
Public Opinion and the Politics of Tax Policy: From Bush to Obama

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The Bush Tax Cuts

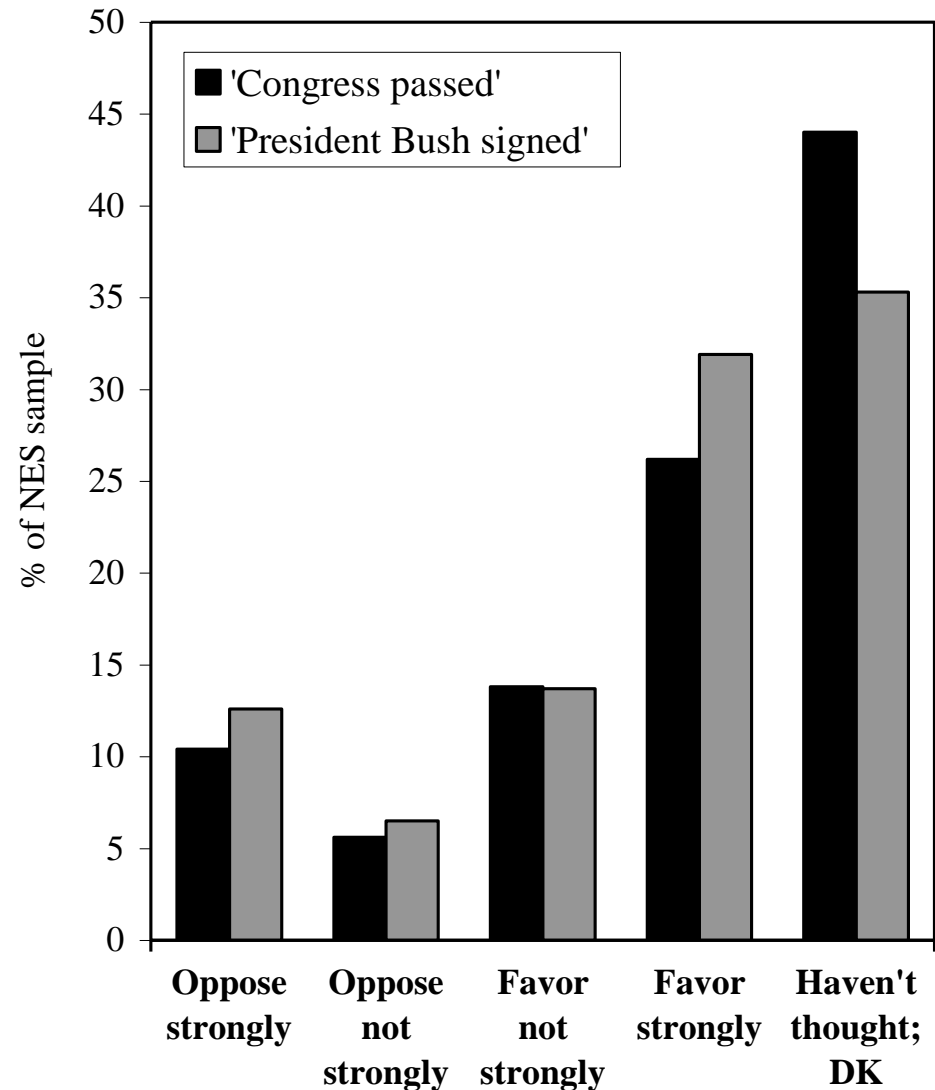
Public support was widespread, but remarkably tenuous and often unconnected (or misconnected) to relevant values and interests.

Public Expectations for the 2001 Tax Cut

	Expect	Do not expect	Depends; Not sure
The wealthy will benefit more from the tax cut than the middle class	74%	21%	5%
The tax cut won't give enough help to those with lower incomes	57%	38%	5%
It will help prevent an economic recession	50%	40%	10%
Special-interest groups will benefit the most from a tax cut	50%	40%	10%
The tax cut will leave too little money for social programs	42%	50%	8%
The average taxpayer will get substantial tax relief	38%	57%	5%
You personally will get substantial tax relief	28%	67%	5%

Despite these misgivings, supporters of the tax cut outnumbered opponents by more than two to one—though 40% of the public said they hadn't thought about it!

Figure 1
Public Support for the 2001 Tax Cut

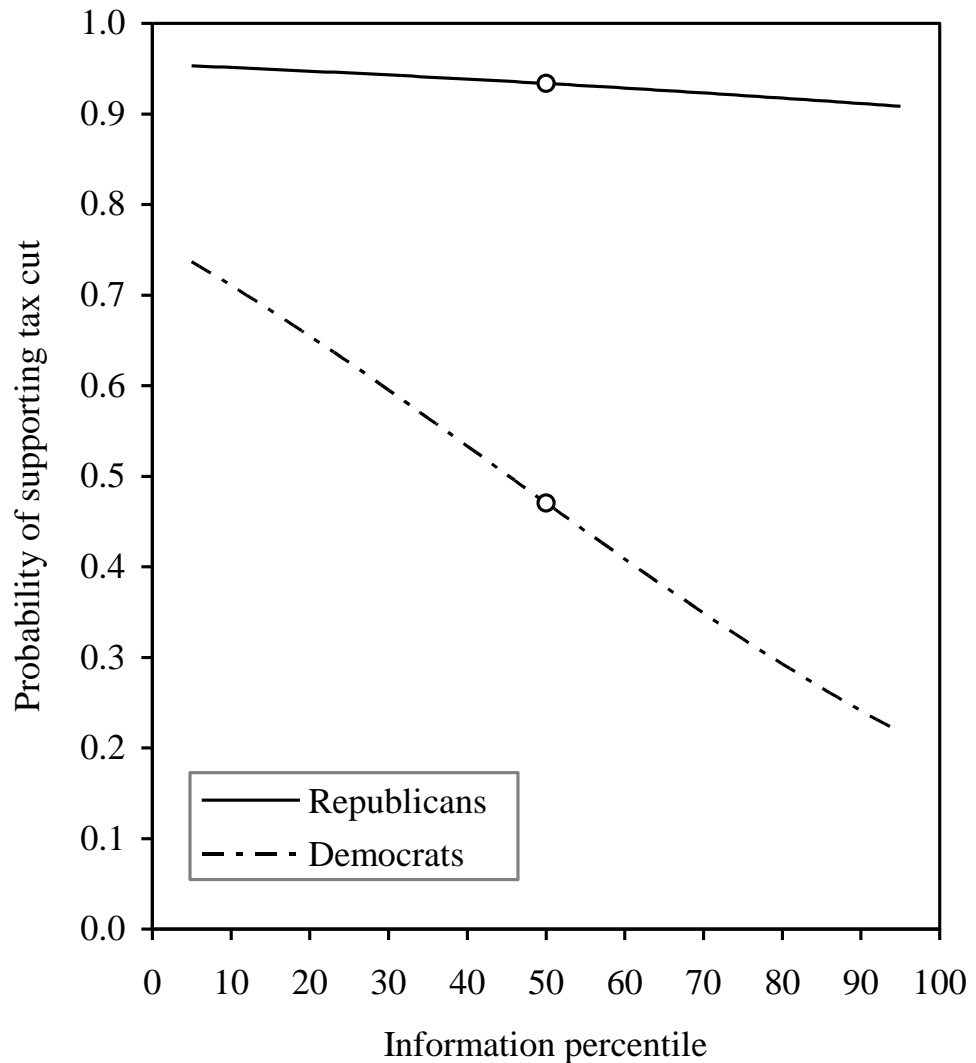


Primary bases of public support for the 2001 tax cut:

- Republican partisanship
 - Conservative ideology
 - Perceptions of own tax burden (“unenlightened self-interest”)
 - NOT views about economic inequality or tax burdens of the rich or support for government programs (or income)
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While Republicans were almost uniformly supportive, so were large numbers of uninformed Democrats (and Independents).

Figure 2
**Support for the 2001 Tax Cut
by Partisanship and Information Level**



Public thinking seems to be even shallower with respect to trade-offs, the crux of tax policymaking.

Insofar as they embrace any departure from the status quo, citizens seem to prefer domestic spending to tax cuts and tax cuts to deficit reduction.

(Piling up debt in pursuit of economic stimulus seems very unlikely to generate significant public opposition.)

Taxes versus Domestic Spending

	Oppose tax increases in order to increase spending	Favor tax increases in order to increase spending	<i>Total</i>
Oppose spending cuts in order to cut taxes	44.4%	31.6%	76.0%
Favor spending cuts in order to cut taxes	15.8%	5.1%	20.8%
<i>Total</i>	60.1%	36.7%	96.8%

Taxes versus Budget Deficit

	Oppose tax increases in order to cut deficit	Favor tax increases in order to cut deficit	<i>Total</i>
Oppose deficit increase in order to cut taxes	38.5%	15.0%	53.5%
Favor deficit increase in order to cut taxes	37.0%	5.9%	42.9%
<i>Total</i>	75.5%	20.9%	96.4%

Taxes as an Issue in the 2008 Election

Obama's oft-repeated promise to restrict tax increases to top income earners blunted a long-standing Republican advantage on the issue.

The 2008 Campaign and Public Perceptions of the Candidates' Tax Policies

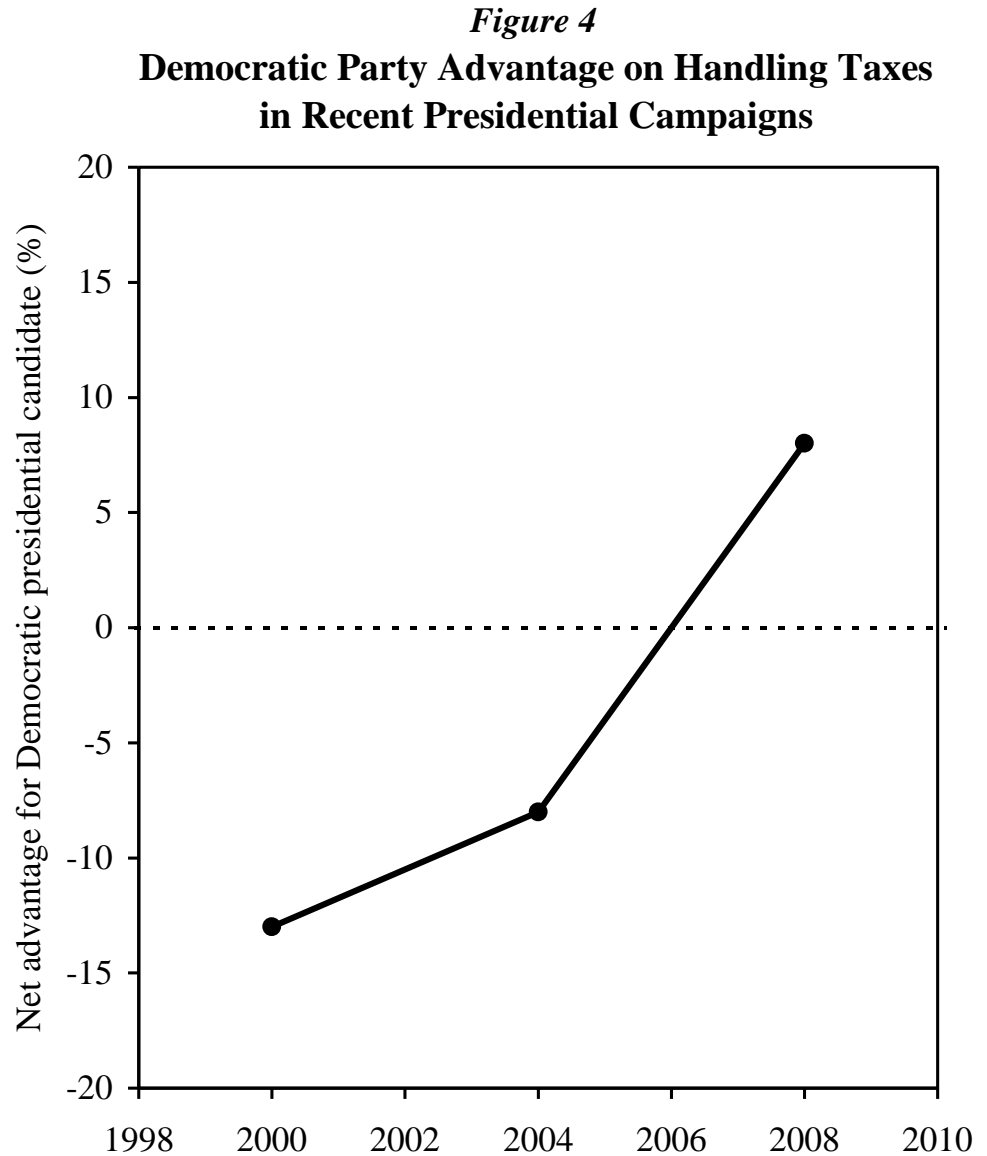
“If he were elected President, do you think [Barack Obama/John McCain] would raise taxes on people like yourself, or wouldn't he do that?”

	10-13 October	25-29 October	<i>Change</i>
<i>Obama</i>			
Would	46%	50%	+4%
(Independents)	(45%)	(44%)	(-1%)
Would not	41%	44%	+3%
DK/NA	13%	6%	-7%
<i>McCain</i>			
Would	51%	46%	-5%
(Independents)	(46%)	(44%)	(-4%)
Would not	38%	47%	+9%
DK/NA	11%	7%	-4%

The 2008 Campaign and Public Support for Economic Redistribution

	6-9 April	23-26 October	<i>Change</i>
<i>Favor more even distribution of money and wealth</i>	68%	58%	-10%
(Republicans)	(47%)	(30%)	(-17%)
(Independents)	(67%)	(60%)	(-7%)
(Democrats)	(84%)	(84%)	(0%)
<i>Favor redistribution by taxing the rich</i>	51%	46%	-5%

Despite “Joe the Plumber” and the specter of socialism, most voters favored Obama over McCain on the issue of taxes.



Whether the candidates' tax plans and promises had any appreciable impact on voting behavior or the election outcome is unclear.

However, the fact that voters seemed to endorse Obama's handling of the issue—at least by comparison with McCain's—will provide some symbolic capital for the new administration as it attempts to shape tax policy in the months and years to come.

More generally, specific public sentiment about tax policy will be less important than the ideological convictions of key policymakers.

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As President Obama told Rep. Eric Cantor (R-VA) about a refundable payroll tax credit:

“You’re correct, there’s a philosophical difference, but I won, so we’re going to prevail on that.”
