

Feelings of Economic Gain in the Past Blind People to Inequality

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Abstract

The rapid increase of economic inequality is prevalent in many societies, yet people seem to underestimate actual inequality dramatically. In this study, we examine whether and how feelings of economic gain affect people's perceptions of economic inequality in China, a society with the rapid development of the economy after China's reform and opening-up and is now also facing a high level of economic inequality. Using a large Chinese sample, we found that individuals with higher feelings of economic gain reported lower perceptions of economic inequality, and meritocracy beliefs could partially mediate this effect. These findings highlight the importance of personal feelings of economic gain in shapes people's perceptions of economic inequality.

Keywords

Feelings of Economic Gain, Meritocracy, Perceptions of Inequality

1. Introduction

Economic inequality, which refers to the unequal distribution of wealth between the top and bottom of the society, has become commonplace around the world (Jencks, 2002; Pickett & Wilkinson, 2010). Evidence suggests that it relates to lower individual and societal well-being, such as more personal health distress and social conflict (Kawachi et al., 1997; Oishi, Kesebir, & Diener, 2011). However, people in many societies seem not widespread to concern about rising economic inequality or raise a consensus on redistributive policies aimed at reducing it (Starmans, Sheskin, & Bloom, 2017). One reason for this is that people may be blind to economic inequality and tend to underestimate the actual level of inequality in their society (Norton & Ariely, 2011). Indeed, in a national survey, when asking Americans to estimate the actual distribution of wealth in the U.S., they dramatically underestimated actual wealth inequality—they estimated

the richest 20% of people would possess about 59% of the wealth while the actual number is about 84% (Norton & Ariely, 2011).

As the rapid increase of economic inequality has received growing public and scientific attention, however, why are some people blind to it? In a recent review article, Ding and Ji (2021) argued that feelings of economic gain, which refers to a positive evaluation of and satisfaction with the current economic situation compared to the past, might contribute to people's underestimation of inequality. To examine this argument, in this research, we test *whether* and *how* feelings of economic gain affect people's perceptions of economic inequality in China, a society with the rapid development of the economy after China's reform and opening-up and is now also facing a high level of economic inequality (Xie & Zhou, 2014).

Using a nationwide representative sample of 28,300 adults from the China Family Panel Studies, Wang and her colleagues (2020) found that most Chinese people have experienced the transition from poverty to riches and hold a great sense of economic gain. And importantly, such sense of gain has been found to be associated with higher levels of life satisfaction and social fairness (Wang & Liu, 2019). Moreover, Jia and his colleagues (2020) also found that people who get more in their past lives easily evaluate society as fair and positive. Given this evidence, we hypothesize that people with higher feelings of economic gain might consider their society as fair and tend to be insensitive to economic inequality.

Notably, a large body of research highlights the importance of ideology in perceptions of economic inequality (e.g., Rodriguez-Bailon et al., 2017; Jost et al., 2003; Sidanius & Pratto, 2001). For example, Kraus and colleagues (2017) find that beliefs about societal fairness, like meritocratic beliefs, would predict overestimates of economic equality. Meritocracy refers to a social system in which anyone can get ahead based on hard work and talent (Kluegel & Smith, 1986). Research shows that people who experience upward class mobility tend to endorse high meritocratic beliefs, such as internal attributions of wealth differences (i.e., ability and effort, e.g., Whyte & Im, 2014). Building on this work, we predict that meritocracy beliefs may play a mediational role in the association between feelings of economic gain and perceptions of economic inequality.

To summarize, we hypothesize that feelings of economic gain negatively predict perceptions of inequality (Hypothesis 1), and this effect could be mediated by meritocracy (Hypothesis 2). We tested these hypotheses using a large nationwide Chinese sample.

2. Method

2.1. Participants

699 participants (65.4% male, 34.6% female; $M = 28.61$ years, $SD = 7.43$ years) were recruited online through Tencent platform (<https://wj.qq.com>). All participants joined the study voluntarily with anonymity and confidentiality. They

were allowed to withdraw at any time during the study.

2.2. Procedure and Measures

When participants saw the recruitment information on the Tencent platform, they were told that they would complete some questionnaires regarding their attitudes towards social and economic policy, and they would get 5 Chinese Yuan (CNY; about .7732 US dollars at the time of the study) as a survey reward if they completed the questionnaires and passed the test questions.

Feelings of economic gain. Participants first completed two questions on a 7-point scale to measure their feelings of economic gain ($\alpha = .907$; i.e., “how do you think of your current economic situation compared to your past? [1 = very bad, 7 = very good]” and “are you satisfied with your current economic situation compared to your past? [1 = most dissatisfied, 7 = most satisfied]”). Because of the high correlation between the two questions ($r = .832, p < .01$), we calculated the average score of them to represent participants’ feelings of economic gain, with higher scores indicating higher feelings of economic gain.

Meritocracy. After, participants completed a 10-item meritocratic beliefs scale ($\alpha = .846$; e.g., “Anyone who is willing and able to work hard has a good chance of succeeding”; Day & Fiske, 2017) on a 7-point scale (1 = strongly disagree, 7 = strongly agree). We calculated the average score to represent participants’ level of meritocracy, with higher scores indicating higher levels of meritocracy.

Perceptions of inequality. Afterward, to measure perceived inequality, participants were asked to choose among seven graphs the one that most accurately represented the present situation of income distribution in participants’ country (Rodríguez-Bailon et al., 2017; Sánchez-Rodríguez, Willis, & Rodríguez-Bailón, 2019).

Demographic and control variables. Finally, participants reported their age and gender. We assessed participants’ education level on a 5-point scale (1 = elementary school or lower, 2 = middle school, 3 = high school, 4 = junior college or bachelor’s degree, 5 = master’s degree or higher) and average monthly disposable income on a 11-point scale (0 = no personal income, e.g., 0 = student or other unemployed, 1 = less than CN¥1000, 2 = CN¥1000 - CN¥3000, 3 = CN¥3001 - CN¥5000, 4 = CN¥5001 - CN¥7000, 5 = CN¥7000 - CN¥10,000, 6 = CN¥10,001 - CN¥15,000, 7 = CN¥15,001 - CN¥30,000, 8 = CN¥30,001 - CN¥50,000, 9 = CN¥50,001 - CN¥100,000, 10 = more than CN¥100,000).

3. Results

3.1. Initial Analyses

Table 1 shows the descriptive statistics and correlations of the variables in this study. Correlations between feelings of economic gain, meritocracy, and perceptions of inequality were significant in the expected directions. Moreover, we found that we found that feelings of economic gain significantly predict perceptions of inequality ($\beta = -.127, p < .001$, effect size $f^2 = .015, \Delta R^2 = .015$). This effect was still significant even we included income and education as covariates in

the model ($\beta = -.121, p < .05$, effect size $f^2 = .012, \Delta R^2 = .012$), suggesting that feelings of economic gain lead to lower perceptions of inequality.

3.2. Mediation Analysis

To test whether meritocracy beliefs could explain the effect of feelings of economic gain on perceptions of economic inequality, we conducted a mediation analysis with income and education level as covariates using the bootstrapping method based on 5000 bootstrap samples (see **Figure 1**; Preacher & Hayes, 2008). This analysis showed that the total effect of feelings of economic gain on perceptions of inequality (total effect = $-.13, p = .002$) remain significant when meritocracy was included in the model (direct effect = $-.09, p = .041$). Moreover, the indirect effect of feelings of economic gain on perceptions of inequality through meritocracy was significant, $b = -.04, 95\% \text{ CI } [-.07, -.01]$. These findings suggest that higher feelings of economic gain make people blind to inequality could be partly explained by meritocracy.

4. Discussion

With the rapid development of the economy after the reform and opening up of China, economic inequality has also been increasing (Xie & Zhou, 2014). Unlike other countries, most Chinese people have gained great economic benefits in this process. The present study examined whether and how feelings of economic gain cause people to blind inequality. We found that people who have greater feeling of economic gain were more likely to underestimate economic inequality, and

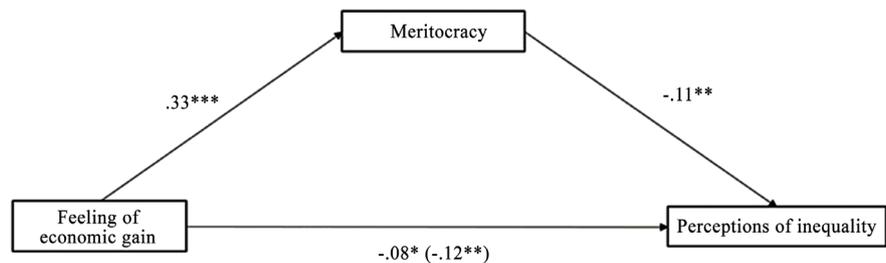


Figure 1. Mediation model of meritocracy on feelings of economic gain and perceptions of inequality. Note: Parameter estimates are standardized regression coefficients (β). * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 1. Descriptive statistics and correlations among the key variables.

Variable	<i>M</i>	<i>SD</i>	1	2	3	4	5
1. Feeling of economic gain	4.95	1.43	-				
2. Meritocracy	4.92	.99	.33**	-			
3. Perceptions of inequality	5.35	1.56	-.13**	-.14**	-		
4. Income	4.16	1.62	.29**	.09*	-.05	-	
5. Education	3.68	.73	.17**	-.10**	-.04	.41**	-

Note. $N = 699$; * $p < .05$. ** $p < .01$.

this effect was driven by their meritocracy beliefs. These findings highlight the importance of personal feelings of economic gain and how it shapes people's attitudes toward economic inequality.

We should note that there may be some limitations in this study. First, in addition to individual feelings of economic gain at the micro level, the rapid economic development at the macro level may also lead people to underestimate the status quo of inequality. There is a slogan in China that "the rich first lead the rich later", which may cause a large portion of Chinese residents to believe that an increase in economic inequality automatically accompanies economic development and thus is a necessary cost for economic growth (Xie et al., 2012; Xie, 2016), and firmly believe that the relationship between economic development and income inequality takes the form of an inverted U: inequality first increases at the early stages of economic development and then declines in the later stages (Barro, 2000; Chiswick, 1971; Lenski, 1966). Thus, Chinese people blind to inequality might stem from the belief that equality will gradually be achieved.

Second, our study only focused on people's perceptions of economic inequality, but neglected people's attitudes towards inequality. Future research might examine whether and how feelings of economic gain influence people's attitudes and preferences towards economic inequality. Last, with the extraordinary success in reducing poverty and generating economic growth over the last forty years in China, scholars pointed out that Chinese people generally have a high level of sense of gain, not only about their feelings of gain in economic well-being, but also in public service, social equity, and justice (Wang et al., 2020). Future research might test the roles of other aspects of feelings of gain in perceptions of economic inequality.

In summary, the current research tested the effect of economic gain on people's perceptions of economic inequality in China. Higher feelings of economic gain increased underestimations of economic inequality. Hence, our findings suggest that in some rapid economic development societies, economic inequality might be particularly underestimated by residents with higher feelings of economic gain, and this may have negative effect on their attitudes and policy preferences towards redistribution.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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