



北京大学中国经济研究中心  
China Center for Economic Research

讨论稿系列  
Working Paper Series

E2026008

2026-05-13

## How Nurture Activates Nature in Determining Savings Behavior: Evidence from China's Send-Down Movement and Twins Data

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### Abstract

Savings behavior is governed by innate predispositions (nature) and environmental conditions (nurture); yet prior research largely examines these forces in isolation. Leveraging China's send-down movement—a policy shock that exposed urban youths to adversity—and a twins design exploiting genetic differences between monozygotic and dizygotic pairs, we identify nature-nurture interplay. Applying extended twin-based variance components models to representative data, we find that adversity more than triples genetic influence on savings, increasing its variance share from 15.2 percent among the unexposed to 53.4 percent among the exposed. Results challenge conventional fixed effects models which assume time-invariant unobserved traits (e.g., genetic endowments) exert linearly additive effects, and demonstrate policy effectiveness hinges on interactions with such traits.

**Keywords:** Nature-nurture interplay; Savings behavior; Adversity; Twins design; Precautionary savings

**JEL Codes:** D14; D91; G51; C30