

**Economic Inequality
and the American Public**

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Abstract

Many politicians and pundits – and some scholars – argue that most Americans don't know much about economic inequality, don't care about it, oppose egalitarian government programs, and are unwilling to pay taxes for such programs.

A new opinion survey conducted for the authors, together with past surveys, makes clear that these bits of conventional wisdom are incorrect. Most Americans are indeed philosophical conservatives, cherishing opportunity, favoring individual initiative, skeptical of government. But they are also pragmatic egalitarians, looking to government to enhance equal opportunity and to provide economic security. And they are willing to pay for it.

Most Americans are aware of highly unequal pay across occupations and extreme inequality in the distribution of wealth. Most favor reducing those inequalities. Large majorities favor egalitarian government programs to ensure that jobs are available to everyone at good wages; to provide high-quality education from pre-school through college; to ensure that everyone has health care coverage; to ensure that seniors have decent retirement pensions; and to provide food, clothing and shelter to the poor. Most Americans favor having their taxes used for these purposes and are willing to pay more taxes for such purposes. Most favor progressive tax policies, with heavy taxes on the rich.

If policy makers in Washington were to enact all these policies, economic inequality in the United States would be much reduced.

Many politicians and pundits – and some scholars – argue that most Americans don't know much about economic inequality, don't care about it, oppose egalitarian government programs, and are unwilling to pay taxes for such programs.

A close look at public opinion surveys, however, makes clear that each of these bits of conventional wisdom is incorrect. Particularly conclusive is the evidence from a new national survey, the “Inequality Survey,” which confirms and extends the findings of scores of other polls and surveys conducted over the last half century.

It turns out that most Americans are aware of extremely high levels of inequality in U.S. incomes and wealth. Most want less inequality. Large majorities of Americans – in many cases, overwhelming majorities – favor a wide range of egalitarian spending programs that would substantially reduce income inequality. Large majorities favor using their tax money for such programs. And majorities of Americans favor progressive taxation, with heavy taxes on their most well-to-do compatriots.

Awareness of and Concern about Economic Inequality

The present authors have made an exhaustive search of past polls and surveys related to economic inequality. We also designed an original national survey to explore these matters in depth. Our Inequality Survey was fielded during the summer of 2007 by the Center for Survey Research and Analysis at the University of Connecticut.¹

The impression that Americans do not care about economic inequality has roots in Louis Hartz' analysis of our “Lockean liberal” individualism.² It also reflects awareness of the power of the “American Dream.” Most Americans are said to believe in individual

self reliance, to approve of private enterprise, to favor material incentives, and to want opportunities for themselves and their children to acquire unlimited wealth.

Jennifer Hochschild's important book, What's Fair? (based on in-depth interviews) appeared to confirm this view. Her respondents – even those who were poor and struggling – accepted the principle of “economic differentiation.” They accepted a high degree of inequality in wages and salaries for the sake of economic growth and opportunity.³

Systematic survey research by McClosky and Zaller and others, including the survey results collected in a very useful compendium by Ladd and Bowman, also provide substantial evidence for this view of the public. Americans definitely do not want to “level” all incomes. They do not particularly envy or resent the rich, and they oppose putting limits on how much people can earn.⁴ (As we will see, there is much more receptiveness to putting a floor under the lowest incomes.)

Our own Inequality Survey confirms many of these points. Most Americans still believe deeply in the American Dream, in material incentives, and in unlimited opportunity. A majority (58%) of our interviewees said that large inequalities in pay are at least “probably necessary” in order to get people to work hard (though fewer than a third of those said “absolutely necessary.”)

At the same time, Americans are aware that the magnitude of economic inequality has become extremely great, greater than most Americans want.

Awareness of unequal incomes. The average American is well aware of large discrepancies between the incomes earned by people who work at different kinds of occupations, for example. We asked our survey interviewees to give their best guesses,

in exact dollar amounts (they could name any figure they chose), of how much money people in various different jobs actually earn each year before taxes: the chairman of a large national corporation, a doctor in general practice, a heart surgeon, a skilled worker in a factory, a sales clerk in a department store, an unskilled worker in a factory, the owner of a small shop.⁵

Our interviewees had no difficulty offering estimates in round numbers of dollars. Their guesses varied widely, of course, but what is most striking is that the average (median⁶) estimates of earnings made clear distinctions among types of occupations. They came reasonably close to what official statistics say U.S. workers in different occupations actually earn. This was especially true for the lower-income occupations, which are most familiar to most Americans.

Americans' average estimates of the annual earnings of sales clerks and unskilled factory workers, for example – both at \$22,000 per year – were not far from the \$16,000 typically earned by production workers, the \$20,000 earned by machine operators, or the \$26,000 earned by sales clerks. The \$40,000 estimate of the earnings of skilled factory workers and the \$50,000 for shopkeepers were also fairly close to the mark.⁷

Most Americans understand that doctors and corporate executives earn a lot more than ordinary workers do. The average survey interviewee estimated the annual earnings of a doctor in general practice to be \$130,000; the earnings of a heart surgeon to be \$250,000; and the earnings of a chairman of a large national corporation to be \$500,000. Compared with the estimated earnings of a sales clerk or an unskilled worker, these amounts are 5.9 times, 11.4 times, and 22.7 times as great, respectively, reflecting very unequal incomes. As we will see, most Americans think this is too much inequality.

Compensation studies indicate that our interviewees tended to underestimate earnings at the top of the income scale, for heart surgeons and especially for corporate CEOs. The correct figure for heart surgeons is actually over \$400,000 per year, and for CEOs of S&P 500 companies it is over \$14,000,000! Forbes.com in 2007 listed eight CEOs with total compensation of more than \$100 million each (it also found little connection between pay and performance.)⁸

Thus there is actually much more income inequality in the United States than most Americans realize. The typical CEO of a large corporation, for example, earns roughly 300 to 400 times as much as a typical factory worker, not just 20 or 25 times as much.⁹ The typical hedge fund manager does far better still. If this were widely understood, Americans might be even more concerned about income inequality than they currently are. Yet the fact remains that most are aware of substantial inequality, and most think the extent of income inequality is too great.

Awareness of unequal wealth. Most Americans also know that wealth in the U.S. is very highly concentrated. We asked interviewees to estimate what percentage of all the wealth in the country is owned by the top 1% of richest people. (“Thinking about people’s wealth, including the value of their homes, money in the bank, stocks and bonds and the like, roughly how much of the total wealth in the United States would you say is owned by the top 1% of richest people?”) Again responses varied widely, but the median estimate was that an enormous 50% of all the wealth is owned by the top 1%. The correct figure may be a bit lower, perhaps under 40%, but it comes close to 50% if net equity in homes is excluded and we focus on “financial wealth.”¹⁰

An overwhelming 81% of Americans believe that the gap in wealth between wealthy Americans and middle class Americans has gotten larger in the past twenty-five years. There is some evidence that this is correct – that there was a marked rise in wealth inequality during the 1980s – though some economists argue that the concentration of wealth may have stayed fairly steady since the 1950s, reaching its current very high levels shortly after rebounding from its Depression- and World-War-II-era low points.¹¹

In any case, income inequality has definitely increased sharply since the early 1970s. Over time, more unequal incomes are likely to cumulate into more unequal wealth. A 2007 Pew survey found 63% of Americans saying that the country is “losing ground” on the gap between rich and poor.¹²

Concern about inequality. Contrary to the complacency that is often attributed to them, most Americans do not like the high levels of inequality that they perceive in the country today. In general terms, 72% of our interviewees strongly agreed or somewhat agreed that “differences in income in America are too large.” A solid majority of Americans – 59% to 40% – disagreed with the proposition that large differences in income are “necessary for America’s prosperity.” And a large majority, 68% to 26%, rejected the idea that the current distribution of money and wealth is “fair.” They said that “the money and wealth in this country should be more evenly distributed among a larger percentage of the people.”

These are not just fleeting results from a one-shot survey. Majorities of Americans have been saying the same thing for many years. As Figure 1 indicates, eleven surveys between 1984 and 2007 all found many more Americans saying that money and wealth should be “more evenly distributed” than saying that the distribution

of money and wealth is “fair.” Usually about twice as many. More than 60% generally said that money and wealth should be more evenly distributed, while only about 30% said the distribution is fair. After a dip during the booming 1990s, the proportion favoring a more equal distribution appears to have edged up to a twenty-year high point.

(FIGURE 1 ABOUT HERE)

Less unequal pay for different jobs. It became clear just how much more income equality Americans want when we asked, in concrete dollar terms, how much they thought people in various occupations “SHOULD” be paid. The average (median) judgments certainly did not suggest that everyone should be paid the same amount. They indicated that CEOs, heart surgeons, doctors in general practice, and owners of small shops (in that order) should earn substantially more than skilled factory workers and much more than unskilled factory workers or sales clerks. But most Americans favor a significantly less unequal income distribution than we have now. They want lower-income occupations to be paid more than they are now, and they want the highest-income occupations to be paid less.

In every case, the average (median) preferred level of earnings for lower income occupations, and even for shopkeepers and for doctors in general practice, was higher than what people perceive as the actual levels. But preferred incomes for the highest-income occupations, heart surgeons and corporate CEOs, were lower than what people believe they are getting now. In the case of CEOs much lower, less than half. The average American believes that CEOs should be paid \$200,000 per year, quite a contrast with the \$500,000 they think CEOs are paid – let alone the real-world figure of about \$14 million (see Figure 2.)

(FIGURE 2 ABOUT HERE)

While Americans do not want to level incomes, they want the distribution to be compressed significantly.

Looking to Government for Help

But do Americans want the government to do anything about economic inequality? What about their individualism, their skepticism of government, and their faith in opportunity and economic mobility?

In the abstract, at least, Americans think that there is already a great deal of economic opportunity for individuals. Three quarters (76%) told us it is “still possible” to start out poor in this country, work hard, and become rich. Opinions have been similar at least since 1996, with a particular burst of optimism at the end of the prosperous 1990s.¹³ (“Possible,” of course, is not the same as “likely.” Econometric studies indicate that economic mobility in the United States has in fact declined to a rather low point. A child born to parents among the bottom tenth of income earners now has less than a 2% chance of making it into the top tenth.¹⁴)

Moreover, nearly three quarters (72%) of Americans agree that “our freedom depends on the free enterprise system.” Nearly two thirds (64%) say that the government “must always protect private property”; it should not even take private property when it needs it badly for (e.g.) an interstate highway or a post office.¹⁵ Most Americans (75%) in our survey said that people in the government “waste a lot of money we pay in taxes.” Past surveys indicate that this opinion rose around the beginning of the 1970s and has

stayed fairly high ever since, jumping even higher as the war in Iraq became costly and protracted.¹⁶

Expressing a view that might seem starkly opposed to egalitarian government programs, most Americans (63%) in our survey disagreed with the abstract statement that “it is the responsibility of government to reduce the differences in income between people with high incomes and those with low incomes.” Only about one third said that this is the government’s responsibility. A similar survey question has elicited similar responses three times between 1987 and 2000.¹⁷

Yet this may only reflect opposition to direct governmental wage controls or limits on market earnings. We will see that large majorities of Americans do in fact favor a wide range of egalitarian government taxing and spending programs.

In general, most Americans appear to be philosophical conservatives, individualists who are skeptical about government in the abstract. But at the same time they are pragmatic liberals, or pragmatic egalitarians. They favor specific social programs designed to help people with opportunity and economic security, and specific tax policies designed to share the burden fairly.¹⁸

Most Americans (53% to 43%) disagree with the sentiment that “most things would run pretty well by themselves if the government just didn’t interfere.” (This view was stronger in the 1950s.¹⁹ A large majority (70%) of Americans say they would not like to live in a society “where the government does nothing except provide national defense and police protection, so that people would be left alone to earn whatever they could.”²⁰ Indeed, about two thirds (68%) say they believe that “government must see that no one is without food, clothing, or shelter” – a governmental function certainly not

envisioned by most libertarians. This is an opinion long held by large majorities of Americans, judging by similar questions asked in 1964 and 1997.²¹

Jobs and wages. In this era of downsizing, outsourcing, mass layoffs, and stagnant wages, many Americans are afraid they may lose their jobs and not find new ones. As prices keep rising, many fear that their pay will fall behind and they will not be able to provide for their families. They look to government for help.

Most Americans view the opportunity to have a decent job as a right that the government should enforce. A large majority (67%) say that the government in Washington should “see to it” that everyone who wants to work can find a job (see Figure 3.) This opinion is not new, though it may have reached a new high point. Solid majorities said the same thing in 1956, 1958, and 1960.²²

(FIGURE 3 ABOUT HERE)

Most Americans believe that the able-bodied should work. There is little support for a “guaranteed income” without work. Similarly, the preferred policy when people lose their jobs is not generous unemployment insurance. Only about half of Americans (49% to 48%) say that the government should “provide a decent standard of living” for the unemployed. Opinion about this has been evenly divided in the past as well.²³

Instead, large majorities of Americans favor using retraining programs to help deal with involuntary job losses. A solid majority (54% to 40%) say the federal government should “invest more in worker retraining and education to help workers adapt to changes in the economy,” even when offered the off-putting alternative view that “such efforts just create big government programs that do not work very well.” Majorities chose this same “invest more” option in three surveys between 1999 and

2005.²⁴ An overwhelming 80% of Americans say they favor their tax dollars being used “to help pay for retraining programs for people whose jobs have been eliminated.”

Most important is the heavy public sentiment that the government in Washington should “see to it” that everyone can find a job. Remarkably, a bare majority of Americans (51% to 46%) even say that the federal government should “provide jobs” [emphasis added] for “everyone able and willing to work but who cannot get a job in private employment.” This implies direct government action to provide public service jobs, an option not much discussed in Washington.

Most Americans also want help from government in getting decent wages. A large majority (76% to 21%) favor having the government “set the minimum wage high enough so that no family with a full time worker falls below the official poverty line.” The minimum wage was allowed to lag far behind inflation for many years, leaving many full-time workers in poverty. The increase enacted in May 2007, together with the Earned Income Tax Credit, should by 2009 enable a full-time worker with a family of three to earn \$19,796 per year, just above the official poverty line – though still well below the \$23,000 to \$46,000 (depending on location) that “family budget” measures of poverty say such a family needs.²⁵

When we described the Earned Income Tax Credit (EITC) to our interviewees (“a program that helps working families who have low wages by reducing their income taxes or giving them refunds”), opinion tilted strongly toward increasing such help: 48% said it should be increased, only 5% say decreased, and 45% said it should be kept about the same. A large majority of Americans (68% to 28%) favor expanding the EITC to cover

workers who are single as well as those with families. Expansion of EITC coverage and benefit levels would have a big effect on income inequality.

Minimum standards for the poor. Some 36 million Americans -- 12% of the population, including 17% of our children -- now live below the official poverty line.²⁶ Hardly anyone in Washington seems to talk much about poverty these days, but most Americans have considerable sympathy for the poor and unfortunate. They want to help.

Although most Americans (57% to 41%) disagree with the idea that “the poor are poor because the American way of life doesn’t give all people an equal chance,” most also disagree with the stereotype that “many poor people simply don’t want to work hard” (see Figure 4.) An overwhelming 95% say that “one should always find ways to help others less fortunate than oneself.” And a very large majority (79% to 18%) reject the notion that “it is best not to get involved in taking care of other people’s needs.”

(FIGURE 4 ABOUT HERE)

More concretely, most Americans want government to provide basic necessities to the poor. As we noted, a large majority, 68% to 30%, say they believe that “[g]overnment must see that no one is without food, clothing, or shelter.” An even larger majority, 78% to 20%, say they favor their tax dollars being used to help pay for “Food Stamps and other assistance to the poor.”

There is particularly strong support for helping poor children. Remarkably, given the bitter opposition to “welfare” during the 1980s and 1990s and the widespread aversion to youthful or out-of-wedlock pregnancies, a large majority of Americans (66% to 31%) even say they favor their tax dollars being used “to help pay for welfare benefits for the children of single teenage mothers.”

Other surveys have made clear that most Americans oppose any sort of guaranteed income without work, except for the “truly needy” who are elderly, disabled, or otherwise incapable of employment.²⁷ Most Americans also dislike the idea of childbearing by single mothers, especially teenagers. Yet there is considerable sympathy for the children themselves.

Education and equal opportunity. A core value shared by nearly all Americans is equal opportunity. In our survey, fully 97% agreed that “everyone in America should have equal opportunities to get ahead.” Support for equal opportunity is so nearly unanimous that pollsters seldom bother to ask about it, but when they have done so (in 1957, for example) they have found the same thing.²⁸

But what, exactly, does “equal opportunity” mean? Most Americans do not actually want to take such drastic measures as forbidding the inheritance of wealth, eliminating inequalities in family resources, or overcoming the differences among children’s schools, peers and neighborhoods that have such great impacts on economic attainment. Very few want to equalize economic results for adults, as truly equal opportunity for their children would probably require.

Yet most Americans do favor government actions that would greatly increase equality of opportunity. Most see education as crucial. And most Americans consider a strong, government-funded public school system to be a key foundation for equal opportunity. An overwhelming majority (87%, with just 13% opposed) said in our survey that the federal government should “spend whatever is necessary to ensure that all children have really good public schools they can go to” (see Figure 5.)

(FIGURE 5 ABOUT HERE)

Americans regularly put a higher priority on education programs than on most other kinds of government activity. In our survey, about three quarters of Americans (74%) said aid to education should be “expanded”; 20% said it should be kept about the same; and a bare 5% said it should be cut back. Periodic proposals in Washington to cut back education spending or to abolish the Department of Education are badly out of tune with the public. The weakly funded “No Child Left Behind” initiative appears to fall well short of what most Americans want.

Year after year, surveys have shown that large majorities of Americans want to expand education spending. In every one of five surveys conducted regularly since 1990, for example, about three quarters of Americans have said that aid to education should be expanded. No more than 5% ever said “cut back.”²⁹

This is not just some sort of “spend more on everything” sentiment, heedless of taxes or tradeoffs. It represents a real judgment about priorities. Education, health care, and Social Security regularly get strong support for expansion, while the dominant opinion is that other programs like foreign aid and (often) defense spending should be cut back. At present, the 74% majority in favor of expanding aid to education is matched only by the 73% favoring expansion of health care (see Figure 6.)

(FIGURE 6 ABOUT HERE)

Support for education programs goes well beyond the elementary and secondary school level. A very large majority of Americans (77% to 22%) agree that the federal government should “make sure that everyone who wants to go to college can do so” (recall Figure 5.) And a large majority say that “spending tax money to provide a college education for those who can’t afford it” is a “good idea” rather than a “bad idea.”

Support for this view has risen since the same question was asked in 1977.³⁰ Indeed there has been a general increase in popular support for spending on all levels of education since the 1980s. Yet, over the past decade, federal spending to help people go to college with Pell grants or other aid has fallen behind inflation and population growth.

Pre-schooling also wins strong support from the American public. An overwhelming 81% say they favor their tax dollars being used “to help pay for early childhood education in kindergarten and nursery school.” In fact a large majority (64%, with just 33% disagreeing) say they would be willing to pay “more taxes” [emphasis added] “for early childhood education in Kindergarten and nursery school.” But government funding for early schooling has been anemic. Millions of children eligible for Head Start are not being reached by the program.

Health care. Tens of millions of Americans, roughly 47 million women, men, and children (16% of the population), have no health insurance. Millions more live in fear of losing medical coverage if they change jobs or get laid off, or if their employers cut benefits. This problem is unique in the advanced industrial world. Nearly all other advanced countries have universal health care, spend less per person, and end up with as good or better health results and life expectancies.³¹

Here, too, large majorities of Americans look to government for help. There is a very high level of support for government action to provide universal health insurance, which would have a big impact on economic inequality. Majorities of Americans say they would accept any of several different routes to universal coverage: mandates on employers; expansion of Medicare to include younger people; a tax-financed set of insurance alternatives; even a single, tax-funded government plan.

As we saw, about three quarters (73%) of Americans say that federal government health care programs should be “expanded”; only a tiny 8% say “cut back.” Much the same thing was true in four surveys conducted at regular intervals between 1994 and 2002.³²

About three quarters (73%) of Americans say they think it is “the responsibility of the federal government to make sure all Americans have health care coverage”; only 25% say that is not the responsibility of the federal government (see Figure 7.) According to six surveys asking this same question between 2000 and 2006, solid majorities have always said yes, it is the responsibility of the federal government, but the size of the majority has risen markedly.³³

(FIGURE 7 ABOUT HERE)

Only a little under half of Americans say they favor “the present system in which most people’s health care coverage depends on their employer.” But nearly two thirds (65%), say it “should [emphasis added] be the responsibility of all employers to provide health insurance coverage.” This suggests support for government requirements or mandates of universal employer-based coverage.

Enthusiasm is also widespread for direct government involvement. A substantial majority (60%) of Americans favor “expanding Medicare to cover people under age 65 who do not have health insurance.” Similar majorities said the same thing in 1999 and 2000.³⁴

Even more Americans, by a margin of 64% to 32%, favor “national health insurance, which would be financed by tax money, paying for most forms of health care.” With all the noise we hear about the evils of “socialized medicine,” perhaps some

politicians don't believe this. But the same question was repeated eleven times between 1980 and 2000. Every time, more Americans favored national health insurance financed by tax money than opposed it. And the size of the majority in favor has risen significantly since 2000.³⁵

Remarkably – given the decisive rejection of “single-payer” health plans in Washington debates – a majority of Americans (54% to 43%) now even favor “a national health plan, financed by the taxpayers, in which all Americans would get their insurance from a single government plan.” The majority in favor of a “single government plan” is new. Previous surveys up to late 2004 found that most Americans opposed it, sometimes by large margins.³⁶

Our findings indicate that most Americans would be happy to give policy makers some flexibility about the precise way in which health insurance is provided. But they strongly and unmistakably want universal coverage. That will take government action of one sort or another – whether mandates, subsidies, or direct government insurance.

Contrary to the conventional wisdom that Americans hate all taxes, most are willing to pay for government-funded health care. A very large majority (70% to 29%) favor their tax dollars being used “to help pay for providing health coverage for everyone.” In fact, a solid majority (58% to 40%) of Americans say they are willing to pay “more taxes” [emphasis added] “in order to provide health coverage for everyone.”

And a huge majority of Americans want health coverage for all children. An overwhelming 82% say they favor expanding the Children's Health Insurance Program (“a government program [that] provides health insurance for some children in low and

moderate income families”), “to include all uninsured children.” A modest expansion of that program was vetoed by President Bush in October 2007.³⁷

Social Security and retirement pensions. Americans expect seniors, after a lifetime of work, to be able to retire with dignity and economic security. Well into the 1900s, most people worked until physical decline made it impossible and then they relied on family, friends, neighbors, or local charity. But the idea that “the community” should support seniors is now rejected by six out of ten Americans, as it has been since at least 1958³⁸ (see Figure 8.) Backing for a more organized system to support seniors in retirement stems from admiration for their lifetimes of work as well as from self-preservation: families struggling to provide for themselves cannot afford the cost of supporting their parents.³⁹

(FIGURE 8 ABOUT HERE)

As in the case of health insurance, Americans are open to more than one approach to providing decent incomes to retirees. Employer-based pensions are one. As Figure 8 indicates, a large majority of Americans (64%) believe that it should be the responsibility of all employers to provide retirement benefits coverage. Although employer-based programs could do this job in theory, however, only about 40 percent of Americans are now actually offered such benefits. Even well-established programs have vanished in bankruptcies and downsizing. Half of all seniors and millions of those with disabilities would fall into poverty if left to rely solely on what employers now offer or on their own savings.⁴⁰ Ensuring pension provision by all employers would require a government mandate that they do so.

Another approach supported by large majorities of Americans involves direct government provision of retirement pensions. Confronted with the stark prospect of poverty in older age, most Americans count on Social Security for a minimal level of support. They favor Social Security even if it means shifting some income from the better off. About two-thirds of Americans (66%) want Social Security to “ensure a minimum standard of living to all contributors, even if some receive benefits exceeding the value of their contributions” (as is often the case among lower-income workers). Majorities of Americans have felt this way at least since 1998.⁴¹

As we have seen, more than half of all Americans favor expanding Social Security; the rest mostly want to keep it the same. Hardly anyone wants to cut it back. Decades of polling have shown similar majorities in favor of expanding Social Security (see Figure 9), as well as large and persistent opposition to reducing benefits by cutting cost-of-living adjustments, raising the retirement age, or taxing payments more heavily.⁴² Nor is there a wave of support for privatizing the program, especially when people are alerted to the consequent reduction in guaranteed benefits and increase in risks. In our survey, only a minority of respondents (46%) favored a fairly attractive-sounding proposal for partial privatization.⁴³

(FIGURE 9 ABOUT HERE)

Despite overblown talk of a Social Security “crisis” and imminent bankruptcy, modest adjustments in the program would ensure solid financing well into the future. Majorities of Americans are open to such adjustments. One possibility would be to allow benefits to grow more slowly for middle- and high-income people while allowing the

benefits to grow as scheduled for low-income people, which a plurality (49%) of Americans found “acceptable.”

A more popular step, which experts say could put the program in good financial shape for the next seventy-five years,⁴⁴ would be to raise or eliminate the “cap” on income subject to the payroll tax. (Currently, taxes are paid only on the first \$97,500 of earned wages, shielding the rich from being taxed on most of their salaries and totally excluding income from stock market or other investments.) Our survey described the cap and then asked, “do you think this amount should be raised, so that high income people pay more in payroll taxes, should it be lowered, so that payroll taxes are only paid on lower incomes, or should it be kept about the same?” A solid majority of Americans (58%) said the cap should be raised. Only 6% said it should be lowered, and 33% said it should be kept about the same.

Raising the payroll tax cap would make the tax more nearly proportional rather than regressive. Besides bolstering Social Security finances, it would significantly reduce inequalities in take-home pay.

Paying the Bill

We have seen that Americans favor many expensive government programs that would help reduce economic inequality. But are they willing to pay for them? It turns out that majorities of Americans are willing to pay. And they favor a progressive tax system that redistributes income from higher- to lower-income people.

It has become an article of faith among many pundits and politicians that Americans hate all taxes, that tax cuts are always popular. Some evidence does seem to

point in that direction. When Americans are asked whether their own income taxes are too high, too low, or about right, for example, most say “too high.” This has been true in many surveys over the years, with only moderate ups and downs.⁴⁵ But of course that does not necessarily tell us anything about how Americans feel about general tax rates. Instead, it often reflects a judgment that other people (especially the rich) are not paying their fair share.

It is also true that many Americans think that a lot of their tax money is wasted. Substantial majorities have said the government wastes “a lot” (as vs. “some” or “not very much”) of the money we pay in taxes, in every one of thirty-seven surveys – including our own – between 1968 and 2007. No more than 5% have ever said that “not very much” is wasted.⁴⁶ The hundreds of billions of dollars spent on the Iraq war have undoubtedly accentuated worries about waste. But few of those who complain about government waste have in mind the popular egalitarian social programs we have been discussing.

Finally, it is true that many Americans are confused about taxes. Few realize, for example, that U.S. taxes are quite low compared with taxes in other advanced countries. The proportion of economic output that goes to all federal, state and local taxes is now only about 27% of GDP in the United States, compared with 34% in Canada, 37% in Britain, 41% in Italy, 44% in France, and 51% in Sweden. In fact the U.S. ranks near the bottom of twenty-five OECD countries.⁴⁷

Yet in our survey only about one third (38%) of the respondents were aware that, compared to the citizens of Western Europe, Americans “pay a lower percentage of their income in taxes.” Twenty percent admitted they did not know; 14% said there is not

much difference; and 28% mistakenly thought that Americans pay a higher percentage. A 2003 survey asking the same question found much the same thing, and surveys back in 2001 and 1989 (asking, less precisely, about who pays “more” in taxes) found a similar degree of confusion.⁴⁸ We will see that many people are confused about other aspects of taxes as well.

Still, the remarkable truth is that most Americans are quite willing to pay taxes to fund the programs they favor, particularly when the connections between taxes and spending are made explicit. Moreover, most Americans favor using the tax system to redistribute income through progressive taxes.

Taxes connected to spending programs. In our Inequality Survey we did not find a great deal of eagerness to cut taxes, even in very general terms. Asked whether they think taxes should be increased, decreased, or kept about the same, only 30% said decreased. This is far from the fervent, broadly based tax revolt that so many politicians and pundits conjure up. A solid majority (55%) said that taxes should be kept about the same, and 14% actually said they should be increased.

When specific, popular programs are mentioned, Americans do display willingness to fund them.⁴⁹ In our survey, large majorities of Americans said they favor their tax dollars being used for various egalitarian government programs (see Figure 10.) An overwhelming 81% favor their tax dollars being used for early childhood education in Kindergarten and nursery school. A nearly identical 80% favor using taxes to help pay for retraining programs for people whose jobs have been eliminated. Seventy-eight percent favor using their tax dollars to help pay for food stamps and other assistance to the poor. Sixty-six percent even favor the use of their tax dollars to help pay for welfare

benefits for the children of single teenage mothers. Support for food stamps and welfare benefits has risen markedly since the stingy, Gingrich-Congress years of the mid-1990s.⁵⁰

(FIGURE 10 ABOUT HERE)

This does not merely mean that – once they have to pay taxes – Americans grudgingly go along with spending the money on just about anything that is mentioned. People make distinctions. A hefty 77% said they favored their tax dollars being used to help pay for defense and military programs, for example (clearly to many of them “defense” did not mean the Iraq war.) But only a minority (46%) favored using tax money for public broadcasting and the arts. And only 31% favored using their tax money for “economic aid to other countries”; 66% percent opposed. (Other surveys have shown that the amount of economic aid the U.S. actually gives is grossly overestimated, and that the main objection to aid is that little of it is seen as benefiting the citizens in recipient countries. Opposition to military aid is even stronger.) Willingness to pay for egalitarian domestic programs is much higher.

In two cases we asked whether respondents would be willing to pay “more” taxes for egalitarian programs. Substantial majorities expressed willingness to pay more. Fifty-eight percent said they were willing to pay more taxes in order to provide health coverage for everyone (40% were unwilling), and 64% were willing to pay more taxes for early childhood education in Kindergarten and nursery school.

Progressive taxes and income redistribution. What about the redistributive effects of taxes? Do Americans want to use taxes to take from the rich and give to the poor, working people, and the middle class? Or do they, like so many right-wing pundits, abhor this idea as “class warfare”?

It turns out that – contrary to a good deal of conventional wisdom – most Americans do in fact favor using the tax system to redistribute income from higher- to lower-income people. In our survey, a solid majority (56% to 40%) said that the government should “redistribute wealth by heavy taxes on the rich.” Support for heavy taxes on the rich has risen markedly, by 11 percentage points, since Gallup asked the same question in 1998. And it is even higher than it was in class-conscious 1939, during the Great Depression (see Figure 11.)⁵¹

(FIGURE 11 ABOUT HERE)

The finding of majority support for this sort of progressive taxation is particularly striking because the drastic-sounding phrase “heavy taxes” might be expected to put people off. Moreover, the question was prefaced with a slow-down-and-think warning: “People feel differently about how far a government should go. Here is a phrase which some people believe in and some don’t. Do you think our government should or should not....” Public support for high taxes on the rich appears to be real.

Similarly, a majority of Americans (54%) say that people with high incomes should pay “a larger share” of their income in taxes than those with low incomes. Forty-one percent say high income people should pay the same share as those with low incomes (that is, taxes should be proportional), and just a minuscule 4% say a smaller share, endorsing regressive taxation. Several times in recent years the General Social Survey has found much the same thing.⁵²

Americans do not want total equality of incomes, but they do want a tax system that would require wealthy people to shoulder a greater part of the burden in funding

programs that benefit us all. Such a tax system would make after-tax incomes less unequal than they are now.

As we have seen, most Americans want to make payroll taxes less regressive by raising the “cap” on income that is taxed. Another concrete example: there is very little support for abolishing the estate tax, which is the most progressive tax in the U.S. system.

The estate tax now applies only to very large estates left by wealthiest one-third of one percent of Americans: estates valued at more than \$2,000,000 (rising to \$3,500,000 in 2009.) As Bill Gates Sr. points out, the estate tax has been an important source of revenue, producing roughly \$1 trillion (\$1,000 billion) in a decade – money that would otherwise have to come from working people to fund important programs. Gates argues that the estate tax is a fair tax: “you earned it” really means “you earned it with the indispensable help of your government” with education, infrastructure, and research. Billionaires, he adds, should have an attitude of “gratitude and recognition of our obligation to pass on similar opportunities.”⁵³

In our survey we asked, “When wealthy people die and leave estates worth \$100 million, how much in taxes do you think their estates ACTUALLY pay? No taxes at all? About 10% of the estate; about 25% (one quarter) of the estate; about 50% (half) of the estate; about 75%; or 100%, the entire value of the estate?” Most responses clustered around the fairly-close-to-correct “about 25%” alternative,⁵⁴ which 32% of respondents chose; 79% of responses fell in the 10% to 50% range.

We then asked, “Next, how much in taxes do you think estates worth \$100 million OUGHT to pay? Do you think they should pay no taxes at all; about 10% of the estate; about 25% (one quarter) of the estate; about 50% (one half) of the estate; about 75%; or

100%, the entire value of the estate?” Only 14% said “no taxes at all”! That is, only 14% of Americans endorsed the noisy movement to abolish the estate tax altogether. The median response was “about 25%”: certainly not a confiscatory rate, but far from repeal of the tax.

The results of past surveys have generally been the same, even when they used the tendentious label “death tax.” Americans do not want estate taxes to apply to small businesses, family farms, or people like themselves, and many greatly overestimate the reach of the tax. (A 2003 survey found that about half the respondents thought that “most” families had to pay it.) Hence there has been strong support for reforms to reduce the number of estates subject to the tax. But not for repeal. Penn, Schoen surveys found only 29 percent for repeal in 2005, and just 23 percent in 2006. Even anti-tax crusader Frank Luntz found in a 2005 survey that complete elimination of the estate tax was favored by only 35% of Americans.⁵⁵

Relying on progressive taxes. In addition to the estate tax, most Americans want to rely for revenue chiefly on other taxes that they see as progressive. Asked in our survey whether higher income people or lower income people “pay a greater percentage of what they earn” for various different types of taxes, pluralities said, correctly, that corporate income taxes and property taxes are paid at higher effective rates by high-income people than by low-income people. A plurality correctly perceived that – on the contrary – lower-income people pay a higher percentage of what they earn on “payroll taxes such as [those for] Social Security and Medicare.”

Respondents were then asked which taxes government should rely on most for revenue. (“Thinking about the different kinds of taxes that governments collect, which

sorts of taxes do you think are best to use for getting the revenue to fund government programs. Should the government use the following a lot, some, a little, or not at all?”)

The tax that was singled out by far more Americans (fully 60%) than any other to be used a lot was the corporate income tax. This is the same tax that the most people see as progressive. No other tax came close. Payroll taxes – the most regressive taxes – are particularly unpopular, with only 15% of Americans saying government should use them a lot.

What our government has actually been doing is quite different. It certainly does not rely “a lot” on the corporation income tax. In 2007, even with soaring corporate profits, that tax produced only 14.7% of all federal government revenue – well below the 30%-40% figures of the mid-twentieth century.⁵⁶

By contrast, the government now relies very heavily on regressive payroll taxes. Sixty years ago, payroll taxes used to produce only 8% to 10% of federal government revenue. They now provide 35% to 40% of it.⁵⁷

The political impact of the public’s desire for progressive taxation is blunted by widespread confusion over the distributive effects (the “incidence”) of different taxes. Tax policy is complex and technical. It is easily mischaracterized in political rhetoric. If voters do not understand what is being done to them, they cannot punish politicians at the polls.⁵⁸

There is especially great confusion about sales taxes, which are very regressive. (Lower-income people have to spend more of their incomes on food, clothing and other necessities, so that flat-rate sales taxes on those goods take away a higher proportion of their incomes.) But few Americans realize this. In our survey, only 21% correctly

perceived that lower income people pay a greater percentage of what they earn on sales taxes than higher income people do. Nearly as many (17% percent) thought, quite wrongly, that higher-income people pay a greater percentage of what they earn, and most incorrectly said “about the same.” This confusion may help account for why sales taxes are ordinary Americans’ second most popular source for government revenue, after corporate income taxes.

The plurality of Americans (39%) who correctly see property taxes as borne most heavily by higher-income people outweigh those (24%) who erroneously say lower-income people, but not by much. A full third of the public incorrectly say “about the same.”

Similarly, there is great confusion about the incidence of the personal income tax, which (even after the Bush administration’s rate cuts) remains quite progressive. Americans are evenly divided over whether higher- or lower-income people pay a greater percentage of what they earn in personal income taxes.

Even perceptions of the regressivity of payroll taxes are far from universal. More Americans correctly perceive that lower income people pay the payroll taxes most heavily (39%) than mistakenly think that higher income people do (25%), but again the margin is not very big. And one third of the public erroneously believe that payroll taxes are proportional (“about the same.”)

Still, most Americans are somehow able to penetrate the fog of confusion and arrive at fairly sensible opinions that mostly fit their values. Most Americans support progressive taxation in principle and favor relying on the taxes that they see as most progressive. Moreover, large majorities are willing to pay taxes to fund the social

spending programs they favor. They express willingness to pay more taxes for such programs.

Conclusion: Pragmatic Egalitarianism

The evidence is clear. Ordinary Americans are not ignorant of the extreme inequality of income and wealth in the United States. They are not indifferent to the enormous, widening gaps between the super-rich and everyone else. They do not reject government action to deal with those gaps. They are not tax-haters, unwilling to pay the bill for egalitarian programs.

Abundant evidence from our Inequality Survey, bolstered by decades worth of other polls and surveys, shows that most Americans are well aware of great inequalities in income and wealth in the United States – though they do tend to underestimate the incomes of those at the top.

Most Americans are not happy about this situation. They do not want to “level” everyone’s economic position, but they do want income and wealth to be more evenly distributed.

Despite their enthusiasm for private enterprise and their skepticism about government, large majorities of Americans favor a wide range of government programs that would greatly reduce economic inequality. They favor programs to ensure that everyone can get a high-quality education, from pre-school through college; that everyone who is able to work can find a job and get paid decent wages; that everyone is covered by health insurance, so that their chances to pursue the American Dream are not devastated by catastrophic illness; that seniors, after a lifetime of work, can retire with

respectable pensions; and that those who are left behind through no fault of their own are provided with food, clothing, and shelter.

Majorities of Americans are willing to pay for these programs. They favor using their tax money for help with schools, jobs, wage supplements, health care, old-age pensions, and aid to the poor. They are willing, if necessary, to pay more in taxes for such purposes. And they want the government to rely for its revenue on progressive rather than regressive taxes. They favor using the tax system to redistribute income from the rich to the middle and lower classes.

All in all, Americans tend to be pragmatic egalitarians. Not levelers or advocates of massive redistribution, but not indifferent to inequality, either. Americans generally combine a philosophical conservatism – respectful of markets and individual initiatives, with an operational liberalism – looking to government for help with basic economic security and genuine opportunity. Especially when pursuit of the American Dream is thwarted by forces and events beyond individuals' control. If this pragmatic egalitarianism is translated into government action, if our policy makers enact the programs that large majorities of Americans favor, it will greatly reduce economic inequality in the United States.

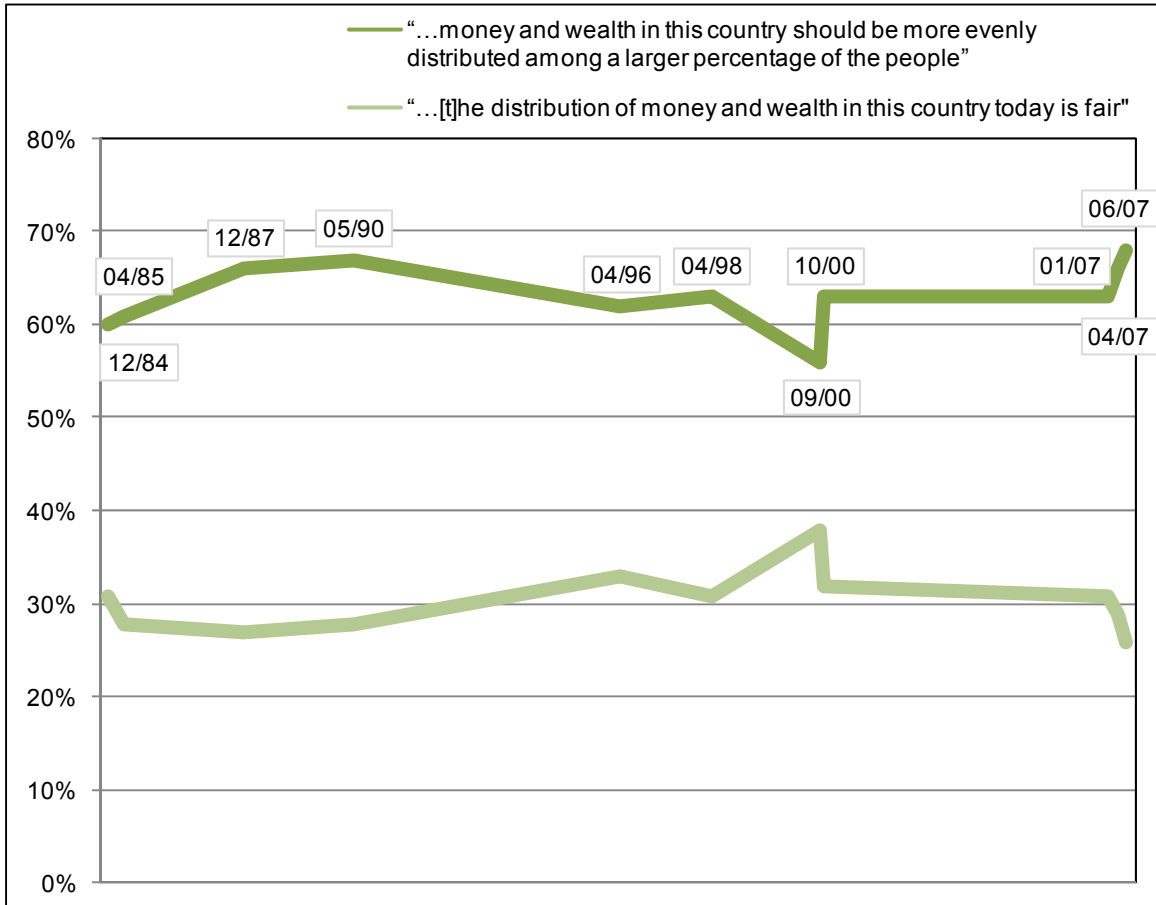
Will policy makers respond? In our past work we have discussed at length the desirability of democratic responsiveness and have enumerated reasons why the public's wishes are worth paying attention to.⁵⁹ We urge America's officials to heed the clear voices of the American citizenry.

In this paper we have dealt only with the opinions of the American public as a whole, setting aside differences of opinion based on partisan loyalties, social class, and

the like. Some significant differences of that sort do exist. As we will show elsewhere, however, alarms about “class warfare” over economic inequality are vastly overblown. In most cases, majorities – often large majorities – of Republicans as well as Democrats, and of high-income as well as low-income Americans, agree about these matters. Most Americans of all sorts are aware of economic inequality, concerned about it, and supportive of many tax and spending policies that would ameliorate it. All the more reason why officials should pay attention.⁶⁰

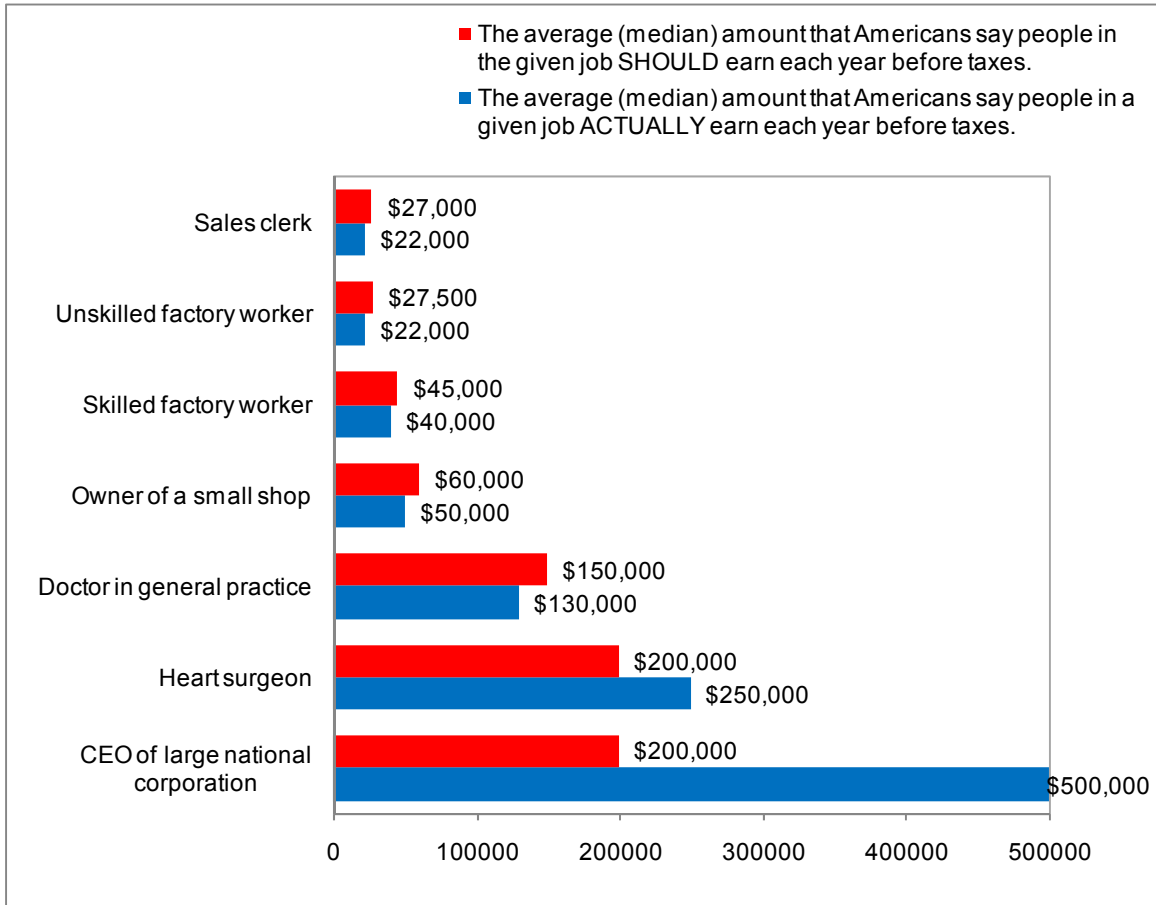
We have also said little about exactly why different individuals hold the opinions they do, what impact various beliefs and values have, and how attitudes about economic inequality are structured. These topics, too, we leave for later discussion.

Figure 1. Americans favor more even distribution of money and wealth.



Sources: Gallup; LATimes (4/85); Washington Post (10/00, omitting “today”); Inequality Survey (6/07)

Figure 2. Americans favor paying low-wage workers more and CEOs less



Source: 2007 Inequality Survey.

Figure 3. The public wants help with jobs and wages.

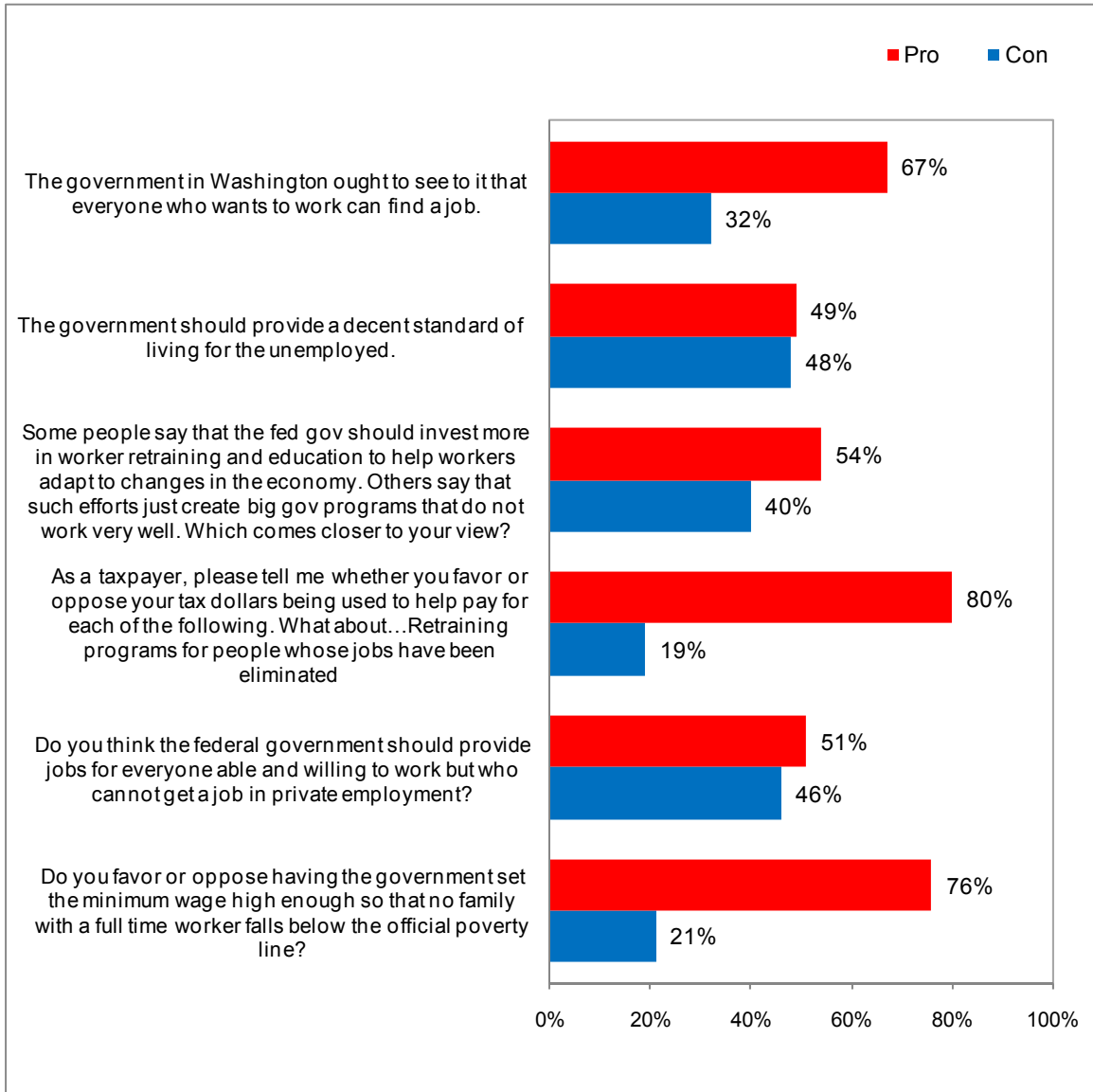


Figure 4. Support for helping the poor.

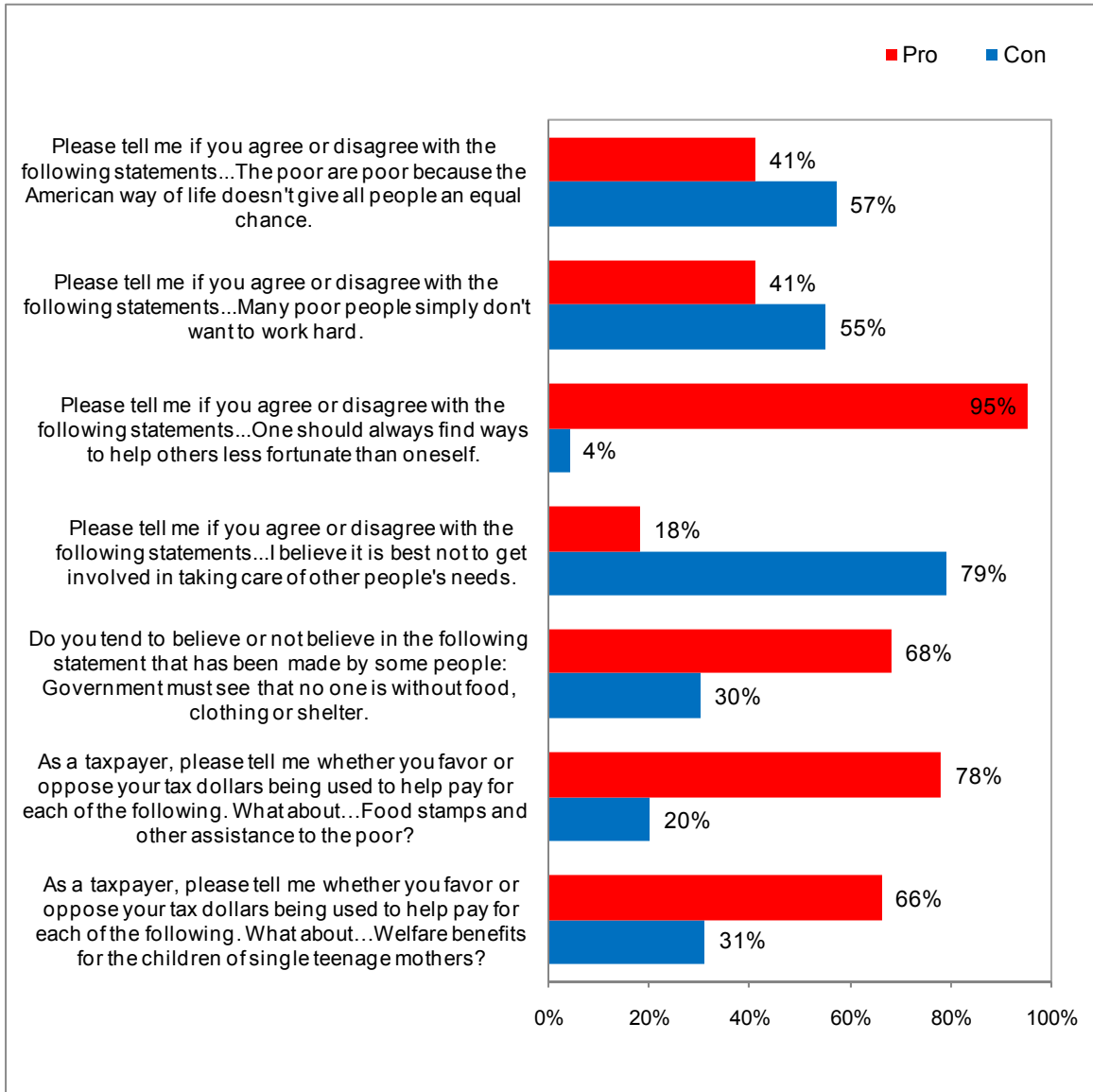


Figure 5. Overwhelming support for aid to education.

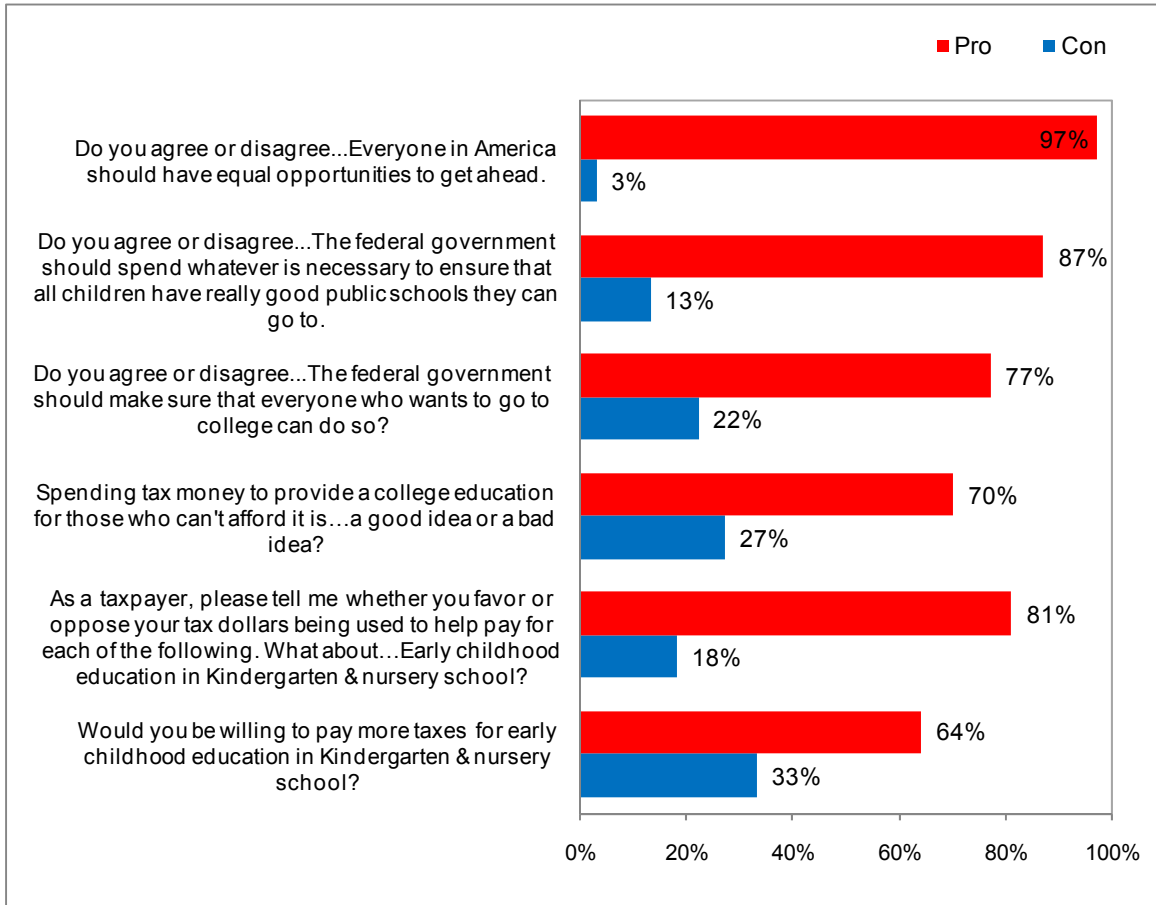


Figure 6. Egalitarian spending programs have high priority.

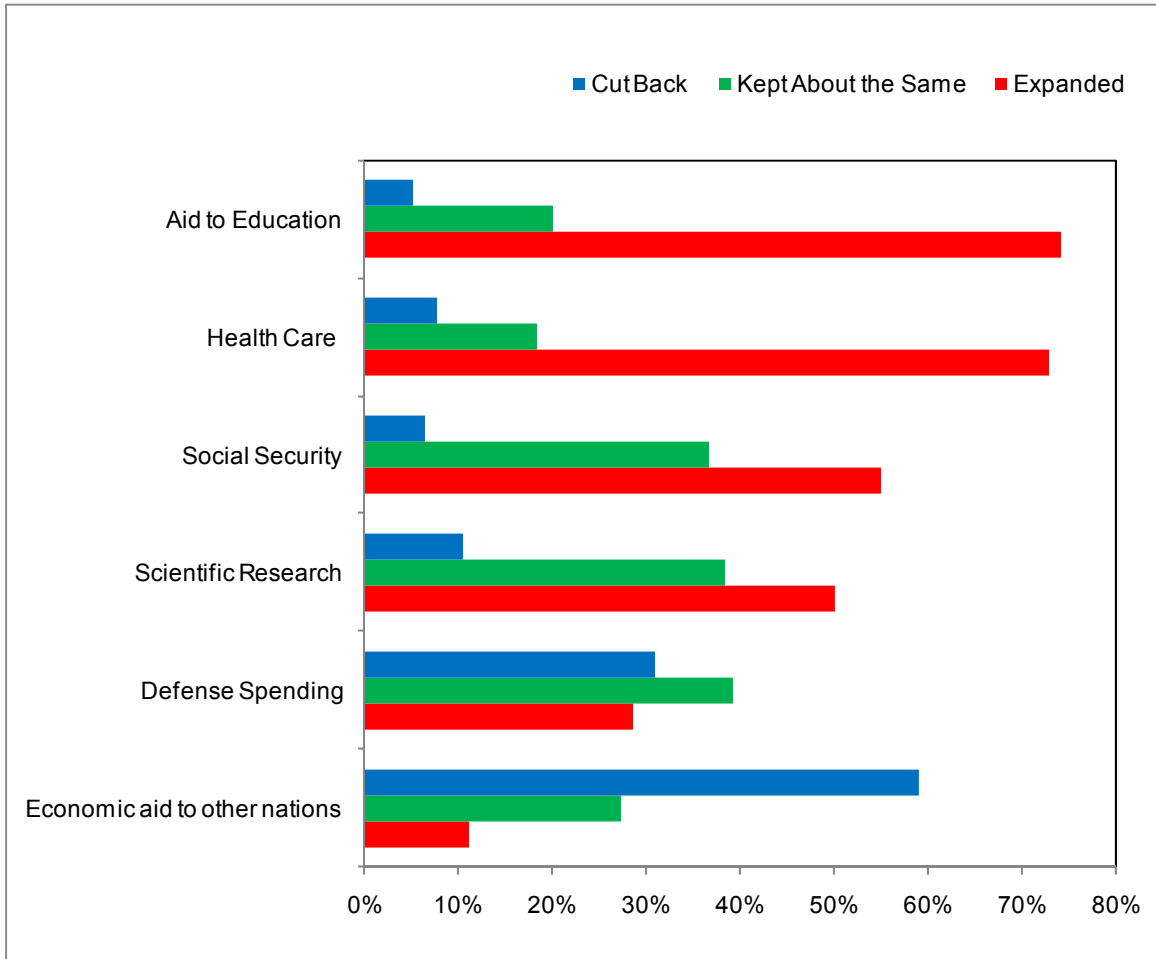


Figure 7. Americans want health care coverage.

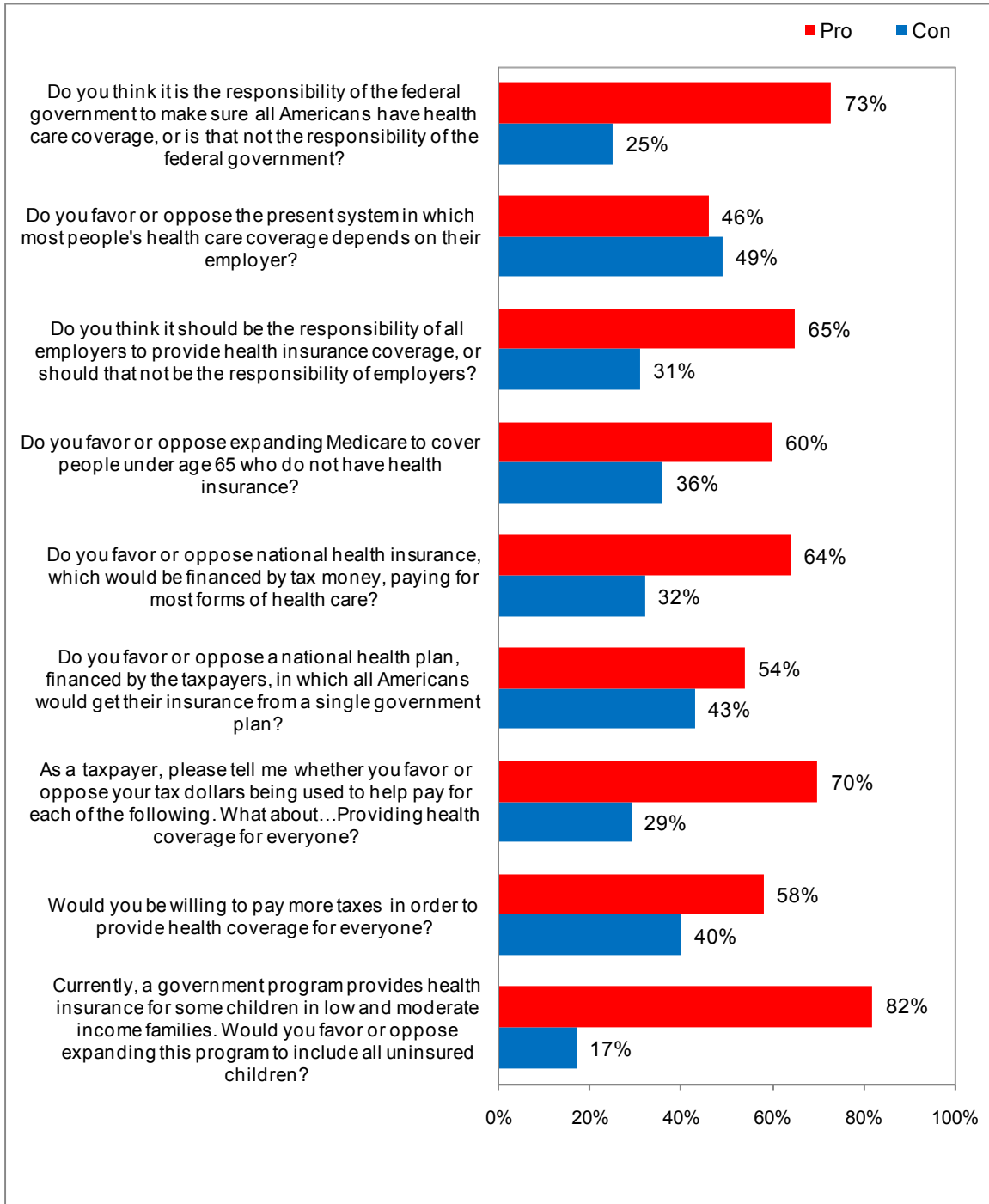


Figure 8. Support for egalitarian retirement pensions

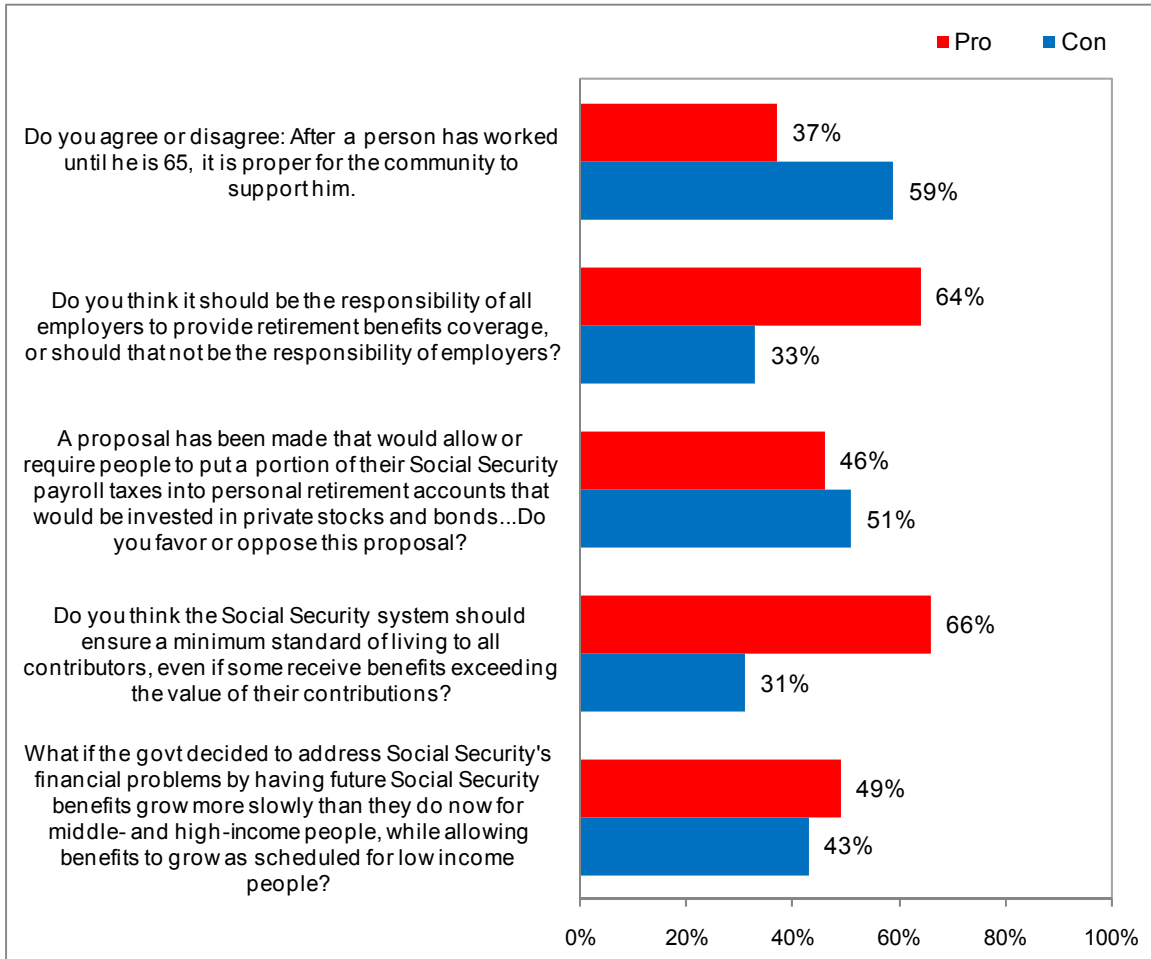


Figure 9. Sustained high support for expanding Social Security.

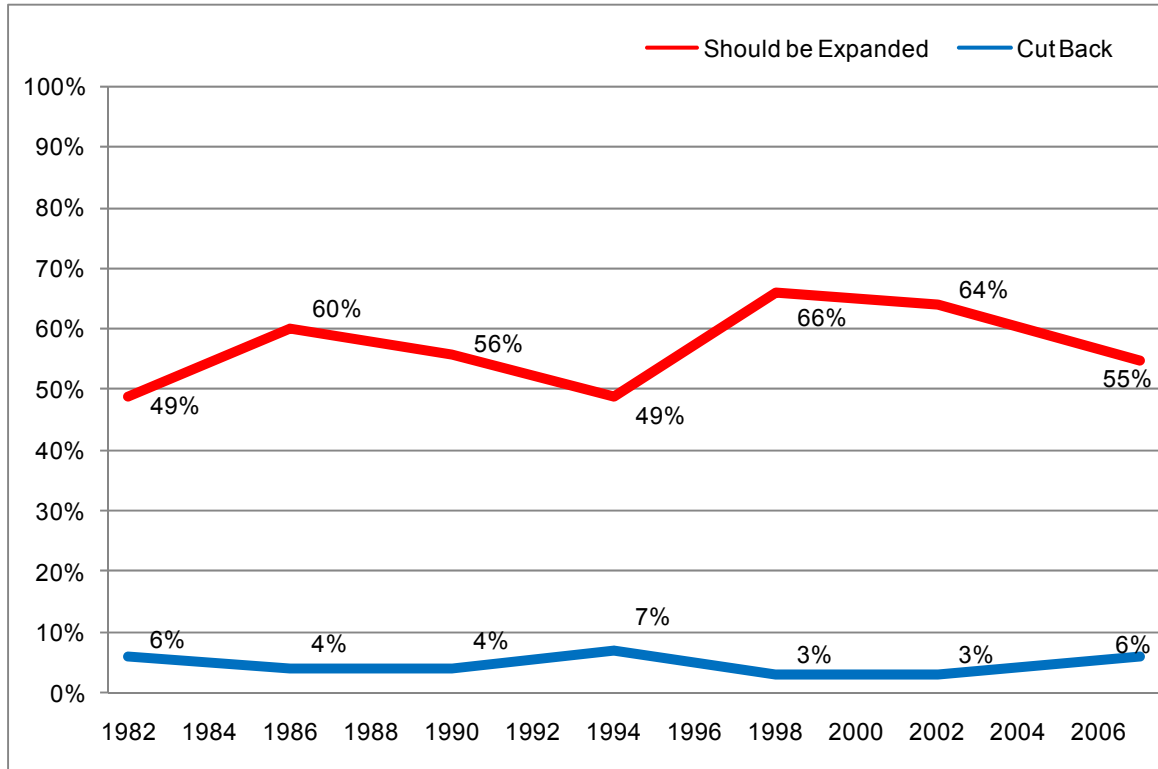


Figure 10. Willingness to pay taxes.

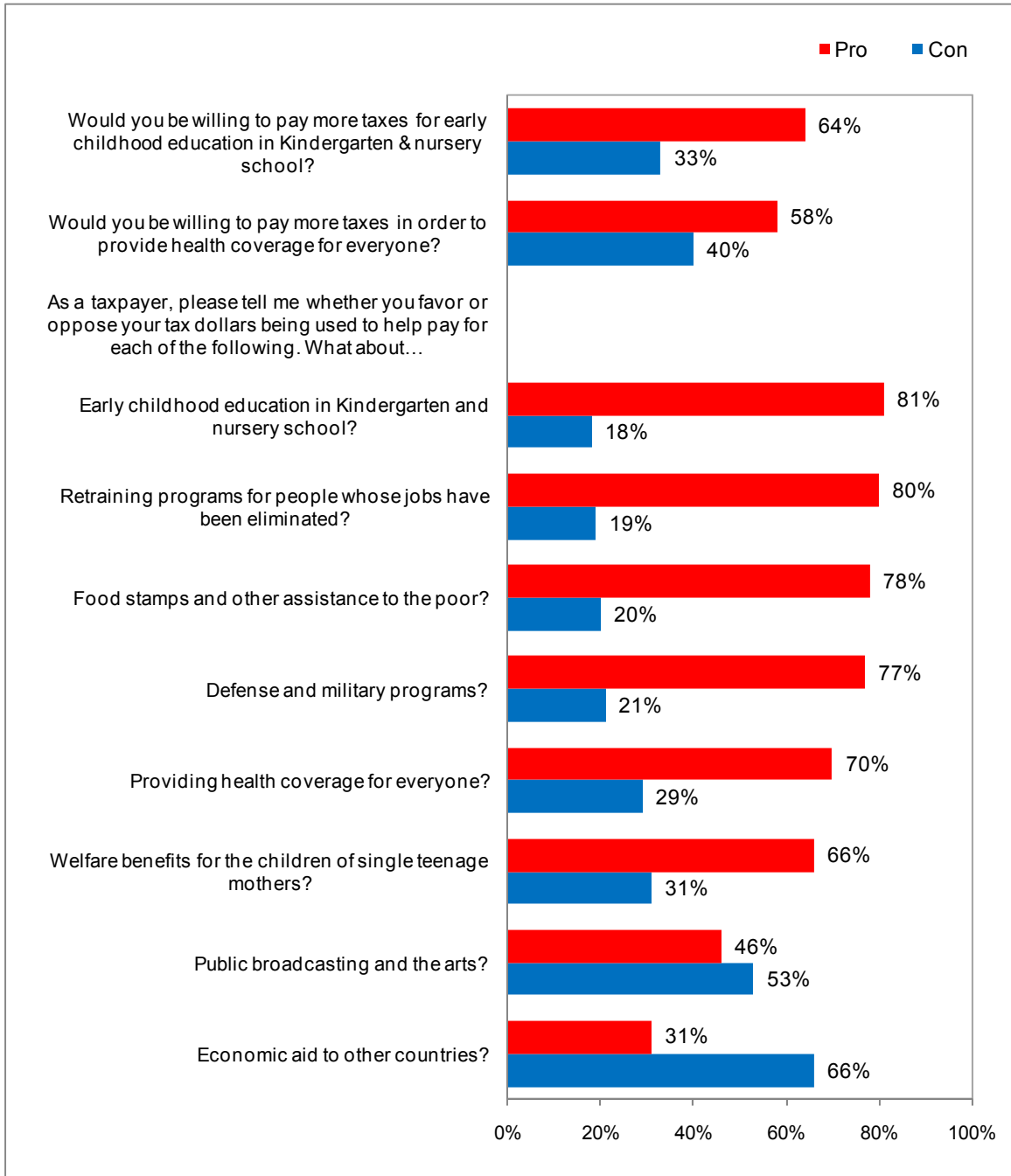
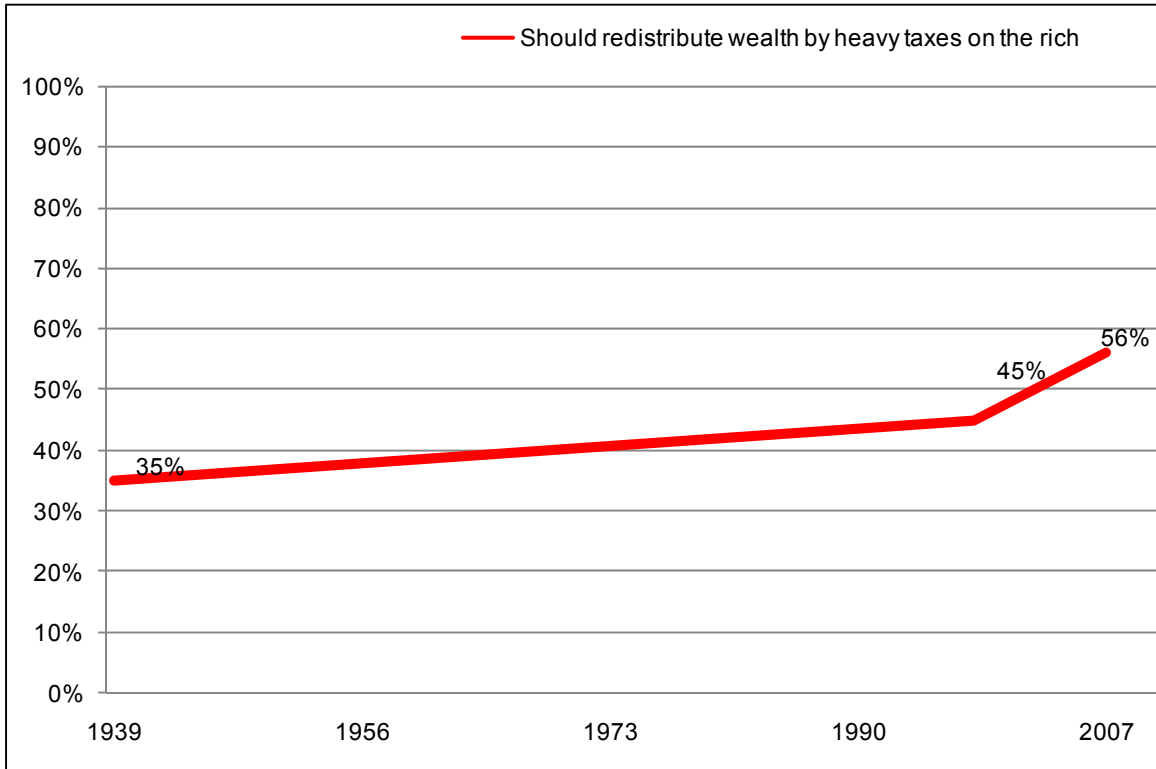


Figure 11. The government should redistribute wealth by heavy taxes on the rich.



Endnotes

For comments and suggestions on various parts of this project we are grateful to Dan Galvin, Ed Greenberg, Lane Kenworthy, Tom Ferguson, and Ben R. Page.

¹ The Inequality Survey was fielded by the Center for Survey Research and Analysis at the University of Connecticut. We thank Samuel Best, Chris Melchiorre, and Chase H. Harrison for conducting the survey, and Melanie Burns for data analysis and tireless research assistance. Interviews (n=608) were conducted by telephone (RDD sample) between June 18 and July 8 2007. All data reported here are weighted to ensure representativeness by region, sex, age, level of educational attainment, Hispanic ethnicity, and race. Estimates of population percentages are accurate to within about 4 percentage points at the p<.05 level.

² Louis Hartz, The Liberal Tradition in America: An Interpretation of American Political Thought Since the Revolution (New York: Harcourt, Brace, 1955).

³ Jennifer Hochschild, What's Fair: American Beliefs about Distributive Justice (Cambridge: Harvard University Press, 1981).

⁴ Herbert McClosky and John Zaller, The American Ethos: Public Attitudes toward Capitalism and Democracy (Cambridge: Harvard University Press, 1984); Everett Carl Ladd and Karlyn H. Bowman, Attitudes toward Economic Inequality (Washington, D.C.: The AEI Press, 1998).

⁵ For our questions about how much people in various occupations “ACTUALLY” earn and “SHOULD” earn, the order of occupations was randomly varied to avoid question-order effects. Respondents had little difficulty offering dollar estimates; none of our seven questions got more than 5.7% “don’t know” or no opinion answers. Similar questions on the 1987 and 2000 General Social Surveys got only 11-14% “don’t know” responses.

⁶ Medians, unlike means, are not distorted by a few extremely high or extremely low guesses. We use median perceptions and preferences throughout this paper.

⁷ Earnings of production workers (\$16,000) and machine operators (\$20,000) from simplyhired.com 11/8/07. Of sales clerks (\$26,000), indeed.com 11/8/07. Of skilled factory workers (\$44,000) and shop owners (\$60,000), simplyhired.com, 11/8/07 and 1/9/08.

⁸ Earnings of practitioners of family medicine (\$185,740), and of cardiac and thoracic surgeons (\$460,000), 2007 AMGA survey at cejkasearch.com. Heart transplant surgeons (median \$405,725), 4/07 HR survey by salary.com. S&P 500 CEOs (\$14.78 million in 2006), Corporate Library survey reported at aflcio.org/corporatewatch/paywatch. Rankings of pay and efficiency, “CEO Compensation,” forbes.com 5/03/07. Total 2007 compensation of specific executives in “CEO Compensation Scorecard” at wsy.com, accessed 11/8/07.

⁹ Estimates of CEO/worker pay ratios vary. Our figures for S&P 500 CEOs (\$14 million) and skilled factory workers (\$44,000) imply a ratio of 318:1.

¹⁰ According to Wolff, the top 1% of U.S. wealth-holders owned 38.5% of net worth in 1995 and 34.3% 2004; they had 47.2% of non-home wealth in 1995 and 42.2% 2004. Edward N. Wolff, “Recent Trends in Household Wealth in the United States,” Working Paper #502, Levy Economics Institute of Bard College, June 2007, p.11. See Wolff, Top Heavy (New York: The New Press, 2002.)

¹¹ Wolff, “Recent Trends” (p.11), found a rise in inequality from 1983 to 1995 but then a decline to about the 1983 level. Wojciech Kopczuk and Emmanuel Saez, “Top Wealth Shares in the United States,” National Tax Journal LVII 2-2 (June 2004), pp. 457-458, found relative constancy since 1946, except for a drop in the 1970s that was reversed between 1982 and 1986.

¹² Pew release, 2/15/07, at people-press.org.

¹³ Six CBS/NYT surveys, 2/96 to 3/05.

¹⁴ Samuel Bowles, Herbert Gintis, and Melissa Osborne Groves (eds.), Unequal Chances (New York: Russell Sage, 2005), p. 2.

¹⁵ Since this survey question seems to refer to government takings of private property without just compensation, it may have elicited outrage at such unconstitutional action rather than opposition to a properly conducted procedure of eminent domain. Using an open-ended version of the question, Hochschild (What's Fair, p.161, 182) found that most of her interviewees “grudgingly accepted” the power of eminent domain, though they eyed it dubiously.

¹⁶ Twenty NES surveys, 1958-2004.

¹⁷ The GSS, allowing a “neither agree or disagree” response, found substantial pluralities opposed to government responsibility for income redistribution in 1987, 1992 and 2000.

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- ¹⁸ Richard A. Scammon and Ben J. Wattenberg long ago made a similar distinction in The Real Majority (New York: Berkley Pub. Co., 1970).
- ¹⁹ The 1958 PAB study found that 75% disagreed. Herbert McClosky and John Zaller, The American Ethos (Cambridge: Harvard University Press, 1984), p.147.
- ²⁰ For her 1981 book Jennifer Hochschild asked an open-ended version of this question (What's Fair?, p.306) and got generally similar results.
- ²¹ Harris 9/64 (68% "believe"); PSRA for Pew 9-10/97 (72% "completely" or "mostly" agree.)
- ²² NES 1956, 1958, and 1960. Unfortunately this question was later replaced by a confusing query that mixed jobs and a "standard of living."
- ²³ GSS 1987, 35% to 35%.
- ²⁴ PIPA 10/99, 12/03, 6/05.
- ²⁵ Epinet.org and wikipedia.org, accessed 11/1/07.
- ²⁶ U.S. Census Bureau, 8/28/07, data for 2006.
- ²⁷ See Fay Lomax Cook, Who Should be Helped?: Public Support for Social Services (Beverly Hills, CA: Sage, 1979).
- ²⁸ Frank R. Westie. "The American Dilemma: An Empirical Test," American Sociological Review, 30 (4): pp. 527-538
- ²⁹ CCFR 1990-2002; CCI for CCFR 2004. There was a substantial rise in support for expanding education programs after the 1974-82 period.
- ³⁰ 1977 OVS (53% "good idea," 16% "bad idea"). McClosky and Zaller, American Ethos, p.91.
- ³¹ U.S. Census Bureau 8/28/07, CPS data for 2006. ((LJ/MB add cite on comparative \$ & outcomes))
- ³² CCFR 1994 (71% "expanded"), 1998 (78%), 2002 (77%), 2004 (79%).
- ³³ CNN/USA Today, 1/2000; Gallup, 9/2000-11/2006. The proportion of Americans saying that universal health coverage is the responsibility of the federal government has risen from 58% in 1958 to 73% in 2007, with a big jump since 2005.
- ³⁴ PSRA for Kaiser and Harvard, 12/99; ICR for Kaiser and NewsHour, 1/-2/2000.
- ³⁵ CBS/NYT, three surveys 2/80 to 4/81 and seven surveys 10/90 to 12/95; ICR for Harvard and RWJ 8/2000.
- ³⁶ Eight surveys between 11/98 and 11/04 for Harvard and Kaiser, by PSRA, ICR, and Washington Post.
- ³⁷ See usatoday.com/news, 10/3/07, p.1.
- ³⁸ 1958 PAB study, McClosky and Zaller, American Ethos.
- ³⁹ Fay Lomax Cook and Lawrence R. Jacobs. "Assessing Assumptions about Attitudes Toward Social Security: Popular Claims Meet Hard Data." The Future of Social Insurance: Incremental Action or Fundamental Reform ed. Peter Edelman, Dallas Salisbury, and Pamela Larson. (Washington: Brookings Institution, 2002), pp. 82-118.
- ⁴⁰ Rebecca M. Blank, It Takes a Nation (New York: Russell Sage, 1997), 20, 228.
- ⁴¹ JCPES 9/98. Support among African Americans was 66%, a bit higher than among whites. It stayed essentially the same in November 2005.
- ⁴² Seven CCFR surveys between 1982 and 2004 show widespread support for expanding Social Security. On resistance to any lowering of Social Security benefits see Cook and Jacobs "Assessing Assumptions"; Lawrence R. Jacobs and Robert Y. Shapiro. "Is Washington Disconnected from Public Thinking about Social Security," The Public Perspective, June/July 1998: 54-57; Lawrence R. Jacobs and Robert Y. Shapiro. "Myths and Misunderstandings About Public Opinion Toward Social Security." In Framing the Social Security Debate. Edited by R. Douglas Arnold, Michael Graetz, and Alicia Munnell (Brookings, 1998), pp.355-88.
- ⁴³ Our question: "A proposal has been made that would allow or require people to put a portion of their Social Security payroll taxes into personal retirement accounts that would be invested in private stocks and bonds. Some people think that individuals would have more money for retirement if they were allowed to invest and manage some of their Social Security payroll taxes themselves. Others think that it is too risky and could leave some people without adequate money for retirement if the stock market were to decline in value significantly. Do you favor or oppose this proposal?"
- ⁴⁴ Advisory Committee on Social Security.
- ⁴⁵ Andrea Campbell, How Americans Think about Taxes: Public Opinion and the American Fiscal State (Princeton: Princeton University Press, forthcoming); 9/07 draft, p.31. Campbell shows that the ups and

downs in “too high” responses reflect changes in effective tax rates and in the perceived benefits from government programs.

⁴⁶ 37 surveys between 11/68 and 7/07 by NES (18), CBS and/or NYT (10), and others. The 1958 and 1964 NES surveys showed a more even balance between “a lot” and “some” waste, but only 10% and 7% “not very much.”

⁴⁷ 2005 figures from oecd.org.

⁴⁸ ICR for NPR, Kaiser and Harvard, 2-3/03; PSRA for Pew, 6/01; Gallup for Times Mirror, 1-2/89.

⁴⁹ Since our tax questions were asked toward the end of the Inequality Survey, one might object that respondents were “primed” to think about attractive spending programs before they got to taxes. But that is precisely the point. We are interested in what Americans think about taxes when they have in mind the real-world connections between taxing and spending.

⁵⁰ Princeton for Knight-Ridder 1/96 found that 68% favored using tax money for Food Stamps and 52% for welfare benefits.

⁵¹ Roper for Fortune, 3/39; Gallup for GM, 4-5/98; Gallup, 4/07.

⁵² GSS 3/87, 3/00.

⁵³ Bill Gates Sr. and Chuck Collins, “We Still Need the Estate Tax,” Miami Herald, December 26, 2006; Transcript of Bill Moyers interview with Bill Gates Sr. and Chuck Collins, 1/17/03, at pbs.org.

⁵⁴ In 2007 the maximum marginal tax rate on estate amounts well above the exclusion was 45% (see irs.gov.) The average rate for most estates was lower than that.

⁵⁵ Larry M. Bartels, “Unenlightened Self-Interest: The Strange Appeal of Estate-tax Repeal,” The American Prospect, May 17, 2004; Penn, Schoen 7/20-24/05 and 2/26/06 at coalition4americaspriorities.com; BNA, “Estate Taxes Poll Shows 85% of Voters Favor Eliminating, Reducing Estate Tax,” at policyandtaxationgroup.com. Luntz tried to hype the 35% pro-repeal figure up to 85% by lumping repealers together with those who favored reduced rates.

⁵⁶ OMB, Budget of the United States, FY 2008, gpoaccess.gov/usbudget/fyo8, Table 2.2; letter from CBO Director Peter Orszag to Senator Kent Conrad, 5/18/07, at cbo.gov.

⁵⁷ U.S. Budget FY 2008, Table 2.2.

⁵⁸ See Bartels, “Homer Gets a Tax Cut: Inequality and Public Policy in the American Mind.” Perspectives on Politics 3:1 (March 2005), 15-31; “Unenlightened Self-Interest: The Strange Appeal of Estate Tax Repeal.” The American Prospect, June 2004, A17-A19.

⁵⁹ See Benjamin I. Page and Robert Y. Shapiro, The Rational Public: Fifty Years of Trends in Americans’ Policy Preferences (Chicago: University of Chicago Press, 1992); Lawrence R. Jacobs and Robert Y. Shapiro, Politicians Don’t Pander: Political Manipulation and the Loss of Democratic Responsiveness (Chicago, University of Chicago Press, 2000); Benjamin I. Page with Marshall M. Bouton, The Foreign Policy Disconnect: What Americans Want from Our Leaders but Don’t Get (Chicago, University of Chicago Press, 2006).

⁶⁰ These matters are pursued further in Benjamin I. Page and Lawrence R. Jacobs, Class War? Economic Inequality and the American Dream, in progress.