Supplementary Online Appendices

"Do Gains in Political Representation Sweeten Tax Reform in China? It Depends on Who You Ask"

Political Science Research and Methods

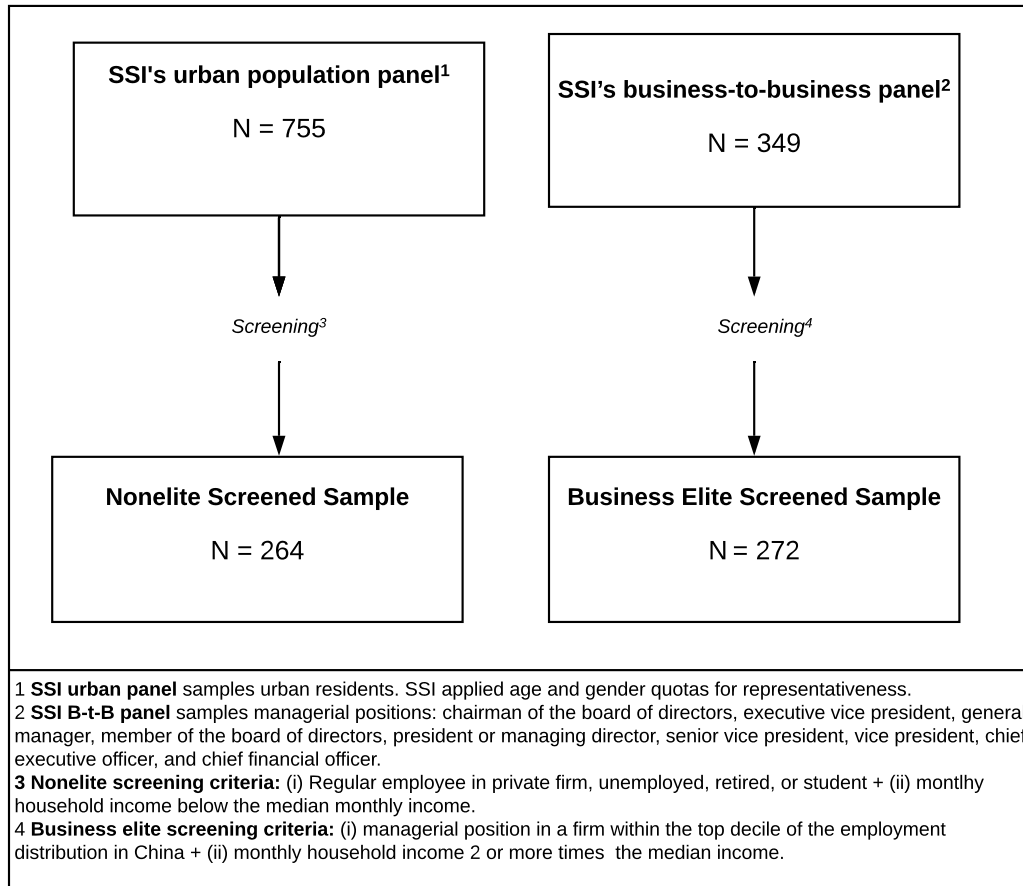These appendices contain materials, results and robustness checks that supplement the main text.

A   Preregistration

The surveys for this manuscript were designed in 2016 and implemented in 2017. Since then we have learned the benefits of preregistration. In this manuscript, we try to be as transparent as possible about our coding decisions. We are happy to address any questions or clarifications about the data, coding, and modeling.

B Business and Nonelite Samples

Figure A-1 describes how we screened our original samples.

Figure A-1: Original and Screened Samples

SSI's urban population panel[1] N = 755	**SSI's business-to-business panel[2]** N = 349

Screening[3]   *Screening[4]*

Nonelite Screened Sample N = 264	**Business Elite Screened Sample** N = 272

1 **SSI urban panel** samples urban residents. SSI applied age and gender quotas for representativeness.
2 **SSI B-t-B panel** samples managerial positions: chairman of the board of directors, executive vice president, general manager, member of the board of directors, president or managing director, senior vice president, vice president, chief executive officer, and chief financial officer.
3 **Nonelite screening criteria:** (i) Regular employee in private firm, unemployed, retired, or student + (ii) montlhy household income below the median monthly income.
4 **Business elite screening criteria:** (i) managerial position in a firm within the top decile of the employment distribution in China + (ii) monthly household income 2 or more times the median income.

C   Data Descriptives

Tables A-1 and A-2 report descriptive statistics for the original samples and the screened samples for business elites and nonelites, respectively.

Table A-1: Summary statistics (Business Elite Sample)

	Original Elite Sample					Screened Elite Sample				
Variable	*Mean*	*Std.Dev.*	*Min*	*Max*	*N*	*Mean*	*Std.Dev.*	*Min*	*Max*	*N*
Choice	0.54	0.499	0	1	346	0.507	0.501	0	1	270
Tax Conception[†]	0.605	0.49	0	1	347	0.609	0.489	0	1	271
Trust in Government	0.749	0.434	0	1	347	0.765	0.425	0	1	272
Time Horizon	0.556	0.498	0	1	347	0.515	0.501	0	1	272
Years paying Income Tax (Categorical)	4.049	0.948	1	5	346	4.115	0.903	1	5	270
Awareness of VAT existence	2.723	0.822	1	4	346	2.737	0.832	1	4	270
Satisfaction with Education	0.683	0.466	0	1	344	0.674	0.47	0	1	270
Satisfaction with Health Care	0.589	0.493	0	1	341	0.631	0.484	0	1	268
Satisfaction with Infrastructure	0.85	0.358	0	1	340	0.829	0.377	0	1	263
Satisfaction with Environment	0.64	0.481	0	1	344	0.637	0.482	0	1	270
Male	0.646	0.479	0	1	347	0.662	0.474	0	1	272
Age	35.487	6.903	20	59	347	36.331	7.652	20	61	272
Married	0.962	0.19	0	1	346	0.967	0.18	0	1	270
CCP Member	0.321	0.467	0	1	346	0.322	0.468	0	1	270
Income (Categorical)	9.779	2.421	4	14	346	10.515	2.089	8	14	270
Education (Categorical)	6.228	0.656	4	8	347	6.301	0.647	4	8	272

† Proportion of respondents that prefer political say over public goods when asked directly.

Note: In screening the business elite sample, we restricted the B-t-B SSI sample to respondents who (i) are owners or managers of firms hiring 50+ individuals—the threshold above which are the top 10% largest firms in China—and (ii) whose monthly household income is at least RMB15,001. Why this threshold? According to the National Bureau of Statistics in China, the median annual disposable income for an urban resident is 33,834 RMB. We assume the household income reported by our respondents derives from two wage earners. Hence, the median for an urban resident's monthly disposable income is around 5,639RMB. Thus our business elites' household income is approximately three times larger than the median urban household income in China. For more details about the raw data from the National Bureau of Statistics in China, see http://www.stats.gov.cn/tjsj/zxfb/201801/t20180118_1574931.html (last accessed: March 18, 2018).

Table A-2: Summary statistics (Nonelite Sample)

Variable	Original Nonelite Sample					Screened Nonelite Sample				
	Mean	*Std.Dev.*	*Min*	*Max*	*N*	*Mean*	*Std.Dev.*	*Min*	*Max*	*N*
Choice	0.536	0.499	0	1	701	0.565	0.497	0	1	262
Tax Conception[†]	0.497	0.5	0	1	714	0.443	0.498	0	1	264
Trust in Government	0.671	0.47	0	1	730	0.625	0.485	0	1	264
Time Horizon	0.65	0.477	0	1	732	0.64	0.481	0	1	264
Years paying Income Tax (Categorical)	3.814	1.352	1	5	714	3.629	1.512	1	5	264
Awareness of VAT existence	2.352	0.925	1	4	711	2.246	0.941	1	4	264
Satisfaction with Education	0.61	0.488	0	1	712	0.648	0.479	0	1	264
Satisfaction with Health Care	0.465	0.499	0	1	714	0.504	0.501	0	1	262
Satisfaction with Infrastructure	0.833	0.373	0	1	713	0.837	0.371	0	1	263
Satisfaction with Environment	0.53	0.499	0	1	711	0.546	0.499	0	1	260
Male	0.523	0.5	0	1	755	0.473	0.5	0	1	264
Age	39.095	13.089	19	72	755	39.182	14.664	19	72	264
Married	0.777	0.416	0	1	709	0.686	0.465	0	1	264
CCP Member	0.305	0.461	0	1	709	0.269	0.444	0	1	264
Income (Categorical)	7.296	2.138	1	14	705	5.841	1.188	1	7	264
Education (Categorical)	5.71	0.756	3	8	755	5.549	0.778	4	7	264

† Proportion of respondents that prefer political say over public goods when asked directly.

Note: The original SSI nonelite sample was designed with a quota system to enhance representation. The breakdown of the age and gender quota is as follows: aged 18-24: 19% aged 25-34: 22%; aged 35-44: 23%; aged 45-54: 21%; aged 55+: 16%; Male: 51%; Female: 49%. These quotas were based on the 2010 China Census for the urban population, the most recent census. We adjust the quotas slightly at the end of data collection because it was extremely difficult to fully fulfill the quota for the 55+ age groups in China.

D   Conjoint Experiment: Implementation Details

In this section, we show a real screenshot of a randomly generated paired comparison in the conjoint analysis and the Chinese translation of all values in the conjoint experiment.

Figure A-2: Conjoint Analysis in China

不管您做出怎样的选择，这些选择都没有对错。我们只是想知道您在比较两个不同税制改革方案时您个人最倾向的是哪个方案。

	方案一	方案二
税种	个人所得税	个人所得税
税收主要用于增加以下方面的支出	增加社区周围的绿化空间和公园	不需要任何改变
税收主要用于改善以下的政府职能	让老百姓直选区长	提供更好的法律措施保护私人产权
税率	20%	1%

请选择

方案1	方案2
○	○

在以下1至5的维度之中，1表示强烈支持，5表示强烈反对。请问您在多大程度上支持方案1?

1.强烈支持	2.有些支持	3.没有意见	4.有些反对	5.强烈反对
○	○	○	○	○

在以下1至5的维度之中，1表示强烈支持，5表示强烈反对。请问您在多大程度上支持方案2?

1.强烈支持	2.有些支持	3.没有意见	4.有些反對	5.强烈反對
○	○	○	○	○

Attributes	Values
制度化的政治影响力	不需要任何改变
	透过网络和电话向政府反馈意见，或者经由听证会让政府知道老百姓的意见
	公布详细的政府财政信息来增加政策的透明度
	让老百姓直选区长
	提供更好的法律措施来保障财产权
政府服务	不需要任何改变
	增强国家安全与国防支出
	增加社区周围更好的社会服务（例如教育、医疗、退休福利等等）
	提供社区更好的基础建设（例如地方道路、高速公路、电力供应等等）
	增加社区周围的绿化空间和公园
税种	个人所得税
	增值税
税率	1%
	5%
	10%
	15%
	20%

Table A-3: Policy Dimensions and Values for the Tax Reform Conjoint Experiment in Chinese translation.

E   Conjoint Experiment in Regression Format

In Tables A-4 and A-5 we report results in Figures 2 and 3 in the main text, respectively, in regression format.

Table A-4: Main Conjoint Experiment by Elite Status

	Business Elites		Nonelites	
	(1)	(2)	(3)	(4)
Institutionalized Pol. Infl.: Citizen Input	0.155***	0.153***	0.069**	0.071**
	(0.029)	(0.030)	(0.029)	(0.029)
Institutionalized Pol. Infl.: Fiscal Transparency	0.182***	0.183***	0.069**	0.069**
	(0.028)	(0.028)	(0.028)	(0.029)
Institutionalized Pol. Infl.:Election	0.100***	0.096***	-0.019	-0.019
	(0.028)	(0.029)	(0.030)	(0.030)
Institutionalized Pol. Infl.: Property Rights	0.137***	0.136***	0.072**	0.072**
	(0.027)	(0.028)	(0.028)	(0.028)
Government Service: Defense	0.112***	0.115***	0.105***	0.106***
	(0.028)	(0.029)	(0.029)	(0.030)
Government Service: Public Goods & Services	0.289***	0.295***	0.287***	0.288***
	(0.029)	(0.029)	(0.026)	(0.026)
Government Service: Environment	0.162***	0.160***	0.177***	0.177***
	(0.029)	(0.030)	(0.027)	(0.028)
Government Service: Infrastructure	0.238***	0.241***	0.197***	0.198***
	(0.027)	(0.027)	(0.030)	(0.030)
Type of tax reform: VAT	0.018	0.018	0.052***	0.053***
	(0.017)	(0.017)	(0.017)	(0.017)
Marginal Rates: 5%	-0.040	-0.043	-0.118***	-0.118***
	(0.027)	(0.027)	(0.028)	(0.029)
Marginal Rates: 10%	-0.100***	-0.101***	-0.157***	-0.158***
	(0.028)	(0.029)	(0.027)	(0.027)
Marginal Rates: 15%	-0.183***	-0.188***	-0.294***	-0.295***
	(0.028)	(0.028)	(0.027)	(0.028)
Marginal Rates: 20%	-0.231***	-0.234***	-0.381***	-0.383***
	(0.031)	(0.032)	(0.031)	(0.031)
N	3,240	3,144	3,144	3,144
Socio-Economic Controls	No	Yes	No	Yes
R-squared	0.089	0.090	0.120	0.121

Note: Estimates drawn from screened samples of business elites and nonelites. Constant not reported. Socio-economic controls are: Gender, age, education, marital status, and monthly household income. Cluster standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

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Table A-5: Main Conjoint Experiment with Elite Status Interaction

	(1)	(2)
Business Elites	-0.145***	-0.190***
	(0.047)	(0.066)
Institutionalized Pol. Infl.: Citizen Input	0.069**	0.071**
	(0.029)	(0.029)
Institutionalized Pol. Infl.: Fiscal Transparency	0.069**	0.069**
	(0.028)	(0.029)
Institutionalized Pol. Infl.: Election	-0.019	-0.019
	(0.030)	(0.030)
Institutionalized Pol. Infl.: Property Rights	0.072**	0.072**
	(0.028)	(0.028)
Business Elites × IPI: Citizen Input	0.085**	0.082**
	(0.041)	(0.041)
Business Elites × IPI: Fiscal Transparency	0.114***	0.114***
	(0.040)	(0.040)
Business Elites × IPI: Election	0.118***	0.115***
	(0.041)	(0.041)
Business Elites × IPI: Property Rights	0.065*	0.064
	(0.039)	(0.039)
Government Service: Defense	0.105***	0.106***
	(0.029)	(0.030)
Government Service: Public Goods & Services	0.287***	0.288***
	(0.026)	(0.026)
Government Service: Environment	0.177***	0.178***
	(0.027)	(0.028)
Government Service: Infrastructure	0.197***	0.198***
	(0.030)	(0.030)
Business Elites × Government Service: Defense	0.007	0.008
	(0.041)	(0.042)
Business Elites × Government Service: Pub. Goods & Services	0.002	0.007
	(0.038)	(0.039)
Business Elites × Government Service: Environment	-0.015	-0.019
	(0.040)	(0.040)
Business Elites × Government Service: Infrastructure	0.041	0.043
	(0.040)	(0.040)
Type of tax reform: VAT	0.052***	0.052***
	(0.017)	(0.017)
Business Elites × Type of tax reform: VAT	-0.034	-0.035
	(0.024)	(0.024)
Marginal Rates: 5%	-0.118***	-0.118***
	(0.028)	(0.029)
Marginal Rates: 10%	-0.157***	-0.158***
	(0.027)	(0.027)
Marginal Rates: 15%	-0.294***	-0.295***
	(0.027)	(0.028)
Marginal Rates: 20%	-0.381***	-0.383***
	(0.031)	(0.031)
Business Elites × Marginal rate: 5%	0.078**	0.075*
	(0.039)	(0.040)
Business Elites × Marginal rate: 10%	0.057	0.058
	(0.039)	(0.039)
Business Elites × Marginal rate: 15%	0.111***	0.107***
	(0.039)	(0.039)
Business Elites × Marginal rate: 20%	0.150***	0.149***
	(0.044)	(0.045)
N	6,384	6,288
Socio-Economic Controls	No	Yes
R-squared	0.104	0.105

Note: Estimates drawn from business elite and nonelite screened samples in China. Constant not reported. Socio-economic controls are: Gender, age, education, job sector, CCP membership, and monthly household income, and marital status. Cluster standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

F   Alternative Screening Criteria and Original Samples

F.1   Stricter Screening

Here we change the definition of business elites by elevating the threshold to select respondents working at firms in the top 5% and top 1% employment distribution. The number of business elite observations changes as follows:

The number of elite observations based on different China elite firm size definitions:
Top 10% (50+ employees): N=272 (main text)
Top 5% (100+ employees): N=231
Top 1% (200+ employees): N=207

Figure A-3 plots undifferentiated AMCE when we restrict business elite status to belonging to the 5% largest and 1% largest firms in China. Results are virtually identical for the three definitions.

Figure A-3: Conjoint Experiment with Stricter Definition of Business Elite: Top 10%, 5%, and 1% firms, measured by total employees
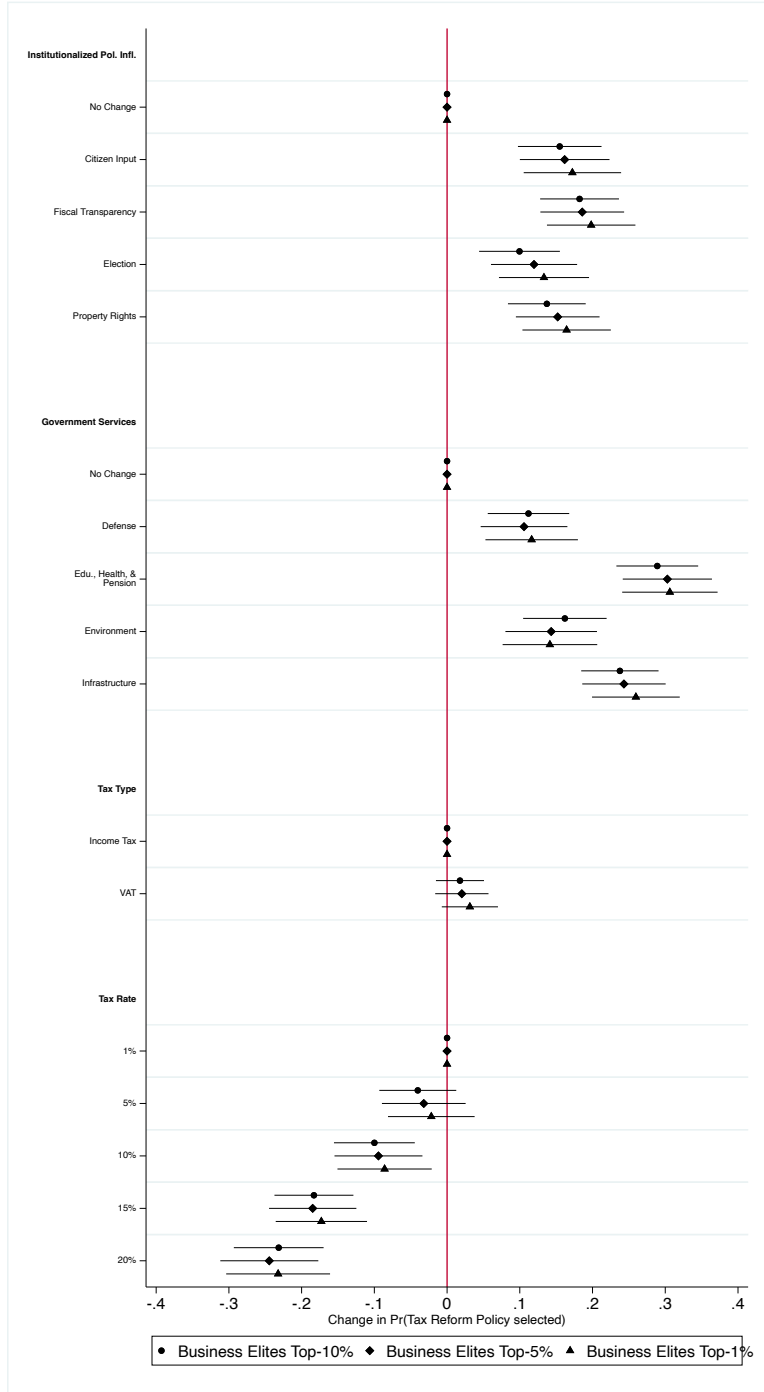

Note: This plot shows estimates of the effects of randomly assigned attributes for different tax reform dimensions on the probability of supporting a tax reform policy. Estimates drawn from China Business Elites samples. The bars indicate 95% CI.

F.2   Conjoint Experiment with Original Samples

In Figure 3 in the main text we report differences in conjoint estimates by elite and nonelites status. Figure A-4 below reports the analysis of elite and nonelite samples without applying any screening criteria (i.e., the original SSI samples).

Figure A-4: Conjoint Analysis Using Unscreened Sample
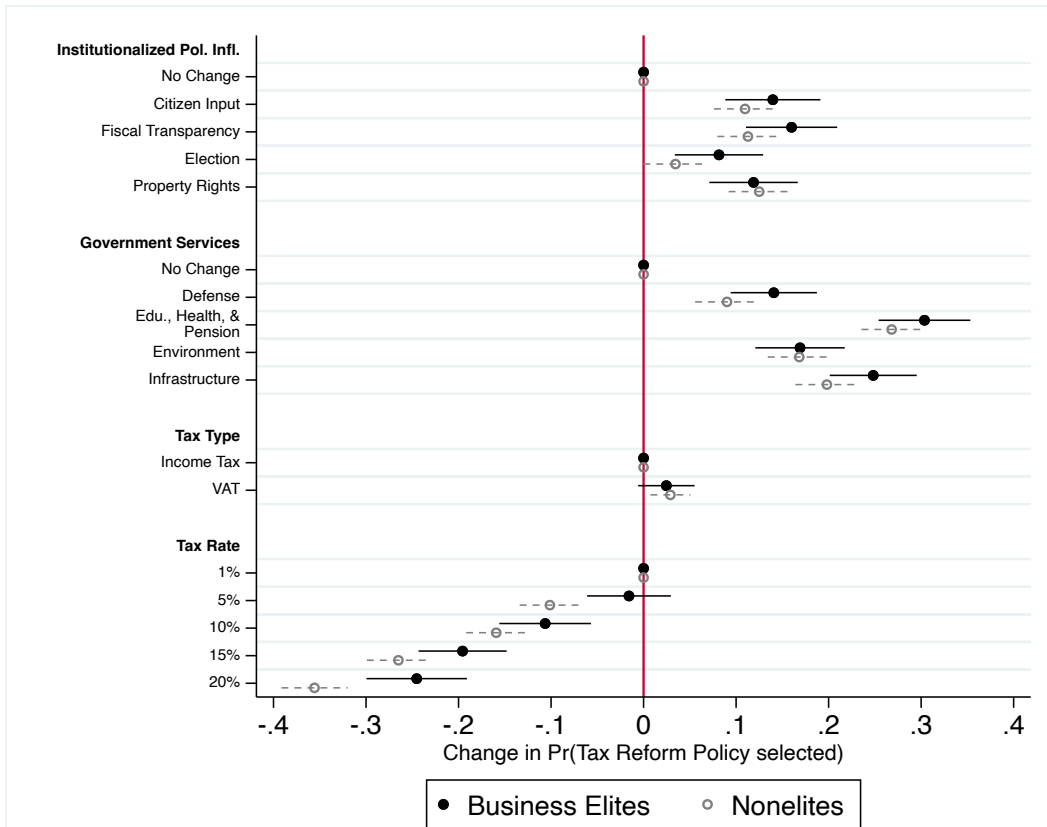
Note: This plot shows differences in AMCE by original elite and nonelites samples without imposing any screening criteria. The bars indicate 95% confidence intervals.

In Figure A-4 we still observe that respondents from the elite sample show stronger preference for IPI than nonelites, but the differences in point estimates are smaller, largely because some of the respondents in either sample cannot be qualified as business elites and nonelites due to their social economic stratus. Specifically, some respondents in our nonelite sample are high income earners while other respondents in the elite sample reported low income or small business characteristics.

F.3   Conjoint Experiment with High-Income Nonelites

Figure A-5 below reports the results for three groups: the business elite (screened sample), the nonelites (screened sample), and an additional in-between group, the high-income nonelites. The latter is populated by nonelites whose monthly household income is at least +RMB15,000. As we mention in the main text, the coefficients for this intermediary group fall in between of the two ideal types, consistent with the idea of an elite–nonelite continuum.

Figure A-5: Conjoint Analysis with High-Income Ordinary Citizens
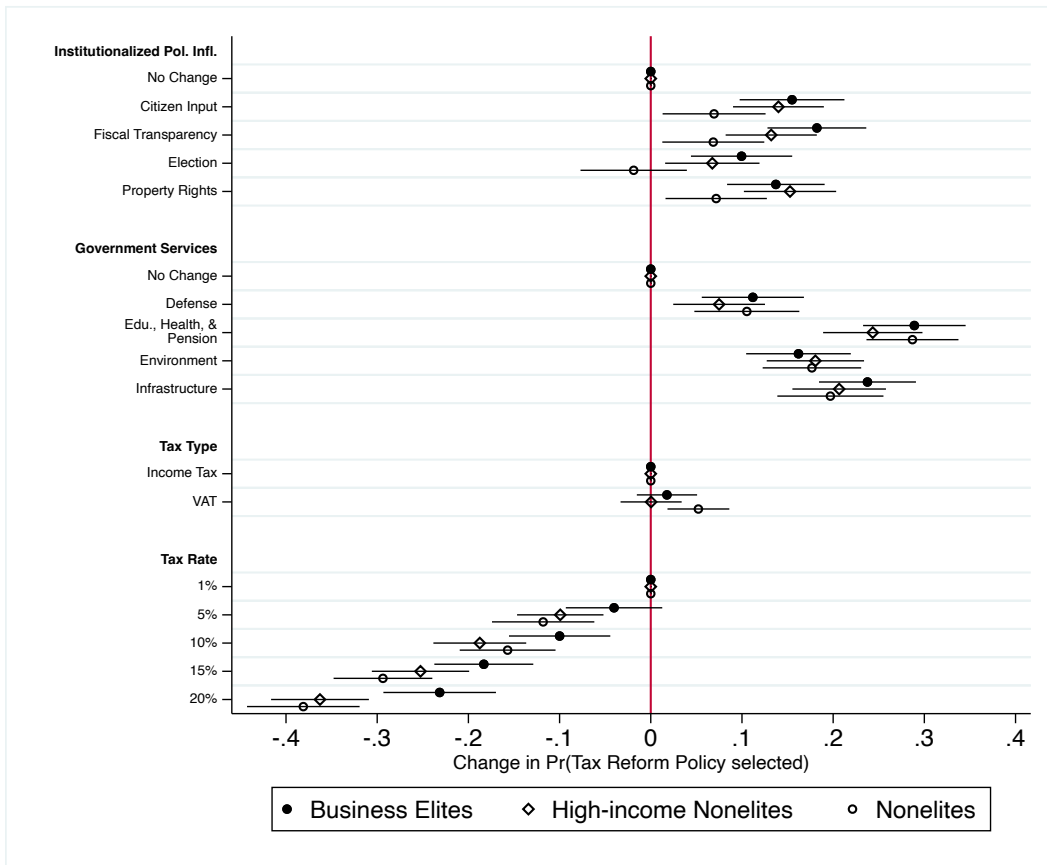
Note: This plot reports ACME for business elites, high-income nonelites, and nonelites. The bars indicate 95% confidence intervals.

G Conjoint Experiment: Robustness Checks

G.1 Cooptation and Party Membership

If businessmen and women are captured by the state, their inclusion should attenuate differences between business elites and nonelites. But we still found significant differences in point estimates in the main analysis. Here we run two additional analyses by focusing on CCP party members:

First, Figure A-6 shows *differences* in AMCE by CCP membership within the business elite sample following Expression 1 in the main text. IPI coefficients do not change in any systematic change by party membership and if any, they move against the notion that CCP membership fully solves credibility issues.

Figure A-6: Conjoint Analysis by CCP membership China
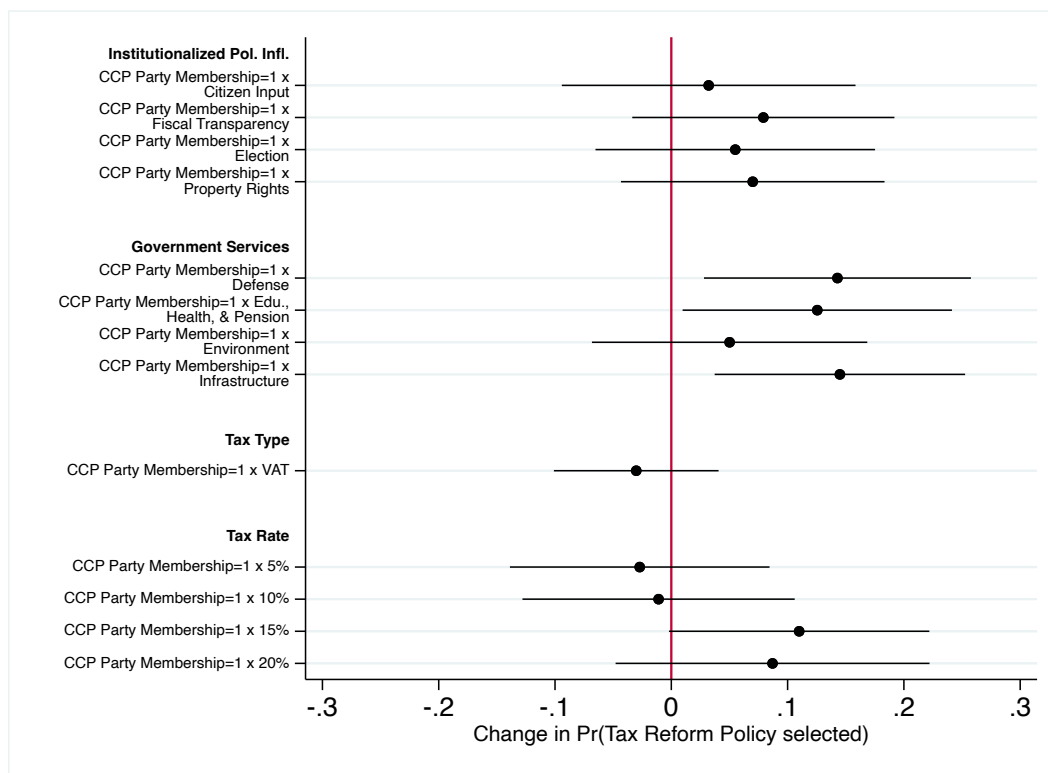
Note: This plot shows differences in AMCE by CCP membership within the business elite sample in China. IPI coefficients do not change in any systematic change by party membership and if any it moves against the notion that CCP membership fully solves credibility issues. Estimates are drawn from the screened sample. The bars indicate 95% confidence intervals.

Second, Figure A-7 shows that business elites who are also CCP members but distrust the government express stronger preference for gains in political say in the context of hypothetical tax reform (refer to the section *Direct Question* in the main text for the logic of this test).

The difference between groups is of 25.6 points, and it is significant at 90% level (p-value = 0.056) despite the small sample size.

Figure A-7: CCP Membership, Trust, and Political Say Among Business Elites in China
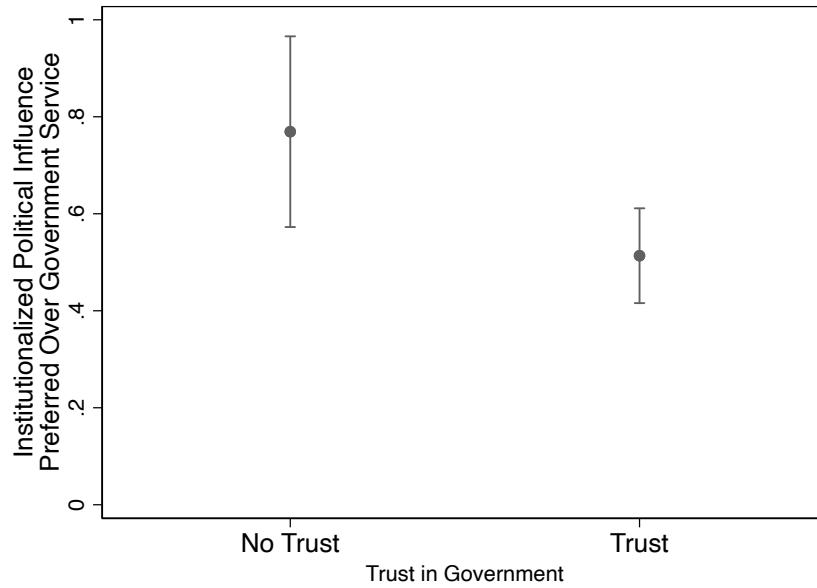
Note: This figure reports the proportion of business elites who are CCP members who prioritize IPI if tax burden increases (relative to those who prioritize government services) by levels of trust in the government. The group difference is of 0.256 points (p-value = 0.056, two-tailed). We measure trust by levels of agreement with "how much can you generally trust government officials to make good policies and implement them?" Estimate are drawn from the screened business elite sample in China: N = 13 for Elite + CCP + No trust, and N = 74 for Elite + CCP + Trust. The bars indicate 95% CI.

G.2 Excluding SOE and CCP respondents in the Business Sample

In Figure A-8, we report additional results with different definitions of business elites. Specifically, we exclude respondents in the elite sample working in an SOE or are CCP members. The point estimates of conjoint analysis using different elite samples are virtually indistinguishable from those reported in Figure 2 in the main text. In the interest of statistical power, we keep SOE and CCP respondents in the elite sample for the main analysis.

Figure A-8: Conjoint Analysis Without CCP and SOE Members
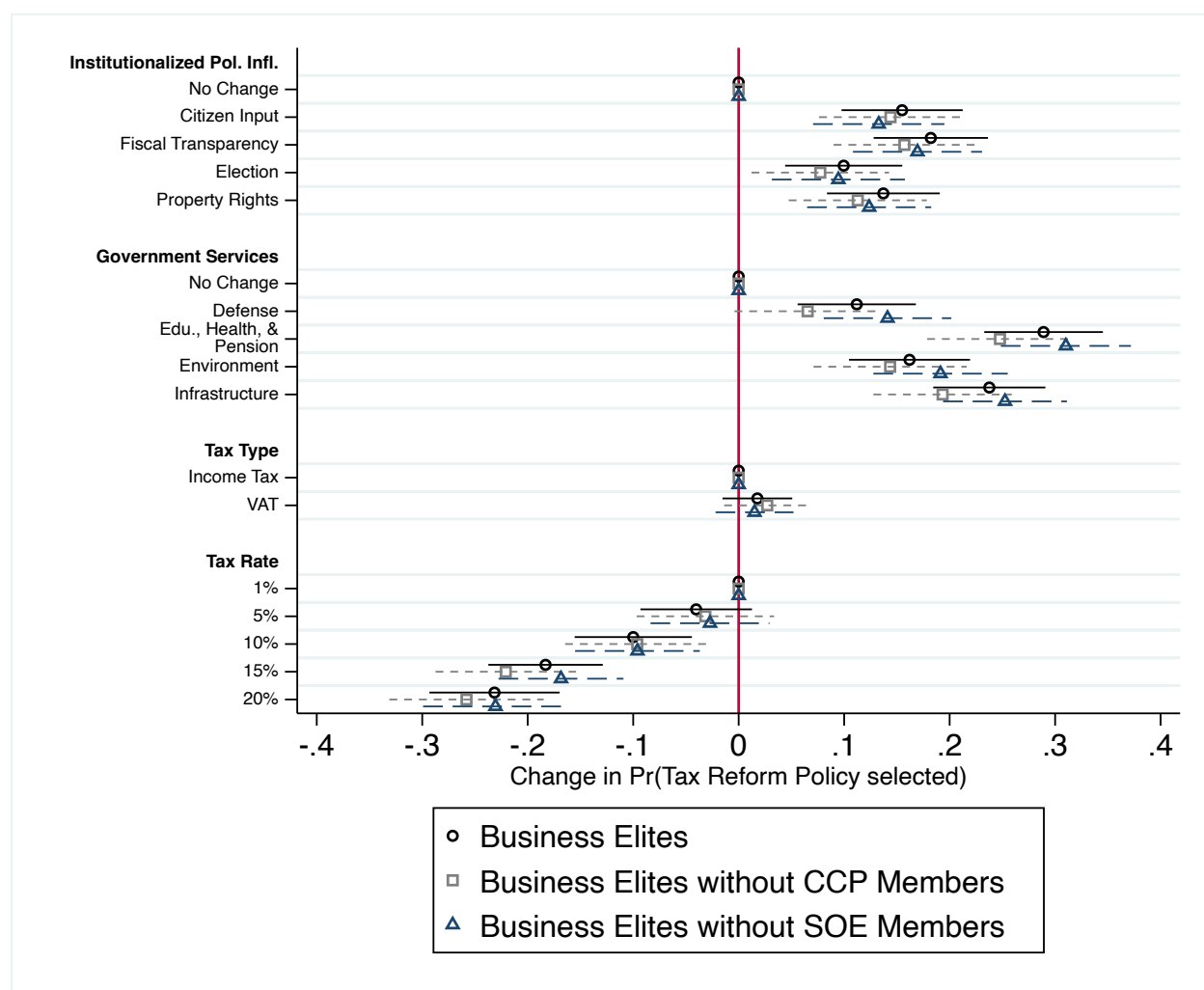
Note: This plot shows differences in AMCE by various definitions of business elite. Estimates are drawn from the screened sample. IPI coefficients do not change in any systematic change by definitions of elites samples. The bars indicate 95% confidence intervals.

G.3 Domestic vs. Foreign Firms

In this figure, we separate the elite sample between those who work at foreign/joint venture firms and those who work at domestic private firms. We only find significant differences for *Holding Local Elections*.

Figure A-9: ACME for Business Elites working at Domestic and Foreign Firms
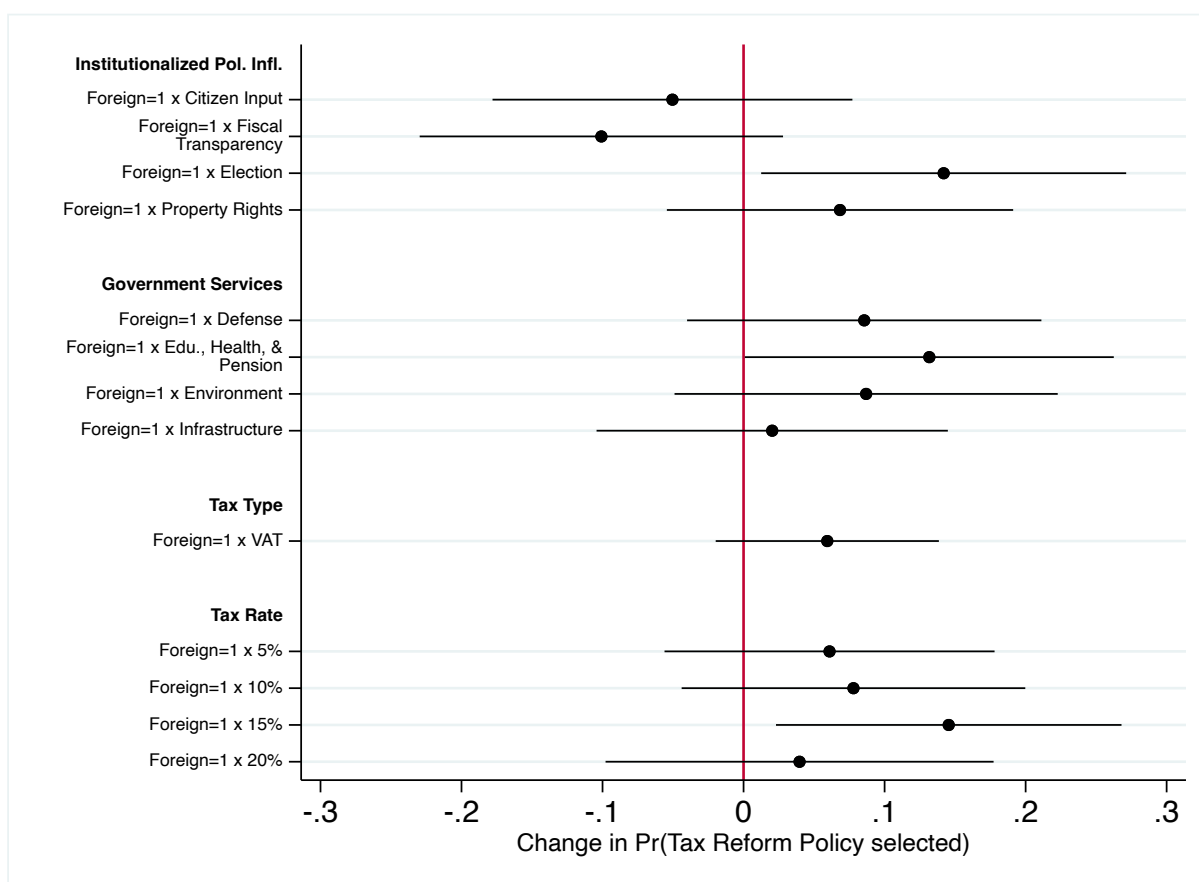
Note: This plot shows differences in AMCE between business elites working at foreign and domestic firms (N = 83 and 118, respectively). The bars indicate 95% confidence intervals.

Respondents working at foreign firms may be more supportive of electoral accountability because they have traveled overseas or communicate with foreign nationals. Our questionnaire includes a short vignette that allows us to know whether respondents have ever been exposed to the "no-taxation-without representation" rationale.[24] Respondents working at local and foreign firms showed no statistically significant difference in knowledge levels of this answer (results available upon request) suggesting that the differences in preferences for elections are not driven by selection or exposure to foreign ideals.

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[24]The vignette is about Karl Marx's initiative to boycott tax payments in Germany until the Austrian Emperor recognized the elected Parliament in Berlin. We focused on this case instead of the American Revolution to minimize ideological distance and avoid social desirability bias in a political sensitive context.

G.4   Social Desirability

Chinese respondents might refrain from openly expressing preferences for Institutionalized Political Preferences. In particular, social desirability would confound results in Figures 3 and 4 in the main text if bias was disproportionally concentrated among nonelites respondents.

To examine this possibility, we replicate the analysis reported in Figure 2 by restricting the sample to respondents who explicitly stated that they distrust the government (refer to fn.18 in main text for measurement details). The underlying assumption is that if a respondent openly stated that they do not trust the government, it is unlikely they would falsify their preferences in the conjoint experiment.

Table A-10 shows that our main findings remain robust within this group of "government distrustful" respondents. Specifically, we find that (i) *distrustful elites* hold stronger preference for IPI than *distrustful nonelites*, and (ii) *distrustful nonelites'* coefficients for IPI values remain indistinguishable from zero.

Figure A-10: Conjoint Analysis
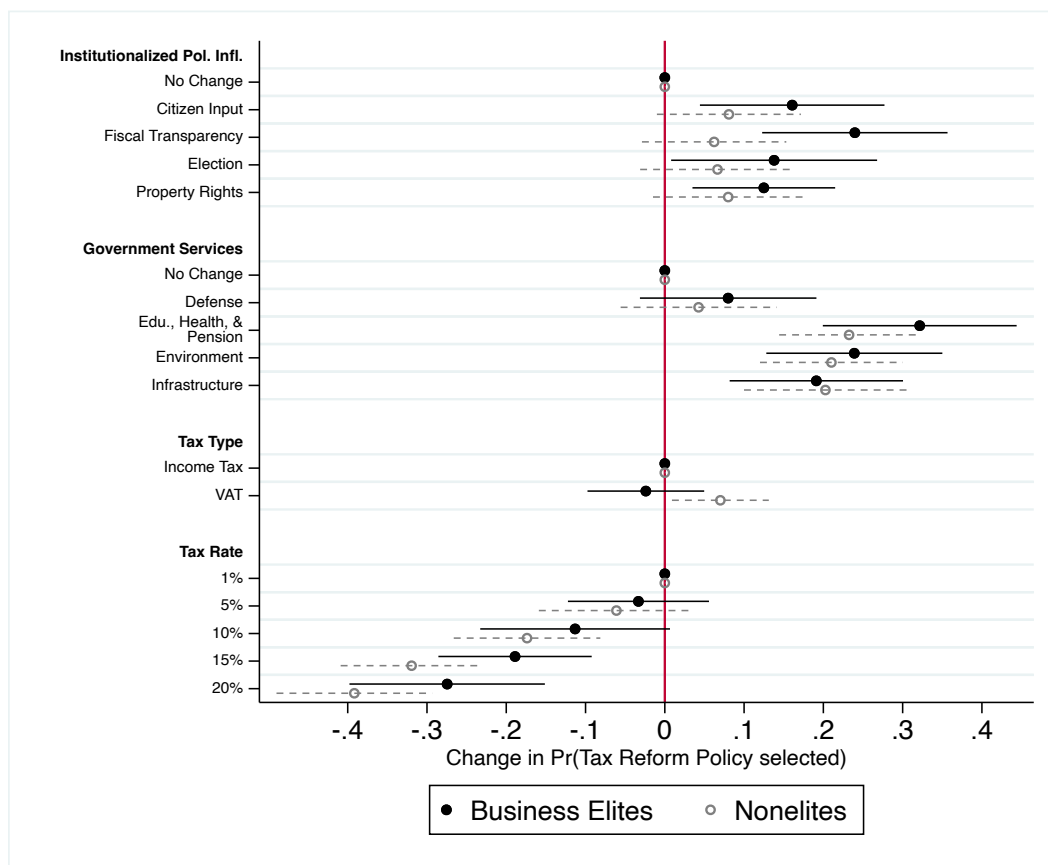
Note: This plot shows differences in AMCE by business elites and nonelite who reported that they did not trust the government. The bars indicate 95% confidence intervals.

H Additional Tests for Elite–Nonelite Differences

H.1 VAT Awareness

Ordinary citizens often underestimate the tax burden of indirect taxes, such as sales tax and the VAT.[25] In the United States, cognitive biases have political ramifications: Elected politicians take advantage of low-salience local taxes to dodge electoral accountability.[26] Building on this literature, we conjecture that having some understanding of the tax burden is necessary to activate the taxation–representation connection.

The VAT is not explicitly presented in the vast majority of consumer receipts in China despite being the largest in East Asia (17 percent rate). Consistent with the low-visibility of the VAT, Figure A-11(a) shows that twice as many business elites state that VAT is levied often or always on purchases than nonelites. We further examine the tax awareness mechanism by considering two additional analyses.

In Figure A-11(b) we focus on elites and nonelites who score high on their VAT awareness and find that they have similar preferences. Notice that these estimates denote differences in AMCE, not the absolute values. The lack of statistical difference between both groups suggests that informed nonelites, although in the minority, show preference profiles similar to those of business elites.

In Figure A-11(c) we focus on VAT aware and unaware nonelites. We observe suggestive evidence that aware ordinary citizens show stronger preference for two of the four IPI values in the conjoint experiment—*Fiscal Transparency* and *Elections of Local Government*—than the unaware group, with differences being statistically significant at 90 percent confidence ($p = 0.049$ and $p = 0.095$, two-tailed, respectively).

In Figure A-11(d) we repeat this exercise by focusing on the business elites. If the tax awareness argument is correct, business elites with higher VAT awareness should show higher preference for IPI. Against our expectation, we do not observe this pattern in our data. The IPI coefficients for VAT aware business elites are negative although far from being statistically significant. This unexpected result might be driven by idiosyncratic characteristics of the relatively few business elites who are not aware of the VAT. In light of this result, we are not confident that VAT awareness is the key mechanism driving the elite-nonelite differences in our data.

Interestingly, although business elites are more likely to be right on the frequency of VAT

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[25]Chetty, Raj, Adam Looney, and Kory Kroft. 2009. "Salience and Taxation: Theory and Evidence." *American Economic Review* 99(4):1145-77.

[26]Cabral, Marika and Caroline Hoxby, 2012. "The Hated Property Tax: Salience, Tax Rates, and Tax Revolts." Working Paper 18514 *NBER*; Finkelstein, Amy. 2009. "E-ztax: Tax Salience and Tax Rates." *Quarterly Journal of Economics* 124(3):969–1010.

Figure A-11: Preference for IPI by VAT Awareness and Elite Status in China
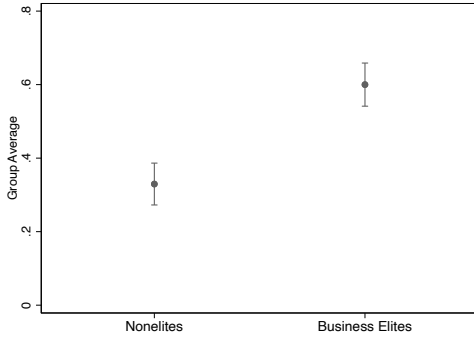
(a) VAT Awareness (Proportions)

(b) Differences between Aware Elites and Aware Nonelites
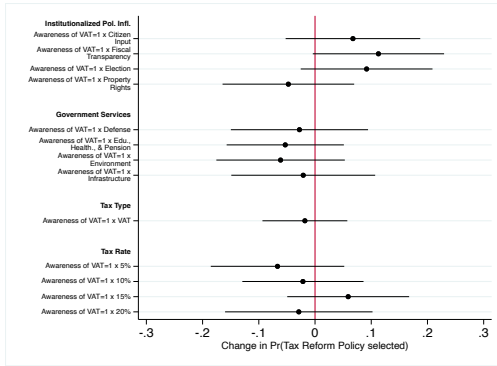
(c) Differences between Aware and Un-aware Nonelites
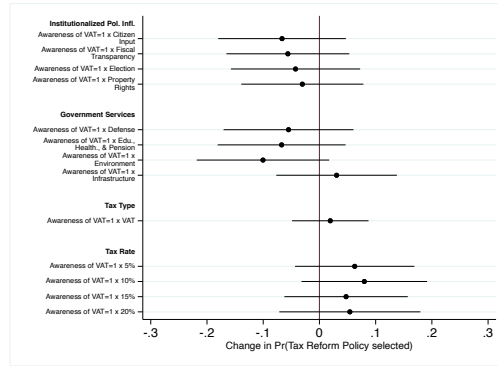
(d) Differences between Aware and Un-aware Elites
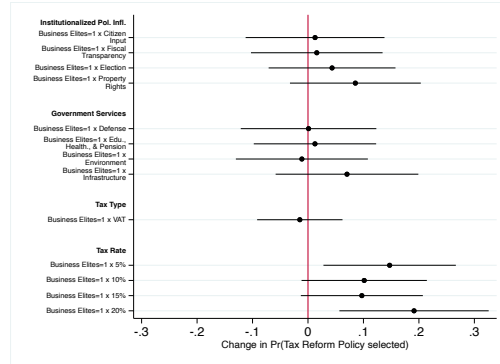
Note: We ask respondents how often the VAT is levied on purchases. We transform the four-category response into a dummy variable: Never/Seldom (0, or "nonaware") vs. Often/Always (1, or "aware"). In figure (a) we show the proportion of VAT awareness for business elites and nonelites; in figure (b) we compare elites and nonelites that score high in VAT awareness; in figure (c) we compare nonelites who are aware and unaware of the VAT; and in figure (d) we compare business elites who are aware and unaware of the VAT. Estimates in figures (b)–(d) follow the structure of Equation 1. Estimates are drawn from the screened samples. The bars indicate 95% CI.

on daily purchases, they do not seem to have a better understanding of the incidence of this tax between consumers and producers. When asked about it, answers from business elites and nonelites are fairly similar (see Table A-6). The lack of proper understanding of the pass-through nature of the VAT from producers to consumers might explain why within-elite differences in VAT awareness does not move in the direction that we expected. That is, business elites might know about the existence of the VAT, yet lack a proper understanding of its incidence.

Table A-6: How is VAT distributed between producers and consumers?

	Business Elites	Nonelites
Producers bear all	32 (11.81%)	40 (15.15%)
Producers bear most	123 (45.39%)	116 (43.94%)
Producers & Consumers 50/50	49 (18.08%)	45 (17.05%)
Consumers bear most	43 (15.87%)	38 (14.39%)
Consumers bear all	24 (8.86%)	25 (9.47%)
N	271 (100%)	264 (100%)

H.2   Time Horizons

Levi (1988) argues that quasivoluntary tax compliance ensues when rulers and taxpayers have long time horizons. Nonelites might have shorter time horizons given, primarily, their worse economic circumstances relative to economic elites. Members of low income households might not be able to afford the uncertainty of a participatory process of public-policy making. They might prefer to secure a certain but plausibly suboptimal stream of public good in the short run. More generally, if low-income subjects discount the future at high rates, government services are expected to be preferred over institutionalized political influence, which produce the former with some unknown future probability.

Following our conjoint experiment, we solicit respondents' time horizon by asking them to choose between receiving, hypothetically, the equivalent to $100 today (shorter time horizon) or $200 in one year (longer time horizon). We run a series of subset analyses:

Figure A-12(A) shows that nonelites have shorter time horizons than economic elites. Consistently, the data also show that a higher share of nonelite respondents live in households that failed to thrive in the past five years.[27] The discount factor, however, does not seem to be the driving factor in the differences between elites and nonelites' preferences. Figure A-12(B) shows that the preference for IPI for nonelites with long time horizons is still significantly lower than that for business elites. Similarly, Figure A-12(C) indicates that the preference for IPI among nonelites does not change for different time horizons.

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[27]For household economic situation, we asked respondents whether compared to five years ago, their household's economic situation had *Much Declined* (value 1) to *Much Improved* (value 5). The average value for elites is 4.46 and for nonelites 3.77, the difference significant at 99%.

Figure A-12: Conjoint Analysis by Time Horizon and Elite Status in China
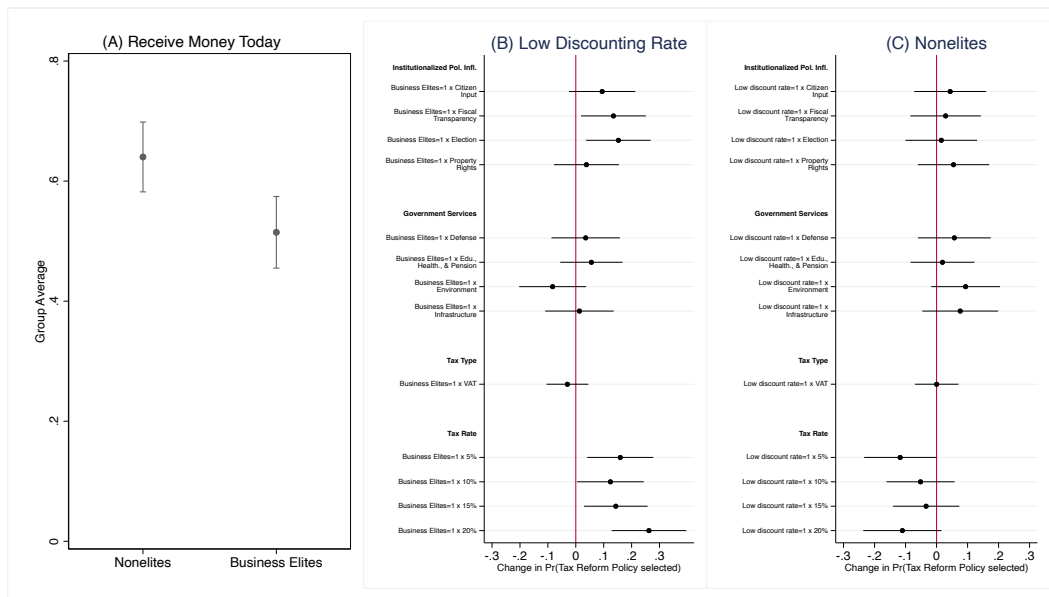
Note: We ask respondents to choose, in the abstract, one of two options: Receiving the equivalent to $100 today (value 1, shorter time horizon) or $200 one year from today (value 0, longer time horizon). Plot (A) shows the group proportions. Plot (B) shows across group differences for respondents with long time horizons. Plot (C) show differences for nonelites by time horizon. All estimates are drawn from the business elite and nonelite screened samples. Sample sizes are: elite + Long Horizon = 132 ; elite + Short = 140 ; nonelite + Long = 95; nonelite + Short = 169. The bars indicate 95% confidence intervals.

H.3 Satisfaction with Public Goods

Figure A-13 shows the proportion of Chinese respondents satisfied with public education, health care, infrastructure, and the environment by economic status. First, we find that the level of satisfaction with education and infrastructure is statistically indistinguishable between elites and nonelites in China. Meanwhile, elites are more satisfied in healthcare and environment than nonelites by 12 and 9 percentage points, respectively. However, in Figure A-14 we do not find that greater satisfaction with healthcare and environment protection increases elites' preference for IPI.

Figure A-13: Satisfaction with Government Services Goods in China by Elite Status

(a) Education

(b) Health Care

(c) Public Infrastructure

(d) Environment Protection
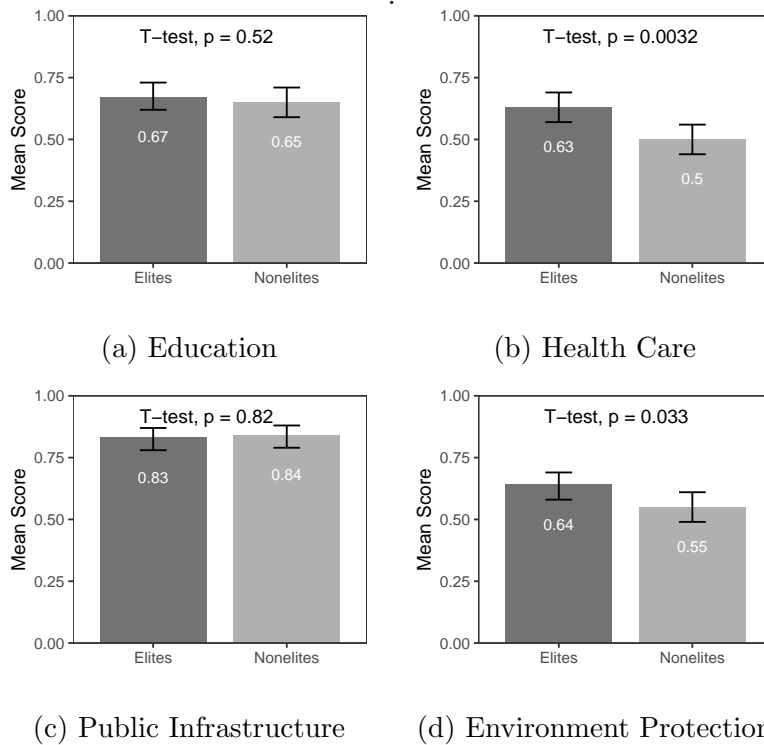
Note: We ask respondents how satisfied they are with four types of government services. We transform the four-category response into a dummy variable: Not satisfied at all/Somewhat dissatisfied (0) vs. Somewhat satisfied/Very satisfied (1). Estimates are drawn from the screened samples in China. The bars indicate 95% CI.

Figure A-14: Conjoint Analysis by Satisfaction with Public Goods for Business Elites

(A) Education Satisfaction

Institutionalized Pol. Infl.
Satisfied=1 x Citizen Input
Satisfied=1 x Fiscal
Transparency
Satisfied=1 x Election
Satisfied=1 x Property Rights

Government Services
Satisfied=1 x Defense
Satisfied=1 x Edu., Health, &
Pension
Satisfied=1 x Environment
Satisfied=1 x Infrastructure

Tax Type
Satisfied=1 x VAT

Tax Rate
Satisfied=1 x 5%
Satisfied=1 x 10%
Satisfied=1 x 15%
Satisfied=1 x 20%

Change in Pr(Tax Reform Policy selected)
-.3 -.2 -.1 0 .1 .2 .3

(B) Healthcare Satisfaction

Institutionalized Pol. Infl.
Satisfied=1 x Citizen Input
Satisfied=1 x Fiscal
Transparency
Satisfied=1 x Election
Satisfied=1 x Property Rights

Government Services
Satisfied=1 x Defense
Satisfied=1 x Edu., Health, &
Pension
Satisfied=1 x Environment
Satisfied=1 x Infrastructure

Tax Type
Satisfied=1 x VAT

Tax Rate
Satisfied=1 x 5%
Satisfied=1 x 10%
Satisfied=1 x 15%
Satisfied=1 x 20%

Change in Pr(Tax Reform Policy selected)
-.3 -.2 -.1 0 .1 .2 .3

(C) Infrastructure Satisfaction

Institutionalized Pol. Infl.
Satisfied=1 x Citizen Input
Satisfied=1 x Fiscal
Transparency
Satisfied=1 x Election
Satisfied=1 x Property Rights

Government Services
Satisfied=1 x Defense
Satisfied=1 x Edu., Health, &
Pension
Satisfied=1 x Environment
Satisfied=1 x Infrastructure

Tax Type
Satisfied=1 x VAT

Tax Rate
Satisfied=1 x 5%
Satisfied=1 x 10%
Satisfied=1 x 15%
Satisfied=1 x 20%

Change in Pr(Tax Reform Policy selected)
-.3 -.2 -.1 0 .1 .2 .3

(D) Environment Satisfaction

Institutionalized Pol. Infl.
Satisfied=1 x Citizen Input
Satisfied=1 x Fiscal
Transparency
Satisfied=1 x Election
Satisfied=1 x Property Rights

Government Services
Satisfied=1 x Defense
Satisfied=1 x Edu., Health, &
Pension
Satisfied=1 x Environment
Satisfied=1 x Infrastructure

Tax Type
Satisfied=1 x VAT

Tax Rate
Satisfied=1 x 5%
Satisfied=1 x 10%
Satisfied=1 x 15%
Satisfied=1 x 20%

Change in Pr(Tax Reform Policy selected)
-.3 -.2 -.1 0 .1 .2 .3

Note: This plot shows the differences in estimates for business elites satisfied and dissatisfied with a battery of government services. Estimates drawn from the screened sample. N for Business Elites satisfied (dissatisfied) with education, health care, infrastructure, and environment are: 182(88), 169(99), 218(45), and 172(98), respectively. The bars indicate 95% CI.

26

I   Experiment Replication in Taiwan

We replicate our conjoint experiment in a different setting: Taiwan. The choice of Taiwan is based on two considerations. First, our theoretical argument suggests that preference for IPI as part of tax reform is stronger in autocracies. Given that Taiwan has electoral competition at different levels of government and better transparency than China, we expect preference for IPI to weaken at time of tax reform, *ceteris paribus.* Moreover, in a democratic context business elites may not support advances in political accountability because that might dilute their political leverage vis-à-vis nonelites.

Second, we choose Taiwan to minimize differences in cultural and ethnic composition with China. Both countries exhibit ethnic homogeneity with majority Han populations;[28] furthermore, both societies are strongly influenced by Confucianism, emphasizing education and respect for authority.

Arguably, China and Taiwan differ in dimensions other than the aforementioned factors, such as the history of colonization and political development, political status in the international system, identity politics, and the size of jurisdiction. Although these factors may explain some differences in the observed preferences across regimes, they cannot account for the within-regime elite–nonelite differences in the relative preference for IPI, key to the economic context scope condition.

I.1   Sampling Strategy

We commissioned SSI, the same firm for our China experiment, to carry out an identical conjoint experiment in Taiwan in fall of 2017. Similar to our recruiting strategy in China, we recruit business elites and ordinary citizens from two sampling pools. For the elite sample we recruited 106 business elites in Taiwan from the business-to-business panel of the SSI. These individuals hold top-level management positions: chairman of the board of directors, executive vice president, general manager, member of the board of directors, president or managing director, senior vice president, vice president, chief executive officer, and chief financial officer. The response rates was 35% in Taiwan. For the nonelite sample, we sample respondents from urban districts in in Taiwan ($N = 718$). We employed quota sampling based on age and gender.
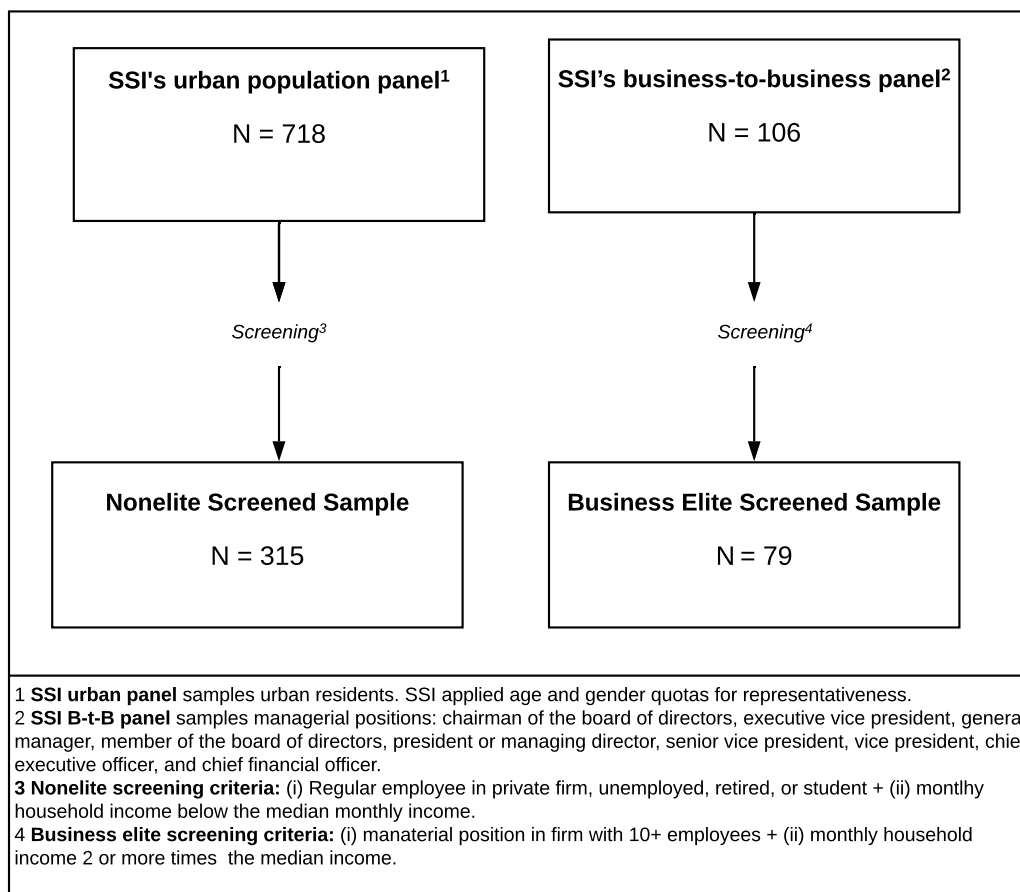
We impose additional screening criteria on the original SSI samples for our data analysis so that the definitions of business elites and nonelites are consistent in both China and Taiwan.

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[28]Identity politics in Taiwan is not fundamentally driven by ethnic identity but by position on the China–Taiwan relationship (Chu, 2004).

Again, we declare our respondents part of the business elite if they own or occupy managerial positions in *major* firms with an employment size in the top 10% decile,[29] and if their monthly household income is at least twice the median income.[30] After the two screening criteria were applied, the resulting business elite sample includes 79 respondents in Taiwan.

In creating the nonelite samples, we exclude all government employees and military personnel from the original data while keeping respondents who are wage earners, unemployed, retired, or students, and live in households earning below the median monthly income. By this definition, our nonelite samples include 315 respondents in Taiwan, respectively. See Figure A-15 for differences between original and screened elite and nonelite samples.

Figure A-15: Original and Screened Samples in Taiwan


```
┌──────────────────────────────────────────────────────────────────────────┐
│                                                                            │
│   SSI's urban population panel¹          SSI's business-to-business panel² │
│            N = 718                                   N = 106               │
│                                                                            │
│           Screening³                              Screening⁴              │
│                                                                            │
│   Nonelite Screened Sample               Business Elite Screened Sample    │
│            N = 315                                   N = 79                │
│                                                                            │
│  1 SSI urban panel samples urban residents. SSI applied age and gender     │
│  quotas for representativeness.                                            │
│  2 SSI B-t-B panel samples managerial positions: chairman of the board of  │
│  directors, executive vice president, general manager, member of the       │
│  board of directors, president or managing director, senior vice           │
│  president, vice president, chief executive officer, and chief financial   │
│  officer.                                                                  │
│  3 Nonelite screening criteria: (i) Regular employee in private firm,      │
│  unemployed, retired, or student + (ii) montlhy household income below     │
│  the median monthly income.                                                │
│  4 Business elite screening criteria: (i) manaterial position in firm      │
│  with 10+ employees + (ii) monthly household income 2 or more times        │
│  the median income.                                                        │
└──────────────────────────────────────────────────────────────────────────┘
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[29] Taiwan's economy consists primarily of small and medium-sized firms. According to the Directorate General of Budget Accounting and Statistics in Taiwan, the median firm size in Taiwan is under 5 employees. Taiwan firms are classified in the top 10% if they have 10+ employees.

[30] Median household income is around TWD40,612 (Taiwan).

I.2 Design

We employed the exact same conjoint experiment design in Taiwan as in China. In below for the translation of the attribute values and a screenshot of the conjoint experiment in Taiwan. Note that the wording of some conjoint attributes are slightly different so that they are consistent with the ways Taiwanese speak.

Note that our attribute, *elect the district government executive*, enables responsiveness to the constituents' preferences via electoral accountability in both settings. The design of this value takes into account the differences in the electoral systems: Both China and Taiwan hold direct elections of village chiefs in rural areas, but Chinese citizens in urban areas can elect only representatives to local legislatures, not government executives (e.g., district heads, mayors, governors). Taiwanese citizens can directly elect mayors in urban districts, but not the executive of district governments, who are appointed by the municipal government. In other words the district executive is not chosen by direct election in either China or Taiwan; thus our attribute value in the conjoint experiment concerning the election of the district government executive is a meaningful political reform for greater representation in both societies.

Attributes	Values
制度化的政治影響力	不需要任何改變
	透過網路和電話向政府反饋意見，或者經由公聽會讓政府知道人民的意見
	公佈詳細的政府財政資訊來增加政策的透明度
	讓人民直選區長
	提供更好的法律規範來保障財產權
政府服務	不需要任何改變
	增國家安全與國防支出
	增加社區周圍更好的社會服務（例如教育、醫療、退休福利等等）
	提供社區更好的基礎建設（例如地方道路、高速公路、電力提供等等）
	增加社區周圍的綠化空間和公園
稅種	個人綜合所得稅
	營業稅
稅率	1%
	5%
	10%
	15%
	20%

Table A-7: Translated Policy Dimensions and Values for the Tax Reform Conjoint Experiment for Taiwan Respondents).

Figure A-16: Conjoint Analysis in Taiwan

不管您做出怎樣的選擇，這些選擇都沒有對錯。我們只是想知道在這兩個不同的賦稅改革方案中，您個人最傾向的是哪個方案。

	方案一	方案二
稅種	個人綜合所得稅	個人綜合所得稅
稅收主要用於改善以下的政府職能	不需要任何改變	讓人民直選區長
稅收主要用於增加以下方面的支出	增強國家安全與國防支出	不需要任何改變
稅率	5%	20%

請選擇

方案1	方案2
○	○

在以下1至5的維度之中，1表示強烈支持，5表示強烈反對。請問您在多大程度上支持方案1？

1.強烈支持	2.有些支持	3.沒有意見	4.有些反對	5.強烈反對
○	○	○	○	○

在以下1至5的維度之中，1表示強烈支持，5表示強烈反對。請問您在多大程度上支持方案2？

| 1.強烈支持	2.有些支持	3.沒有意見	4.有些反對	5.強烈反對
○	○	○	○	○

I.3 Main Results for Taiwan

In Figure A-17 below, we report the conjoint experiment results in Taiwan. Two patterns in this figure worth noting. First, we do not find evidence that business elites have stronger preference for IPI than nonelites in Taiwan. The point estimates of values for IPI are small for both business elite and nonelites, and the differences are not statistically significant. The only exception if *Fiscal Transparency*, for which Taiwanese nonelites show slightly stronger preference.

Second, we found both elites and nonelites have strong preference for different kinds of government services in Taiwan, with the exception of *Defense*. The point estimates are for different values of *Government Services* are larger and statistically significant. Moreover, we found both elites-nonelites differences in point estimates are small and statistically insignificant.

Our finding for the conjoint experiment in Taiwan is consistent with the null or weak results in recent studies (de la Cuesta et al., 2019; Paler, 2013). We show that preference for IPI is general weak in *already* democratic regimes, confirming the scope condition for the taxation–representation link highlighted in our Section 2.

Figure A-17: Conjoint Analysis in Taiwan
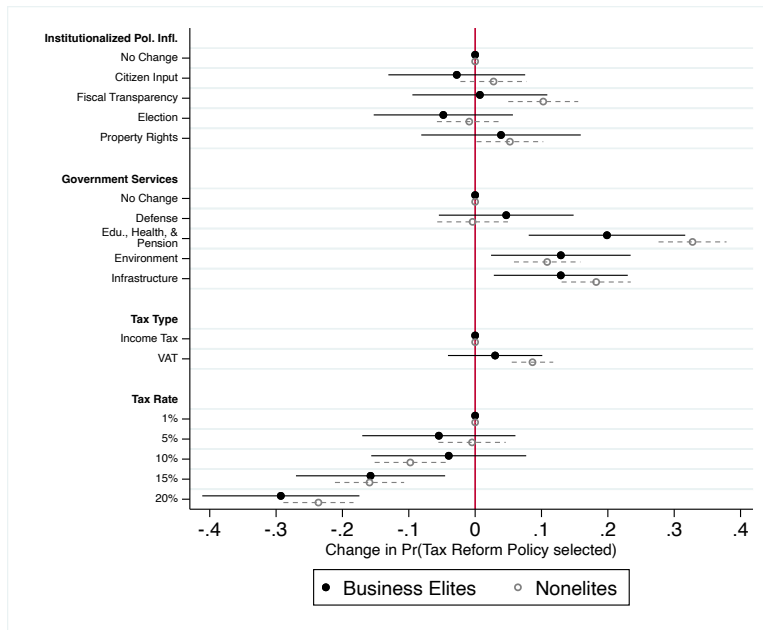
Note: This plot shows estimates of the effects of randomly assigned attributes for tax reform dimensions on the probability of supporting a tax reform policy. Estimates are drawn from the screened samples in Taiwan. The bars indicate 95% confidence intervals.