Richer (and Holier) than Thou? The Effect of Relative Income Improvements on Demand for Redistribution *

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February, 2016

Abstract

We use a tailor-made survey on a Swedish sample to investigate how individuals' relative income affects their demand for redistribution. We first document that a majority misperceive their position in the income distribution and believe that they are poorer, relative to others, than they actually are. We then inform a subsample about their true relative income, and find that individuals who are richer than they initially thought demand less redistribution. This result is driven by individuals with prior right-of-center political preferences who view taxes as distortive and believe that effort, rather than luck, drives individual economic success.

*We are grateful to the Ragnar Söderberg Foundation, the Swedish Royal Academy of Sciences and the Lab for Economics Applications and Policy at Harvard University for financial support. We thank Alberto Alesina, Raj Chetty, Olle Folke, Matthew Gentzkow, Ilyana Kuziemko, Erzo Luttmer, Alex Mas, Michael I. Norton, Ricardo Perez-Truglia, Anna Seim, Stefanie Stantcheva, and seminar participants at Columbia University, George Mason University, Harvard University, Humboldt University, Lund University, Ohio State University, Stockholm University, Texas A&M University, University of Cologne, and University of Trier, for very helpful comments.

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1 Introduction

Most governments redistribute economic resources between citizens, and policies with redistributive components have become increasingly important in recent years (Alesina et al., 2004). However, the extent to which income and wealth are redistributed varies across countries, and the academic struggle to understand individual preferences for redistribution has been ongoing for decades. As many countries witness increasing inequality, questions about how preferences for redistribution form and change are likely to remain at the core of both the public and the academic debate.

Theoretical models of how preferences for redistribution are formed often include relative income or wealth as a key element. In seminal theoretical contributions, Romer (1975) and Meltzer and Richard (1981) suggest that as a relatively richer person benefits less from redistribution in monetary terms, she should demand less of it. An implicit assumption in these, and other, models aiming to explain individual preferences for redistribution is that people hold correct information about their position in the income distribution. However, the validity of this assumption is often rejected empirically (Norton and Ariely, 2011; Kuziemko et al., 2015; Cruces et al., 2013).

We conduct an experiment on a Swedish sample. Our data consist of two tailor-made surveys and link the responses to national administrative records containing information on age, income, wealth, education, civil status, government transfers and cognitive ability. We use the first survey to assess if Swedes perceive their position in the income distribution correctly. We find that a vast majority believe that they are poorer, relative to others, than what is actually the case. In addition, we use the administrative data to investigate heterogeneities in the documented misperceptions and find that more educated, more cognitively able, people who consume more media, and individuals who recently experienced upward income mobility hold beliefs that are significantly more accurate.

The second survey was distributed three months after the first and is a randomized experiment where half of the respondents were treated with personalized information about their true relative position in the income distribution. The second survey also elicited preferences for redistribution, party preferences and opinions on taxation from both treated and untreated respondents. Our method is similar to other studies using information as an experimental treatment, e.g. Duflo and Saez (2003), Card et al. (2012), Cruces et al. (2013), and Kuziemko et al. (2015).

We find that informing individuals that they have a higher relative income than they thought makes them demand less redistribution and express more support for the Conservative Party. This treatment effect is driven by the subset of respondents who expressed right-of-center political preferences pre-treatment, i.e. in the first survey. While they respond to the positive relative income news by moving even further to the right on the political spectrum, individuals who did not express right-of-center sympathies in the first survey are not impacted at all by the information treatment. We find that two sets of beliefs about how the economy works can explain much of the heterogeneous response: those with political preferences right-of-center tend to believe (i) that effort, rather than luck, is the main determinant behind individual economic success, and (ii) that redistribution is distortive in the sense that income taxes impact labor supply. Economic and demographic differences between the right and the left cannot explain the heterogeneous treatment response, although such differences

certainly exist.

Our paper relates to the vast literature that seeks to understand how individual preferences for redistribution are formed. The theoretical predictions about relatively richer individuals wanting less redistribution, originally proposed by Romer (1975) and Meltzer and Richard (1981) have found empirical support in, for instance, Alesina and Giuliano (2010), but have also been scrutinized and challenged. For example, individuals have been found to deviate from pure self-interest in caring also about the consumption of others (Fehr and Schmidt, 1999; Bolton and Ockenfels, 2000). Such other-regarding preferences tend to correlate positively with the demand for redistribution (Fong, 2001; Alesina and Giuliano, 2010). Beliefs about the income-generating process have also been studied theoretically (Piketty, 1995; Benabou and Tirole, 2006) and beliefs about the extent to which individuals' economic success can be attributed to effort, rather than to luck, have been found to be a stronger empirical determinant of preferences for redistribution than income itself (Fong, 2001).

Understanding the role that income, or perceptions of income, play for political preferences is made more difficult by the fact that other underlying variables may also cause a correlation between income and political preferences. For example, Mollerstrom and Seim (2014) find that high-IQ individuals favor less redistribution, which could reflect that high-ability individuals, who more easily succeed and tend to have higher earnings, lean toward a more individualistic, right-wing view of the world. In general, existing evidence on the impact of income on political preferences is mixed. Even though many studies provide results supporting self-interested political preferences and pocket-book voting (Peltzman, 1985; Margalit, 2013; Durante et al., 2014; Powdthavee and Oswald, 2014; Elinder et al., 2015), evidence for socially motivated political preferences has also been documented (see e.g. Sears and Funk, 1990). We contribute to this literature by correcting misperceptions of respondents' relative income, yielding identified estimates of causal effects with credible external validity.

While we are the first to link responses on inequality-related beliefs to administrative data, we are not the first to address misperceptions about inequality and the income distribution. Norton and Ariely (2011) document that Americans underestimate the current level of inequality and in an Argentinian sample, Cruces et al. (2013) find evidence of faulty beliefs about one's own relative position in the income distribution. Kuziemko et al. (2015) show that Americans hold false beliefs about the link between taxes, economic growth, and inequality, and Chambers et al. (2014) find that Americans underestimate US average income.

Given the presence of biased beliefs, it is natural to ask how individuals react to receiving correct information. Somewhat surprisingly, existing research has found small or no effects of such treatments. Cruces et al. (2013) show that respondents who believe that they are relatively richer than they actually are demand more redistribution when provided with correct information. The effect is significant but the magnitude is small, and they find no effect of information provision on agents who initially underestimated their relative position. Similarly, Kuziemko et al. (2015) find that even though providing information about taxes and the distributions of income and wealth affects views on whether inequality is an important problem, the effects on policy views and demand for redistribution are small. Zilinsky (2014) uses a survey experiment to study whether randomly provided information about inequal-

ity changes preferences for redistribution. Similar to Kuziemko et al. (2015), he finds that the support for general, unspecified government action against inequality increases slightly, but that subjects who are exposed to information are not, on average, more willing to take specific action (such as support higher taxes) to increase equality.

In light of the heterogeneity in the responses to treatment that we find, the documented small average effects may mask substantial differences in responses across groups. Depending on the direction of the treatment effects, the information intervention can potentially either increase or decrease political polarization between groups (c.f. Lindqvist and Ostling, 2010). In our setting, where the majority believes that they are poorer than they actually are, the heterogeneity in treatment across political preferences causes more polarization, as individuals on the right become more right-wing upon treatment, whereas individuals on the left do not respond.

It has been hypothesized that the relatively small extent of redistribution in the United States may be due to misperceptions about the income distribution, especially in light of the recent increases in inequality (Chambers et al., 2014; Kuziemko et al., 2015). Our setting sheds some light on the opposite situation: In Sweden, where taxes are high and redistribution extensive in an international comparison, we find that perceptions of relative income are negatively biased. This could, in turn, imply that misperceptions about the income distribution contributes to Sweden's high levels of redistribution.

Our results can also be interpreted as evidence of self-reinforcing relationships between personal income, beliefs and political preferences, which have been proposed theoretically by Piketty (1995), Alesina and Angeletos (2005) and Benabou and Tirole (2006). For example, in Piketty (1995), agents with different prior beliefs about the role of effort for economic success tend to diverge in terms of incomes, political preferences and posterior beliefs because of a limited updating process. Our finding that in particular individuals with right-wing preferences decrease their demand for redistribution when faced with positive news about their relative income is consistent with this framework. The self-reinforcing nature of the relationship between income, voting and beliefs is further corroborated by another of our results: right-of-center individuals are more likely to believe in the importance of effort in the first survey, and treatment strengthens these beliefs even further.

The paper proceeds as follows. The next section describes our experiment and the resulting data. In Section 3, we document the results from the first survey and describe the bias in beliefs about the relative position in the income distribution held by the respondents. Section 4 describes the second survey and the outcome of the experiment. Section 5 concludes.

2 Data

The surveys used in this study were designed by us and implemented by Statistics Sweden. Conducting the study in collaboration with Statistics Sweden, who collect and handle official data in Sweden, allowed us to link survey data to administrative records.

2.1 The First Survey and Administrative Data

The first survey was sent by postal mail to a representative sample of 4,500 Swedish citizens above 18 years of age in May 2011. Respondents were asked to report their annual income from the previous year (2010) and to state their perceived position in the national income distribution by answering the following question: *How many percent of the Swedish population (18 years or older) do you think have a total annual income which is lower than yours?* Total annual income was explicitly defined as the sum of labor and capital income before taxes, including pensions but exclusive of transfers such as unemployment insurance. In addition, respondents were asked to state what they believed the mean annual income in Sweden to be in 2010.[1]

The first survey also asked respondents to report how often (0=never, 1=every month, 2=every week and 3=every day) they use various sources of information, with the alternatives being printed newspapers, news on radio/TV, magazines, other radio/TV programs and news online. We define the variable *Informed* as the sum of the answers pertaining to each medium, so that a higher value of this variable indicates more extensive media usage.

In addition, the first survey elicited political party preferences, and beliefs about how distortive income taxes are and how individual economic success comes about.

There are nine main political parties in Sweden. Preferences for these were elicited by asking respondents to state the party that they would vote for if there were to be an election at the time when the respondent filled out the survey.[2] We use this information to define an indicator of left-right preferences. The binary variable *Right* assumes the value 1 if the respondent stated an intention to vote for one of the four Swedish right-of-center parties and 0 otherwise.[3]

We capture respondents' beliefs about the distortive effects of redistribution gauging agreement with the following statement: *Changes in income taxes influence how much individuals choose to work.* The binary variable *No Distort* takes the value of 1 for respondents who reported an agreement to the statement of 5 or lower on a 1-10 scale (where 10 indicated complete agreement with the statement).

The following question was used to elicit beliefs about how individual economic success comes about: *Is it mostly effort or luck that matters for how well an individual does economically in life?* Respondents were asked to indicate their answer on a scale of $1-10$ where 1 was defined as "Only luck" and 10 as "Only effort" and we let the binary indicator *Luck* assume the value 1 for answers below 6. If economic success is realized through

[1] All survey questions, in the order they were presented to participants, are available in the Online Appendix.

[2] The respondents also had the option to state that they did not know or did not want to answer, that they would cast a blank vote or that they would abstain from voting.

[3] As discussed in Section 4.3 and showed in the Online Appendix, our specifications are robust to alternative definitions of this variable, including one where those who abstain from voting, cast blank votes, decline to answer or vote for non-traditional parties are excluded from the analysis. Details about the left-right scale in Swedish politics can be found in Petersson (1994), Pettersson-Lidbom (2008) and Oscarsson and Holmberg, 2013. See also Alesina et al. (1997) for a comparison of the Swedish left-right scale to the American setting. The parties included in *Right* are Moderata Samlingspartiet, Folkpartiet, Centerpartiet and Kristdemokraterna. The remaining parties are Socialdemokraterna, Vänsterpartiet, Miljöpartiet, Feministiskt Initiativ and Sverigedemokraterna. Our results are also robust to replacing the binary variable by a continuous measure of political views (see Section 4.3).

effort, redistribution can be argued to be more distortive (Fong, 2001) and we use these two questions to create the index *Redist-Distort*. Following Kling et al. (2007), we construct this index by standardizing the two variables *No Distort* and *Luck* and computing the equally-weighted average. A lower index-value indicates a stronger belief that redistribution creates inefficiencies and distortions.[4]

A total of 1,562 individuals responded to the first survey. This corresponds to a response rate of 36 percent, which is in line with other postal mail surveys of similar length carried out by Statistics Sweden.

To implement the randomized experiment in the second survey, reported data on annual income and perceived relative income were required. Thus, we excluded respondents that abstained from answering these questions. We also excluded respondents who stated that they were located above what they believe to be mean income but, at the same time, below the median income, as well as respondents where the difference between self-reported and annual income according to administrative registers for 2010 was so large that the respondent probably did not correctly understand the question and, for example, reported monthly instead of annual income.[5] After these exclusions, the sample is comprised of 1,242 respondents.

The survey responses were linked to national administrative records at the individual level, mainly from the longitudinal integration database for health insurance and labor market studies (LISA, by Swedish acronym). LISA comprises information on age, education, civil status, number of children, home region, and government transfers such as unemployment insurance and social security benefits. In addition, the data were complemented by annual taxable income for the years 1999-2010, and by data on real estate and financial wealth for the year 2006 from the Income and Tax register.[6]

Finally, for a subset of men born after 1950 and before 1981, we retrieve test scores for cognitive ability from the Swedish Military Records.[7] Until 1999, military enlistment was mandatory for all Swedish men. The enlistment normally took place in the year a man turned 18 or 19 and encompassed a test of cognitive ability. This test consisted of four sections assessing logical ability, verbal ability, technological comprehension and metal folding, comprising 40 questions each, and is an accepted measure of intelligence (Carlstedt, 2000; Heckman et al., 2006; Lindqvist and Westman, 2012). The combined score is converted into a scale of 1 to 9 and we let the dummy variable *IQ* assume the value 1 for values of cognitive ability above the sample median.

The first survey also contained questions regarding income mobility. We asked respondents about their own mobility through questions where we asked them to state their relative position in the income distribution 10 years ago and 10 years into the future. By combining

[4]The index is computed by first subtracting the control group mean from each observation and then dividing by the control group standard deviation. Any missing values of the variables in the index are ignored when taking the mean to form the index.

[5]Our results are robust to ignoring the last two exclusion criteria. They are also robust to wide variations in the allowed divergence between stated and administratively reported income. In the specifications reported here, we allowed for a maximum difference between stated and administratively reported income of 750 percent.

[6]Administrative data on wealth exist because Sweden used to tax wealth. When the tax was repealed, in 2007, the Tax Agency ceased collecting these data.

[7]There are men in our sample born before 1951, but for these cohorts military enlistment data are not available in digitized form.

these with their perceived current position, we define the variables *Subjective Relative Income Growth* (past position minus current position) and *Subjective Future Relative Income Growth* (future position minus current position). The first survey also elicited respondents' opinions about income mobility in general through the following question: *If one is born in a certain income group, one will probably not end up in another income group in the future.* Respondents were asked to agree or disagree with this statement on a 1-10 scale, where 10 incidates complete agreement.

Table 1 shows summary statistics for key variables for survey respondents (second column) and for the full Swedish population in the same age-range (first column). Those who chose to respond to the survey are older, have fewer children at home, are more educated and have a higher income than non-respondents.[8] Since demographic variables are available for both the full population and for the sample from the first survey, it is possible to weight the sample to enhance the generalizability of the results to the population. These results are discussed in Section 4.3.

2.2 Design of the Experiment and the Second Survey

In August 2011, three months after the first survey, a second survey was sent to those who responded to the first. Half of the second-round recipients were randomly selected to receive a treatment revealing their actual position in the income distribution.

The income distribution of the full Swedish population was calculated using administrative data. However, we used the self-reported income from the first survey to locate each individual's percentile, to avoid the variation that would stem from informing some subjects about both their absolute and their relative income. This procedure also makes our results comparable to previous studies, such as Cruces et al. (2013), which do not have access to administrative records.

Naturally, administrative and self-reported income are highly correlated. In Figure 1, we compute the bias in reported income as the difference between reported and administrative income, divided by administrative income. The distribution is centered around zero and indicates that our respondents do not hold biased beliefs about their own absolute income.

Information about the respondents' true relative position in the income distribution was provided to the treatment group using a scale reprinted in Figure 2. The explanation entails a horizontal line with numbers representing income deciles. For each decile, the actual median annual income in 2010 was stated. A marker indicated where in the distribution the respondent's income was located. The following information was provided: *In the previous survey, you reported an annual income for 2010 of [X] SEK. In the figure below we have indicated where your income is located on the income scale.* To ensure that respondents considered the information, this statement was immediately followed by a question asking individuals to categorize themselves as being in either one of the five lowest or one of the five highest deciles.[9]

[8] According to Statistics Sweden, this is a typical pattern for the surveys in which they are involved.

[9] At the time when our survey was conducted, there existed no easy way, for example through a website, to find information about one's relative income. To get a precise measure of relative income, a person had to formally request and purchase the relevant information from Statistics Sweden.

The treatment is relatively subtle as we do not explicitly compare an individual's actual position on the income scale with the beliefs stated in the first survey. This, together with the time lag between the two surveys, reduces the likelihood that our results are due to the framing effect that could arise if subjects were told that they were "wrong" or "right" in the first survey. After the information treatment and the simple follow-up question, the second survey was identical for both groups.

We use three outcome variables to study the effect of treatment on individuals' preferences. The first is a question about the demand for redistribution by means of economic policies, where subjects indicate their preferred level of income redistribution. The scale comprised 10 steps, with 1 being defined as no redistribution (meaning that the government does not influence the income distribution at all) and 10 as full redistribution (everyone receives the same income after taxes and subsidies). We let the variable *Against-Redist* assume the value 1 if the individual provided an answer below 5 to this question, which corresponds to demanding less redistribution than the control-group median.

Our second outcome variable, labeled *Cons. Party*, assumes the value 1 if a respondent reported that she would vote for the Conservative Party (Moderata Samlingspartiet) if an election were to be held that day. This party is the one most strongly associated with low levels of taxation and redistribution among the Swedish parties (c.f. Petersson, 1994; Pettersson-Lidbom, 2008; Oscarsson and Holmberg, 2013).

The third outcome variable gauges the response to the following question: *Would you like to change the income taxes that we have in Sweden today, and if so in what way?* Subjects who prefer to decrease taxes were assigned the value 1 for this indicator, labeled *Decrease Tax*. Individuals who wanted no change or an increase were given the value 0.

We consider these three outcomes separately but also create a summary index using *Against-Redist*, *Cons. Party* and *Decrease Tax* which we label the *Outcome Index*. The three components of the *Outcome Index* have equal weight and following Kling et al. (2007), the index is calculated in the same way as our other index, as described in footnote 4. A higher value of the *Outcome Index* indicates preferences that are more right-leaning and less in favor of redistribution.[10]

The response rate of the second survey was considerably higher than that of the first. This is not surprising as the first round selects individuals willing to fill out surveys in general. Out of the first-round sample of 1,242, 1001 individuals, or 80.5 percent, completed the second round. Column 3 of Table 1 compares this sample to the Swedish population, and Table 2 investigates factors correlated with responding to the second survey, conditional on responding to the first. As in the first survey, older, highly educated as well as high-income earners, were more likely to respond to the second survey. Importantly, the random allocation to the treatment or control group did not have an impact on the likelihood that a person responded as shown by the variable *Treatment* in Table 2.

Finally, Table 3 reports the results from the regression: $Treatment_i = \alpha + \beta Covariate_i + \varepsilon_i$ within the sample that responded to the second survey. Reassuringly, treatment status cannot be predicted by any of the 16 covariates. We nevertheless conduct our analysis both

[10]Our data set does not contain any variables that could be used as "real" outcome variables, such as a voter being registered as a supporter of or donor to a particular party. In Sweden this information is not part of the administrative records.

with and without controlling for covariates, as further discussed in Section 4.3. In the final sample, 49.5 percent (not significantly different from 50 percent) were in the treatment group.

3 Bias in Perceptions of Relative Income

To what extent do respondents have a biased perception of where in the income distribution they are located? We define the bias of a respondent as the difference between her actual and perceived income percentile. Figure 3 displays the distribution of bias. It is substantially skewed to the left, with a median of -18 and a mean of -16.6. This indicates that a vast majority of respondents underestimate their position, i.e. believe that they are poorer – relative to other Swedes – than they actually are.

In fact, 85.8 percent report a position in the distribution that is below their actual location, while only 12.5 percent report a position above. When weighting these observations by population weights, the corresponding figures are 82.4 and 15.7 respectively, indicating that this result is not driven by a selected group of individuals with certain observable characteristics who chose to respond to our survey (we can not rule out that the sample is selected on unobservable characteristics).

If we do not allow for any error in the perceived position, only 1.7 percent of our sample have an unbiased view of their relative income. However, even if we permit some error, the pattern is similar. 68 percent of our sample underestimate their relative income by more than 10 percentage points, while only 6 percent overestimate their position by the same amount (63 and 8 percent respectively using population weights). This implies that out of those with an absolute bias of more than 10 percentage points, 92 percent exhibit a negative bias. A comparison between Figure 3, which shows the bias in perceived position in the income distribution, and Figure 1, which displays the bias in reported income, indicates that our results are not driven by biased beliefs about own annual income.

Taken together, our results show that Swedes generally believe that they are relatively poorer than they actually are. This finding differs from results found in Cruces et al. (2013), who document that mis-perceptions about relative income are balanced in a sample of Argentinian citizens. For a comparison with the US, the latest wave of the General Social Survey reports that 54 % of individuals in the bottom quartile believe that their income is average or above average. In other words, they overestimate their position substantially. This is corroborated by a recent study by Chambers et al. (2014), who find that Americans tend to underestimate US average income. Even though our research design is more compelling in that we can control for actual administrative-data income (and additionally, the income measure in the General Social Survey is not very precisely defined), these cross-country differences are interesting. Below, we investigate potential determinants of bias in our sample and discuss factors that may contribute to the observed differences between Sweden and the US.

We next proceed to investigate if the bias differs across the income distribution. Figure 4 shows the perceived position in the income distribution in relation to the actual position. The estimated slope is 0.657, which is significantly different from 1 ($p<0.01$). Figure 4 also shows more noise and a less pronounced negative bias on average among low-income individuals (possibly because the perceived relative income percentile has a lower bound of

zero).

There are several ways to test if the bias differs across subgroups. Table 4 presents the results from regressing bias on individual characteristics. We control for indicators of actual position, so that the specification exploits variation in the perceived position only. A positive coefficient thus corresponds to a more positive value of bias (which generally implies more accurate beliefs as most individuals underestimate their position). Two subgroups may have similar average beliefs about actual position, but different variation in their beliefs. Such differences are also informative about perceptions of the income distribution. Table 5 repeats the analysis presented in Table 4, but replaces the dependent variable with the absolute value of the bias.

Tables 4 and 5 paint a relatively consistent picture about differences in bias between subgroups. Subgroups that exhibit more positive bias also have less dispersed beliefs. As is evident from Table 4, respondents with at least college education have an average bias that is 2.6 percentage points less negative than those without college education. The same holds when considering the absolute value of bias, in Table 5. Respondents with above-average cognitive ability have more precise and less dispersed beliefs than those with below-average ability, the difference in average bias corresponds to 3.7 points. Individuals who report consuming more media exhibit less bias, but whether the respondent lives in an urban area is not related to the extent of bias, although exposure to individuals from different socio-economic groups is arguably higher in cities. No differences in bias is documented between right-of-center individuals and other respondents. Older individuals are worse at estimating their position in the income distribution but neither wealth nor income are associated with bias or the absolute value of bias.

One strand of the literature has argued that the different levels of redistribution in the US and Europe is not due to income inequality or social mobility per se, but to differing perceptions about inequality or mobility (cf. Benabou and Tirole, 2006). If individuals fail to perceive the determinants of social mobility, their perceived position in the income distribution may be imperfect as well. In Column 11 of Table 4 we test whether individuals who have experienced social mobility in the recent past are better at placing themselves in the income distribution. Those who experienced the largest relative income growth from 2000 to 2010 (top quartile of changes) have on average 2.4 percentage points less negative bias than others. Column 12 verifies this by comparing bias among those who report a positive relative income growth over the past ten years to those who report no or negative growth. Even stronger in magnitude is the relation between expecting positive relative income growth over the next ten years and bias, displayed in Column 13. This finding is interesting given research showing that Americans tend to overestimate the level of social mobility in the United States (Kraus and Tan, 2015). Finally, the perception of income mobility in general terms is also strongly correlated with less negative bias, as shown in Column 14. Without an objectively established metric for social mobility, our different measures do suggest that both actual and expected mobility matter for beliefs about one's position in the income distribution.

Relating these results to the canonical theoretical frameworks of Romer (1975) and Meltzer and Richard (1981), we conclude that the implicit assumption of full and correct information about relative income does not hold. Moreover, the bias differs across groups. This may, in turn, contribute to polarizing groups further in their demand for redistribution

as the bias is larger among those who generally want more redistribution (those with lower education and lower cognitive ability; cf. Alesina and Giuliano, 2010; Mollerstrom and Seim, 2014), thus pushing their views even further away from those who want less redistribution.

4 Correcting the bias

We now investigate the impact of correcting inaccurate beliefs about relative income. We start by presenting average effects of the information treatment within bias-categories and then proceed to exploring heterogeneous responses by bias, political opinions and economic views. We follow (Cruces et al., 2013) and in the main analysis, respondents who underestimate (overestimate) their relative income by more than 10 percentage points are categorized as exhibiting a negative (positive) bias. As discussed in Section 4.3 and presented in the Online Appendix, our results are robust to varying this cutoff. Section 4.3 also contains numerous other robustnessIn addition, we conduct a dose-response analysis where we allow the treatment effect to vary linearly depending on the extent of bias. The results of the dose-response analysis are discussed in Section 4.3 and the full analysis is presented in the Online Appendix.

4.1 Average Effects

Table 6 presents the average effects of treatment on the three outcome variables (*Against-Redist*, *Cons. Party* and *Decrease Tax*) as well as on the composite *Outcome Index* which, as described above, is an equally-weighted, composite measure of the three outcome variables such that a higher value indicates more right-leaning and more anti-redistribution preferences. The results suggest that the treatment leads to a significant shift in preferences towards the political right among those with a negative bias of more than 10 percentage points. Figure 5 visualizes the effect among these respondents by plotting the distributions of the outcome variables for the treatment and control groups. Panel A reveals a shift in preferences for redistribution, with treated respondents placing more weight on the lower end of the scale, i.e. wanting less redistribution.

Panels B and C show similar patterns for the support for the Conservative Party and the willingness to change taxes, respectively. As shown in Column 2 of Table 6, the treatment increases the probability of a person with a negative bias larger than 10 percentage points demanding redistribution below the median by 8.1 percentage points from a base of 35.6 percent in the control group, i.e. a 22.8 percent increase. It also increases support for the Conservative Party (Column 3) by 8.1 percentage points, a relative increase of 32.2 percent from the control group mean. Finally, in Column 4, the point estimate for the willingness to decrease taxes is positive, but not significantly different from zero.[11]

[11]These results indicate that people with a negative bias larger than 10 percentage points react to treatment, whereas others do not. Note however, that the treatment effect on the Outcome Index for those with a positive bias larger than 10 percentage point is of similar magnitude (but with very large standard errors and hence statistically insignificant). A potential interpretation of this could be that also these people are impacted by the information treatment and hence that this does not work only through correcting beliefs about relative income but also through, for example, increasing the saliency of relative income in general. We do not believe that this is a correct, given the large standard errors and the fact that the components of

4.2 Heterogeneous Effects

As an overwhelming majority of our respondents underestimate their relative income, we continue to focus on them and explore heterogeneous responses to treatment among those who underestimate their relative income in the first survey by at least 10 percentage points. We first investigate the interaction of treatment and the support for a right-of-center party in the first survey, among those who underestimate their position.

Figure 6 summarizes our results graphically and documents a pronounced difference in the response to treatment based on pre-treatment political preferences. Panels A, C and E show that the distribution of political preferences among the non-right is essentially identical across treatment and control groups. In contrast, panels B, D and F show that the treated participants with prior right-of-center preferences become even more right-oriented. Table 7 shows that within the right-of-center group, the treatment effect on the *Outcome Index* more than doubles in size as compared to the average effect, while the effect among the non-right is a precisely estimated zero. The average treatment effects reported in Table 6 thus seem to be entirely driven by the respondents with prior political preferences right-of-center.

Columns 2 to 4 of Table 7 consider each outcome variable separately. The probability of demanding low levels of redistribution increases with treatment by approximately 12 percentage points among those with right-of-center preferences. Support for the Conservative Party increases by approximately 15 percentage points upon treatment, implying a reshuffling of party allegiances among those with prior party preferences right-of-center. In both cases, the treatment effect in the rest of the sample is close to zero and insignificant. The willingness to decrease taxes is not significantly affected in either group.[12]

Notice that this heterogeneous treatment effect contributes to a polarization of political preferences across the political spectrum, with right-wing individuals becoming less supportive of redistributive policies while the non-right maintaining their views even when confronted with the news that they are richer than they thought they were. It is interesting to consider what would happen in a setting where most individuals instead overestimate their relative position. If our results are symmetric in the sense that respondents with prior right-of-center preferences also react more strongly to negative news about their relative position, such an information intervention might reduce the dispersion of opinions.

To understand the working of the heterogeneous treatment effect in more detail, we exploit the vast information that we hold on background characteristics and find that having right-of-center preferences in the first survey is positively correlated with age, being married, length of education, cognitive ability, income, wealth and self-reported media consumption (see Online Appendix Table A.1). As several of these variables also predict a lower relative income bias, we investigate the interactions between these variables and the treatment effects but find that none of the interactions between treatment, bias and the heterogeneity of

the Outcome Index (studied in Columns 2-4) render an ambiguous picture for both people with a positive bias larger than 10 percentage points, and for the people with an absolute bias which is smaller than 10 percentage points. This alternative interpretation of our data is discussed further in Section 4.3.

[12]A potential concern is that the heterogeneity is driven exclusively by the non-conservative party variable. When dividing the sample into right-of-center and non-right-of-center, supporting the Conservative party might only be considered by individuals with prior preferences right-of-center, and the heterogeneous treatment effect would obtain automatically. We address, and alleviate, this concern in Section 4.3 and in the Online Appendix.

interest is statistically significant and that the heterogeneous effects of right-of-center preferences remain even when controlling simultaneously for these variables (see Online Appendix Tables A.2-A.3).

Instead, we turn to beliefs about the workings of the economy and how economic success is generated, in an attempt to understand why those with prior preferences right-of-center respond to being informed that they are richer than believed, while those with non-right preferences do not. Right-of-center preferences are positively correlated with the belief that individual economic success is the result of personal effort rather than luck. There is also a positive correlation between right-of-center preferences and the belief that income taxes are distorting and impacting labor supply. Table 8 reports the results from estimating separate treatment effects by prior beliefs. Columns 1 to 3 shows that treated subjects on average support less redistributive policies, but that this effect is zero for those who believe that redistribution is non-distortive and that luck is the key determinant of economic success.

These results suggest that beliefs about how the economy works play an important role in shaping the response to treatment. However, as these beliefs are correlated with right-of-center political preferences, the variation in Columns 1 to 3 in Table 8 may simply be a result of this correlation. In Column 4, we add a control variable for right-of-center political preferences and show that the treatment effect remains significant. Restricting the sample to the respondents who reported right-of-center preferences (Column 5), the effect of the interaction with beliefs disappears. Finally, we restrict the sample to those who reported non-right preferences in the first survey (Column 6) and even within this group, those who believe that taxation is distortive and that effort is more important than luck respond more to treatment (although the result is only marginally statistically significant for this group).

Self-serving bias could play a role for why this heterogeneity arises. Research in sociology and political science shows that individuals tend to be very persistent in their views on the determinants of economic success (Lane, 1959; Hochschild, 1986, 1996; Lamont and Lamont, 2009). If the positive news about relative position received by treated subjects who believe in the importance of effort reinforces their view that effort determines success, they might demand less redistribution. Evidence of such a reinforcement effect on beliefs regarding the respective importance of luck and effort can be found in Column 5 in Table 6. Moreover, as discussed in the introduction, out results supports the notion of self-reinforcing relationships between beliefs and political preferences (Piketty, 1995; Alesina and Angeletos, 2005, and Benabou and Tirole, 2006).

Taken together, we conclude that informing a person that she is relatively richer than previously believed has very different effects depending on the individual's political orientation. Individuals with prior political preferences right-of-center, who believe that effort is conducive to economic success and who think that redistribution creates distortions respond more strongly than individuals who do not share these views.

4.3 Robustness

All robustness tests below, including more detailed information about the tests, are available in the Online Appendixes unless otherwise stated.

Online Appendix Tables A.4 and A.5 display our main specifications allowing for either a smaller or a larger error before defining a person as exhibiting a bias. Instead of setting

the cutoff to 10 percentage points, Tables A.4 and A.5 employ cutoffs of 5 and 15 percentage points respectively. The average effects as well as the heterogeneities documented are statistically significant and similar in magnitude to those obtained when using the 10 percentage point cutoff.

The recipients of the first survey were chosen as a representative sample of the Swedish adult population. However, as the response rate varies across subgroups of the population, our final sample is not representative in some respects. In Online Appendix Table A.6, we run our main specification using a weighted OLS regression applying population weights. The results are similar both in terms of magnitude and statistical significance. Online Appendix B (Tables B.1-B.8) shows that our results are robust to adding control variables, including whether or not a person has a college education, to our main specifications.

We define four of the Swedish parties as right-of-center, following previous literature. However, the political landscape is constantly changing, and the recently successful anti-immigration party the Sweden Democrats (*Sverigedemokraterna*) could also be defined as a right-of-center party. We redo the relevant analysis in Online Appendix Table A.7, classifying support for this party as having preferences for right-of-center and find that the results do not change. We also show that the analysis can be done using only the traditionally right-wing and left-wing parties without the results changing. This indicates that how we categorize individuals who answered that they would cast a blank vote, not vote at all, or vote for a non-traditional party politically is not important for our results.

Due to a lower response rate for party preferences in the second round of the survey, there is a smaller number of observations in Column 2 than in the other columns of Table 6. To investigate a possible attrition bias, we report results from two variations of the basic models in Online Appendix Table A.8, where we use the same specifications as in Table 6 but restrict the sample to the subset with non-missing values for party preferences. The results suggest a similar pattern as in the benchmark, but with somewhat stronger overall effects. To avoid basing our results only on those confident enough to indicate party preference in the second survey, we also report results under the assumption that those who did not respond would have cast blank votes. The results in Table A.8 reveal that the effects now become stronger in magnitude and more precise, indicating that attrition may, if anything, attenuate our results towards zero.

As discussed in Section 4.2, the fact that we use support for the Conservative Party as one of our outcome variables can raise concerns of this being an outcome that a non-right person would never consider, thereby mechanically creating the heterogeneities that we document. In Online Appendix Table A.9 we report results from using a continuous version of the party-preferences variable, where all parties have been classified according to an election survey (Oscarsson and Holmberg, 2013), and show that our conclusions hold.[13]

We use the follow-up question that was asked immediately after the information provision in the treatment to test the possibility that individuals with different prior political preferences, different beliefs about effort determining individual economic success, or different beliefs about redistribution being distortive, vary in their understanding or acknowledgment

[13]Oscarsson and Holmberg (2013) ask respondents to place parties on a scale from 0 to 10, where higher values indicate being more to the right. We use the following values from 2010: Vänsterpartiet: 1.3, Socialdemokraterna: 3.3, Miljöpartiet: 3.9, Centerpartiet: 6.3, Folkpartiet: 6.6, Kristdemokraterna: 6.8, Sverigedemokraterna: 7.4, Moderata Samlingspartiet: 8.3.

of the information given in the treatment. Online Appendix Table A.10 shows that neither prior political preferences nor beliefs about luck or effort are related to understanding the treatment. Believing that taxation is *not* distortive, however, predicts understanding the treatment better at the 10-percent level. Column 4 includes the three variables simultaneuously and displays the F-statistic from testing that all coefficients are zero. The null hypothesis cannot be rejected (p=0.18). Taking into account the signs of the coefficients we conclude that, across these characteristics, there are no systematic differences in the understanding of the treatment that can explain the heterogeneous treatment effects that we find.

It is possible that the treatment does not only provide an information shock, but also increases the salience of relative income. For those receiving information that they are above the median, the increased salience of relative income may increase the likelihood of reporting more right-leaning views, regardless of whether the treatment provided any new information. If so, our results would not be entirely due to the information given in the treatment. We first note that this would imply that our estimates would simultaneously be biased in two different directions since the treatment group consists of individuals who are below the median as well as individuals above it. Online Appendix Table A.11 shows that there is no significant difference in the responses to treatment across these two subgroups for those who underestimated their relative income.

If our results were due to framing rather than to information, we should also expect participants exhibiting no, or just a small, bias to respond to treatment despite not receiving any new information. In Online Appendix Part C (Figures C.1-C.2 and Tables C.1-C.6) we conduct a dose-response analysis which suggests that individuals with the smallest (i.e. most negative) bias respond most strongly to treatment, even though the point estimates are not statistically significant. In Online Appendix Part C we also show that our results are qualitatively robust to replacing the outcome variables with their continuous counterparts, although the estimated coefficients decrease somewhat in magnitude.

5 Conclusion

There are compelling reasons to believe that people's perceptions of their relative position in the income distribution are inaccurate. It has even been suggested that such misperceptions underlie the relatively low levels of redistribution in the United States, where individuals tend to overestimate their relative position and hence believe that they are richer, relative to others, than they actually are.

We conduct a randomized survey experiment in Sweden and start by documenting that misperceptions about one's own relative income are common. However, the direction of the bias is the opposite of the one thought to obtain in the US: in our sample, almost 70 percent believe that they are poorer relative to others, than they actually are and underestimate their relative position by more than 10 percentage points. Only 6 percent overestimate their relative position by the same amount.

We link the survey responses to administrative records at the individual level. In general, the perceptions of the more educated, the cognitively able, and individuals who have experienced significant upward income mobility are closer to reality. These respondents still

underestimate their relative income on average, but to a lesser extent.

We investigate whether misperceptions are of importance for the demand for redistribution using a second survey, where we randomly select half of the respondents from the first survey and provide them with personalized information about their actual relative income. This information was provided three months after the first survey, and subjects were not reminded of their original beliefs. This alleviates the concern that our results stem from framing rather than from the information provided.

We find that individuals who believe that they are relatively poorer than they actually are respond to the information treatment by shifting their political preferences towards the right end of the political spectrum. This effect is entirely driven by individuals who indicated right-of-center political preferences prior to treatment. In this group, receiving information about one's true relative position leads to less demand for redistribution and increased support for the Conservative Party. Instead of information on actual relative earnings leading to more agreement among individuals regarding optimal policy, our results thus suggest that the information treatment increases political polarization, with right-of-center individuals supporting policies even further to the right, while left-of-center individuals do not respond at all.

We show that beliefs about redistribution being distortive, in the sense that taxes impact labor supply, and about individual economic success being the result of effort rather than luck, are more common among those with right-of-center party preferences and that this is decisive in shaping the heterogeneous reaction to people being informed that they are relatively richer than they previously believed.

The exact workings of this mechanism need further investigation, but one hypothesis is that a person who is informed that she is richer than she thought, and at the same time believes income to be generated by effort, interprets the information as saying that she has worked harder, relative to others, than she previously thought. Self-serving beliefs may then lead to this person believing even more in the importance of effort (which the data supports), which in turn makes her demand even less redistribution. In contrast, a person who believes that income is mainly about luck would not interpret the information treatment as a measure of how hard she has worked compared to others, and hence maintain her prior preferences for redistribution.

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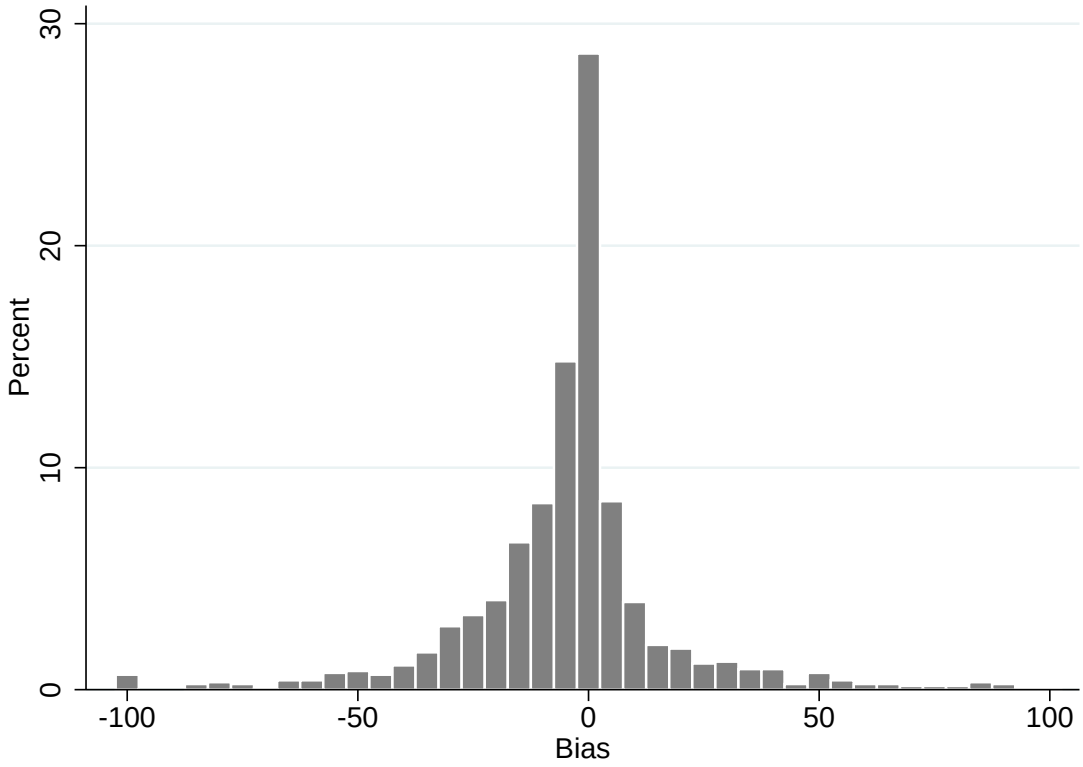
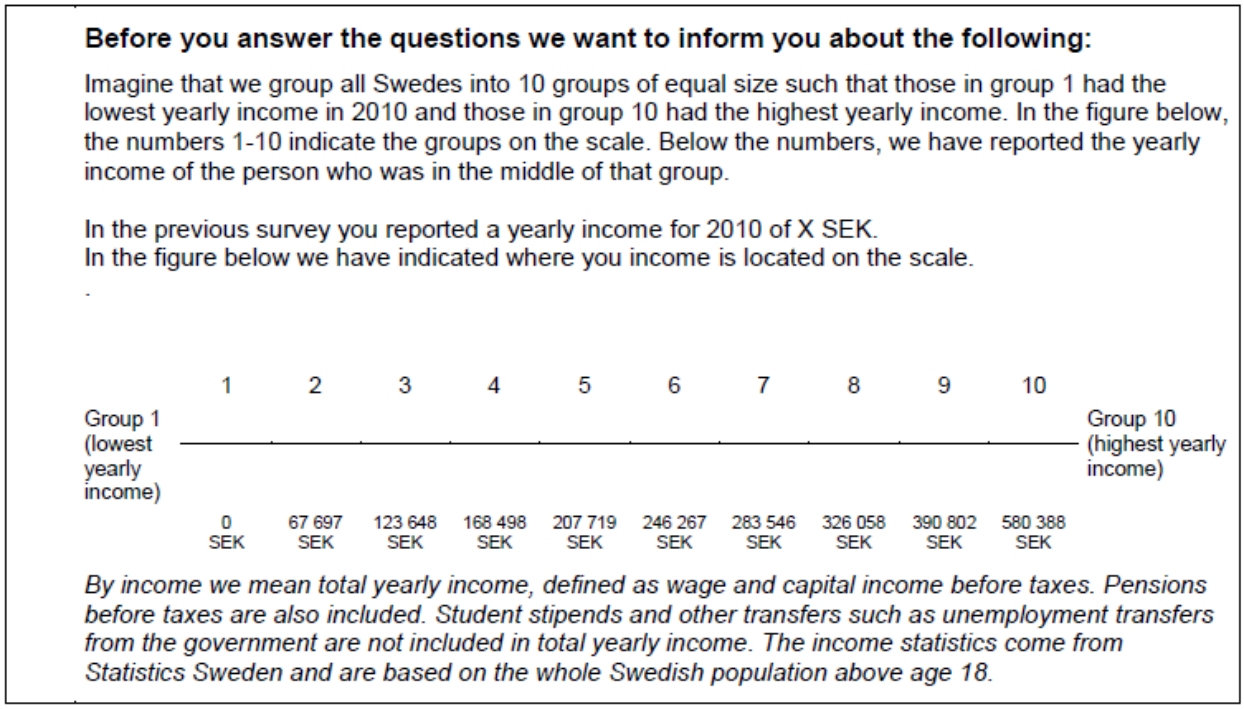
6 Figures and Tables

Figure 1: Deviation between actual and stated income



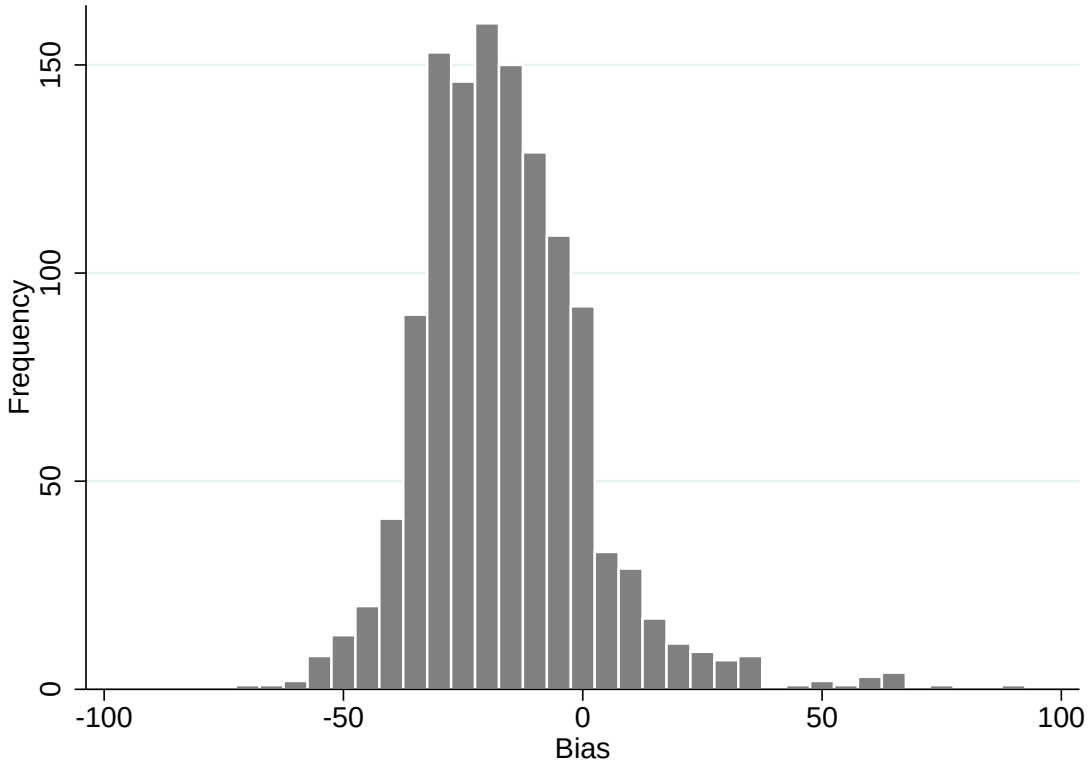
Notes: The figure displays the distribution of erroneous annual income reports. Bias is defined as the $100 \times$ (reported income − administrative-data income) /administrative-data income. We drop 20 observations with administrative-data income of zero, leaving the number of observations at 1222.

FIGURE 2: TREATMENT DESIGN



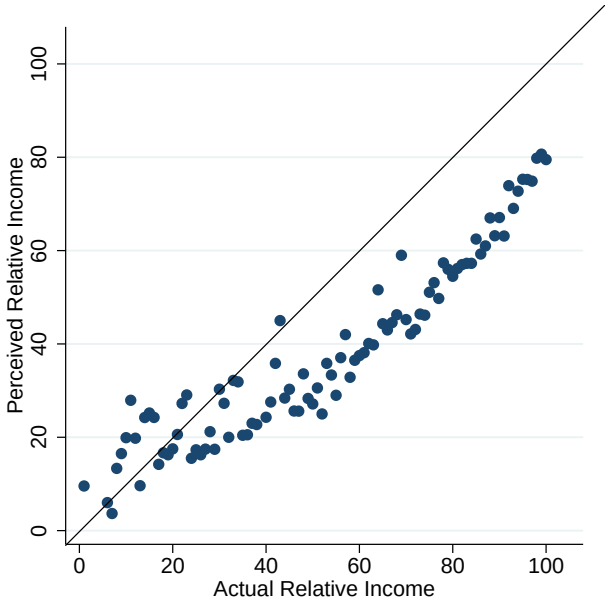
Notes: The figure displays the text presented to the treatment group at the beginning of the second survey. The exact percentile of the respondent, based on her previously reported income, was indicated with an X on the horizontal scale.

FIGURE 3: DISTRIBUTION OF BIAS IN THE SAMPLE



Notes: The figure displays the distribution of bias – defined as perceived minus actual percentile in the income distribution – among the 1242 respondents of the first round. Higher values indicate overestimation of relative income. The bar width is 5 percentiles.

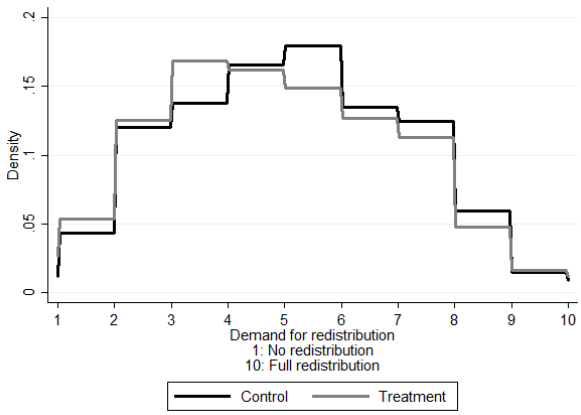
FIGURE 4: ACTUAL AND PERCEIVED RELATIVE INCOME OVER THE INCOME DISTRIBUTION



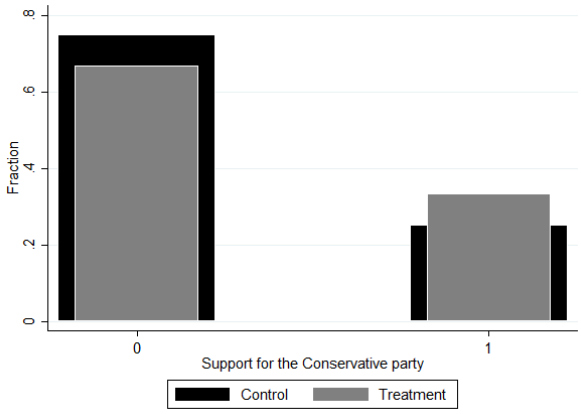
Notes: The figure displays the relation between perceived and actual relative income among the respondents of the first round. We construct 100 equally-sized bins of actual relative income and display mean perceived relative income in each bin. The solid 45-degree line illustrates the no-bias case. The number of observations is 1242.

FIGURE 5: GRAPHICAL REPRESENTATION OF TREATMENT EFFECTS

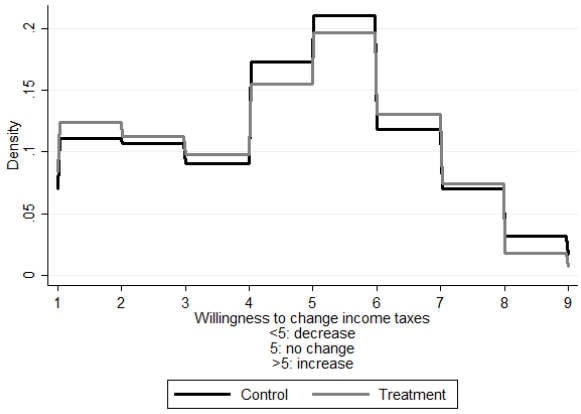
(A) DEMAND FOR REDISTRIBUTION



(B) CONSERVATIVE PARTY SUPPORT



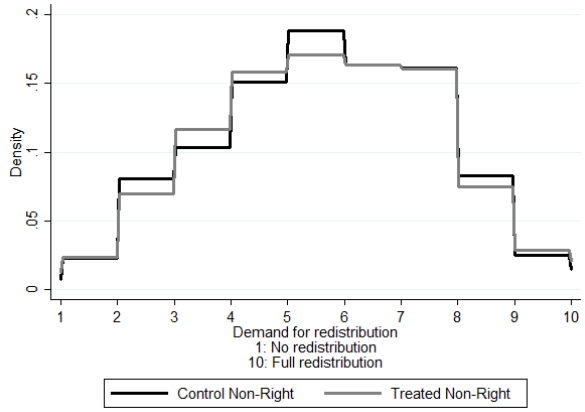
(C) WILLINGESS TO CHANGE TAXES



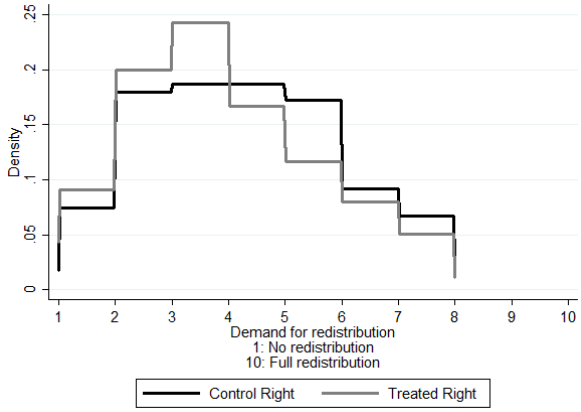
Notes: The figure shows the full distribution of the three outcome variables for the subsample of respondents who underestimated their relative income by more than 10 percentage points, by treatment status. The number of observations is 681 in panel A, 597 in panel B and 680 in panel C.

FIGURE 6: GRAPHICAL REPRESENTATION OF TREATMENT EFFECTS

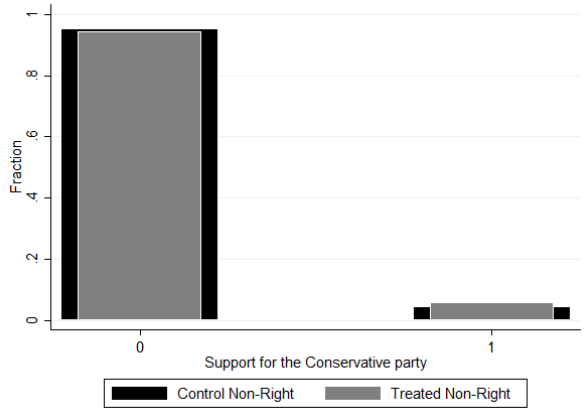
(A) DEMAND FOR REDISTRIBUTION



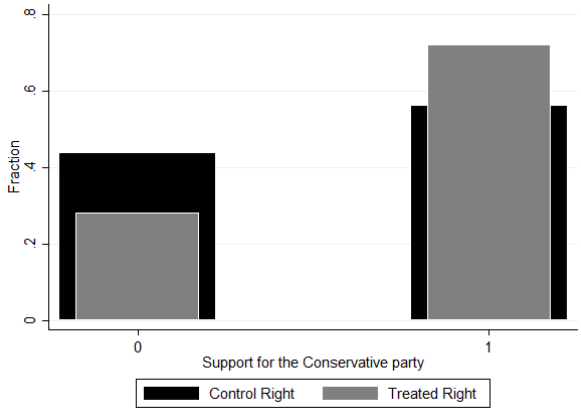
(B) DEMAND FOR REDISTRIBUTION



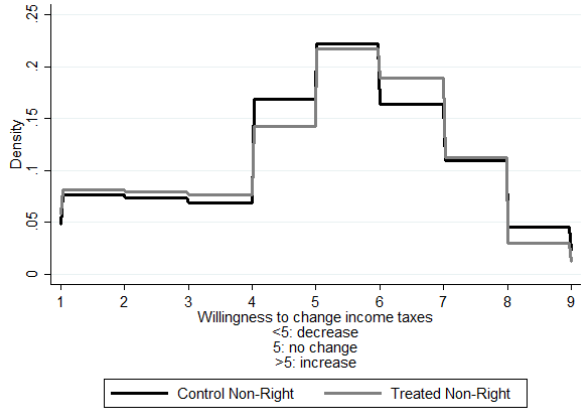
(C) CONSERVATIVE PARTY SUPPORT



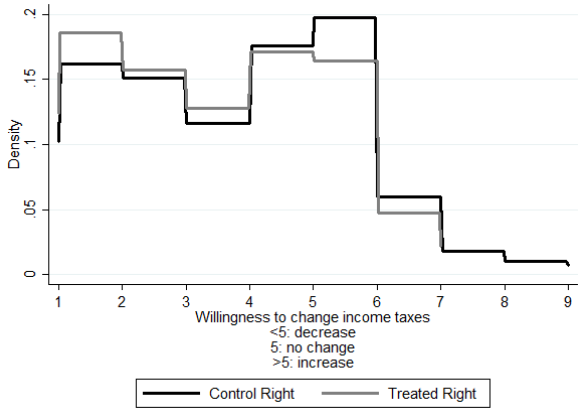
(D) CONSERVATIVE PARTY SUPPORT



(E) WILLINGESS TO CHANGE TAXES



(F) WILLINGESS TO CHANGE TAXES



Notes: The figure shows the full distribution of the three outcome variables for the subsample of respondents who underestimated their relative income by more than 10 percentage points, by treatment status and prior political views. Panels A, C and E display the distributions for treatment and control among those with prior non-right-of-center preferences, while Panels B, D and F show the corresponding distributions for those with right-of-center views. The number of observations in each panel is as follows: (A) 392, (B) 280, (C) 348, (D) 241, (E) 392 and (F) 279.

TABLE 1: COMPARISON BETWEEN POPULATION AND SURVEY RESPONDENTS.

	Population	First Survey	Second Survey
Age	45.041	45.881*	46.736***
	(16.045)	(16.164)	(16.127)
Male	0.505	0.514	0.510
	(0.500)	(0.500)	(0.500)
Married	0.431	0.436	0.448
	(0.495)	(0.496)	(0.497)
Children	0.845	0.705***	0.693***
	(1.099)	(1.016)	(1.023)
Urban	0.5539	0.338***	0.337***
	(0.497)	(0.473)	(0.473)
Primary School	0.199	0.120***	0.112***
	(0.399)	(0.325)	(0.316)
High School	0.469	0.442*	0.417***
	(0.499)	(0.497)	(0.493)
College	0.332	0.438***	0.471***
	(0.471)	(0.496)	(0.499)
Log Total Taxable Income (in 2010)	11.480	12.162***	12.091***
	(2.937)	(1.801)	(1.893)
Log Net Wealth (in 2006)	6.453	5.886*	5.867*
	(10.801)	(13.160)	(12.757)
Unemployment Insurance (in 2009)	2908	2856	2731
	(15,541)	(14,457)	(14,618)
Conservative Party share	0.30**	0.271	0.261***
	(0.458)	(0.445)	(0.439)
Center Party share	0.065	0.029***	0.025***
	(0.477)	(0.167)	(0.158)
Liberal Party share	0.070	0.053***	0.064
	(0.255)	(0.224)	(0.245)
Christian Democrat share	0.056	0.029***	0.035***
	(0.230)	(0.167)	(0.183)
Green Party share	0.073	0.089**	0.111***
	(0.260)	(0.285)	(0.314)
Social Democrat share	0.306	0.256***	0.245***
	(0.461)	(0.437)	(0.430)
Left Party share	0.056	0.037***	0.039***
	(0.230)	(0.190)	(0.193)
Sweden Democrat share	0.057	0.064	0.059
	(0.232)	(0.246)	(0.236)
Feminist Party share	0.004	0.002	0.001**
	(0.063)	(0.049)	(0.037)
IQ	0.5	0.517	0.612
	(0.5)	(0.501)	(0.489)
Max. observations	6,684,887	1,242	1,001

Notes: Numbers correspond to means and standard deviations are in parentheses. The population consists of all adult age Swedes in 2010. All monetary variables are denoted in SEK (1 USD $\approx$ 9 SEK at the time of the survey). Stars denote p-values for the test of equal means between the survey responses and the population. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. Because of missing values, the number of observations for each variable can differ slightly. *Children* denotes the total number of children living in the household. Urban is a dummy for living in one of Sweden's four metropolitan areas (Stockholm, Gothenburg, Malmo or Uppsala). *Primary school* is a dummy for having at most completed nine years of education, *High School* is a dummy for at most having completed secondary education, *College* is a dummy for having more than two years of post-secondary schooling. *Log Total Taxable Income* and *Log Net wealth* are log total taxable income in 2010 and log net wealth at market values in 2006, respectively, taken from the Swedish Tax Registries. The log of net wealth is computed using the inverse hyperbolic sine function to allow for negative wealth. *Unemployment insurance* is the amount of transfers received from UI in 2009, also taken from administrative records. Party vote shares at the population level are the 2010 national elections results, with number of observations equal to total number of votes $(5,960,408)$. *IQ* is a dummy variable indicating above median cognitive ability, as determined during military enlistment, and is only available for men.

Table 2: Responding to the Second Survey and Covariates.

	(1)	(2)
Survey Data:		
Treatment	−0.033	−0.025
	(0.022)	(0.022)
Bias	− 0.001	0.000
	(0.001)	(0.001)
Informed	−0.021	−0.039*
	(0.022)	(0.023)
Luck	−0.061**	−0.037
	(0.024)	(0.025)
No distort	0.024	0.027
	(0.023)	(0.023)
Right	0.044*	0.019
	(0.023)	(0.024)
Administrative Data:		
Age	0.003***	0.003***
	(0.001)	(0.001)
Male	−0.010	0.010
	(0.022)	(0.023)
Married	0.042*	−0.006
	(0.022)	(0.026)
Children	−0.009	−0.001
	(0.011)	(0.012)
Urban	−0.005	−0.011
	(0.024)	(0.024)
College	0.115***	0.124***
	(0.022)	(0.023)
Log Total Taxable Income	0.012*	−0.011*
	(0.004)	(0.007)
Log Net Wealth	0.003***	0.002*
	(0.001)	(0.001)
Unemployment Insurance	0.000	−0.000
	(0.047)	(0.000)
Welfare	−0.001***	−0.001**
	(0.000)	(0.000)
IQ	0.080	
	(0.051)	
Max. observations	1,242	1,215

Notes: For each row, the first column shows coefficients from OLS regressions of the form $Bothrounds_i = \alpha + \beta Covariate_i + \varepsilon_i$ for individuals who responded to the first survey, where the outcome variable is a dummy for responding to the second round of the survey conditional on having responded to the first. The second column shows coefficients when including all covariates in one regression. Robust standard errors are in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. Because of missing values, the number of observations for each variable can differ slightly and the number of observations in the full regressions is lower than the maximum number of observations for the individual covariate-regressions. *Bias* is the deviation between perceived and actual relative income, *Informed* is a dummy for above-median usage of news. *Luck* and *No Distort* are dummies for believing that luck determines success and that taxes do not distort labor supply, respectively. *Right* is a dummy for preferring one of the four right-of-center parties in Sweden in the first survey, *Children* denotes the total number of children living in the household, *Urban* is a dummy for living in one of Sweden's four metropolitan areas (Stockholm, Gothenburg, Malmo or Uppsala), and *College* is a dummy for having more than two years of post-secondary schooling. *Log Total Taxable Income* and *Log Net wealth* are log total taxable income in 2010 and log net wealth in 2006, respectively, taken from the Swedish Tax Registries. Net wealth is logaritmized using the inverse sine function to incorporate negative values. *Unemployment insurance* and *Welfare* are the amount of unemployment benefits and welfare transfers received in 2009, respectively, also taken from administrative records. *IQ* is a dummy variable indicating above median cognitive ability, as determined during military enlistment, and is only available for men.

Table 3: Balance in the Analysis Sample.

Variable	(1)	(2)
Survey Data:		
Bias	0.001	0.000
	(0.001)	(0.001)
Informed	-0.035	-0.038
	(0.032)	(0.033)
Luck	0.019	0.010
	(0.034)	(0.035)
No Distort	0.035	0.039
	(0.032)	(0.033)
Right	-0.000	0.017
	(0.033)	(0.035)
Administrative Data:		
Age	-0.001	-0.001
	(0.001)	(0.001)
Male	-0.019	-0.011
	(0.032)	(0.033)
Married	-0.008	0.015
	(0.032)	(0.038)
Children	-0.010	-0.017
	(0.015)	(0.017)
Urban	0.008	0.022
	(0.033)	(0.035)
College	-0.050	-0.056
	(0.032)	(0.034)
Log Total Taxable Income	-0.000	0.001
	(0.009)	(0.011)
Log Net Wealth	0.000	0.000
	(0.001)	(0.002)
Unemployment Insurance	0.000	0.000
	(0.000)	(0.000)
Welfare	0.000	0.000
	(0.000)	(0.000)
IQ	-0.059	
	(0.073)	
F-statistic (p-value), H_0: All coefficients equal zero		0.59 (0.89)
Max. observations	1,001	983

Notes: For each row, the first column shows coefficients from separate OLS regressions of the form $treatment_i = \alpha + \beta covariate_i + \varepsilon_i$ for individuals who responded to the second survey. The second column shows coefficients when including all covariates in one regression. Robust standard errors are in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. Because of missing values, the number of observations for each variable can differ slightly and the number of observations in the full regressions is lower than the maximum number of observations for the individual covariate-regressions. *Bias* is the deviation between perceived and actual relative income, *Informed* is a dummy for above-median usage of news. *Luck* and *No Distort* are dummies for believing that luck determines success and that taxes do not distort labor supply, respectively. *Right* is a dummy for preferring one of the four right-of-center parties in Sweden in the first survey, *Children* denotes the total number of children living in the household, *Urban* is a dummy for living in one of Sweden's four metropolitan areas (Stockholm, Gothenburg, Malmo or Uppsala), and *College* is a dummy for having more than two years of post-secondary schooling. *Log Total Taxable Income* and *Log Net Wealth* are taxable income in 2010, wage earnings in 2009 and net wealth in 2006, respectively, taken from the Swedish Tax Registries. Net wealth is logaritmized using the inverse sine function to incorporate negative values. *Unemployment insurance* and *Welfare* are the amount of UI benefits and welfare transfers received in 2009, respectively, also taken from administrative records. *IQ* is a dummy variable for having above-median cognitive ability, as determined during military enlistment, and is only available for men.

Table 4: Determinants of Bias

	Dependent variable: Bias														
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
College	2.569***														2.847***
	(0.920)														(0.976)
IQ		3.716*													
		(2.078)													
Informed			1.862**												1.808**
			(0.892)												(0.903)
Urban				-0.953											-1.292
				(0.905)											(0.916)
Right					0.161										-0.526
					(0.942)										(0.924)
Age						-0.106***									-0.033
						(0.029)									(0.046)
Male							1.240								1.941**
							(0.892)								(0.945)
Married								-2.004**							-0.256
								(0.858)							(0.967)
Log Total Taxable Income									0.530						0.247
									(0.399)						(0.525)
Log Net Wealth										-0.059					0.022
										(0.040)					(0.041)
Relative Income Growth											2.462**				-0.958
											(1.042)				(1.319)
Subjective Rel. Inc. Growth												2.896***			1.389
												(1.000)			(1.031)
Subjective Future Rel. Inc. Growth													4.273***		2.557**
													(0.856)		(1.108)
Income Mobility Belief														0.603***	0.494***
														(0.155)	(0.167)
Constant	9.745**	1.000	7.981*	8.979**	9.103**	12.403***	8.098*	9.063**	9.035**	6.195*	9.929**	8.464	5.970	4.263	6.106
	(4.753)	(1.668)	(4.253)	(4.272)	(4.442)	(4.381)	(4.301)	(4.219)	(4.269)	(3.639)	(4.719)	(5.674)	(4.377)	(4.372)	(6.553)
Obs	1233	238	1240	1242	1227	1242	1242	1242	1242	1242	1213	1149	1231	1234	1099

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. All regressions include fixed effects for each percentile of the actual relative income distribution. The dependent variable is bias, defined as perceived minus actual percentile in the income distribution. Higher values indicate overestimation of relative income. *College* is a dummy for having more than two years of post-secondary schooling, *IQ* is a dummy for above-median cognitive ability, as determined during military enlistment, and is only available for men, *Informed* is a dummy for above-median usage of news, and *Urban* is a dummy for living in one of Sweden's four metropolitan areas (Stockholm, Gothenburg, Malmo or Uppsala). *Right* is a dummy for preferring one of the four right-of-center parties in Sweden in the first survey. *Log Total Taxable Income* and *Log Net Wealth* are log taxable income in 2010 and log net wealth in 2006, respectively, taken from the Swedish Tax Registries. Net wealth is logaritmized using the inverse sine function to incorporate negative values. *Relative Income Growth* is a dummy for being in the top 25 percentiles of growth in actual relative income between 2000 and 2010, calculated using register data. *Subjective Rel. Inc. Growth* is a dummy for answering that one's relative income is higher compared to 10 years earlier. *Subj. Future Rel. Inc. Growth* is a dummy for expecting one's future relative income to be higher in 10 years as compared to when the survey was taken. *Income Mobility Beliefs* measures disagreement with a statement about limited income mobility in society.

Table 5: Determinants of Variation in Bias

	Dependent variable: Absolute Value of Bias														
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
College	-2.377***														-2.746***
	(0.784)														(0.842)
IQ		-4.006**													
		(1.880)													
Informed			-1.160												-1.587**
			(0.757)												(0.777)
Urban				0.592											0.539
				(0.790)											(0.812)
Right					0.780										1.067
					(0.795)										(0.800)
Age						0.095***									0.057
						(0.023)									(0.037)
Male							-0.852								-1.695**
							(0.771)								(0.814)
Married								1.648**							0.102
								(0.718)							(0.817)
Log Total Taxable Income									0.490						0.528
									(0.326)						(0.471)
Log Net Wealth										0.040					-0.007
										(0.034)					(0.036)
Relative Income Growth											-2.318**				0.189
											(0.981)				(1.205)
Subjective Rel. Inc. Growth												-2.213**			-1.689*
												(0.863)			(0.906)
Subjective Future Rel. Inc. Growth													-2.011***		0.224
													(0.726)		(0.978)
Income Mobility Belief														-0.311**	-0.199
														(0.131)	(0.142)
Constant	10.670**	2.000**	9.675**	9.053**	9.399**	5.865	9.632**	8.901**	8.991**	7.122**	10.500**	9.838	10.540**	11.525***	7.776
	(4.596)	(0.834)	(4.158)	(4.186)	(4.301)	(4.416)	(4.141)	(4.171)	(4.095)	(3.407)	(4.622)	(5.984)	(4.446)	(4.248)	(6.150)
Obs	1233	238	1240	1242	1227	1242	1242	1242	1242	1242	1213	1149	1231	1234	1099

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. All regressions include fixed effects for each percentile of the actual relative income distribution. The dependent variable is the absolute value of bias, and bias is defined as perceived minus actual percentile in the income distribution. Higher values indicate a larger misestimation of relative income. *College* is a dummy for having more than two years of post-secondary schooling, *IQ* is a dummy for above-median cognitive ability, as determined during military enlistment, and is only available for men, *Informed* is a dummy for above-median usage of news, and *Urban* is a dummy for living in one of the four metropolitan areas (Stockholm, Gothenburg, Malmo or Uppsala). *Right* is a dummy for preferring one of the four right-of-center parties in Sweden in the first survey. *Income* and *Net Wealth* are log taxable income in 2010 and log net wealth in 2006, respectively, taken from the Swedish Tax Registries. Net wealth is logaritmized using the inverse sine function to incorporate negative values. *Relative Income Growth* is a dummy for being in the top 25 percentiles of growth in actual relative income between 2000 and 2010, calculated using register data. *Subjective Rel. Inc. Growth* is a dummy for answering that one is better off financially when the survey was taken compared to 10 years earlier. *Subj. Future Rel. Inc. Growth* is a dummy for expecting one's future income to be higher in 10 years as compared to when the survey was taken. *Income Mobility Beliefs* measures disagreement with a statement about limited income mobility in society.

Table 6: Average effects

	(1) Outcome Index	(2) Against-Redist	(3) Cons. Party	(4) Decrease Tax
Treated×Neg. Bias	0.134**	0.081**	0.081**	0.040
	(0.058)	(0.038)	(0.037)	(0.038)
No bias	-0.010	-0.004	-0.018	0.024
	(0.073)	(0.049)	(0.050)	(0.051)
Treated×No Bias	-0.067	-0.052	-0.013	-0.023
	(0.085)	(0.059)	(0.056)	(0.062)
Pos. bias	-0.032	-0.112	0.117	0.013
	(0.162)	(0.092)	(0.114)	(0.104)
Treated×Pos. Bias	0.112	0.179	-0.068	-0.003
	(0.202)	(0.129)	(0.139)	(0.136)
Constant	0.008	0.362***	0.251***	0.404***
	(0.040)	(0.026)	(0.027)	(0.027)
Obs	1001	991	872	985

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated treatment effects by bias type. *Neg. Bias* is an indicator for underestimating relative income by more than 10 percentage points. *Pos. Bias* indicates overestimation by more than 10 percentage points. *No Bias* indicates misestimation of relative income of 10 percentage points or less. *Outcome Index* is a composite measure of the outcome variables in Columns 2-4, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative Party. *Decrease tax* is a binary indicator for wanting to decrease income taxes. See more detailed definitions in Section 2.

Table 7: Heterogeneous effects by prior party preferences

	(1) Outcome Index	(2) Against-Redist	(3) Cons. Party	(4) Decrease Tax	(5) Effort
Treated	0.020	0.029	0.012	0.026	-0.080
	(0.055)	(0.045)	(0.024)	(0.047)	(0.187)
Treated×Right	0.274***	0.117	0.147**	0.046	0.588**
	(0.103)	(0.073)	(0.066)	(0.075)	(0.268)
Right	0.710***	0.270***	0.517***	0.266***	0.585***
	(0.075)	(0.052)	(0.051)	(0.053)	(0.198)
Constant	-0.286***	0.251***	0.045***	0.291***	6.095***
	(0.039)	(0.031)	(0.017)	(0.033)	(0.131)
Obs	678	672	589	671	674

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated heterogeneous treatment effects with respect to prior party preferences. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden in the first survey, i.e. before treatment. *Outcome Index* is a composite measure of the outcome variables in Columns 2-4, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative Party. *Decrease tax* is a binary indicator for wanting to decrease income taxes. *Effort* is a variable indicating the degree to which one believes that effort determines economic success in life. See more detailed definitions in Section 2.

TABLE 8: HETEROGENEOUS EFFECTS BY PRIOR ECONOMIC BELIEFS

	Dependent variable: Outcome Index					
	(1)	(2)	(3)	(4)	(5)	(6)
Treated	0.138**	0.223**	0.221***	0.137***	0.280***	0.052
	(0.055)	(0.090)	(0.070)	(0.048)	(0.091)	(0.058)
Treated×Redist-Distort	-0.159**			-0.131**	-0.034	-0.130*
	(0.073)			(0.062)	(0.120)	(0.073)
Redist-Distort	-0.194***			-0.065	-0.105	-0.067
	(0.053)			(0.047)	(0.086)	(0.054)
Treated×No Dist.		-0.160				
		(0.114)				
No Dist.		-0.317***				
		(0.079)				
Treated×Luck			-0.268**			
			(0.119)			
Luck			-0.121			
			(0.083)			
Right				0.786***		
				(0.054)		
Constant	0.008	0.182***	0.046	-0.318***	0.401***	-0.276***
	(0.039)	(0.064)	(0.048)	(0.037)	(0.066)	(0.040)
Obs	687	687	687	678	281	397

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated heterogeneous treatment effects on the outcome index by prior beliefs about how the economy works. The sample consists of those who underestimated their relative income by more than 10 percentage points. Column 5 estimates the same model as Column 1 but restricts the sample to those who expressed right-of-center preferences in survey 1, i.e. before treatment, while Column 6 only uses the sample of those who did not express such preferences. *Outcome Index* is a composite measure of the variables Against-Redist, Cons. Party and Decrease Tax, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Redist-Distort* is a composite measure of the variables *No Dist.* and *Luck*, and a higher value indicates beliefs about redistribution not being distorting. *No. Dist* is a binary indicator for believing that income taxes do not distort labor supply. *Luck* is a binary indicator for believing that luck determines economic success in life. See more detailed definitions in Section 2.

Online Appendix A

Table A.1: Correlates of Right-of-Center Political Preferences

	Dependent variable: Right-wing Party Preference											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Age	0.002***											0.001
	(0.001)											(0.001)
Male		0.028										0.014
		(0.028)										(0.027)
Married			0.081***									0.050*
			(0.028)									(0.030)
College				0.146***								0.118***
				(0.029)								(0.029)
Urban					0.048							0.027
					(0.029)							(0.029)
Informed						0.101***						0.064**
						(0.028)						(0.027)
Log Total Taxable Income							0.028***					0.022***
							(0.008)					(0.008)
Log Net Wealth								0.003**				0.002*
								(0.001)				(0.001)
IQ									0.170***			
									(0.063)			
Luck										-0.185***		-0.136***
										(0.028)		(0.028)
No Distort											-0.194***	-0.176***
											(0.028)	(0.027)
Constant	0.275***	0.367***	0.346***	0.329***	0.365***	0.325***	0.040	0.362***	0.313***	0.444***	0.489***	0.082
	(0.041)	(0.020)	(0.018)	(0.017)	(0.017)	(0.020)	(0.103)	(0.016)	(0.043)	(0.017)	(0.021)	(0.100)
Obs	1227	1227	1227	1219	1227	1227	1227	1227	235	1225	1225	1215

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table displays how expressed right-of-center preferences in survey 1, i.e. before treatment, are correlated with other characteristics, using the full sample from the first survey. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden. *College* is a dummy for having more than two years of post-secondary schooling, *Urban* is a dummy for living in one of Sweden's four metropolitan areas (Stockholm, Gothenburg, Malmo or Uppsala), *Informed* is a dummy for above-median usage of news, *Log Total Taxable Income* is log total taxable income in 2010 and *Log Net Wealth* is log net wealth in 2006 taken from the Swedish Tax Registries. Net wealth is logaritmized using the inverse sine function to incorporate negative values. *IQ* is a dummy variable for having above-median cognitive ability, as determined during military enlistment, and is only available for men. *Luck* and *No Distort* are dummies for believing that luck determines success and that taxes do not distort labor supply, respectively. See more detailed definitions in Section 2.

TABLE A.2: HETEROGENEOUS EFFECTS BY ECONOMIC AND DEMOGRAPHIC CHARACTERISTICS

	Dependent variable: Outcome Index							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Treated	0.024	0.145*	0.136*	0.143**	0.136	-0.065	0.123*	0.119
	(0.193)	(0.078)	(0.076)	(0.071)	(0.086)	(1.054)	(0.069)	(0.179)
Treated×Age	0.002							
	(0.004)							
Treated×Male		-0.018						
		(0.114)						
Treated×College			-0.006					
			(0.117)					
Treated×Urban				-0.027				
				(0.121)				
Treated×Informed					-0.008			
					(0.116)			
Treated×Log Total Taxable Income						0.015		
						(0.083)		
Treated×Log Net Wealth							0.001	
							(0.005)	
Treated×IQ								-0.008
								(0.261)
Constant	0.134	-0.092*	0.002	-0.007	-0.029	-0.669**	0.023	-0.015
	(0.137)	(0.054)	(0.052)	(0.049)	(0.061)	(0.317)	(0.048)	(0.125)
Obs	687	687	687	687	686	687	687	149

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated heterogeneous treatment effects on the Outcome Index using various background characteristics. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Outcome Index* is a composite measure of the variables Against-Redist, Cons. Party and Decrease Tax, and a higher value indicates more right-leaning and more anti-redistribution preferences. *College* is a dummy for having more than two years of post-secondary schooling, *Urban* is a dummy for living in one of Sweden's four metropolitan areas (Stockholm, Gothenburg, Malmo or Uppsala), *Informed* is a dummy for above-median usage of news, *Log Total Taxable Income* is log taxable income in 2010 and *Log Net Wealth* is log net wealth in 2006 taken from the Swedish Tax Registries. Net wealth is logaritmized using the inverse sine function to incorporate negative values. *IQ* is a dummy variable for having above-median cognitive ability, as determined during military enlistment, and is only available for men. See more detailed definitions in Section 2.

TABLE A.3: HETEROGENEOUS EFFECTS BY PRIOR PARTY PREFERENCES AND POTENTIAL CONFOUNDS

	Dependent variable: Outcome Index							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Treated	-0.111	0.021	0.056	0.071	0.041	0.771*	-0.003	-0.040
	(0.168)	(0.069)	(0.067)	(0.065)	(0.079)	(0.449)	(0.065)	(0.162)
Treated×Right	0.274***	0.281***	0.303***	0.283***	0.279***	0.296***	0.269***	0.152
	(0.103)	(0.102)	(0.103)	(0.103)	(0.103)	(0.104)	(0.103)	(0.220)
Treated×Age	0.003							
	(0.003)							
Treated×Male		-0.003						
		(0.095)						
Treated×College			-0.113					
			(0.098)					
Treated×Urban				-0.151				
				(0.099)				
Treated×Informed					-0.041			
					(0.099)			
Treated×Log Total Taxable Income						-0.060*		
						(0.036)		
Treated×Log Net Wealth							0.003	
							(0.004)	
Treated×IQ								0.280
								(0.206)
Constant	-0.148	-0.374***	-0.261***	-0.308***	-0.288***	-0.395	-0.260***	-0.253**
	(0.122)	(0.050)	(0.048)	(0.047)	(0.059)	(0.252)	(0.047)	(0.116)
Obs	678	678	678	678	678	678	678	147

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated heterogeneous treatment effects on the Outcome Index by prior political preferences together with other potential explanatory variables. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Outcome Index* is a composite measure of the variables Against-Redist, Cons. Party and Decrease Tax, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden before treatment. *College* is a dummy for having more than two years of post-secondary schooling, *Urban* is a dummy for living in one of Sweden's four metropolitan areas (Stockholm, Gothenburg, Malmo or Uppsala), *Informed* is a dummy for above-median usage of news, *Log Total Taxable Income* is log taxable income in 2010 and *Log Net Wealth* is log net wealth in 2006 taken from the Swedish Tax Registries. Net wealth is logaritmized using the inverse sine function to incorporate negative values. *IQ* is a dummy variable for having above-median cognitive ability, as determined during military enlistment, and is only available for men. See more detailed definitions in Section 2.

TABLE A.4: ROBUSTNESS TO USING 5 PERCENTAGE POINT CUTOFF

	(1) Outcome	(2) Index	(3) Against-Redist	(4)	(5) Cons.	(6) Party	(7) Decrease	(8) tax
Treated	0.114**	0.011	0.066*	0.010	0.059*	0.001	0.045	0.039
	(0.054)	(0.052)	(0.035)	(0.042)	(0.035)	(0.022)	(0.036)	(0.044)
Treated×Right		0.233**		0.122*		0.120*		0.022
		(0.097)		(0.069)		(0.063)		(0.071)
Right		0.718***		0.265***		0.524***		0.272***
		(0.070)		(0.049)		(0.048)		(0.049)
Constant	0.013	-0.280***	0.373***	0.266***	0.260***	0.051***	0.397***	0.284***
	(0.037)	(0.036)	(0.024)	(0.029)	(0.025)	(0.017)	(0.025)	(0.030)
Obs	778	769	772	763	670	662	768	759

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated treatment effects by prior party preferences. The sample consists of those who underestimated their relative income by more than 5 percentage points. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden in the first survey, i.e. before treatment. *Outcome Index* is a composite measure of the outcome variables in Columns 3-8, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative Party. *Decrease tax* is a binary indicator for wanting to decrease income taxes. See more detailed definitions in Section 2.

TABLE A.5: ROBUSTNESS TO USING 15 PERCENTAGE POINT CUTOFF

	(1) Outcome	(2) Index	(3) Against-Redist	(4)	(5) Cons.	(6) Party	(7) Decrease	(8) tax
Treated	0.147**	0.049	0.073*	0.026	0.100**	0.029	0.044	0.041
	(0.063)	(0.059)	(0.041)	(0.048)	(0.040)	(0.025)	(0.041)	(0.050)
Treated×Right		0.255**		0.104		0.156**		0.025
		(0.113)		(0.080)		(0.072)		(0.082)
Right		0.724***		0.289***		0.514***		0.266***
		(0.082)		(0.057)		(0.056)		(0.058)
Constant	-0.014	-0.316***	0.356***	0.236***	0.238***	0.038**	0.394***	0.280***
	(0.043)	(0.040)	(0.028)	(0.033)	(0.029)	(0.017)	(0.029)	(0.035)
Obs	578	570	573	565	507	500	575	567

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated heterogeneous treatment effects by prior party preferences. The sample consists of those who underestimated their relative income by more than 15 percentage points. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden in the first survey, i.e. before treatment. *Outcome Index* is a composite measure of the outcome variables in Columns 3-8, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative Party. *Decrease tax* is a binary indicator for wanting to decrease income taxes. See more detailed definitions in Section 2.

TABLE A.6: WEIGHTED ESTIMATES

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Outcome Index		Against-Redist		Cons. Party		Decrease tax	
Treated	0.131**	0.003	0.093**	0.032	0.071*	0.005	0.029	-0.001
	(0.063)	(0.059)	(0.042)	(0.052)	(0.043)	(0.027)	(0.043)	(0.053)
Treated×Right		0.310***		0.137		0.140*		0.080
		(0.113)		(0.085)		(0.073)		(0.086)
Right		0.657***		0.226***		0.534***		0.215***
		(0.082)		(0.059)		(0.056)		(0.060)
Constant	-0.006	-0.272***	0.346***	0.255***	0.257***	0.049***	0.399***	0.311***
	(0.043)	(0.044)	(0.029)	(0.035)	(0.031)	(0.019)	(0.030)	(0.038)
Obs	687	678	681	672	597	589	680	671

Notes: Weighted OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table provides treatment effect estimates weighted by the sampling probability of each observation. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden in the first survey, i.e. before treatment. *Outcome Index* is a composite measure of the outcome variables in Columns 3-8, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative party. *Decrease tax* is a binary indicator for wanting to decrease income taxes. See more detailed definitions in Section 2.

TABLE A.7: ALTERNATIVE DEFINITION OF RIGHT-OF-CENTER PARTY PREFERENCES

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Outcome Index		Against-Redist		Cons. Party		Decrease tax	
Treated	-0.023	0.022	-0.011	0.043	-0.007	-0.029*	0.022	0.041
	(0.055)	(0.053)	(0.045)	(0.049)	(0.024)	(0.017)	(0.047)	(0.051)
Treated×Right incl. SD	0.263***		0.155**		0.137**		0.024	
	(0.097)		(0.071)		(0.064)		(0.073)	
Right incl. SD	0.721***		0.282***		0.451***		0.319***	
	(0.072)		(0.051)		(0.050)		(0.051)	
Treated×Right		0.272***		0.103		0.188***		0.031
		(0.102)		(0.076)		(0.064)		(0.078)
Right		0.890***		0.375***		0.532***		0.384***
		(0.074)		(0.052)		(0.051)		(0.054)
Constant	-0.323***	-0.467***	0.234***	0.146***	0.049***	0.029*	0.254***	0.172***
	(0.039)	(0.036)	(0.031)	(0.031)	(0.018)	(0.017)	(0.032)	(0.033)
Obs	678	525	672	521	589	453	671	520

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows the robustness of the reported heterogeneous effect by prior center-right preferences using two alternative definitions of right and left parties. The sample consists of those who underestimated their relative income by more than 10 percentage points. In Columns 1, 3, 5 and 7, we include the Sweden Democrats (SD) as a party on the right rather than the non-right. In Columns 2, 4, 6 and 8, we compare only those who stated a preference for a party on the right or left as it is usually defined in Sweden, meaning that we discard those who preferred other parties, did not indicate a preference, or indicated blank votes. *Outcome Index* is a composite measure of the outcome variables in Columns 3-8, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative Party. *Decrease tax* is a binary indicator for wanting to decrease income taxes. See detailed definitions in Section 2.

Table A.8: Robustness to attrition

	(1) Outcome Index	(2) Against-Redist	(3) Cons. Party	(4) Decrease Tax	(5) Cons. Party
Treated	0.170***	0.106***	0.081**	0.050	0.136***
	(0.061)	(0.040)	(0.037)	(0.041)	(0.033)
Constant	-0.028	0.340***	0.251***	0.392***	0.190***
	(0.044)	(0.029)	(0.027)	(0.030)	(0.021)
Obs	597	592	597	592	687

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The sample consists of those who underestimated their relative income by more than 10 percentage points. Columns 1 to 4 display treatment effects for the subsample of respondents with non-missing values for *Cons. party*. Column 5 estimates the treatment effect on *Cons. party* when recoding all missing values of the outcome variable to zeros. *Outcome Index* is a composite measure of the outcome variables in Columns 2-4, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative Party. *Decrease tax* is a binary indicator for wanting to decrease income taxes. See more detailed definitions in Section 2.

Table A.9: Continuous measure of party choice

	(1) Outcome Index	(2) Right-Left Scale
Treated×Neg. Bias	0.129**	0.167**
	(0.057)	(0.082)
No bias	-0.013	-0.049
	(0.074)	(0.117)
Treated×No Bias	-0.050	0.023
	(0.089)	(0.137)
Pos. bias	-0.064	0.142
	(0.157)	(0.245)
Treated×Pos. Bias	0.161	0.086
	(0.194)	(0.291)
Constant	0.010	0.006
	(0.040)	(0.061)
Obs	1001	865

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table uses an alternative measure of party choice to measure political preferences. Instead of a binary indicator for prefering the Conservative Party we use a continuous measure, *Right-Left Scale*, that places major Swedish political parties on a scale from right to left. The parties are categorized according to election surveys by Oscarsson and Holmberg (2013). *Outcome Index* is a composite measure of the outcome variables, and a higher value indicates more right-leaning and more anti-redistribution preferences. In Column 1, *Right-Left Scale* replaces the indicator for preferring the Conservative Party in constructing the *Outcome Index*. Column 2 shows the treatment effect on the *Right-Left Scale* measure alone. For respondents who answered the question but did not state an explicit party preference, we impute party preference by pairing respondents with the party that has the most similar average redistribution preferences.

Table A.10: Respondents' understanding of the treatment

Dependent variable:	Wrong answer on the treatment verification question			
	(1)	(2)	(3)	(4)
Right	-0.009			-0.015
	(0.020)			(0.024)
No Dist.		-0.037*		-0.044*
		(0.021)		(0.022)
Luck			0.013	0.017
			(0.021)	(0.024)
Constant	0.052***	0.069***	0.043***	0.074***
	(0.013)	(0.018)	(0.011)	(0.026)
F-statistic				1.62
Obs	477	485	485	477

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. *Wrong answer* is a binary indicator for incorrectly identifying oneself as being above or below the median immediately after the treatment information was given. This question only applies to the treatment group. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden in the first survey, i.e. before treatment. *Luck* and *No Distort* are dummies for believing that luck determines economic success and that taxes do not distort labor supply, respectively. See more detailed definitions in Section 2. Column 4 includes the F-statistic of a test with the null hypothesis that all three coefficients are zero. The hypothesis is not rejected (p-value=0.18).

Table A.11: Heterogeneous effects above and below the median

	(1) Outcome Index	(2) Against-Redist	(3) Cons. Party	(4) Decrease Tax
Treated	0.131*	0.065	0.099**	0.043
	(0.068)	(0.043)	(0.044)	(0.044)
Treated×Below med.	-0.003	0.056	-0.085	-0.012
	(0.124)	(0.085)	(0.080)	(0.089)
Below med.	-0.191**	-0.153***	-0.076	0.002
	(0.083)	(0.056)	(0.058)	(0.062)
Constant	0.055	0.400***	0.270***	0.403***
	(0.047)	(0.030)	(0.032)	(0.031)
Obs	687	681	597	680

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table tests for the presence of heterogeneous effects above and below the median of relative income. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Below med.* is a binary indicator one's actual income being below median. *Outcome Index* is a composite measure of the outcome variables in Columns 2-4, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative party. *Decrease tax* is a binary indicator for wanting to decrease income taxes. See more detailed definitions in Section 2.

Online Appendix B Adding control variables

The following tables contain additional specifications of our baseline models when including control variables from the survey and from administrative registers. The administrative control variables are: *Age*, *Male*, *Married*, *Children*, *Urban*, *Log Total Taxable Income*, *Log Net Wealth*, *Unemployment Insurance*, *Welfare*, *Primary School*, *High School* and *College*. The survey control variables are: *Bias*, *Informed*, *Luck*, *No Distort* and *Right*.

Control variable definitions: *Children* denotes the total number of children living in the household, and *Urban* is a dummy for living in one of Sweden's four metropolitan areas (Stockholm, Gothenburg, Malmo or Uppsala). *Log Total Taxable Income* and *Log Net Wealth* are log total taxable income in 2010 and log net wealth in 2006, respectively, taken from the Swedish Tax Registries. Net wealth is logaritmized using the inverse sine function to incorporate negative values. *Unemployment insurance* and *Welfare* are the amount of unemployment benefits and welfare transfers received in 2009. *Primary school* is a dummy for having at most completed nine years of education, *High School* is a dummy for at most having completed secondary education, *College* is a dummy for having more than two years of post-secondary schooling. *Bias* is the deviation between perceived and actual relative income, *Informed* is a dummy for above-median usage of news. *Luck* and *No Distort* are dummies for believing that luck determines success and that taxes do not distort labor supply, respectively. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden in the first survey, i.e. before treatment. See more detailed definitions in Section 2 of the main paper.

Table B.1: Average effects

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Outcome Index		Against-Redist		Cons. Party		Decrease tax	
T×Neg. Bias	0.139**	0.137***	0.081**	0.076**	0.083**	0.072**	0.039	0.042
	(0.059)	(0.049)	(0.038)	(0.036)	(0.038)	(0.030)	(0.039)	(0.037)
No bias	0.038	0.047	0.019	0.036	0.021	0.032	0.027	0.012
	(0.077)	(0.085)	(0.051)	(0.060)	(0.052)	(0.053)	(0.054)	(0.064)
T×No Bias	-0.103	-0.084	-0.064	-0.050	-0.037	-0.025	-0.045	-0.023
	(0.089)	(0.075)	(0.062)	(0.058)	(0.059)	(0.046)	(0.065)	(0.065)
Pos. bias	0.040	-0.093	-0.063	-0.063	0.181	0.116	-0.001	-0.102
	(0.175)	(0.197)	(0.098)	(0.130)	(0.132)	(0.114)	(0.109)	(0.140)
T×Pos. Bias	0.019	0.143	0.111	0.149	-0.120	-0.016	-0.031	0.027
	(0.210)	(0.181)	(0.135)	(0.141)	(0.157)	(0.105)	(0.144)	(0.136)
Constant	-0.654*	-0.300	0.026	0.147	-0.192	0.015	0.149	0.286
	(0.349)	(0.347)	(0.155)	(0.158)	(0.142)	(0.112)	(0.324)	(0.317)
Admin. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Survey controls	No	Yes	No	Yes	No	Yes	No	Yes
Obs	996	983	986	973	868	856	981	968

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table estimates treatment effects by bias type. *Neg. Bias* is an indicator for respondents underestimating relative income by more than 10 percentage points. *Pos. Bias* indicates overestimation by more than 10 percentage points. *No Bias* indicates misestimation of relative income of 10 percentage points or less. *Outcome Index* is a composite measure of the outcome variables in Columns 3-8, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative Party. *Decrease tax* is a binary indicator for wanting to decrease income taxes. See more detailed definitions in Section 2. *Admin. controls* consists of control variables from administrative register. *Survey controls* consists of variables gathered from the first survey, pre-treatment. See detailed description in the beginning of this section.

Table B.2: Heterogeneous effects by prior party preferences

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Outcome Index		Against-Redist		Cons. Party		Decrease tax	
Treated	0.014	0.010	0.020	0.018	0.017	0.020	0.010	0.009
	(0.058)	(0.057)	(0.047)	(0.047)	(0.026)	(0.026)	(0.048)	(0.047)
Treated×Right	0.276***	0.278***	0.123	0.121	0.136**	0.136**	0.058	0.059
	(0.104)	(0.104)	(0.075)	(0.075)	(0.067)	(0.067)	(0.077)	(0.076)
Constant	-0.631*	-0.662*	0.000	-0.045	0.240	0.254	-0.096	-0.102
	(0.349)	(0.386)	(0.276)	(0.285)	(0.251)	(0.263)	(0.194)	(0.190)
Admin. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Survey controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	678	678	672	672	589	589	671	671

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table estimates heterogeneous treatment effects with respect to prior party preferences. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden in the first survey, i.e. before treatment. *Outcome Index* is a composite measure of the outcome variables in Columns 2-4, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative Party. *Decrease tax* is a binary indicator for wanting to decrease income taxes. See more detailed definitions in Section 2. *Admin. controls* consists of control variables from administrative register. *Survey controls* consists of variables gathered from the first survey, pre-treatment. See detailed description in the beginning of this section.

Table B.3: Heterogeneous Effects by Economic and Demographic Characteristics

	Dependent variable: Outcome Index															
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Treated	0.037	-0.022	0.150*	0.125*	0.120	0.144**	0.145*	0.172***	0.114	0.119	0.161	0.934*	0.095	0.087	-0.016	-0.044
	(0.198)	(0.171)	(0.081)	(0.067)	(0.079)	(0.064)	(0.074)	(0.063)	(0.089)	(0.076)	(0.874)	(0.487)	(0.071)	(0.059)	(0.207)	(0.209)
Treated×Age	0.002	0.003														
	(0.004)	(0.003)														
Treated×Male			-0.048	0.002												
			(0.119)	(0.099)												
Treated×College					0.011	-0.041										
					(0.121)	(0.100)										
Treated×Urban							-0.057	-0.131								
							(0.125)	(0.102)								
Treated×Informed									0.016	0.012						
									(0.120)	(0.101)						
Treated×Log Total Taxable Income											-0.003	-0.064*				
											(0.069)	(0.039)				
Treated×Log Net Wealth													0.004	0.005		
													(0.005)	(0.005)		
Treated×IQ															0.090	0.370
															(0.298)	(0.274)
Admin. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Survey controls	No	Yes	No	Yes	No	Yes	No	Yes	Yes	Yes	No	Yes	No	Yes	No	Yes
Obs	687	678	687	678	687	678	687	678	686	678	687	678	687	678	149	147

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table estimates heterogeneous treatment effects on the Outcome Index using various background characteristics. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Outcome Index* is a composite measure of the variables Against-Redist, Cons. Party and Decrease tax, and a higher value indicates more right-leaning and more anti-redistribution preferences. *College* is a dummy for having more than two years of post-secondary schooling, *Urban* is a dummy for living in one of Sweden's four metropolitan areas (Stockholm, Gothenburg, Malmo or Uppsala), *Informed* is a dummy for above-median usage of news, *Log Total Taxable Income* is log taxable income in 2010 and *Log Net Wealth* is log net wealth in 2006 taken from the Swedish Tax Registries. Net wealth is logaritmized using the inverse sine function to incorporate negative values. *IQ* is a dummy variable for having above-median cognitive ability, as determined during military enlistment, and is only available for men. See more detailed definitions in Section 2. *Admin. controls* consists of control variables from administrative register. *Survey controls* consists of variables gathered from the first survey, pre-treatment. See detailed description in the beginning of this section.

TABLE B.4: HETEROGENEOUS EFFECTS BY PRIOR PARTY PREFERENCES AND POTENTIAL CONFOUNDS

	Dependent variable: Outcome Index															
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Treated	-0.120	-0.138	0.014	0.010	0.050	0.041	0.061	0.058	0.014	0.018	0.920**	1.154***	-0.024	-0.023	-0.197	-0.21
	(0.174)	(0.174)	(0.070)	(0.070)	(0.072)	(0.070)	(0.070)	(0.068)	(0.082)	(0.080)	(0.455)	(0.440)	(0.066)	(0.065)	(0.229)	(0.23
Treated×Right	0.275***	0.278***	0.276***	0.278***	0.290***	0.290***	0.279***	0.281***	0.277***	0.280***	0.298***	0.306***	0.270***	0.274***	0.392	0.48
	(0.104)	(0.104)	(0.104)	(0.104)	(0.104)	(0.104)	(0.104)	(0.104)	(0.104)	(0.104)	(0.105)	(0.105)	(0.104)	(0.104)	(0.280)	(0.29
Treated×Age	0.003	0.003														
	(0.003)	(0.003)														
Treated×Male			0.002	-0.000												
			(0.099)	(0.098)												
Treated×College					-0.097	-0.082										
					(0.101)	(0.099)										
Treated×Urban							-0.137	-0.137								
							(0.103)	(0.102)								
Treated×Informed									-0.001	-0.015						
									(0.102)	(0.101)						
Treated×Log Total Taxable Income											-0.073**	-0.092***				
											(0.036)	(0.035)				
Treated×Log Net Wealth													0.006	0.005		
													(0.005)	(0.004)		
Treated×IQ															0.356	0.29
															(0.257)	(0.26
Admin. controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Survey controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Obs	678	678	678	678	678	678	678	678	678	678	678	678	678	678	147	147

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table estimates heterogeneous treatment effects on the Outcome Index by prior political party preferences together with other potential explanatory variables. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Outcome Index* is a composite measure of the variables Against-Redist, Cons. Party and Decrease tax, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden before treatment. *College* is a dummy for having more than two years of post-secondary schooling, *Urban* is a dummy for living in one of Sweden's four metropolitan areas (Stockholm, Gothenburg, Malmo or Uppsala), *Informed* is a dummy for above-median usage of news, *Log Total Taxable Income* is log taxable income in 2010 and *Log Net Wealth* is log net wealth in 2006 taken from the Swedish Tax Registries. Net wealth is logaritmized using the inverse sine function to incorporate negative values. *IQ* is a dummy variable for having above-median cognitive ability, as determined during military enlistment, and is only available for men. See more detailed definitions in Section 2. *Admin. controls* consists of control variables from administrative register. *Survey controls* consists of variables gathered from the first survey, pre-treatment. See detailed description in the beginning of this section.

Table B.5: Heterogeneous Effects by Prior Beliefs with Controls 1

	Dependent variable: Outcome Index					
	(1)	(2)	(3)	(4)	(5)	(6)
Treated	0.130**	0.112**	0.201**	0.171**	0.219***	0.164***
	(0.056)	(0.045)	(0.090)	(0.073)	(0.070)	(0.055)
T×Redist-Distort	-0.157**	-0.108*				
	(0.073)	(0.060)				
Redist-Distort	-0.193***	-0.063				
	(0.054)	(0.045)				
T×No dist.			-0.133	-0.107		
			(0.114)	(0.092)		
No Dist.			-0.325***	-0.118*		
			(0.079)	(0.068)		
T×Luck					-0.292**	-0.173*
					(0.119)	(0.098)
Luck					-0.111	-0.014
					(0.083)	(0.070)
Constant	-0.596	0.074	-0.451	0.127	-0.604	0.076
	(0.428)	(0.300)	(0.479)	(0.321)	(0.392)	(0.281)
Admin controls	Yes	Yes	Yes	Yes	Yes	Yes
Survey controls	No	Yes	No	Yes	No	Yes
Obs	687	677	687	677	687	677

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table estimates heterogeneous treatment effects on the outcome index by prior beliefs about how the economy works. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Outcome Index* is a composite measure of the variables Against-Redist, Cons. Party and Decrease tax, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Redist-Distort* is a composite measure of the variables No Dist. and Luck and a higher value indicates beliefs about redistribution not being distoring. *No. Dist* is a binary indicator for believing that income taxes do not distort labor supply. *Luck* is a binary indicator for believing that luck determines economic success in life. See more detailed definitions in Section 2. *Admin. controls* consists of control variables from administrative register. *Survey controls* consists of variables gathered from the first survey, pre-treatment. See detailed description in the beginning of this section.

TABLE B.6: HETEROGENEOUS EFFECTS BY PRIOR BELIEFS WITH CONTROLS 2

	Dependent variable: Against-Redist					
	(1)	(2)	(3)	(4)	(5)	(6)
Treated	0.078**	0.060*	0.126**	0.096*	0.109**	0.076*
	(0.037)	(0.034)	(0.055)	(0.051)	(0.045)	(0.042)
T×Redist-Distort	-0.073	-0.048				
	(0.049)	(0.045)				
Redist-Distort	-0.070**	-0.019				
	(0.035)	(0.035)				
T×No dist.			-0.088	-0.066		
			(0.074)	(0.068)		
No Dist.			-0.094*	-0.010		
			(0.051)	(0.050)		
T×Luck					-0.101	-0.053
					(0.079)	(0.072)
Luck					-0.066	-0.031
					(0.055)	(0.052)
Constant	0.200	0.494**	0.241	0.500**	0.199	0.498**
	(0.264)	(0.233)	(0.282)	(0.238)	(0.251)	(0.227)
Admin controls	Yes	Yes	Yes	Yes	Yes	Yes
Survey controls	No	Yes	No	Yes	No	Yes
Obs	681	671	681	671	681	671

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table estimates heterogeneous treatment effects on the outcome index by prior beliefs about how the economy works. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Redist-Distort* is a composite measure of the variables No Dist. and Luck and a higher value indicates beliefs about redistribution not being distoring. *No. Dist* is a binary indicator for believing that income taxes do not distort labor supply. *Luck* is a binary indicator for believing that luck determines economic success in life. See more detailed definitions in Section 2. *Admin. controls* consists of control variables from administrative register. *Survey controls* consists of variables gathered from the first survey, pre-treatment. See detailed description in the beginning of this section.

TABLE B.7: HETEROGENEOUS EFFECTS BY PRIOR BELIEFS WITH CONTROLS 3

	Dependent variable: Conservative Party					
	(1)	(2)	(3)	(4)	(5)	(6)
Treated	0.071*	0.064**	0.078	0.087*	0.102**	0.065*
	(0.037)	(0.029)	(0.061)	(0.050)	(0.047)	(0.038)
T×Redist-Distort	-0.035	-0.018				
	(0.048)	(0.037)				
Redist-Distort	-0.120***	-0.020				
	(0.036)	(0.029)				
T×No dist.			-0.011	-0.040		
			(0.076)	(0.060)		
No Dist.			-0.175***	-0.009		
			(0.055)	(0.047)		
T×Luck					-0.095	-0.005
					(0.075)	(0.060)
Luck					-0.100*	-0.035
					(0.054)	(0.045)
Constant	-0.072	0.237	-0.003	0.244	-0.052	0.245
	(0.336)	(0.255)	(0.360)	(0.255)	(0.316)	(0.250)
Admin controls	Yes	Yes	Yes	Yes	Yes	Yes
Survey controls	No	Yes	No	Yes	No	Yes
Obs	597	588	597	588	597	588

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table estimates heterogeneous treatment effects on the outcome index by prior beliefs about how the economy works. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Cons. party* is a binary indicator for supporting the Conservative Party. *Redist-Distort* is a composite measure of the variables No Dist. and Luck and a higher value indicates beliefs about redistribution not being distoring. *No. Dist* is a binary indicator for believing that income taxes do not distort labor supply. *Luck* is a binary indicator for believing that luck determines economic success in life. See more detailed definitions in Section 2. *Admin. controls* consists of control variables from administrative register. *Survey controls* consists of variables gathered from the first survey, pre-treatment. See detailed description in the beginning of this section.

TABLE B.8: HETEROGENEOUS EFFECTS BY PRIOR BELIEFS WITH CONTROLS 4

	Dependent variable: Decrease Tax					
	(1)	(2)	(3)	(4)	(5)	(6)
Treated	0.041	0.036	0.084	0.070	0.101**	0.081*
	(0.037)	(0.035)	(0.057)	(0.053)	(0.046)	(0.043)
T×Redist-Distort	-0.104**	-0.081*				
	(0.048)	(0.047)				
Redist-Distort	-0.095***	-0.054				
	(0.036)	(0.035)				
T×No dist.			-0.080	-0.063		
			(0.075)	(0.071)		
No Dist.			-0.204***	-0.134**		
			(0.053)	(0.052)		
T×Luck					-0.198**	-0.150*
					(0.081)	(0.080)
Luck					-0.007	0.023
					(0.058)	(0.056)
Constant	0.115	0.383**	0.209	0.443**	0.091	0.378*
	(0.173)	(0.193)	(0.173)	(0.185)	(0.171)	(0.196)
Admin controls	Yes	Yes	Yes	Yes	Yes	Yes
Survey controls	No	Yes	No	Yes	No	Yes
Obs	680	670	680	670	680	670

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table estimates heterogeneous treatment effects on the outcome index by prior beliefs about how the economy works. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Decrease tax* is a binary indicator for wanting to decrease income taxes. *Redist-Distort* is a composite measure of the variables No Dist. and Luck and a higher value indicates beliefs about redistribution not being distoring. *No. Dist* is a binary indicator for believing that income taxes do not distort labor supply. *Luck* is a binary indicator for believing that luck determines economic success in life. See more detailed definitions in Section 2. *Admin. controls* consists of control variables from administrative register. *Survey controls* consists of variables gathered from the first survey, pre-treatment. See detailed description in the beginning of this section.

Online Appendix C

This section provides estimates of the average and heterogeneous effects of the treatment using either more continuous definitions of the outcome variables, the bias measure, or both.

Table C.1: Average effects with continuous definitions of outcome variables

	(1) Outcome Index	(2) Against-Redist	(3) Right-Left Scale	(4) Decrease Tax
Treated×Neg. Bias	0.117*	0.232	0.142*	0.202
	(0.060)	(0.158)	(0.081)	(0.165)
No bias	-0.058	-0.287	-0.045	0.059
	(0.076)	(0.207)	(0.103)	(0.229)
Treated×No Bias	-0.034	-0.026	-0.030	-0.173
	(0.097)	(0.262)	(0.137)	(0.268)
Pos. bias	-0.027	-0.453	0.123	-0.044
	(0.183)	(0.499)	(0.212)	(0.518)
Treated×Pos. Bias	0.129	0.619	0.089	0.259
	(0.217)	(0.637)	(0.282)	(0.625)
Constant	0.013	3.870***	0.006	5.544***
	(0.041)	(0.108)	(0.053)	(0.117)
Obs	1001	991	994	985

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table replicates Table 6 using continuous definitions of the outcome variables. *Outcome Index* is a composite measure of the outcome variables in Columns 2-4 and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* takes a value between 1-10, where higher values indicate lower demand for redistribution. *Right-Left Scale* places respondents' party preference on a scale where higher values indicate more right-wing parties. *Decrease Tax* indicates tax preferences on a 9-point scale, where higher values indicate higher willingness to decrease taxes. *Neg. Bias* is an indicator for respondents underestimating relative income by 10 percentiles or more. *Pos. Bias* indicates overestimation by 10 percentiles or more. *No Bias* indicates misperception of relative income of 10 percentiles or less. See more detailed definitions in Section 2.

TABLE C.2: HETEROGENEOUS EFFECTS BY PRIOR PARTY PREFERENCES WITH CONTINUOUS DEFINITIONS OF OUTCOME VARIABLES

	(1) Outcome Index	(2) Against-Redist	(3) Right-Left Scale	(4) Decrease Tax
Treated	0.038	0.015	0.029	0.133
	(0.073)	(0.203)	(0.107)	(0.214)
Treated×Right	0.172*	0.418	0.253**	0.173
	(0.097)	(0.291)	(0.124)	(0.311)
Right	0.793***	1.367***	1.054***	1.402***
	(0.068)	(0.204)	(0.084)	(0.222)
Constant	-0.313***	3.317***	-0.432***	4.964***
	(0.051)	(0.140)	(0.072)	(0.151)
Obs	678	672	675	671

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table replicates Table 7 using continuous definitions of the outcome variables. The sample consists of those who underestimated their relative income by more than 10 percentage points. *Outcome Index* is a composite measure of the outcome variables in Columns 2-4 and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is value between 1-10, where higher values indicate low demand for redistribution. *Right-Left Scale* places respondents' party preference on a scale, where higher values indicate more right-wing parties. *Decrease Tax* indicates tax preferences on a 9-point scale, where higher values indicate higher willingness to decrease taxes. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden in the first survey, i.e. before treatment. See more detailed definitions in Section 2.

TABLE C.3: HETEROGENEOUS EFFECTS BY BELIEFS WITH CONTINUOUS DEFINITIONS OF OUTCOME VARIABLES

	Dependent variable: Outcome Index					
	(1)	(2)	(3)	(4)	(5)	(6)
Treated	0.122**	0.266***	0.188***	0.113**	0.193***	0.088
	(0.057)	(0.080)	(0.071)	(0.049)	(0.065)	(0.073)
Treated×Redist-Distort	-0.184**			-0.161**	-0.047	-0.205**
	(0.075)			(0.064)	(0.083)	(0.095)
Redist-Distort	-0.215***			-0.080*	-0.084	-0.089
	(0.055)			(0.047)	(0.058)	(0.070)
Treated×No dist.		-0.269**				
		(0.113)				
No Dist.		-0.341***				
		(0.080)				
Treated×Luck			-0.219*			
			(0.129)			
Luck			-0.146			
			(0.090)			
Right				0.805***		
				(0.049)		
Constant	0.013	0.201***	0.059	-0.319***	0.462***	-0.300***
	(0.040)	(0.058)	(0.048)	(0.044)	(0.046)	(0.051)
Obs	687	687	687	678	281	397

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table replicates Table 8 using continuous definitions of the outcome variables. The sample consists of those who underestimated their relative income by more than 10 percentage points. Column 5 estimates the same model as Column 1 but restricts the sample to those who expressed right-of-center preferences in survey 1, i.e. before treatment, while Column 6 only uses the sample of those who did not express right-of-center preferences. *Outcome Index* is a composite measure of the continous counterparts of the outcome variables and a higher value indicates more right-leaning and more anti-redistribution preferences. *Redist-Distort* is a composite measure of the variables No Dist. and Luck and a higher value indicates beliefs about redistribution not being distoring. *No. Dist* is a binary indicator for believing that income taxes do not distort labor supply. *Luck* is a binary indicator for believing that luck determines economic success in life. See more detailed definitions in Section 2.

TABLE C.4: DOSE-RESPONSE EFFECT OF BIAS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Outcome Index		Against-Redist		Cons. Party		Decrease tax	
Treated	-0.021	-0.028	0.023	0.013	-0.008	-0.001	-0.033	-0.034
	(0.074)	(0.065)	(0.051)	(0.053)	(0.050)	(0.039)	(0.052)	(0.054)
Treated×Bias	-0.006	-0.006	-0.003	-0.004	-0.004	-0.003	-0.003	-0.002
	(0.004)	(0.004)	(0.003)	(0.003)	(0.003)	(0.002)	(0.003)	(0.003)
Bias	0.003	0.002	0.000	0.001	0.002	0.002	0.002	0.000
	(0.003)	(0.003)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Constant	0.019	-0.620***	0.350***	0.055	0.266***	0.070	0.429***	-0.018
	(0.056)	(0.177)	(0.036)	(0.126)	(0.038)	(0.098)	(0.038)	(0.137)
Controls	No	Yes	No	Yes	No	Yes	No	Yes
Obs	756	742	746	732	656	643	742	729

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated dose-response treatment effects on the Outcome Index and on the individual outcome variables. The sample consists of respondents with an absolute bias of less than 30 percentage points. *Bias* is the deviation between perceived and actual relative income. *Outcome Index* is a composite measure of the outcome variables in Columns 3-8, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative Party. *Decrease Tax* is a binary indicator for wanting to decrease income taxes. See more detailed definitions in Section 2. Control variables include both administrative and survey variables, defined in the introduction to Appendix B.

TABLE C.5: HETEROGENEOUS DOSE-RESPONSE EFFECT OF BIAS BY PRIOR PARTY PREFERENCE

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Outcome Index		Against-Redist		Cons. Party		Decrease tax	
Treated	-0.064	-0.080	0.047	0.016	-0.044**	-0.056**	-0.058	-0.031
	(0.064)	(0.069)	(0.056)	(0.061)	(0.021)	(0.028)	(0.064)	(0.065)
Treated×Bias	-0.000	-0.000	0.003	0.002	-0.002	-0.002	-0.002	0.001
	(0.004)	(0.004)	(0.003)	(0.004)	(0.001)	(0.001)	(0.004)	(0.004)
Treated×Right	0.128	0.131	-0.075	-0.013	0.150*	0.147	0.075	-0.014
	(0.142)	(0.149)	(0.104)	(0.108)	(0.087)	(0.092)	(0.110)	(0.116)
T×Bias×Right	-0.014*	-0.016*	-0.016***	-0.013**	-0.001	-0.001	-0.001	-0.008
	(0.008)	(0.008)	(0.006)	(0.006)	(0.005)	(0.005)	(0.006)	(0.007)
Bias	0.002	0.000	-0.001	-0.001	0.001	0.001	0.003	0.000
	(0.003)	(0.003)	(0.002)	(0.002)	(0.001)	(0.001)	(0.003)	(0.003)
Right	0.753***	0.703***	0.353***	0.295***	0.548***	0.540***	0.164**	0.185**
	(0.109)	(0.117)	(0.073)	(0.078)	(0.068)	(0.073)	(0.081)	(0.089)
Bias×Right	0.004	0.006	0.004	0.004	0.003	0.003	-0.004	0.001
	(0.006)	(0.007)	(0.004)	(0.004)	(0.004)	(0.004)	(0.005)	(0.005)
Constant	-0.258***	-0.514***	0.222***	0.091	0.048**	0.131	0.371***	0.009
	(0.051)	(0.182)	(0.037)	(0.132)	(0.021)	(0.095)	(0.047)	(0.143)
Controls	No	Yes	No	Yes	No	Yes	No	Yes
Obs	747	742	737	732	647	643	733	729

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated dose-response treatment effects on the Outcome Index and on the individual outcome variables. The sample consists of respondents with an absolute bias of less than 30 percentage points. *Bias* is the deviation between perceived and actual relative income. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden in survey 1, i.e. before treatment. *Outcome Index* is a composite measure of the outcome variables in Columns 3-8, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative Party. *Decrease Tax* is a binary indicator for wanting to decrease income taxes. See more detailed definitions in Section 2. Control variables include both administrative and survey variables, defined in the introduction to Appendix B.

TABLE C.6: HETEROGENEOUS DOSE-RESPONSE EFFECT OF BIAS BY PRIOR BELIEFS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Outcome Index		Against-Redist		Cons. Party		Decrease tax	
Treated	-0.005	-0.030	0.034	0.015	-0.010	-0.001	-0.027	-0.037
	(0.072)	(0.065)	(0.050)	(0.053)	(0.049)	(0.040)	(0.052)	(0.054)
Treated×Bias	-0.007	-0.006*	-0.003	-0.003	-0.004	-0.003	-0.003	-0.003
	(0.004)	(0.004)	(0.003)	(0.003)	(0.003)	(0.002)	(0.003)	(0.003)
Treated×Redist-Distort	0.050	-0.000	0.067	0.057	0.020	-0.004	-0.005	-0.042
	(0.093)	(0.086)	(0.064)	(0.066)	(0.062)	(0.054)	(0.069)	(0.070)
T×Bias×Redist-Distort	0.009*	0.007	0.007*	0.006	0.004	0.002	0.004	0.003
	(0.005)	(0.005)	(0.004)	(0.004)	(0.004)	(0.003)	(0.004)	(0.004)
Bias	0.003	0.002	0.000	0.001	0.003	0.002	0.002	0.001
	(0.003)	(0.003)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Redist-Distort	-0.234***	-0.161**	-0.174***	-0.135**	-0.127***	0.003	-0.048	-0.091
	(0.066)	(0.079)	(0.040)	(0.053)	(0.046)	(0.051)	(0.049)	(0.060)
Bias×Redist-Distort	-0.000	0.000	-0.004	-0.004	-0.002	-0.001	0.003	0.004
	(0.004)	(0.004)	(0.002)	(0.003)	(0.003)	(0.002)	(0.003)	(0.003)
Constant	0.015	-0.816***	0.345***	-0.033	0.273***	0.060	0.429***	-0.185
	(0.054)	(0.184)	(0.035)	(0.134)	(0.038)	(0.109)	(0.038)	(0.148)
Controls	No	Yes	No	Yes	No	Yes	No	Yes
Obs	756	742	746	732	656	643	742	729

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated dose-response treatment effects on the Outcome Index and on the individual outcome variables. The sample consists of respondents with an absolute bias of less than 30 percentage points. *Bias* is the deviation between perceived and actual relative income. *Redist-Distort* is a composite measure of the variables No Dist. and Luck and a higher value indicates beliefs about redistribution not being distoring. *No. Dist* is a binary indicator for believing that income taxes do not distort labor supply. *Luck* is a binary indicator for believing that luck determines economic success in life. *Outcome Index* is a composite measure of the outcome variables in Columns 3-8, and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is a binary indicator for demanding low levels of redistribution. *Cons. party* is a binary indicator for supporting the Conservative Party. *Decrease Tax* is a binary indicator for wanting to decrease income taxes. See more detailed definitions in Section 2. Control variables include both administrative and survey variables, defined in the introduction to Appendix B.

TABLE C.7: DOSE-RESPONSE EFFECT OF BIAS WITH CONTINUOUS DEFINITIONS OF OUTCOME VARIABLES

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Outcome Index		Against-Redist		Right-Left Scale		Decrease tax	
Treated	0.027	0.026	0.290	0.273	-0.018	-0.063	-0.061	-0.025
	(0.084)	(0.074)	(0.232)	(0.224)	(0.114)	(0.101)	(0.234)	(0.236)
Treated×Bias	-0.003	-0.003	-0.001	-0.001	-0.005	-0.007	-0.008	-0.005
	(0.005)	(0.004)	(0.014)	(0.013)	(0.006)	(0.006)	(0.014)	(0.014)
Bias	-0.000	-0.001	-0.008	-0.007	0.001	0.002	0.003	-0.004
	(0.004)	(0.003)	(0.010)	(0.010)	(0.005)	(0.004)	(0.011)	(0.011)
Constant	-0.032	-0.758***	3.571***	2.000***	0.007	-1.084***	5.570***	4.928***
	(0.062)	(0.170)	(0.173)	(0.456)	(0.078)	(0.243)	(0.180)	(0.571)
Controls	No	Yes	No	Yes	No	Yes	No	Yes
Obs	756	742	746	732	750	736	742	729

Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated dose-response treatment effects on the Outcome Index and on the individual outcome variables. *Bias* is the deviation between perceived and actual relative income. The sample consists of respondents with an absolute bias of less than 30 percentage points. *Outcome Index* is a composite measure of the outcome variables in Columns 3-8 and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is value between 1-10, where higher values indicate low demand for redistribution. *Right-Left Scale* places respondents' party preference on a scale, where higher values indicate more right-wing parties. *Decrease Tax* indicates tax preferences on a 9-point scale, where higher values indicate higher willingness to decrease taxes. See more detailed definitions in Section 2.

TABLE C.8: HETEROGENEOUS DOSE-RESPONSE EFFECT OF BIAS BY PRIOR PARTY PREFERENCE WITH CONTINUOUS DEFINITIONS OF OUTCOME VARIABLES

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Outcome Index		Against-Redist		Right-Left Scale		Decrease tax	
Treated	-0.030	-0.029	0.320	0.258	-0.227*	-0.255*	-0.037	0.108
	(0.096)	(0.098)	(0.276)	(0.293)	(0.136)	(0.142)	(0.298)	(0.312)
Treated×Bias	0.001	-0.000	0.019	0.012	-0.007	-0.010	0.002	0.013
	(0.006)	(0.006)	(0.016)	(0.017)	(0.008)	(0.008)	(0.018)	(0.018)
Treated×Right	0.175	0.144	-0.081	0.029	0.537***	0.512***	-0.017	-0.389
	(0.141)	(0.149)	(0.433)	(0.461)	(0.173)	(0.185)	(0.457)	(0.486)
T×Bias×Right	-0.007	-0.008	-0.041	-0.034	0.007	0.009	-0.022	-0.049*
	(0.008)	(0.008)	(0.025)	(0.026)	(0.010)	(0.010)	(0.027)	(0.028)
Bias	-0.000	-0.003	-0.013	-0.014	0.003	0.003	0.003	-0.011
	(0.004)	(0.004)	(0.012)	(0.013)	(0.006)	(0.006)	(0.014)	(0.015)
Right	0.786***	0.757***	1.686***	1.596***	0.953***	0.917***	1.340***	1.404***
	(0.107)	(0.119)	(0.313)	(0.355)	(0.134)	(0.151)	(0.355)	(0.389)
Bias×Right	0.002	0.003	0.017	0.017	-0.001	-0.003	0.005	0.019
	(0.006)	(0.007)	(0.019)	(0.021)	(0.007)	(0.008)	(0.021)	(0.023)
Constant	-0.322***	-0.670***	2.960***	2.095***	-0.343***	-0.882***	5.084***	4.893***
	(0.071)	(0.186)	(0.203)	(0.512)	(0.094)	(0.254)	(0.230)	(0.616)
Controls	No	Yes	No	Yes	No	Yes	No	Yes
Obs	747	742	737	732	741	736	733	729

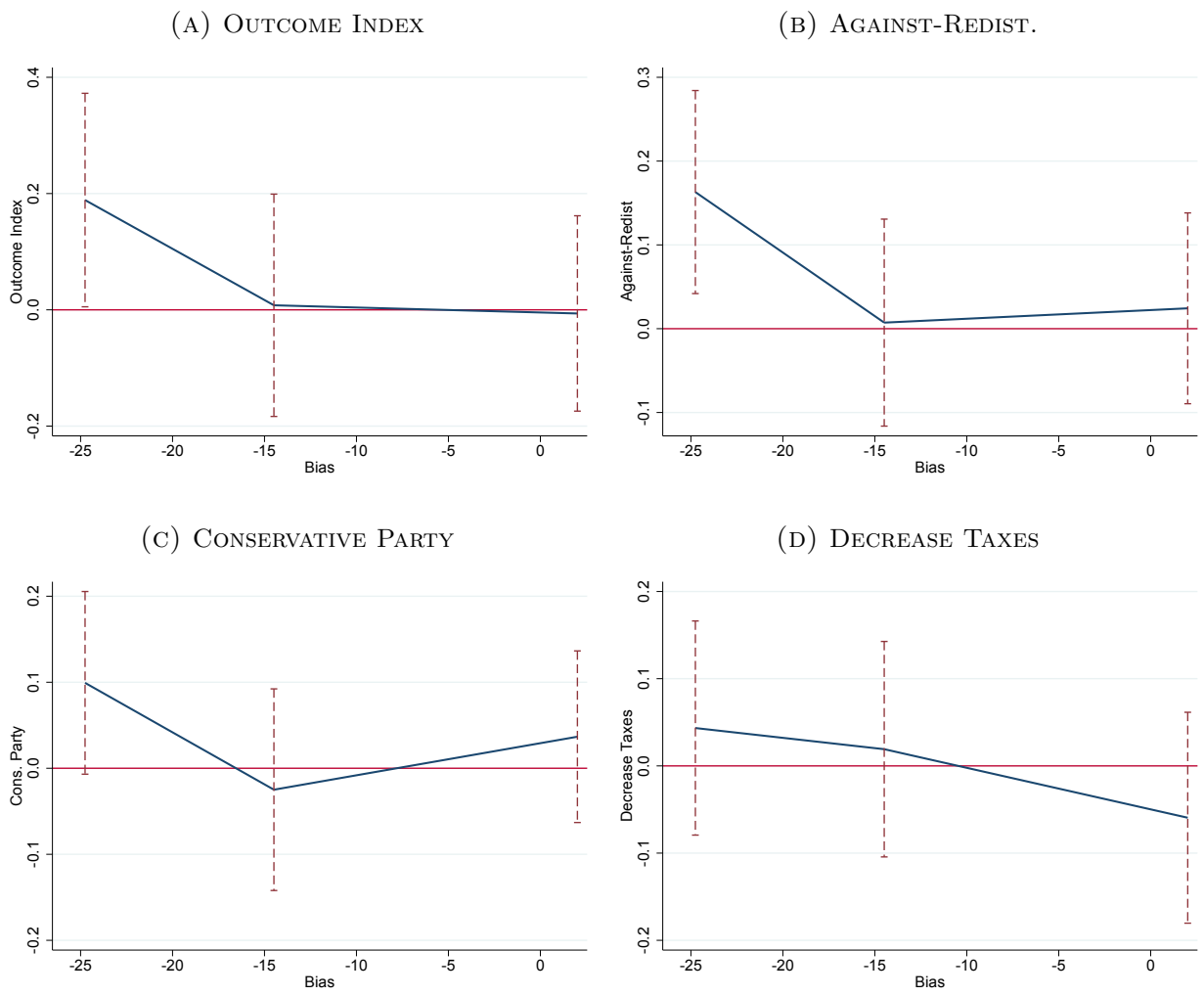
Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated heterogeneous dose-response treatment effects on the Outcome Index and on the individual outcome variables by prior party preferences. *Bias* is the deviation between perceived and actual relative income. The sample consists of respondents with an absolute bias of less than 30 percentage points. *Outcome Index* is a composite measure of the outcome variables in Columns 3-8 and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is value between 1-10, where higher values indicate low demand for redistribution. *Right-Left Scale* places respondents' party preference on a scale, where higher values indicate more right-wing parties. *Decrease Tax* indicates tax preferences on a 9-point scale, where higher values indicate higher willingness to decrease taxes. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden in the first survey, i.e. before treatment. See more detailed definitions in Section 2.

TABLE C.9: HETEROGENEOUS DOSE-RESPONSE EFFECT OF BIAS BY PRIOR BELIEFS WITH CONTINUOUS DEFINITIONS OF OUTCOME VARIABLES

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Outcome Index		Against-Redist		Right-Left Scale		Decrease tax	
Treated	0.047	0.024	0.329	0.271	0.007	-0.059	-0.022	-0.041
	(0.083)	(0.074)	(0.229)	(0.225)	(0.111)	(0.102)	(0.233)	(0.232)
Treated×Bias	-0.003	-0.004	-0.000	-0.001	-0.005	-0.007	-0.009	-0.007
	(0.005)	(0.004)	(0.013)	(0.013)	(0.006)	(0.006)	(0.014)	(0.013)
Treated×Redist-Distort	0.039	0.026	0.171	0.238	0.070	0.081	-0.061	-0.213
	(0.110)	(0.105)	(0.295)	(0.287)	(0.143)	(0.136)	(0.316)	(0.320)
T×Bias×Redist-Distort	0.011*	0.009	0.021	0.017	0.016**	0.015**	0.015	0.010
	(0.006)	(0.006)	(0.017)	(0.016)	(0.008)	(0.007)	(0.018)	(0.018)
Bias	-0.000	-0.001	-0.008	-0.007	0.001	0.002	0.004	-0.003
	(0.004)	(0.003)	(0.010)	(0.010)	(0.004)	(0.004)	(0.011)	(0.011)
Redist-Distort	-0.273***	-0.219**	-0.579***	-0.407*	-0.370***	-0.216*	-0.366	-0.555**
	(0.077)	(0.086)	(0.188)	(0.226)	(0.097)	(0.117)	(0.245)	(0.277)
Bias×Redist-Distort	-0.002	-0.001	-0.006	-0.005	-0.008	-0.007	0.013	0.016
	(0.004)	(0.004)	(0.011)	(0.012)	(0.005)	(0.005)	(0.014)	(0.014)
Constant	-0.037	-0.991***	3.558***	1.770***	-0.002	-1.268***	5.567***	4.056***
	(0.060)	(0.180)	(0.169)	(0.493)	(0.075)	(0.256)	(0.179)	(0.620)
Controls	No	Yes	No	Yes	No	Yes	No	Yes
Obs	756	742	746	732	750	736	742	729

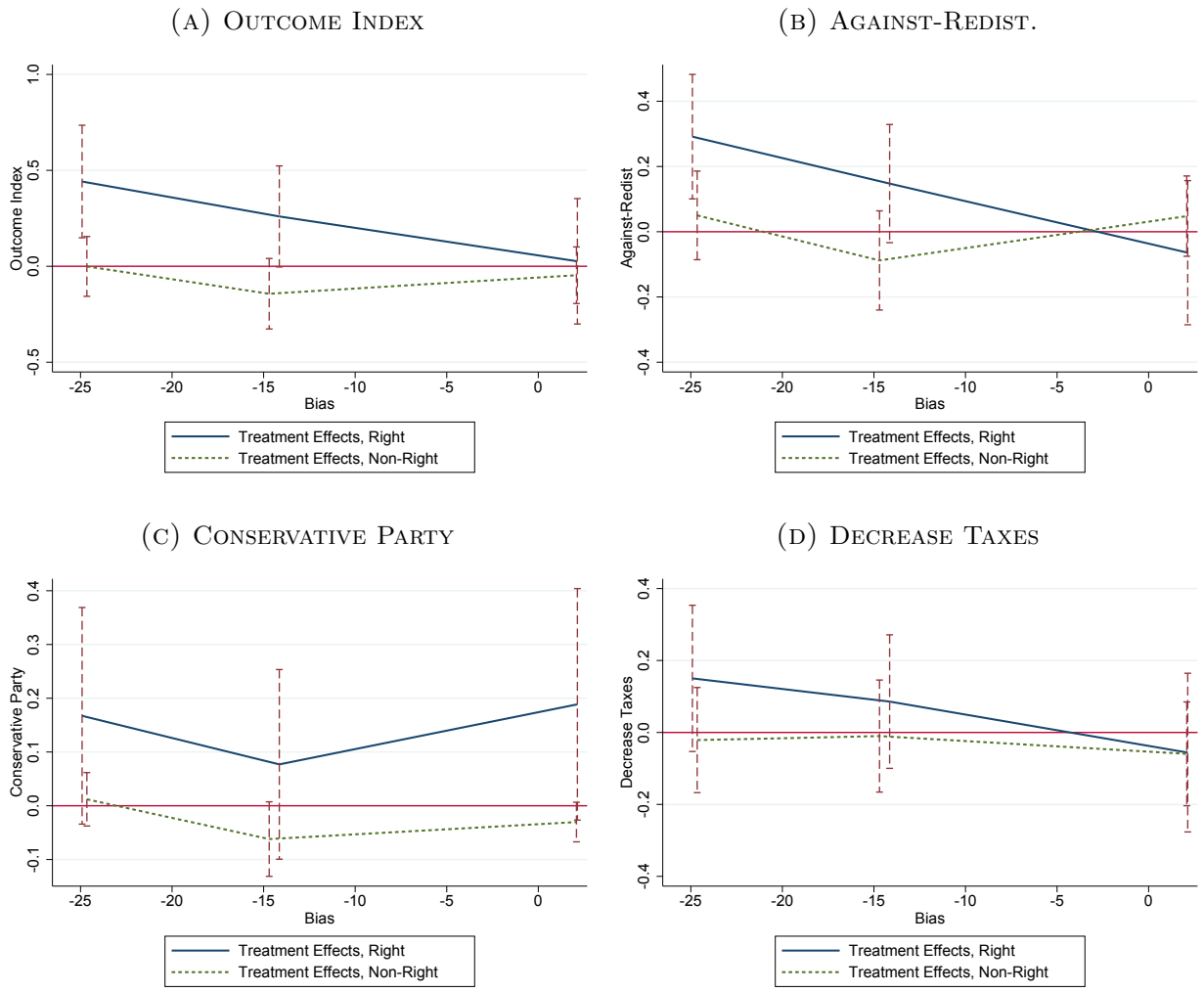
Notes: OLS regressions. Robust standard errors in parentheses. *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$. The table shows estimated heterogeneous dose-response treatment effects on the Outcome Index and on the individual outcome variables by beliefs about how the economy works. *Bias* is the deviation between perceived and actual relative income. The sample consists of respondents with an absolute bias of less than 30 percentage points. *Right* is a binary indicator for supporting one of the four right-of-center political parties in Sweden in Survey 1, i.e. before treatment. *Outcome Index* is a composite measure of the outcome variables in Columns 3-8 and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is value between 1-10, where higher values indicate low demand for redistribution. *Right-Left Scale* places respondents' party preference on a scale, where higher values indicate more right-wing parties. *Decrease Tax* indicates tax preferences on a 9-point scale, where higher values indicate higher willingness to decrease taxes. *Redist-Distort* is a composite measure of the variables No Dist. and Luck and a higher value indicates beliefs about redistribution not being distoring. *No. Dist* is a binary indicator for believing that income taxes do not distort labor supply. *Luck* is a binary indicator for believing that luck determines economic success in life. See more detailed definitions in Section 2.

Figure C.1



Notes: The figure displays treatment effects on continuous versions of our outcome variables by level of bias. Observations are categorized in three groups based on the level of their bias. Each point represents the mean bias and outcome in each group. The sample consists of respondents with an absolute bias of less than 30 percentage points. Bars represent 95 percent confidence intervals. *Outcome Index* is a composite measure of the outcome variables in Columns 2-4 and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is value between 1-10, where higher values indicate low demand for redistribution. *Right-Left Scale* places respondents' party preference on a scale, where higher values indicate more right-wing parties. *Decrease Tax* indicates tax preferences on a 9-point scale, where higher values indicate higher willingness to decrease taxes.

Figure C.2



Notes: The figure displays heterogeneous treatment effects on continuous versions of our outcome variables by level of bias. Observations are categorized in three groups based on the level of their bias. Each point represents the mean bias and outcome in each group. The sample consists of respondents with an absolute bias of less than 30 percentage points. Bars represent 95 percent confidence intervals. *Outcome Index* is a composite measure of the outcome variables in Columns 2-4 and a higher value indicates more right-leaning and more anti-redistribution preferences. *Against-Redist* is value between 1-10, where higher values indicate low demand for redistribution. *Right-Left Scale* places respondents' party preference on a scale, where higher values indicate more right-wing parties. *Decrease Tax* indicates tax preferences on a 9-point scale, where higher values indicate higher willingness to decrease taxes. Right is a binary indicator for supporting one of the four right-of-center political parties in Sweden in the first survey, i.e. before treatment.

Online Appendix D: Survey material

Survey 1:

Part 1: Background Information

1. Which year are you born?

Year: 19

2. Are you a man or a women?

1 ☐ Man
2 ☐ Woman

3. Which is your main occupation right now?
Obs! Ange endast ett alternativ.

1 ☐ Public employed
2 ☐ Private employed
3 ☐ Own business
4 ☐ Unemployed
5 ☐ Student
6 ☐ Retired
7 ☐ Other

4. Which is/was your main profession?

If you do not work right now, please state the profession you have had for the longest time. Please answer as detailed as possible.

For example, instead of assistant write sales assistant. Please use capital letters!

Example: Instead of driver write

BUSSCHAUFFÖR

Your profession:

1 ☐ No profession.

5. Are you an active member of any of the following organizations?

		Yes	No
		1	2
a.	Church	☐	☐
b.	Sports	☐	☐
c.	Art- or Music	☐	☐
d.	Union	☐	☐

e.	Political party	☐	☐
f.	Environmental	☐	☐
g.	Charity	☐	☐
h.	Consumer	☐	☐
i.	Other	☐	☐

6. Which is your main source of news and how often do you use it?

		Every day 1	Every week 2	Every month 3	Seldom/never 4
a.	Newspapers	☐	☐	☐	☐
b.	News on radio/TV	☐	☐	☐	☐
c.	Printed magazines	☐	☐	☐	☐
d.	Other radio/TV programs	☐	☐	☐	☐
e.	Internet	☐	☐	☐	☐
f.	Friends and colleuges	☐	☐	☐	☐

7. To what extent do you agree with the following statements?

a. **I am interested in politics**

	1	2	3	4	5	6	7	8	9	10	
Disagree completely	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Agree completely

b. **I often discuss politics with family and friends**

	1	2	3	4	5	6	7	8	9	10	
Disagree completely	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Agree completely

8. Which party would you vote for if there would be an election today?
The parties are listed alphabetically

01 ☐ Centerpartiet
02 ☐ Feministiskt initiativ
03 ☐ Folkpartiet
04 ☐ Kristdemokraterna
05 ☐ Miljöpartiet
06 ☐ Moderaterna
07 ☐ Socialdemokraterna
08 ☐ Sverigedemokraterna
09 ☐ Vänsterpartiet
10 ☐ Other party
11 ☐ Would leave a blank vote
12 ☐ Would not vote
13 ☐ Don't know / Don't want to answer

Part 2: Economic Redistribution

Now follows some statements and questions about economic redistribution. Convey your opinion in each question by marking the alternative that is most right for you!

Economic redistribution means that the state, through taxes and subsidies, make the income in society more equal between the citizens that what would have been the case without these taxes and subsidies. The **Public Sector** means the activities that all cities, regions and the state represent.

9. To what extent do you agree with the following statements?

a. **I prefer the system of economic redistribution that means that I get the highest possible income after taxes and subsidies.**

1 2 3 4 5 6 7 8 9 10

Disagree completely ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ Agree completely

b. **The state is responsible for making sure that the welfare of all citizens is above a certain minimum level.**

1 2 3 4 5 6 7 8 9 10

Disagree completely ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ Agree completely

c. **Economic redistribution is important because I care about other people's standard of living.**

1 2 3 4 5 6 7 8 9 10

Disagree completely ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ Agree completely

d. **Economic redistribution is important because I believe that it is good for me economically.**

1 2 3 4 5 6 7 8 9 10

Disagree completely ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ Agree completely

e. **Economic redistribution is important because I feel that it gives safety if something unexpected would happen.**

1 2 3 4 5 6 7 8 9 10

Disagree completely ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ Agree completely

f. **Economic redistribution is important because I believe that it creates a more fair society.**

1 2 3 4 5 6 7 8 9 10

Disagree completely ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ Agree completely

g. **Economic redistribution is important because I believe that it is good for me in some non-economic way.**
Example: if those with the lowest income get a higher income through redistribution it may reduce crime which is positive for me.

1 2 3 4 5 6 7 8 9 10

Disagree completely ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ Agree completely

10. Would you like to change the income taxes that we have in Sweden today, and if so in what way?

1 ☐ Lower taxes
2 ☐ No change
3 ☐ Higher taxes

11. If the income taxes would increase in Sweden, would you change your amount of work?

1 ☐ Yes, I would work more
2 ☐ No, I would work as much as I do now

3 ☐ Yes, I would work less

12. How would you like to change the economic redistribution in Sweden?

1 ☐ Less redistribution
2 ☐ No change
3 ☐ More redistribution

13. Do you think that you are a ”winner” or a ”loser” from the economic redistribution in Sweden?
A ”winner” is someone who uses services and gets subsidies from the public sector with a higher economic value than what he/she pays though taxes.

		"Loser" 1	Neither 2	"Winner" 3
a.	This year	☐	☐	☐
b.	During your whole life	☐	☐	☐

Part 3: Income currently and historically

14. Imagine that we divide all annual incomes of the Swedes on a scale between 1 and 10 so that 1 is the lowest income and 10 is the highest.

The income we refer to is the total annual income which contains income from labor and capital before tax. Pensions before tax are also in this category. Subsidies like public unemployment payment are not part of the total annual income.

a. **Where do you think that your income during last year (i.e. 2010) was on this scale?**

Individual 1 (lowest income) ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10 Individual 10 (highest income)

b. **Where do you think that your income TEN YEARS AGO would be on the scale?**
Imagine that we use a scale that represents the incomes of the Swedes 10 years ago. Leave the question blank if you were less than 18 years old 10 years ago.

Individual 1 (lowest income) ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10 Individual 10 (highest income)

c. **Where do you think that your income FIVE YEARS AGO would be on the scale?**
Imagine that we use a scale that represents the incomes of the Swedes 10 years ago. Leave the question blank if you were less than 18 years old 5 years ago.

Individual 1 (lowest income) ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10 Individual 10 (highest income)

d. **Where do you think that your income IN FIVE YEARS would be on the scale?**

Imagine that we use a scale that represents the incomes of the Swedes 5 years from now.

Individual 1 (lowest income) ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10 Individual 10 (highest income)

e. **Where do you think that your income IN TEN YEARS would be on the scale?**

Imagine that we use a scale that represents the incomes of the Swedes 5 years from now.

Individual 1 (lowest income) ☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10 Individual 10 (highest income)

15. How many percent of the Swedish population (18 years or older) do you think have a total annual income which is lower than yours?
The income we refer to is the total annual income which contains income from labor and capital before tax. Pensions before tax are also in this category. Subsidies like public unemployment payment are not part of the total annual income.

I believe that ☐☐☐ percent has a lower income than I do.

16. Approximately how large was your income during 2010?
Annual income is defined as in question 16.If your monthly salary is 18000 and you didn't have any other income your annual income was 216000.

My annual income was ☐☐☐☐☐☐☐ SEK in 2010.

17. **a. Are you married or living with a partner?**

1 ☐ Yes
2 ☐ No → *Go to question 18*

b. If you are married or living with a partner, approximately how big was your partners total income before tax during 2010?
Annual income is defined as in question 16. If you don't know the answer, please try to estimate it.

My partner's annual income was ☐☐☐☐☐☐☐ SEK 2010.

18. **What do you think was the average annual income for Swedes aged 18 years or older during 2010?**
Annual income is defined as in question 16.

I believe that the average annual income was ☐☐☐☐☐☐☐ SEK 2010.

19. **How would you classify yourself in terms of class?**
Please do not mark more than one alternative per question.

		"Working class" 1	"Lower middle class" 2	"Middle class" 3	"Upper middle class" 4	"Upper class" 5
a.	When you grew up	☐	☐	☐	☐	☐
b.	10 years ago	☐	☐	☐	☐	☐
c.	5 years ago	☐	☐	☐	☐	☐
d.	Currently	☐	☐	☐	☐	☐
e.	In 5 years	☐	☐	☐	☐	☐
f.	In 10 years	☐	☐	☐	☐	☐

20. **To what extent do you agree with the following statements?**

		Disagree completely 1	2	3	4	5	6	7	8	9	Agree completely 10
a.	If cone is born in a certain income group, one will probably not end up in another income group in the future.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
b.	Business and industries should be owned by the public sector.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
c.	Competition between individuals is good, e.g. in school or in working life.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
d.	Competition between businesses is good.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
e.	When born, all individuals have the same possibility to become economically successful.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
f.	One can only become rich at the expense of others.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

21. **a. Is it mostly effort or luck that matters for how well an individual does economically in life?**
Luck can for example mean having contacts.

	1	2	3	4	5	6	7	8	9	10	
Only luck	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Only effort

b. If we would ask question 22a to all Swedes aged 18 and older, what do you think that the average answer would be?

	1	2	3	4	5	6	7	8	9	10	
Only luck	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Only effort

22. **a. For your well-being, how dependent do you feel that you are on the public sector?**

	1	2	3	4	5	6	7	8	9	10	
Not at all dependent	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Very dependent

b. If we would ask question 23a to all Swedes aged 18 and older, what do you think that the average answer would be?

	1	2	3	4	5	6	7	8	9	10	
Not at all dependent	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Very dependent

23. **Do you believe that you are more or less dependent on the public sector than the average Swede?**

1 ☐ Less dependent
2 ☐ As dependent as the average Swede
3 ☐ More dependent

24. **How many percentages of the public sector budget do you believe is used for health care, school and care for the elderly?**

0-10%	11-20%	21-30%	31-40%	41-50%	51-60%	61-70%	71-80%	81-90%	91-100%
1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

25. **To what extent do you agree with the following statements?**

		Disagree completely 1	2	3	4	5	6	7	8	9	Agree completely 10
a.	Changes in income taxes influence how much individuals choose to work	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
b.	The state is efficient when redistributing money (no money is lost on the way)	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
c.	The public sector in Sweden spends money on the right things	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
d.	People working in the public sector are generally doing a good job.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

26. **What do you believe that one should teach one's children about the relative importance of luck and effort for economic success?**
If you don't have children yourself, answer how you think that those with children should do.

	1	2	3	4	5	6	7	8	9	10	
Only luck matters	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Only effort matters

Part 4: Some final questions

27. Below we ask you a few questions where you can choose between getting a sum of money for sure or to take part in a lottery where you have a 50% chance of winning 3000 SEK and a 50% chance of not winning anything. We vary the alternative that you can get for sure but the lottery stays the same. Please note that all choices are hypothetical!

Mark the first square if you want the certain alternative and the second square if you want the lottery. Choose one alternative on each row.

	Certain alternative 1	Lottery 2
a.	500 SEK for sure ☐	50% chance of SEK 3000 ☐
b.	1000 SEK for sure ☐	50% chance of SEK 3000 ☐
c.	1200 SEK for sure ☐	50% chance of SEK 3000 ☐
d.	1400 SEK for sure ☐	50% chance of SEK 3000 ☐
e.	1600 SEK for sure ☐	50% chance of SEK 3000 ☐
f.	1800 SEK for sure ☐	50% chance of SEK 3000 ☐
g.	2000 SEK for sure ☐	50% chance of SEK 3000 ☐
h.	2500 SEK for sure ☐	50% chance of SEK 3000 ☐

28. **In general, are you a person who is willing or unwilling to take risks?**
Mark your answer below.

	1	2	3	4	5	6	7	8	9	10	
Not willing to take risks	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Very willing to take risks

29. **If you could choose, would you then prefer...**

		Money today 1	Money in 12 months 2
a.	...1000 SEK today or 1000 SEK in 12 months?	☐	☐
b.	...1000 SEK today or 1170 SEK in 12 months?	☐	☐
c.	...1000 SEK today or 1340 SEK in 12 months?	☐	☐
d.	...1000 SEK today or 1510 SEK in 12 months?	☐	☐
e.	...1000 SEK today or 1680 SEK in 12 months?	☐	☐
f.	...1000 SEK today or 1850 SEK in 12 months?	☐	☐
g.	...1000 SEK today or 2170 SEK in 12 months?	☐	☐

30. **To what extent is the following statement true for you? I often postpone boring things, for example paying bills, and instead do something that is more fun.**

.

Not true at all ☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7 ☐8 ☐9 ☐10 Completely true

31. **Indicate your willingness to give money to charities.**

Not willing to give. ☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7 ☐8 ☐9 ☐10 Very willing to give.

32. **a. If you would win SEK 10 000, would you give anything to a charity?**

1 ☐ Yes

2 ☐ No → *Go to question 33*

b. How much of the SEK 10 000 would you give to charity?

I would give ☐☐☐☐☐ SEK.

33. To what extent are the following statements true for you?

a. **I always assume that other people have good intentions, if I don't get clear signals that this is not the case.**

Not true at all. ☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7 ☐8 ☐9 ☐10 Completely true.

b. **If someone has helped me before, I go out of my way to help them.**

Not true at all. ☐1 ☐2 ☐3 ☐4 ☐5 ☐6 ☐7 ☐8 ☐9 ☐10 Completely true.

Thank you for answering the survey!

Survey 2:

[INFORMATION TREATMENT AS IN FIG 2 – ONLY GIVEN TO HALF THE SAMPLE]

Some statements and questions below concern economic redistribution. **Economic redistribution** means that the state, through taxes and subsidies, make the income in society more equal between the citizens that what would have been the case without these taxes and subsidies. **The Public Sector** means the activities that all cities, regions and the state represent.

1. **Hur mycket ekonomisk omfördelning vill du ha i samhället?**
No redistribution means that the state doesn't influence the income distribution at all. Full redistribution means that everyone earns the same amount after taxes and subsidies.

1 2 3 4 5 6 7 8 9 10
No redistribution. ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ Full redistribution.

2. **To what extent do you agree with the following statements?**

a. I prefer the system of economic redistribution that means that I get the highest possible income after taxes and subsidies.

1 2 3 4 5 6 7 8 9 10
Disagree completely. ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ Agree completely.

b. The state is responsible for making sure that the welfare of all citizens is above a certain minimum level.

1 2 3 4 5 6 7 8 9 10
Disagree completely. ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ Agree completely.

c. Extensive economic redistribution leads to a less efficient society.

1 2 3 4 5 6 7 8 9 10
Disagree completely. ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ Agree completely.

3. **How would you like to change the economic redistribution in Sweden?**

1 ☐ Less redistribution
2 ☐ No change
3 ☐ More redistribution

4. **For your well-being, how dependent do you feel that you are on the public sector?**

1 2 3 4 5 6 7 8 9 10
Not at all dependent ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ Very dependent

5. **Would you like to change the income taxes that we have in Sweden today, and if so in what way?** I would like all individuals' income taxes to...

1 ☐ ...decrease with more than 5 percentages points.
2 ☐ ...decrease with 5 percentages points.
3 ☐ ...decrease with 3 percentages points.
4 ☐ ...decrease with 1 percentages point.
5 ☐ ...not change at all.
6 ☐ ...increase with 1 percentages point.
7 ☐ ...increase with 3 percentages points.
8 ☐ ...increase with 5 percentages points.
9 ☐ ...increase with more than 5 percentages points.

6. Do you believe that you are more or less dependent on the public sector than the average Swede?

1 ☐ Less dependent
2 ☐ As dependent as the average Swede.
3 ☐ More dependent.

7. a. If you would win SEK 10 000, would you give anything to a charity?

1 ☐ Yes
2 ☐ No → Go to question 8.

b. How much of the SEK 10 000 would you give to charity?

I would give ☐☐☐☐☐ kronor

8. Which party would you vote for if there would be an election today?
The parties are listed alphabetically

1 ☐ Centerpartiet
2 ☐ Feministiskt initiativ
3 ☐ Folkpartiet
4 ☐ Kristdemokraterna
5 ☐ Miljöpartiet
6 ☐ Moderaterna
7 ☐ Socialdemokraterna
08 ☐ Sverigedemokraterna
09 ☐ Vänsterpartiet
10 ☐ Other party
11 ☐ Would leave a blank vote
12 ☐ Would not vote
13 ☐ Don't know / Don't want to answer

9. a. Would you like to change how you balance time at work and free time in your life?

1 ☐ Yes
2 ☐ No → *Go to question 9.*

b. Which change would you like to make?

1 ☐ Work more
2 ☐ Have more free time

10. Indicate your willingness to give money to charities.

	1	2	3	4	5	6	7	8	9	10	
Not willing to give.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Very willing to give.

11. Is it mostly effort or luck that matters for how well an individual does economically in life?

Luck can for example mean having contacts.

	1	2	3	4	5	6	7	8	9	10	
Only luck	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Only effort

12. Through which sources do you prefer to get news and other societal information. Mark all answers that are true for you.

1 ☐ TV
2 ☐ Radio
3 ☐ Newspapers
4 ☐ Internet
5 ☐ Annan källa

13. Approximately how large was your income during 2011?

The income we refer to is the total yearly income which contains income from labor and capital before tax. Pensions before tax are also in this category. Subsidies like public unemployment payment are not part of the total yearly income.If your monthly salary is 18000 and you didn't have any other income your yearly income was 216000.

My yearly income was ☐☐☐☐☐☐☐ kronor 2011.

Thank you for answering the survey!