

# Public Support for Market Reforms in China

Tianguang Meng\*

Post-Doctoral Fellow, Department of Political Science, Qinghua University

Mingming Shen

Professor, School of Government, Peking University

Yuhua Wang<sup>†</sup>

Assistant Professor, Department of Political Science, University of Pennsylvania

Jie Yan

Associate Professor, School of Government, Peking University

Ming Yang

Professor Emeritus, School of Government, Peking University

## Abstract

Whether winners of early reforms support further reforms is debated in the existing literature. We join this debate by examining public support for market reforms in China. Using data from the Beijing Area Studies from 1996 to 2004 and a national survey in 2008, we show that respondents who received more material gains from the reforms have a higher level of perceived benefits, beneficiaries have a more positive view of the reforms' achievements, and respondents who benefited from early reforms are more antagonistic to further reforms that focus on privatization and market competition. Our findings challenge the conventional wisdom that reform needs to create winners to sustain and shed light on our understanding of the politics of market reforms in an authoritarian regime.

**Keywords:** market reforms, partial reform equilibrium, privatization, public support, China

---

\* The authors are listed alphabetically. Everyone contributed to the research equally.

<sup>†</sup> Corresponding author. 208 South 37<sup>th</sup> Street, Stiteler Hall, Room 217. Philadelphia, PA 19104.  
[yuhuaw@sas.upenn.edu](mailto:yuhuaw@sas.upenn.edu).

Recent years have witnessed significant reversals of market reforms in developing countries, such as Bolivia, Kazakhstan, Russia, Ukraine, Venezuela, and Zimbabwe (Denisova et al., 2009). China, arguably the country that has had the most successful market reforms in the developing world, has also shown signs of reversals of privatization. For example, Zheng & Chen (2009) and Hsueh (2011) showed that large state-owned enterprise (SOE) groups have become monopoly industries in sectors such as oil and gas, telecommunications, and other information-transmission services. *The Economist* has documented that the 22 Chinese companies listed in Forbes' *Fortune 500* are all state owned, the Chinese state is the biggest shareholder in the country's 150 biggest companies, and state companies make up 80% of the value of the stock market in China.<sup>1</sup>

This turn against privatization has called into question the sustainability of market reforms, which is a debated issue in the literature on the politics of economic reforms. Some scholars have argued that economic reforms need to create opportunities for politicians to build coalitions of early winners from reform to support further liberalization later in the transformation (Roland, 2000; Qian, 2003). However, others have argued that economic actors that gain from early economic reforms have frequently attempted to block further advances in the reform process that threaten to eliminate the special advantages upon which their early gains were based (Murphy, Shleifer, & Vishny, 1992; Hellman, 1998). As Hellman (1998, p. 204) showed, "the short-term winners have often sought to stall the economy in a *partial reform equilibrium* that generates concentrated rents for themselves, while imposing high costs on the rest of society."

We join this debate by offering empirical evidence of public evaluations of, and support for, market-oriented reforms using survey data in China. We address the following three questions: (1) Who benefits from market reforms? (2) How do beneficiaries evaluate the reforms? (3) Do beneficiaries of early reforms support further reforms?

Our answers, in brief, are the following: respondents who received more material gains from the reforms have a higher level of perceived benefits, beneficiaries have a more positive view of the reforms' achievements, and respondents who benefited from early reforms are more antagonistic to further reforms that focus on privatization and market competition. While our first two findings are intuitive, the last finding is surprising, considering that the original intention of China's reforms (such as Deng Xiaoping's "letting some people get rich first") was to create winning coalitions that would support further reforms. Our findings challenge the conventional wisdom that winners are the constituency of sustainable reforms (Haggard, 1990; Rodrik, 1996; Garrett, 1998), and support the alternative view that winners have become the most common obstacles to the progress of economic reforms (Hellman, 1998).

We use data from the Beijing Area Studies (BAS) that interviewed a random sample of Beijing residents every year from 1996 to 2004 to test our hypotheses. The longitudinal nature of the BAS series allows us to explore public support for market reforms over time. We also supplement the BAS analyses using a 2008 survey that interviewed a nationally representative sample.

This paper contributes to the vast literature on economic voting (Lewis-Beck, 1990), extending its focus to non-democratic settings, and makes two contributions to the

literature on the politics of economic reforms.<sup>2</sup> First, most empirical studies on public support for market reforms used data from post-communist regimes such as Russia and Eastern European countries (Duch, 1993; Przeworski, 1996; Stokes, 2001; Denisova et al., 2009) or Latin America (Stokes, 2001). Very few studies have been conducted on China. However, China's economic reform – which has lacked corresponding political reforms – distinguishes it from reforms in post-communist regimes and Latin America. While mass support for economic reforms is often contingent on political reforms in other countries (Denisova et al., 2009), Chinese respondents usually focus on economic gains only. The second contribution is that most studies have relied on a cross-section of public opinion data without exploring dynamics over time.

### **Market Reforms, Chinese Style**

Market reforms in China have initially followed what Kornai (2008) termed the “strategy A” of post-socialist economic transitions. According to Kornai (2008), strategy A (organic development) emphasizes the creation of favorable conditions for the bottom-up development of the private sector. This is in contrast with strategy B (accelerated privatization), which emphasizes the elimination of state ownership as quickly as possible through the speedy privatization of SOEs. The goal of this strategy is to avoid creating losers who have to be compensated or repressed in order for reforms to proceed (Haggard, 1990; Garrett, 1998).

Indeed, China's reforms in the 1980s demonstrated a pattern of “reform without losers” in which SOEs were protected, domestic private enterprises were encouraged, township and village enterprises (TVEs) flourished, and foreign invested enterprises

(FIEs) were cautiously accepted (Lau, Qian, & Roland, 2000; Gallagher, 2005; Naughton, 2007).

Meanwhile, the post-Mao leadership introduced policies to create winners, such as establishing special economic zones to encourage trade and investment, delegating more decision-making power to SOE managers, using a “dual-track” price system to allow government officials to benefit from market transactions, and collapsing rural collectivization to enable peasants to reap their own profits. Shirk (1994) also pointed out that the center deliberately decentralized the political system to “play to the provinces” in order to gain the support of local leaders. All of these are best summarized by Deng Xiaoping’s slogan “let some people get rich first.”

However, China’s reforms in the 1990s have switched to Kornai’s strategy B to privatize SOEs. In the late 1990s, millions of SOE employees were laid off as the result of a policy termed “grasping the large, letting the small go,” namely selling small and medium-sized SOEs while keeping the large ones.<sup>3</sup> Meanwhile, TVEs decayed due to the centralization of the fiscal system, and domestic private enterprises were subject to adverse discrimination (Huang, 2008). Some scholars characterized this second phase of reform as “reform with losers” (Naughton, 2007, p.100).

Since the turn of the century, China’s reforms have shown many signs of reversals of liberalization. Large state-owned conglomerates that were protected in the 1990s extended into critical industries, such as energy and telecommunications, and maintained monopolistic positions in the market (Hseuh, 2011). Private enterprises, which contributed greatly to China’s growth in the 1980s and 1990s, started to face stiff competition from SOEs, and were often the targets of state predatory behavior (Huang,

2008). FIEs, which used to be treated to sweetheart deals and tax breaks, began to be marginalized by Chinese domestic competitors (Wang, Forthcoming). The turn against liberalization has also occurred in other arenas, such as legal reforms (Minzner, 2011).

China's reforms are also unique in a cross-national context. The most distinguishing feature is that China's political change has significantly lagged behind economic progress (Pei, 2008, p. 4). Despite moderate institutional changes in village elections (Manion, 1996), the legislature (O'Brien, 1990), and the courts (Wang, Forthcoming), the core features of a single-party regime remain unchanged.

Conversely, economic liberalization in post-Soviet countries and Latin America has been combined with political democratization. In Eastern Europe, after the fall of the Iron Curtain, most countries started a process of political liberalization, although with various degrees of success (Grzymala-Busse, 2002). In Russia, juxtaposed with its "shock therapy" economic reforms, the single-party Leninist state evolved into a "hybrid" regime in which political contestation and universal suffrage are at least nominally respected (Fish, 2005). Democratic institutions also gradually started to consolidate in Latin America after rounds of coups and military regimes (Linz and Stepan, 1996).

The co-existence of democratization and economic reforms introduces more political calculations into the design of market reforms. For example, Frye and Mansfield (2004) showed that trade liberalization is more likely to be introduced in the year immediately following elections and is less likely to be introduced immediately before elections. This political calculation might cast a shadow over public support for market reforms. Denisova et al. (2009) showed that in transitioning economies in Europe, public support for market reforms is conditional on democratic institutions. As the level of

democracy increases, people with higher market skills are more likely to support privatization than people with low market skills because they believe they can use their talents to their greatest effect under a democratic system. In Latin America, the losers from economic reforms appear to have used the institutions of democracy, such as labor unions, to block further economic reforms (Frye, 2007, p. 948).

In China, however, people's support for market reforms is not contingent on their satisfaction with political liberalization, because the latter is non-existent. Simply put, politicians in China cannot use political reforms to ease the pain imposed by economic reforms; they have to deliver *material* benefits to the citizenry in order to gain support. This generates our first testable hypothesis:

*Hypothesis 1: Respondents who have experienced more material gains from the reforms are more likely to say that they have benefited from the reforms, and are more likely to have positive evaluations of the reforms.*

The key question we seek to address is whether beneficiaries of the reforms (winners) are more supportive of further reforms. As discussed in the first section, there are two rival views. The first view states that winners of early reforms support deeper reforms (Roland, 2000). I term this the "Winners Carry On" view. The second view contends that winners of early reforms are more likely to block further reforms (Hellman, 1998). I term this the "Winners Take All" view. I therefore test the following competing hypotheses:

*Hypothesis 2.1 (Winners Carry On): People who have benefited from early reforms are more likely to support further reforms that focus on privatization and market competition.*

*Hypothesis 2.2 (Winners Take All): People who have benefited from early reforms are more likely to oppose further reforms that focus on privatization and market competition.*

## **Empirics**

We analyze data from the BAS, an annual representative sample survey of Beijing residents, designed and conducted from 1996 to 2004 by the Research Center for Contemporary China (RCCC) at Peking University.<sup>4</sup> Modeled after the Detroit Area Study and Chicago General Social Survey, the BAS is “the most ambitious” longitudinal survey series in mainland China (Shen & Yang, 2010, p. 236).

The BAS used cross-sectional sampling to select a probability sample: every year, a similar sample is newly drawn from the same population of Beijing residents. Sampling procedures allowed the generalizability of the sample to the population of individuals aged 18 to 65 years who have a nonagricultural Beijing residence permit and live in a fixed domicile in one of Beijing’s eight districts. BAS samplers drew a sample of 1,200 households (with a target of about 1,000 completed interviews) using probability proportionate to size sampling, with a two-stage sampling selection.

Beijing is obviously a distinct environment. Its residents are by no means representative of all mainland Chinese or even of all urban Chinese. At the same time, ordinary Chinese who live in Beijing are probably also more highly tuned to policy



changes than many other urban mainland Chinese. In this sense, then, the views of this distinct population may be of intrinsic interest.

One advantage of the BAS is its longitudinal nature. The series included core items that repeated annually, providing continuity of measures over time, which allows analysts to gauge change and the stability of views over time, which is not possible with other sorts of Chinese data. Scholars who have used the BAS data have taken advantage of its longitudinal nature to explore temporal dynamics (Johnston, 2004, 2006; Johnston & Stockman, 2007).

To see whether our findings from Beijing have external validity, we also analyze a nationally representative sample survey. The national survey, conducted by RCCC in 2008, interviewed 4,004 adult respondents who live in mainland China's 31 provinces. This survey used spatial sampling techniques to include both residents and migrants, who were not often covered using conventional sampling approaches (Landry & Shen, 2005).

### **Descriptive Analyses**

We first show some descriptive patterns of variables of interest: evaluation of the achievements of China's reforms, level of benefits to household from reforms, and support for privatization and market competition. The BAS has repeatedly asked the following three questions to measure these three quantities, respectively: (1) How do you evaluate the achievements of our country's reforms and opening up? (great achievement, some achievement, little achievement, or no achievement) (2) What level of benefits have the reforms and opening up brought to your family? (very high, high, moderate, or little) (3) Do you strongly agree, agree, disagree, or strongly disagree with the following

statements? Table 1 presents a battery of questions measuring respondents' support for privatization and market competition.

[INSERT TABLE 1 HERE]

The BAS only asked these questions about support for privatization in 2001, so we cannot examine this value over time. However, it was a perfect time to measure people's support for privatization, because the early 2000s were a turning point for China's reforms; there was massive privatization before 2000 and reversals of privatization afterwards. Asking these questions in 2001 rather than 2011 can minimize the noise introduced to respondents' answers, such as state propaganda or political pressure to comply with government policies.

We construct three variables based on respondents' answers to these three questions. EVALUATION measures how positively respondents evaluated the achievements of China's reforms and opening up. BENEFIT measures the level of benefits respondents perceived to have received from the reforms. PRIVATIZATION-SUPPORT INDEX is the sum of respondents' answers to the battery of questions about their level of support for privatization and market competition.<sup>5</sup>

First, respondents' evaluations of China's reforms have been very positive. Figure 1 shows EVALUATION over time. More than 90% of respondents over the years said that China's reforms had had "great" or "some" achievement. The percentage of respondents that had the highest level of satisfaction—those who reported "great achievement"—increased in the late 1990s, although massive SOE downsizing occurred. This percentage stayed relatively stable in the early 21<sup>st</sup> century, but in 2004 these respondents shifted their answers to "some achievement:" a moderate change. The 2008

national survey shows the sample result: great achievement (54.6%), some achievement (40.9%), little achievement (3.7%), and no achievement (0.9%). These results imply that China's reforms have received widespread support from the public.

[INSERT FIGURE 1 HERE]

Second, a majority of the respondents said that their families had received some benefits from the reforms. Figure 2 shows BENEFIT over time. About 10% of the respondents reported that their families received a "very high" level of benefits from the reforms, and this percentage was relatively stable over time. Another 35% received a "high" level of benefits. These people can be considered the "winners" of the reforms. The 10% of respondents who said their families received "little" benefits from the reforms are the "losers."

[INSERT FIGURE 2 HERE]

Finally, there is large variation in people's support for privatization. Figure 3 presents the distribution of the PRIVATIZATION-SUPPORT INDEX: 36.4% of the respondents would oppose further reforms that focus on privatization and competition (their PRIVATIZATION-SUPPORT INDEX values are smaller than 2.97, the mean).

[INSERT FIGURE 3 HERE]

These descriptive results pose interesting questions, similar to those we asked at the beginning of the paper: (1) Who views the reforms positively? (2) Who benefits from market reforms? (3) Do beneficiaries of early reforms support further reforms?

## **Regression Analyses**

We conduct regression analyses to explain the variations in BENEFIT, EVALUATION, and PRIVATIZATION-SUPPORT INDEX. The following models are specified to test

Hypothesis 1:

$$BENEFIT_i = \alpha + \beta INCOME_i + XB + \varepsilon_i, \quad (1)$$

$$EVALUATION_i = \alpha + \beta BENEFIT_i + XB + \varepsilon_i, \quad (2)$$

where  $BENEFIT_i$  and  $EVALUATION_i$  measure the level of benefit individual  $i$ 's family has received from the reforms and how positively individual  $i$  views the reforms, respectively.  $INCOME_i$  measures the per capita family income (log transformed) of individual  $i$ .  $X$  includes a group of control variables, including MALE (female = 0), AGE, AGE<sup>2</sup>, EDU (measured in years), ELITES (government officials and SOE owners/managers), and PROFESSIONALS (teachers, lawyers, doctors). MALE, AGE, and EDU are demographic variables that are routinely included in individual-level analyses. AGE<sup>2</sup> is included to test the unlinear relationship between AGE and the dependent variables; for example, a change from 50 to 55 might have a smaller effect on EVALUATION than that from 20 to 25. ELITES and PROFESSIONALS are both indicator variables, with other occupations as the reference group. These two variables test the argument that people who have access to the government (ELITES) and market skills (PROFESSIONALS) often benefit more from reforms (Denisova et al., 2009).

Both Models (1) and (2) use ordinal dependent variables and ordinary least squares (OLS) produce inconsistent estimates, so ordered logit is used. All regressions take into account survey design effects to make the results generalizable to the whole population. Table 2 presents estimates of Model (1).

[INSERT TABLE 2 HERE]

As shown, INCOME has a consistent, significant and positive effect on BENEFIT. While the effects of other variables fluctuate over the years, that of INCOME has remained consistently positive.<sup>6</sup> This implies that people's perceived benefits are highly related to their material gains from the reforms.

Among the controls, we do not find a consistent effect for MALE, which suggests that there is not a significant gender divide on perceived benefit. As for AGE, we find an interactive effect. The effect of AGE on BENEFIT is conditional on AGE: the older someone is, the stronger the effect of AGE on BENEFIT, and the effect is positive. For example, a 55-year-old Beijing citizen perceives that they benefited more from the reforms than a 50 year old, and the gap between a 55 year old and a 50 year old is greater than that between a 25 year old and a 20 year old. This points to the importance of reference points in people's perceptions: while the 50 year olds compare the reforms with the Great Famine in the early 1960s and the Cultural Revolution of 1966–76 and feel better off, the 20 year olds have not experienced a dramatic change in their living standards. In general, we find a positive effect of EDU, but the effect is not consistently significant over the years. Surprisingly, we do not find consistent effects for ELITES and PROFESSIONALS, which implies that occupation is not important after per capita family income is held constant. For example, a wealthy CEO's unemployed family member has the same level of perceived benefit as a wage-earning teacher.

The 2008 national survey confirms the BAS findings. As shown in the last column of Table 2, INCOME has a significantly positive effect on BENEFIT. However, in the national survey, there is a gender inequality in perceived benefit: male respondents perceive that they have benefited more than female respondents. Because the BAS only

interviewed residents with an urban family registration (*hukou*), we cannot test the difference between urban and rural populations. The 2008 national survey interviewed both urban and rural residents, and found that urban residents reported a significantly higher level of perceived benefits than their rural counterparts. This confirms the popular view that China has a noticeable rural/urban divide (Naughton, 2007).

Table 3 presents estimates of Model (2). As shown, the only variable that has a consistently significant effect on EVALUATION is BENEFIT, and the effect is positive. People who have benefited from the reforms are more likely to have positive evaluations of them. We do not find systematic effects of any control variables, including INCOME, which was significant in predicting BENEFIT. This suggests that none of the demographic or occupational variables make a difference when BENEFIT is held constant. The 2008 national survey results are consistent with the BAS findings. BENEFIT's effect is significantly positive. Findings in Tables 2 and 3 support Hypothesis 1.

[INSERT TABLE 3 HERE]

Recall that the key question we seek to answer is whether beneficiaries of reforms support further reforms that focus on privatization and market competition. While some scholars argue that they do (Roland, 2000), others disagree (Hellman, 1998). Model (3) is specified to test Hypotheses 2.1 and 2.2:

$$PRIVATIZATION - SUPPORT INDEX_i = \alpha + \beta BENEFIT_i + XB + \varepsilon_i, \quad (3)$$

where PRIVATIZATION-SUPPORT INDEX is constructed using respondents' answers to eight questions that measure their support for privatization and market competition,

BENEFIT measures the level of benefits that respondents' families have received, and X includes controls such as MALE, AGE, AGE<sup>2</sup>, INCOME, EDU, ELITES, and PROFESSIONALS, which were also included in Models (1) and (2). Because China implemented a massive privatization plan in the late 1990s, and the survey was conducted in 2001, we also include an indicator—LAID OFF—to measure whether a respondent was laid off.

The 2001 BAS asked two versions of the BENEFIT question. The first version was the question we used before, which asked about the long-term benefits to the respondent (What level of benefits have the reforms and opening up brought to your family?) The second version asked about short-term benefits: What level of benefits have the reforms and opening up *in the previous year* brought to your family? We included the long-term question in our benchmark model and the short-term question in a variant model to test whether respondents are myopic in resisting privatization (Sachs, 1990; Dornbusch & Edwards, 1990).

[INSERT TABLE 4 HERE]

Table 4 presents OLS estimates of Model (3). In the benchmark model, long-term BENEFIT has a negative, significant impact on PRIVATIZATION-SUPPORT INDEX. This implies that beneficiaries of reforms are more likely to oppose privatization and market competition. This supports Hypothesis 2.2, the 'Winners Take All' view. In addition, we find that male respondents are more antagonistic towards privatization than female respondents, and that people with more years of education are more opposed to privatization, which contradicts the cross-national findings that women and less-educated people are more protectionist (Hiscox, 2006). These results are difficult to interpret. It

might be because highly educated males often have higher social-economic status, and therefore are more resistant to change, or because there are some intrinsic features of gender and China's education system that make them more averse to privatization. We do not find significant effects of AGE, INCOME, ELITES, PROFESSIONALS, or LAID OFF after BENEFIT is controlled for. This suggests that it is the level of benefit that really matters; other demographic and occupational variables are insignificant after BENEFIT is held constant.

In addition, Column (2) in Table 4 presents the model with short-term BENEFIT as the independent variable. Short-term BENEFIT's effect is significantly negative as well, but the magnitude of the effect is smaller than that of long-term BENEFIT. Both models confirm that people are retrospective, but their long-sighted view has a greater impact.

Among the controls, it is interesting to first highlight EDU's negative effect; people with higher education are more opposed to privatization. This supports the interest group theory of reforms: that special interests with more financial resources and higher socio-economic status tend to prevent changes to the status quo (Murphy, Shleifer, & Vishny, 1992; Hellman, 1998). It is surprising to find a null effect of LAID OFF, which suggests that laid-off workers were indifferent to privatization. It might be because of the small number of laid-off cases (4.23%) in the sample.

The findings presented in this section are significant for two reasons. First, they challenge the conventional wisdom that winners are the constituents of sustainable reforms (Roland, 2000). In China, people who "got rich first" became obstacles to privatization. This echoes Hellman's (1998) argument that actors who enjoyed



extraordinary gains from the distortions of a partially reformed economy have fought to preserve those gains by maintaining the imbalances of partial reforms over time. Second, they challenge the popular argument in the economic voting literature that voters are myopic (Kramer, 1971; Fiorina, 1981). Our findings show that people take into account their long-term benefits when assessing the impact of further reforms.

### **Robustness Checks**

We conduct two robustness checks of our key results presented in Table 4. First, some recent studies have shown that if people believe that economic conditions must deteriorate before they improve during a transition to a market economy, they may interpret deterioration as a signal that the transition is on course and things will improve in the future (Stokes, 2001). This new literature implies that, despite the possible pain imposed by reform, if people have the hope that their lives are going to improve they will still support the reform.

We construct the variable HOPE using respondents' answers to questions in the 2001 BAS. We distinguish long- and short-term HOPE. The 2001 BAS asked two questions: (1) "In five years, do you think your family's financial conditions will become much better, better, the same, worse, or much worse?" (2) "Next year, do you think your family's financial conditions will become much better, better, the same, worse, or much worse?" Long- and short-term HOPE measure how optimistic people are about their family's financial prospects in five years and one year, respectively.

We include long- and short-term HOPE in Model (3), and Table 5 presents the results. As shown in Columns (1)-(4), after controlling for HOPE, the effect of BENEFIT

is still significantly negative, and short-term BENEFIT's effect is smaller and less significant than long-term BENEFIT, which is similar to earlier results. We do find that long-term hope can ease the pain of privatization: respondents who hope that their families' financial conditions will improve in five years are more supportive of privatization. We do not, however, find an effect of short-term HOPE.<sup>7</sup>

[INSERT TABLE 5 HERE]

For the second robustness check, some might argue that the way the BAS asked the BENEFIT questions may have primed respondents to exaggerate the positive benefits of the reforms. The BAS also asked the question in the opposite way: "What level of costs have the reforms and opening up (in the previous year) brought to your family? (very high, high, moderate, or little?)" We hence construct the variables long- and short-term COST (if including "in the previous year") to see if our conclusions still hold if respondents were primed the other way. Columns (5)-(8) present the results, which are largely consistent with the models with BENEFIT. People who incurred a high level of costs are more supportive of privatization.

## **Discussion**

Our findings relate and contribute to three strands of literature. First, the literature on the politics of economic reforms has been focused on explaining the variation in the pace and success of economic reform across countries and over time. As Frye (2007, p. 946) argued, most authors in this strand have emphasized middle-range theories that focus on factors such as regime type. Influenced by studies of Latin America, many believe that economic reforms entailed concentrative costs on specific groups in the short run and

dispersed benefits for society in the long run (Przeworski, 1991). This view predicts that countries with rulers who are most vulnerable to public pressure should experience the slowest progress in economic reforms. However, the findings from the post-communist world challenge this argument, and show that the level of democracy is positively associated with the level of economic reforms (Hellman, 1998).

Some recent studies have focused on examining the causal mechanisms that link democracy and successful economic reform. For example, Gehlbach & Malesky (2010) showed that veto players in democracies encourage policy change by weakening the power of special interests that prefer inefficient reform outcomes. This finding challenges earlier arguments that dispersed power makes it more difficult to overcome the collective action problems of economic reforms (Haggard, 1990; Haggard & Kaufman, 1995).

However, as Frye (2007, p. 946) contended, the microfoundations of the middle-range theories remain largely unspecified. Our study focuses on individual-level support for economic reform and seeks to provide micro-level evidence on who opposes privatization. We are not arguing that public antagonism towards privatization has caused China's reversal of privatization, but we want to show that the policy reversals are consistent with public opinion.

Second, the vast literature on economic voting has generated three main conclusions over the years: (1) voters reward or punish incumbents based on their economic performance; (2) voters are retrospective; and (3) voters are myopic.<sup>8</sup> Our findings in China support the first conclusion. We show that material gain is the most important predictor of people's evaluation of reform policies. However, we challenge the latter two conclusions. People are both retrospective and prospective when deciding

whether to support further reforms. Expectations of future gains are as important as received benefits in determining people's preference for future reform. Our findings are consistent with a series of studies in Stokes (2001) that emphasize the role of hope in sustaining reform. We also show that it is people's long-term calculation of benefits and costs that influences their preference; their short-term past or future is not a strong predictor.

Third, more directly, we contribute to the public support for market reform literature. Nearly all studies in this literature use individual-level data collected through social surveys to investigate people's preference for economic reforms. However, most studies focus on the former Soviet states or Latin America (Duch, 1993; Stokes, 2001; Tucker, 2006; Denisova et al., 2009). We know little about public support for reform in China, the country with arguably the most successful market reforms. Many existing studies have found an interactive effect of support for democracy on support for market reform. Citizens in these new democracies are more likely to support market reform if they are satisfied with the progress of democratic reform (Duch, 1993; Denisova et al., 2009). Yet China has not shown positive signs of moving towards democracy in the last three decades, so people base their judgment of reform solely on their financial gains.

### **Concluding Remarks**

We answer three questions in this paper: Who has benefited from China's reforms? How do beneficiaries evaluate the reforms? And do beneficiaries support further reforms that focus on privatization and market competition? Based on an analysis of a longitudinal social survey series in Beijing and a national survey, we show that people's material

gains are the strongest predictor of their perceived benefit, beneficiaries evaluate the reforms positively, and beneficiaries oppose deeper reforms that involve privatization.

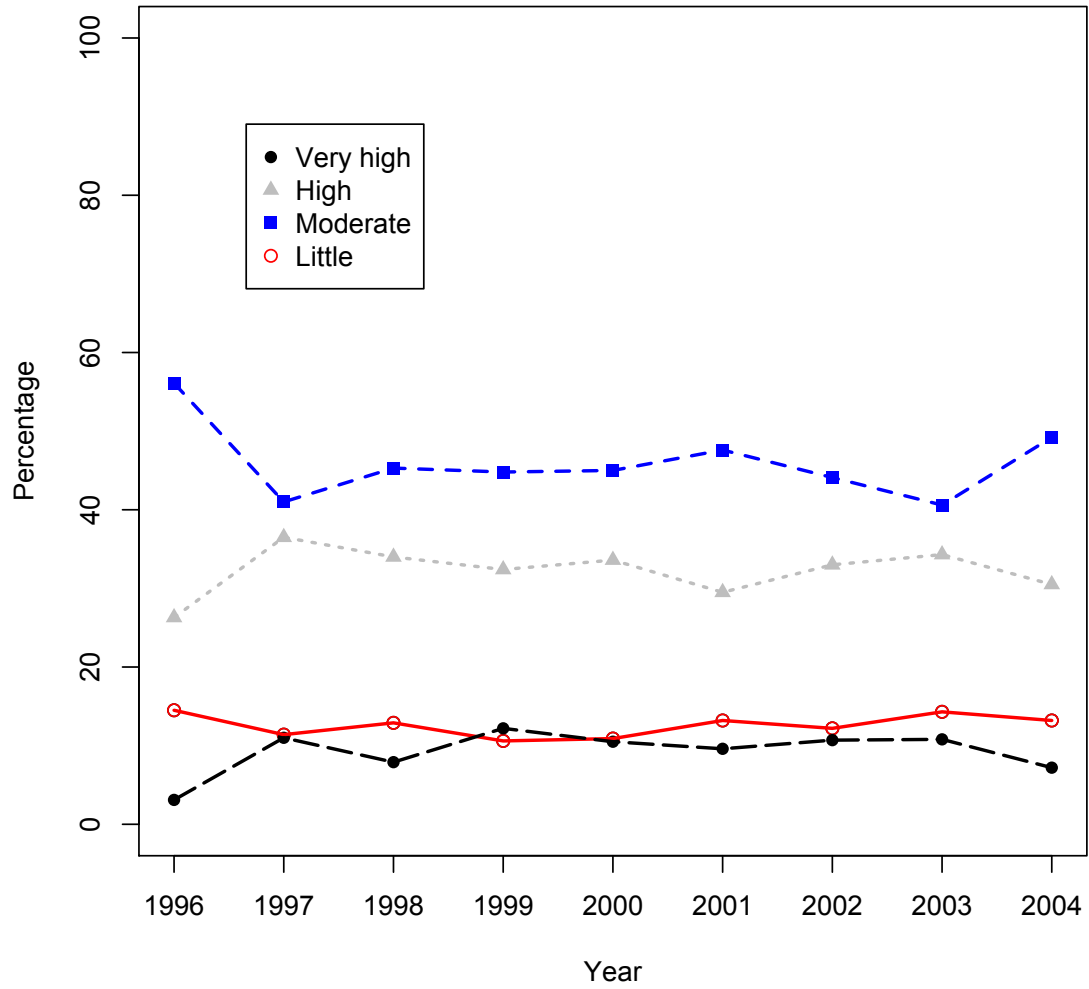
Our findings challenge the conventional view that the success of reform hinges on whether the government can isolate itself from the pressure of the losers and solicit support from the winners (Roland, 2000). We support the alternative argument: that economic actors that gain from early reforms block further reforms that challenge the status quo in which winners have established their monopolistic positions (Murphy, Shleifer, & Vishny, 1992; Hellman, 1998).

The findings suggest the perils of China's reforms, which, in contrast to the "shock therapy" of the post-Soviet states, have been championed for their gradualism and caution. The post-Mao leadership strategically sequenced different elements of reform to maximize winners' gains in order to build a winning coalition for reform (Shirk, 1994; Qian, 2003; Gallagher, 2005). However, the winners of the reforms have also become special interests that occupy privileged positions in profitable industries, such as large state-owned conglomerates in oil and gas, state-owned banks, and large private enterprises owned by "red capitalists" (Dickson, 2003). These privileged groups become "allies of the state" and attempt to block further reforms (Chen & Dickson, 2010; Wang, Forthcoming). As the experiences of other East Asian economies show, the moral hazard problem and the "too big to fail" sentiment in South Korea, Indonesia, Malaysia, and Thailand could lead to "crony capitalism" that distorts efficient economic decision-making and causes economic turmoil (Kang, 2002).

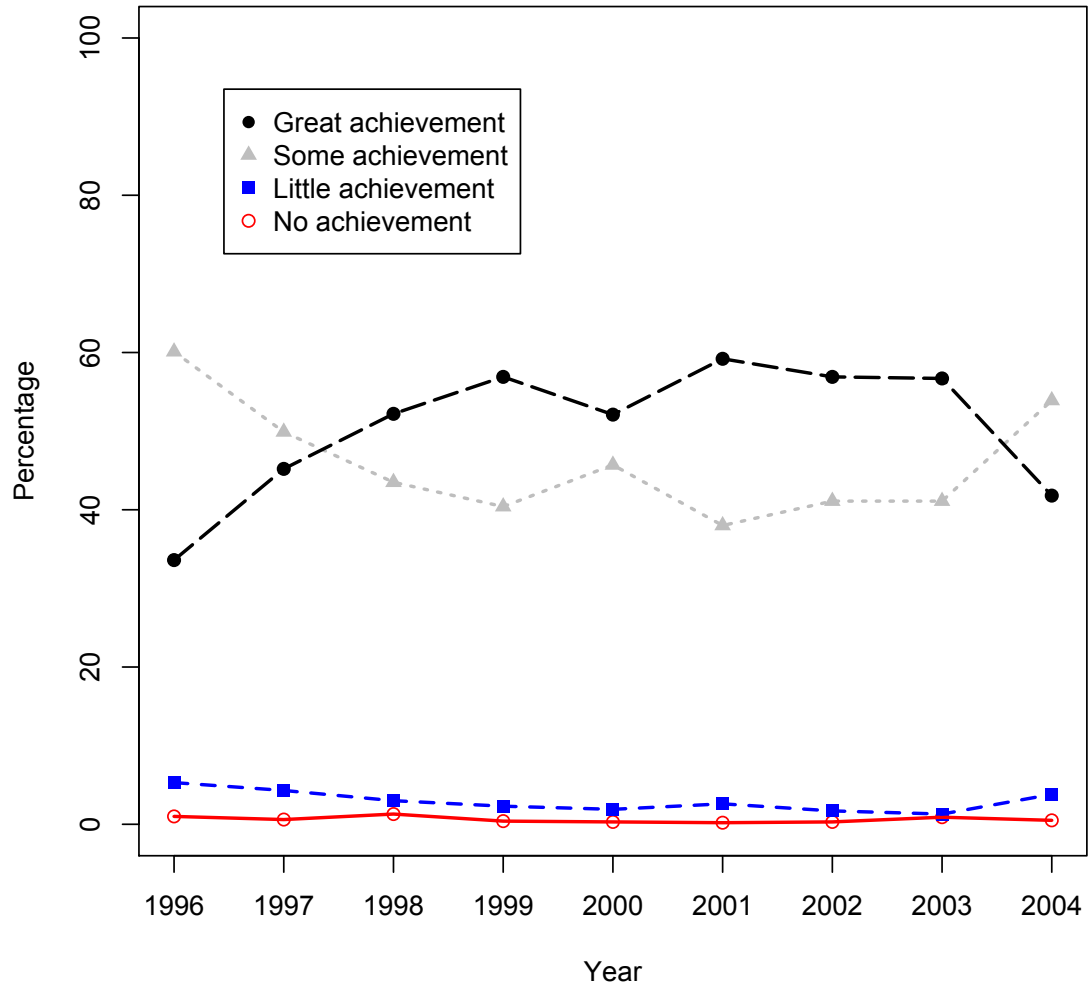
In addition, China's success over the past three decades has largely been economic. The Chinese Communist Party (CCP)'s legitimacy has primarily hinged on

producing material gains for its people. This system works well as long as the economy is growing. However, when China's economy experiences hardship, there is no other channel through which to divert people's demands. By contrast, citizens in the post-Soviet states and Latin America can express their grievances in political terms when the economy slows down. Pursuing pro-market economic policies under one-party rule has "trapped" China's transition (Pei, 2008). The same strategies that led to the CCP's success might create a set of self-destructive dynamics that undermine its legitimacy.

## Figure and Tables

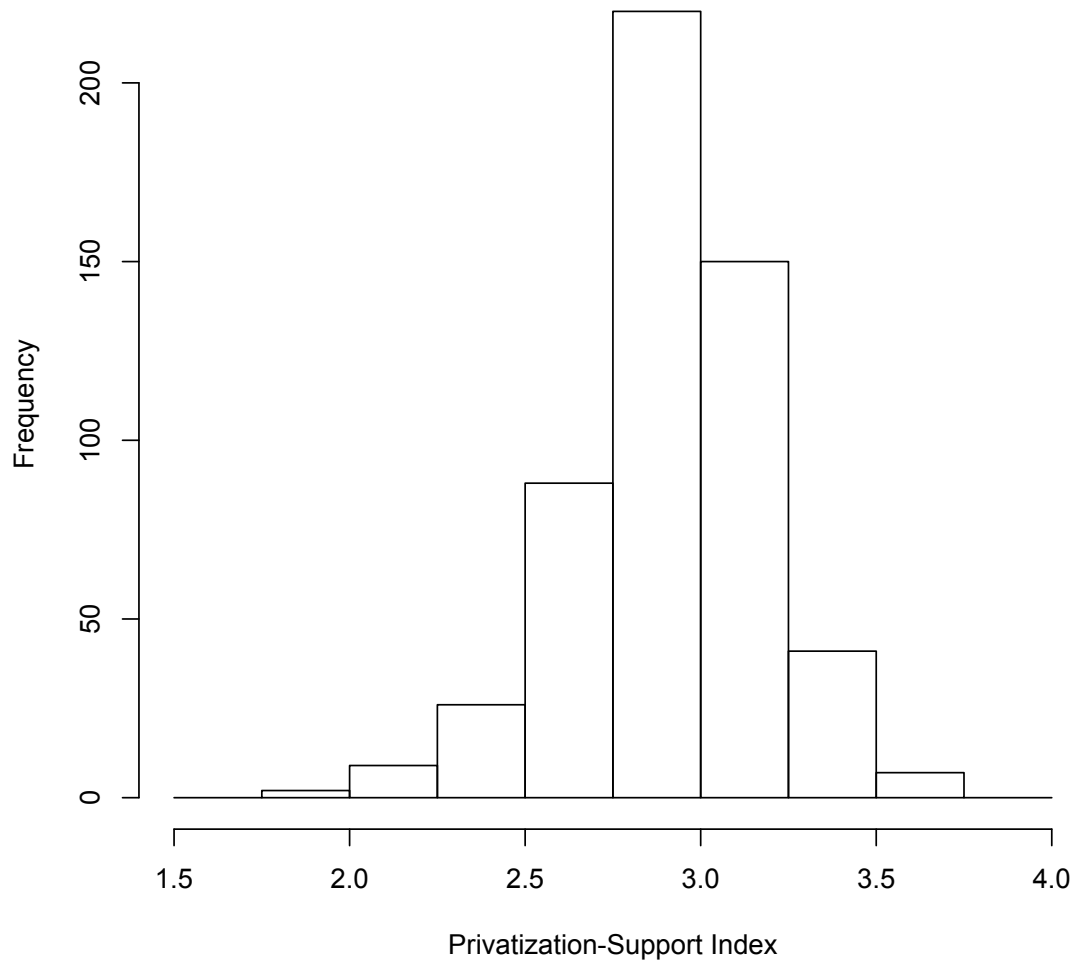


**Figure 1.** Beijing residents' perceived benefits from reforms and opening up (1996-2004).



**Figure 2.** Beijing residents' evaluation of reforms and opening up (1996-2004).





**Figure 3.** Distribution of Beijing residents' Privatization-Support Index (2001)

**Table 1. PRIVATIZATION-SUPPORT INDEX**

<b>Number</b>	<b>Question</b>	<b>Direction</b>
1	The state should take more responsibilities to guarantee everyone's life necessities.	-
2	There should be stronger incentive mechanism to encourage individual effort.	+
3	State-owned companies and industries should be further strengthened.	-
4	Competition is detrimental, because it induces the evil side of human nature.	-
5	People should be responsible for their own lives.	+
6	Personal income should be equalized.	-
7	Private companies and industries should be further encouraged.	+
8	Competition is beneficial, because it can incentivize people to work hard and innovate.	+

**Table 2.** Determinants of Perceived Benefits Among Beijing Residents and Chinese (Ordered Logit Models with Complex Survey Design Effects)

	1996 BAS	1997 BAS	1998 BAS	1999 BAS	2000 BAS	2001 BAS	2002 BAS	2003 BAS	2004 BAS	2008 NATIONAL	
DV=BENEFIT	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$
	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)
MALE	0.153 (0.154)	-0.068 (0.148)	0.243 (0.150)	0.268 * (0.155)	0.196 (0.150)	0.117 (0.172)	-0.019 (0.169)	-0.136 (0.179)	0.033 (0.250)	0.100 (0.037)	***
AGE	-0.037 (0.037)	-0.084 ** (0.036)	-0.126 *** (0.043)	-0.126 *** (0.036)	-0.072 * (0.039)	-0.041 (0.048)	-0.041 (0.041)	-0.127 *** (0.041)	-0.092 (0.080)	-0.002 (0.008)	
AGE <sup>2</sup>	0.001 (0.000)	0.001 *** (0.000)	0.180 *** (0.050)	0.178 *** (0.045)	0.128 *** (0.046)	0.076 (0.057)	0.083 * (0.050)	0.188 *** (0.050)	0.124 (0.089)	0.000 (0.000)	
INCOME	0.817 *** (0.164)	0.820 *** (0.135)	0.629 *** (0.120)	0.415 *** (0.109)	0.511 *** (0.118)	0.839 *** (0.151)	0.924 *** (0.135)	0.115 ** (0.051)	0.514 *** (0.177)	0.062 (0.020)	***
EDU	0.047 ** (0.024)	-0.002 (0.026)	0.096 *** (0.025)	0.044 (0.027)	0.094 *** (0.023)	0.045 (0.034)	0.115 *** (0.034)	0.134 *** (0.037)	0.056 (0.049)	0.015 (0.008)	*
ELITES	0.160 (0.211)	0.311 (0.214)	0.098 (0.366)	0.286 (0.376)	-0.171 (0.368)	1.264 ** (0.631)	-0.340 (0.449)	0.958 ** (0.446)	1.078 ** (0.481)	0.078 (0.103)	
PROFESSIONALS	0.003 (0.226)	0.036 (0.220)	0.146 (0.179)	0.518 *** (0.196)	-0.012 (0.188)	-0.180 (0.225)	0.429 ** (0.200)	0.174 (0.235)	0.860 *** (0.315)	0.183 (0.131)	
URBAN	-	-	-	-	-	-	-	-	-	0.129 (0.061)	**
REGION F.E.	-	-	-	-	-	-	-	-	-	YES	
N	778	160	712	639	710	566	583	517	554	3727	
F	7.320 ***	10.840 ***	13.440 ***	9.880 ***	12.630 ***	9.910 ***	21.860 ***	8.100 ***	6.580 ***	8.03 ***	***

*P* values based on two-tailed tests. \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

**Table 3.** Determinants of People's Evaluation of Reforms among Beijing Residents and Chinese (Ordered Logit Models with Complex Survey Design Effects)

	1996 BAS	1997 BAS	1998 BAS	1999 BAS	2000 BAS	2001 BAS	2002 BAS	2003 BAS	2004 BAS	2008 NATIONAL
DV=EVALUATION	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$	$\beta$
	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)	(S.E.)
BENEFIT	1.597 *** (0.165)	1.478 *** (0.147)	1.332 *** (0.142)	1.019 *** (0.134)	1.112 *** (0.131)	0.888 *** (0.143)	1.035 *** (0.151)	1.085 *** (0.162)	1.252 *** (0.260)	0.347 *** (0.018)
MALE	0.163 (0.172)	0.077 (0.174)	-0.195 (0.173)	0.013 (0.181)	0.243 (0.173)	0.318 (0.197)	0.117 (0.190)	-0.071 (0.221)	-0.635 ** (0.303)	-0.011 (0.028)
AGE	-0.060 (0.044)	-0.063 (0.040)	0.057 (0.042)	0.079 * (0.046)	-0.015 (0.046)	0.028 (0.049)	-0.088 * (0.051)	-0.095 * (0.055)	0.055 (0.094)	-0.003 (0.005)
AGE <sup>2</sup>	0.001 (0.000)	0.001 ** (0.000)	-0.028 (0.050)	-0.054 (0.056)	0.059 (0.056)	-0.016 (0.057)	0.135 ** (0.063)	0.151 ** (0.068)	-0.032 (0.102)	0.000 (0.000)
INCOME	0.140 (1.189)	0.266 * (0.146)	0.010 (0.142)	-0.068 (0.114)	0.153 (0.138)	0.142 (0.155)	0.101 (0.160)	0.060 (0.073)	0.044 (0.206)	0.019 (0.014)
EDU	0.018 (0.026)	0.041 (0.029)	0.109 *** (0.032)	0.005 (0.029)	0.022 (0.029)	0.061 * (0.034)	0.025 (0.039)	-0.012 (0.041)	0.068 (0.049)	0.011 *** (0.004)
ELITES	0.460 * (0.249)	0.710 *** (0.272)	0.386 (0.426)	-0.227 (0.386)	0.205 (0.414)	1.672 (1.091)	0.126 (0.501)	0.337 (0.501)	0.116 (0.490)	0.030 (0.054)
PROFESSIONALS	-0.045 (0.270)	0.152 (0.281)	-0.363 * (0.213)	0.295 (0.236)	-0.087 (0.239)	-0.271 (0.249)	-0.198 (0.240)	0.262 (0.277)	-0.600 (0.480)	0.031 (0.059)
URBAN	-	-	-	-	-	-	-	-	-	-0.024 (0.031)
REGION F.E.	-	-	-	-	-	-	-	-	-	YES
N	758	758	701	635	705	564	582	513	551	3530
F	15.270 ***	17.750 ***	14.820 ***	10.320 ***	13.410 ***	7.470 ***	8.730 ***	9.100 ***	6.240 ***	53.11 ***

*P* values based on two-tailed tests. \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

**Table 4.** Determinants of Support for Privatization (OLS Estimates with Complex Survey Design Effects)

DV=Support Privatization	$\beta$ (S.E.)		$\beta$ (S.E.)	
LONG-TERM BENEFIT	-0.068 (0.019)	***		
SHORT-TERM BENEFIT	-		-0.036 (0.017)	**
MALE	-0.045 (0.025)	*	-0.044 (0.025)	*
AGE	0.002 (0.006)		0.002 (0.007)	
AGE <sup>2</sup>	0.001 (0.007)		0.000 (0.008)	
INCOME	-0.035 (0.023)		-0.049 (0.022)	**
EDU	-0.012 (0.005)	**	-0.014 (0.005)	***
ELITES	-0.01 (0.065)		-0.023 (0.062)	
PROFESSIONALS	0.002 (0.034)		0.006 (0.035)	
LAID-OFF	-0.100 (0.061)		-0.081 (0.063)	
INTERCEPT	3.439 (0.192)	***	3.472 (0.193)	***
N	503		505	
F	6.57	***	5.31	***
R <sup>2</sup>	0.128		0.105	

*P values based on two-tailed tests. \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .*

**Table 5. Determinants of Support for Reforms (Robustness Checks)**

DV=Support Privatization	$\beta$ (S.E.)		$\beta$ (S.E.)		$\beta$ (S.E.)		$\beta$ (S.E.)		$\beta$ (S.E.)		$\beta$ (S.E.)		$\beta$ (S.E.)		$\beta$ (S.E.)	
LONG-TERM BENEFIT	-0.061 (0.019)	***	-0.065 (0.018)	***	-	-	-	-	-	-	-	-	-	-	-	
SHORT-TERM BENEFIT	-		-		-0.029 (0.017)	*	-0.031 (0.018)	*	-	-	-	-	-	-	-	
LONG-TERM HOPE	0.028 (0.014)	**	-		0.035 (0.017)	**	-		0.036 (0.014)	**	-		0.034 (0.014)	**	-	
SHORT-TERM HOPE	-		0.016 (0.013)		-		0.018 (0.014)		-		0.022 (0.014)		-		0.019 (0.014)	
LONG-TERM COST	-		-		-		-		0.047 (0.019)	**	0.049 (0.019)	***	-		-	
SHORT-TERM COST	-		-		-		-		-		-		0.045 (0.018)	**	0.048 (0.018)	***
MALE	-0.042 (0.025)	*	-0.045 (0.025)	*	-0.041 (0.025)		-0.045 (0.025)	*	-0.046 (0.026)	*	-0.051 (0.026)	**	-0.046 (0.025)	*	-0.050 (0.025)	**
AGE	0.001 (0.006)		0.001 (0.006)		0.001 (0.006)		0.001 (0.007)		0.001 (0.007)		0.001 (0.007)		0.000 (0.006)		0.000 (0.007)	
AGE <sup>2</sup>	0.001 (0.007)		0.002 (0.007)		0.001 (0.008)		0.001 (0.008)		0.001 (0.008)		0.001 (0.008)		0.001 (0.008)		0.002 (0.008)	
INCOME	-0.032 (0.024)		-0.032 (0.023)		-0.043 (0.022)	**	-0.046 (0.022)	**	-0.047 (0.021)	**	-0.049 (0.022)	**	-0.046 (0.021)	**	-0.048 (0.022)	**
EDU	-0.011 (0.005)	**	-0.012 (0.005)	**	-0.013 (0.005)	***	-0.014 (0.005)	***	-0.013 (0.005)	***	-0.013 (0.005)	***	-0.013 (0.005)	***	-0.013 (0.005)	***
ELITES	-0.011 (0.067)		-0.016 (0.066)		-0.025 (0.064)		-0.031 (0.063)		0.000 (0.061)		-0.011 (0.059)		-0.007 (0.060)		-0.016 (0.058)	
PROFESSIONALS	0.002 (0.024)		0.003 (0.024)		0.006 (0.025)		0.007 (0.025)		0.011 (0.025)		0.013 (0.025)		0.011 (0.025)		0.012 (0.025)	

LAI-OFF	-0.095		-0.095		-0.077		-0.076		-0.081		-0.079		-0.083		-0.082	
	(0.063)		(0.062)		(0.065)		(0.064)		(0.063)		(0.062)		(0.063)		(0.063)	
INTERCEPT	3.36	***	3.379	***	3.369	***	3.405	***	3.268	***	3.287	***	3.297	***	3.324	***
	(0.195)		(0.202)		(0.199)		(0.207)		(0.204)		(0.211)		(0.199)		(0.018)	
N	503		503		505		505		499		499		503		503	
F	6.34	***	6.23	***	5.29	***	5.27	***	5.42	***	5.23	***	5.95	***	5.64	***
R <sup>2</sup>	0.135		0.131		0.116		0.108		0.118		0.111		0.12		0.112	

*P values based on two-tailed tests. \*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .*

## References

- Chen, J., & Dickson, B. J. (2010). *Allies of the state: China's private entrepreneurs and democratic change*. Cambridge, MA: Harvard University Press.
- Denisova, I., Eller, M., Frye, T., & Zhuravskaya, E. (2009). Who wants to revise privatization? The complementarity of market skills and institutions. *American Political Science Review*, 103(02), 284-304.
- Dickson, B. J. (2003). *Red capitalists in China: The party, private entrepreneurs, and prospects for political change*. New York, NY: Cambridge University Press.
- Dornbusch, R., & Edwards, S. (1990). Macroeconomic populism. *Journal of Development Economics*, 32(2), 247-277.
- Duch, R. M. (1993). Tolerating economic reform: Popular support for transition to a free market in the Former Soviet Union. *American Political Science Review*, 87(03), 590-608.
- Fiorina, M. P. (1981). *Retrospective voting in American elections*. New Haven, CT: Yale University Press.
- Fish, M. S. (2005). *Democracy derailed in Russia: The failure of open politics*. New York, NY: Cambridge University Press.
- Frye, T. (2007). Economic transformation and comparative politics. In C. Boix & S.C. Stokes (Eds.), *The Oxford handbook of comparative politics* (pp. 940-968). New York, NY: Oxford University Press.
- Frye, T., & Mansfield, E. D. (2004). Timing is everything: Elections and trade liberalization in the postcommunist world. *Comparative Political Studies*, 37(4), 371-398.
- Gallagher, M. E. (2005). *Contagious capitalism*. Princeton, NJ: Princeton University Press.
- Garrett, G. (1998). *Partisan politics in the global economy*. New York, NY: Cambridge University Press.
- Gehlbach, S., & Malesky, E. J. (2010). The contribution of veto players to economic reform. *The Journal of Politics*, 72(04), 957-975.
- Grzymala-Busse, A. M. (2002). *Redeeming the communist past: The regeneration of communist parties in East Central Europe*. New York, NY: Cambridge University Press.
- Haggard, S. (1990). *Pathways from the periphery: The politics of growth in the newly industrializing countries*. Ithaca, NY: Cornell University Press.
- Haggard, S., & Kaufman, R.R. (1995). *The political economy of democratic transitions*. Princeton, NJ: Princeton University Press.
- Hellman, J. S. (1998). Winners take all: the politics of partial reform in postcommunist transitions. *World Politics*, 50(02), 203-234.
- Hibbs, D.A. (2006). Voting and the macroeconomy. In B.R. Weingast & D. Wittman (Eds.), *The Oxford Handbook of political economy* (pp. 565-586). New York, NY: Oxford University Press.
- Hiscox, M. J. (2006). Through a glass and darkly: Attitudes toward international trade and the curious effects of issue framing. *International Organization*, 755-780.
- Hsueh, R. (2011). *China's regulatory state: A new strategy for globalization*. Ithaca, NY: Cornell University Press.



- Huang, Y. (2008). *Capitalism with Chinese characteristics: Entrepreneurship and the state*. New York, NY: Cambridge University Press.
- Johnston, A. I. (2004). Chinese middle class attitudes towards international affairs: nascent liberalization? *The China Quarterly*, 179, 603-628.
- Johnston, A. I. (2006). The correlations of Beijing opinion toward the United States, 1998-2004. In A.I. Johnston & R.S.Ross (Eds.), *New directions in the study of China's foreign policy*. Stanford, CA: Stanford University Press.
- Johnston, A.I., & Stockman, D. (2007). Chinese attitudes towards the United States and Americans. In P. Katzenstein & R. Keohane (Eds.), *Anti-Americanisms and world politics*. Ithaca, NY: Cornell University Press.
- Kang, D. C. (2002). *Crony capitalism: Corruption and development in South Korea and the Philippines*. New York, NY: Cambridge University Press.
- Kornai, J. (2008). *From socialism to capitalism: Eight essays*. Budapest, Hungary: Central European University Press.
- Kramer, G. H. (1971). *Short-term fluctuations in US voting behavior: 1896-1964*. Cowles Foundation for Research in Economics at Yale University.
- Landry, P. F., & Shen, M. (2005). Reaching migrants in survey research: the use of the global positioning system to reduce coverage bias in China. *Political Analysis*, 13(1), 1-22.
- Lau, L. J., Qian, Y., & Roland, G. (2000). Reform without losers: An interpretation of China's dual-track approach to transition. *Journal of Political Economy*, 108(1), 120-143.
- Lewis-Beck, M. S. (1990). *Economics and elections: The major Western democracies*. Ann Arbor, MI: University of Michigan Press.
- Linz, J. J., & Stepan, A. (1996). *Problems of democratic transition and consolidation: Southern Europe, South America, and post-communist Europe*. Baltimore, MD: Johns Hopkins University Press.
- Manion, M. (1996). The electoral connection in the Chinese countryside. *American Political Science Review*, 90(4), 736-748.
- Minzner, C. F. (2011). China's turn against law. *American Journal of Comparative Law*, 59(4), 935-984.
- Murphy, K. M., Shleifer, A., & Vishny, R. W. (1992). The transition to a market economy: Pitfalls of partial reform. *The Quarterly Journal of Economics*, 107(3), 889-906.
- Naughton, B. (2007). *The Chinese economy: Transitions and growth*. Cambridge, MA: MIT Press.
- O'Brien, K. J. (1990). *Reform without liberalization: China's National People's Congress and the politics of institutional change*. New York, NY: Cambridge University Press.
- Pei, M. (2009). *China's trapped transition: The limits of developmental autocracy*. Cambridge, MA: Harvard University Press.
- Przeworski, A. (1991). *Democracy and the market: Political and economic reforms in Eastern Europe and Latin America*. New York, NY: Cambridge University Press.
- Przeworski, A. (1996). Public support for economic reforms in Poland. *Comparative Political*

- Studies*, 29(5), 520-543.
- Qian, Y. (2003). How reform worked in China. In D. Rodrik (Ed.), *In search of prosperity: Analytic narratives on economic growth*. Princeton, NJ: Princeton University Press.
- Rodrik, D. (1996). Understanding economic policy reform. *Journal of Economic Literature*, 9-41.
- Roland, G. (2000). *Transition and economics: Politics, markets, and firms*. Cambridge, MA: MIT Press.
- Sachs, J. (1990). *Social conflict and populist policies in Latin America*. San Francisco: ICS Press.
- Shen, M., & Yang, M. (2010). Measuring change and stability over a decade in the Beijing Area Study. In A. Carlson, M.E. Gallagher, K. Lieberthal & M. Manion (Eds.), *Contemporary Chinese politics: New sources, methods, and field strategies*. New York, NY: Cambridge University Press.
- Shirk, S. L. (1994). *How China opened its door: The political success of the PRC's foreign trade and investment reforms*. Washington, DC: Brookings Institution Press.
- Steinfeld, E. S. (2000). *Forging reform in China: The fate of state-owned industry*. New York, NY: Cambridge University Press.
- Stokes, S. C. (Ed.) (2001). *Public support for market reforms in new democracies*. New York, NY: Cambridge University Press.
- Tucker, J. A. (2006). *Regional economic voting: Russia, Poland, Hungary, Slovakia, and the Czech Republic, 1990-1999*. New York, NY: Cambridge University Press.
- Wang, Y. (Forthcoming). *Tying the autocrat's hands: The rise of the rule of law in China*. New York, NY: Cambridge University Press.
- Zheng, Y., & Chen, M. (2009). China's state-owned enterprise reform and its discontents. *Problems of Post-Communism*, 56(2), 36-42.

## APPENDICES

### Appendix A. Variable Construction

Variable Name	Variable Description	Survey Question
EVALUATION	Higher score = positive evaluation	How do you evaluate the achievements of our country's reforms and opening up? Great achievement, some achievement, little achievement, or no achievement?
LONG-TERM BENEFIT	Higher score = more benefits	What level of benefits have the reforms and opening up brought to your family? Very high, high, moderate, or little?
SHORT-TERM BENEFIT	Higher score = more benefits	What level of benefits have the reforms and opening up <i>in the previous year</i> brought to your family? Very high, high, moderate, or little?
LONG-TERM COST	Higher score = more costs	What level of costs have the reforms and opening up brought to your family? Very high, high, moderate, or little?
SHORT-TERM COST	Higher score = more costs	What level of costs have the reforms and opening up in the previous year brought to your family? Very high, high, moderate, or little?
LONG-TERM HOPE	Higher score = more hope	In five years, do you think your family's financial conditions will become much better, better, the same, worse, or much worse?
SHORT-TERM HOPE	Higher score = more hope	Next year, do you think your family's financial conditions will become much better, better, the same, worse, or much worse?
PRIVATIZATION-SUPPORT INDEX	Higher score = support for market competition and privatization	<p>The state should take more responsibilities to guarantee everyone's life necessities.</p> <p>There should be stronger incentive mechanisms to encourage individual effort.</p> <p>State-owned companies and industries should be further strengthened.</p> <p>Competition is detrimental, because it induces the evil side of human nature.</p> <p>People should be responsible for their own lives.</p> <p>Personal income should be equalized.</p> <p>Private companies and industries should be further encouraged.</p> <p>Competition is beneficial, because it can incentivize people to work hard and innovate.</p>
MALE	Male = 1, Female = 0	
AGE	Age of respondents	
INCOME	Log-transformed family income per capita	What's the total income of your family last month (including salary, bonus, part-time job salary, gifts from relatives and friends, and investment returns)? And how many people rely on this income in your family?
EDU	Number of years	How many years have you been in formal schooling?
ELITES	1 = officials in party-governmental organizations or managers in state-owned companies or private companies	

PROFESSIONALS	1 = professors, teachers, doctors, lawyers, journalists, etc.	
OTHERS	1 = other occupations	
LAID-OFF	laid off = 1, otherwise = 0	What's your employment status?
URBAN	urban = 1, rural = 0	Do you have an urban <i>hukou</i> ?
REGION	1 = east, 2 = central, 3 = west	

---

---

**Appendix B. Summary Statistics**

	1996		1997		1998		1999		2000		2001		2002		2003		2004		2008	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD	Mean	SD
<b>EVALUATION</b>	3.26	0.60	3.40	0.60	3.47	0.62	2.33	0.51	2.34	0.48	2.45	0.49	2.40	0.50	2.31	0.48	2.22	0.47	3.49	0.61
<b>LONG-TERM BENEFIT</b>	2.15	0.65	2.36	0.68	2.29	0.68	2.11	0.70	2.13	0.70	2.08	0.71	2.15	0.70	2.08	0.74	2.08	0.66	2.63	0.92
<b>LONG-TERM COST</b>	3.50	0.58	3.55	0.57	3.52	0.61	3.56	0.58	3.58	0.56	3.56	0.57	3.56	0.55	3.59	0.58	3.48	0.60	3.54	0.73
<b>MALE</b>	0.52	0.50	0.48	0.50	0.50	0.50	0.50	0.50	0.53	0.50	0.54	0.50	0.47	0.50	0.48	0.50	0.57	0.50	0.47	0.50
<b>AGE</b>	44.20	13.00	45.78	13.94	42.63	12.22	41.99	12.23	41.65	11.79	43.09	12.00	42.32	11.43	42.85	11.29	47.99	9.78	43.67	13.59
<b>INCOME</b>	6.21	0.55	6.24	0.65	6.36	0.69	6.42	0.85	6.59	0.82	6.67	0.73	6.71	0.75	7.23	1.63	6.81	0.84	8.15	1.15
<b>EDU</b>	10.48	4.27	9.60	4.56	10.82	3.71	10.82	3.81	10.88	3.88	11.38	3.54	11.76	3.37	12.16	3.36	11.34	3.17	6.98	4.21
<b>ELITES</b>	0.16	0.37	0.12	0.33	0.04	0.20	0.04	0.20	0.05	0.23	0.02	0.14	0.04	0.19	0.05	0.21	0.08	0.27	0.04	0.19
<b>PROFESSIONALS</b>	0.20	0.40	0.13	0.33	0.22	0.42	0.20	0.40	0.17	0.38	0.19	0.39	0.26	0.44	0.23	0.42	0.22	0.41	0.03	0.18
<b>SHORT-TERM BENEFIT</b>	-	-	-	-	-	-	-	-	-	-	1.80	0.80	-	-	-	-	-	-	-	-
<b>SHORT-TERM COST</b>	-	-	-	-	-	-	-	-	-	-	3.57	0.69	-	-	-	-	-	-	-	-
<b>LONG-TERM HOPE</b>	-	-	-	-	-	-	-	-	-	-	2.88	0.87	-	-	-	-	-	-	-	-
<b>SHORT-TERM HOPE</b>	-	-	-	-	-	-	-	-	-	-	2.28	0.89	-	-	-	-	-	-	-	-
<b>PRIVATIZATION-SUPPORT INDEX</b>	-	-	-	-	-	-	-	-	-	-	2.65	0.27	-	-	-	-	-	-	-	-
<b>LAI D OFF</b>	-	-	-	-	-	-	-	-	-	-	0.62	0.49	-	-	-	-	-	-	-	-
<b>URBAN</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.25
<b>REGION</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.89
<b>N</b>	811		791		756		712		757		615		662		551		617		4,004	

## Notes

---

<sup>1</sup> “The Visible Hand,” *The Economist*, January 21, 2012, accessed May 23, 2012, <http://www.economist.com/node/21542931>.

<sup>2</sup> For a review of the literature on the politics of economic reforms, please see Frye (2007).

<sup>3</sup> For a review of SOE reforms, please see Steinfeld (2000).

<sup>4</sup> For more information about the BAS, please see Shen and Yang (2010).

<sup>5</sup> The components of the index are highly correlated. The results are available upon request.

<sup>6</sup> It is difficult to interpret the magnitude of the effect with an ordinal dependent variable and a log-transformed independent variable.

<sup>7</sup> We also do not find an interactive effect of HOPE and BENEFIT. Results are available upon request.

<sup>8</sup> For a review of the economic voting literature, please see Hibbs (2006).