EXPERT AND PUBLIC ATTITUDES TOWARDS TAX POLICY: 2013, 1994, AND 1934

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What do tax policy “experts” think about tax policy issues, and why do these views differ so strikingly from those held by the general public? To explore these questions, we examine the results of a recent survey of tax policy experts who are members of the National Tax Association (NTA). We compare those responses to two previous surveys — one conducted in 1994 of NTA members and the other in 1934 of U.S. public finance professors.

Policy should not necessarily follow expert opinion, especially when experts are sharply divided. The latter is not new information. George Bernard Shaw (1856-1950), playwright and co-founder of the London School of Economics, was attributed to saying, “If all economists were laid end to end, they would not reach a conclusion.”

Of as much interest and importance are the opinions held by the general, perhaps voting, public, in part to understand why the views of “experts” are not always decisive in the policy arena. To shed some light on these opinions, we also surveyed the general public on a subset of the questions that we asked NTA members, and discovered a large divergence between the two groups’ answers.

Indeed, of the 20 yes-or-no questions given to both groups, on only five questions was the public response within 20 percentage points of the economists! As an extreme example, while 85 percent of experts supported extending retail sales tax to services, only 17 percent of the public were of the same mind. While there is overwhelming support for a carbon tax among economists, a minority (38 percent) of the public supports the policy.

One clear result is that, in sharp contrast to the NTA members, the public generally opposes measures that would broaden the tax base. There was robust public support for maintaining deductions for mortgages (90 percent), charitable contributions (88 percent), and state and local taxes (82 percent). Eighty-five percent agreed that employer-provided health insurance benefits should be exempt from taxable income. The opinions of NTA members were much more split on each of these questions relative to the public, and in each case a majority favored eliminating these provisions.

An even more striking divergence arises for the only “values” question asked of the public: while 85 percent of NTA respondents agreed that redistribution is a legitimate role of government, only 25 percent of the public agreed. Economic experts and the public also differed substantially on the two questions regarding how the economy works. For example, while two-thirds of NTA members believe reducing marginal income tax rates induce a positive labor supply response, only approximately one-third (36 percent) of the public agreed.

However, NTA members and the public were largely in agreement on four questions. Only 18 percent of economists think that the top marginal tax on income should be 50 percent or higher, as do 17 percent of the public. Only a small minority of both the public and economists support a special tax based on the fat content of processed foods, while the majority of each group believes evasion penalties should be substantially increased. There is also strong support among the public for taxing foreign-source income in the United States, and majority support among the NTA respondents.

What drives the differences in professional and public opinions about tax policy? Differing demographics may play a role, as may differences in values and views about the economic consequences of tax policy alternatives. Although demographic information for the NTA respondents is limited, NTA members are likely to differ on a number of such dimensions from the general public. NTA members are on average older and more likely to hold an advanced degree. Further, we suspect that part of the divergence arises because experts are trained to think of policy changes in a balanced budget framework, so that supporting a tax cut must also mean raising some other tax or cutting some government expenditures. Absent that connection, lower taxes and narrow bases can indeed look attractive.
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