A Tale of Two Tax Cuts, a Wage Squeeze, and a Tax Credit

***Abstract -** Major developments in tax policy seem less affected by public preferences than by the ideological convictions of partisan elites. The Bush administration's massive tax cuts attracted broad but quite superficial and seemingly confused public support. The estate tax flourished for decades despite considerable public antipathy, but was phased out within five months after Republicans captured the presidency and Congress in 2001. Meanwhile, the public has strongly and consistently favored increases in the minimum wage, but its real value has declined by 40 percent since 1968, while the Earned Income Tax Credit, which has much more tenuous public support, has expanded dramatically.*

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INTRODUCTION

The past five years have seen a series of major federal tax cuts instigated and implemented by President Bush and Republican majorities in Congress. The cumulative effect of these policy changes has been to reduce actual and projected federal tax revenues—and the actual and projected tax burden on American taxpayers—by *trillions* of dollars. For complicated procedural reasons, all of these tax cuts were designed to expire within a decade. Whether they do in fact expire or get extended indefinitely is one of the most consequential policy choices facing the United States over the next five years.

Earlier this year, the Senate voted "largely along party lines" to extend some elements of the Bush tax cuts at a cost of nearly $70 billion. However, one press account noted that "even as Senate Republicans celebrated, they failed to reach agreement with House Republicans on scores of other tax breaks," and warned that even this limited extension "could set the stage for budgetary heartburn in the years ahead," while full–scale extension "would cost hundreds of billions of dollars a year, posing excruciating budget choices for the next president" (Andrews, 2006a).

To what extent do these and other major developments in the realm of tax policy hinge on citizens' attitudes and knowledge? My answer is "not much." While it might be nice, from the perspective of popular sovereignty, to suppose that public preferences are a key consideration in the policy–making process, my selective examination of the history of tax policy–making suggests that public support is neither necessary nor sufficient to account for the genesis or persistence of major policies in this domain.

There are a variety of good reasons why public preferences might not translate directly into policy. First, ordinary citizens' specific policy views, insofar as they exist at all, are often vague, misinformed, fragmented, and casually held. Political leaders seeking to govern sensibly and successfully may often prefer to give people policies whose effects they will like rather than the policies they say they want. Second, the American institutional structure of checks and balances creates multiple veto points for entrenched minorities intent on preserving the status quo. Third, elected officials depend for reelection on the political support of party leaders, activists, campaign contributors, and primary voters as well as ordinary citizens, and when these core supporters have distinctive preferences or priorities they are likely to pull policy in their direction.[1]

All of these considerations seem to figure significantly in the formation of tax policy. However, the ideological convictions of key policy–makers appear to be an even more crucial factor. Those convictions are reflected particularly clearly in substantial and consistent partisan differences in the ideological rhetoric and behavior of Democratic and Republican elected officials. Ideological rhetoric, partisan agenda–setting, and party–line votes have become increasingly commonplace in the polarized environment of contemporary Washington, and they have been especially prominent in the recent history of tax policy–making (Hacker and Pierson, 2005). What may be more surprising is the extent to which historical patterns of policy–making underline the importance of ideological convictions: when elite ideologies and public opinion conflict, even strong and stable public preferences may be systematically frustrated for decades.

THE BUSH TAX CUTS

Tax cuts were the centerpiece of George W. Bush's 2000 presidential campaign platform. Less than five months after President Bush took office, and at his urging, Congress passed the Economic Growth and Tax Relief Reconciliation Act (EGTRRA), a major package of tax cuts including phased reductions in federal income tax rates, increased child credits, higher limits on contributions to tax–free retirement and educational savings accounts, and a gradual phaseout of the federal estate tax. According to the Joint Committee on Taxation, the total EGTRRA package will cost the federal Treasury more than $1.3 trillion through 2010. At that point all of the changes were scheduled to expire, returning the whole tax system to the status quo ante.

In January 2003 President Bush proposed another "economic growth" package including more than $700 billion in further tax cuts (along with $4 billion for personal reemployment accounts). The new proposal exempted corporate dividends from taxation as personal income, reduced capital gains taxes on sales of corporate stock, and accelerated major elements of the 2001 tax cut scheduled to take effect between 2006 and 2010, including reductions in the top four tax rates. Moderate Republican senators concerned about the budgetary consequences of major additional tax cuts in an altered climate of economic stagnation, increasingly pessimistic deficit forecasts, and an expanding global war on terror insisted on limiting the new tax cut to $350 billion—less than half of what President Bush had proposed. After intensive bargaining, a compromise brokered by Vice President Richard Cheney

[1] Pertinent general treatments of American politics and policy–making include Key (1961); Fiorina (1981); Arnold (1990); Krehbiel (1998); and Jacobs and Shapiro (2000).

passed both houses of Congress, with 246 of 255 Democrats opposed, 272 of 276 Republicans in favor, and Cheney casting a tie–breaking vote in the Senate. The revised package, the Jobs and Growth Tax Relief Reconciliation Act (JGTRRA), succeeded in fitting much of what Bush had asked for into a $318 billion ten–year plan by making the most popular elements, tax breaks for married couples and an increased child credit, expire in two years and the more expensive cuts in taxes on dividends and capital gains expire in five years (Rosenbaum and Firestone, 2003).

The policy priorities reflected in the 2001 and 2003 tax cuts—reductions in the top marginal tax rates, favorable treatment of business and investment income, and a phaseout of the estate tax—were all long–standing conservative Republican priorities. Some critics complained that these provisions provided too much tax relief to the wealthy and too little to the middle class and the working poor.[2] Others argued that JGTRRA, in particular, was an ideological reflex ill–suited to the ominous economic, fiscal, and national security circumstances of 2003. Prominent political columnist David Broder (2003) called it "one of the strangest, least plausible tax bills in history." Even a former Republican cabinet official complained about "Republicans' irresponsible obsession with tax cutting" (Peterson, 2003, 18).

The National Election Study (NES) surveys conducted just before and after the 2002 and 2004 elections included questions tapping public support for the Bush tax cuts.[3] In the 2002 NES survey, respondents were asked whether they favored or opposed the "big tax cut" passed "last year."[4] In 2004 they were asked about the "big tax cut" passed "a few years ago." The distributions of responses to these questions are shown in Table 1. In both years, supporters of the tax cut outnumbered opponents by a substantial margin—by more than two to one in 2002, and by more than three to two in 2004. Moreover, most of those supporters said they favored the tax cut "strongly."

Taken at face value, the results of these and other opinion surveys provide considerable evidence of strong public support for tax cuts along the lines pursued by President Bush. However, one striking aspect of the responses to the NES surveys suggests that public support for the Bush tax cuts should *not* be taken at face value. In both years, the NES questions invited respondents to say

TABLE 1
PUBLIC SUPPORT FOR THE BUSH TAX CUTS, 2002 AND 2004

"As you may recall, Congress passed [President Bush signed] a big tax cut last year [a few years ago]. Did you FAVOR or OPPOSE the tax cut, or is this something you haven't thought about? Did you favor [oppose] the tax cut STRONGLY or NOT STRONGLY?"

	2002		2004	
Favor strongly	29.0%		27.4%	
Favor	13.8%	42.8%	10.9%	38.3%
Oppose	6.0%	17.5%	7.9%	24.6%
Oppose strongly	11.5%		16.7%	
Don't know; Haven't thought about it	39.7%		37.1%	

Source: 2002 and 2004 National Election Studies. N = 1,511 (2002); 1,212 (2004).

[2] For example, a study of EGTRRA released by Citizens for Tax Justice (2002) estimated that the top one percent of households would receive a total of $477 billion in tax breaks over a ten–year period (an average of $342,472 each), while the bottom 60 percent would receive a total of $268 billion (an average of $3,251 each).

[3] The data, codebooks, and more detailed information about the study design are publicly available from the NES website: www.umich.edu/~nes.

[4] The 2002 NES survey included two different versions of the tax cut question. Half the respondents were asked about the tax cut "Congress passed," while the other half were asked about the tax cut "President Bush signed." The distributions of opinion for both versions of the question were similar, so I simply combine them here.

that they "haven't thought about" whether they favored or opposed the 2001 tax cut. Remarkably, almost 40 percent of the respondents in both years availed themselves of that opportunity. Even by the time of the 2004 election, more than two years after the Bush tax cuts began to take effect, 37 percent of the American public claimed not to have thought about whether they favored or opposed them. By this measure, at least—and notwithstanding the vastness of the fiscal and political stakes—public thinking about the Bush tax cuts seems to have been remarkably superficial.

Detailed examination of the bases of public enthusiasm for the Bush tax cuts provides additional evidence that public opinion on this issue was ill–informed, insensitive to some of the most important implications of the tax cuts, and oddly disconnected from (or misconnected to) a variety of relevant values and interests. For example, the regression analysis reported in the first column of Table 2 relates support for the Bush tax cuts in 2002 (among NES respondents who expressed either support or opposition) to respondents' perceptions of their own tax burden, the tax burden of the rich, and the tax burden of the poor.[5] Since the 2001 tax cut included some direct benefits for most taxpayers, there was some reason for respondents who thought they

TABLE 2
SELF–INTEREST, POLITICAL VALUES, AND SUPPORT FOR TAX CUTS
Parameter Estimates from Instrumental Variables Regressions (with Standard Errors in Parentheses)

Own Tax Burden	0.374	0.273	0.518
(–1 to +1)	(0.094)	(0.092)	(0.109)
Rich Tax Burden	0.353	–0.065	–0.055
(–1 to +1)	(0.070)	(0.081)	(0.081)
Poor Tax Burden	0.046	0.137	–0.047
(–1 to +1)	(0.119)	(0.114)	(0.126)
Republican Party Identification	—	0.631	0.494
(–1 to +1)		(0.138)	(0.140)
Conservative Ideology	—	0.192	0.472
(–1 to +1)		(0.208)	(0.217)
Government Spending Preferences	—	—	0.296
(–1 to +1)			(0.196)
Perceived Government Waste	—	—	–0.919
(0 to +1)			(0.265)
Family Income	–0.00023	–0.00234	–0.00251
(in $1000s)	(0.00087)	(0.00094)	(0.00098)
Intercept	0.300	0.259	0.742
	(0.065)	(0.084)	(0.233)
Standard error of regression	0.744	0.716	0.712
Adjusted R^2	0.12	0.18	0.19

Source: 2002 National Election Study. N = 889 (excluding "Haven't thought").

[5] The parameter estimates are from instrumental variables regression analyses with perceived tax burdens in the 2002 post–election NES survey used as instruments for the corresponding perceived tax burdens in the pre–election survey. (Since the tax cut questions appeared in the pre–election wave of the survey, using perceived tax burdens in the post–election wave as instruments for perceived tax burdens in the pre–election wave guards against the possibility that survey context or question ordering effects inflate the relationship between perceived tax burdens and views about the tax cut.) The instrumental variables estimator produces less efficient parameter estimates than ordinary regression analysis, but avoids substantial biases due to measurement error in the perceived tax burdens. More detailed discussion of the statistical analyses appears in Bartels (2005).

are asked to pay too much to support it. On the other hand, since most of the benefits were targeted to wealthy taxpayers, most respondents had even better reason to oppose the tax cuts if they felt that rich people are asked to pay too little, and perhaps some reason to oppose the cuts if they felt that they are asked to pay too much (insofar as they viewed tax cuts for the rich as likely to increase their own future taxes through burden–shifting).

The regression results presented in the first column of Table 2 demonstrate that respondents' perceptions of their own tax burden and of the tax burden of the rich were both strongly related to support for the 2001 Bush tax cut. However, additional analysis reported in the second and third columns of Table 2 suggests that only the former result survives the inclusion of additional explanatory variables tapping respondents' more general political values. In the second column, party identification has a powerful effect on support for the tax cut (though political ideology does not). In the third column, both party identification and ideology appear to have powerful effects, but two additional explanatory variables—government spending preferences and perceptions of government waste—also have strong apparent effects that seem contrary to political logic. (Respondents who said they supported more spending on a variety of government programs were *more* likely to favor the 2001 tax cut, while those who thought the government wastes a lot of money were *less* likely to do so.)

In both these analyses, views about whether rich people should pay more or less in taxes had no effect at all on support for the tax cut, despite the fact that most of the tax relief provided by EGTRRA was targeted to wealthy taxpayers. On the other hand, respondents' perceptions of their own tax burden continued to have a powerful effect. Indeed, in the analysis presented in the third column of Table 2, respondents' perceptions of their own tax burden were the single most powerful predictor of support for the Bush tax cut. Moreover, since respondents' perceptions of their own tax burden were highly skewed, with almost half saying they are asked to pay more than they should and only a few percent saying they are asked to pay less than they should, this effect contributed substantially to the strong overall support for the tax cut in the NES sample.

A good deal of further evidence of public inattention and uncertainty in the general domain of tax policy appeared in a 2003 survey of Americans' views on taxes sponsored by National Public Radio, the Kaiser Foundation, and Harvard's Kennedy School of Government. Asked whether they pay more in federal income tax or Social Security and Medicare tax, 34 percent of respondents said they didn't know (and most of the rest were wrong). Asked whether they were eligible for the Earned Income Tax Credit, 28 percent said they didn't know. Asked whether Americans pay more or less of their income in taxes than Western Europeans, 42 percent said they didn't know. Asked whether they had heard about a proposal in Washington to do away with taxes on corporate dividends—the centerpiece of President Bush's new tax proposal and a prominent feature of political debate in the month before the survey—61 percent said no. Asked whether the 2001 tax cuts should be speeded up, 48 percent said they didn't know. Asked whether the cuts should be made permanent rather than being allowed to expire in 2011, 60 percent said they didn't know. Asked whether speeding up the cuts and making them permanent would mainly help high–income, middle–income, or lower–income people, 41 percent said they didn't know.[6]

[6] National Survey of Americans' Views on Taxes, April 2003: www.kff.org, www.npr.org. The wording of the questions and complete marginal distributions are reported in Bartels (2005). The survey data are available from the Roper Center's *iPOLL* archive.

In short, while public opinion has been (and presumably still is) generally supportive of tax cuts, there is plenty of evidence of ignorance and uncertainty about the workings of the tax system and the implications of the policies under consideration or actually adopted in Washington. Much of the public is unclear about basic facts in the realm of tax policy, and some of what the public does "know" is patently false. Much of the average citizen's enthusiasm for the Bush tax cuts, in particular, seems to rest on a simple–minded (and largely irrelevant) aversion to her own tax burden; and a remarkable number of people, if offered the chance, will say that they "haven't thought about" these policy changes, despite the fact that their fiscal consequences are reckoned by experts in *trillions* of dollars.

In their analysis of "The Bush Tax Cuts and the Limits of Democratic Control," Hacker and Pierson (2005, 34, 38) argued that,

> Far from representing popular wishes, the size, structure, and distribution of the tax cuts passed in 2001 were directly at odds with majority views. ... We certainly would not deny that there are elements of American opinion that support tax cuts. What we do deny is that it makes sense to say Americans "wanted" the 2001 tax cuts when there is ample evidence not only that they would have preferred other policy priorities and other sorts of tax cuts, but also that political elites deliberately set the agenda and designed key policy features to prevent voters from fully perceiving aspects of the tax cuts that they opposed.

Unlike Hacker and Pierson, I interpret the survey results reported in Table 1 as strong evidence of public support for the 2001 tax cut, at least among the 60 percent of the public that bothered to have an opinion. At the same time, I agree that "political elites deliberately set the agenda and designed key policy features" in order to serve their own ideological ends, not some independent, politically coherent and identifiable public will. Indeed, given the complexity of the policy options and the tenuous nature of public opinion in this domain, I am inclined to doubt that political elites could have identified an independent, politically coherent public will even if they wanted to be guided by its dictates (Bartels, 2003). Thus, while public opinion may be characterized as generally supportive of the Bush tax cuts, it can hardly be plausibly characterized as a primary impetus for these major shifts in tax policy.

ESTATE TAX REPEAL

For many liberal observers, the most egregious feature of the Bush tax cuts was the gradual phaseout and temporary repeal of the federal estate tax. In 2002 the estate tax was only assessed on estates worth $1 million or more, and many of those were exempted. Under EGTRRA, the estate tax threshold will gradually increase to $3.5 million in 2009, while the tax rate will gradually decline. The estate tax will be totally repealed in 2010, but then reinstated in its pre–2002 form in 2011 absent further action by Congress. (This spring, a bill providing for permanent repeal attracted 57 votes in the Senate, three votes short of the support necessary to overcome a Democratic filibuster.)

The economic effect of the estate tax phaseout is relatively modest in the overall scheme of the Bush tax cuts; the Joint Committee on Taxation has estimated that it will cost the federal government $186 billion through 2011, less than 15 percent of the total cost of the 2001 EGTRRA legislation alone. Nevertheless, the phaseout—not to mention the potential permanent repeal—of a tax that is "the most progressive part of the tax law" (Graetz and Shapiro, 2005, 3) and "as efficient, fair and painless" as any element of the federal tax system (Frank, 2005) clearly strikes some observers as indicative of a serious failing in the policy–making process.

The 2002 NES survey included questions focusing on the ongoing controversy about "doing away with the tax on large inheritances."[7] As with the Bush tax cuts more generally, a large majority favored repealing the estate tax. Almost 50 percent of the public "strongly" favored repeal, while another 18 percent were less strong supporters; only 25 percent opposed repeal, and they were mostly not "strongly" opposed. (They were also less likely than supporters of repeal to say that this issue was "very important" to them personally.)[8]

The depth of public antipathy toward the estate tax is evident in Table 3, which shows how the proportion of people favoring repeal of the tax varied with seemingly relevant circumstances and political views. In the sample as a whole, almost 68 percent favored repeal. But even among people with family incomes of less than $50,000 (about half the sample), 64 percent favored repeal. Among people who wanted to spend more money on a variety of federal government programs, 66 percent favored repeal. Among people who said that the difference in incomes between rich and poor has increased in the past 20 years *and* that that is a bad thing, 66 percent favored repeal. Among those who said that government policy is a "very important" or "somewhat important" cause of economic inequal-

TABLE 3
OBTUSE SUPPORT FOR REPEALING THE ESTATE TAX

"There has been a lot of talk recently about doing away with the tax on large inheritances, the so–called 'estate tax' ['death tax']. Do you FAVOR or OPPOSE doing away with the estate tax [death tax]?"

	Favor Repeal	Oppose Repeal	N
Total Sample	67.6%	27.2%	1,346
Among those who . . .			
have family incomes of less than $50,000	63.5%	29.1%	650 (48%)
want more spending on most government programs	66.3%	28.3%	1,232 (92%)
say income gap has increased and that is a bad thing	65.5%	31.3%	594 (44%)
say government policy contributes to differences in income	64.3%	30.4%	844 (63%)
say rich people pay less than they should in federal income taxes	65.2%	31.4%	674 (50%)
All of the above	64.1%	32.4%	145 (11%)

Source: 2002 National Election Study. N = 1,346 (Post–election).

[7] As with the broader question about the Bush tax cut, the NES question about repealing the inheritance tax was asked in two different forms, one referring to the "estate tax" and the other to the "death tax." Since the emotionally charged "death tax" label has been aggressively championed by proponents of repeal, it might be expected to generate more public support for repeal than the "estate tax" wording. It did—but only by a few percentage points. Given the similarity of results for the two question wordings, I simply combine them here.

[8] The NES data are consistent with those from other surveys that have asked about repealing the estate tax. For example, the 2003 NPR/Kaiser Foundation/Kennedy School survey found 54 percent of the public in favor of repealing the "federal estate tax" and 16 percent opposed (with 29 percent saying they "don't know enough to say"); 60 percent favored repealing the tax when the phrase "death tax" was mentioned in the question (with 15 percent opposed and 26 percent saying they "don't know enough to say").

ity (almost two–thirds of the sample), 64 percent favored repeal. Among those who said that the rich are asked to pay too little in federal income taxes (half the sample), 65 percent favored repeal. And, most remarkably, among those with family incomes of less than $50,000 who want more spending on government programs *and* said income inequality has increased *and* said that is a bad thing *and* said that government policy contributes to income inequality *and* said that rich people pay less than they should in federal income taxes—the 11 percent of the sample with the strongest conceivable set of reasons to support continuation of the estate tax—64 percent favored repeal.

If opinions about repealing the estate tax were virtually unrelated to circumstances and values like these, where *did* they come from? The regression analyses reported in Table 4 parallel those presented in Table 2 for the Bush tax cuts more generally, relating support for estate tax repeal in the 2002 NES survey to a variety of indicators of respondents' political values and perceived self–interest. The results indicate, not surprisingly, that ordinary people's views about estate tax repeal were in significant part a product of ideology and partisan attachments. As with the Bush tax cuts more generally, Republicans and (especially) conservatives were a good deal more likely than Democrats and liberals to favor estate tax repeal.

It is important to note, however, that the distributions of ideology and partisanship in the American public are not sufficiently skewed for their impact in Table 4 to imply much *net* support for estate tax repeal. Instead, as with the Bush tax cuts more generally, the most important single factor in accounting for the predominance of public support for estate tax repeal was respondents' attitudes about their own tax burden. People who said *they* are asked

TABLE 4
SELF–INTEREST, POLITICAL VALUES, AND SUPPORT FOR ESTATE TAX REPEAL
Parameter Estimates from Instrumental Variables Regressions (with Standard Errors in Parentheses)

Own Tax Burden	0.329	0.240	0.248
(–1 to +1)	(0.093)	(0.093)	(0.106)
Rich Tax Burden	0.146	0.010	0.007
(–1 to +1)	(0.070)	(0.074)	(0.075)
Poor Tax Burden	0.098	0.096	0.076
(–1 to +1)	(0.107)	(0.107)	(0.129)
Republican Party Identification	—	0.197	0.198
(–1 to +1)		(0.089)	(0.106)
Conservative Ideology	—	0.362	0.408
(–1 to +1)		(0.144)	(0.155)
Government Spending Preferences	—	—	0.126
(–1 to +1)			(0.236)
Perceived Government Waste	—	—	–0.048
(0 to +1)			(0.248)
Family Income	0.00172	0.00106	0.00110
(in $1000s)	(0.00073)	(0.00077)	(0.00078)
Intercept	0.184	0.175	0.160
	(0.052)	(0.064)	(0.207)
Standard error of regression	0.740	0.723	0.730
Adjusted R^2	0.01	0.05	0.03

Source: 2002 National Election Study. N = 1,346 (Post–election).

to pay too much in federal income taxes were substantially more likely to support repealing the estate tax—despite the fact that almost none of them would ever be subject to the tax. Even after allowing for the effects of family income, partisanship, ideology, government spending preferences, and perceptions of government waste, those who said they are asked to pay too much were significantly more likely to favor repeal. Since respondents were much more likely to think that they are asked to pay too much in taxes rather than too little, the impact of these views on the overall distribution of opinion about repealing the inheritance tax was substantial.

On the other hand, support for estate tax repeal was wholly unrelated to people's views about whether the rich pay too much or too little in taxes. Since the sole effect of repealing the estate tax would be to reduce the long–run tax burden of the wealthiest one or two percent of American taxpayers, it seems logical to expect that people who wanted the rich to bear a larger share of the tax burden would be especially likely to oppose repeal. They were not. Nor were people who said that the poor are overburdened by the tax system more likely to oppose repeal, notwithstanding the likelihood that repealing the estate tax would lead to increases in other, broader–based taxes, reductions in government services, and larger budget deficits.

These results reinforce the suspicion that public support for estate tax repeal has been bolstered by widespread misunderstanding of how the estate tax actually works. Such misunderstanding is certainly widespread. For example, when asked whether "most families have to pay the federal estate tax when someone dies or only a few families have to pay it," more than half the respondents in the 2003 NPR/Kaiser Foundation/Kennedy School survey said that most families have to pay, and an additional 18 percent said they did not know.[9] Thus, two–thirds of the American public apparently failed to recognize the single most important fact about the estate tax: that it is paid only by very wealthy people.

Would correcting this misconception produce widespread public support for the estate tax? That is much less clear. Americans have always found the juxtaposition of death and taxes peculiarly unsettling, even before conservatives began to mount a vigorous attack on the supposed iniquities of the "death tax" in the 1990s.

In their comprehensive account of estate tax repeal, Michael Graetz and Ian Shapiro (2005, 3) posed the "political mystery" of estate tax repeal:

> A law that constituted the blandest kind of common sense for most of the twentieth century was transformed, in the space of little more than a decade, into the supposed enemy of hardworking citizens all over this country. How did so many people who were unaffected by the estate tax—the most progressive part of the tax law—and who might ultimately see their own taxes increased to replace the revenues lost if the estate tax disappeared, come to oppose it? Who made this happen?
>
> The answers to these questions reveal a great deal about how American politics actually works in the age of polls, sound bites, think tanks, highly organized membership organizations, and single-issue coalitions.

[9] Another question in the same survey asked respondents who favored eliminating the estate tax about their reasons for doing so. More than six in ten endorsed the statement that "It affects too many people," while almost seven in ten agreed that "It might affect YOU someday." These results, too, suggest that a substantial number of people supported repealing the estate tax because they mistakenly believed that their own taxes would be lower as a result.

Graetz and Shapiro (2005, 85, 241–242, 89, 94, 98, 92–93) argued that a "growing think tank gap strengthened the hand of the repeal forces considerably. … In bringing the conservative tax–cutting agenda from the margins to the mainstream, the new think tanks have ... transformed the limits of acceptable conduct." In particular, the Heritage Foundation, a "colossus of ideologically focused conservatism, with an annual operating budget in excess of $30 million, would play a major role in moving estate tax repeal into the realm of the politically thinkable." They portrayed estate tax repeal as "an early and intense preoccupation at Heritage," which generated a "flood of activity" on the issue.

Eventually, 240 pages into their account, Graetz and Shapiro (2005, 242, 358) mentioned that the Heritage Foundation's total spending on estate tax repeal "from the mid–1990s through 1999" amounted to $250,000. Even with some allowance for the effects of "placing Heritage's considerable resources at the repeal coalition's disposal" in ways that are not reflected in that figure, it strains credibility to imagine that an expenditure of that magnitude—roughly two–tenths of one percent of the foundation's total spending during the years in which it pursued the issue of estate tax repeal—could reflect an "intense preoccupation" or produce a "flood of activity," much less constituting "a major role in moving estate tax repeal into the realm of the politically thinkable."

The fact of the matter is that strong public antipathy to the estate tax existed long before the Heritage Foundation got into the act. Although major survey organizations seem to have ignored the issue before the mid–1990s, vivid evidence of that antipathy is available from an unlikely source: in–depth interviews with working people on the subject of distributive justice. Summarizing the results of these interviews, which she conducted in New Haven in the mid–1970s, Jennifer Hochschild (1981, 280) noted that "almost everyone, rich and poor, is incensed that the very wealthy do not pay their fair share of taxes." At the same time, however, she noted that "no one is enthusiastic about, and very few even accept, inheritance taxes. On this point, the sanctity of private property overwhelms the principle of equality in the political domain. Policymakers who seek revenues and support for government expenditures should not publicize inheritance taxes, even for the very wealthy."

The examples Hochschild (1981, 152, 183, 201, 206, 221) provided of her working people's views about inheritance taxes sound uncannily similar to the focus–group–tested rhetoric of the repeal effort described by Graetz and Shapiro 25 years later:

> If I'm working and I'm banking my money, I'm planning for *their* [his children's] future. So hey, if I turn around and pass away, they got every right in the world to get what I worked for.
>
> [I]t's wrong, taking away money from somebody that has earned it. You pay taxes all your life on the money you earn, and then when you pass away and you leave some money to your relatives, you gotta take *more* money out of it. It seems like tax on top of tax.
>
> [A]wful, because it's in the family, and the family has a perfect right to hand it down to their children if they want to.
>
> Why should I work all my life and run the risk that three idiots that got jobs out of patronage are going to decide whether my daughter is going to get my money? No way. Before I'll do that, I'll stop working.
>
> Probably shouldn't be one. It's his money, he can do what he wants.

None of these ordinary working people was spurred to indignation by right–wing think tanks, sound bites, or well–organized political activists. They opposed the estate tax because it violated their deeply held views about family, work, and economic opportunity.

Even more surprising evidence of long–standing public antipathy to government interference with inheritance comes from an opinion survey commissioned by *Fortune* magazine in 1935.[10] In the midst of the most catastrophic economic depression in American history, *Fortune* asked survey respondents "How much money do you think any one person should be allowed to inherit?" The results are presented in Table 5.

Over half the respondents in the *Fortune* survey said there should be "no limit" on inheritances; only about 30 percent favored limits of less than $1 million (almost $15 million in current dollars). The editors of *Fortune* characterized these results as "astonishing" and an indication "that the nature of Public Opinion in this country is still all but unknown":

> [D]espite the various noises made by the Doctors Townsend, Long, and Coughlin, and despite, again, five long years of economic hardship, 44 per cent of the people supported the right of millionaires (constituting probably no more than .004 of 1 per cent of the people) to continue to possess a million invested dollars, subject only to present taxation. It was concluded that this phenomenon was partly due to the fear of a half of the people that any measure destroying the millionaire might come too close to touching their own prospects for attaining what they would consider modest wealth. But there is a difference between self–made wealth, a tradition to which many Americans continue to aspire, and inherited wealth, for which few have well–founded hopes. (In 1933 about 1,300,000 Americans died, of whom only 10,000, or .77 of 1 per cent, left taxable estates—$50,000 or more—with a net average value of $80,000.)

If Hochschild's New Haven working people sound like participants in Heritage Foundation focus groups, the editors of *Fortune* here sound like irritated 21st–century liberal intellectuals lecturing ordinary Americans about the actual workings of the estate tax and the unreality of their faith in economic opportunity. The lectures have never been very effective. On the other hand, it is hard to see any evidence here that the right–wing activism described by Graetz and Shapiro has been particularly effective, either. Hochschild clearly recognized 25 years ago that, from the perspective of "[p]olicymakers who seek revenues and support for government expenditures," estate tax repeal was a train wreck waiting to happen. At best,

TABLE 5
VIEWS ON THE RIGHT TO INHERIT, 1935

"How much money do you think any one person should be allowed to inherit?"

	$100,000 or less[a]	$100,000 to $1,000,000	Over $1,000,000[b]	No limit	Don't know
Total Sample	15.1%	15.5%	2.3%	51.7%	15.4%
Prosperous	8.9%	16.1%	2.5%	58.9%	13.6%
Upper Middle	13.8%	15.6%	2.8%	51.1%	16.7%
Lower Middle	16.0%	16.3%	2.5%	51.2%	14.0%
Poor	17.8%	15.3%	1.9%	47.1%	17.9%
Negro	15.0%	12.0%	1.3%	58.0%	13.7%

Source: Fortune Quarterly Survey. Sample size not reported.
[a]Includes "None" responses ranging from 0.4% to 1.0%.
[b]Includes "Over $10,000,000" responses ranging from 0 to 0.7%.

[10] Fortune, October 1935, 56–57. I am indebted to Adam Berinsky for calling this survey to my attention.

the Heritage Foundation helped draw the attention of conservative elites to a political opportunity that had gone unexploited for decades.

According to Graetz and Shapiro (2005, 118),

> no repeal effort ever got off the ground during the Ronald Reagan and George W. Bush administrations largely because most Washington insiders assumed that abolishing the estate tax was politically impossible. According to the orthodox wisdom, the vast majority of Americans would oppose repealing a steeply progressive tax that they would never themselves pay. It was not until the Gephardt–Waxman fiasco in 1992, when their gambit to cut the threshold to $200,000 blew up in Democrats' faces, that conservatives became alert to the possibility that they might have missed something.

My analysis strongly suggests that the "orthodox wisdom" described by Graetz and Shapiro was quite mistaken through much of the 20th century: far from opposing estate tax repeal, "the vast majority of Americans" would probably have been happy to support it. Thus, from the perspective of popular sovereignty, the real "political mystery" is not why the estate tax was repealed in 2001, but why it lasted as long as it did. The most plausible answer is that, even if conservative insiders had not "missed something" in their reading of public opinion, they would have run up against strong opposition from liberal Democratic elites whose own ideological values made them eager to retain "a steeply progressive tax."

This interpretation is indirectly bolstered by Graetz and Shapiro's own account of the last serious attempt to repeal the estate tax, by President Calvin Coolidge and Treasury Secretary Andrew Mellon in the mid–1920s. Mellon—himself one of the wealthiest men in America at the time—proposed abolishing the federal estate tax as part of a proposed $250 million post–war tax cut. As in 2001, estate tax repeal competed with a wide variety of other potentially popular tax cuts. The House of Representatives passed a $336 million tax cut, well in excess of the $250 million proposed by the administration. However, the chair and ranking minority member of the Ways and Means Committee, William Green (R–Iowa) and John Nance Garner (D–Texas), both strongly opposed estate tax repeal, and they succeeded in keeping it out of the House tax package, though the bill did cut the top estate tax rate in half and substantially increase the credit for state inheritance taxes. According to Graetz and Shapiro, "Green and Garner each faced strong constituent pressures to repeal the tax, but neither budged." In contrast, on the Senate side, Finance Committee chair Reed Smoot (R–Utah) supported repeal and managed to win his committee's support for a $362 million tax cut "by trading Republican support for lower income tax rates on middle–income people for Democratic votes for estate tax repeal." A conference committee appointed to reconcile the House and Senate plans ended up producing an even bigger aggregate tax cut than either chamber had originally voted—$381 million. Green succeeded in preventing total repeal of the estate tax; nevertheless, the final bill cut estate tax rates, increased the credit for state estate taxes, and increased the exemption to $100,000.[11]

Nothing in this episode suggests that estate tax repeal was politically unthinkable in the 1920s. Quite to the contrary, it was intensely debated in the context of a broader tax–cutting initiative, it passed in the Senate, and it seems to have fallen by the wayside in conference committee primarily due to the strong opposition of a single strategically placed committee

[11] My account of the 1920s repeal effort follows that of Graetz and Shapiro (2005, 221–5).

chair who refused to budge in the face of "strong constituent pressures to repeal the tax."

Having narrowly failed to repeal the estate tax in the 1920s, only a decade after its inception, Republicans would have to wait a long time for another opportunity. The Great Depression, though it could not produce significant public enthusiasm for inheritance taxes, did produce something even more important—durable Democratic majorities in Congress. The House remained in Democratic hands for 60 of the 64 years between 1931 and 1994, and the only instance of unified Republican control for the remainder of the century was a tenuous two–year period at the beginning of the first Eisenhower administration, when the Republicans held a ten–seat margin in the House and a one–seat margin in the Senate.

Republicans won control of the House in 1994 and soon began pushing estate tax repeal. By the late 1990s predominantly Republican majorities in both houses of Congress favored repeal, but were far from being able to override a veto by Democratic president Bill Clinton. When the bitterly contested 2000 election left the White House in Republican hands, producing the first unified Republican government in almost half a century, it took less than five months for the estate tax phaseout to be passed and signed into law.

The lesson I draw from this history is that strong public support for estate tax repeal was certainly not sufficient, and probably not necessary, for repeal to happen. When conservative Republicans controlled the levers of power in Washington in the 1920s, they came close to engineering repeal, but were stymied by the opposition of a single obstinate committee chair. When Democrats were in control in the 1930s, 1940s, and 1960s, estate tax repeal was the furthest thing from any sensible politician's mind, regardless of what the public thought of the idea. During periods of divided government, including the Reagan and George W. Bush administrations, it would have been quite reasonable for "Washington insiders" to continue to assume "that abolishing the estate tax was politically impossible"—not because "the vast majority of Americans would oppose repealing a steeply progressive tax that they would never themselves pay," but because liberal Democratic lawmakers were willing and able to prevent it.

The most recent episode in estate tax policy–making underscores the importance of both elite partisanship and institutional checks on majoritarian policy–making in the contemporary American political system. Earlier this year the Senate narrowly failed to enact a permanent repeal of the estate tax. Republican leaders mustered a 53–2 majority for repeal in their own caucus, but attracted only four of 43 Senate Democrats to their cause and, thus, fell three votes short of the 60 needed to cut off a Democratic filibuster. According to one press report (Andrews, 2006b), "Republicans are now debating whether to give up on their goal and attack Democrats in the coming midterm elections as obstructionists on a measure that they say has considerable support, or settle for a bipartisan measure that would stop short of eliminating the tax entirely."

The fact that Republicans view estate tax repeal as a potentially valuable campaign issue clearly implies that public opinion is not entirely irrelevant in this story. Still, it would be quite a stretch to imagine that any sort of repeal effort would be on the policy agenda of a Democratic president and Congress. Indeed, it seems much more likely that the next Democratic president and Congress will attempt to revive what one prominent liberal economist has called "the closest thing to a perfect tax we have" (Frank, 2005). If they do, the most imposing hurdle they will have to overcome will not be the sentiment of their constituents, but the same set of institutional barriers to policy change that currently stymie Republican proponents of estate tax repeal.

THE ERODING MINIMUM WAGE AND THE EARNED INCOME TAX CREDIT

My third case study departs briefly from the realm of tax policy to consider another potential mechanism for economic redistribution—the minimum wage. The minimum wage provides a striking counterpart to the politics of estate tax repeal. Whereas the public generally dislikes taxes, and especially dislikes the estate tax, the minimum wage is enormously popular. Nevertheless, policymakers have allowed the real value of the federal minimum wage to fall by more than 40 percent from its high point in the late 1960s. Here, too, there seems to be a glaring disparity between public preferences and public policy, but the political elites who have thwarted the clear and consistent will of the people are predominantly conservative Republicans rather than liberal Democrats.

The Roper Center's *iPOLL* survey archive includes 50 instances over the past 20 years in which national samples were asked whether they favored or opposed increasing the minimum wage. The questions were administered by a variety of survey organizations using a variety of different question wordings; some asked about specific proposed increases, while others left the amount unspecified. The results of these surveys are easily summarized. In a few instances the ratio of support to opposition was only two to one; in many more cases, the ratio was three to one or four to one; in the most recent surveys, it was six to one. There can be no doubt that the American public is strongly and consistently supportive of increasing the minimum wage.

Most recently, a March 2006 survey conducted by the Pew Research Center asked respondents whether they favored or opposed an increase in the minimum wage. Half the respondents were asked about a 25 percent increase from the current value of $5.15 per hour to $6.45 per hour; the other half were asked about an even larger increase to $7.15 per hour. Their responses are summarized in Table 6. In both cases there was overwhelming support for the proposed increase, with almost half the respondents strongly in favor and fewer than 15 percent opposed. What is more, support for a minimum wage hike appears to be largely unaffected by the magnitude of the proposed increase; the results were virtually identical for the two versions of the question, with a margin of support approaching six to one even for a two–dollar increase in the current minimum wage rate.

Public support for raising the minimum wage also seems to be relatively impervious to counter–argument. For example, a survey conducted by the Service Employees International Union in May 1987 asked a national sample of registered voters whether they supported or opposed

TABLE 6
PUBLIC SUPPORT FOR INCREASING THE MINIMUM WAGE, 2006

"As I list some programs and proposals that are being discussed in this country today, please tell me whether you STRONGLY FAVOR, FAVOR, OPPOSE, or STRONGLY OPPOSE each. … An increase in the minimum wage, from $5.15 an hour to $6.45 [$7.15] an hour."

	Increase to $6.45 per hour		Increase to $7.15 per hour	
Strongly favor	49%	86%	49%	83%
Favor	37%		34%	
Oppose	8%	11%	10%	14%
Strongly oppose	3%		4%	
Don't know	3%		3%	

Source: March 2006 News Interest Index Poll. N = 1,405.

raising the minimum wage. Eighty–three percent of the respondents said they supported an increase (59 percent "strongly"), while 14 percent opposed it. Respondents were then asked to agree or disagree with a variety of claims about the minimum wage—for example, "Wages should be set by the market and not by the government" (69 percent agreed) and "Raising the minimum wage might result in some job loss" (54 percent agreed). Then they were asked again whether they supported or opposed an increase. Despite the respondents' apparent willingness to accept strong counter–arguments, their support for a minimum wage increase was virtually unchanged, with 84% supporting an increase (57 percent "strongly") and only 13 percent opposing it. Nor did support for a minimum wage increase seem to vary with knowledge of the current minimum wage rate.

The political puzzle here is obvious: public support for raising the minimum wage is overwhelming and consistent, but the real value of the minimum wage has fallen by more than 40 percent since the late 1960s. Of course, the fact that the minimum wage is set in nominal dollars produces a strong policy bias, since an absence of periodic concerted action to increase the minimum wage produces a steady decline in its real value due to inflation (Rosenthal, 2004). However, that fact itself reflects a policy choice; elected officials have repeatedly considered and rejected proposals to index the minimum wage rate, while state initiatives have implemented indexing without apparent difficulty. Thus, the puzzle of the eroding minimum wage persists. As in the case of the Bush tax cuts and estate tax repeal, the solution to this puzzle seems to have very little to do with citizens' attitudes and much more to do with the ideological convictions of political elites.

That conclusion is reinforced by analyses of the timing of changes in the real value of the minimum wage over the past half–century, which are presented in Table 7. The regression analysis reported in the first column of the table documents the impact on the real minimum wage rate of the prevailing minimum wage, the real income of working poor families, and union membership, all measured in the immediately preceding year. The results indicate a good deal of persistence in the

TABLE 7
PARTISAN POLITICS AND THE MINIMUM WAGE, 1949–2004
Regression Coefficients (with Standard Errors in Parentheses) for Real Value of the Federal Minimum Wage (in 2004 Dollars). Explanatory Variables Lagged One Year

Democratic President	—	0.20 (0.12)	—	0.16 (0.12)
Democratic Congress (%)	—	—	0.032 (0.012)	0.029 (0.012)
Prevailing Minimum Wage ($)	0.606 (0.103)	0.595 (0.102)	0.506 (0.105)	0.505 (0.105)
Real Income (20th percentile)[a]	0.145 (0.079)	0.160 (0.078)	0.162 (0.075)	0.173 (0.075)
Union Membership (%)	0.074 (0.027)	0.078 (0.026)	0.073 (0.025)	0.076 (0.025)
Intercept	–0.71 (0.93)	–0.97 (0.93)	–2.00 (1.01)	–2.10 (1.01)
Standard error of regression	0.47	0.46	0.44	0.44
Adjusted R^2	0.80	0.81	0.82	0.83

Source: Minimum wage data from U.S. Department of Labor Standards Administration. N = 56.
[a]Family income at 20th percentile of income distribution (in 2004 dollars), divided by 2,000.

real minimum wage rate from year to year, but also a strong tendency to track changes in real incomes (contributing to the increase in the real value of the minimum wage in the 1950s and 1960s) and a strong tendency to vary with the unionization of the workforce (accounting for much of the decline in the real value of the minimum wage since the late 1960s).[12]

The regression analyses reported in the second, third, and fourth columns of Table 7 include additional variables reflecting partisan control of the White House and Congress.[13] These results suggest that Democratic presidents have had a small positive impact on the real value of the minimum wage, while Democratic strength in Congress has had a larger positive impact. For example, the implied decline in the real value of the minimum wage attributable to the shift in the partisan composition of Congress from the mid–1960s (when Democrats held 68 percent of the seats) to 2004 (when Democrats held 48 percent of the seats) amounts to about $1.20. The shift from a Democratic president to a Republican president accounts for an additional 30–cent decline. Together, these two political variables account for about half of the observed decline in the real value of the minimum wage over this period.

While elite ideology and partisanship have clearly played a major role in the politics of the minimum wage over the past half–century, public opinion seems to have been much less important. For example, the sole minimum wage increase of the Reagan–Bush era was signed into law by George H. W. Bush in 1989. A contemporaneous state–by–state survey of public opinion makes it possible to compare the responsiveness of individual senators' roll call votes on the minimum wage increase to the ideological views of their constituents on one hand and their own partisanship on the other. The results of this analysis, reported in Table 8, suggest that constituency opinion played only a modest role in generating congressional support for the minimum wage increase, while the senators' own partisanship was of paramount importance.[14]

The statistical results presented in Table 8 imply that the predicted probability that a Democratic senator representing a moderate state would support the minimum wage increase was 0.97, while the corresponding predicted probability for a Republican senator representing exactly the same constituents was only 0.21. These predicted probabilities closely match the actual pattern of roll call votes: 53 of 55

TABLE 8

PARTISANSHIP, CONSTITUENCY OPINION, AND SUPPORT FOR 1989 MINIMUM WAGE INCREASE

Probit Coefficients (with Standard Errors in Parentheses) for Senate Vote on Final Passage of Minimum Wage Restoration Act, 12 April 1989

Liberal Constituency Opinion	0.061
(0 to 100; AL = 30.1, MA = 48.8)	(0.048)
Democratic Senator	2.70
	(0.42)
Intercept	−3.28
	(2.01)

Log likelihood = −31.6; Pseudo–R^2 = 0.52; N = 100.
Source: Constituency opinion from 1988–90–92 NES Senate Election Study (cf. Bartels, 2002).

[12] Allowing for the persistence of the minimum wage rate from year to year evident in the regression analysis, the increase in the real income of families at the 20th percentile of the income distribution from $11,000 in 1948 to $19,700 in 1967 implies a long–term increase of about $1.60 in the real value of the minimum wage. The decline in unionization of the workforce from almost 30 percent in 1967 to 12.5 percent in 2004 implies a long–term decrease of almost $3.30 in the real value of the minimum wage. Both of these estimates are a bit smaller ($1.50 and $2.70, respectively) in the more elaborate regression analysis including partisan effects reported in the fourth column of Table 7.

[13] My measure of congressional partisanship is a simple average of the Democratic percentages of seats in the House and Senate in each year.

[14] A detailed description of these data and more extensive analysis are available from Bartels (2002).

Democratic senators voted in favor, while only 10 of 45 Republican senators did so. By comparison, constituency opinion had a much weaker (and statistically uncertain) effect on senators' votes. For example, the predicted probability of a Democratic senator supporting the minimum wage increase was 0.90 even if he represented the most conservative state in the country (Alabama), whereas the predicted probability of a Republican senator opposing the minimum wage increase was 0.62 even in the most liberal state (Massachusetts).

As in the case of estate tax repeal, it would be an exaggeration to suggest that minimum wage policy is entirely a matter of political elites pursuing their own ideological convictions. New research by economists on the effects of the minimum wage (Card and Krueger, 1995) may have bolstered support for the most recent increase, in 1996; on the other hand, political pressure from small business owners has probably dampened the enthusiasm even of those legislators predisposed to support minimum wage increases. Nevertheless, it seems clear that policy–making in this domain has been drastically out of step with manifest public sentiment for almost four decades, especially when conservative Republican presidents and legislators have been in position to block increases in the minimum wage rate.

Meanwhile, the government has embraced a very different policy to bolster the incomes of low–wage workers—the Earned Income Tax Credit (EITC). Implemented on a modest scale in 1975 and significantly expanded in 1986, 1990, 1993, and 2001, by 2004 the EITC generated more than $35 billion in additional income for 21 million poor families. From the perspective of the working poor, the growth of the EITC has by no means fully compensated for the erosion of the minimum wage: the effective wage subsidy provided by the EITC amounts to less than $1 per hour, whereas the real value of the minimum wage has declined by $3.50 per hour since the late 1960s. Nevertheless, the EITC has rather unobtrusively evolved into "one of the most important federal antipoverty programs," surpassing the federal contribution to state and local welfare programs and rivaling federal spending on Food Stamps and other nutrition programs (Slemrod and Bakija, 2004, 43).

The EITC has a variety of significant political advantages (Ventry, 2000). First, and probably most importantly, tying the income subsidy to wages encourages work and sidesteps the association of traditional welfare programs with the "undeserving poor." This aspect of the program is reinforced by the designation of EITC as a "tax credit," despite the fact that most recipients have no income tax liability to offset. Finally, whereas the minimum wage raises the cost of doing business for employers of low–wage workers, the EITC lowers that cost by stimulating low–wage labor supply (Leigh, 2004).

On the other hand, the EITC is a good deal more complicated than the minimum wage—so complicated that the IRS estimates that 15 to 25 percent of potential beneficiaries fail to claim the credit. The EITC is also a good deal less salient than the minimum wage to ordinary citizens, and a good deal less popular. In the 2003 NPR/Kaiser Foundation/Kennedy School survey, almost 40 percent of respondents admitted that they had never heard of the Earned Income Tax Credit or did not know what it was.[15] In 1995, when Republicans floated the possibility of reducing the EITC, only a bare majority of survey respondents opposed doing

[15] Earned Income Tax Credit … Have you heard the term and know what it means, have you heard the term but don't know what it means, or have you not heard the term?" Heard the term and know what it means, 61 percent; Heard the term but don't know what it means, 28 percent; Have not heard the term, 11 percent.

so, while 25 percent said they favored eliminating it.[16]

If policymakers responded directly to the dictates of public opinion, they would be rushing to enact a substantial increase in the minimum wage. Indeed, in several states where voters take a direct hand in policy–making through initiatives and referenda, they have done just that. In Florida, for example, 71 percent of voters approved a 2004 amendment to the state constitution establishing a minimum wage of $6.15 per hour, with automatic annual increases to keep pace with inflation. In Congress, by contrast, minimum wage increases are perennially proposed and perennially rejected. That difference underscores the distinction between democratic (small "d") and republican (small "r") government. The EITC is an attractive, albeit partial, republican substitute for the straightforward democratic policy—choice, a robust minimum wage.

PUBLIC OPINION AND TAX POLICY

In the midst of a generally optimistic survey of the policy preferences of *The Rational Public*, Page and Shapiro (1992, 166) portrayed tax policy as "a highly technical realm that is ripe for concealment and mystification." My own more detailed analysis, some of which is summarized here, certainly provides a good deal of evidence of confusion, uncertainty, and "unenlightened self–interest" in public opinion about tax policy (Bartels, 2004 and 2005). In light of that evidence, it probably should not be surprising to find public officials relying less on citizens' attitudes than on their own ideological convictions for policy direction in this domain. Meanwhile, we can take some comfort in the belief that "Not all issues make voters' eyes glaze over in the way that details of tax policy do" (Hacker and Pierson, 2005, 49).

It is important to note, however, that the paucity of elite responsiveness to public opinion extends even to those issues where public opinion seems to be unusually firm and stable. In the case of estate tax repeal, the relevant evidence is extremely fragmentary, but insofar as it exists at all, it suggests that the estate tax has been quite unpopular for at least 70 years. For most of that time, the only real obstacle to estate tax repeal was the ideological conviction of Democratic presidents and members of Congress. Within months of the arrival of a Republican president with Republican majorities in the House and Senate in 2001, an estate tax phaseout was passed and signed into law.

In the case of the minimum wage, there is abundant evidence of strong, consistent public support for minimum wage increases throughout an era in which the real value of the federal minimum wage has actually declined by more than 40 percent. Here, too, the most important hurdle to the public getting what it says it wants seems to be the conviction of policymakers—especially, but by no means only, conservative Republican policymakers—that a higher minimum wage would have significant adverse consequences unrecognized by the 85 percent of the public that supports it.

It is worth bearing in mind that even relatively simple policy issues like estate tax repeal and the minimum wage are embedded in a broader policy–making

[16] Gallup/CNN/USA Today Poll, November, 1995: "(Based on what you have read or heard, please tell me if you favor or oppose each of the following Republican proposals.) … Reducing the Earned Income Tax Credit for the working poor." Favor, 39 percent; Oppose, 53 percent; Mixed (vol.), 2 percent; Don't know/Refused, 6 percent. News Interest Index Poll, September, 1995: "Some leaders in Washington are talking about getting rid of the Earned Income Tax Credit, which reduces or cancels out income taxes for poor people who work, but make very little money. Would you favor or oppose ending this tax credit?" Favor, 25 percent; Oppose, 68 percent; Don't know, 6 percent.

system that is dauntingly complex. Experts may hope to master isolated pieces of the system, but ordinary citizens are unlikely to manage even that much. A diligent reader of a 350–page *Citizen's Guide to the Debate over Taxes* (Slemrod and Bakija, 2004) might finish the book on Thursday, only to find Friday morning's paper filled with the debate over military strategy, the debate over global warming, the debate over school vouchers, and dozens of other equally difficult issues.

The place of tax politics in the hierarchy of public priorities is reflected in Table 9, which presents the results of a January 2006 opinion survey asking respondents about the relative importance of 22 distinct policy issues as "priorities for President Bush and Congress this year." Not surprisingly, "defending the country from terrorist attacks" topped the list, with 80 percent of the respondents calling it a "top priority" and another 18 percent calling it an "important but lower priority." "Improving the educational system," "strengthening the nation's economy," and "improving the job situation" led the list of economic and social issues, with about two–thirds of the public rating each as a "top priority." "Reducing the budget deficit" and "reducing federal income taxes for the middle class" were 13th and 14th on the list, respectively. "Increasing the minimum wage," though favored by more than 80 percent of the public, was a "top priority" for fewer than 50 percent. And the most important item on the Bush administration's tax policy agenda, "making recent tax cuts on investments permanent," ranked 21st out of 22 issues included in the survey, with only 22 percent of the public calling it a "top priority."

Can a democratic political system organize itself so as to induce systematic responsiveness by elected officials to the preferences of the citizenry on, say, the 14th or 21st most important policy issue facing the nation at any given time? For that matter, would it be sensible to try?

TABLE 9
PUBLIC PRIORITIES, 2006

"I'd like to ask you some questions about priorities for President Bush and Congress this year. As I read from a list, tell me if you think the item that I read should be a TOP PRIORITY, IMPORTANT BUT LOWER PRIORITY, NOT TOO IMPORTANT or should it NOT BE DONE?"

	Top Priority	Important but Lower Priority
Defending the country from terrorist attacks	80%	18%
Improving the educational system	67%	26%
Strengthening the nation's economy	66%	26%
Improving the job situation	65%	28%
Making the Social Security system financially sound	64%	28%
Making the Medicare system financially sound	62%	30%
Reducing crime	62%	29%
Regulating HMOs and managing health care plans	60%	28%
Providing health insurance for the uninsured	59%	30%
Dealing with the nation's energy problem	58%	33%
Protecting the environment	57%	35%
Dealing with the problems of poor and needy people	55%	36%
Reducing the budget deficit	55%	35%
Reducing federal income taxes for the middle class	51%	32%
Making it tougher for illegal immigrants to enter the U.S.	51%	26%
Increasing the minimum wage	47%	34%
Dealing with the moral breakdown in the country	47%	26%
Strengthening the U.S. military	42%	36%
Simplifying the federal income tax system	40%	35%
Dealing with global trade issues	30%	46%
Making recent tax cuts on investments permanent	22%	36%
Making it easier for immigrants to legally work in U.S.	17%	32%

Source: January 2006 News Interest Index Poll. N = 1,503.

Those are larger and more difficult questions than I can pretend to resolve here. However, the tentative answers suggested by my analysis are "no" and "no."

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