NOT MY MONEY TO TOUCH: EXPERIMENTAL EVIDENCE ON REDISTRIBUTIVE PREFERENCES UNDER MARKET TRANSITION IN CHINA

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Abstract

This paper explores the factors that influence redistributive preferences in the context of significant economic transformation, focusing on the transition premium and growth. Using an online survey experiment with a nationally representative sample from China, we find that priming getting rich via relatively less meritocratic, yet representative ways under market transition in post-reform China reduces redistributive support, specifically for policies that aim to take from the rich and the belief in the government's duty to redistribute, indicating the presence of a set of fairness views in China that deviate from the conventional meritocratic paradigm. Heterogeneous treatment effects analyses reveal that such non-meritocratic fairness views are a general phenomenon, and self-interest in the form of subjective economic pressure only serves as a secondary concern. While people feel that the rich are more deserving and demand less redistribution regardless of subjective economic pressure, only those under less economic pressure exhibit decreased support for policies that aim to help the poor. These representative ways of getting rich under market transition are similarly fair compared to winning a lottery, far less fair than a self-made entrepreneur, but much more legitimate than acquiring wealth through corruption. Priming China's growth story does not result in statistically significant changes in redistributive support. Additionally, we rule out the influence of three relevant confounders: low tax salience, preference falsification under authoritarianism, and misperceptions about relative income positions and intergenerational occupational mobility. We argue that such non-meritocratic fairness views are particularly salient in societies that break away from a centrally-planned economic system in the past and transition towards a high-growth market economy, where economic opportunities are becoming more inclusive.

JEL Classification: D31, D63, D83, H23, H24, H53, I38, J62, P16

Keywords: Redistribution; Fairness Preferences; Income Inequality; Government Duty

1 Introduction

The increasing global inequality has drawn attention to public attitudes regarding redistributive policies. Research on the determinants of redistributive preferences has identified a wide range of factors. The earliest theories focused on material self-interest, where an individual's relative income position determines their preference for redistribution (Meltzer & Richard, 1981). Expanding upon the canonical Meltzer-Richard model, recent research further incorporated expected future income positions (Benabou & Ok, 2001; Cojocaru, 2014), as well as over- or under-estimation of one's relative income position (Cruces et al., 2013; Karadja et al., 2017) into the reasoning over support for redistribution.

Beliefs about the sources of inequality in the income generating process constitute another major determinant of redistributive preferences beyond material self-interest. Prior research in this area has primarily explored different equilibria in which individuals assign varying degrees of importance to different sources of inequality (Alesina & Glaeser, 2004; Alesina & Angeletos, 2005; Benabou & Tirole, 2006; Iversen & Soskice, 2006). When people believe that individual effort plays a greater role than luck in creating inequality, they are typically less inclined to support redistributive policies; in turn, less redistribution incentivizes hard work and sustains such belief (the American equilibrium). Conversely, when people believe that non-effort factors, such as luck, birth, connections, or corruption, are more determinant in the inequality generating process (the European equilibrium), they tend to be more supportive of redistributive policies. However, both equilibria share a preference-level assumption about what sources are considered fair or unfair in the inequality generating process: effort is considered fair, whereas luck is not.

An emerging area of literature questions the aforementioned assumption regarding fairness preferences embedded in the belief-based redistribution model. This literature argues that fairness views themselves can be highly diverse and play a central role in shaping redistributive preferences. Specifically, rigorous empirical evidence has been provided on the variation in fairness views across individuals and societies (Almås et

al., 2020, 2021; Cappelen et al., 2021). These studies suggest that a sizable proportion of individuals consider both effort and luck to be legitimate sources of inequality, particularly in developing countries. We want to understand further whether and why fairness views differ in the developing world, and how such fairness views relate to popular support for redistribution through the example of China, the world's largest emerging and transitional economy over the past four decades, where opportunities of getting rich under market transition are becoming more inclusive, yet often not based on merit but luck, and whether this type of luck are seen as a fair source of economic inequalities.

Through an online randomized survey experiment with a nationally representative sample, we provide one of the first sets of causal evidence on the determinants of redistributive support in China. By priming different sources of inequality, we confirm the existence of fairness views that deviate from the traditional meritocratic fairness paradigm in the literature, which leads to decreased support for redistribution. Specifically, informing respondents of stories of individuals getting rich through relatively less meritocratic,[1] yet still representative means under market transition in China, significantly reduces their support for redistribution. This effect is primarily driven by support for potential policies to increase taxation on the rich, or the belief in the government's duty to reduce the income gap. We conjecture that Chinese citizens' differing fairness views could be linked to their legitimization of these typical ways of getting rich. These approaches, while requiring relatively less effort, are embedded in the departure from the previous planned economy and the transition toward a market economy, a positive development seen by many.[2]

We also eliminate several confounding determinants of redistributive support through the design of our treatments, including low tax salience, potential preference falsification under authoritarianism, and misperceptions about relative income positions and intergenerational occupational mobility. Additionally, our heterogeneity analyses reveal that while people feel that the rich are more deserving and demand less redistribution after

[1] i.e. more luck-based and less effort-based ways of getting rich.

[2] This transition period could be broadly defined as the period from the late 1970s until the early 2000s.

being primed with stories of getting rich by seizing opportunities or simply lucking out in a high-growth, transitional regime regardless of subjective economic pressure, those under less economic pressure exhibit decreased support for policies that aim to help the poor. We argue that our results indicate a potentially non-meritocratic fairness view and a secondary self-interest concern drive redistributive preferences in China.

On a measurement note, previous research has often relied on a single survey item to quantify support for redistribution, typically asking respondents whether they believe the government has a responsibility to reduce inequality or engage in redistribution. This practice neglects the potential independence and asymmetry between preferences for "taxing the rich" and "helping the poor." We contextualize support for redistribution using a host of hypothetical policies and specify three outcomes of interest: In addition to asking respondents about government responsibility, we also make a distinction between "redistribution from" (taxing the rich) and "redistribution to" (helping the poor), following recent work in rich democracies (Cavaillé & Trump, 2015).

Our study contributes to the existing literature in several significant ways. First of all, it speaks to the recently growing body of literature that employs preference-based fairness views to elucidate support for redistribution, drawing insights from research on the formation of political cleavages in post-socialist transitional countries (Kitschelt, 1992). We demonstrate that a unique set of fairness views shaping redistributive preferences is present in high-growth, transitional economies where opportunities for wealth accumulation are often inseparable from the transitioning process. Our analyses suggest that certain forms of luck are considered fair sources of income difference among the Chinese public if they are rooted in the transition towards a market economy.

Secondly, we offer a new answer to a puzzling phenomenon: Why do poor people not demand more redistribution, especially in the developing world? Several existing explanations have been put forward to account for this phenomenon, such as benchmarking against one's own standard of living (Hoy & Mager, 2021),[3] limited coverage and access

[3]People use their own standard of living as a reference point to assess what is acceptable for others. So, if the relatively poor discover that their own living standards are lower than they thought, they become

barriers in welfare provision (Holland, 2018) and low tax literacy (Ardanaz et al., 2022). We propose that the legitimization of the transition premium is another significant factor that helps explain the lack of redistributive support among the economically less well-off in a developing context.

Thirdly, our paper is related to a strand of literature focused on the differing fairness views and inequality perceptions among post-socialist countries, highlighting the importance of diverging transition trajectories. Specifically, it has been documented that compared to their counterparts in Eastern Europe where shock therapies were applied during periods of market transition, Chinese citizens were reported to be more accepting of current levels of inequalities and view existing inequalities to be less determined by connections or unfair economic structures (Whyte & Han, 2008; Whyte, 2010). Many of these cross-country surveys, however, are from the early reform periods (late 1990s to early 2000s) when memories of the transition approaches were still fresh. We show that the effects of the transition are lasting. Even in the face of recent economic slowdown, Chinese citizens continue to hold beliefs and fairness views about the sources of inequalities that justify the prevalent methods of getting rich during the market transition period. Our paper suggests that these inequality and fairness preferences could remain deeply ingrained despite the passage of time and the progress of economic development.

Finally, our research joins the recent effort of using survey experiments to study redistributive preferences.[4] Survey experiments are increasingly popular in the research on preferences and attitudes, as they provide fine-grained data at the individual level for more rigorous causal identification. Prior research that employs survey experiments to investigate redistributive preferences has primarily focused on providing factual information and examining how belief updates, particularly about one's relative income positions, impact the relative change in demand for redistribution (Cruces et al., 2013; Fehr et al., 2019; Pellicer et al., 2019; Hoy & Mager, 2021). Existing work on redistributive

less concerned about the economic situation of the poor in their country.

[4]Notable studies include but are not limited to the following: Cruces et al. (2013); Kuziemko et al. (2015); Alesina et al. (2018); Fehr et al. (2019); Pellicer et al. (2019); Hoy and Mager (2021); Campos-Vazquez et al. (2022); Alesina et al. (2023).

preferences in China have mainly utilized micro-level survey datasets, which offer correlational but not causal evidence (Smyth et al., 2010; Xun, 2015; An & Ye, 2017; Huang, 2019). To the best of our knowledge, only two studies have employed experimental designs to investigate redistributive preferences in China. One of them highlights the salience of family experiences in past redistributive movements for descendants (Chen et al., 2017). The other informs participants about the actual level of wealth concentration in China and their own relative income positions, and finds that despite an increase in perceived income inequality and a heightened belief that income is primarily driven by family background rather than hard work, it does not result in a significant rise in demand for redistribution (Mu, 2022). Our research complements this finding by suggesting that the transitional context may help to explain this puzzle, as people may not demand greater levels of redistribution when income inequalities are generated in the growth of a more marketized and privatized economy.

The remainder of this paper is structured as follows. Section 2 discusses the theoretical expectations related to determinants of redistributive preferences in China. Section 3 introduces our experiment design. Section 4 presents our main results, while section 5 discusses the potential mechanisms explaining our results, supported by evidence from a supplementary survey we conducted and another nationally representative survey. The final section concludes.

2 Theoretical Expectations

What moves support for redistribution in a rapidly transforming economy such as China? We focus on two highly relevant factors in the inequality generating process in this context: the transition premium and economic growth, drawing on insights from existing nationally representative surveys and qualitative interviews we conducted (see the appendix).[5] To ensure that perceiving transition premium or growth as fair sources

[5]We used two surveys – the International Social Survey Program and the China National Survey of Inequality and Distributive Justice (CNSIDJ hereafter) – to inform our study. We also incorporated insights from qualitative interviews that were conducted on our behalf by well-trained sociology concentrators from Tsinghua University in the spring of 2021. To gain a more in-depth understanding of redistributive

of inequality is indeed a fundamental feature shaping redistributive support in China, we also sought to rule out the influence of three highly relevant factors: low tax salience, potential preference falsification, and misperceptions of the level of inequality or mobility. We explain the relevance of the aforementioned factors below.

In the context of rapid socioeconomic transition, economic opportunities are becoming more inclusive and less dependent on one's position within a hierarchy built on political priorities, even though individual cases of becoming wealthy or remaining poor are often due to luck or a lack thereof. Therefore, we cannot assume that, in this context, only effort, merit, or performance are perceived as fair in the generation of economic inequalities. To clarify, we adopt the convention in the literature and define luck as factors that are outside of an individual's control (Almås et al., 2020; Cappelen et al., 2020, 2021).[6] We specifically suggest that a type of luck often neglected in the literature is the opportunities presented by the shift from a planned to a market economy where individual effort or merit might not play a role. We consider three representative scenarios here. First, individuals may directly benefit from the transition if they choose to invest at the right time when asset values rise in the process of privatization. Second, individuals may indirectly reap the rewards of a market-oriented economy's development, such as being second-generation beneficiaries, rather than being direct participants. Third, opportunities might also fall upon individuals randomly in a transitional economy without the individual taking any action. Conversely, people might stay poor despite the economy going through a significant transformation due to bad luck and don't benefit much

attitudes in China, we conducted interviews with 20 individuals living in different regions and of varying income brackets and social classes. Each interview lasted approximately one hour and focused on three main themes: perception of inequality, government responsibilities and tax-transfer, and individual perceptions of three major social policy areas in China (education, housing, and healthcare). The profile summary of the twenty interviewees can be found in the appendix.

[6]The studies cited here suggest that there are three salient fairness views based on whether one considers inequalities caused by effort or luck to be fair or not: the egalitarian view (neither effort/performance nor luck is a fair source), the meritocratic view (effort is a fair source, luck is not), and the libertarian view (both effort and luck are fair). While the meritocratic fairness view is found to be the most prevalent among the three fairness views in the industrialized west, particularly in Scandinavian societies, a higher proportion of people in developing countries might consider inequalities due to luck as fair, leading to less demand for redistribution. In a cross-country experiment study surveying 60 countries, China and India are the only two countries where the amount of redistribution did not differ significantly when income was due to luck compared with merit (Almås et al., 2021).

from the transition.

In addition to the role of transition in generating inequalities, a recent record of sustained, rapid economic growth might affect the perception of inequality as growth and inequality arose concurrently. From the 1950s to the late 1970s, China experienced very low income inequality with negligible economic growth. Since economic reforms were launched in 1978, China has entered a period of rapid growth, accompanied by increasing inequality (Piketty et al., 2019). It is important to note that across the entire income distribution, everybody has become much wealthier than before.[7] Some leading sociologists who study China argue that Chinese people tend to view inequality as an inevitable byproduct of development and growth (Xie, 2016). This resonates with Rawls (1971)'s difference principle in the sense that inequality could be better justified if differentiation benefits everyone, including the least disadvantaged members of the society. Another view that might be prevalent among people accustomed to a high-growth regime is that growth might be seen as a necessary precondition for redistribution, which is in line with the CCP's justification for economic reforms.[8] Either way, if inequality and growth are seen as synchronous, people might view inequality as fairer and thus see redistribution as less pressing. Note that we do not get into the debate on whether growth causes inequality but emphasize that people may perceive them to be happening concurrently given recent history.

There are three complicating factors that we want to rule out. First, in an under-institutionalized fiscal regime like China's, where tax reliance on direct taxation is low, people might reason about government expenditures and tax revenues differently because of low tax salience (Zhang, 2021; Zhang & Dickson, 2023).[9] Viewing the transition premium as a fair source of economic inequalities – and by extension, viewing the rich as deserving or the poor as undeserving because they benefit or are excluded from the tran-

[7]For instance, the bottom 50% of the Chinese population also witnessed their average income grow more than fivefold during this process, according to Piketty et al. (2019)'s estimation.

[8]Deng Xiaoping famously stated that "we should let some people get rich first, and then they will help the others lagging behind to get rich together as well. Only then can we achieve 'common prosperity' for all."

[9]Low tax literacy is confirmed in our qualitative interviews.

sition premium – does not necessarily translate into actual demand for redistribution, either from the rich or to the poor. Several strands of literature in economics suggest that a heavy reliance on indirect taxation might affect redistributive preferences. The literature on fiscal illusion argues that the form of fiscal institutions affects how taxpayers perceive the price of government and its size, one of the most important elements being revenue structure (Wagner, 1976). Recent work on tax salience suggests that the higher salience of a tax heightens the perception of paying tax (Chetty, Looney, & Kroft, 2009). Research on tax literacy also links knowledge of taxation and tax-paying with outcomes such as tax compliance and financial decisions (Nichita et al., 2019), but little has been done to link tax literacy with redistributive preferences directly.[10] The fact that a significant portion of government revenue comes from indirect taxation and non-tax revenue might give an average citizen the wrong impression of having paid little tax and the illusion that the government could redistribute more without raising additional revenue.[11]

Second, preference falsification under authoritarianism, where citizens might misrepresent their private preferences, or social desirability bias more generally, might be an issue in a study like ours (Kuran, 1997). Individuals might report differently if they think their answers could be revealed to the government for fear of potential punishment. In a context where political indoctrination blends into formal education and testing, it is also likely that individuals provide answers as if they were sitting for an exam when asked about opinions on politics or policies. In either scenario, we expect preference falsification to be more likely when individuals are asked to respond to issues framed as

[10]The only recent study that tries to link tax literacy with redistributive preference is Ardanaz et al. (2022), where the authors show that informing respondents about the regressivity of the Value Added Tax (VAT) in eight Latin American countries significantly increased support for more progressive tax policies. However, as far as we know, there is currently no similar study conducted in other developing countries.

[11]In China, individual income tax – the primary tool for redistribution in advanced economies – is only collected from those at the top of the income distribution and constitutes only 8% of tax revenue, which is one-third of the OECD average. Aggregated government revenue by source and by use could be found on the Chinese central government's official web portal (source: http://www.gov.cn/xinwen/2022-01/29/content_5671104.htm). Like many other developing countries, China also relies more heavily on corporate taxes than advanced economies (source: Global Revenue Statistics Database, https://stats.oecd.org/Index.aspx?DataSetCode=RS_GBL In addition, about 15% of the fiscal revenue in China comes from non-tax sources, such as income from state-owned enterprises and land sales (source: the Chinese central government, http://www.gov.cn/xinwen/2022-01/29/content_5671104.htm).

national matters and less likely when asked to respond to issues framed more closely as personal interests.

Finally, a common query in the literature is whether misperception of income positions or prospects of upward mobility might affect redistributive support. Specifically, if lower-income groups mistakenly believe they have a higher income than they actually do, they might be less likely to support redistribution as their interests are perceived to be harmed by redistribution. If the poorer are overly optimistic about prospects of upward mobility, they might also be less supportive of redistribution to protect the interests of their future selves (Benabou & Ok, 2001; Alesina et al., 2018). To our knowledge, our study is one of the first two survey experiments that attempt to elicit people's *ex-ante* beliefs about their relative income positions and social mobility statistics in China. In a similar yet distinct fashion, Mu (2022) also has a treatment arm where she tries to update Chinese citizens' prior beliefs about their relative income rankings. While her experiment design focuses on updating relative income positions at the decile level, our experiment updates them at the percentile level. In addition, we also update the respondents' prior beliefs about changes in inter-generational occupational mobility patterns in China over the past few generations.

3 Experiment Design

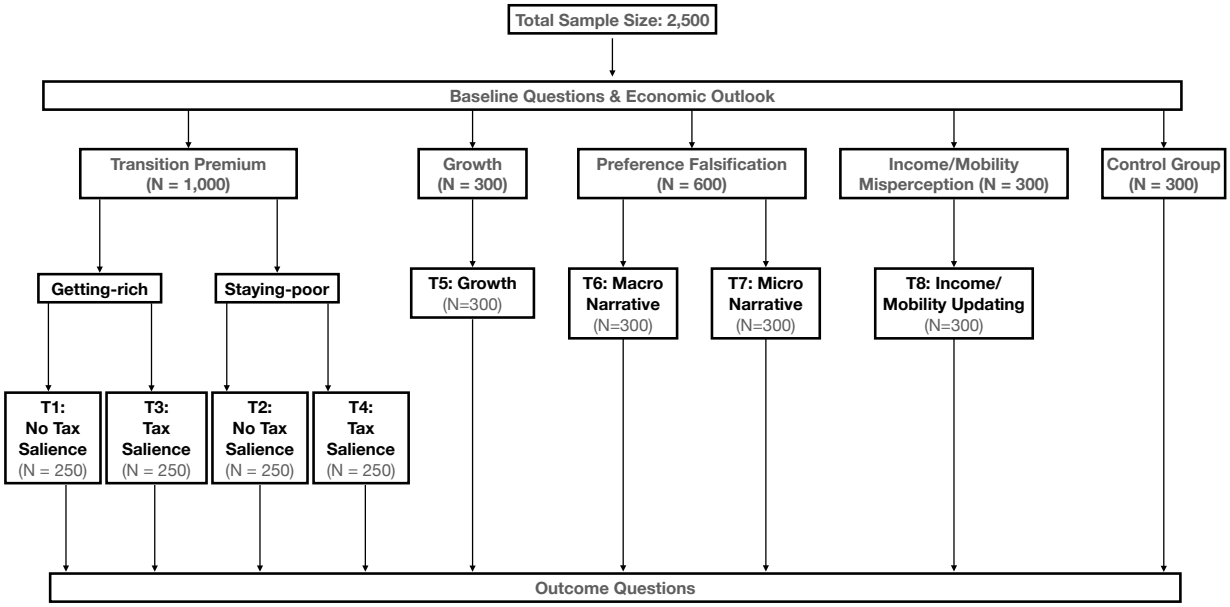
An overview of all treatment arms is provided in Figure 3.1. Our first set of treatments aims to test whether the transition premium is a fair source of inequality and to parse out the effect of low tax salience. We adopt a two-stage randomization design here. In the first stage, we present a somewhat non-meritocratic income generating process from two dimensions: one is getting rich, and the other is staying poor. In the getting-rich information, we provide three short vignettes that represent typical ways of acquiring wealth from the market transition progress. In the first case, the example we use for being a direct beneficiary of the transition premium is housing arbitrage. We argue that being able to profit from housing arbitrage has very little to do with merit but more

to do with investing at the right timing. The example we use for being an indirect beneficiary is inheriting a private enterprise founded by one's parents. The third case involves being a beneficiary of random luck without having taken any action, and a typical example here is people might receive significant compensation during China's rapid urbanization when the government sells land for real estate development or uses it for infrastructure projects, leading to substantial payouts in housing demolition. In the staying-poor information, we provide three short vignettes of people staying poor due to involuntary unemployment, illness, and divorce. All these scenarios are commonplace in contemporary China. Since our outcome questions also fall along the rich and poor dimensions ("taxing the rich" policies and "helping the poor" policies), we want to see if perturbing a single dimension of the income generating process would alter policy preferences along that dimension without affecting the other.

In the second stage, we want to see if knowledge that increases tax salience would alter redistributive support. We divide the sub-samples receiving information about getting rich and staying poor into two halves. One half of each group was provided with tax-salience information. In the tax-salience information, we initially present how much income tax representative individuals need to pay across the income distribution in China, which is very much progressive. We then provide information on how much Value-Added Tax (VAT) these representative individuals might pay based on their daily consumption. Due to the flat rate of VAT in China and the fact that the poor spend a larger proportion of their total income on consumption than the rich, the updated tax burden is effectively more regressive. In total, we have four treatment arms in the two-stage design: getting-rich, getting-rich with tax salience, staying-poor, and staying-poor with tax salience.

To test if growth and the distributive implications of growth shape redistributive support, we use a treatment that primes the progress and rationale of China's economic reforms from a historical perspective (the growth treatment). We remind respondents that China began with widespread poverty and little inequality. Inequality soared after the economy took off, but even the poorest saw significant income growth after

Figure 3.1: Experiment Design by Treatment Arms



1978. We further remind respondents about the official "common prosperity" narrative, which argues that redistribution follows only after a reasonable level of economic development. Finally, we explain that the central government chose Zhejiang Province as China's "Common Prosperity Demonstration Zone" in 2021 because it is one of China's most economically advanced provinces. A potential concern here is that a short piece of information does not update anything since growth is so salient in the Chinese context. We argue that the belief that everybody in China has become richer while inequality rises is not necessarily widely held. So what we update is how economic growth empowers individuals, including those who are least advantaged, rather than China's economic growth *per se*. These implications are more fundamental in shaping fairness views and redistributive preferences than the mere fact of growth itself.

We use two treatments that employ different framings that introduce a hypothetical redistributive policy – the initiation of property taxation – to eliminate concerns regarding preference falsification. In the macro-narrative treatment, we use a tone similar to government propaganda, featuring convoluted political terms and explaining how this new

tax affects the entire country. In the micro-narrative treatment, we introduce property tax using plain language and provide information about how much property tax representative households owning varying numbers of properties would pay. If preference falsification is at play, we expect people to reveal more "fundamental" preferences when primed to think about an issue at a more micro level that pertains more closely to their personal interests.

Finally, we use an income position and mobility updating treatment to see if misinformation about relative income positions or mobility affects redistributive support in China. We let respondents guess their relative income positions by asking "what percentage of the population do you think are poorer than you?" and then reveal income distribution data in China by showing where representative individuals' income percentile falls based on their annual incomes.[12] We also ask respondents to guess the probabilities of intergenerational social mobility and then reveal the actual probabilities calculated from China General Social Survey (CGSS) data. Specifically, we ask the respondents to estimate top- and bottom-income occupation persistence, contextualized by the probabilities of a son with a father working as a senior white-collar worker also working as a senior white-collar worker, and the son of a farmer or low-skilled worker also working as a farmer or low-skilled worker. The definitions of top- and bottom-income occupations are provided in detail in the appendix section 7.10.

4 Data and Results

4.1 Data

We conducted an online survey experiment through a leading market research firm in China in September 2021, collecting a sample of 2,500 adults. We believe that the pandemic will not affect the validity of our study, as pandemic control in China at the time when the survey was conducted was quite stable. In fact, it was one of the periods when the spread of COVID-19 was the least severe between 2020 and 2022, and more

[12]Data source: World Inequality Database (http://wid.world).

extreme measures took place in 2020 and 2022.[13] To ensure that our sample is as nationally representative as possible, we imposed a quota scheme for each treatment/control group (described in detail in the appendix). As reported in the appendix, the main demographic characteristics of our sample, including age, gender, education, and a range of variables on socioeconomic backgrounds and institutional affiliation, are comparable to the national averages.

Furthermore, in April 2022, we conducted an additional survey with a smaller yet still nationally representative sample of 360 individuals to delve deeper into Chinese people's fairness views on typical methods of wealth accumulation in contemporary China.[14] We acknowledge the timing of our survey, which took place during the March-May 2022 lockdown in Shanghai, one of the most severe COVID lockdowns since the initial lockdown in Wuhan and arguably the most politicized and controversial. However, we believe that our results are unlikely to be heavily influenced by the Shanghai lockdown because: 1) The questions in our survey focused on general perceptions of representative cases of wealth accumulation, which should be relatively unaffected by the salience of current events. 2) Our survey was conducted with a nationally representative sample, and only 6 out of the 360 surveyed individuals reported residing in Shanghai. These factors suggest that any potential bias introduced by the Shanghai lockdown is likely to be minimal and does not substantially impact our overall findings. See section 7.12 in the appendix for the quota enforced in this survey.

4.2 Baseline results

We present the general level of support for redistribution in China per our survey in Table 1. We consider a response as an endorsement when respondents answer "agree" or "strongly agree" for each outcome item, and the average endorsement rate is over 70%. At baseline, the support for redistributive policies and the government's redistributive duty is quite high, compared to the preferences for redistribution elicited in similarly

[13] For a comprehensive timeline of China's COVID-19 policy evolution, please refer to this Wikipedia page (available in Chinese): https://shorturl.at/oryF9.

[14] For a full list of these stories please refer to Appendix 7.13.

controlled experimental settings in this strand of literature (Kuziemko et al., 2015; Cruces et al., 2013; Pellicer et al., 2019).[15]

Table 1: General Support for Redistributive Policies

Groups	(1) Control Group (N=300)	(2) Whole Sample (N=2,500)
Taxing the Rich (mean)	**0.734**	**0.719**
Capital Tax (Ultra-rich Tax)	0.840	0.817
Property Tax	0.690	0.708
Auditing Top Earners	0.813	0.786
Control for Overseas Capital Transfer	0.853	0.830
Unconditional Income Ceiling	0.473	0.452
Helping the Poor (mean)	**0.743**	**0.754**
Free Healthcare for the Poor with Serious Illnesses and Chronic Diseases	0.920	0.912
Quota for Poor Students in College	0.657	0.672
Raise Minimum Wage	0.823	0.799
Raise Income Tax Threshold	0.793	0.784
Expand Social Housing	0.810	0.846
New Sent-down Movement	0.473	0.514
Raise Minimum Social Protection	0.727	0.751
Government Duty (mean)	**0.823**	**0.794**
Reduce the Income Gap	0.900	0.881
Guaranteed Job Provision	0.807	0.78
Govt. Involvement in Redistribution is Just	0.770	0.727
Equal Admissions in Higher Education	0.823	0.789

Notes: The figures indicate the total fraction of individuals who answered "agree" or "strongly agree" to a given statement in the respective samples.

[15]Two of the most radical policies – "Unconditional Income Ceiling" and "New Sent-down Movement" – receive the least support (the old "Sent-down Movement" during the Cultural Revolution sent urban youth to the countryside to live and work). It is worth noting that even these radical policies receive over 45% support.

4.3 Average Treatment Effects on Support for Redistribution

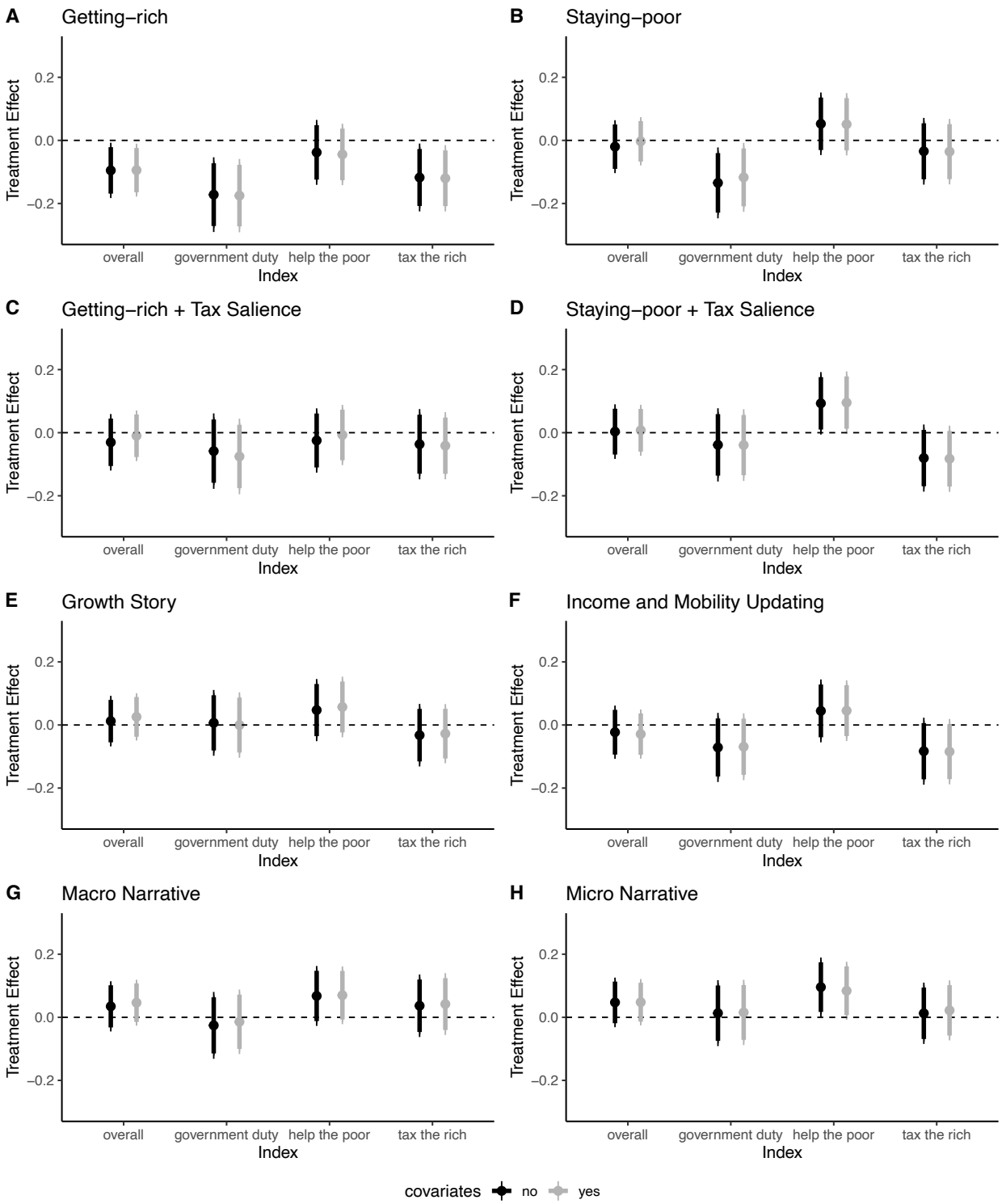
We report the Average Treatment Effects (ATE) of each treatment in Figure 4.1. All the ATEs reported here are the Intention To Treat (ITT) effects of being randomly assigned to a particular treatment group, relative to the control group. The dependent variables along the x-axis are indexes calculated as the average of the Z-scores of the endorsement for policies in each category. We use simple Ordinary Least Square (OLS) regression as our baseline model. Given the large total number of potential baseline demographic, socio-economic, and social value controls (110 variables in total) relative to our total sample size (2,500), we also adopt the double LASSO cross-fit partialling-out control variable selection technique to include the relevant set of control variables in each one of our estimation equation.[16] The results obtained with or without the selected covariates are very similar across all treatments and indexes.[17]

Most notably, only our first treatment, which provides cues and stories on the transition premium component of the inequality generating process, produces a statistically significant effect on the general level of redistributive support. The getting-rich treatment decreases redistributive support with a magnitude of nearly 0.1 standard deviation, which is commensurate with the average impacts detected in the experimental studies on redistributive preferences (Stantcheva, 2020). This finding suggests that reminding respondents in China that some individuals acquire wealth through receiving a transition premium due to non-meritocratic factors – such as opportunism, family background, or pure luck – leads to a decrease in their willingness to support redistribution. Specifically, this effect is driven by a decreased belief in the government's duty to redistribute and decreased support for policies that redistribute away from the rich, rather than policies that aim to help the poor, as can be seen from the results of the other three indexes in Figure 4.1 Panel A.

[16] All of our main tables hereafter report estimates based on the double LASSO control variable selection technique. On average, cross-fit partialling-out selects around 30 control variables out of the whole battery of potential control variables.

[17] We have also performed the analysis with the full set of control variables, such as province & prefecture fixed effects, demographics, job and income categories, subjective socio-economic status and life satisfaction and channel of obtaining information. The end result remains largely unchanged, although some level of significance is lost due to the inclusion of a larger set of control variables.

Figure 4.1: Treatment Effects on Redistributive Support Indexes



Notes: $N = 250$ respectively for treatment groups from Panel A to Panel D, while $N = 300$ for the rest of the treatment arms (inclusive of the control group).

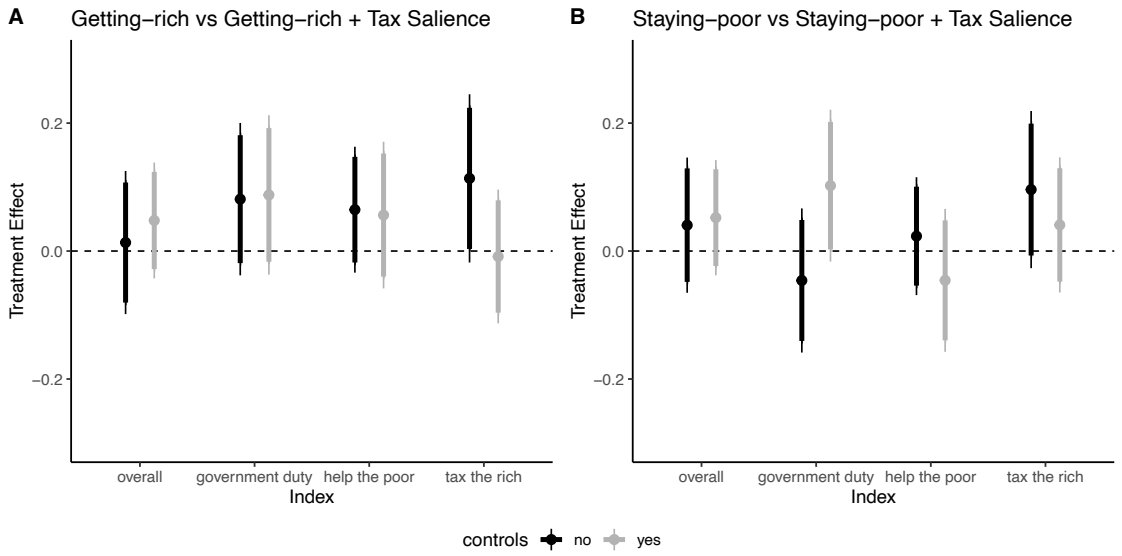
Reminding respondents of how poor people who did not benefit much from the transition premium and remain poor due to non-meritocratic reasons (such as illness, involuntary unemployment, and divorce), on the other hand, also results in a statistically significant decrease in their belief that the government has a duty to redistribute (with a magnitude of 0.13 standard deviation, see Figure 4.1 Panel B).

In addition to being shown the getting-rich vignettes, further informing respondents about their effective tax burden seems to moderate the decrease in demand for redistribution slightly. When receiving the second-stage tax salience information after the first-stage getting-rich vignettes, respondents no longer report a significant decrease in their support for redistribution, as shown in Panel C of Figure 4.1. Similarly, in Panel D, respondents do not report a significant decrease in their belief in the government's duty to redistribute after receiving the tax salience information following the staying-poor vignettes. In Panel D, while the increase in the support for the help-the-poor policy becomes statistically significant at the 90% level, support for the tax-the-rich policies is pulled in the opposite direction. Moreover, while using the getting-rich or staying-poor treatment as the benchmark control for the two-stage arms with the tax salience information, the effect of tax salience itself is not significant. The differences are reported in Figure 4.2. Therefore, we do not find evidence strong enough to interpret that information on the regressivity of indirect taxation on top of rich or poor through representative ways in China might have perturbed our respondents' redistributive preferences.

Among other treatments, only the micro-narrative treatment triggers a statistically significant increase in the support for help-the-poor policies with a magnitude of around 0.1 standard deviation when no covariates are selected. Further analysis suggests that this effect is primarily due to an increase in support of social housing support and doubling minimum living assistance (*Dibao*) standards.[18] As the micro-narrative treatment includes information about the potential tax burden resulting from introducing a new property tax, we believe the increase in support for social housing and dou-

[18]Please refer to Table 7 in the appendix, which shows that the micro-narrative significantly increases support for social housing and doubling minimum living assistance (*Dibao*) standards, but has no statistically significant impact on other policies.

Figure 4.2: Effect of Tax Salience on Redistributive Support Indexes



Notes: $N = 250$ for all treatment groups. The differences in coefficients between no control and with control in the staying-poor treatments are linked to a slight imbalance between the two treatment groups, namely the staying-poor treatment arm has significantly higher economic pressure, compared to the staying-poor + tax salience treatment arm.

bling minimum living assistance (*Dibao*) standards is due to anxieties triggered by the specific policy domain rather than the micro-narrative treatment itself. Therefore, we refrain from drawing interpretations regarding Chinese people's redistributive preferences solely based on this result.

Across four indexes of redistributive support, the other treatments – the income position & mobility updating treatment, the growth treatment, the macro-narrative treatment, and the micro-narrative treatment – do not produce any statistically significant effects. Additionally, we find no evidence that micro and macro narratives trigger changes in redistributive support in opposite directions. We are therefore confident to say that preference falsification should not be a concern in our study.

Although updating respondents with the correct figures of relative income positions or intergenerational mobility does not lead to statistically significant changes in redistributive support, we find that Chinese people tend to significantly underestimate their relative income positions, which is consistent with the findings of Mu (2022). In addition to underestimating their relative income positions, we also find that Chinese citizens sig-

nificantly overstimate the degree of downward intergenerational occupational mobility in China. We report the details of the result in Figure 7.3 in the appendix. On average, Chinese people underestimate their relative income positions by 19 percentage points. In fact, the extent to which Chinese people underestimate their relative income positions is comparable to that of the Swedish people, as documented by Karadja et al. (2017). Furthermore, people believe that a child whose father has a high-level white-collar job has a 62% chance of remaining in a high-level white-collar job, while the actual probability in China is only 28% (see Figure 7.5 in the appendix). However, people's estimates of the likelihood of a child whose father is an unskilled worker/ordinary farmer remaining in the same job fairly accurate (see Figure 7.7 in the appendix). In other words, Chinese people have an accurate sense of bottom-income occupation persistence but severely underestimate top-income occupation persistence, or overestimate the possibility of downward mobility for families employed in professional jobs. An important factor to consider is that the large regional disparities in income and wealth in China may cause urban residents in more developed localities to underestimate their relative income positions nationwide drastically. In the appendix, we provide additional analysis by splitting the survey sample into urban and rural samples. As shown in Figures 7.4a and 7.4b in the appendix, the urban residents underestimate their relative income position by 22 percentage points, while the rural residents only by 13 percentage points; in addition, about 25% of rural respondents accurately guessed their relative income position, and only about 6% of urban respondents did so. Figures 7.6a and 7.6b show that the rural residents overestimate top-income occupation persistence more than the urban residents do. The urban residents gave an average estimate of 59%, while the rural residents gave an average estimate of 68%. This suggests that urban residents may be more concerned about downward mobility.

4.4 Heterogeneous Treatment Effects on Redistributive Support

The significant treatment effects of priming getting-rich stories suggest that a certain proportion of Chinese people believe that those who become wealthy through some of

the most representative non-meritocratic means in China deserve to keep their wealth. If this kind of fairness preference is primarily rooted in certain types of commonalities that every Chinese is exposed to, such as culture, or national politics, we would expect to find relatively homogeneous treatment effects across subgroups. If non-meritocratic preference is driven by or moved by some kind of self-serving bias, then we would expect to find heterogeneous treatment effects across subgroups. The fault lines dividing subgroups would reveal the specific content of such self-serving bias.

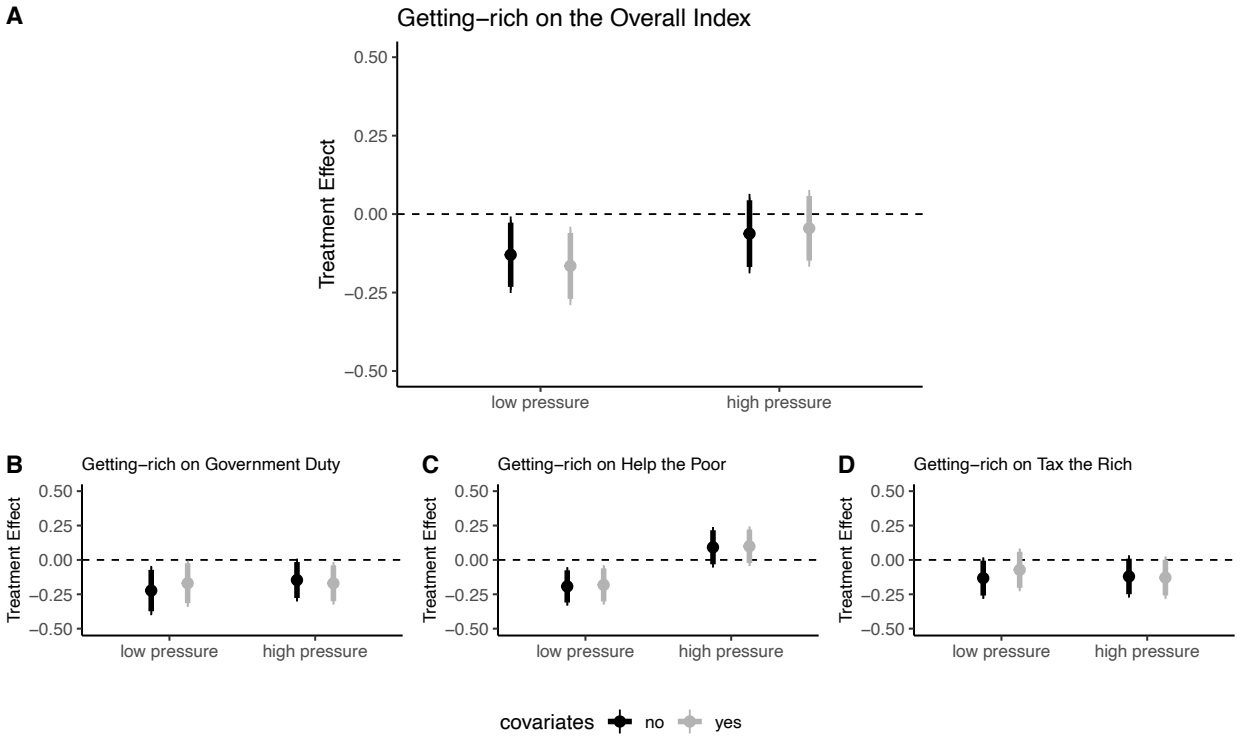
We find that the effects of the getting-rich treatment indeed vary across subgroups, with no differences along the line of objective income position (self-reported income brackets) or other socioeconomic and demographic variables, but rather along subjective economic anxiety levels. As part of the baseline questions, respondents were asked to rate their level of economic pressure on a scale from zero (indicating "no pressure at all") to ten (indicating "having extremely high economic pressure") to elicit subjective economic anxiety. Most respondents report the level of economic pressure to be at the higher end, with a median of around level seven on a scale of zero to ten. We construct a dummy variable of economic pressure that takes on the value of one if the self-reported level is above or at level eight to indicate high pressure, and zero otherwise to indicate low pressure.

Recall that in the full-sample results, the getting-rich treatment leads to statistically significant decreases in overall redistributive support, as well as in the belief that the government has a duty to redistribute and support policies that would help the poor. After splitting the survey sample into high and low economic pressure groups, we find that the decrease in redistributive support caused by the getting-rich treatment is primarily driven by the low economic pressure group. The results are visualized in Figure 4.3. As Panel A in Figure 4.3 shows, without controlling for covariates, the subgroup with low economic pressure exhibits a 0.17 standard deviation decrease in support for the overall index of redistributive support after receiving the getting-rich treatment, and a 0.13 standard deviation decrease if covariates are included using double LASSO cross-fit partialling-out control variable selection. The subgroup with high economic pressure, on the other hand, shows no statistically significant changes in the overall index of re-

distributive support after receiving the getting-rich treatment.

The statistically significant effect in Figure 4.3 Panel A is mainly driven by the sharp differences in Panel C, on the support for policies that aim to help the poor. As can be seen in Figure 4.3 Panel B and D, the high and low economic pressure groups have reduced their support similarly for the questions on government duty and policies about taxing the rich, suggesting that both groups consider the rich to be deserving and could keep their wealth after receiving the getting-rich treatment. However, the low economic pressure significantly decreases their support for helping-the-poor policies, contrasting with those high economic pressure who do not decrease their support for those policies.

Figure 4.3: Heterogeneous Treatment Effects on Redistributive Support Indices



Notes: Low pressure indicates the group whose self-rated economic pressure is less than eight on a scale of zero to ten ($N = 146$). High pressure indicates the group whose self-rated economic pressure is above or equals to eight on a scale of zero to ten ($N = 154$). The median of self-rated economic pressure is around seven.

Who are the people that self-report to have lower economic pressure? We compare the baseline demographic and subjective-evaluation variables for the two subgroups mentioned above and report the results in Table 2. Interestingly, The low economic pressure

group is only slightly richer, but significantly more secure. The difference in personal income between the high and low economic pressure groups is around 0.4 income brackets, which corresponds to approximately 8,000 yuan, a difference of about 0.25 standard deviation. This magnitude is much smaller than the difference in subjective security between the two groups: the group with higher economic pressure reports an average subjective security level of 3.8 out of 10, at the 40^{th} percentile of the distribution, while the group with lower economic pressure reports an average subjective security level of 6.2 out of 10, which is on the 75^{th} percentile in the distribution. The difference is 2.35 points, which corresponds to 1.56 standard deviations. People with low economic pressure are also more likely to report higher social status and social class, have higher levels of life satisfaction, and feel more secure in case of an accident.

Overall, our analysis indicates that individuals with low economic pressure are more likely to reside in smaller cities where living expenses tend to be lower, have a higher likelihood of being employed at present, and receive more locally privileged social security coverage, whether it is through formal or informal channels. On the last point specifically, we use health insurance and pension as measures of formal social security. As the access to and affordability of quality medical care is a major concern in Chinese society and often depends on personal connections, we asked respondents to rate their level of confidence in receiving good medical treatment for themselves or their families when sick. We believe this question provides a robust indicator of both formal and informal channels of social insurance.[19] Recall from Figure 4.3 that after the getting-rich treatment, both the low economic pressure group and the high economic pressure group may feel that the rich are more deserving and demand less redistribution. However, only those who report low economic pressure decrease their support for policies aimed at helping the poor. This is likely because they feel more secure economically and are less likely to become poor. Our interpretation aligns with the findings of Cavaillé (2021), which suggest that people's redistributive preferences are mainly driven by their views

[19]The question used is: "To what extent do you agree with the following statements? I am confident that I or my family can receive good medical treatment when we are sick. Respondents are asked to rate their level of confidence using a five-point scale (from strongly disagree to strongly agree)."

Table 2: Determinants of Economic Pressure

	(1) Low Econ Pressure		(2) High Econ Pressure		(3) Mean Difference	
	Mean	S.D.	Mean	S.D.	Coefficient	T-stat
Baseline Demographics						
Personal Income	6.437	2.325	6.030	2.587	0.407***	(4.136)
Family Income	8.836	1.946	8.404	2.204	0.432***	(5.192)
Working = 1	0.926	0.262	0.880	0.325	0.046***	(3.889)
No Health Insurance = 1	0.014	0.116	0.035	0.184	-0.021***	(-3.456)
No Pension = 1	0.020	0.140	0.037	0.188	-0.016*	(-2.476)
CCP Member = 1	0.049	0.216	0.060	0.237	-0.011	(-1.158)
Public Sector = 1	0.167	0.373	0.172	0.377	-0.005	(-0.336)
Female = 1	0.502	0.500	0.498	0.500	0.003	(0.160)
Age	39.176	11.549	38.980	11.299	0.195	(0.428)
Education	3.589	1.185	3.591	1.183	-0.002	(-0.043)
Household Size	3.346	0.712	3.382	0.779	-0.036	(-1.210)
Home Owndership	2.107	0.334	2.094	0.323	0.013	(1.011)
Father's Education	3.141	1.341	3.170	1.426	-0.028	(-0.509)
Residence/Region						
Residence - 1 (Big City) to 5(Rural)	3.313	1.634	2.998	1.727	0.315***	(-4.680)
Rural = 1	0.372	0.483	0.348	0.476	0.024	(1.240)
Migrant = 1	0.282	0.450	0.318	0.466	-0.036*	(-1.973)
Self-reported Status						
Self-reported Income Category (1-10)	5.011	1.745	4.665	2.080	0.346***	(4.501)
Self-reported Social Class (1-4)	1.870	0.736	1.748	0.782	0.122***	(4.000)
Self-reported Status (1-10)	5.220	1.701	4.840	2.089	0.380***	(4.978)
Self-reported Anxiety/Emotional Status						
Confident to be treated while sick (1-5)	3.140	1.011	2.992	1.133	0.148***	(3.446)
Satisfied with life (1-10)	5.994	1.582	5.621	1.930	0.373***	(5.278)
Feel secured (1-10)	6.193	1.501	3.839	1.590	2.354***	(38.047)
Experienced Mobility						
Upward Mobility =1	0.400	0.490	0.340	0.474	0.060**	(2.976)
Downward Mobility =1	0.089	0.285	0.097	0.296	-0.008	(-0.670)
Mobility =1	0.311	0.627	0.243	0.615	0.068**	(2.625)
N	1242		1258		2500	
Estimated Mobility/Income						
Bottom Persistence Estimate (%)	49.788	16.088	54.805	17.244	-5.018**	(-2.602)
Top Persistence Estimate (%)	60.473	18.381	62.916	19.514	-2.443	(-1.115)
Self Income Position Underestimate (%)	19.110	18.563	18.552	18.006	0.558	(0.264)
N	146		154		300	

on social justice but can also be influenced by their self-interests.

Furthermore, it is significantly more likely for individuals in the low economic pressure group to report more positive experiences with intergenerational social mobility, as they are more likely to maintain similar levels or move up the occupation ladder than those in the high economic pressure group.[20] Specifically, 40% of individuals in the low economic pressure group experienced upward occupation mobility compared to their fathers' generation, while this figure stands at only 34% for the high economic pressure group. Individuals in the low economic pressure group also hold more optimistic perceptions of inter-generational mobility than those in the high economic pressure group. Specifically, the low economic pressure group accurately estimates bottom-income occupation persistence to be 49.8%, closely aligning with the actual figure of 50%. In contrast, the high economic pressure group overestimates it, estimating it to be around 55%. This contrast might also explain why the high economic pressure group is more supportive of helping-the-poor redistributive policies than the low economic pressure group.

Finally, recall that in the previous section, urban residents under-estimate top-income occupation persistence in China compared to rural residents, indicating a greater concern about downward mobility in urban China. In appendix figures 7.8a and 7.8b, we report respondents' own estimates of top- and bottom-category inter-generational occupation persistence by their places of residence. While there is no statistically significant difference in estimates of bottom persistence, people living in larger cities significantly under-estimate top occupation persistence compared to people living in more rural regions. We believe that the greater concerns about downward mobility in larger cities are in line with our findings on heterogeneous treatment effects. Individuals with lower economic pressure, who are also less likely to be living in larger cities, may be less worried about the possibility of downward mobility.

[20] We employ a widely used method in the sociology literature to measure intergenerational social mobility. Specifically, we employ the same occupation categorization and ask respondents to provide information about both their own and their father's occupation categories. To elicit information about the father's occupation, we ask the following question: "Now please recall, what was your father's main occupation when you were 14 years old? (If your father had passed away by then, please select your mother's main occupation when you were 14 years old.)"

5 Potential Mechanisms

In the previous section, we have shown that our respondents significantly decrease their support for redistributive policies after seeing the getting-rich vignettes, and that the heterogeneity in this treatment effect is primarily driven by the help-poor policies along subjective economic pressure. In other words, after seeing the getting-rich stories, regardless of economic pressure levels, respondents decrease their support in taxing the rich and want reduced government involvement in redistributive efforts. We thus conjecture that the getting-rich vignettes, rooted in the transitional period, are generally perceived as deserving regardless of the degree of personal agency or luck involved. In this section, we provide evidence from a supplementary survey we conducted and another nationally representative survey to show that while people are not blind to the importance of luck in the getting-rich stories, they find them more acceptable than the inflexible and identity-based political hierarchy that existed in the pre-reform period (such as the urban-rural divide). This older system created structural inequalities in opportunities between various segments of the population, which is the only form of inequality deemed unacceptable in the Chinese collective consciousness. The rest of the section provides additional evidence for our proposed mechanism and rules out the prospect of upward mobility theory.

5.1 As Fair as Winning a Lottery

We conducted a supplementary survey with a nationally representative sample of 360 respondents in April 2022 to contextualize how our getting-rich vignettes are perceived along several dimensions. We want to contextualize two things. Firstly, we aim to assess the perceived fairness of our wealth acquisition narratives among the target population. Secondly, there might be a concern that our getting-rich vignettes signal government incompetency or policy failure, eroding their trust in government policies and, as a result, leading to reduced support for redistributive policies. We aim to confirm that this is not the case.

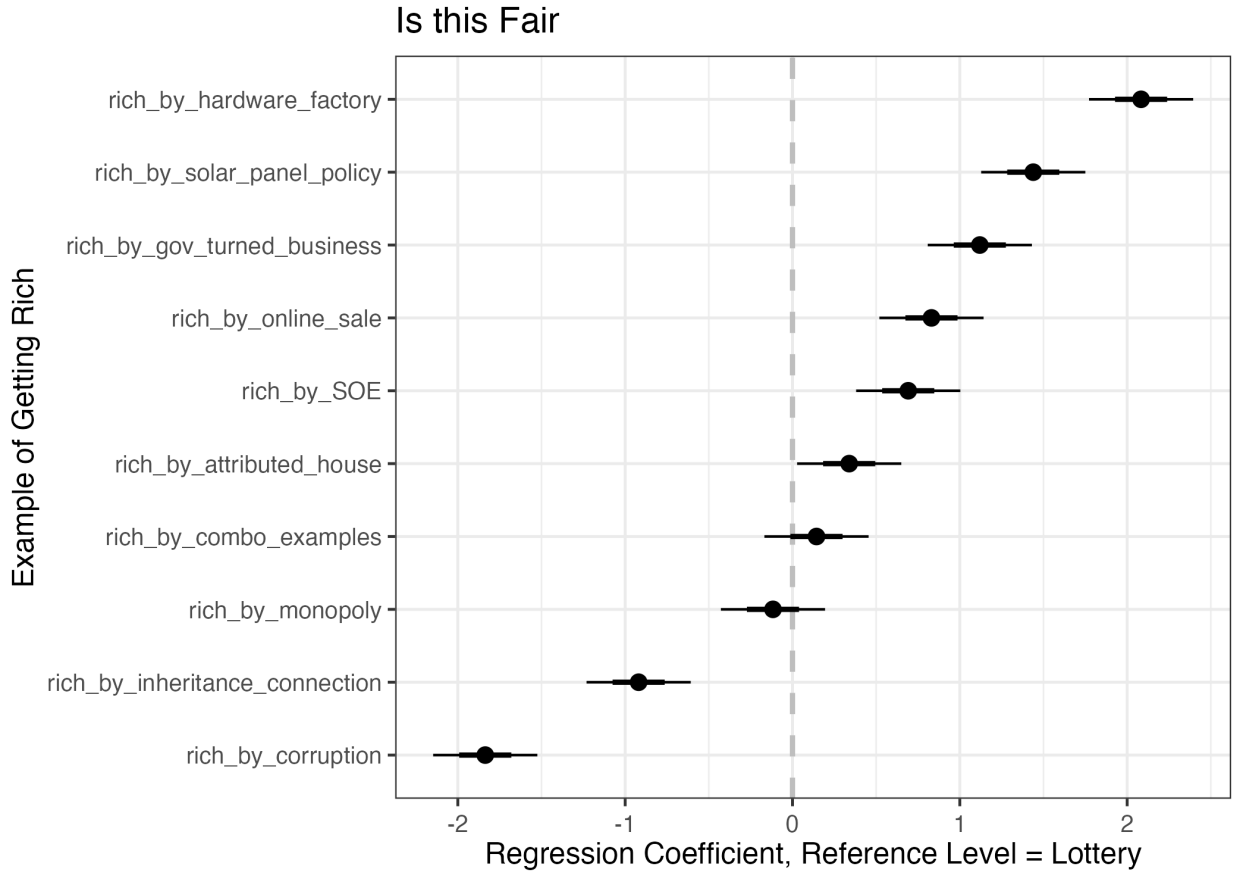
Our strategy involves comparing our three scenarios of achieving wealth with ten other common scenarios for wealth acquisition in China. In each scenario, a hypothetical individual accumulates ten million RMB through a specific method. A full list of these scenarios can be found in Appendix 7.13. We asked respondents to assess the extent to which they attribute each hypothetical scenario of becoming wealthy to the following factors: luck, ability, the market, and the political system. Additionally, we inquired whether respondents believed these scenarios involved effort and whether they deemed them fair or not. All evaluations were measured on a scale of one to ten.

Among these scenarios, we use two benchmark scenarios to rank how fair respondents think the getting-rich scenarios are and to what extent they attribute these scenarios to the political system. The first is winning a lottery, which is a case of pure random luck and requires minimal effort or ability. The second is corruption, in which a hypothetical official amasses wealth by abusing their power to favor specific firms in securing government contracts. We expect the political system to play the most significant role in this scenario compared to others. The results of the supplementary survey confirm that winning a lottery is indeed ranked as requiring the lowest level of ability or effort (visualized in Figure 7.9 and Figure 7.10), and ranked the highest in terms of the attribution to luck (visualized in Figure 7.11). Corruption is ranked among the highest two in terms of the political system's influence, as shown in Figure 5.2. These findings lend support to the validity of our chosen benchmark scenarios.

The results of fairness perceptions are displayed in Figure 5.1, with winning a lottery as the benchmark scenario. We also include a combined measure of our three getting-rich stories, taking their average. We conclude that our getting-rich stories are perceived to be roughly as fair as winning a lottery. Looking separately, housing arbitrage and housing demolition are not so different from winning a lottery, statistically speaking. Inheriting a firm from parents, on the other hand, is perceived to be slightly fairer than winning a lottery, although its difference from the lottery is not large. Taken together, our set of three getting-rich examples is perceived to be approximately on par with winning a lottery in terms of fairness assessment. They are understandably considered

less fair than the example of a self-made individual in the market economy who became wealthy by running a hardware factory (considered the fairest among all examples), but significantly fairer than corruption. In fact, only two scenarios statistically stand out as unfair compared to winning a lottery, and both involve explicit and ongoing exchanges of power and money. The first scenario is the corruption story, while in the other, the hypothetical individual owns a company, and their parents hold leadership positions in the government, which helps the individual secure project bids through their parents' connections. It is noteworthy that respondents don't consider a government official turned entrepreneur who succeeds with the help of their prior personal connections within the government to be unfair.

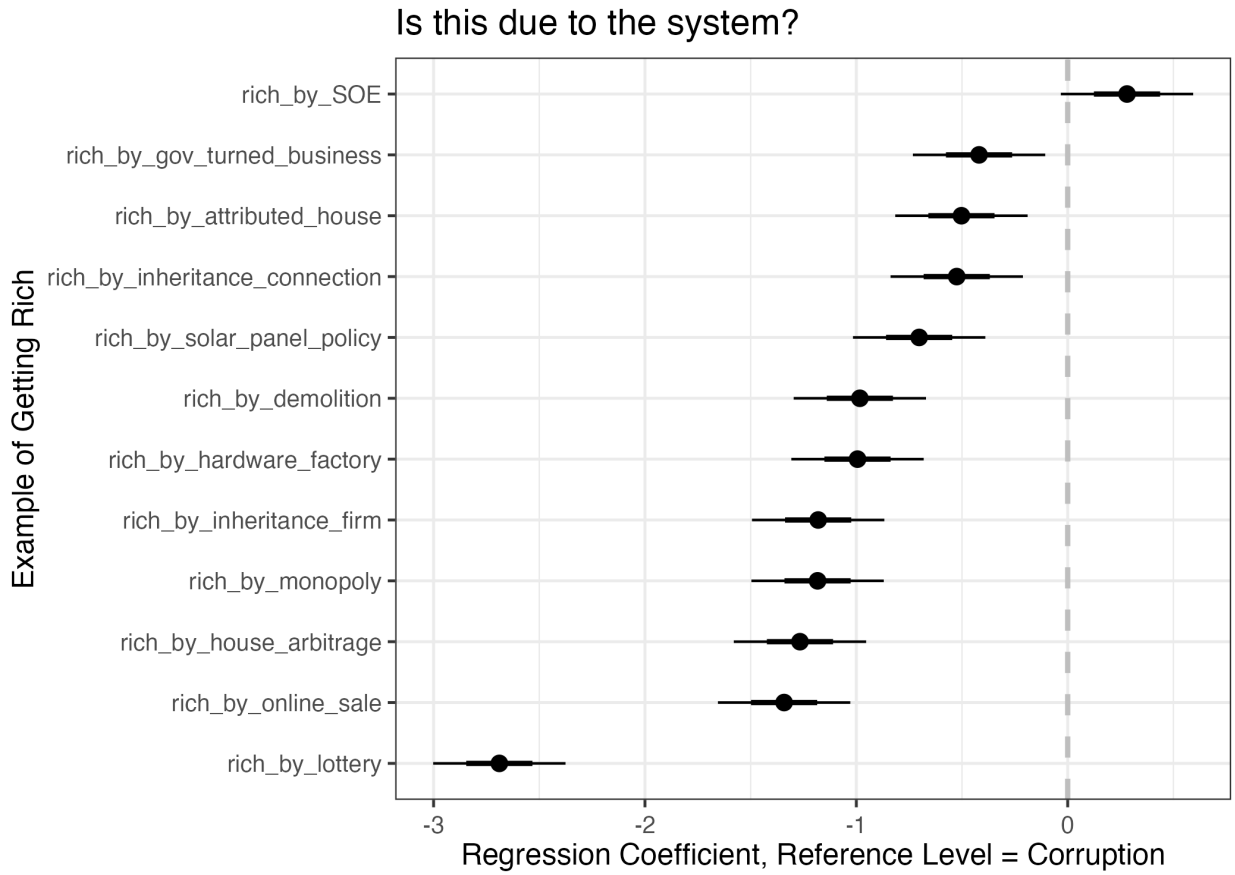
Figure 5.1: The Margins on the Extent of Fairness in Getting Rich Relative to Lottery



Notes: Regression coefficients are at the individual-story level, controlling for demographic characteristics such as age, gender, education, etc. The baseline category for the right-hand-side variables is "getting rich by lottery." The left-hand-side variable is the extent of subjective fairness for a particular way of getting rich (ranging from 0, the least fair, to 10, the most fair).

We can also confirm that the political system is not very relevant in our getting-rich stories. As indicated in Figure 5.2 (where the corruption story is used as the benchmark), all three scenarios statistically significantly differ from corruption and are very close to wealth acquisition through private entrepreneurship (our "fairest example") in terms of the level of attribution to China's political system.

Figure 5.2: The Margins on the Importance of System in Getting Rich Relative to Corruption



Notes: Regression coefficients at the individual-story level, controlling for demographic characteristics such as age, gender, education, etc. The baseline category for the right-hand-side variables is "getting rich by corruption." The left-hand-side variable is the belief outcome on the importance of the political system in getting rich (ranging from 0, the least important, to 10, the most important).

5.2 Anything but Structural Inequality of Opportunity

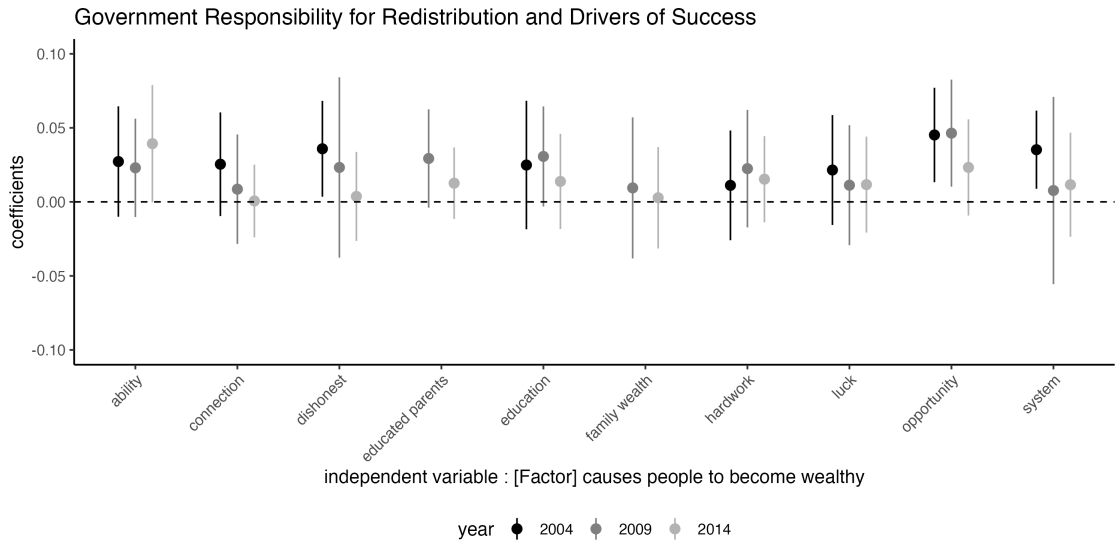
Our supplementary survey shows that our respondents consider the getting-rich stories to be as fair as a random lottery, roughly speaking. While our respondents recognize the luck component in the examples and distance them from self-made entrepreneurs in terms of fairness, they still consider the examples to be acceptable and deserving. We provide evidence from the China National Survey of Inequality and Distributive Justice (CNSIDJ) to further illustrate that the only form of inequality deemed unacceptable in the Chinese collective mindset is politically manufactured structural inequality.

To show this, we use the questions about the beliefs of the origins of wealth in the Chinese society asked in the CNSIDJ. The survey asks the respondents a set of questions formulated as "[o]n a scale of 1-5, to what degree do each of the following factors currently cause people to become wealthy?" for the following factors: ability, connection, dishonesty, education, hard work, luck, having more opportunity than the others from the start, and political system. We regress the demand for redistribution on these attribution questions, with the demand measured by the question "[t]he government has a responsibility to reduce the gap between the poor and the rich." We consider a cause of wealth to be unacceptable if the extent of attribution is positively correlated with the demand for redistribution. In other words, if someone sees a cause to be unacceptable, then the more she attributes wealth accumulation to this cause, the more supportive she would be for redistribution. The absence of a positive correlation implies that people tend to consider wealth achieved by this factor deserving of protection from redistribution.

The results, presented in Figure 5.3, indicate that among all factors, having more opportunities than others from the start is significantly positively correlated with the demand for more redistribution across survey waves. It is worth noticing that the expression "having more opportunities from the start" (especially the term "from the start") most likely refers to the structural inequalities associated with the household registration system in the Chinese context, such as disparities in education resources, healthcare, and

economic opportunities between urban and rural populations or localities with different administrative levels. The inclusion of coming from a rich family as part of the regressor "having more opportunities from the start" is unlikely. This is supported by the survey structure, where it is listed separately, encouraging respondents to consider it independently from the opportunity question. Additionally, coming from a rich family does not show a significant correlation with the demand for redistribution.

Figure 5.3: **Correlations between Importance of Different Factors in Getting Rich and Demand for Redistribution in China**



Notes: Data Source for this analysis is the China National Inequality and Distributive Justice Survey (2004, 2009 and 2014). The dependent variable is agreeing to the statement "[t]he government has a responsibility to reduce the gap between the poor and the rich" on a scale of 1-5, and the independent variable is agreeing to the statement "[i]n your opinion, to what degree do each of the following factors currently cause people to become wealthy?" on a scale of 1-5. The regressions are run separately for each factor and each wave of survey in 2004, 2009 and 2014, controlling for age, gender, education, party member status, migrant status, marital status, urban/rural resident, income, whether employed by the state, subjective social status, and fixed effect for county, prefecture and province. The family wealth factor and educated parent factor are only included in the 2009 and 2014 survey. Standard errors are clustered at the county level.

Another piece of suggestive evidence also comes from the CNSIDJ where the respondents were asked questions about whether they believed it was fair for certain groups of people to have specific privileges. In Table 3 we report the share of respondents who answered “strongly agree” or “agree” to these questions. While consistently more than half of the respondents agree that it is fair for the rich to provide better education for their children, fewer than a quarter of respondents agree that people with urban house-

hold registration (*hukou*) should have more opportunities than those with rural *hukou*. The former, a classic and universal generator of inequality of opportunity, appears to be accepted by a sizable portion of the Chinese public, while the latter, rooted in China's socialist political hierarchy, is much less acceptable.[21]

Table 3: Share of Respondents in the China National Survey of Inequality and Distributive Justice Survey Agreeing that the Abovementioned Statements are Fair

Survey Wave (year)	2004	2009	2014
To what extent do you think it is fair: The rich can give their children better education opportunities.	0.640	0.593	0.589
To what extent do you think it is fair: People with urban *hukou* have more opportunities than those with rural *hukou*.	0.248	0.208	0.183

We believe that people consider inequalities of opportunity represented by the household registration system in China to be politically manufactured, reflecting the rigid status hierarchy in the pre-reform period (1949-1978). Market transition, on the contrary, breaks away from politically induced structural inequalities and fosters a collective imagination of abundant opportunities for personal enrichment for all, regardless of their origins within the status hierarchy. This is why Chinese respondents are inclined to perceive opportunities for getting rich due to the transition process as legitimate, and all wealth acquired through it as deserving protection from taxation, regardless of the degree of human agency ("merit") or luck involved.

5.3 Not Expecting the Future, but Legitimizing the Past

Apart from a distinct fairness preference view shaped by the transition process, self-interest might also lead our respondents to legitimize the transition premium. One popular idea is the prospect of upward mobility (POUM) theory: Individuals who are poorer than average but reasonably expect higher income in the future may oppose redistribution, resulting in lower overall support for redistribution in the society (Benabou & Ok, 2001; Cojocaru, 2014). One could argue that the legitimacy of the transition premium

[21] We acknowledge that "education opportunities" are not the same as "opportunities," but these two questions are the most symmetric we could find in the survey. They are asked under one thematic question.

comes from the prospect of upward mobility. If respondents hold high expectations about having abundant opportunities in the future, they might not distinguish between merit and luck and could be motivated to justify the transition premium.

We argue, however, that the legitimacy of transition premium comes more from a desire to preserve what the wealthy have already earned rather than a hope for the future. Irrespective of economic pressure, after seeing the getting-rich treatment, respondents decrease redistributive support for policies that tax away from the rich (see Penal B in Figure 4.3) and government involvement in redistribution (see Penal D in Figure 4.3), indicating a universal sense of deservingness towards those who became wealthy through representative ways of getting rich in contemporary China. The low economic group does decrease redistributive support for policies that aim to help the poor after seeing the getting-rich treatment (see Panel C in Figure 4.3), but subjective economic pressure does not completely align with prospects of upward mobility. Measures of mobility prospects alone do not generate heterogeneity. We have also shown that the low economic pressure group are not those who are expected to have higher income in the future, namely college-educated young people in large cities, as observed in Cojocaru (2014). Instead, it is those who are more likely to be residents of smaller cities, and they have no distinction in age or education levels compared to the respondents who report having higher economic pressure.

6 Conclusions

In this study, we use an online survey experiment with a nationally representative sample in China to show that when respondents are primed on how rich people become wealthy by non-meritocratic, yet representative methods in China during its transition towards a more market-oriented economy, it leads to a statistically significant decrease in redistributive support. Our supplementary survey finds that Chinese people perceive these methods to be similarly fair as winning a lottery, which is purely based on random luck. This implies that wealth acquired during the transition process, which we term as

transition premium, is considered legitimate despite the significant element of luck.

Heterogeneity analysis of the experiment reveals that the legitimacy of transition premium seems to be pervasive among the Chinese public and self-interest in the form of subjective economic pressure only seems to serve as a secondary concern. After seeing the getting-rich treatment, both respondents who report having higher and lower economic pressure decrease their support for policies that tax the rich, yet only those under high economic pressure do not decrease support for policies that aim to help the poor. Subjective economic pressure is the only cleavage we found to trigger statistically significant heterogeneity, which combines several self-serving concerns along with idiosyncratic psychological factors such as anxiety. These concerns encompass feeling economically more secure and experiencing less relative deprivation, having better social security coverage through formal or informal means and feeling more insured, and having a more positive experience with or more positive perceptions about intergenerational social mobility. None of these individual concerns alone can fully explain the observed heterogeneity, as none of them can generate statistically significant heterogeneity on their own.

Our study finds that priming China's growth story does not result in statistically significant changes in redistributive support. It is possible that the treatment itself is not effective in updating Chinese people's prior perceptions about the implications of growth, namely, that enough of them already believe economic differentiation occurs while the poorest members of the society benefit. We hope that future research can find more effective methods to address this issue. Moreover, our experimental design allowed us to rule out the influence of three important confounding factors on redistributive preferences in China: low tax salience, preference falsification under authoritarianism, and misperceptions about relative income positions and intergenerational occupational mobility.

Finally, we argue that the only form of "unfair inequality" in China stems from the structural inequality of opportunity created by the political system, particularly evident

in the household registration system. We suggest that China's recent history has shaped a distinct set of fairness views that distinguishes inequalities resulting from the pre-reform rigid hierarchy and the post-reform market development where opportunities are more inclusive. This underpins the widespread legitimation of wealth accumulation through the transition premium. Our study points to an important departure from the conventional meritocratic fairness paradigm in the redistributive preference literature, especially in rapidly transforming economies where economic opportunities are becoming less politically managed. We call for more future research to compare fairness redistributive preferences in China with those in other emerging economies that are undergoing similarly rapid marketization, and extend the transition premium to consider societies where economic opportunities are becoming less identity-based or hierarchical to evaluate the external validity of our results further.

Declaration of Generative AI and AI-assisted technologies in the writing process

Statement: During the preparation of this work the authors used GPT-3.5 in order to improve readability and language of the paper. After using this tool, the authors reviewed and edited the content as needed and take full responsibility for the content of the publication.

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7 Appendix

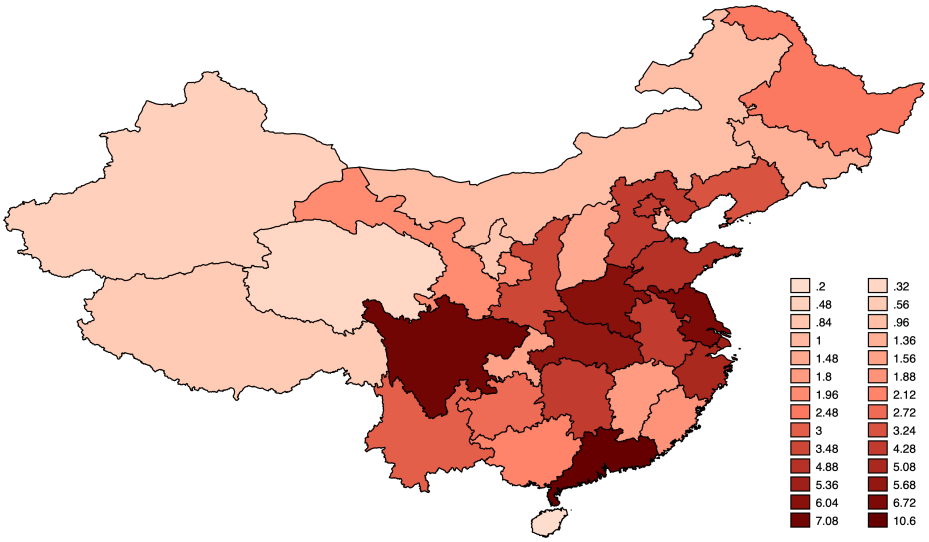
7.1 Experiment Preparation

Profile Summary of Qualitative Interviewees

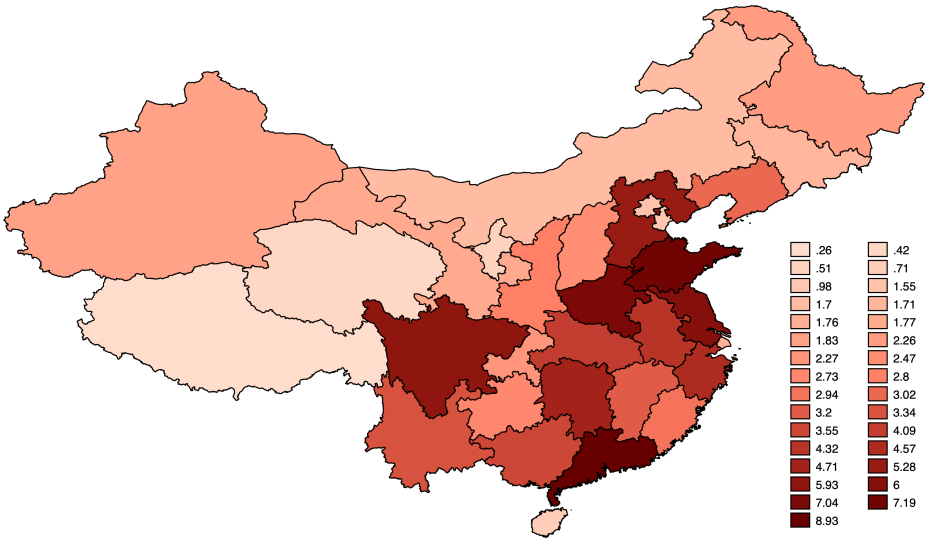
Gender	Age	Household Registration (*Hukou*)	Occupation	Income(yuan/month)	Social Class
Male	51	Beijing, Metropolis	IT research	Unclear but "competitive"	Middle Class
Female	49	Beijing, Metropolis	Publisher, Mid-level Management	Unclear but "ok"	Middle Class
Female	61	Shandong, Urban	Retired	2.5 k	Lower Middle Class
Female	32	Shandong, Rural	Middle School Teacher	5k	Lower Middle Class
Female	70	Shandong, Non-agricultural	Farmer		Lower Class
Male	60	Henan, Agricultural	University Staff		Middle Class
Female	37	Hebei, Urban	Masseuse	5k-6k	Lower Middle Class
Male	21	Henan, Rural	Hairdresser	10k	Lower Middle Class
Male	45	Beijing Metropolis	Taxi Driver	8k	Lower Middle Class
Female	39	Hebei, Rural	Cook	5k	Lower Class
Female	45	Hebei, Rural	Security Guard		Lower Class
Male	30	Guangzhou, Metropolis	Civil Servant	20k	Middle Class
Male	32	Zhejiang, City	Civil Servant		Middle Class
Male	47	Shenzhen, Metropolis	Enterpreneur	83-250k	Upper Middle Class
Female	58	Guangdong, Urban	Retired	(Family) 6-7k	Lower Middle Class
Male	22	Henan, Rural	Car Repair	5k	Lower Class
Male	25	Jiangxi, Urban	Bank Teller	5k	Lower Middle Class
Male	60	Shandong, Rural	Hired Farmer	4k	Lower Class
Male	33	Hubei, Rural	Hairdresser	6-7k	Lower Middle Class
Male	23	Jiangxi, Urban	Engineer in a State-owned Enterprise	6-7 k	Lower Middle Class

7.2 Geographical Outreach of the Online Experiment

Population Share at the Province Level (Sample Figure - Percent)



Population Share at the Province Level (National Figure - Percent)



7.3 Randomization Protocol

Our data were collected online by a leading market research firm in China between September 3 and September 15, 2021. The total sample size was 2,500 and was collected through a quota system. To ensure that each treatment group (including the control group) was as nationally representative as possible, we adopted the following randomization protocol.

1. Multiply the demographic quota by the treatment group size (sub-sample size) to calculate the number of questionnaires needed in each demographic "slot."

   For example, if the first treatment group consists of 300 people and requires 150 men and 150 women, then a "slot" of 150 men and a “slot” of 150 women are created based on the demographic quota. For more details on the exact quotas, please refer to the next sub-section of the appendix.

2. Distribute the questionnaire to a first round of potential respondents, randomly assigning them to a treatment group. About 5-10% of them would become eligible for each treatment group.

3. If an individual slot is filled, the system will filter out respondents who satisfy the criterion of this slot. They will be shown a message that says "Thanks for your participation, but you do not satisfy the conditions of this survey," and they will then exit the survey.

4. If there are still unfilled slots after the first round, the survey firm will distribute the questionnaire for a second round to new potential respondents

5. Repeat steps 2 to 4 until all quotas are filled.

7.4 Quotas Imposed

Quota Scheme for the Main Survey (N=2,500)

Variable	Quotas
Gender	50% male
	50% female
Age	Between 18 and 35 years old (including 35 years old): 40%
	Between 35 and 50 years old (including 50 years old): 40%
	Over 50 years old: 20%
Geographical Region	North China: 12%
	Northeast China: 7%
	East China: 30%
	Central China: 16%
	South China: 13%
	Southwest China: 15%
	Northwest China: 7%
Migrant Status	Migrant Status: 30%
	Non-Migrant Status: 70%
Usual Residence	Urban/Peri-urban residence: 64%
	Rural residence: 36%
Income	Gross personal income up to ¥50,000 per year (including those with no income): 50%
	Gross personal income of ¥50,000 to ¥100,000 per year (including ¥100,000): 30%
	Gross personal income of ¥100,000 or more per year: 20%
Education	Junior high school degree and below: 60%
	High school education and below, junior high school education and above: 20%
	College/College-level Vocational School degree and above: 20%

Notes: Quotas for age, geographical region, migrant status, education and usual residence are based on the Seventh National Population Census of the People's Republic of China (the 2020 Chinese Census).
Quotas for income are based on World Inequality Database.
Geographical region asks one's current place of residence.
Migrant status: If one's household registration (*hukou*) does not match her current place of residence, we consider that person a migrant.

7.5 Baseline Characteristics of the Study Sample

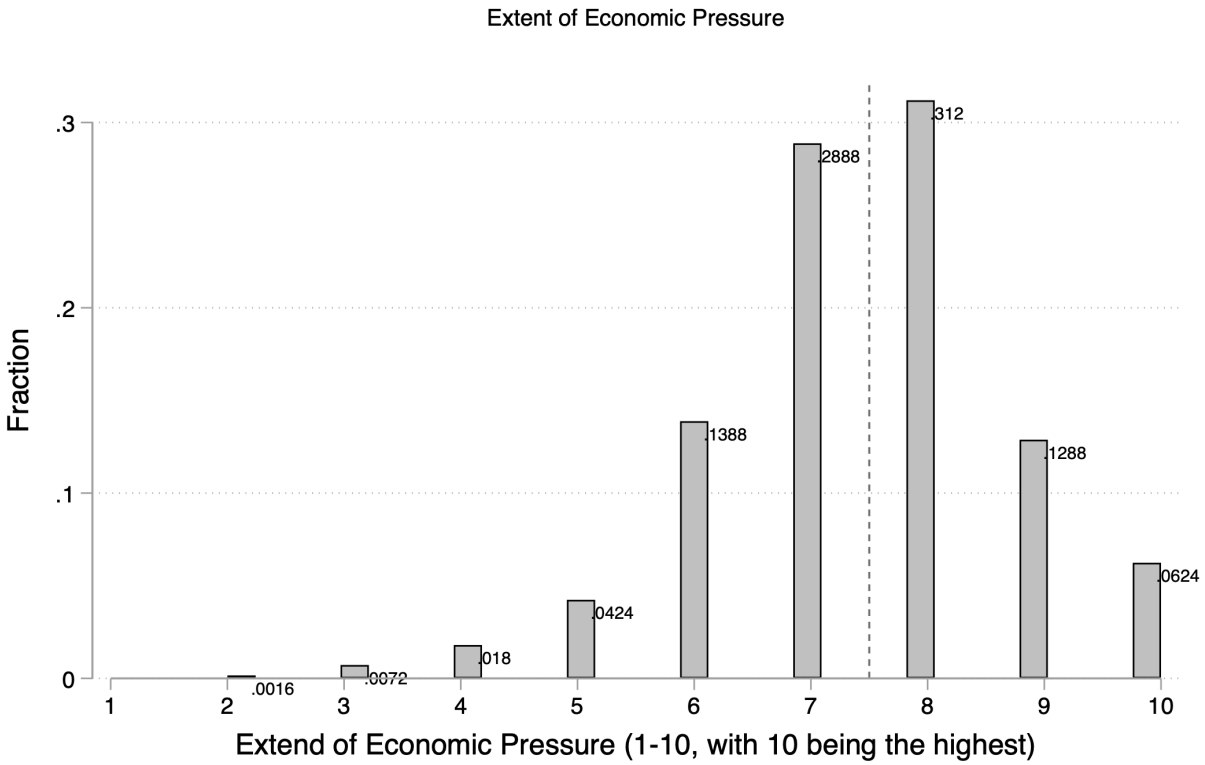
Table 4: Baseline Characteristics - Compared with the Latest National Figures

Characteristics	(1) Our Sample	(2) National Figures
Gender (male)	0.50	0.5124
Median Age	38	38.4
Fraction of College Graduates	0.20	0.154
Median Pre-Tax Income Per Adult	¥ 45,000	¥ 46,749 (2019 - WID)
Fraction of Migrant	0.30	0.345
Mean Household Size	3	2.62
Fraction of Urban Dwellers	0.64	0.6389
Mean Years of Schooling	10.5	9.91
Fraction of CCP Members	0.0544	0.067
Fraction in Public Sector	0.1692	NA

Notes: Data source for national figures excluding income: the 2020 Chinese Census. Data source for income: World Inequality Database. We didn't obtain a precise figure on the share of public sector employers at the national level, hence we didn't impose any quota in the survey and cannot make concrete comparison between our survey and the country-level statistic.

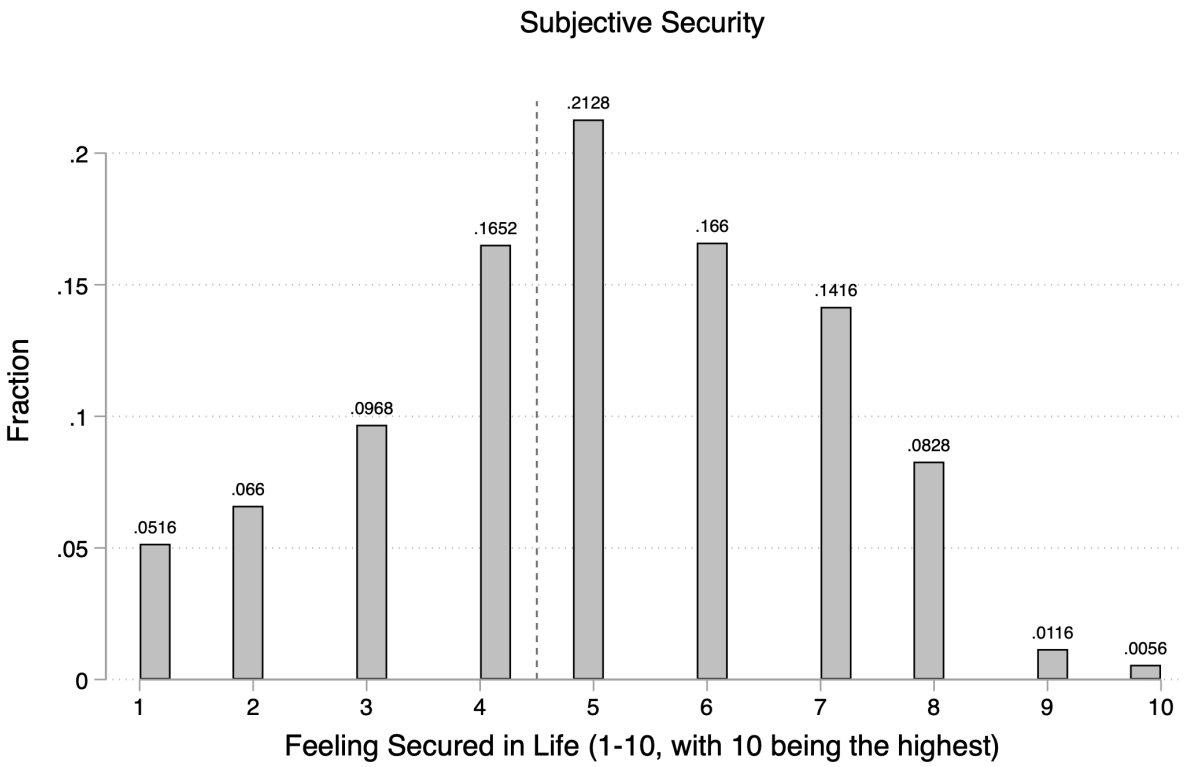
7.6 Subjective Economic Pressure, Life Satisfaction and Feeling Secured

Figure 7.1: Distribution of Subjective Assessment of Economic Pressure



Notes: Distribution of subjective pressure, N = 2500. The question for subjective economic pressure asks, "What is the level of economic pressure your family is currently experiencing? If 1 represents no pressure and 10 represents a lot of pressure, what level would you say your family's economic pressure is at?"

Figure 7.2: Distribution of Subjective Assessment of Feeling Secured



Notes: Distribution of subjective security, N = 2500. The question for subjective security asks "Do you feel that your life is secure? If 1 represents 'I have no security at all, anything could happen at any time,' and 10 represents 'I am not very worried about sudden unemployment/illness, and my life is very secure,' where would you rate your level of concern?

7.7 Representative Vignettes in Treatment Arm One and Two

- **Treatment Arm One: Getting Rich via Transition Premium**

  Since reform and opening up, China has seen a significant increase in national wealth. Some people have become rich through various means. For example, please read the following three stories.

  1. Wang is the owner of a medium-sized enterprise located in a city of the Zhejiang Province. Since 2000, he has been a member of a local real estate hunting group, where he has been buying real estate around the country for investment purposes. The group's practice of purchasing together makes bargaining with developers easier, and Wang has turned his initial investment of 1.1 million into 10 million in just a few years.

  2. Li's family resides in a city in Jiangsu Province. His parents started a successful family business and have gained considerable wealth in their hometown after many years of operation. Li struggled with academics as a child and was sent to study abroad by his parents. After obtaining his college degree and returning to China, he joined the family business and now serves as the Vice CEO. Liu, who is the same age as Li, graduated from a prestigious university and joined the company as a sales manager, earning an annual salary of 120,000 yuan. Both Li and Liu work tirelessly, but Li earns 30 times more than Liu.

  3. The Zhang family purchased a small property in the urban village of Shenzhen in 2000, measuring approximately 120 square meters, for a price of some 100,000 yuan. In 2019, demolition finally took place, and the compensation standard was set at 100,000 yuan per square meter. With the compensation of 12 million yuan, the Zhang family became instant millionaires.

- **Treatment Arm Two: Remaining in Poverty due to Misfortunes**

  Since reform and opening up, China has seen a significant increase in national wealth. Some people are still poor for various reasons, however. For example, please read the following three stories.

  1. Wang, who resides in a city in Hebei Province, used to work at a factory until he was laid off three years ago due to the company's underperformance. Due to his age and health issues, he found temporary employment. Wang and his wife, who works as a sanitation worker, have to support their elderly parents and their school-going child, making their financial situation extremely challenging, and could hardly save much money.

  2. Li and his wife reside in a village in Jiangxi Province and earn their livelihood mostly through farming and part-time jobs. After years of hard work, they were finally able to send their only son to college in Nanchang. After graduating from college, their son stayed in Nanchang for work. As life gets better, however, Li's wife was diagnosed with uremia. Their son, who had just started working, doesn't have much savings. The medical expenses drained all their savings, leading the family back to poverty.

  3. Zhang lost her job because her company shut down shortly after she gave birth to her second child, and since then, she has been a homemaker. At the age of 39, her husband divorced her for another woman, leaving her with limited assets and minimal child support that is often overdue. To support her two children, she works multiple jobs, including as a janitor during the day and as a part-time worker at a nearby restaurant at night. Despite her tireless efforts, she finds it difficult to make ends meet and often has to resort to borrowing money for her children's education.

7.8 Details of Outcomes of Interest

- **Policies pertaining to taxing the rich**

    1. Asset tax (tax on the very rich): For whatever reason, the rich should pay an annual asset tax if their total assets exceed a certain limit.

    2. The top 0.1% of the ultra-high income group (1.4 million people) would be subject to annual state audits and disclosure of their income sources.

    3. Real estate taxes should be imposed on people who own two or more real estate properties

    4. Unconditional maximum income limit: No one can have an annual income above a ceiling for any reason.

    5. We should strictly restrict the rich people from transferring assets overseas.

- **Policies pertaining to helping the poor**

    1. Students from poor families or underdeveloped areas should have reserved quota in key universities and key high schools.

    2. Low-income families would be reimbursed for most treatment costs for serious chronic and major illnesses.

    3. Set a uniform national minimum wage and the amount of the minimum wage will be further increased.

    4. Urban affordable housing will be further expanded, mainly for young working people and those whose parents do not own urban housing.

    5. Expanding the minimum living assistance program (*Dibao*) to more than twice its current coverage and increasing the amount of benefits.

    6. The starting point of personal income tax should be further increased (cur-

rently the starting point is $5,000).

7. Urban residents in developed areas will be obliged to go to poor areas for a year of compulsory rural work and poverty alleviation before the age of 30.

- **Statements pertaining to government responsibility**

1. Our government should take strong action to reduce the gap between the rich and the poor.

2. The government should use uniform test questions and admissions standards to allow everyone to compete fairly for higher education admissions.

3. Our government has a responsibility to provide appropriate jobs for everyone who wants to work.

4. It is just to let the government regulate the distribution of wealth and income.

7.9 Additional Analyses

Table 5: Treatment Effects on Detailed Policy Outcomes (1)

VARIABLES	(1) Wealth Tax	(2) Property Tax	(3) Auditing	(4) Capital Control
Getting Rich	**-0.0722****	-0.0135	-0.0373	**-0.0768****
	(0.0338)	(0.0383)	(0.0337)	(0.0325)
Getting Rich + Tax Salience	**-0.0547***	0.0128	**-0.1010*****	-0.0406
	(0.0329)	(0.0379)	(0.0355)	(0.0308)
Staying Poor	-0.0359	0.0214	-0.0133	-0.0156
	(0.0326)	(0.0378)	(0.0321)	(0.0305)
Staying Poor + Tax Salience	-0.0354	-0.0005	-0.0089	-0.0437
	(0.0328)	(0.0389)	(0.0322)	(0.0314)
Macro Narrative	0.0164	**0.0810****	-0.0064	0.0071
	(0.0294)	(0.0349)	(0.0306)	(0.0283)
Micro Narrative	0.0204	**0.0638***	0.0057	-0.0154
	(0.0287)	(0.0353)	(0.0309)	(0.0289)
Growth & Redistribution	-0.0213	-0.0017	-0.0191	-0.0009
	(0.0301)	(0.0365)	(0.0309)	(0.0283)
Income & Mobility Updating	-0.0279	-0.0124	**-0.0647****	-0.0315
	(0.0306)	(0.0368)	(0.0328)	(0.0296)
Observations	2,500	2,500	2,500	2,500
CF Partialling-Out Controls	YES	YES	YES	YES
Control Mean	0.840	0.690	0.813	0.853
No. of Controls Selected	17	24	29	19

*** p<0.01, ** p<0.05, * p<0.1.

Table 6: Treatment Effects on Detailed Policy Outcomes (2)

VARIABLES	(1) Income Ceiling	(2) Poor Student Quota	(3) Free Healthcare Poor	(4) Raise Min. Wage
Getting Rich	-0.0234	-0.0506	-0.0268	-0.0343
	(0.0411)	(0.0395)	(0.0242)	(0.0338)
Getting Rich + Tax Salience	-0.0275	-0.0370	-0.0334	-0.0560*
	(0.0413)	(0.0395)	(0.0244)	(0.0336)
Staying Poor	-0.0145	0.0559	0.0101	-0.0525
	(0.0411)	(0.0384)	(0.0219)	(0.0341)
Staying Poor + Tax Salience	-0.0688*	0.0362	0.0007	0.0114
	(0.0409)	(0.0383)	(0.0224)	(0.0318)
Macro Narrative	0.0276	0.0250	-0.0079	-0.0138
	(0.0392)	(0.0376)	(0.0217)	(0.0319)
Micro Narrative	-0.0325	0.0564	0.0039	0.0234
	(0.0390)	(0.0361)	(0.0216)	(0.0305)
Growth & Redistribution	0.0267	0.0291	0.0016	-0.0117
	(0.0397)	(0.0375)	(0.0217)	(0.0321)
Income & Mobility Updating	-0.0482	0.0211	-0.0116	-0.0444
	(0.0388)	(0.0369)	(0.0220)	(0.0325)
Observations	2,500	2,500	2,500	2,500
CF Partialling-Out Controls	YES	YES	YES	YES
Control Mean	0.473	0.657	0.920	0.823
No. of Controls Selected	22	21	23	22

*** p<0.01, ** p<0.05, * p<0.1.

Table 7: Treatment Effects on Detailed Policy Outcomes (3)

VARIABLES	(1) Social Housing	(2) Double Dibao	(3) Raise Income Tax Threshold	(4) New Sent-down
Getting Rich	**0.0621****	-0.0242	-0.0361	0.0326
	(0.0306)	(0.0368)	(0.0350)	(0.0403)
Getting Rich + Tax Salience	0.0137	-0.0047	-0.0241	0.0817**
	(0.0324)	(0.0359)	(0.0347)	(0.0405)
Staying Poor	0.0235	0.0267	0.0061	0.0422
	(0.0323)	(0.0357)	(0.0338)	(0.0404)
Staying Poor + Tax Salience	0.0551*	0.0534	0.0032	0.0286
	(0.0311)	(0.0347)	(0.0335)	(0.0415)
Macro Narrative	0.0564*	0.0268	0.0262	0.0502
	(0.0295)	(0.0340)	(0.0312)	(0.0382)
Micro Narrative	**0.0590****	**0.0764****	-0.0246	0.0403
	(0.0294)	(0.0334)	(0.0329)	(0.0388)
Growth & Redistribution	0.0344	0.0302	-0.0228	0.0603
	(0.0311)	(0.0338)	(0.0327)	(0.0389)
Income & Mobility Updating	0.0573*	0.0309	-0.0193	0.0530
	(0.0293)	(0.0345)	(0.0328)	(0.0389)
Observations	2,500	2,500	2,500	2,500
CF Partialling-Out Controls	YES	YES	YES	YES
Control Mean	0.810	0.727	0.793	0.473
No. of Controls Selected	21	24	19	27

*** p<0.01, ** p<0.05, * p<0.1.

Table 8: Treatment Effects on Detailed Policy Outcomes (4)

VARIABLES	(1) Reduce Income Gap	(2) Job Provision	(3) Redist. Just	(4) Edu. Admission Standardize
Getting Rich	-0.0366	**-0.0933*** **	**-0.0914** **	-0.0442
	(0.0267)	(0.0353)	(0.0362)	(0.0345)
Getting Rich + Tax Salience	-0.0241	-0.0486	-0.0512	-0.0480
	(0.0258)	(0.0345)	(0.0359)	(0.0343)
Staying Poor	-0.0019	-0.0517	**-0.1003*** **	-0.0589*
	(0.0250)	(0.0344)	(0.0369)	(0.0352)
Staying Poor + Tax Salience	-0.0236	-0.0095	**-0.0991*** **	-0.0377
	(0.0262)	(0.0321)	(0.0361)	(0.0348)
Macro Narrative	**-0.0574** **	0.0068	-0.0430	0.0163
	(0.0262)	(0.0309)	(0.0340)	(0.0319)
Micro Narrative	0.0002	-0.0174	-0.0003	0.0032
	(0.0237)	(0.0315)	(0.0331)	(0.0317)
Growth & Redistribution	-0.0037	0.0102	-0.0178	-0.0038
	(0.0239)	(0.0308)	(0.0337)	(0.0320)
Income & Mobility Updating	-0.0198	-0.0219	-0.0497	-0.0093
	(0.0247)	(0.0315)	(0.0342)	(0.0321)
Observations	2,500	2,500	2,500	2,500
CF Partialling-Out Controls	YES	YES	YES	YES
Control Mean	0.900	0.807	0.770	0.813
No. of Controls Selected	30	22	27	21

*** p<0.01, ** p<0.05, * p<0.1.

Table 9: Causes of Wealth & Poverty

Panel A: Causes of Wealth			
Survey Wave	2004	2009	2014
Ability	**0.693**	**0.728**	**0.706**
Efforts	**0.615**	**0.680**	**0.679**
Connections	0.599	0.514	0.589
Education	0.601	0.564	0.468
Opportunity	0.452	0.403	0.523
Luck	0.391	0.342	0.397
Dishonesty	0.174	0.179	0.205
System	0.259	0.202	0.284
Family		0.426	0.473
Parental education		0.304	0.331
Ambition		0.472	0.488
Panel B: Causes of Poverty (a lack thereof)			
Survey Wave	2004	2009	2014
Ability	**0.612**	**0.651**	**0.634**
Efforts	**0.538**	**0.649**	**0.613**
Discrimination	0.212	0.199	0.250
Education	0.541	0.532	0.423
Opportunity	0.273	0.257	0.361
Luck	0.269	0.279	0.291
Character	0.311	0.320	0.337
System	0.210	0.154	0.233
Family		0.311	0.344
Parental education		0.232	0.251
Ambition		0.412	0.423

Notes: Numbers indicate the fraction of individuals answered "agree" or "strongly agree" that a given factor is important in either a person becomes rich or stays poor.
Source: China Inequality and Distributive Justice Survey

7.10 Protocol for Inter-generational Occupation Mobility Calculation

Chinal General Social Surveys (CGSS) We use the pooled sample of the China General Social Survey (CGSS) in the 2010s, including the following four waves: 2011, 2013, 2015 and 2017. The CGSS contains the respondents' and their father's occupations coded following the International Standard Classification of Occupations (ISCO). We take the ISCO code at first-digit level, and coded the occupational status accordingly in the following way:

- **High-Income Occupation**: Managers and Professionals (ISCO one-digit code 0, 1 or 2)
- **Medium-Top Occupation**: Technicians, Clerks and Employees in the Service Industry (ISCO one-digit code 3, 4, 5)
- **Medium-Low Occupation**: Lower-Skilled Workers (ISCO one-digit code 7 or 8)
- **Low-Income Occupation**: Farmers and Unskilled Workers (ISCO one-digit code 6 and 9)

Using this categorization, the persistence figures of high and low socio-economic statuses are respectively 28% and 50%; that is to say, for someone born to a father with a high-income occupation, the chance that he or she also stays in this occuaptional category is 28%. The full results are reported in Table 10.

Our Survey Given the structure of our questions, we are unable to ask our respondents' occupations in the same detail as that in the CGSS; We coded our respondents' and their fathers' socio-economic statuses in the following way:

- **High-Income Occupation**: Private Enterprise Owners, Party and Government Officials, Management and Professionals (inclusive of teachers, doctors, lawyers, etc)
- **Medium-Income Occupation**: Clerks, Workers in the Service Sector and Skilled Workers

- **Low-Income Occupation**: Farmers and Unskilled Workers

The coding of socio-economic status in our survey is slightly different from the CGSS coding at the top. In the CGSS, we code genuinely representative high-income managerial and professional jobs as proxies high socio-economic status, whereas in our survey the standard is slightly relaxed to include professionals at a lower level. Meanwhile, the coding for the proxy of low socio-economic status (farmers and low-skilled workers) is the same.

Using this coding methodology, we observe that the persistence of high and low socio-economic status are respectively 38% and 47%; The statistic for the bottom-occupation category is very similar to the one obtained from the CGSS, while the figure for the top-occupation category is larger. This is somewhat expected as the bottom-occupation definition are the same and given that our definition of top-income occupation is also broader.

Table 10: Socio-economic Status and Social Mobility Indexes from the CGSS (2011-2017)

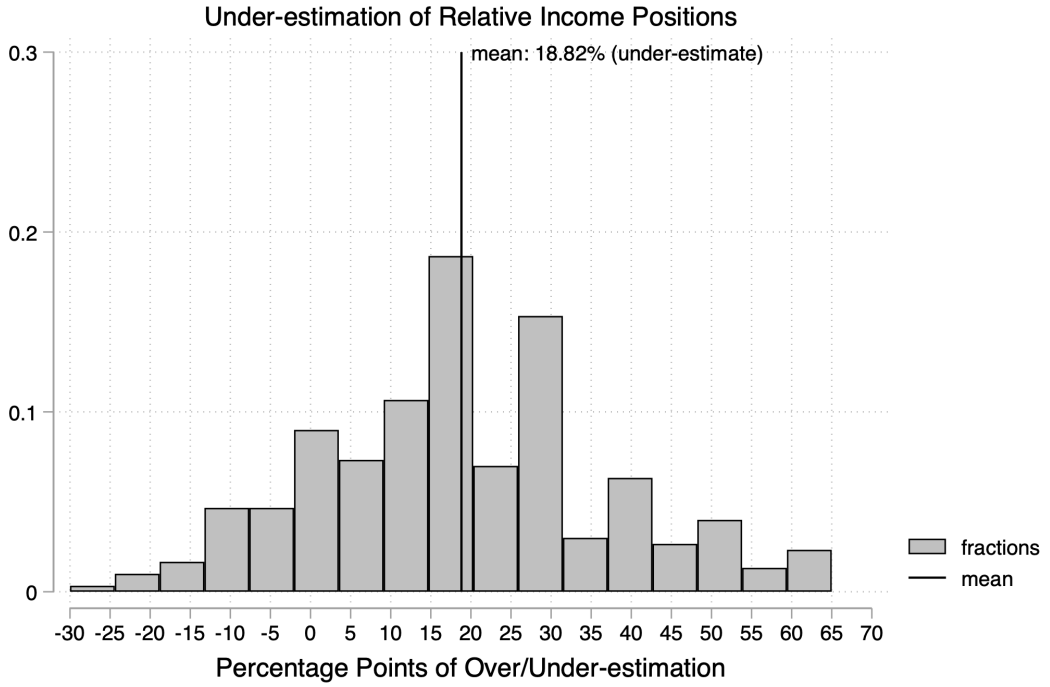
	Children's Socio-Economic Status (SES)				
	Low-Income	Mid-Low	Mid-High	High-Income	Total
Father's SES	Obs/pct	Obs/pct	Obs/pct	Obs/pct	Obs/pct
Low-Income	12811	4457	5003	2099	24370
	50%	19%	22%	9%	100%
Mid-Low	574	1129	1596	633	3932
	14%	28%	41%	17%	100%
Mid-High	573	686	1691	790	3740
	14%	17%	46%	23%	100%
High-Income	581	449	1157	827	3014
	19%	14%	39%	**28%**	100%
Total	14539	6721	9447	4349	35056
	39%	19%	28%	13%	100%

Table 11: Socio-economic Status and Social Mobility Indexes - Our Survey

	Children's Socio-Economic Status (SES)			
	Low-Income	Medium-Income	High-Income	Total
Father's SES	Obs/pct	Obs/pct	Obs/pct	Obs/pct
Low-Income	657	681	53	1391
	47.23%	48.96%	3.81%	100%
Medium-Income	71	486	116	673
	10.55%	72.21%	17.24%	100%
High-Income	18	124	87	229
	7.86%	54.15%	**37.99%**	100%
Total	746	1291	256	2293
	32.53%	56.30%	11.16%	100%

7.11 Income Position and Mobility Updating

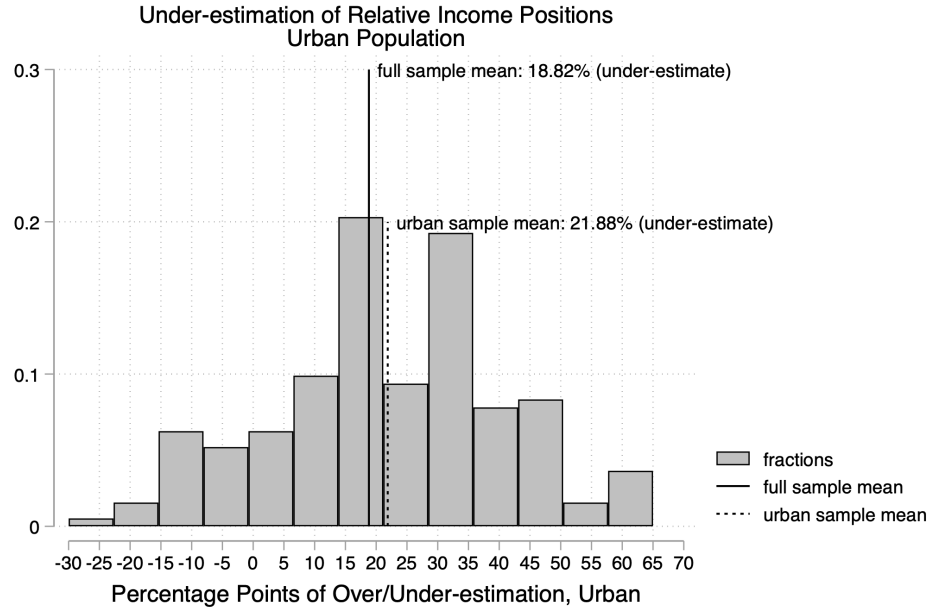
Figure 7.3: Over- and Under-estimation of Relative Income Positions



Notes: A positive percentage point indicates under-estimation and a negative percentage point indicates over-estimation. On average, the Chinese citizens under-estimate their relative income positions by 18.82 percentage points.

Figure 7.4: Over- and Under-estimation of Relative Income Positions (Urban and Rural Divide)

(a) Over- and Under-estimation of Relative Income Positions (Urban)



(b) Over- and Under-estimation of Relative Income Positions (Rural)

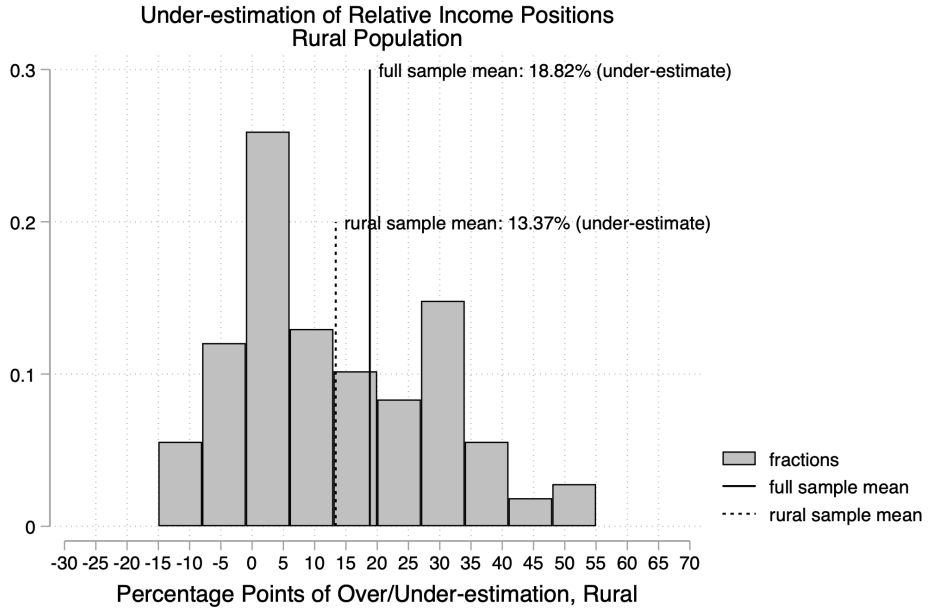
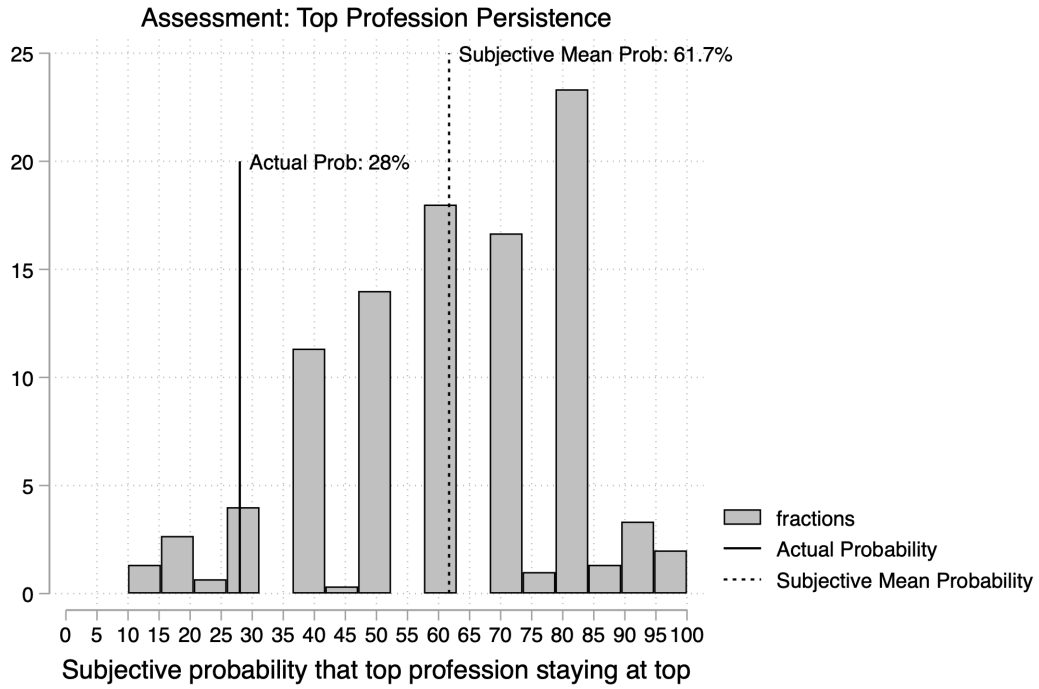


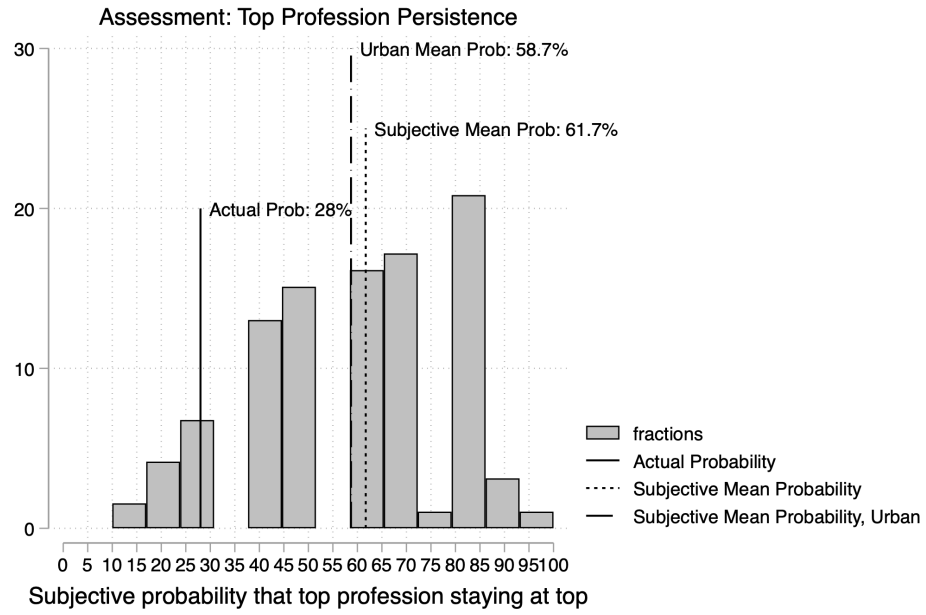
Figure 7.5: Over-estimation of Inter-generational Top-Income Occupation Persistence



Notes: The chance of staying in top socio-economic category is 28%, but the average perception is around 62%.

Figure 7.6: Over-estimation of Inter-generational Top-Income Occupation Persistence (Urban-Rural Divide)

(a) Over-estimation of Top-Income Occupation Persistence (Urban)



(b) Over-estimation of Top-Income Occupation Persistence (Rural)

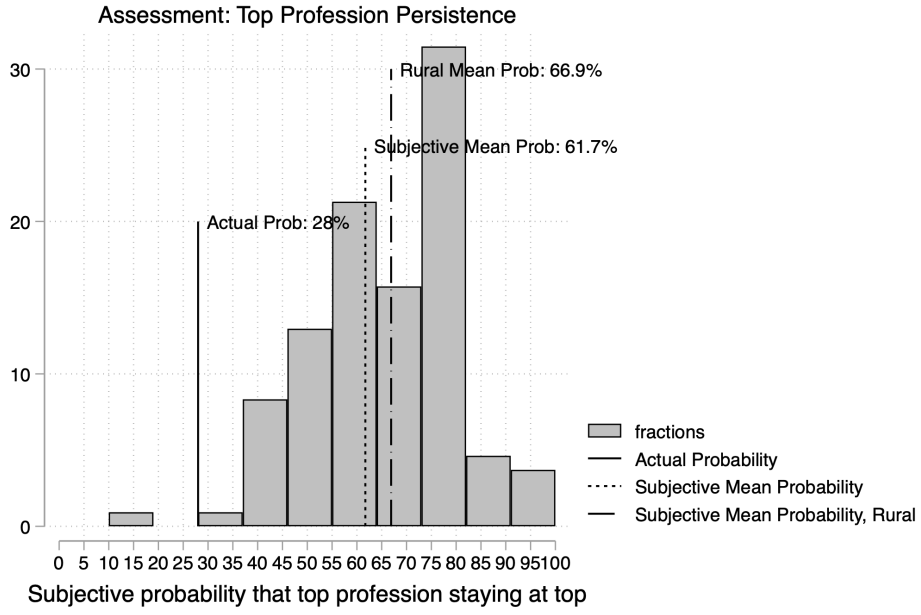
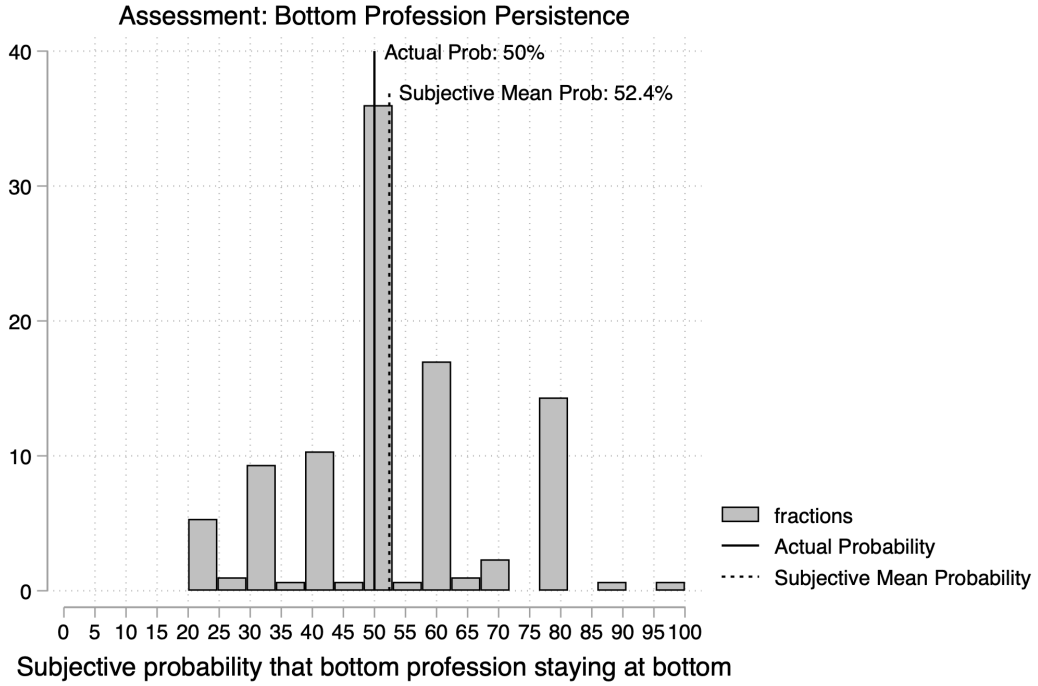


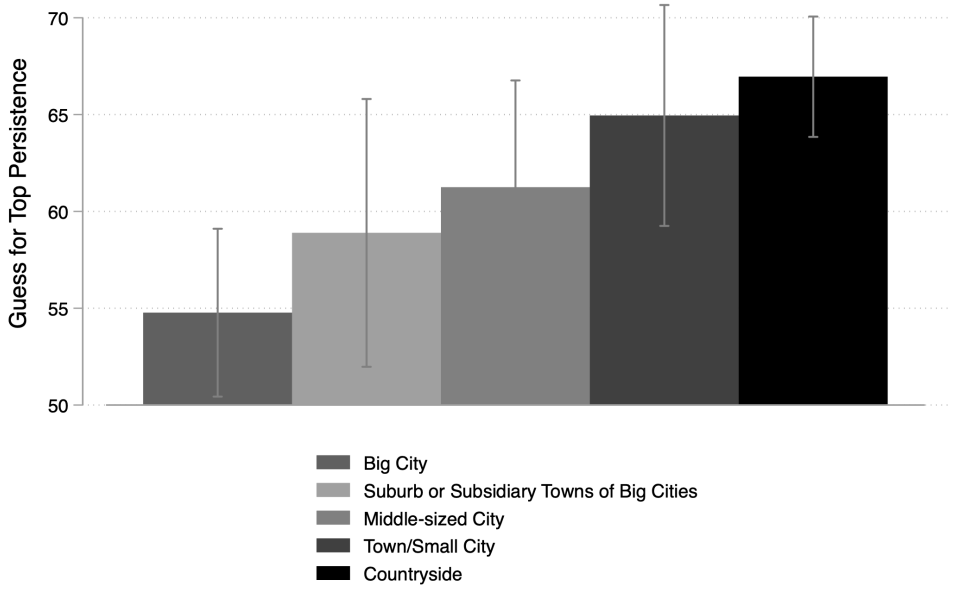
Figure 7.7: Correct Estimation of Inter-generational Bottom-Income Occupation Persistence



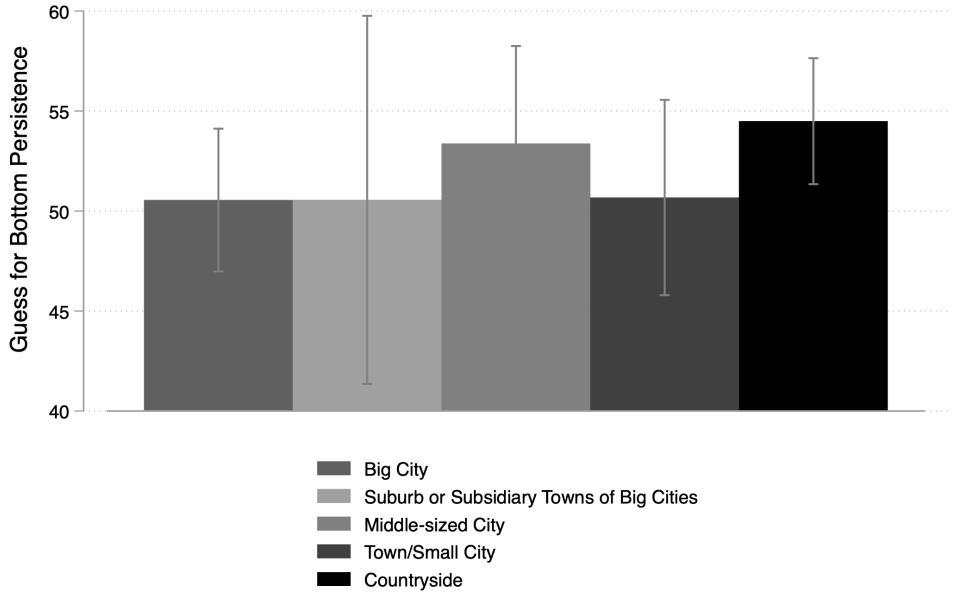
Notes: People guessed relatively correctly the change of getting out of the lowest socio-economic category.

Figure 7.8: Average Estimation of Inter-generational Top-Income Occupation Persistence by Places of Residence

(a) Over-estimation of Top-Income Occupation Persistence by Places of Residence



(b) Average Estimation of Inter-generational Bottom-Income Occupation Persistence by Place of Residence



7.12 Quotas Imposed in the Supplementary Survey

Quota Scheme for the Supplementary Survey (N=360)

Variable	Quotas
Gender	50% male
	50% female
Geographical Region	North China: 12%
	Northeast China: 7%
	East China: 30%
	Central China: 16%
	South China: 13%
	Southwest China: 15%
	Northwest China: 7%
Income	Gross personal income up to ¥50,000 per year (including those with no income): 50%
	Gross personal income of ¥50,000 to ¥100,000 per year (including ¥100,000): 30%
	Gross personal income of ¥100,000 or more per year: 20%
Education	Junior high school degree and below: 60%
	High school education and below, junior high school education and above: 20%
	College/College-level Vocational School degree and above: 20%

Notes: Compared to the quotas imposed on the main survey (N=2,500), for the supplementary survey we only imposed quotas on the dimensions related to gender, geographical region, income and education.

7.13 Vignettes of People Getting Rich in the Supplementary Survey

Below is a list of the 13 representative scenarios of people getting rich in China during the reform and opening-up era used in our supplementary survey ($N = 360$).

1. **Lottery**: Mr. A won ten million in a lottery (this is used as the first benchmark example of getting rich to be compared to in our analyses).

2. **Demolition**: Mr. A's family owns an old house in the city center of a major city. During the government's demolition process, he received ten million yuan in compensation.

3. **Housing Arbitrage**: Mr. A invested in real estate across the country, profiting ten million yuan through strategies like group speculation in housing and negotiating collectively with developers (housing arbitrage).

4. **Firm Inheritance**: Mr. A's parents founded a construction materials company. After graduating from college, he took over the business from his parents and has now earned ten million yuan.

5. **Connection Inheritance**: Mr. A's parents are leaders in government departments. He operates a local architectural design company and has gained an advantage in numerous project bidding processes through his parents' connections. The company has grown larger over time and earned ten million.

6. **Monopoly**: Mr. A is the exclusive distributor of a famous brand in a certain location and made a profit of ten million yuan due to monopolizing the sales channels.

7. **Hardware Factory**: Mr. A established a hardware processing factory and earned ten million yuan through its operation.

8. **Online Sales**: Mr. A is a somewhat popular internet influencer who earned ten million yuan through live-streaming sales.

9. **Corruption**: Mr. A holds significant power in the local government and handles

a large portion of procurement and bidding projects. He made ten million yuan in kickbacks by favoring specific bidding companies (this is used as the second benchmark example of getting rich to be compared to in our analyses).

10. **Attributed Housing in State-Owned Enterprise (SOE)**: Mr. A worked in a state-owned enterprise (SOE) and purchased a unit of housing at a significantly lower price than the market value in the 1990s. After the rise in property prices, he made a net profit of ten million yuan.

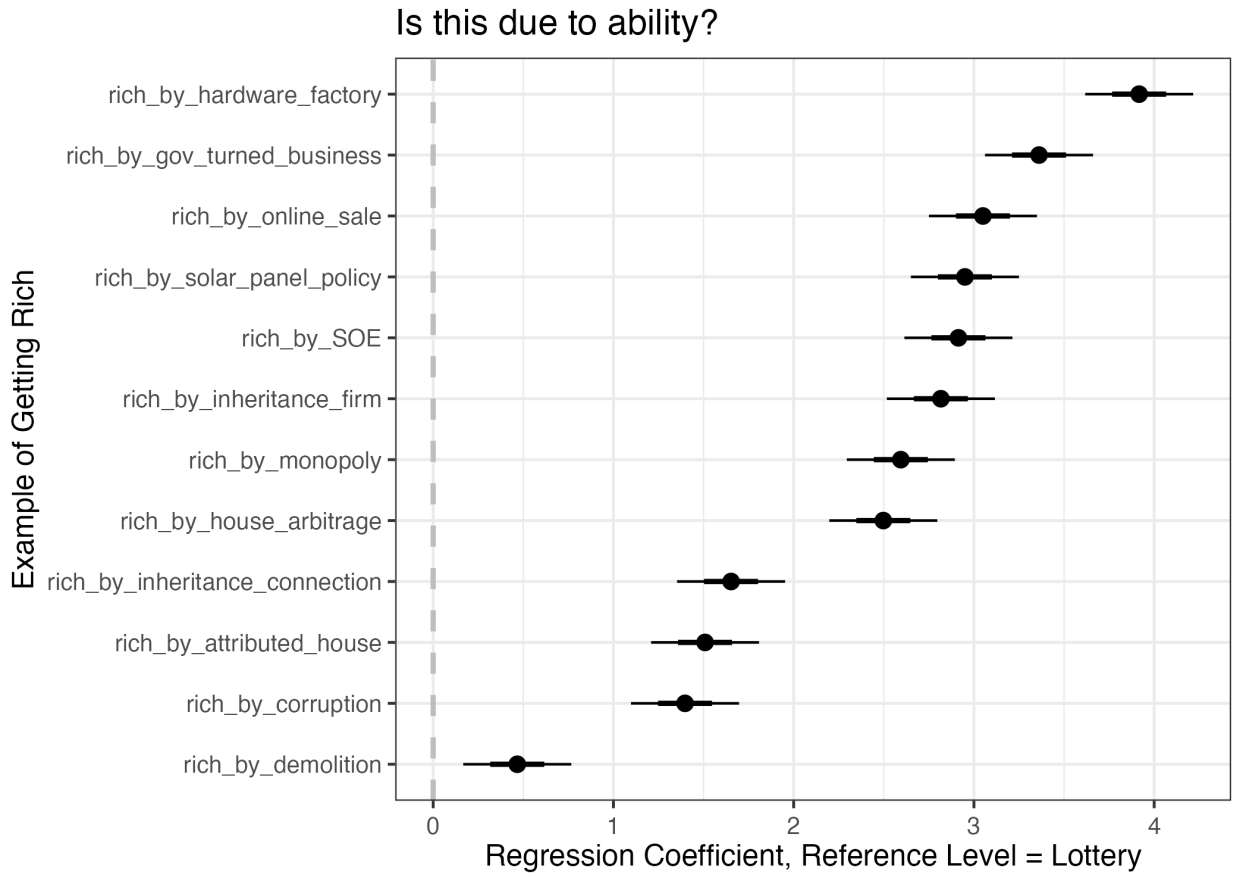
11. **Solar Panel Policy**: Mr. A owns a small factory that produces solar panels. With the government's promotion of renewable energy, his demand skyrocketed, and he made a fortune, earning ten million yuan.

12. **Government Official turned Businessman**: Mr. A used to work as a government official in the late 1990s but later ventured into business. Leveraging his previously established connections, he thrived in the business world, making ten million yuan.

13. **State-Owned Enterprise (SOE) Cadre**: Mr. A used to work in a government agency and later transitioned to a large state-owned enterprise (SOE) in the reform process. He also became an executive in the SOE, enjoying a lucrative salary, and has already earned ten million yuan.

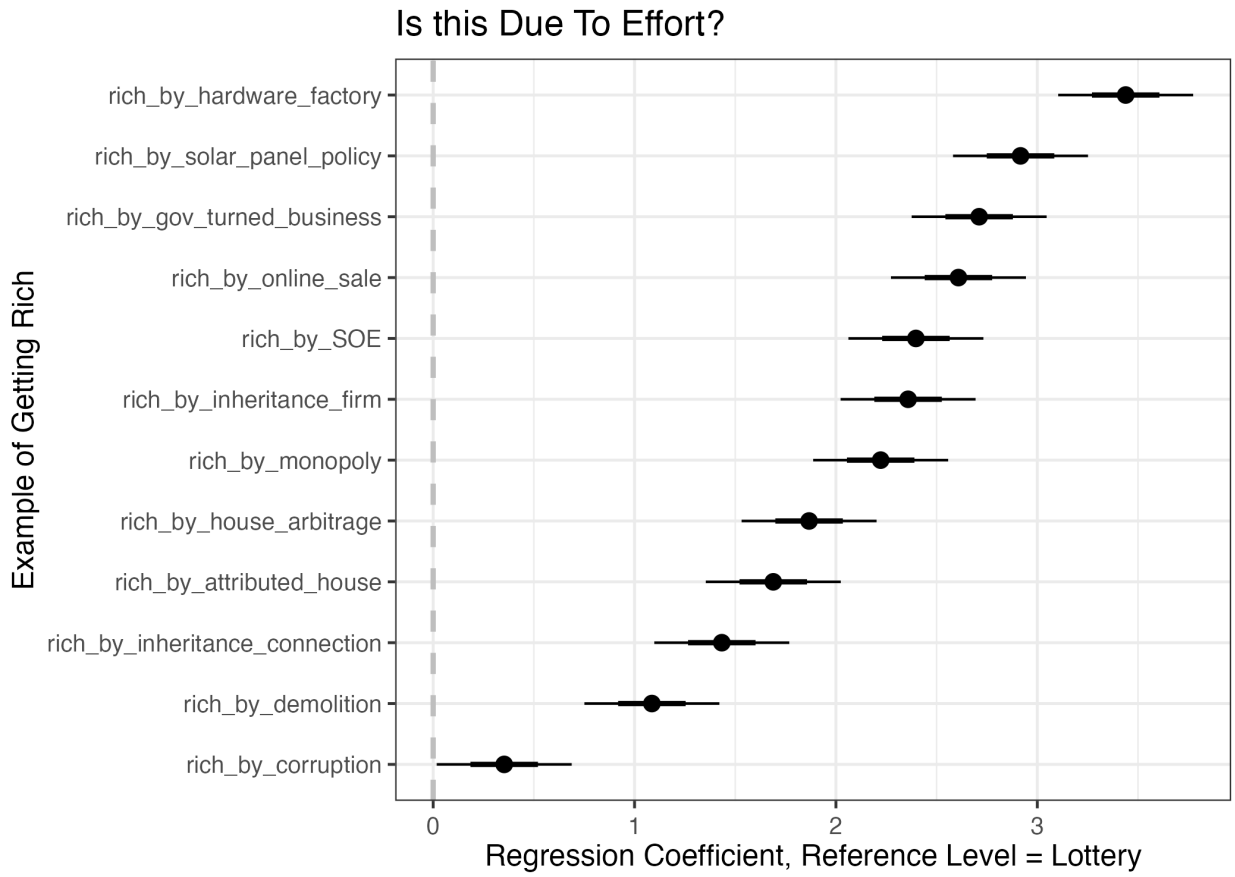
7.14 Beliefs and Fairness Preferences Analyses in the Supplementary Survey

Figure 7.9: The Margins on the Importance of Ability in Getting Rich Relative to Lottery



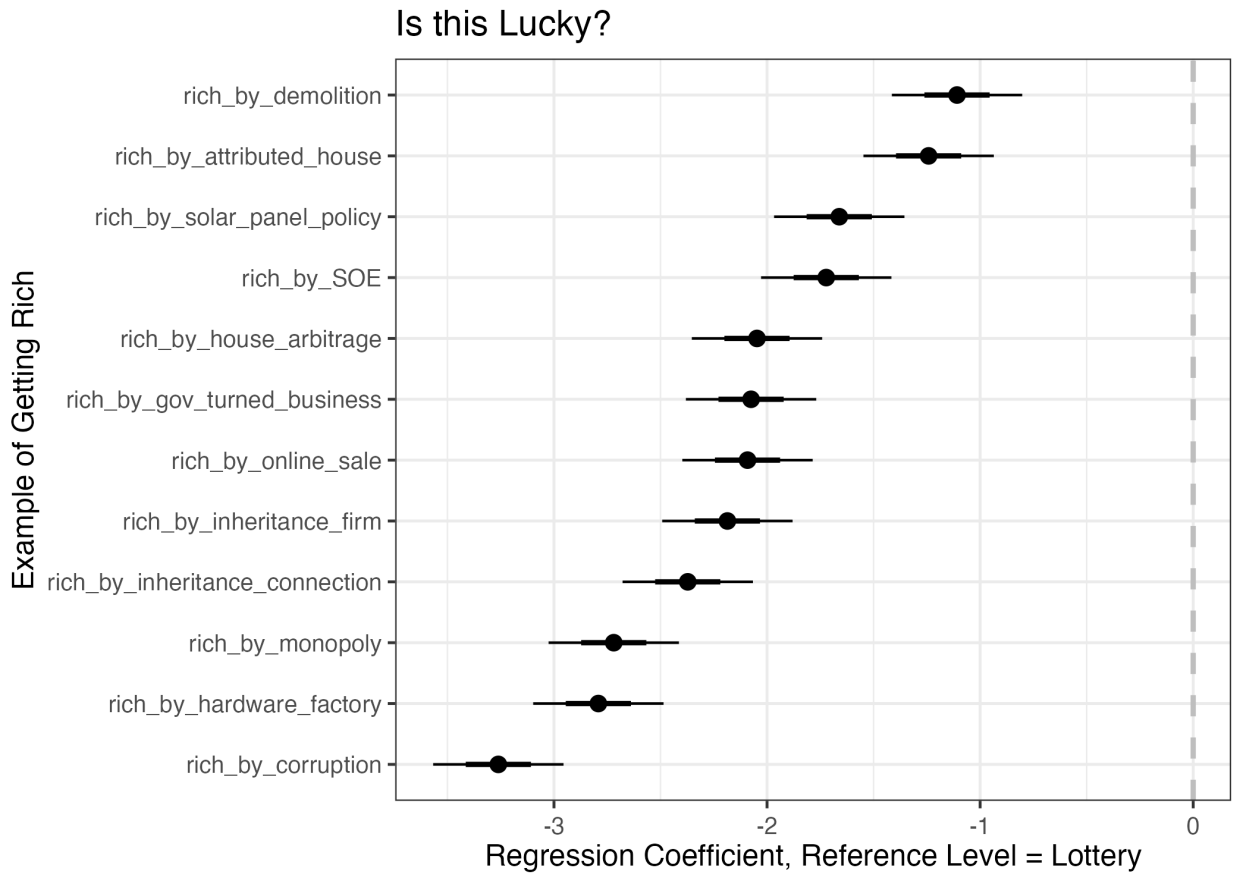
Notes: Regression coefficients at the individual-story level, controlling for demographic characteristics such as age, gender, education, etc. The baseline category for the right-hand-side variable is "getting rich by lottery". Left-hand-side variable is the belief outcome on the importance of ability in getting rich (ranging from 0, the least important to 10, the most important).

Figure 7.10: The Margins on the Importance of Effort in Getting Rich Relative to Lottery



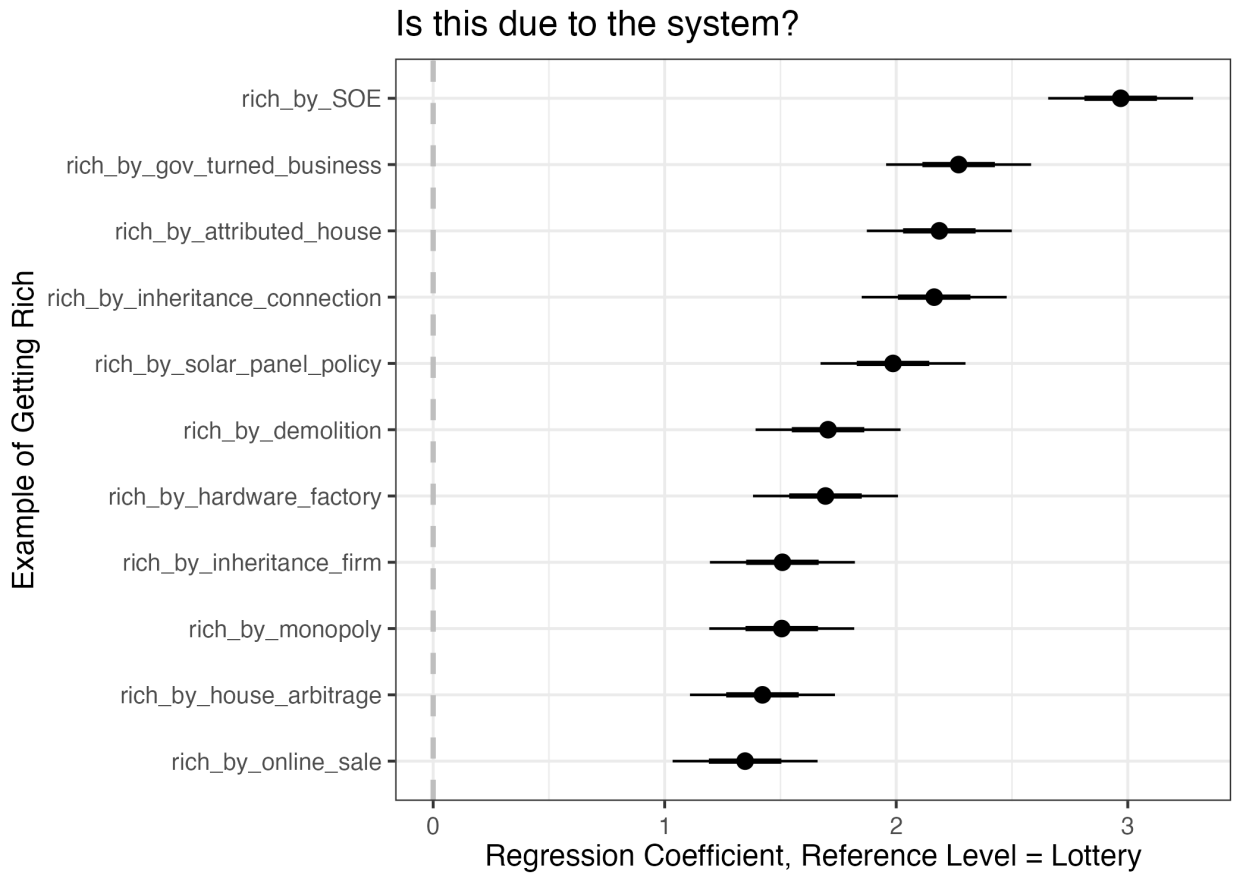
Notes: Regression coefficients at the individual-story level, controlling for demographic characteristics such as age, gender, education, etc. The baseline category for the right-hand-side variable is "getting rich by lottery". Left-hand-side variable is the belief outcome on the importance of effort in getting rich (ranging from 0, the least important to 10, the most important).

Figure 7.11: The Margins on the Importance of Luck in Getting Rich Relative to Lottery



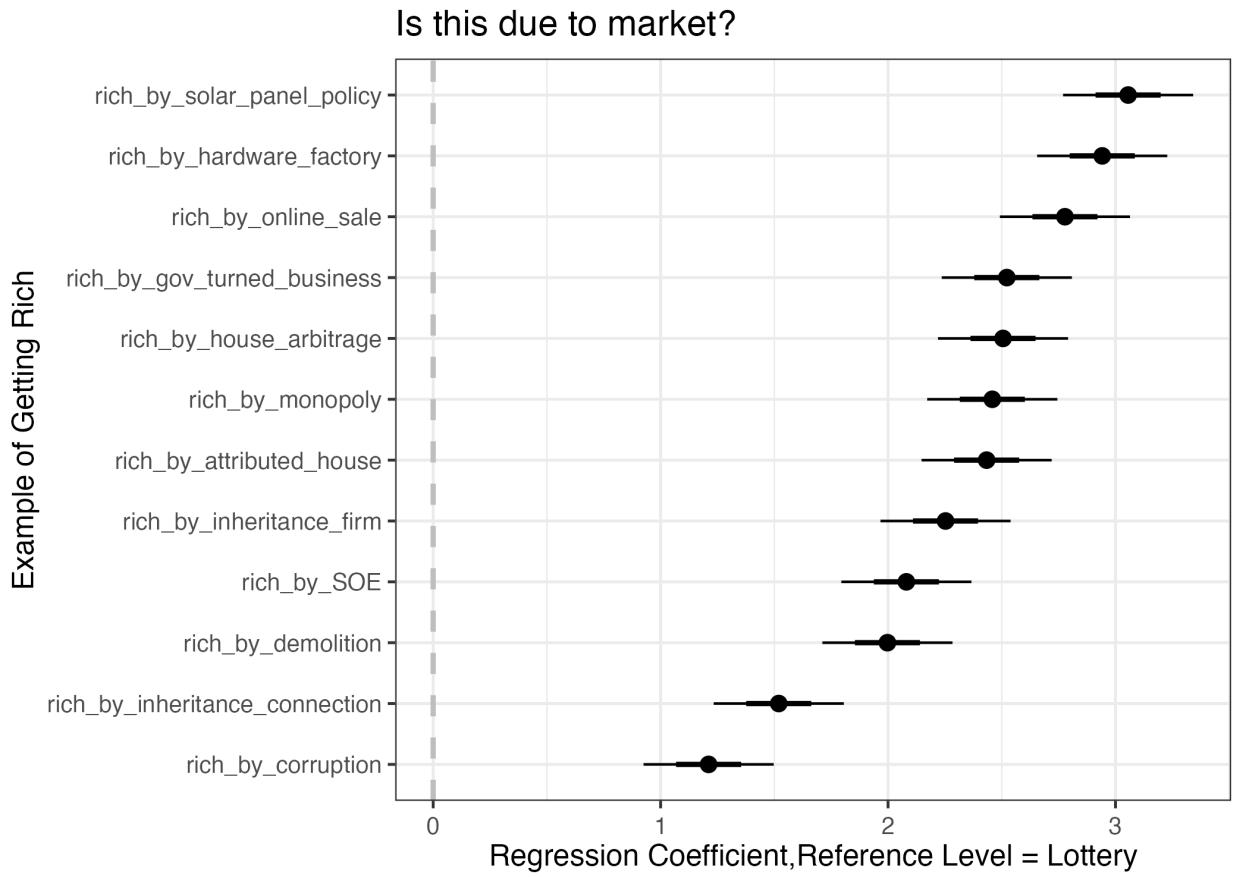
Notes: Regression coefficients at the individual-story level, controlling for demographic characteristics such as age, gender, education, etc. The baseline category for the right-hand-side variable is "getting rich by lottery". Left-hand-side variable is the belief outcome on the importance of luck in getting rich (ranging from 0, the least important to 10, the most important).

Figure 7.12: The Margins on the Importance of System in Getting Rich Relative to Lottery



Notes: Regression coefficients at the individual-story level, controlling for demographic characteristics such as age, gender, education, etc. The baseline category for the right-hand-side variable is "getting rich by lottery". Left-hand-side variable is the belief outcome on the importance of system in getting rich (ranging from 0, the least important to 10, the most important).

Figure 7.13: The Margins on the Importance of Market in Getting Rich Relative to Lottery



Notes: Regression coefficients at the individual-story level, controlling for demographic characteristics such as age, gender, education, etc. The baseline category for the right-hand-side variable is "getting rich by lottery". Left-hand-side variable is the belief outcome on the importance of market in getting rich (ranging from 0, the least important to 10, the most important).

7.15 Treatment Design and Screenshots For Other Treatments in the Experiment

7.15.1 Tax Salience Treatment

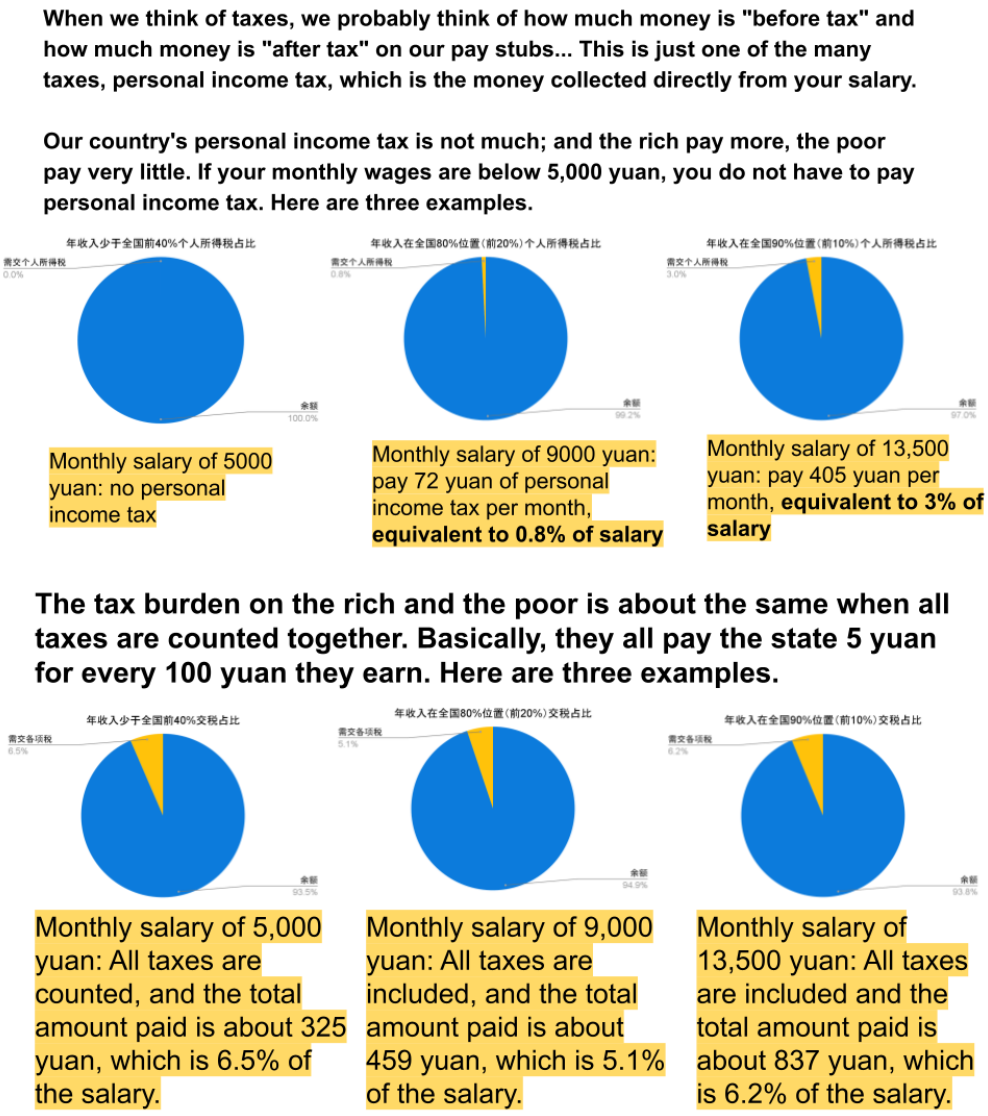


Figure 7.14: Screenshots for the Tax Salience Treatment

7.15.2 Macro Narrative Treatment

1. May 11, 2021 - Comrades from the Ministry of Finance, the Budget Commission of the Standing Committee of the National People's Congress, The Ministry of Housing and Urban-Rural Development and the The State Taxation Administration held a symposium on real estate tax reform pilot work in Beijing.

2. Property tax is levied on property owners annually, and is usually a percentage of the total property price.

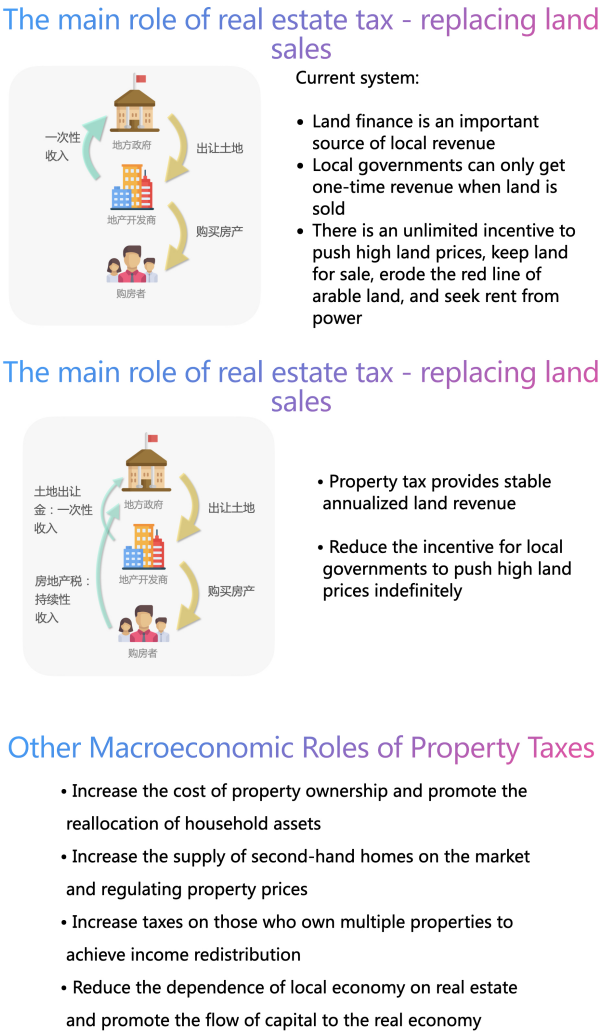


Figure 7.15: Screenshots for the Macro Narrative Treatment

7.15.3 Micro Narrative

1. May 11, 2021 - Comrades from the Ministry of Finance, the Budget Commission of the Standing Committee of the National People's Congress, The Ministry of Housing and Urban-Rural Development and the The State Taxation Administration held a symposium on real estate tax reform pilot work in Beijing.

2. Property tax is levied on property owners annually, and is usually a percentage of the total property price.

3. How much do you need to pay? Let's break down by cases:

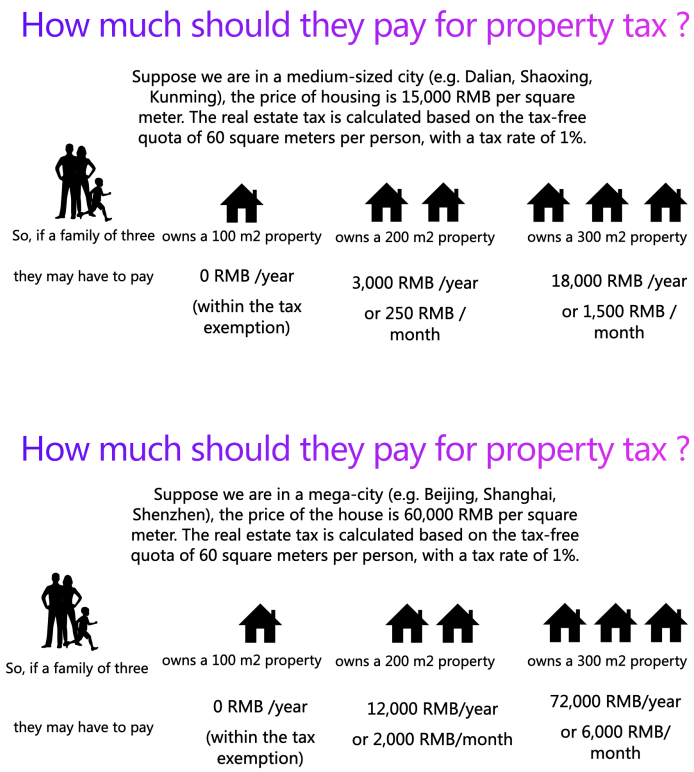


Figure 7.16: Screenshots for the Micro Narrative Treatment

7.15.4 Growth Treatment

The Era of Big Pot Meal (1950-1978)

"Big pot meal" is one of the most vivid metaphors for the production system in the era of planned economy.

Work units eat the state's "bit pot meal",

Workers eat the company's "big pot meal":

Regardless of whether the work unit is well-run or not, whether it is profitable or not, salaries are paid, and the total salary is disconnected from its performance; within the work unit, good or bad, much or little, it's the same.

In the era of eating big pot meals, the Chinese people were generally very poor, and there was not much protection in their lives.

In 1960, the per capita gross national product of China was only 220 yuan per person.

However, at the same time, the income gap in China was not very large.

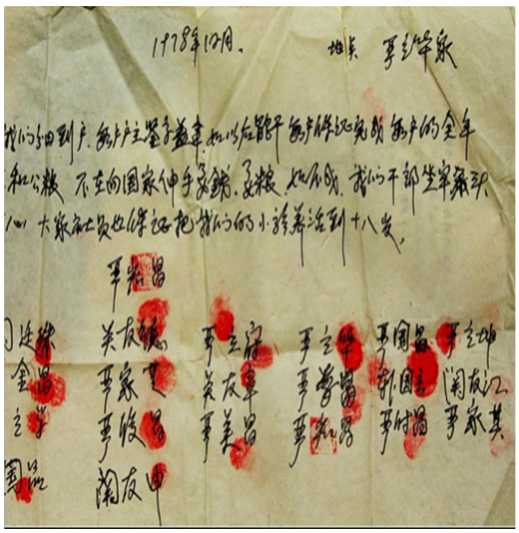
If we assume that the per capita income of the poorest 50% of the population in China in 1978 was one money bag, then the per capita income of the wealthiest 10% of the population in China was five money bags.

The ratio of these two groups' per capita income is 5.

Poor people (1978)

Rich people (1978)

Date source: World Inequality Database

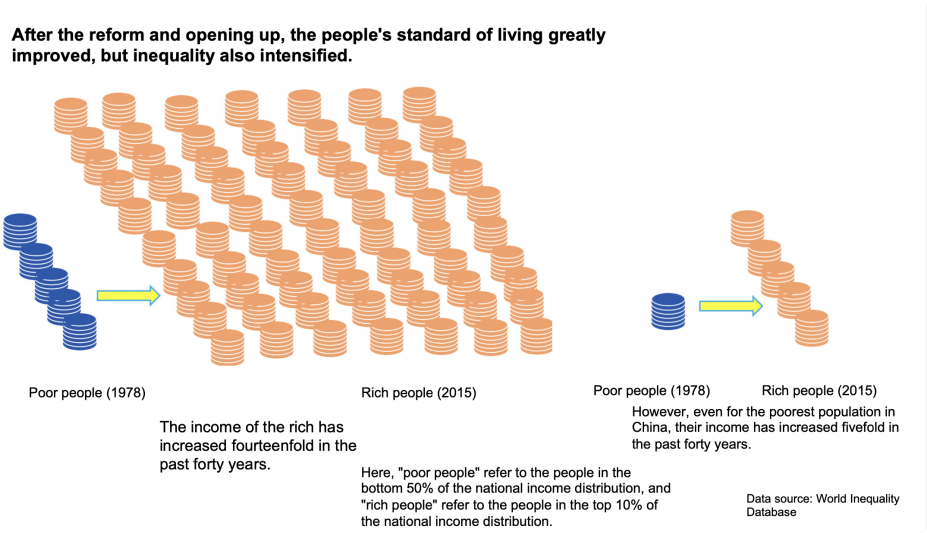


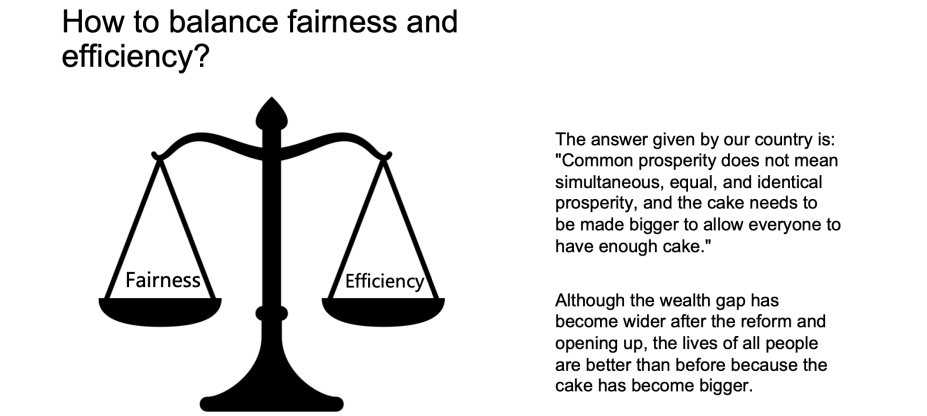
The Era of Reform and Opening up (1878 to present)

In the late 1970s, China broke away from the equalitarian "big pot meal" and restored the principle of distribution according to work, forming a system of income distribution with distribution according to work as the mainstay and a variety of distribution methods coexisting. The public's productivity was thoroughly unleashed.

The picture on left shows the contract of "household responsibility" in Xiaogang Village, Anhui Province in 1978, which distributed farmland to each household and realized the household responsibility system, greatly boosting the productivity of the people.

Figure 7.17: Screenshots for the Growth Treatment





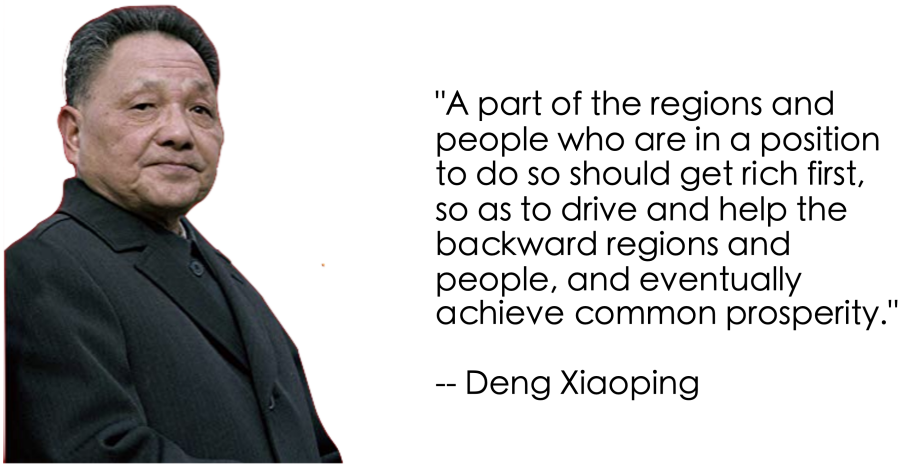
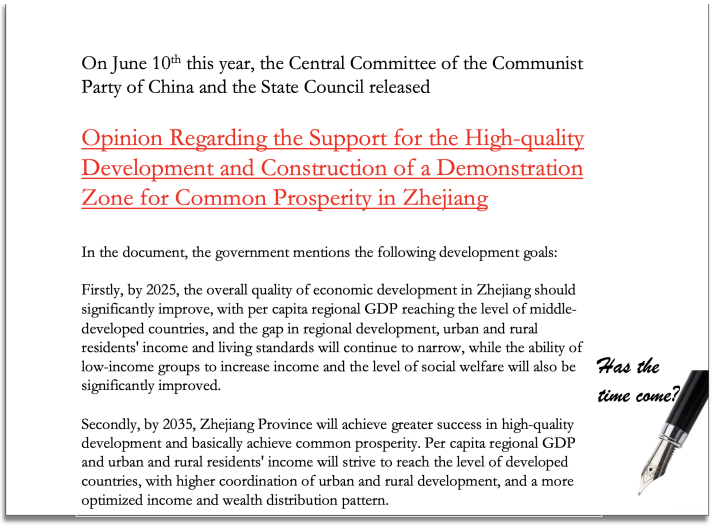
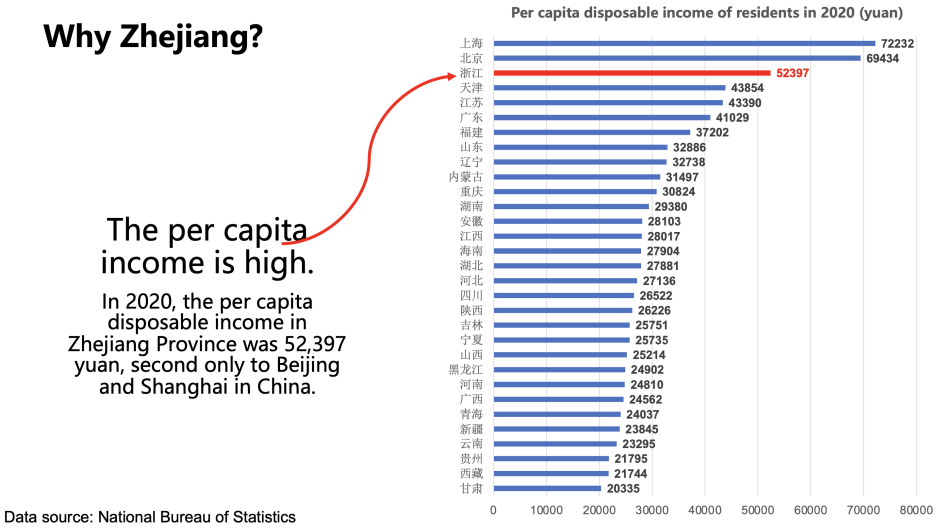


Figure 7.18: Screenshots for the Growth Treatment, Cont'd





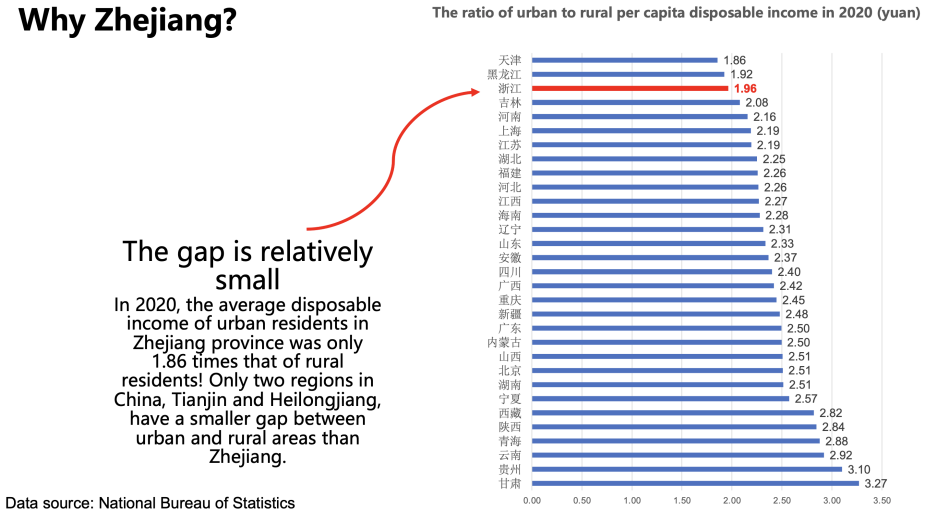


Figure 7.19: Screenshots for the Growth Treatment, Cont'd

7.15.5 Social Mobility & Income Updating Treatment

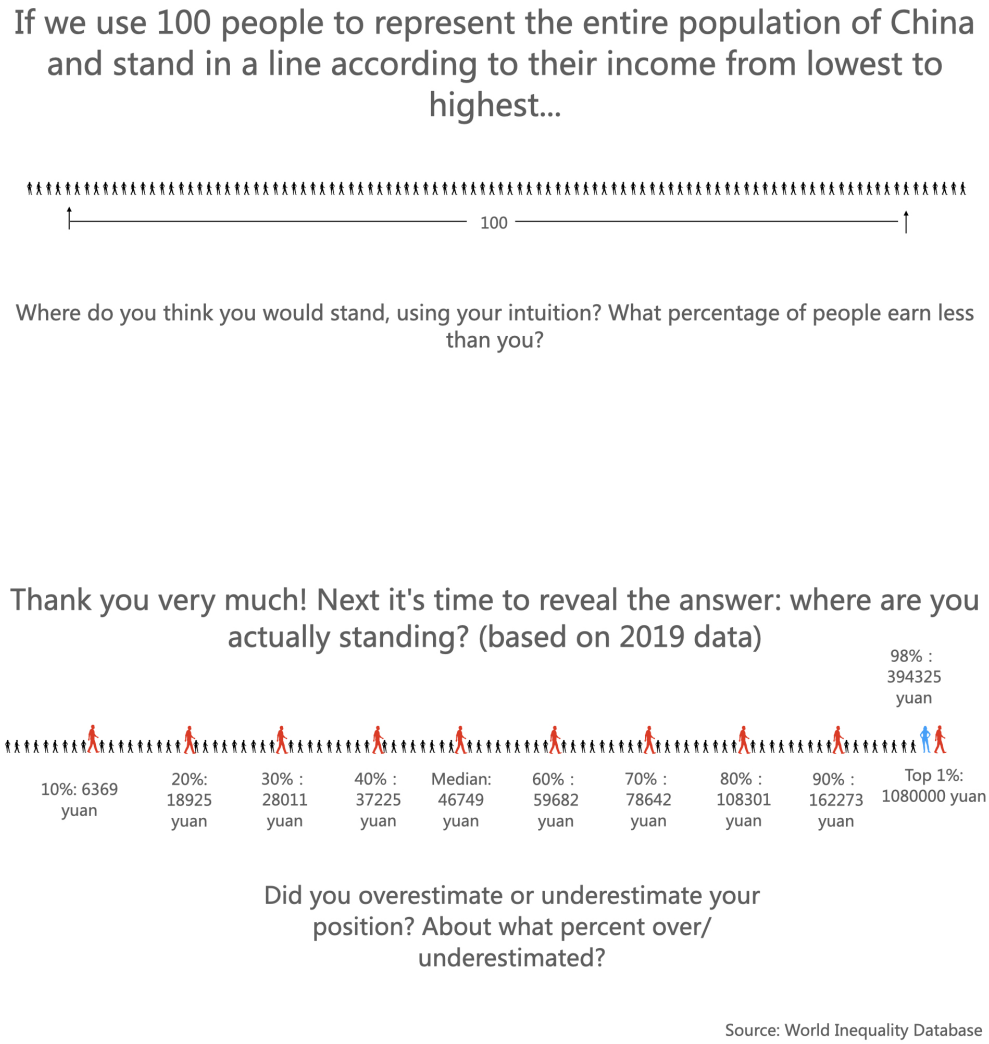
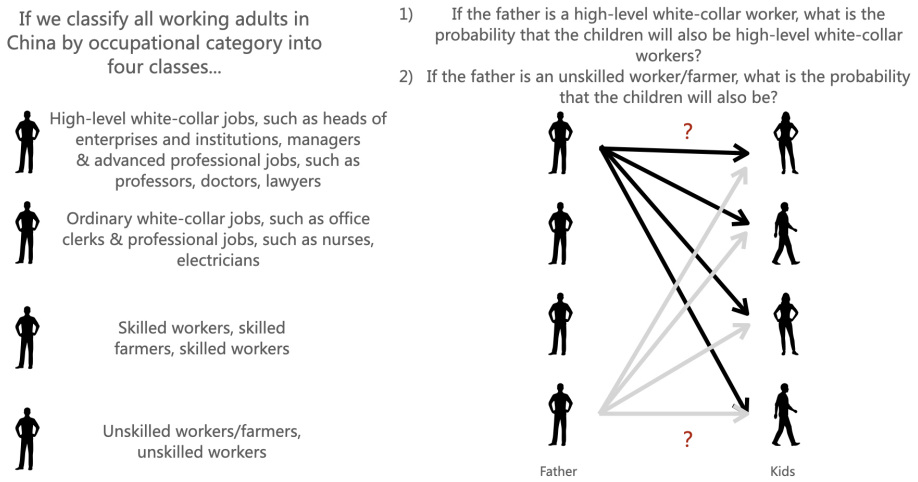


Figure 7.20: Screenshots for the Social Mobility and Income Updating Treatment



Thank you very much! Next it's time to reveal the answer:

If the father is a senior white collar worker, what is the probability that the child is also a senior white collar worker? 28%

If the father is an unskilled worker/general farmer, what is the probability that the children will also be? 50%

Of course, this is in general. There are some differences in mobility from generation to generation.

Source: China General Social Survey

Figure 7.21: Screenshots for the Social Mobility and Income Updating Treatment