i> . World Bank: Washington, DC (http://devdata.worldbank.org/ezp2.harvard.edu/dataonline/)			
HDR: United Nations Development Program. 2007. <i>Human Development Report 2007/2008: Fighting Climate Change: Human Solidarity in a Divided World</i> . UNDP: New York.			

While Kuznets curve's parsimonious theory fails to explain the divergence between Vietnam and China, alternative theories of the relation between growth and inequality exist. Nonetheless, in every case, other accounts

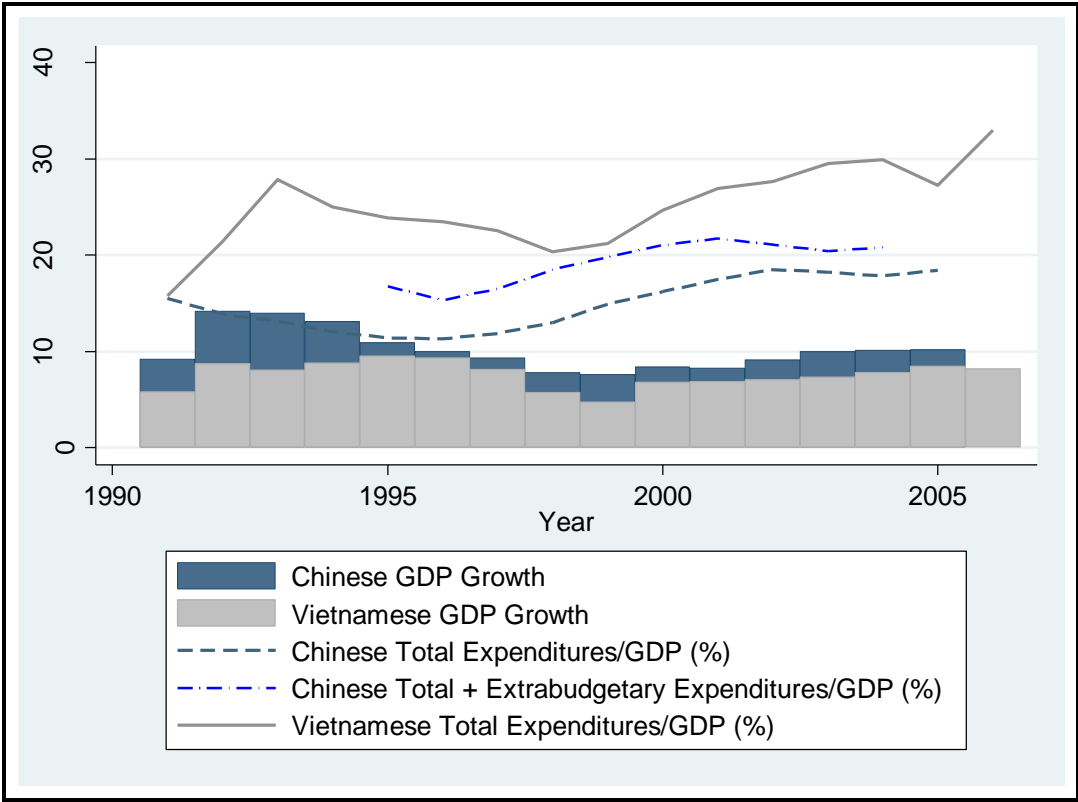
predict either higher inequality in Vietnam or no difference at all. In Table 2, we summarize these alternative hypotheses as well as the relevant Vietnamese and Chinese data. We find that Vietnam is more exposed to the international economy in terms of both exports and foreign direct investment as a percentage of GDP, (Feenstra and Hanson 1996, Aghion and Williamson 1998, Reuveny and Li 2003, IMF 2007); has a higher population density (Yorukoglu 2002); possesses a larger rural population (Yorukoglu 2002, Cornelious and Trueblood 2002, Anand and Kanbur 2003); has a larger share of agriculture in GDP and exports (ADB 2007, World Bank 2007), and contains a more heterogeneous population in terms of both ethnicity and culture (Knack and Keefer 1997, Zak and Knack 2001, Easterly and Levine 1997, Alesina et al. 1999, Alesina et al. 2003). In addition, both countries, due to millennia of interchanges, share a common cultural heritage and “feudal” past (Gradstein et al. 2002, Wittfogel 1967, Kelley 2006, Woodside 1998).

Table 2: Alternative Theories for Country Differences in Inequality				
Determinants of Inequality	China	Vietnam	Theoretical Predictions	Source
GDP per capita in 2004 (Constant 2000 US\$)	1323.14	503.27	H1: ? Gini Vietnam > ? Gini China	WDI 2007
Average Growth in GDP (1993-2004)	9.88	7.53		WDI 2007
Exports as a Percentage of GDP in 2004	34	68	H2: Gini Vietnam > Gini China	WDI 2007
FDI Inflows as a Percentage of GDP in 2004	3	4		WDI 2007
Population Density (people per square mile)	139	264	H3: ? Gini Vietnam > ? Gini China	WDI 2007
Average Population Growth (1993-2004)	0.89	1.45		WDI 2007
Percentage of Population Urban	39	26	H4: Gini Vietnam > Gini China	WDI 2007
Percentage of GDP from Agriculture	11.8	20.4		WDI 2007
Ethnic Fractionalization 2003	0.154	0.223	H5: Gini Vietnam > Gini China	Fearon 2003
Percentage of Population from Dominant Ethnicity	92	86		Fearon 2003
Cultural Fractionalization 2003	0.154	0.21	H6: Gini Vietnam = Gini China	Fearon 2003
Dominant Cultural Influence	Confucist	Confucist		Kelley 2006
Full Hypotheses				
H1: Kuznets Inverted U (1955) - Growth should lead to increasing inequality up to a point, when it reverses. Prediction: Vietnam is poorer meaning the slope, at the tangent to the Kuznets' curve, between growth and inequality should be steeper (e.g. Change in inequality should be higher for Vietnam).				
H2: Greater openness to the international economy leads to higher inequality.				
H2: Higher population density implies higher inequality; Higher population growth rate implies higher inequality.				
H3: Rural areas should be poorer than urban centers and income from agriculture should be lower than services and industry. Vietnam should have higher inequality.				
H4: Ethnic and Linguist fragmentation (heterogeneous societies) should lead to less provision of public goods/higher inequality				
H5: As a tributary of China for 1,000 years, Vietnam shares its Confucist heritage and Theravada Buddhism				

The only clear difference that does help to explain the inequality puzzle is economic transfers. As Figure 2 demonstrates, throughout the period under consideration, Vietnam devoted a larger percentage of its national income to government spending, a common proxy for transfers in comparative political economy (Easterly and Rebelo 1993, Rigolini 2002). The two countries had roughly the same proportion of government spending to GDP in 1991 when

their political institutions were most similar, but quickly moved in opposite directions. China’s spending declined through the mid-nineties, only accelerating after 2000 (Wong 2007). China’s central state expenditures as a percentage of all expenditures, nonetheless, dropped to about 25% in 2006, severely restricting its redistributive capacity. By contrast, Vietnam recovered from a brief recession caused by the Asian financial crisis and increased government spending accordingly. When 2004 household surveys were conducted, the Vietnamese government was spending 31% of GDP compared to China’s 17.8%. Even if we include Chinese extrabudgetary expenditures, which are incurred mainly by local governments but do not appear in national accounts (Wong 2007), Vietnam still devotes a higher percentage of its yearly national income to transfers.

Figure 2: GDP Growth and Total Expenditures in China and Vietnam



Simply comparing the size of expenditures could be misleading, however. To confirm these findings, we need to look at sub-categories of fiscal transfers. Central transfers in China consist broadly of four components: 1) revenue-sharing, 2) tax rebates, 3) equalization grants, and 4) earmarked or ad-hoc transfers (Shah and Shen 2006; Wong 2007). Only equalization grants and earmarked transfers are explicit development transfers targeted at local

governments with greater expenditure needs. Revenue-sharing transfers and tax rebates are general-purpose transfers based on local government revenue generation capacity. While some portion of these transfers can potentially be used for development, their role in reducing disparities is not explicit. In fact, these transfers are usually counter-equalizing as local governments with larger tax bases receive more transfers (Smoke and Kim 2003; Wong 2007). In 2006, central transfers accounted for over 6% of GDP in China, but the majority of official transfers were revenue-sharing and tax rebates. Only a third of the central transfers, in the form of equalization grants and earmarked transfers, were distributed in favor of poor local governments.

By contrast, official figures on central transfers in Vietnam do not include revenue-sharing transfers and tax rebates. But like China, Vietnam has two major forms of equalization transfers. The first form, the budget transfer, is provided to poor provinces unable to meet social expenditure targets through tax revenues alone, and is based on pre-set formulas. The second form, the block grant, is allocated to provincial governments according to special national programs to address regional disparities in education, poverty, health, and environmental degradation (PER 2005). They are received as lump sums and allocated at provinces' discretion. These programmatic transfers in Vietnam are less ad hoc than the earmarked grants in China, but the two are analogous in their stated development objectives. Therefore, by separating revenue sharing and tax rebates from equalizing transfers, we can compare China's redistribution efforts directly with those of Vietnam.

Table 3: Differences in Transfer Regimes				
Year	Equalizing Transfers to Provinces/GDP		Development Investment/ GDP	
	China	Vietnam	China	Vietnam
2001	2.72%	5.73%	2.32%	8.36%
2002	1.37%	5.00%	2.63%	8.44%
2003	1.16%	7.03%	1.98%	9.72%
2004	1.40%	5.53%	2.04%	9.24%
2005	1.40%	5.84%	2.26%	9.44%
2006	2.21%	5.25%	2.22%	8.84%
Average	1.71%	5.73%	2.24%	9.01%

Equalizing Transfers include grants to balance provincial budgets according to formula-based targeted expenditures and conditional (or ad hoc) grants used to supplement local spending on national social-welfare or environmental programs. They do not include tax rebates or money transferred as a result of revenue sharing arrangements with the central government. Development Investment includes capital outlays for infrastructure, investment in support of enterprises and socio-economic organizations, supplements to state reserves, targeted national programs for social welfare and poverty alleviation, and other investments as provided for by law.

Sources: 1) China National Bureau of Statistics (www.stats.gov.cn); 2) China Finance Yearbooks; 3.) Vietnamese General Statistical Office (www.gso.gov.vn); 4.) Vietnamese Ministry of Finance National Budgets (www.mof.gov.vn).

Table 3 demonstrates persuasively that for the years where comparable data are available, Vietnam spent over three times as much (as a proportion of GDP) on equalization transfers (5.73% to 1.71%). Even more striking results can be seen in the second comparison of development investment, which are capital outlays for infrastructure, poverty alleviation, and other national goals. Vietnam spent nearly four times as much as China in terms of its income (9% to 2.2%). While it appears that Vietnam invested more in redistribution than China, transfers may not necessarily go to those most in need (Qiao et al 2003, Yan 2003, PER 2005). Patronage, corruption, or alternative political goals may play a large role in the determination of recipients as well. For this reason, whether transfers actually help to equalize incomes is an even more significant indicator. Taking advantage of sub-national data for Vietnam's sixty-four and China's thirty-two provinces allows us to examine this question.

Specifically, Table 4 provides the coefficient of variation (standard deviation/mean) of pre-transfer revenue per capita and expenditures in both countries. The first thing to notice is that the coefficient of variation is greater in Vietnam than in China, meaning that there is greater variance in locally produced revenue among Vietnamese provinces than among Chinese provinces.⁵ More importantly, the coefficient of variation for provincial expenditures is lower than for pre-transfer revenues, indicating significant equalization. As a result, the expenditures of the poorest provinces are much closer to those of the richest in both countries. But equalization is much more pronounced in Vietnam than China (Hoffman and Guerra 2004). Concretely, the coefficient for revenue is 2.6 times that of expenditures in Vietnam, but only 1.6 times that of expenditures in China.

⁵ Vietnam's figures are calculated without Ba Ria Vung Tau, the oil rich province, because most of these revenues are accrued by central state owned companies and not local authorities.

Table 4: Comparative Equalization in Vietnam and China					
Vietnam					
Year	Pre-Transfer Revenue Per Capita <i>Coefficient of Variation*</i>	Expenditure Per Capita <i>Coefficient of Variation*</i>	Provincial Revenue <i>Income Elasticity**</i>	Provincial Expenditures <i>Income Elasticity**</i>	Ratio of Elasticities
2000	1.69	0.44	2.23	0.82	2.73
2002	1.73	0.49	2.89	0.92	3.13
2003	1.51	0.48	2.06	0.61	3.40
2004	1.29	0.51	1.77	0.73	2.42
2005	1.22	0.47	1.74	0.59	2.92
2006	1.50	0.55	2.26	0.83	2.72
China					
Year	Pre-Transfer Revenue Per Capita <i>Coefficient of Variation*</i>	Expenditure Per Capita <i>Coefficient of Variation*</i>	Provincial Revenue <i>Income Elasticity**</i>	Provincial Expenditures <i>Income Elasticity**</i>	Ratio of Elasticities
2000	1.02	0.70	1.21	0.68	1.77
2001	1.12	0.73	1.18	0.58	2.05
2002	1.17	0.75	1.17	0.55	2.13
2003	1.17	0.77	1.17	0.61	1.91
2004	1.20	0.75	1.21	0.66	1.84
2005	1.18	0.73	1.24	0.63	1.97

Data from Chinese National Bureau of Statistics (<http://www.stats.gov.cn/tjsj/ndsj/2006/indexeh.htm>) and Vietnamese General Statistical Office (<http://www.gso.gov.vn/default.aspx?tabid=429&idmid=3>)

Calculations performed by the author. Data and .do file are available upon request.

Ba Ria Vung Tau province is dropped from Vietnam, because of its extraordinarily large amount of oil revenue.

* Coefficient of variation is the standard deviation across provinces divided by the mean provincial score.

** Income elasticity of revenue (expenditures) is the regression coefficient on income obtained from regressing log of revenues (expenditures) on log of income per capita and a constant. All regressions are significant at the .01 level. When income elasticity of revenue is greater than income elasticity of expenditures, the economy is considered to be equalizing. That is, income has a greater impact on what the government receives in taxes than what it spends on its citizens.

To make this distinction more tangible, consider Shanghai and Gansu, the richest and poorest provinces in China respectively.⁶ In 2005, Shanghai's locally produced revenue was \$987 per capita, roughly seventeen times that of Gansu's earnings. Shanghai's expenditures, however, were \$1150 per capita in 2005, only eight times the expenditures of Gansu's. This is certainly a significant level of equalization by international standards, but Vietnam's equalization is even greater. In 2005, the richest non-oil producing province in Vietnam was Ho Chi Minh City (HCMC) with per capita revenues of \$640 per capita, twenty-nine times that of the poor mountain province of Ha

⁶ Actually, Tibet is slightly poorer than Gansu, but it receives disproportionately more in state expenditures, almost six times the amount of the five other poorest provinces on a per capita basis.

Giang. But HCMC had expenditures that were only \$194, less than one third of the capital it produced locally. This result is by design. HCMC is one of fifteen Vietnamese provinces that are legally obligated to share their locally-produced surplus revenue with the central Vietnamese government. HCMC has the most extreme obligation of all, as it is only allowed to retain 29% of its local revenue. By contrast Hanoi, the capital, and Da Nang can retain 32% and 95% respectively (PER 2005). An final alternative measure of equalization—the ratio of the income elasticity of revenue and expenditures—reaffirms our conclusion that Vietnamese transfers have had a greater equalization effect than China’s over the several years that data are available for both countries.

In sum, economic inequality is lower in Vietnam. It results not only from a higher commitment to transfers, but also from those transfers having a greater equalization effect across regions.⁷ What remains to be explained is why this happened, and what it suggests for the relation between economic growth and inequality and its political origins.

2. Political Accountability in Authoritarian Regimes: Moving Beyond Typologies

Transfers do not occur by accident. They are the product of political decision and compromise. As Sidney Hillman famously quipped, “Politics is the science of who gets what, when, and why.”⁸ Government officials must decide how much of national income to devote to redistribution and spending on public goods. Given this, much of the earlier cited literature on the relation between government institutions and inequality pays careful attention to the political calculations underlying redistributive choices. It also largely focuses on democratic states, but there is no reason why its basic logic cannot be applied to authoritarian regimes. Such work remains undeveloped, however, owing to the challenge of identifying fine-grained enough institutional differences within relatively opaque, autocratic systems. Even the most exciting new work chronicling differences in authoritarian regime focuses mainly on the creation of descriptive typologies (Geddes 1999, Brooker 2000, Ghandi and Przeworski 2006, Levitsky and Way 2002).

⁷ In making this conclusion, we are not arguing that Vietnam’s transfer system is more efficient. Transfers are determined through biennial negotiations, thus providing low predictability for local governments. Different from China, Vietnam is also more likely to rely on government budgetary disbursements instead of state commercial banks to fund public projects. For more on this, see Smoke and Kim 2003.

⁸ <http://www.politicalinformation.com/quotes.html>

As the China-Vietnam comparison suggests, however, such typologies limit our ability to understand intermediate cases (Munck and Snyder 2004) or variation within categories. For example, it is easy to demonstrate with the Geddes (1999) coding that on average, single-party regimes have lower inequality than personalistic regimes. An interesting finding, but one that gets us no closer to understanding variation in inequality among more than the twenty countries listed as single-party regimes in the Geddes dataset. Even work directly comparing formal institutions in Vietnam and China, commonly starts with the assumption that they are more alike than different (Smith 2005, Chad et al 2001, Chan et al 1999).⁹

By contrast, journalists in China have emphasized important differences in a flurry of articles that compare China's democratic development unfavorably to that of Vietnam.¹⁰ From an academic perspective, the discussion is telling; wide differences do exist in the manner in which Vietnamese and Chinese institutions function, but the political science discipline has no means to capture and employ them in causal analysis. Moreover, thinking of the relation between institutions and political behavior in terms of regime type imposes another limiting distinction. It is the emphasis on *formal institutions of accountability* for understanding redistributive politics in democratic regimes, and *mechanisms of accountability* for other political regime types.¹¹ This assumption that formal institutions of accountability are a constitutive feature of democratic regimes alone forgoes inquiry into a critical aspect of redistributive politics common to all regime types; that is, the parameters or rules of political authority and legitimacy. These rules can be invoked even in single-party regimes to insist that leaders adhere to their own values, as established in constitutions, divisions of power, and the like.

In fact, we contend that differences in formal institutions of accountability, already acknowledged in democratic regime types (Shugart and Carey 1992; Cox 1997; Lijphart 1994), can take us some way toward understanding divergent political dynamics in Vietnam and China as well. To build our case, we distinguish the two regimes along three dimensions: 1) size of the winning coalition, which we show has influenced 2) degrees of

⁹ Other work looking at specific policy arenas, however, has noted differences. For a discussion of historical differences in the treatment of private economic activity in socialist Vietnam and China, see Abrami (2002). Discussion of differences in each country's labor regime can be found in Chan and Norlund (1998) and Chan and Wang (2005).

¹⁰ See, for example, Liu 2006, Xu 2006, Zhou 2006, and Southern Metropolitan Daily 2006. See also Kahn 2007.

¹¹ Among these mechanisms might be social norms (Kerkvliet 2005); solidarity groups (Tsai 2007); political beliefs (Abrami 2002); competition among political patrons (Doner and Ramsay 1997); protest (O'Brien & Li 2006; Bernstein and Lu 2003) and even traditional forms of protest and appeal (Wasserstrom and Perry 1994)

constraint on executive decision making, and 3) the competitiveness of party elections. We trace the origin of these differences to unique sets of exogenous shocks beginning in the 1990s, resulting in important changes to each country's political institutions. The aggregate effect has been less unequal public goods provision in Vietnam, as illustrated in the last section.

To begin, the Tiananmen Square protests in 1989 led to a concentration of decision making among a small coterie of leaders in the Politburo and to the strengthening of party control over government institutions. The resulting unconstitutional selection of the General Secretary (Nathan 2001) at a special session of the Politburo Standing Committee and notable elders weakened the authority of the Central Committee as the relevant institution for leadership selection (Young 1995). It reinforced instead the extant institution of paramount leader, initially in the form of Deng Xiaoping. His later support of consolidating China's three most important political positions, that of President, Head of the Military Commission, and General Secretary, under the singular leadership of Jiang Zemin continued this institution of paramount leader, something we later explore through our idea of a "fused troika." Deng's decision was made with the expressed intention of warding off inner-CCP strife, eliminating constraints on executive decision making (Wu Dunn 1989, Saich 1992, 1995), and moving away from the worst aspects of the Maoist era.

The demise of the old guard on the Vietnamese Politburo in the mid-eighties had a rather opposite effect, creating wider horizontal and vertical accountability within Party institutions rather than its concentrating in a narrow clique of political leaders as has been the case in China. Within a short time-span (1986-1990), four of the most important figures on the Vietnamese Politburo, each linked to the country's anti-colonial independence movement and Communist transition (Le Duan, Le Duc Tho, Pham Hung, and Trung Chinh) passed away. Their deaths were joined with a simultaneous slide in the legitimacy of the Politburo, blamed for years of economic crisis and the draining war in Cambodia (Vu 2006). The retirement of the remaining old guard quickly followed, creating space for a younger generation, but one which had yet to reach any consensus on Vietnam's future direction (Vuving 2006, Vaskavul 1997).

With no one individual or sub-group able to trump the others, a series of self-serving compromises resulted. Collectively, they led to the expanded power of the Central Committee (CCOM), the legislative body of the party, vis-

à-vis the executive Politburo. It happened by way of increased representation within the CCOM and deliberate efforts to pare-back VCP authority over state administration (Stern 1993). Out of these changes, a “diffused troika” emerged at the apex of political organization, the content and implications of which we consider later. Concretely, in the pages that follow, we show how these institutional changes played out in Vietnam and China, essentially tracing the political institutional origins of their different rates and levels of inequality over the past two decades.

The three dimensions of institutional difference we examine are by no means the only formal institutional differences between the two cases. The national parliaments, legal system and local-central relations are also quite distinct. Further comparative work on these and other second-order institutions is certainly in order. But as we show below, even at the level of elite political institutions, there is substantial variance that one can bring to bear on the explanation of slower growth of inequality in Vietnam.

First, we turn to differences in size of winning coalition. While we find the parsimonious logic of winning coalition theory very appealing, we are less satisfied with the coding of their key variables in the Chinese and Vietnamese cases. Specifically, to achieve inter-coder reliability, BdM et al rely entirely on large-*n* indicators of political competition and participation from the Polity IV dataset in their construction of *W*. They recognize the crudeness of this measure, yet they argue that their construction should be highly correlated with the true size of the winning coalition.

As Gallagher and Hanson (2007) highlight, this methodological choice makes it very difficult to separate political competition from the institutional features of a polity, and to examine more broadly how institutional design affects the *W/S* ratio of specific countries. This constraint is especially true of countries like Vietnam and China that differ in their institutional design, yet both have very low political competition relative to western democracies in the Polity IV dataset. Thus, Vietnam and China receive *W/S* scores of 0.5 for every year of coverage in the BdM database, but as an artifact of coding rather than in-depth analysis of institutional design and its effects.

The benefit of a detailed comparative case study design, such as ours, is that we can dispense with such abstraction and measure *W* and *S* precisely as the logic of BdM et al implies. To begin, in both China and Vietnam, attendees of each country’s Party Congress (2,200 in China and 1,176 in Vietnam) have the formal institutional power to choose the country’s political leadership, and thus are the relevant selectorate (*S*) in these non-democratic cases

(Shirk 1993). But because both Party Congresses only meet every five years, economic policy decision-making ultimately becomes the work of the winning coalition. Thus knowing what institutional rule affects its size is critical to ascertaining each country's W/S ratio. For historical reasons identified above, the winning coalition is drawn from the 160-member Central Committee in Vietnam, as opposed to the 25-member Politburo (and sometimes even smaller Politburo Standing Committee or PBSC) in China. As such, the size of the majority necessary to have power over leadership changes and policy choices is 81 people in Vietnam as opposed to 13 in China. Put differently, Vietnam's W/S ratio is ten times larger than China's (6.7% to 0.6%), and implies greater need for coalitions that include a more disparate membership intent on logrolling to win acquiescence for policy changes that reflect a greater portion of society.

Second, building on this dynamic, we show that one of the first compromises in the newly empowered Central Committee in Vietnam was the party-state relationship, as defined in the 1992 Constitution. It provides more institutional checks on the executive than has been the case for the executive in post-Tiananmen China. Concretely, Vietnam's executive was divided into a *troika* of the General Secretary, Prime Minister, and President, each with clearly defined jurisdictions of authority, separate patronage channels to reinforce their power, and no clear delineation in terms of rank. For this reason, we describe Vietnam's executive as a "diffused troika" in contrast to what now exists in China. As earlier indicated, the Chinese political leadership had reacted to inner-Party struggles around the 1989 political protests by further consolidating decision-making, and ultimately in the person of a "paramount leader," now meaning the individual who occupies the posts of General Secretary, President, and Head of the Military Commission simultaneously.

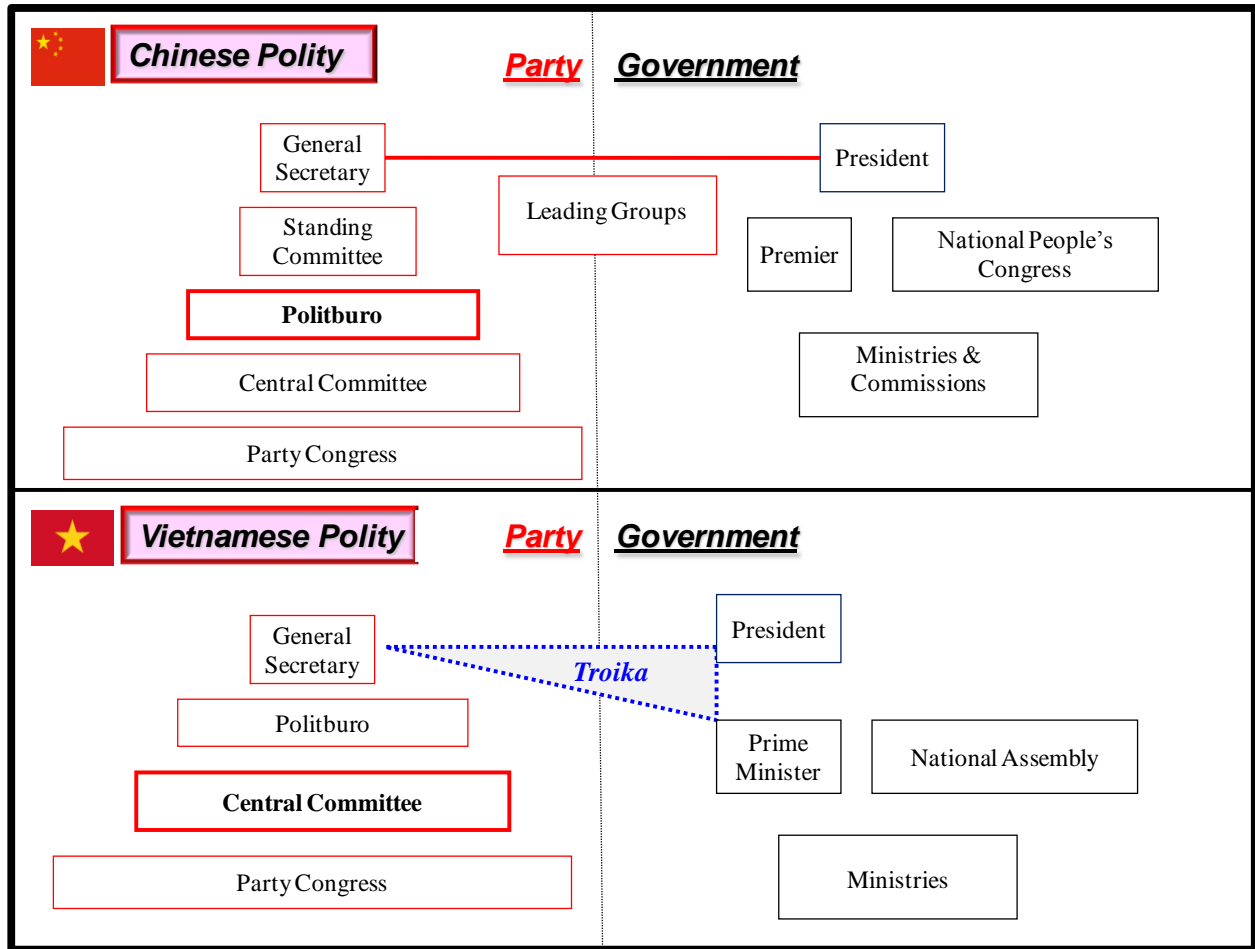
In other words, "the diffused troika" that operates at the highest level of political office in Vietnam is instead "a fused troika" in China. Moreover, it is one by which the Chinese Premier has been made subordinate to the General Secretary and President of China, remaining so to this day. Diffused institutional authority at the apex of political organization has been shown useful in reducing inequality in democratic states (Muller 1988, O'Donnell 1994, Boix 1998, Bollen and Jackman 1985). It thus merits attention in these non-democratic settings where the workings of inner-Party dynamics and their impact on policy decisions are often far harder to discern.

Finally, we demonstrate that Vietnam has a more open and competitive selection process for top political office than China, something we trace to differences in each country's winning coalition size and its effect on nominating processes. We find that decision makers within each country's winning coalition are compelled to follow two lines of action that have broad impact on redistributive policy decisions. First, they must take into account the interests of those who nominated them, thus facing constraints often assumed absent or at least insignificant to political processes within non-democratic regimes. Second, decisions makers within each winning coalition must work to accommodate the preferences of fellow members, and partly to meet the interests of their own constituents. That is, given the larger size of Vietnam's winning coalition, a wider range of preferences not only exist, but also must be accommodated, ultimately giving rise to the kinds of policy decisions that limit income inequality.

3. Institutions of Accountability in Vietnam and China: What's in a Name?

At first glance, however, both government and party organizations seem rather similar across Vietnam and China. To put this in context, Figure 3 illustrates the administrative systems of both Vietnam and China. On the left side of each diagram is the Communist Party structure including the Party Congress, Central Committee, and Politburo. It is important to note that in both countries, the membership size of all three of these institutions has varied slightly over time with final membership size decided by the Party Congress. The right side contains the government or administrative apparatus. Though names differ slightly, China and Vietnam both have elected parliaments (National Assembly (NA)/National People's Congress (NPC)) and an executive nominally approved by the Congress who presides over the government ministries (the Prime Minister /Premier).

Figure 3: Flow Chart of Chinese and Vietnamese Polities



3.1. The Vietnamese Central Committee & the Chinese Politburo: Winning Coalition Size

The first thing to notice is differences in the size of each country's winning coalition. Of note there is no Standing Committee of the Politburo in Vietnam as there is in China. The Politburo is the official executive organ of the Party in Vietnam, including top officials from the party apparatus, government, and military. The number of officials (presently 14) on the Politburo in Vietnam is set by the CCOM at its first plenum after a Party Congress. In China, by contrast, the 20 to 25-member Politburo is actually superseded by another formal institution called the Politburo Standing Committee (PBSC), which has had 9 members since the 16th Party Congress in 2002.

In China, the powerful PBSC was initially created at the Eighth Party Congress in 1958 to take on policymaking responsibilities that had been assumed by the Party Secretariat during the Sino-Japanese War and early

years of the PRC. In time, the PBSC acquired primary decision-making responsibility, while the Secretariat took-on the role of implementing agency. The Politburo, at the time, was relegated to the role of “back bench” for the official endorsement of Mao and the PBSC’s decisions (Miller 2007). After the 13th Party Congress in 1987, the Politburo began to meet more regularly, adopted new procedures for decision-making by consensus, and began to enhance the qualifications of the membership. Today, the PBSC remains the primary decision-making body, though there is growing evidence of its being made more responsive to the collective agreements of the entire Politburo (Miller 2006).

The Vietnamese Communist Party, in contrast, only experimented with a PBSC around the time of the 8th (1996-2000) Party Congress. Even then, it never assumed the same degree of authority that it continues to possess in China. Today, instead of a PBSC, the VCP has a Secretariat, but its responsibility is limited to administrative responsibilities. Different from the Chinese PBSC, members of the Vietnamese Secretariat also do not usually hold positions in Government.¹² Further, if we take the order of the announcement of Party officials as indication of their relative party rank, then only three of the top ten Vietnamese Communist Party Politburo members hold concurrent positions on the Secretariat.¹³ Thus, the secretariat appears to be a largely an administrative apparatus without political muscle.

The story of the demise of the Vietnamese PBSC is an enlightening window into how differences in winning coalition size influence elite politics. In January of 1996, the VCP had released a draft version of party statutes aiming to disband the Secretariat and create a five-member PBSC in its place that would be the “highest leading nucleus” of the VCP (Kolko 1997, 147; Abuza 1998). It was proposed to consist of the General Secretary, Prime Minister, and President, as well as two younger protégés. In addition, it was to be granted the administrative duties of the Secretariat, including much greater responsibility over defense and security, economic development, foreign policy, and party building (Stern 1997).

The benign interpretation of the PBSC was that of providing a bridge between generations in the leadership and thus a forum for older Party members to stay involved as bureaucratic positions went to younger leaders (Stern

¹² Presently only two government figures serve on the Secretariat. Truong Vinh Trong, Deputy Prime Minister and Le Van Dung, three-star General and Head of General Office of Politics in Ministry of Defense. Trong, however, is the exception that proves the rule, as he has had primarily a party-based career, most recently serving as Chairman of the Party Central Committee on Internal Affairs and Party Secretary of Dong Thap province.

¹³ A reasonable indicator as they were not announced in alphabetical order.

1997, Abuza 1998). This innocuous interpretation was indeed rather popular, as draft statutes specifically indicated that the PBSC, like the Politburo, was to be selected by, and subordinate to, the Central Committee. At the June 1996 8th Party Congress, however, a slight change was made to the statutes that drew the ire of the majority of the 1,200 CCOM delegates. Rather than selection by the Central Committee, the Politburo was now to be solely charged with picking members of the PBSC (Abuza 1998). Moreover, similar to China, Vietnam's PBSC was granted the right to make decisions on behalf of the Politburo, effectively annexing much of its power (Kolko 1997).

One brave Congress delegate, Tran Trong Tan, argued that this violated the VCP principle of democratic centralism. He advocated a return to the Politburo as the highest VCP executive body, and on the grounds that the PBSC was not an organ elected by the CCOM. VCP leaders challenged Tan's claims, arguing that the PBSC's specific mandate would come from the Politburo. In response, Tan dramatically read off a list of nineteen major responsibilities that had been transferred directly to the PBSC (Kolko 1997:147). As a result, the proposed PBSC in Vietnam, much like its counterpart in China, was slated to be at the top of the VCP hierarchy and largely autonomous from CCOM oversight.

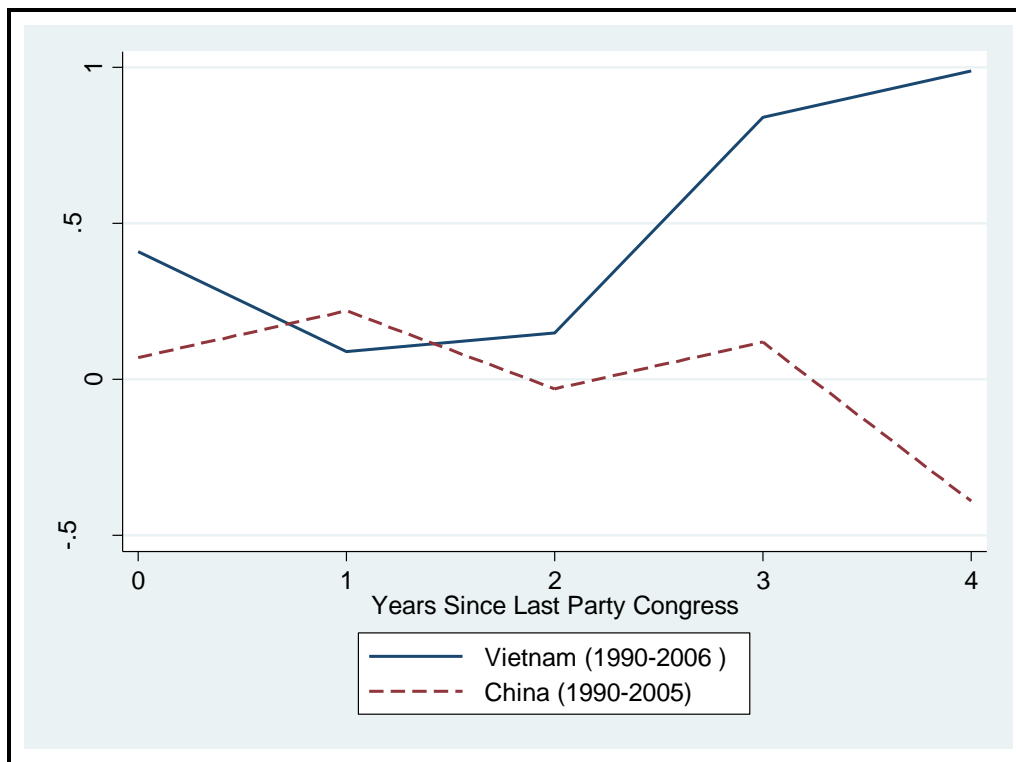
Tan was not a particularly powerful or influential delegate, but his willingness to address this intended change reflected a certain faith in formal rules of accountability and their power within Vietnam. In no time, the incoming CCOM defused the power of the PBSC by taking away its ability to decide critical issues unilaterally. It also asserted that the PBSC would be selected by the CCOM, and that all important executive decisions had to be referred to the entire Politburo. The PBSC only retained a right to manage the "daily business" of the VCP (Stern 1997), essentially reducing it to a Secretariat with an elite membership. Its diminished status became all the more apparent in December 1997, when the leading Vietnamese troika (General Secretary, President, and Prime Minister) each stepped down in a coordinated retirement. Their replacements, while on the Politburo, did not take-up positions on the PBSC. Instead, the PBSC, now staffed by retired officials, was described as an "advisory body" to the General Secretary (Abuza 1998, Thayer 2000). By the 9th Party Congress (2000-2005), even its advisory status was stripped, the PBSC was dropped, and Vietnam returned to a simple Secretariat for managing day-to-day affairs (Thayer 2001).

This distinction between the Vietnamese and the Chinese PBSC is critical for three reasons. First, it demonstrates that meetings among the very top Party leadership have not been regularized in Vietnam to the extent

they are in China, and where the PBSC is involved in day-to-day decision-making on major issues. While there are benefits to the Chinese model in terms of decision-making efficiency, power ultimately remains concentrated to an elite few who are not held accountable to the CCOM. Thus, key trade-offs, which determine national policy, ultimately get settled among a narrow group, with public announcements to follow. Second, and in contrast, the CCOM neutering of the PBSC in Vietnam demonstrates that the Politburo is not considered a superior organization to the CCOM in the VCP hierarchy (Stern 1995). Indeed, Vietnam's Politburo cannot enforce its will upon the elected Communist legislature – a critical distinction we will return to in a later section. Third and most importantly, these differences make explicit that the size of a winning coalition (BdM et al 2003) not only matters, but that it has been larger in Vietnam than China over the past two decades. VCP Congress delegates were victorious in arguing that ultimate political power must rest with the CCOM, and not with the elite leadership at the top of the organization. Because the CCOM is comprised of a much larger group of delegates than either the PBSC or Politburo, and represents a large cross-section of geographic locations and constituencies, it has led to greater logrolling among constituents, and ultimately policy choices with greater equalization effects in Vietnam.

Figure 4 makes this case by charting average annual changes in public investment as a percentage of GDP over the years 1990-2006 in both countries. On the horizontal axis is the number of years since the last Party Congress. The two countries show remarkably different patterns. In Vietnam, public investment spikes in the two years prior to a Party Congress and declines thereafter. This finding confirms other evidence that top Vietnamese leaders routinely allocate pork as a way of shoring up their electoral support prior to Party Congresses (Malesky 2008). In this respect, Vietnam possesses an identifiable political business cycle. In China, by contrast, the pattern is far more haphazard. Most years are not significantly different, but investment declines directly before a Party Congress. It suggests that motivations other than ensuring CCOM votes drive investment decisions and, by extension affect levels of income inequality.

Figure 4: Association between Public Investment and Party Congresses



3.2. *The Central Committee: A Means to What End in Vietnam and China?*

In effect, the Chinese Central Committee (CCOM), which presently has 198 members, has been left to function only symbolically throughout the CCP history. The CCOM has the authority to choose party leaders, but CCOM delegates are comprised of party, government, and military officials who were appointed by the party leadership (Shirk 1993, 83), and therefore owe some allegiance to them. Thus, while the CCOM might offer an effective horizontal check on CCP leadership powers; top party leaders have effectively had control over the composition and the membership size of the CCOM. As a result, the role of the CCOM is important primarily when the winning coalition in China is not unified on a particular policy path or during a leadership transition (Shirk 1993, Lam 2006). In these cases, the CCOM becomes the bargaining arena between various blocs or factions (Shih 2007, Huang 2000), as opposed to being a space for constant coalition-building as in Vietnam. In fact, when there is either general agreement among the top leadership or any opposition has been silenced, the CCOM's role in China seems to

grow far less pronounced (Shirk 1993). For this reason, China experts generally regard the CCOM as subordinate to the Politburo as an institution, and even more so to the PBSC (Yang 1996, Dittmer 2002, Li 2001, Oksenberg 2002, Teiwes 2002).

In Vietnam, the CCOM has more institutionalized presence and plays a far more decisive role in national policy debates (Stern 1995). This was not always the case. Before the 1975 unification, the relationship between Politburo and CCOM in North Vietnam was very similar to that of China. But two high-ranking Politburo Party members, Nguyen Van Linh and Vo Van Kiet, seized on the failure of existing macro-economic policies to push through a series of reforms designed to enlarge and empower the CCOM vis-à-vis the Politburo, and thus build consensus to remedy worsening economic conditions (Reidel and Turley 1999, Beresford and Fforde 1997). First, they maneuvered to have provincial leaders from all provinces, and not just Hanoi and Ho Chi Minh City, elected to the CCOM as alternate members at the 1986 6th Party Congress, thus allowing for a wider demonstration of support for market-oriented economic reforms, and ultimately expediting the retirement of the three leading, first-generation Party leaders mentioned earlier (Vu 2006). Next, at the 7th Congress in 1991, Kiet successfully argued that provincial delegates should receive full status as CCOM members (Thayer 1995). Finally, through a clever process of gerrymandering, they expanded the number of provinces by 60%, thereby extending the number of provincial voters on the CCOM (Abuza 2002, Vu 2006), and especially of reform-oriented provinces (Malesky 2008).

The above process has culminated in the Vietnamese CCOM being able to veto Politburo recommendations. The most striking example of this took place in 2001; the CCOM rejected the Politburo's recommendation that Le Kha Phieu continue as the General Secretary of the Party. Its members selected instead the President of the National Assembly, Nong Duc Manh (Abuza 2001, 2002).¹⁴ The Chinese CCOM has rarely demonstrated its disapproval of Politburo proposals, let alone openly rejected a candidate for the position of General Secretary.

The significance of the CCOM as an institution in Vietnam, as compared to the CCOM in China, can be seen by two simple indicators – the number of plenums or regularized CCOM meetings held and the number of legal documents that directly cite CCOM legislation, both of which can be observed in Table 5. China scholars have

¹⁴ Other Politburo members have lost their positions at Party Congresses, particularly Nguyen Ha Phan (1996) and Tran Xuan Bach (1991), but it is not clear whether they were rejected by the same sort of majority vote which ended Phieu's position as General Secretary or whether their names were never proposed for a vote in the first place (Gainsborough 2007).

focused on more regularized CCOM meetings as a sign of growing institutionalization since the Mao era (Shirk 2002, Miller 2007). But the Chinese CCOM is required to convene plenums only once per year, according to the Party Constitution and despite growing pressure to increase meetings to enhance inner-party democracy (Lam 2006, 129, 132-134; Li et al 2006).¹⁵ By contrast, the Vietnamese CCOM is obligated by party statutes to meet at least twice a year (Article 16), and in practice has met far more often than that (Article 16, Clause 2). In fact, since 1982, the year Deng institutionalized new rules for party organization in the post-Mao era, Vietnam has averaged twice as many plenums per Party Congress than China.¹⁶

The second indicator of institutional strength is the authority assigned to decisions made by the CCOMs. To capture this, Table 5 provides the number of times CCOM legislation (political reports, resolutions, and decisions) are cited in the legal documents of government bodies. By this indicator as well, the Vietnamese CCOM appears to be the more legitimate representative of the Communist Party in Vietnam with nearly four times the citation rate. By contrast, very few documents in China acknowledge the influence of the CCOM. Instead, most Party resolutions refer only to the Chinese Communist Party Center (*zhongyang*) without attribution to the specific Party institution that authored them. Article 23 of the Chinese Party Constitution mandates this approach. Yet such opaque decision-making mechanism ultimately shields the Politburo, the PBSC, and surely the General Secretary from any true inner party accountability. Lower levels, after all, can never truly know (except by rumor) what Party agent pushed a given policy agenda or by what means.

¹⁵ The Chinese Politburo meets approximately once a month as a routine since Hu Jintao became the General Secretary in 2002, suggesting its pivotal role in policymaking.

¹⁶ It is possible that China's limited number of CCOM meeting is simply an artifact of the country's size, and thus the sheer logistics of bringing the CCOM members together. Even so, this alternative explanation does not diminish that more frequent meetings of the Vietnamese body (beyond that obligated by Party requirements), and their heavy coverage in the media, have allowed it a more pronounced voice in policymaking, and one that is not challenged.

Table 5: Indicators of Central Committee Power

Year	China				Vietnam			
	Party Congress	Central Committee Plenums	Total Legal Normative Documents Promulgated by Government Institutions	Percentage Citing Central Committee Legislation	Party Congress	Central Committee Plenums	Total Legal Normative Documents Promulgated by Government Institutions	Percentage Citing Central Committee Legislation
1982	12 th	1st	285	7.72%	5th	1st, 2nd, & 3rd	237	21.52%
1983		2nd	444	9.68%		4th	165	26.06%
1984		3rd	483	6.42%		5th, 6th, & 7th	203	25.62%
1985		4th & 5th	613	6.53%		8th & 9th	249	26.91%
1986		6th	952	7.04%		10th & 1st	247	13.77%
1987	13 th	7th & 1st	1057	6.62%	6th	2nd, 3rd & 4th	249	20.88%
1988		2nd & 3rd	1093	3.84%		5th	253	26.88%
1989		4th & 5th	1354	5.02%		6th, 7th, 8th	261	27.59%
1990		6th & 7th	1495	4.55%		9th & 10th	284	26.76%
1991		8th	1677	5.13%	7th	11th & 1st & 2nd	383	25.33%
1992	14 th	9th & 1st	1892	6.87%		3rd	440	23.86%
1993		2nd & 3rd	1949	6.46%		4th & 5th	428	27.80%
1994		4th	2586	5.14%		6th & 7th	493	22.31%
1995		5th	2682	3.91%		8th & 9th	633	21.33%
1996		6th	3030	4.85%	8th	1st & 2nd	761	26.02%
1997	15 th	7th & 1st	2817	5.01%		3rd & 4th ^(A&B)	1017	21.73%
1998		2nd & 3rd	3203	5.53%		5th & 6th ^(A&B)	963	24.82%
1999		4th	3877	6.94%		7th & 8th	1184	20.35%
2000		5th	3330	7.42%		9th & 10th	1175	19.32%
2001		6th	4217	5.36%	9th	11th, 1st, 2nd, & 3rd	1384	17.92%
2002	16 th	7th & 1st	4073	4.49%		4th, 5th, & 6th	1312	18.06%
2003		2nd & 3rd	5116	3.67%		7th & 8th	1485	22.96%
2004		4th	5426	4.44%		9th & 10th	1207	22.78%
2005		5th	5260	4.37%		11th & 12th	1841	23.57%
2006		6th	8341	3.74%	10th	1st, 2nd, & 3rd	1803	22.68%
2007	17 th	7th & 1st	8815	2.47%		4th & 5th	951	23.24%
2008		2nd				6th & 7th		
Total Number	6	36	67252	5.51%	6	61	18657	23.08%
Per Congress	1	6.00	11208.67			10.17	3109.5	

Data on Chinese Congresses and Plenum from Miller, Alice. 2007 and http://news.xinhuanet.com/ziliao/2003-01/21/content_698625.htm.

Data on Chinese legislation from Peking University Law Information Database. <http://www.chinalawinfo.com>

Data on Vietnam from the official website of the Vietnamese Communist Party - Party Official Documents (党刊). http://www.cpv.org.vn/tiengviet/huikauankien/huikauvedang/?topic=168&subtopic=9&leader_topic=551

Data on Vietnamese Legislation from National Legal Database at Vietnamese Ministry of Justice. http://vbqpp12.moj.gov.vn/law/vi/lawdocument_search_form

* Party Secretary Do Muoi was replaced by Le Kha Phieu in a special session.

(A&B): Hardship caused by the aftermath of the Asian Financial Crisis caused Party Officials to divide the Plenum into two sessions. Session A focused on economic responses to the crisis. Session B focused on Party Building (Reuters, October 16, 1998)

The raw count of citations is not the only indicator of differences in the importance of the CCOM in the two countries. Two special plenums of the Vietnamese CCOM bring their differences into even sharper relief. The first occurred in 1997, when General Secretary Do Muoi chose to retire before the end of his term. His replacement Le Kha Phieu was elected at a special session of the entire CCOM. This stands in sharp contrast to the replacements of General Secretaries Hu Yaobang in 1987 and Zhao Ziyang in 1989. Both took place at emergency sessions of the Chinese Politburo alone, but included all Politburo members, along with notable elders who did not have any constitutional right to decide the Party leadership (Baum 1994, Nathan 2001). Moreover, in contrast to the VCP leadership, CCP leaders chose not to call a special session of the CCOM, even though Party statutes explicitly called for it (Nathan 2001). In contrast, the VCP leadership continues to call special sessions of the CCOM to address

urgent matters, reflecting a need to secure consensus across the wider group of individuals who comprise Vietnam's winning coalition within the CCOM.

The second special session of the Vietnamese CCOM occurred in 1998, when a need for new policies to address the impact of the Asian financial crisis forced the body to divide its regular meeting into two sessions (Sidel 1998; Reuters 1998). Of special concern was a threat of unemployment, and in turn, economic inequality and rural hardship (Sidel 1998, 89; Nguyen 1999). The CCOM, in turn, called for a focus on "agricultural development and rural economy to stabilize the socioeconomic situation" (quoted in Sidel 1998, 89). Of interest, the VCP Politburo did not believe it had the authority to design, no less implement new policy solutions without a session of the full CCOM. At the time, World Bank officials in Hanoi were bewildered by the decision to hold a plenum in the midst of an economic crisis, complaining that "decisive and bold leadership" was needed instead (Reuters 1998). Nonetheless, the immediate documents emerging from these sessions had focused on alleviating economic inequality, rather than deepening economic reforms. It earned the VCP tremendous criticism from the World Bank and other international donors (Sidel 1998, Nguyen 1999).¹⁷

Former Vietnamese Prime Minister Kiet, who may not be an entirely unbiased observer, recently summarized the relationship between CCOM and Politburo in Vietnam in the following way: "The plenums of the CCOM are the location where the democracy and intellectualism of the body are brought forth in its discussions, decisions, and policies. It should not happen again that the Central Committee becomes an agency that grasps in its entirety (*quán triết*) a master policy that has already been decided upon" (Kiet 2006). In a public letter to the Party, he went on to describe the relationship between the two bodies as one of a legislature (CCOM) and an executive that implements the CCOM's decisions (the Politburo), making clear to emphasize that the Politburo does not rank above (*cấp trên*) the CCOM (Vu 2006).¹⁸

Together, Kiet's comments and repeated evidence of the CCOM's ability to overrule the Politburo reinforce the notion that the CCOM is the relevant forum for the winning coalition in Vietnam. Unlike China, where insoluble

¹⁷ On June 6, 2008, the Vietnamese CCOM has once again organized a special session of the CCOM to deal with its ongoing inflationary crisis (Mitton 2008). The key debate is expected to be whether the Prime Minister can convince provincial delegates to accept reductions in government expenditures that are needed to rein-in the money supply.

¹⁸ This is also evident in Article 9.2 of the Statutes of the Vietnamese Communist Party: "In between two congresses, the leading organ of the party is the Party Central Committee."

conflict among an elite group of insiders on the Politburo is necessary to push the CCOM to the forefront of debate, the Vietnamese CCOM remains superior to the Politburo in policy development. Moreover, as the institution that generates the winning coalition in Vietnam, the VCP legislature engenders more compromise and trade-offs than appear necessary when decisions are made by a Politburo or PBSC alone. This need for consensus through logrolling and coalitions in the VCP legislature, we contend, is a key reason why Vietnam has ameliorated inequality to a greater extent than China.

3.3. Political Constraints on Executive Decision Making – Troika versus General Secretary

Another related factor has to do with constraints on executive decision-making. Returning to Figure 3, one clear difference between the countries is the triangle of cross-checking central positions in Vietnam – also known among Vietnam scholars as the *troika*. It includes the General Secretary of the VCP, the President, and the Prime Minister. The top three positions are almost always listed together in Vietnamese media describing the leadership, and all have very distinct and important constitutional authorities. China’s top three positions—General Secretary of the CCP, President, and Head of the Military Commission—are listed separately in the CCP nomenklatura system, but it has been a convention that the three positions are held concurrently since the Tiananmen crisis. Jiang Zemin, appointed as the Party head immediately following Zhao Ziyang’s removal from office in 1989, lacked credibility as a political heavyweight. Concerned about the potential power struggle within the Party, Deng Xiaoping confirmed his support of Jiang, stating “I hope everybody will consider Comrade Jiang Zemin as the core of the Party and unite together” (quoted in Wudunn 1989). Through China’s de facto institution of paramount leader, Deng conferred upon Jiang the position of the Head of the Military Commission (1989) as well as President (1993), resulting in Jiang’s considerable power concentration.¹⁹

Identifying himself as the core of the leadership, Jiang Zemin delivered a speech at the 14th Party Congress in 1992, stating that “the Party’s life lies in its unity,” thus factions will not be allowed (Saich 1992). The CCOM plenum later adopted a decision that emphasized the subordination of lower levels to higher levels, the part to the whole, and everything to the CCP center. As the decision put it, “there must be a firm central leading body... and there must be a

¹⁹ The position of President in China was actually abolished during the Cultural Revolution and only reinstated in 1982.

leading core in this leadership,” (Fewsmith 2001). Hu Jintao’s succession as General Secretary (2002), President (2003) and military head (2004) reinforced this trajectory through his ascendance as paramount leader, and thus the institutionalization of the “fused troika” in the post-Tiananmen era.

Anchoring the Party to the government (*jiandang yuzheng*), in a supervisory way, is another rule that guides Chinese party-government relations (Lin 2004). As head of the executive branch, the Chinese Premier has never had the same level of authority as his counterpart in Vietnam. That is, while always a member of the PBSC, the Premier’s rank has never reached the level of General Secretary. Moreover, at all levels of government, party groups (*dangzu*) serve as the core of leadership, and retain the authority to make collective decisions to ensure that Party objectives are met. Indeed, government leaders as Party members are obligated to implement and enforce the Party’s guiding principles (*fangzhen*). The addition of the phrase “core of leadership” to the CCP’s revised to 2002 Party Constitution, with its declaration that this core “commands the overall situation” further indicates that the CCP has opted to formalize Party oversight of government decision-making in a way not seen so boldly in Vietnam.

Before the 7th Party Congress in 1991, Vietnam had a very similar organizational structure to China. Namely, the General Secretary was the dominant center of authority; a Chairman of the Council of Ministers administered the bureaucracy (Prime Minister); and a Chairman of the State Council (President) held primarily ceremonial responsibilities (Phong and Beresford 1998). This architecture was revised, however, as part of a 1991 compromise arrived at the 7th Congress (Phong and Beresford 1998). In the run up to the event, three clear centers of power had begun to emerge among members of the Vietnamese polity. First, Party officials, ideologues, and supporters of continued state sector domination of the economy collectively found their voice in the General Secretary Do Muoi (Thanh 2006, Thayer 1995, Vaskavul 1997, Vuving 2006). These supporters of the state sector faced resistance from a second group of modernizer/technocrats led by Kiet and his southern ally Phan Van Khai (Kolko 1997). They wanted to see further opening to the international economy and bolstering of the domestic private sector (Vuving 1997, Thayer 1995). The above two groups had differed vociferously on the meaning of the term ‘socialist orientation.’ At issue was whether the term implied strict central planning or the improvement of living standards by any means possible, including foreign investment and private entrepreneurship (Vaskavul 1997, Riedel and Turley 1999). In 1990 a third group entered the fray in the form of a widely read letter in the official newspaper of the

Vietnamese military (Thayer 1997, Bolton 1998). The letter, authored by Le Duc Anh, the commander of Vietnamese forces in Cambodia strongly advocated a reassertion of the role of the Vietnamese military in politics and a slowdown in economic reforms.

The tension among the three groups pivoted around whether to open up further or batten down against future political economic challenges. The three groups debated matters in party journals and open letters up through the first plenum of the 7th CCOM, where a compromise was finally reached. Namely, all three sides acquired institutionalized cross-cutting powers, a deal codified in the revised 1992 Vietnamese Constitution. Do Muoi had retained his position of General Secretary, while Kiet became Prime Minister and General Le Duc Anh, assumed the role of President. The necessity of building broad coalitions within the Vietnamese CCOM facilitated the compromise, as each of the three blocs were too large to appease through private side payments. They had to be rewarded formal institutional powers of some kind, and ones that they subsequently defended mightily, allowing Vietnam's "diffused troika" to persist, even when it too came out of a political tradition of there being a long-standing Communist Party leader. Le Duan had served as Vietnam's General Secretary from 1960-1986, as compared to Mao Zedong who led China as Chairman of the Communist Party from 1945-1976. We now turn to the specific changes allowed in the 1992 Constitution that allocated distinct powers of the offices of General Secretary, Prime Minister, and President in Vietnam.

Article 4 enshrines the role of the Vietnamese Communist Party as "the leading force in the State and society." Thus, the General Secretary as the head of the Party has ultimate authority on the overall direction of policy. But the Constitution grants him no legislative or executive role in the government apparatus. The primary legislative influence of the Party thus remains within its own Congresses and plenums, and even here, it is constrained by Article 4's insistence that "all Party organizations operate within the framework of the Constitution and the law."

Its process of legislative influence unfolds instead through the *Resolutions of the Party National Congress*. Prepared two years preceding the Congress, and by the drafting bodies of the CCOM, the Resolutions serve as the framework for national policy choices that eventually take legislative form through laws, decrees, and resolutions passed in government bodies (Soloman and Ket 2004, Cong 2002, McCarty 2002). The CCOM does not often immerse itself in the nitty-gritty details of the future legislation, but its broad guidelines establish the playing field in

which the legislation takes place. Subsequent legal documents contain a preamble which carefully places new state legislation within the context of the most recent CCOM guidelines. Unlike China, however, the party has no further institutional role in state decisions about implementation or even personnel.

Former General Secretary Do Muoi, speaking directly after the 7th Party Congress compromise summarized the responsibilities of the VCP vis-à-vis the government as follows:

In the leadership over the building of the state apparatus and appointment of state officials, the party sets forth views, principles, and guiding orientations related to the organization of the state apparatus; it considers and makes suggestions about the points raised by the state, which is [then] left to make decisions (Do 1995, 177).

In contrast with China, according to Chapter 7 of the 1992 Vietnamese Constitution, the President possesses powers greater than simply representing Vietnam “internally and externally” as the Head of State. In fact, the President has the power to appoint ambassadors and sign international treaties, and can introduce legislation (specifically implementing decrees and resolutions) before the National Assembly, including resolutions calling for the appointment or dismissal of cabinet officials. In short, the President of Vietnam possesses important executive and legislative powers; including threat of dismissal as an effective veto point in the policy making process.

Constitutionally, the President is also the supreme commander of the military, but this title is somewhat misleading. The President is actually the Chair of Central Military Commission, which also includes the Prime Minister and top defense officials. In notable contrast to China, however, the Military Commission has not included the General Secretary since 2002. The President’s primary military authority is his ability to recommend appointments for the general staff.

Regarding the role of Prime Minister, Article 109 states that the “The Government is the executive organ of the National Assembly, the highest organ of state administration of the Socialist Republic of Vietnam....” It charges the body with ensuring “the effectiveness of the state apparatus from the center to the grassroots, ensure the respect for and implementation of the Constitution and the law.” The Government is granted legislative power including the ability to present draft laws and decrees for vote in the National Assembly. Most importantly for the comparison with China, the Prime Minister has appointment power over lower level officials in the bureaucracy, which he administers through the ministerial-level Office of Government (Harrington 1994).

An individual's status as a Party member also matters, with approval of higher-ranking Party members required to achieve the highest positions. Nonetheless, the Office of Government has distinct powers from the VCP, which through its Central Personal Board has appointment power over VCP positions, but little direct control over civil servants. It has, as a result, necessarily been the case that only Party members can become ministers of government branches. As Do Muoi admitted in a 1991 speech, "The Constitution invests in the Prime Minister enough power to carry out his duty, including the right to choose ministers for ratification by the National Assembly, to appoint the heads of administrative bodies at the directly lower echelon... (Do 1995, 171)" Do Muoi even conceded that the new powers were designed specifically "to put an end to the practice of Party Committees and Party organization boards conducting all business related to personnel in lieu of the state apparatus," (Do 1995, 177). This distinguishes Vietnam from China, where scholars have noted the continued strong influence of the CCP cadre promotion system in government decision-making (Huang 1996, Sheng 2005, Whiting 2001).

While skeptics may argue that all authoritarian systems have some sort of constitution and that they rarely are meaningful, it is important to note the division of powers in the Vietnamese constitution is not just a paper artifact. Members of Vietnam's "diffused troika" have guaranteed that their powers remain genuine in two separate ways. First, the compromise ensures that each of them receives one of the three top ranking positions in the VCP, so that they can defend their respective powers both inside and outside the party apparatus. By contrast, the Chinese Premier has ranked third or fourth in the CCP hierarchy far more often than he has ranked second. Thus, China's fused troika extends even to the distribution of power within the closed door meetings of the PBSC.

Secondly, by contrast, the diffused troika enshrined in Vietnam's national constitution allows patronage politics to entrench itself, thus ensuring each troika member a loyal following. Concretely, General Secretary Muoi had the VCP and state-owned enterprises (SOEs), Prime Minister Kiet had control of the bureaucracy, and President Anh had power over the military and its sizable business sector; nearly 70,000 soldiers (12% of the standing army) were employed full-time in over 100 military owned commercial enterprises (Abuza 2002, Thayer 2004). As Gainsborough (2007) shows, many key policy outcomes can be explained by looking through the lens of these key patronage channels.

Muoi, Anh, and Kiet continued in their roles through the 8th Party Congress (1996) and then, in a carefully orchestrated maneuver, all removed their names from National Assembly ballots in 1997. As the Prime Minister and President must be members of the National Assembly, this indicated all were planning to retire (Abuza 1998). A special 4th Plenum of the CCOM was called where a vote was held and successors chosen to replace them²⁰ Le Kha Phieu attempted to take advantage of the transitional period to claim the mantle of President as well for himself, and so that both government and party could be united as in China (Abuza 1999). He was rebuffed by other members of Vietnam's diffused troika. As a result, the troika's constitutional arrangement survives to this day and remains consolidated in the Vietnamese institutional architecture.

3.4. Competitiveness of Elections for the Central Committee and General Secretary

In Vietnam and China, there are two types of elections – those for party members and those for the National Assembly/Congress. In both cases, formal institutions of vertical accountability are stronger in Vietnam than in China, although pressure is building for China to narrow the gap by adopting more “inner-party democracy” (Li et al 2006, Shih 2007, Lam 2006). Due to space constraints, we focus our attention only on party elections and reserve government contests for future work.

Both single-party regimes, Vietnam and China nonetheless differ dramatically in the competitiveness of their elections, as measured by number of candidates and the openness of nomination processes. At first glance, however, the selection system for party leaders appears to be very similar. That is, the most authoritative body is the Party Congress, which meets every five years to set the new direction of the Party and elects the new CCOM of each country. Delegates to the Congress (2200 in China; 1176 in Vietnam) are chosen through elections at the provincial-level and among central institutions of the party, military, government apparatus, and state owned enterprises. In both countries, delegates from the previous Central Committee are also included as delegates (Anh and Tu 2006).

As Table 6 shows, where the two countries have parted ways in recent years is the level of competition allowed in the selection of the CCOM. In China, the Politburo of the outgoing CCOM recommends a list of candidates. The list is then voted on by delegates at the Congress, who choose both full and alternate members of the

²⁰ Phan Van Khai replaced Kiet; Phieu replaced Muoi, and Tran Duc Luong replaced Anh.

CCOM. The 13th Party Congress (1987) introduced a competition mechanism for the CCOM selection, allowing the number of candidates to exceed the number of seats by 5%. Since then, the rejection rate for the full nominees has been fixed at 5%. It increased to 8% in the 17th Party Congress (Wen Wei Pao 2007), but the low rejection rate and the Party's control of the nomination process is a clear sign that there is very little in the way of a vertical check on the will of the Chinese Politburo. Lam (2006, 129) notes that many Congress delegates have found their lack of power unsatisfactory and have called for reforms to grant them powers between the five-year Congresses.

Table 6: Electoral Institutions in the Central Committee		
Institution	China XVII	Vietnam X
<i>Nomination Procedures</i>		
Outgoing CCOM Nominates	Yes	Yes
Delegates at Congress Nominate	No	Yes
Self Nomination	No	Yes
<i>Competition</i>		
Number of Full Seats	198	160
Number of Full Nominees	208	207
Rejection Rate (Full)	4.8%	22.7%
Number of Alternate Seats	158	21
Number of Alternate Nominees	167	46
Rejection Rate (Alternate)	5.4%	54.3%
<i>Representation of Subnational Officials</i>		
Full Time Delegates	65 (32.8%)	68 (42.5%)
Alternate Delegates	89 (56.3%)	15 (71.4%)
Data on CCP Central Committee from http://www.caijing.com.cn/20071021/34486.shtml ; Li 2008. Data on VCP Central Committee from: Viet Anh and Anh Tu. 2006, Viet Anh. 2006, and VNExpress. 2006. Danh sách Ban chấp hành trung ương X [List of Central Committee 10], April 25.		

The Chinese General Secretary is usually selected along with the Politburo at the first plenum of the CCOM, which is convened immediately after the Party Congress. Traditionally, the outgoing Politburo produced nominees for the General Secretary and the new Politburo members, after which the candidates receive an up or down vote from the members of the CCOM. Since the competition mechanism (*cha'e xuanju*) has not been applied to the selection of Politburo and higher Party and state leaders, the CCOM does not have much leverage to influence the

selection of the Politburo. Instead factional considerations play a role in the process, with senior members trying to place associates in the successor body (Nathan 2003).

In sum, political participation in China is very limited when it comes to the selection of high-level party positions. This situation has not changed much since 1949. Members of Politburo and PBSC, as well as provincial party chiefs, are all selected at Party conclaves. Moreover, the vetting role of higher-ups in the selection of a small group of candidates necessarily means that these individuals see their interests in terms of a narrow constituency from above instead of broad opinion from within the CCOM that might hold them accountable under threat of election loss.

By contrast in Vietnam, both the nomination procedure and voting allow for more competition, and ultimately then to a greater degree of vertical accountability to the underlying constituencies. To give an example, the *outgoing* ninth CCOM in 2006 prepared a list of 175 candidates for full members and 30 alternate members at the 10th Party Congress. In addition, newly elected delegates at the Party Congress were allowed to propose candidates from within their own ranks. In total, 328 candidates were either nominated or self-nominated. After the collection of nominations, a vetting process whittled down the candidates to exclude first-time nominees over the age of 55 and incumbents over the age of 60. The vetting resulted in 207 candidates for full positions, of which 33 were nominated by the delegates at the 10th Congress and two were self-nominated.²¹ Forty-six candidates were nominated for non-voting, alternate positions. From the list, the 10th Congress elected 160 full members and 25 alternates, rejecting 23% and 54% respectively (Viet Anh 2006).

Notice that the rejection rates in Vietnam are determined only by the number of nominees, whereas in China they are set by statute. VCP officials may attempt to manipulate the election through procedural rules, such as the appropriate age of nominees, but they do not limit participation in the same manner as China. Thus, Vietnam CCOM selection procedures allow for more choice and competition than that of China (VNExpress 2006). According to the theories linking democracy and inequality (Lenski 1966, Lipset 1959), this competition should force delegates to consider a wider swathe of society in their policy positions, as they know they must ultimately be voted upon again by this same group. This appears to be the case for Vietnam.

²¹ These were Vice Minister of Foreign Affairs and Nguyen Phu Binh National University Professor Xuan Han.

While Chinese scholars have celebrated the greater regional representation on the Central Committee as an indication of expanded participation (Li 2001), the greater choice of delegates in Vietnam has led to a larger percentage of local representatives as both alternate and full-time members in the Vietnamese CCOM (See Table 6). That said, either due to satisfaction with their performance or through other incumbency advantages, the rule changes have not led to a massive transformation of CCOM composition in Vietnam. Not a single self-nominated or floor-nominated candidate was elected. Moreover, the votes were not even close. Vietnam ended-up with roughly the same outcome of China -- 92% of the nominees put forward by the outgoing CCOM were elected.

A second feature of competition in Vietnam is the selection of the General Secretary of the Communist Party. Like China, the General Secretary is usually selected along with the Politburo at the first plenum of the CCOM, which is convened immediately after the Party Congress. While China still selects the General Secretary through up or down vote, the Vietnamese CCOM has asserted its institutional authority much more vigorously in recent years, demonstrating its clear role as the forum for building winning coalitions. The first major change occurred at the 9th Congress in 2001, when the Vietnamese CCOM rejected, by a majority vote, the Politburo's nomination of the incumbent Le Kha Phieu. The outright rejection by the CCOM of the Politburo's nominee was unprecedented, but reflects the overall power of the institution in the constellation of VCP organizations (Vu 2006).

Even more radical changes came in the 2006 Party Congress. Reflecting the Political Report's call for more democracy in Vietnamese institutions, the 10th Congress conducted a straw poll of all delegates. While the results were never published, sources close to the Congress revealed that Nong Duc Manh, the incumbent General Secretary received 900 votes, followed by Nguyen Minh Triet, the Party Secretary of Ho Chi Minh City with 200 votes (Luong 2006). Eighteen other candidates received at least one vote. The entire list of recipients was rank-ordered and sent to the CCOM for a final vote. Notably, Triet and Nguyen Tan Dung, the second and third leading vote recipients in the straw poll, were appointed President and Prime Minister respectively, rounding out the famed troika of the Vietnamese leadership and ostensibly reflecting the will of the Vietnamese electorate.

Once again, more choice and competition over seats grants CCOM members in Vietnam greater authority to hold party leaders accountable, as a result compromise and deal-making with its members have been critical, ultimately leading to a more redistributive economic system.

4. Conclusion

This study is far from a comprehensive assessment of accountability in all institutions. We have intentionally bracketed the parliaments, the court system, and administrative modes for addressing citizen grievance. Our foremost goal has been to show that if scholars open up the black-box of regime type, and autocratic typology specifically, to take a close look at how elite formal institutions actually operate, they can obtain more leverage on critical policy outcomes. The puzzle of divergent patterns of inequality in these two high-growth single-party regimes only remains a puzzle from the bird's eye view of existing datasets. Once we drill down deeper, it becomes clear that Vietnam's institutions empower a larger group of insiders (winning coalition) and place far more constraints on the party leadership, both through vertical checks and semi-competitive elections. As a result, Vietnamese economic policies must consider a larger cross-section of society. Consequently, Vietnam spends a far larger portion of its revenue on transfers and has been able to engender greater equalization among provinces and individuals.

While we believe our analysis accurately characterizes the present situation, we have not by any means specified equilibrium states of these two very dynamic countries. It is still too early to tell whether the development paths in China and Vietnam will converge or diverge. A possible equilibrium path suggested by Acemoglu and Robinson (2006) and Boix (2003) may yet result in China. That is, increasing inequality may engender revolutionary threat, which will force the state to extend the franchise, and later increase redistribution. Gilley (2008) points out that Chinese leaders are aware of such a possibility and have moved to counter it through appeals to legitimacy that have found popular resonance. Growing income inequality has already pressured the Chinese government to shift its focus from promoting all-out economic growth to solving worsening social tensions. Since 2004, the Chinese government has introduced measures including the abolition of the agricultural tax, relaxation of the residency registration (*hukou*) system, and increased central transfers to fund health and education in rural areas (Dollar 2007). From this perspective, Hu's speech at the 17th Congress just may be an attempt to thwart growing socio-economic tensions through greater attention to inner-party democracy along the lines of Vietnam.

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