How Inequality Influences Political Trust?

Investigating the Change of Political Trust in China from a Social Structure Approach

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Abstract: China has experienced simultaneously the climbing of social inequality and the declining of governmental trust in the last 15 years. This paper starts from the revision of the classical dual binary framework (culture - institution, macro - micro) about sources of governmental trust, and develops a new middle-range analytic system based on social inequality as well as linking cultural and institutional factors. Using the data from three waves of the Asian Barometer Survey (ABS 2002-2011) and its 2015-2016 companion version “China Social Governance Survey (CSGS2015),” we examined stepwisely the impacts of cultural, institutional, and social inequality variables on the Chinese public’s trust in the government. The result shows that the social inequality reflected by social stratum cognition and distributive justice/injustice perception has significant effects on the governmental trust. Besides, interaction effects between the perceived distributive injustice and some cultural and institutional variables are significant. Through slope rate analysis on these interaction effects, we further revealed causal mechanisms of social inequality on governmental trust in contemporary China.

1. Question consciousness: declining trust in government

According to various global social surveys, the World Values Survey, the Barometer Survey series, etc., conducted in the past two decades, it has been found that, compared with most West advanced democracies and Asian emerging
democracies, Chinese public’s level of trust in their government is higher (Shi, 2001; Chen, 2004; Steinhardt, 2012; Li, 2004, 2016; Chu, 2013). Even the former socialist countries of Eastern-Europe are facing the problem of low political/government trust in their transitional ages. Hence, the surprisingly high level of government trust in authoritarian China led by the Communist Party has generated much more interest among students of political science and public administration ever since more than a decade ago.

However, when analyzing the descriptive statistics of three waves of Asian Barometer Survey-China data collected between 2002 to 2011 as well as the 2015-2016 China Social Governance Survey data, we noticed that in reality, the Chinese public's trust in government is on a continuous declining path. The CSGS is a companion survey of the ABS, both sharing the same survey model and question templates. Actually, a few recent research has revealed that, the low-confidence of Chinese people in their local/grassroots government organizations indicates that the high level of trust in the central government is not as stable as previously imagined. And, in recent years, the growth of “liberal democratic values” in China has also posed considerable challenge to the traditionally strong government authority (Li, 2016; Wang & You, 2016). The emerging new circumstances of the Chinese public's government trust, are in all likelihood, to increase the difficulty of ruling and “modernization of governance” in the country, and may put extra pressure for a systematic political reform. Therefore there is a need for in-depth discussion of the public’s trust in government in China.

2. Literature and theoretic discussion

After over half-a-century research on ‘political trust’ conducted in the United States and Europe, two main theoretical approaches have emerged. One is institutional or “endogenous” approach, with government performance as its explanatory variables; the other is cultural or “exogenous” approach, with culture and values as explanatory variables (Mishner & Roth, 2001). Based upon the levels of the variables, these two approaches can be further subdivided into ‘macro institutional analysis’, ‘macro cultural analysis’, ‘micro institutional analysis’, and ‘micro cultural

**Figure 1: Classic dual binary framework**

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<thead>
<tr>
<th>Cultural and/or Exogenous Theories</th>
<th>Institutional and/or Endogenous Theories</th>
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<tr>
<td>Macro theories</td>
<td>National culture</td>
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<tr>
<td>Micro theories</td>
<td>Individual socialization</td>
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<td></td>
<td>Government performance</td>
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<td>Individual evaluations of performance</td>
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However, this classic framework cannot fully explain the changes of government trust in today’s China. For a single country within a generation time (about 20-30 years), culture and values are basically constants. They can explain the difference of government trust levels under different cultural backgrounds in different countries, but it’s hard to effectively explain changes of government trust level within a country, in a given generation-time frame. When institutional analytic framework is applied, it’s evident that over the past two decades, the quality of governance in China has improved significantly, and the CCP government’s performance has been well recognized by the Chinese people (Saich, 2007; Tao, 2011). Therefore, both approaches are limited in capability of explaining the reason behind the declining public trust in the Chinese government as a whole.

As for the theory of ‘Lifetime of learning’, which explains the fall of political trust in post-socialist transitional countries, it can be applied to East-European transitional countries where radical political and economic transitions took place and social values broke down in a decade. The theory may not be applicable to the particular national conditions of China, where economic restructuring was implemented gradually in nearly 40 years and the present political system remained the same as 20 years ago. Even, the continuous administrative reform in the past two decades has obviously increased the governance quality in China. Hence there was no

Surely, the arrival of “critical citizens” with liberal democratic values has challenged the traditional government authority up to some extent. This is a powerful argument for the decline of the public’s trust in the Chinese government (Wang & You, 2016). Apart from this, however, what could be some other major factors to fully explain the decline of trust in government in case of China?

We happened to find that while the public’s trust in the Chinese government have declined in the last 15 years (2002-2016), at the same time the gap between the rich and the poor have widened and a clear social stratification has come up (Zheng, 2017). Both these two social circumstances have emerged after China’s further marketization reform and deeper integration into the globalization since its WTO accession at the end of 2001.

Inequality is a new social reality of contemporary China, which has transformed the interpersonal relationship and social networks to some extent. Does it also have major impact on government trust? It's an important question which needs an in-depth discussion by political scientist and public administration scholars.

There has been sufficient empirical research literature to prove that ‘culture’ and ‘institution’ have been as two major approaches for explaining origins of political/government trust (Norris, 1999 2011; Coleman, 1990; Hardin, 1991; Rothstein & Stolle, 2008; Rothstein, 2009), so we improve upon them. On the classic dual binary framework, we build a multi-level theoretical framework by integrating the three main factors of culture, institution and social inequality.

Figure 2: A new multi-level framework

<table>
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<tr>
<th>Cultural/Exogenous theory</th>
<th>Social inequality</th>
<th>Institutional/Endogenous theory</th>
</tr>
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<tbody>
<tr>
<td>Macro</td>
<td>national culture</td>
<td>stratification and distribution</td>
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<tr>
<td>Meso</td>
<td>family income and self-stratum cognition</td>
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</table>
In this multi-level framework, we further put forward: there are two core mechanisms by which culture, institution and social inequality influence the change of government trust in China. One is “the consistency of expectation,” namely, degree of consistency between government's willing of public service and the public's expectation. The other is “the consistency of interests,” that is, degree of consistency between government performance and the public's interests. Government trust is essentially a principal-agent relationship between the subject (people / the public) and the object (government), and these two mechanisms are the operation of the principal-agent relationship.

As for cultural and value factors, whether the people has traditional/authoritative values or liberal democratic values of post-materialistic vision, the causal attribution mechanism of trust in government is mainly the consistency of expectation. For government, the more it meets the expectations of the public, the more trust it can gain, and vice-versa. As for institutional factors, whether government performance can gain the public’s trust, the consistency of interests should be taken into account. However, in an unequal social structure, different self-stratum cognitions produce different trust levels in government, during which the mechanism of interests consistency works. That is because different people from different social stratum/classes have different interests. And perception of distributional fairness influences government trust through consistency of expectation, because fairness perception with justice is a kind of dominant social value. Such a value is not necessarily the product of early life experience, but to a large extent the product of social distributional structure. This theoretical construction can be shown in Figure 3.

**Figure 3: Sources and mechanisms of government trust in multi-level framework**

Source: according to the author’s.

Based on national social survey in China, Martin King White, a Harvard
sociologist, argues that the Chinese people with objective socioeconomic inequality does not necessarily have synchronous attitudes of social unfairness, that Current inequalities by and large are accepted by the average Chinese citizens because they conform more closely to fundamental principles of equity and distributive justice than the inequality patterns Mao championed at the close of his life. Therefore the "social volcano" of distributive injustice is dormant for the reason that Chinese government has been managing to improve fair material distribution, though another "social volcano" of procedure injustice is active (Whyte, 2010; Whyte & Im, 2014). However, his emphasis is the relationship between inequality and unfairness and his discussion of the follow-up impacts of inequality and unfairness is not sufficient. What's more, as a faint metaphor, "social volcano" is more likely to refer to political behavior of social protest and political opposition, but the stillness of such resistant political behavior doesn't mean that the public's political attitude are also still. My research is trying to illustrate that, government trust, as a very important political attitude, is going through important changes under some catalysis of social unfairness.

3. Research hypotheses

With the discussion of literature and theories, we propose that objective condition and subjective perception of social inequality are the precondition for the public to judge whether their own interests are damaged or benefited as well as the foundation to form government expectation, and thus impact government trust furthermore on these bases. Accordingly, there are three basic hypotheses as follows. In addition, taking into account the extensive social influence of the urban-rural divide, we propose 4th hypothesis and 5th hypothesis.

Hypothesis 1: Cultural values, government performance and social inequality affect Chinese public's government trust together.

Hypothesis 1.1: Social inequality regulates the influence of cultural variables and changes the impact of the latter on government trust.

Hypothesis 1.2: Social inequality regulates the influence of institutional variable and changes the impact of the latter on government trust.

Hypothesis 1.3: Subjective perception of social fairness is more likely to affect
government trust than objective income inequality.

Hypothesis 2: Self cognition of social stratum has a positive effect on the evaluation of institutional/government performance. The lower people's self cognition of stratum is, the greater the gap between his expectation in government and the government performance is. That is to say, the lower the "consistency of expectations" is, the lower his government trust is.

Hypothesis 3: Individual perception of distributive fairness has a positive effect on institutional performance evaluation. The lower people's perception of distributive justice is, the lower his evaluation of consistency between government and his own interests is. That is to say, the lower the "consistency of interest" is, the lower his government trust is.

Hypothesis 4: Under the urban-rural divide structure, the stratum cognitions among urban residents and rural residents have different influences on the government performance evaluation.

Hypothesis 5: Under the urban-rural divide structure, the perceptions of distributive justice among urban residents and rural residents have different influences on government performance evaluation.

4. Data and Methods

Data come from three waves of Asia Barometer Survey (ABS 2002, ABS 2008, ABS 2011) and Chinese Social Governance Survey (CSGS 2015) conducted by Tsinghua-based CSGS team from July 2015 to March 2016. As a face-to-face survey, The CSGS 2015 is a sister version of ABS, referring to the same core questions, question templates, and survey implementation as ABS series survey, and adding new questions reflecting latest social dynamics in today’s China.

Considering that a large number of Chinese migrating population between urban and rural areas often has severe impact on random sampling of grassroots society in recent years, that's why the actual surveyed household data are often different from the household registration files. Therefore, CSGS2015 survey takes the GPS-assisted PPS sampling method to most accurately reflect the actual situation of national
household population distribution (Landry & Shen, 2005). Stratified sampling and phased sampling was implemented in CSGS2015 survey. We extracted 7,500 samples from 500 villages or street communities which is firstly extracted from 125 counties or districts all over the country. After data cleaning, final number of valid samples is 4,068 and the recovery rate reaches 67.65%.

As for the measurement of research variables, CSGS2015 Questionnaire is chosen as a standard. For government trust--dependent variable of the research, public trust in six institutions/bodies is selected as item for a factorial analysis to gain a common factor as the measurement for the general government trust in China. The six institutions include the central government, the National People's Congress, general government officials, court, public security organization and local government.

Table 1. Measurement of dependent variables

<table>
<thead>
<tr>
<th>Category</th>
<th>Problems</th>
<th>Measurement</th>
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<tbody>
<tr>
<td></td>
<td>E1B: the central government</td>
<td>As Above</td>
</tr>
<tr>
<td></td>
<td>E1D: National People's Congress</td>
<td>As Above</td>
</tr>
<tr>
<td></td>
<td>E1E: general government Officials</td>
<td>As Above</td>
</tr>
<tr>
<td></td>
<td>E1G: public security organization</td>
<td>As Above</td>
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<td></td>
<td>E1H: local government</td>
<td>As Above</td>
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</table>

Note: General government trust is the common factor extracted for trust degree of the above six institutions. Source: CSGS2015 Questionnaire.

In terms of independent variables, three kinds of independent variables are involved here. The first kind is from the culturalist approach, including interpersonal trust and social value. The second one is from institutionalist approach, including economic and political performance. The last one is from the perspective of social
inequality structure, household income, perception of distributive fairness and self-stratum cognition included together. In the regression analysis, we will firstly inspect the impact of cultural variables on government trust, with demographic variables controlled. And then we test the impact of institutional performance on the basis of controlling demographic and cultural variables. After that we'll observe the impact of social inequality with all the above variables controlled, and finally make an interaction analysis between the perception of distributive fairness and other significant variables of institutional and cultural kinds.

Institutional variables include economic performance and political performance. Economic performance refers to the individual assessment of national economic situation. According to the World Bank Governance Indicators, political performance refers to the public perception in overall governance situation of country, including five dimensions, namely political participation, check and balance, government responsiveness, political freedom and corruption. In addition, in order to reflect the impact of anti-corruption campaign on government trust since the 18th CCP National Congress, we have also added the public's perception of anti-corruption efforts of the central government into the scope of political performance.

The measurement of social inequality variables is shown in Form 2, using three indicators to measure the unequal situation.

<table>
<thead>
<tr>
<th>Categories</th>
<th>Questions</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Income</td>
<td>SE4-a: Please estimate the level of your total household income last year.</td>
<td>Low(01-06): less than 30,000 yuan</td>
</tr>
<tr>
<td>Level</td>
<td></td>
<td>Mid-Low(07-12): from 30 to 100 thousand yuan</td>
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<tr>
<td></td>
<td></td>
<td>Mid-high(13-14): from 100,000 to 300,000 yuan</td>
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<tr>
<td></td>
<td></td>
<td>High(15): more than 300,000 yuan</td>
</tr>
<tr>
<td>Self-stratum cognition</td>
<td>SE8: Which level do you think the current social status of your family is?</td>
<td>From 1(low family social status) to 10(high family social status)</td>
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<td>------------------------</td>
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<td>---------------------------------------------------------------</td>
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<tr>
<td>Perception of distributive fairness</td>
<td>C1-d: What do you think of the gap between the rich and the poor in our country?</td>
<td>From 1(in a poor condition) to 10(in a good condition)</td>
</tr>
<tr>
<td></td>
<td>C5: What do you think about the current income distribution in China?</td>
<td>1: very fair&lt;br&gt;2: fair&lt;br&gt;3: unfair&lt;br&gt;4: very unfair</td>
</tr>
<tr>
<td></td>
<td>C7: Considering all the efforts of you and your family, what do you think about your family income relative to what you have costed?</td>
<td>As Above</td>
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</tbody>
</table>

Note: All the relevant measurement indicators of perception of fair distribution are processed by reverse coding and available by extracting common factors.

Source: CSGS2015 Questionnaire.

5. Findings

5.1 Descriptive statistics of social inequality and government trust

Figure 4 shows the changes in terms of trust the Chinese public have in the central and the local government, general officials, the courts, the National People's Congress and the police organization, as well as the overall changes of general government trust in the four-wave surveys of 2002-2016. It can be seen that from 2002 to 2016, not only the six institutions showed basically a general decline in trust, the general government trust through the extraction of common factors also showed a obvious downward trend year after year.

**Figure 4: Different kind of government trust of Chinese citizen (2002-2015)**


Figures 5 demonstrates that, in the four-wave surveys of 2002-2016, the
government trust level in mean value also shows a declining trend as a whole. And Figures 6 shows the changes in the cognition of self stratum of the Chinese public. It can be seen that the mean level of cognition of self stratum has a downward trend as well, showing that a greater proportion of Chinese people believe they belong to the "lower" level in the social stratification over time.

**Figure 5: Mean value of government trust (2002-2015)**

Sources: ABS2002、ABS2008、ABS2011 and CSGS2015

**5.2 Stepwise Regression Analysis**

This paper examines research hypotheses with stepwise regressions. Missing values are removed in order to avoid statistical errors. Meanwhile, we use the method of variance inflation factor (VIF) to avoid multi-collinear effects between different variables. The result showed every VIF value of each variable is less than 10, from which it can be inferred that there is no serious multi-collinearity problem.

**Table 3: Regressions (N=1331)**

See Figure 3. from Model 1 to Model 4, we examine the effects of controlled demographic variables, cultural variables, institutional variables, and social inequality variables on government trust in turn, and Model 5 examines the interaction between the perception of fairness and institutional performance and cultural values.

Model 4 examines the effects of the three variables of social inequality on government trust, and results show:

Firstly, as an objective variable, family income level has only slightly negative influence on the change of government trust, but not significant, while the effects of subjective variables, namely the perception of fairness and self-stratum cognition, on government trust is strong and significant (both P values were less than 0.01, and the regression coefficients were greater than that of family income). This finding confirms conclusions in many existing literature: “inequality” as an objective fact itself does not stimulate political attitude, but “unfairness” as evaluation of the inequality does.

Secondly, both fairness perception and stratum cognition have significant positive correlation with government trust. Fairness perception is the most significant among variables, indicating that the more unfair the social distribution is, the lower
trust level in government the public holds, and vice-versa. Meanwhile, we can find that trust level in government has differentiated among different social strata. The lower stratum the public cognizes and identifies themselves to, the lower trust in government they may pose. These findings are of great importance: social inequality and stratification in China may not ignite the “social volcano” in the sense of political behavior as Martin Whyte argued, but has had a substantial impact on political attitude like government trust. A study over a decade ago argued that, the class stratification of Chinese society had not been yet clear, and that the middle class lacked stable identification and behavior norms (Youmei Li, 2005). However, the above-mentioned findings mean that class stratification has emerged and led to the divergence in political attitude in China today.

Thirdly, with the gradual addition of different kinds of variables, the $R^2$ coefficient of each model raises significantly, which demonstrates that the framework of cultural-institutional-social inequality we construct has powerful explanation. That is, cultural values, institutional performance and social inequality form three main sources that affect the change of government trust in China. As with the model explanatory capability illustrated through the $R^2$, it starts rising from 0.028 in Model 1, becomes 0.114 in Model 2 after adding the cultural variables, reaches at 0.376 and 0.397 in Model 3 and Model 4, respectively, after taking institutional variables and social inequality variables into consideration, and finally at 0.408 in Model 5 with various interaction effects concerned. Moreover, as new variable is added, the $\Delta R^2$ representing the change in the overall explanatory efficacy from Model 2 to Model 5 is significant in F-test, indicating that new independent variables added have a sufficiently strong marginal effect on the dependent variable. To a certain extent, the addition of new variables “weakens” the impact of existing variables (reflected by the reduction of the $\beta$ value and the significance), showing that any single perspective can be limited, and the overall model containing cultural, institutional factors and the social inequality is most comprehensive.

Finally, the whole model becomes more powerful after both the subjective and objective variables of social inequality added, but the influence from variables of
cultural and institutional performance on government trust has declined in different degrees. This indicates that social inequality can not only independently affect the level of government trust, but also serve as the “moderator” through which cultural and institutional variables can work.

5.3 Interaction Analysis

The role of moderator sees it necessary to further examine the interaction of social inequality variables and significant cultural-institutional variables in order to explore the deeper subtle causal mechanisms. Therefore, we multiply the fairness perception, the most significant variable, with those significant cultural and institutional variables in Model 4, thus to get 7 new interactive items (Traditional values*Fairness perception, Economic conditions*Fairness perception, Political participation*Fairness perception, Check-balance* Fairness perception, government responsiveness*Fairness perception, Political freedom*Fairness perception, Corruption* Fairness perception), and then these 7 interactive items add into the regression equation to form Model 5. The regression results show that the two interactive items—Fairness perception separately with Check-balance and corruption— are significant in relation to government trust.

We analyze the slope of interaction effects in order to better demonstrate the causal mechanisms. First, the moderator term and the main effect term are distinguished, and then analyze the slope rate between the main effect item and the dependent variable when the moderator item is at different levels. Here we treat Fairness perception as the moderator, the other significant variables as the main effects, the results shown in Figure 6-a.b below.

Figure 6. Slope of Interaction effects

First, Figure 6-a shows that when Fairness perception is at higher level (i.e. the more fair social distribution), check-balance of power has a weaker positive effect on government trust. When Fairness perception is lower (i.e., unfair social distribution), it requires higher level of check-balance of power to gain higher level of trust in government, and the causal relationship getting significant. In other word, under the condition of social unfairness, we have to pay more to control the government’s
power only to gain trust in government, which implies some distrust in government. This interaction shown in Figure 6-a demonstrates that the unfair distribution can "strengthen" the effects check-balance have on government trust in China.

Secondly, as shown in Figure 6-b, with the moderating of high-level fairness perception, there is a negative but not significant correlation between the public evaluation of corruption situation and the government trust. And this relationship is significantly strengthened with the decline of Fairness perception (i.e. the rise of unfairness), which indicates that unfair distribution can "strengthen" the negative impact of corruption on government trust to a large extent. The reason is that, the degree of corruption can be one of the key factors affecting the individual's judge of government's willingness to serve the people, and is also one key factor that affects the expectation consistency. The higher the degree of corruption is, the lower the expectation consistency is; and the degree of government trust is naturally lower.

5.4 Comparative tests based on urban-rural subgroups

For more than half a century, the urban-rural divide based on the “Hu-kou” system has caused many differences among Chinese urban residents and rural residents in terms of social welfare, public service, public administration, and living habits. This constitutes a very unique as well as important social structural difference. Then, does the impact of social inequality on government trust present significant difference between urban and rural areas? The above regression analysis which regards “Hu-kou” as a control variable shows that the government trust of the urban residents is lower than that of the rural residents, but the causal mechanism has not been revealed. In order to deal with the two problems, we divide the CSGS2015 samples into two sub-groups of "urban residents" and "rural residents" according to their household registration, and continue to implement stepwise regressions to test and compare the factors influencing the government trust in each group.

Table 4: Regressions on urban-rural subgroups

First, in terms of social inequality variables, both Model 9 and Model 14 show that family income variables are not significant, which is consistent with the results of Model 4. And this demonstrates again that objective economic income is not a
significant source of government trust, regardless of urban or rural areas.

Second, models 9 and 14 show that the influence of self-stratum cognition of urban residents is as significant as that of the total sample, but the rural sub-sample is not significant at all. And the influences of self-stratum cognition in both urban and rural sub-samples are significant when interactive items are included in the model, but the influence of urban residents is greater. The explanation to this is that the self-stratum cognition requires a frame of reference. The reference frame of the rural residents is usually the same occupation (peasants, vendors, migrant workers, etc.) in a limited life radius. While due to large scale of industrialization and urbanization, social stratification in cities is more obvious than in rural area. This leads to stronger self consciousness of stratum/class in urban area.

Moreover, the positive impact of Fairness perception on government trust is significant in both urban and rural areas. It is consistent with the total sample. However, the Fairness perception of rural sub-sample has more powerful influence than that of urban sub-sample. This shows that whether in the city or in rural area, the fair perception both has a significant and strong impact on government trust. But the influence of fair perception is different in urban and rural areas: the influence of rural residents is greater. And this is consistent with the theoretical explanation when hypothesis 5 is proposed.

Finally, it is worth noticing that in each regression model, Δ$R^2$, which indicates the change of the overall explanation capability, is significant when new variables are included. This suggests that the newly added cultural variables, institutional variables and social inequality variables all have significant marginal effects on government trust.

5.5 Interaction analysis of urban-rural subgroups

Further analysis of the slope rate of the interaction effect mentioned above is carried out. The regression results of model 10 (urban residents) and model 15 (rural residents) after the addition of the interaction items are similar to those of the total sample model 5. The Fairness perception will not only "strengthen" the influence of check-balance of power, but also "strengthen" the adverse effects that corruption
brings to the government trust.

In addition to the two interaction relationships presented in the overall sample analysis, a significant interaction between government responsiveness and Fairness perception has been found in the both two sub-samples of urban and rural areas. As can be seen from the Figure 7-a and b, the lower Fairness perception that the urban and rural residents bear, the higher that the slope rate of the relationship between government responsiveness and government trust is. This suggests that the feeling of distributive unfairness will "reinforce" the impact of government responsiveness on enhancing government trust. This interaction shows that government responsiveness is one of the core connotations of effective good governance. All residents are more sensitive to government responsiveness than to other political performance, and the unfair perception can strengthen its effect on trust in government. That is to say, the more unfair the social distribution is, the more government responsiveness is needed, by which the sense of government trust can be built up. Government responsiveness and distributive fairness are two different kinds of factors. The key reason that the latter’s "enhancement" has influence on the former lies in the expectation consistency shared by both factors.

Besides, the slope change shown in the Figure 7-c shows that there also exists a significant interaction between the fairness perception and traditional values in rural residents. The higher the fair perception is, the more significant that the positive effect which traditional authoritative values cast on the government trust is. On the contrary, low fairness perception can "weaken" the positive role that the traditional authoritative value plays in the promotion of government trust. This phenomenon is not shown in the sample of urban residents. It is evident that the authoritative value derived from traditional Chinese agricultural society still has a profound impact today.

**Figure 7. Slope of interaction effects under urban-rural divide**

In general, we found that difference exists in the effects of the same kind of variables on the government trust in different subgroups. This indicates that the huge urban and rural divide in China profoundly affects the formation of political attitude. As for the inequality variables focused in this paper, the influences of subjective
stratum cognition and fairness perception on government trust are basically significant in both two sub-samples. While the influence of objective household income is slight in both urban and rural areas. Moreover, the slope analysis of the interaction effect proves once again that the distributive unfairness has a significant effect on the negative influence of institutional variables such as power’s check-balance and corruption, and it is found that unfair distribution will weaken the role of traditional authoritative values. This to some extent shows that the above research is stable and consistent.

6. Instrumental variable test

6.1 Operation of instrumental variable

In order to enhance the effectiveness of causal inference, this paper tries to solve possible endogeneity problem with the use of instrumental variable. This paper uses "household income", "social mobility", and "distance to police station" as instrumental variables. The three instrumental variables have a reliable correlation with the independent variables. Household income and social mobility are important social inequality variables. The construction sites of police stations in China are basically close to economically prosperous areas or local administrative center according to the provisions of Article 15 and 16 of the "Police Station Construction Standards" issued by the Ministry of Public Security in 2007. It can be reasonably inferred that the closer the distance from the police station is, the more employment and income opportunities exist, and even the higher the real estate prices. Therefore, the distance between respondents of the CSGS survey and the local police station is a variable related to social inequality.

Figure 8: Instrumental variable analysis

The exogeneity of these instrumental variables is understood in the fact that social mobility and household income are relatively exogenous economic and social variables from government trust compared to the distributive fairness and stratum cognition; whether individuals trust governmental bodies or not, their mobile opportunities in the social ladder and the real income will not be affected. As for the distance to police station, there are reasons to infer that it is exogenous as well. First,
the distance data are from the survey interviewer’s filling rather than the subjective report of the interviewees. Second, what is considered is the distance between the residence of the interviewee and the local police station, rather than the frequency, quality or result of the interaction between the interviewee and the police station.

6.2. Instrumental variable test

We examined the instrumental variables by the Hausmann specification tests. The test result can’t deny the null hypothesis that "all variables are exogenous variables", so there is reason to think that these instrumental variables are exogenous variables and it is reasonable to use these instrumental variables to eliminate possible endogeneity problem. In the 2-stage Least Square method, the first-stage regression shows that there is significant positive effect of social mobility, household income and distance to police station on the Fairness perception, indicating that the instrumental variables can explain independent variables well. To further confirm the correlation between the instrumental variables and the endogenous variables, we performed a weak instrumental variable test. The result shows that the Shea's Partial $R^2$ coefficient is 0.026 and the P value of the F statistics is 0.000. There is reason to believe that there is no weak instrumental variable.

Table 5: Result of instrumental variable regressions

According to Table 5, the second-stage regression shows that, after controlling endogenous factors, the Fairness perception still has a significant positive effect on government trust, and the coefficient is significantly improved ($\beta = 0.426$, $p <0.05$). This suggests that there is a strong causal relationship between fairness perception and government trust. Therefore, we exclude the endogenous interference caused by reverse causality, thus strengthening the causal inference.

7. Conclusions

The decline of government trust does not mean that political resistance will come up immediately, but as a key indicator of public opinion in authoritarian countries, it has important reference value for national governance. Most of research literature of Chinese politics copied classic cultural and/or institutional approaches derived from the Western academics to explain sources of high-level trust in Chinese government,
but it is difficult to fully explain the downward trend of government trust in recent years. This paper introduces the social inequality factors and constructs a new multi-level framework of "culture - institution - social inequality" structure to systematically answer the question of government trust decline in China.

This study found that the social inequality is the structure that shapes the change in the expectation of the Chinese public to the government and the change in the interests of the public. For the formation and the change of government trust in China, this structure is neither endogenous government performance, nor exogenous cultural values, but the system integrating endogenous and exogenous factors; the influences of culture and institutions grow and changes in the social inequality structure. The classical culture - institution, macro - micro dual binary framework is thus integrated and enriched.

Back to the nature of trust—the principal-agent relationship, the degrees of consistencies between the public’s expectation and interests and the government's willingness and performance are the essence of the above-mentioned causal relationship and the interaction effect.

References:


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