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journal homepage: [www.elsevier.com/locate/ejpoleco](http://www.elsevier.com/locate/ejpoleco)Mind the gap: Disparity in redistributive preference between political elites and the public in China<sup>☆</sup>Weihua An<sup>a,1</sup>, Maoliang Ye<sup>b,\*,1</sup><sup>a</sup> Department of Sociology and Institute for Quantitative Theory and Methods, Emory University, United States<sup>b</sup> Department of Public Finance, School of Economics, Wang Yanan Institute for Studies in Economics, MOE Key Laboratory of Econometrics, and Fujian Key Laboratory of Statistical Science, Xiamen University, Xiamen 361005, Fujian, China

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## ABSTRACT

In this research, we emphasize the importance of studying the gap in redistributive preference between political elites and the public because of the strategic roles played by the former in policy processes. We use China as a case study, wherein the fulfillment of surging demands for redistribution is largely dependent on whether or not the political elites will advocate for redistribution. Using data from the Chinese General Social Survey, we find that the political elites prefer significantly less progressive taxation and less redistributive expenditure than the public. The gap in redistributive preference is larger on the expenditure side than on the taxation side. Moreover, the causes of the gap appear to vary by the measures for redistribution. Accounting for covariate differences fully explains the gap in preference for progressive taxation, but not the gap in preference for redistributive expenditure.

## 1. Introduction

As China advances with its market reforms, income inequality has rapidly increased, which puts pressure on the government to take action to enforce redistribution (Whyte, 2010a). Redistributive policies, by and large, are controlled by the political elites as

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represented by Party members and governmental officials who can utilize their strategic positions in the policy processes to filter, decide, and alter redistribution policies. Hence, whether China can launch sufficient and prompt measures to address income inequality largely depends on whether or not the political elites are willing to advocate redistribution.

Numerous studies on preference for redistribution in developed countries are available (see [Alesina and Giuliano, 2011](#) for a survey), but only few studies exist on this topic with regard to the developing world ([Wibbels, 2006](#); [Wibbels and Ahlquist, 2011](#)), and even less so in authoritarian countries, such as China (but see [Davis and Wang, 2009](#); [Wang, 2010](#); [Whyte, 2010a, 2010b](#); [Lü, 2011](#); [Han, 2012](#)).<sup>2</sup> China makes an excellent case to enrich the literature given the following: rigid authoritarian political control under the Chinese Communist Party (CCP), its vigorous economic performance in the past three decades following market-oriented reforms, and its soaring income inequality.

One key topic absent from prior literature on redistribution preference is if and how those in power perceive redistribution differently from the general public. We explore this question using China as an example. We argue that it is important to study the political elites' preferences for several reasons. First, such investigation can help us understand the degree to which the political ruling class represents their constituents. In democratic countries, elected officials are supposed to represent the interests of their constituents ([Dahl, 1971](#)); without elections, policy makers would have little incentive to be in line with the public regarding policy preferences ([Gilens, 2005](#)). Since elections in China tend to be symbolic, we expect the political ruling class to have fewer motivations to represent the general public, and hence we anticipate divergence between their policy preferences. [Meng et al. \(2014\)](#) show that political elites in China are not responsive to citizens' demands expressed through the Internet when they perceive antagonism between the state and citizens. In addition, in contemporary China, the CCP and the government mainly woo those who are relatively more advanced (either materially or intellectually) than their peers ([Li et al., 2007](#)). In this sense, political elites can be viewed as representing a part of the elite class. Moreover, the political elite status in China has various economic advantages. For example, political connections lead to easier financial lending ([Li et al., 2006](#); [Li et al., 2008](#)), better access to initial public offerings in the stock market ([Feng et al., 2014](#)), and effortless entry into monopolistic sectors ([Hu, 2010](#)). Such political rents are especially important after the constitution changed from anti-capitalistic to pro-capitalistic during 2002–2004 ([Guo et al., 2014](#)). Thus, the specific political status gives political elites favorable situations in the political–business alliance, which may lead to lower preference for redistribution to the poor unless a major threat of social unrest calls for more redistribution. Moreover, for most of the decades of market-oriented reforms since 1978, economic growth has been emphasized by the governments and served as a main criterion for political promotion ([Chen et al., 2005](#); [Li and Zhou, 2005](#)). Thus, given their elite status, the lack of pressure to represent the public, and insufficient incentives to push for redistribution, we expect political elites to have lower level of support for redistribution.

However, the Chinese political system has forcefully stressed the importance of representing the interest of the people, as shown by the past campaign of “Three Representatives” (三个代表) under Jiang Zeming's leadership and the ongoing campaign of “Activities Along the Mass Line” (群众路线活动) under Xi Jinping. Given the documented power of ideological indoctrinations ([Alesina and Fuchs-Schundeln, 2007](#); [Cantoni et al., 2014](#)), these campaigns may more or less affect the political elites' attitudes toward redistribution. Moreover, even in authoritarian regimes nominally democratic elements exist, such as parties and legislatures ([Lust-Okar, 2006](#); [Gandhi and Przeworski, 2007](#); [Magaloni, 2008](#); [Wright, 2008](#); [Gandhi, 2009](#); [Blaydes, 2011](#); [Malesky et al., 2011](#); [Malesky and Schuler, 2012](#)). The government is also experiencing increasing difficulties in exerting full control of public opinions because of the popularity of the Internet and social media ([Zhao, 2000](#); [Egorov et al., 2009](#); [Shirk, 2010](#); [Liebman, 2011](#); [Lorentzen, 2014](#)). Such factors help shorten the distance in policy preferences between the political elites and the public ([Nathan, 2003](#); [Charron and Lapuente, 2011](#); [Malesky and Schuler, 2012](#)). Thus, overall, the extent to which the political elites strike the balance between being themselves and representing the masses is unclear. This research is designed to answer this question empirically.

Second, the importance of studying political elites' preference for redistribution also lies in their crucial and strategic roles in the policy making process. In particular, government officials have the power to filter the policies to be included in government agendas (i.e., the agenda-setting power), to choose which policies will be implemented (i.e., the policy-making power), and to decide how policies would be implemented (i.e., the policy implementation power). Similarly, but perhaps to a lesser degree, Party members can also filter, decide on, or alter public policies, for example, through their participation in Party congresses or their work in government. Therefore, given the sheer importance of political elites in the policy process in China, their policy preference deserves special attention from researchers.

Third, studying such preference of the political elites may help shed light on future policy and institutional designs. If we can identify a disparity in the preference for redistribution between political elites and the public and if the goal is to implement more policies that are favorable to the public, then the Chinese political system must develop more credible and effective ways to absorb inputs from the public into policy making ([Meng et al., 2014](#)). We can also examine the sources of such disparity. For example, we may analyze how differences in observable characteristics between political elites and the public and the dissimilarity in their recognition of the situations contribute to the disparity. Identifying the inputs of each of these factors can facilitate design targeted and probably more effective interventions.

To investigate the potential disparity in preference for redistribution between political elites and the public in China, we resort to analyzing data from the Chinese General Social Survey (CGSS). Our analyses show that, compared with the public, political elites in China prefer both less progressive taxation and less redistributive expenditure. Specifically, given a 4-scale preference intensity, the preference intensity of political elites for progressive taxation is about 0.066 lower (or 9% of standard deviation;  $p < 0.05$ ) and that

<sup>2</sup> [Mejia and Posada \(2007\)](#) study the role of income redistribution to the poor in oligarchic societies where ruling elites use it as a tool to prevent revolutions.

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