

THE BROOKINGS INSTITUTION

Brookings Cafeteria Podcast:
Proud to pay taxes

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FRED: Welcome to the Brookings Cafeteria, a podcast about ideas and the experts who have them. I'm Fred Dews. It's tax time in America, and love them or hate them, you're gonna pay them. But do Americans really hate taxes? My guest today is an author who says that this idea has become a truism without the benefit of being true. She is Vanessa Williamson, a fellow in Governance Studies and the author of the new book, *Read My Lips: Why Americans Are Proud to Pay Taxes*, published by Princeton University Press. She's also co-author, with Theda Skocpol, of *The Tea Party and the Remaking of Republican Conservatism*, which was named by The New Yorker as one of the 10 best political books of 2012. Stay tuned in this episode for some myth busting about U.S. foreign aid in our new "Unpacked" podcast, fact-based analysis of Trump administration policies and news.

Now, on with the interview. Vanessa, welcome to the Brookings Cafeteria.

WILLIAMSON: I'm glad to be here.

DEWS: "The idea that Americans hate taxes has become a truism without the benefit of being true," you write in this very excellent book. Why has that become a truism?

WILLIAMSON: Well, in our political rhetoric, right, here in Washington for instance, you hear a lot of anger about taxes. It's become a pretty fundamental plank of the Republican Party that taxes are bad and that they are too high and that we need lower taxes, particularly the income tax and other taxes on wealthy people. But if you talk to average Americans, you find that taxpaying, even if people are angry about it, taxpaying is still understood as a civic responsibility. That is to say, it's a responsibility

we all share to one another and that being a taxpayer is part of what makes one an upstanding citizen.

DEWS: You just mentioned “talk to average Americans,” let’s take a second and let you talk about how you actually wrote this book, how you did the research, and also why this book, what about this topic? How did you come to this topic?

WILLIAMSON: Well, a few years ago, as you said, I was writing a book on the Tea Party and you know these are people who were very angry about what they thought government was doing. But I noticed, you know, at rallies and in meetings people often referred to themselves as a taxpayer; so they would say things like, “as a taxpayer I,” and then the end of the sentence was almost never about taxes, it was always about what they thought government should be doing, or the feeling that they needed to be better represented, right?

So, I was struck by this sort of paradox, in a way, that people could be so angry about what they thought government was doing, and yet at the same time situate their right to self-governance, their right to be heard, and sort of situate themselves as citizens in terms of paying taxes. And so I thought, you know, especially because when it comes to taxes we hear a lot from the political extremes, but not very much from the middle, so I wanted to hear what most Americans thought about taxes. And so what I did was first, I went through all the existing survey data, and there's a lot of survey questions on taxation. Sometimes the questions tend to be a little bit politically motivated. There's a great quote that says that questions about tax progressivity are used the way a drunk uses a lamppost. That is to say, for support rather than illumination. And so there's some great survey data out there, but I wanted more, so I

did a survey of my own of 1,000 U.S. adults and then I also did interviews with people across the country, 49 interviews with people across the country, open-ended, long-form interviews to try and get a better sense of what Americans know about taxes, because that was a real gap. We get these responses you know, what people think of the estate tax or what people think tax rates should be. And the question was always well, do they really understand the way we've asked this question, are we phrasing it right? Are we capturing real attitudes, or are we capturing what we might call doorstep opinions, you know, people making something up because they've been asked, but they don't really think about it?

So interviews are a great way of getting both at what people think of on their own, right? You're not putting ideas in people's minds with particular questions, you're asking them something very open-ended. And also understanding the connections people draw themselves between different ideas, particularly because taxes are a local phenomenon, right, you have a different experience of taxes if you live in different states; and they're also a class-specific phenomenon, the taxes that make a big difference to your budget if you're a wealthy person are very different from the taxes that matter a lot if you're lower income. So for all those reasons, I wanted to supplement the questions that already exist about taxes with more data, deeper data that let people speak for themselves.

DEWS: I really like your use of those personal interviews with people. You have—Gloria, I think, is an art dealer in Texas, and I know these are pseudonyms, but I mean their personalities, their ideas come across, they're really literally all over every page of every book. And you have a really great appendix that you actually describe

who these people are. They're a nice cross-section of Americans and it's really fascinating. So, there is a paradox though between these people that you interview, some of whom are conservative, some are liberal, and the survey data that you have, but this kind of, maybe it's media-presented fervor about taxes that we see, especially coming from the Tea Party activists from say 2009-2010. There's a disconnect there.

WILLIAMSON: Yeah, I think that's exactly right. Taxes have become a very, very sort of toxic political issue in a lot of ways. I mean, I think you're seeing it now. The Republican Party would really like to be getting to that tax reform bill and they've gotten held up, but you know that's a really fundamental issue at the top level of the Republican Party, to cut taxes. But, you know, when you speak to people from across the political spectrum, I think you'll find that there's a lot more nuance than what we're hearing in our politics.

DEWS: I want listeners to ask themselves this question, ask yourself this question, which is a question that you asked, what do you think about when you hear the word "taxes"? Another question you ask is "describe a taxpayer." So, listeners give that a thought for a second. But Vanessa when you asked people to describe a taxpayer, what did they tell you?

WILLIAMSON: Well it was interesting. So, to be clear, almost every adult in the United States, reasonably speaking, qualifies as a taxpayer. We have sales taxes, and payroll taxes, and income taxes, and property taxes, and cigarette taxes, and gas taxes. It's almost impossible to be a part of a market economy and not be a taxpayer, right? But the term has a symbolic resonance for people that's focused on the income tax, and therefore the idea of a taxpayer tended to be a little bit better off than the average

American. So people talked about you know imagining a guy wearing a suit and certainly a working person. And so there's a real tension there, because being a taxpayer is understood as this evidence that you're an upstanding citizen, doing your part. Lower income people, and especially lower income Republicans, tended to doubt their right to speak, especially on the issue of taxes, but just in general about politics, because they didn't see themselves as taxpayers, even when 20 minutes later we'd be talking about sales tax and they would tell me how difficult it was for them to pay that.

DEWS: That kind of brings up this issue of blind spots in what Americans think about who pays taxes, but they're different depending on whether the respondent is a liberal versus whether the respondent is a conservative. Can you talk about what those blind spots are?

WILLIAMSON: So, because Americans see taxpaying as such a fundamental civic responsibility, they get very angry when they think someone's not paying. But the problem is, as you say, there are blind spots about who's paying what. And among conservatives in particular, it's widely believed—and this goes back to some rhetoric many of your listeners probably heard about the 47 percent and half of Americans don't pay taxes. If we focus on the income tax then, you know, it's true that a lot of people don't pay net income taxes at the end of the year, but they're paying all kinds of other taxes, right? So if you ask Americans what percentage of US adults pay taxes you find that all Americans fundamentally kind of underestimate the taxpaying population. Democrats will say about 70 percent of people are taxpayers. But for Republicans you see the sharp spike right at about 50 percent. So it's really commonly believed that lower income people and also immigrants aren't paying their fair share.

DEWS: But most of the respondents do say they pay taxes, so you identified what you call the taxpayer gap.

WILLIAMSON: That's right. So something like 90 percent of Americans described themselves as the taxpayer, but asked to estimate the taxpaying population it's about 20 points lower. So there's a real disconnect there, that's what I call the taxpayer gap, between seeing yourself as a taxpayer, you're doing your bit, but believing that someone else out there isn't. And precisely because taxpayer is a civic responsibility that we really care about in this country, that's quite a poisonous fact to believe, that you're doing your bit and someone else is shirking.

DEWS: Let's drill down a little bit more into the implications of attitudes that poor people don't pay enough taxes. Can you talk about that in some more detail?

WILLIAMSON: Right, so—and some of this comes from public rhetoric about the 47 percent, but some of it comes from the taxpaying process. I found in interviews that because the income tax is so prominent in everyone's mind—you know, you have to fill out these forms even if you're paying very little or nothing, even if you're getting money back at the end of the year—the income tax is this very prominent tax in people's minds. And people, generally speaking, know that the income tax is heavier on people making a bit more money, certainly at least up until the very, very top end of the income spectrum where it gets more complicated. But most of the way up it's a progressive tax, and people focus on that. And so they neglect to think about the taxes that are easy to pay, but are actually easy in terms of hassle to pay, but are actually very expensive for lower income people—so the sales tax, which for lower income people is often their most expensive tax, right, and coming out of essentials, is mostly forgotten by middle

class people. Similarly, the payroll taxes that pay for Social Security and Medicare, which are paid by anyone who's working, are a really large expense for lower income people but are mostly forgotten.

DEWS: And so that tends to create the impression in some people's minds that maybe the lower income people aren't full citizens or maybe they should have some curtailed set of rights.

WILLIAMSON: Well what you would see is a very strong correlation—and I'm going to be testing this in some experimental settings as well—a very strong correlation between the percentage of people you think are taxpayers and how angry you are about welfare spending. And I use welfare spending the way that interviewees do, that is to say, for a sort of vague set of means-tested programs, including everything from food stamps to Medicaid. People, as a rule, were more upset about welfare spending the smaller they thought the taxpaying population was, and that was true even among conservative Republicans. So if you imagine that more than half of Americans are taxpayers, less than 50 percent of those people listed—when I asked them an open ended question about what they were upset about tax dollars paying. If you thought more than half of the population pays taxes, less than 50 percent of conservative Republicans mentioned a welfare program. But if you thought less than half of Americans pay taxes, then you're more likely than not, among conservative Republicans, to think that welfare programs are a problem. So there's this very strong correlation even among people who are very motivated on welfare issues, like conservative Republicans, and for the population as a whole, to tie your feelings about who's chipping in to your attitudes about who deserves to benefit.

DEWS: There's a lot of really great charts in the book where you put your data into chart form and we see that for a lot of people, things like roads and education, the military, are places where people kind of generally agree tax money should go. And there's some differences whether they're Republicans or Democrats, but then the kind of programs where you see people maybe don't want their tax money to go, there would be things like foreign aid and corporate tax breaks and science, even.

WILLIAMSON: Right. So what you see—I asked people these two questions, right? First I asked, what are you glad that tax money pays for? And then I asked, what are you upset that tax money pays for? So those two things are interesting, right, because on the one hand I can look at how often do people even remember that a program exists, whether they're happy or sad about it, so how salient are programs? On the other hand I can look at, okay, you've mentioned the program. What percentage of those mentions are positive, right? What approval does the program have? And what you find is by far the most popular and most remembered programs are roads and schools, right? Overwhelming, near-consensus majority of people mentioned roads and schools in a positive light, and about a third of people actually mentioned it when I asked the open ended question.

DEWS: They're local and they're tangible.

WILLIAMSON: Exactly, local and tangible, they're right in front of you. Then other local programs, you'd find that they are less remembered. So for instance sewers, right? Not everyone remembers about the sewers when they're listing things government does, but if you mentioned it, you did think it was a good idea that we have them. So

there's sort of a cluster of local programs that are all popular and—you know, to the extent that they're remembered, and some are more remembered than others.

At the very bottom of the popularity charts you find two things. You find foreign aid and you find what I call corporate aid, which is mentions of bailouts and things like that. For those two things, basically no one mentions it except to disagree with it. In the middle, you have the major components of the welfare state, right? Healthcare, you've got welfare spending. And actually Social Security was almost as popular as those local programs, but not quite as popular as those local programs. But in the middle you've got these programs about which we have differing opinions and there's often sort of a partisan divide.

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DEWS: Myths about U.S. foreign aid abound, and as President Trump pushes for a 30 percent cut in the federal budget to foreign assistance programs, here's some expert insight into the scope of U.S. foreign aid and what it accomplishes.

INGRAM: I'm George Ingram and I focus on development and reforming U.S. foreign assistance. I think there's a myth that foreign aid isn't popular. The word, the two words "foreign aid" are not popular. But if you look at polling over the last 25 years, up to 75 percent of the American people support what we do with the assistance. They support providing education opportunities for children in poor countries, providing vaccinations and health care to those children and their mothers and fathers. In the 1990s, it's true that foreign aid bills had a hard time passing the Congress. They passed, but they were close votes. That changed with President Bush and Obama. In fact, the last Congress passed eight bills supporting foreign aid, and as the new budget

from President Trump has unfolded you have seen over 60 members of Congress speak out against the proposed 30 percent cut.

I think the impression that other countries aren't doing as much as the U.S. is doing comes from the myth, the misperception, that consistently public opinion polls show, that the American people think that 25 percent of the federal budget goes to foreign aid. Reality is, it's one percent. Foreign aid is an investment in helping to educate, improve the health of children and others in developing countries. It's an investment in helping farmers improve the quality and quantity of their crops. It's an investment in helping governments develop, improve their policies and procedures so that they can be more effective in promoting a market economy. It's an investment in the security of other countries, which in fact is also an investment in American security. In addition, I would say that investing and providing foreign assistance to victims of earthquakes and conflicts in fact is an investment in the values of America, what we stand for as a country. So foreign aid is really an investment in helping other countries become more stable more economically prosperous and therefore is an investment in the future of America. Now if you have a hard time accepting foreign aid as an investment, maybe you can think of it as an insurance, insurance that is cheaper than at some later point having to send and put in danger American troops. And at the same time, it opens and builds markets for American trade and investment.

Now looking at this from the security side, during the first half of our history the United States was well-protected, with the exception of the British burning Washington in 1812, by two wide oceans and two benign borders. Modern technology, rapid transportation, has rendered those defenses permeable. We can no longer depend on

them. We are part of a global world today. Our security is linked to the security of other countries around the world.

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DEWS: There are so many directions I could go with any of my next questions. So I'm going to try this one because we're talking about foreign aid. One of the interesting things I found in this book is that you kind of unpack what people think about phenomena that maybe the political science elites think about in a different way. So foreign aid is an example of that, where we know like the official foreign aid budget in the United States is less than 1 percent, it's vanishingly small compared to the overall federal budget. But when you ask people to talk about how their tax dollars are spent and they think about foreign aid in a much different capacity, right?

WILLIAMSON: That's exactly right. So it's a common statistic that gets used to sort of make the point, which I fundamentally really disagree with: oh, Americans are so stupid, they don't know anything about how government works. One of the facts that gets used in this sort of derogatory way is the idea, you know, you ask people what percentage of the federal budget is spent on foreign aid, and the average estimate is something like 25 percent. Now that's very, very wrong, right? That is a very wrong number, as you said. The actual answer is something like 1 percent. You might get 1.5 percent if you include all security aid, but you're not getting to 25 percent.

But that error, I found, actually has something to do—is not entirely explained by, but substantially, meaningfully, explained by—the fact that average people don't think of foreign aid using the technical term, right? So, and I noticed this in interviews first, so people would be talking to me and they would complain about foreign aid, and then they would go on to talk about the war in Iraq or the war in Afghanistan. And it became kind of clear to me that these weren't two separate categories. Now, it's true certainly that a lot of foreign aid that we give out does in fact go to Iraq and Afghanistan. But they weren't making this sort of policy distinction that we do here in D.C. between humanitarian assistance here, and that's a very small number, and the much larger investment of federal tax dollars that go to those countries, some of which is in fact, you know, rebuilding money but is going through defense, and some of it of course is actual war spending. And so what I found is that people who think of foreign aid—and this is visible in survey data as well as in interviews—people who think of foreign aid as military aid have substantially higher estimates of the foreign aid budget. So it's not to say that people have the numbers right, but they're much closer to right if you take into account the fact that people use the phrase foreign aid in a way that's more colloquial than policy experts do.

DEWS: And you found a similar phenomenon playing out in what people think about the idea of waste in government spending. Can you talk about that?

WILLIAMSON: Yeah. So similarly if you ask people, how many cents out of every dollar do you think the federal government wastes? The average answer is usually somewhere around 50 percent, which is a pretty bleak number. In reality when you use the term in the technical sense, maybe seven percent of the federal budget goes to

waste, fraud, and abuse. And this is problematic because, you know, then you have politicians saying I'm going to pay for all these programs by cutting waste, and if you think that's you know seven percent of the budget or two percent of the budget, something in that range, then you know you can only spend so and so much with that money, right? But if you think the waste is 50 percent of the budget, you have sort of huge funds that you could be using for these other programs. So that seems like a real problem, that people don't use the word waste the way policymakers do. But as it turns out, when you talk to people about waste, it's not that they're using the term technically the way policy makers do, but they are using it meaningfully, right? They don't actually think that 50 percent of the budget goes to, you know, people committing fraud in government programs or contracts that overspend. They do think about those things, but they also think about a lot of other things.

First of all, they think about programs they dislike completely. So, you know—and those differ from the left and the right. I assume people on the left are maybe thinking about the wars; people on the right maybe thinking about welfare spending, food stamps, TANF, these sorts of programs. And when they say waste they don't mean that the programs are wasteful in the normal sense that, you know, they're inefficient, although they may also think that. They think they're a waste because the principle is wrong. So it's not just that the program is being penny-wise or not. They think the program is pound foolish, right, it shouldn't exist and therefore it's waste. And that is how, when you think about it, we all use the phrase waste in our day to day lives. It's just not the technical term.

Similarly, when people are talking about waste they talk partly about programs they don't like and partly about—it was interesting—sort of fundamental systemic problems with our democracy. So people would talk about—when I asked them to describe what they meant by government waste—they would talk about things like corporations own our lawmakers, you know. They just, they own them, they're bought and sold. Or they would tell me, you know, these legislators, they have those fancy offices and they fly around in jets and they have healthcare that I can't have and you know. So it was really, they were using the word waste, but what it was was more fundamentally kind of a critique of elitism, either from the perspective that democracy isn't functioning the way it's supposed to, that is to say, that our elected officials are responding to the needs of the very wealthy and the corporations as opposed to average people; or that people who are elected to office live lives that are so apart from the rest of us that they can't even understand our needs, right?

So it was a much deeper critique than just, you know, how many dollars do you think fall off the truck? It's a much more systemic concern about how government works. And when you understand the dollars and cents numbers that they use in that larger context I think it makes a lot more sense.

DEWS: And perhaps related to that is what I think of as maybe the other side of the coin of thinking that poor people don't pay enough in taxes, is that the very rich, for other reasons, don't pay enough in taxes and then that itself is a sign of this corruption and waste in government.

WILLIAMSON: That's exactly right. So, as I said, one reason that the taxes paid by the poor are underestimated is because of the experience of taxpaying. People focus

on the income tax, they forget about the low-hassle taxes that are expensive for the poor. Another part about the income taxpaying process that has an influence on perceptions of who pays what is the fact that when you file your own income taxes—as everyone's been doing recently—you file your income taxes, you're looking for your own loopholes and here I use loopholes in the non-technical sense. I don't mean errors of the tax code, mistakes that someone gets to take advantage of. I mean all the little things that you look for when you're filing your taxes. So maybe you've got a mortgage that you've got to remember, you've got student loans you've got to remember, or if you're lower income and you get the Earned Income Tax Credit or the child tax credit; these things that are, you know, parts of the tax code that were intentional, but you've got to remember to apply for them every year and it lowers your tax responsibilities.

So many people, when they're thinking about whether the rich are paying their share, they should have extrapolate from their own experience and they think well, you know, I get these following loopholes but I know that—you know, I do my taxes myself so I don't know about the really good loopholes, or my accountant is at H&R Block and they're, you know, they have really fancy accountants. They know the special loopholes, but maybe my accountant doesn't know them. And so what you would see is people extrapolate upward and think that the thing that matters for the taxes paid by the rich is just the loopholes. And the problem with that thinking is that it makes many people not worry about rates. So you politicians, for instance, can make claims about how they're going to close some loopholes here and the lower the rates and often people don't recognize that that usually lowers taxes for rich people and it often blows a hole in the budget. But because they think loopholes are so important, they underestimate how

important the rates are. So people do recognize—I mean, loopholes do matter, particularly the very, very, very top end, the 0.01 percent, you know, there are all sorts of aspects of the tax code that matter for them that don't matter for the rest of us—but that doesn't mean that the rates don't matter. In fact the rates matter a lot. You change the rates, you really change how much money comes in and who pays what, right? So again, as we saw lower income people, the taxpaying process kind of undermines public understanding of who's paying their share.

And I think that, you know, this is bad news in some ways to be clear, right, when people are making mistakes. But it's good news in another way because it's a mistake that's reasonable, right? If people are making mistakes that come from a wrong interpretation of their own experience, you can imagine them, given better information, coming to different conclusions. It's very different. For instance if I found the reason people don't understand the tax code is because they don't understand percentages, that would be a problem that would be much harder to solve.

DEWS: When you say rates, I think you're talking about marginal tax rates. For the benefit of listeners, for my benefit too, can you just briefly describe the phenomenon of marginal tax rates?

WILLIAMSON: Okay, so this is difficult to talk about but I've been working on a short version. So when you pay your taxes, your income taxes, there's a series of brackets, right? And your income falls into one of them. But let's imagine you make an extra 10 bucks one year and it moves you up from one bracket to the next. You might think, oh no, now I'm going to be paying that higher rate. I went from 10 percent to 15 percent. I'm going to be paying 15 percent of my whole income. I might actually come out

behind, just because I made an extra 10 bucks. That's not how it works. Marginal rates are only applied to the income that falls in the next bracket. So if you're making \$10 into that 15 percent bracket, you're going to pay 15 percent just on the 10 bucks, not on the whole amount. So your income is taxed within its bracket. It's not that one rate is applied to you as a person, right?

So what this means is, you know, if you're at the very top—top rate is something like 39 percent—you're not paying 39 percent on your whole income. You're only paying 39 percent on the income at the very, very top. That is to say, your first \$10,000, even if you're a millionaire, you're still getting taxed at the bottom rate. So marginal rates—complicated to explain and very poorly understood, unfortunately. A lot of people have this mistaken impression that you make a few extra dollars, you might get bounced into that next bracket. But really important for understanding how our tax code works.

DEWS: Well another definitional issue that you uncovered, and you mentioned earlier, is people's understanding of different kinds of taxation. We say we have a progressive tax system, but there's also this idea of a flat tax. Can you talk about what people were saying to you about those two different concepts?

WILLIAMSON: So the phrase flat tax was better known than the phrase progressive tax. A flat tax is one percentage rate applied to everyone. Progressive tax has higher percentage rates applied as you go up the income spectrum. And people didn't always remember the word progressive, but most Americans think a progressive tax system is a good thing and they actually do understand it if you describe it correctly. They can't always remember the word, but they do want higher percentage rates on

higher income people, and it doesn't matter how you ask the question. You can ask it a bunch of different ways and they typically do think that that's the right way to do it.

But the flat tax is definitely gotten a lot of press. People use that phrase all the time, but they were, you know, usually—even if they liked the idea in principle, often it's appealing to imagine that we could all contribute equally, right—people would talk about the flat tax. Oh, it would be nice if it worked that way but income inequality is too big, right? Or they would—or they would start with the progressive system in their mind, like well this is the best system, progressive system, because some people have so much more money than other people. But wouldn't it be nice if we were much closer together in our income so that we could have a flatter tax system? So people confronted that question and, I think, thought about it quite intelligently.

DEWS: One of your interviewees actually reflected on the difference between her income and Barack Obama's income, for example, and how on a flat tax maybe that wouldn't work out so well. You also asked people, or people told you, about their attitudes about the internal revenue service, the IRS.

WILLIAMSON: This was a really striking experience. Now I should say, when people talked about their actual personal experiences with the IRS, they were mostly somewhere between, you know, anodyne, like I had to fill out an extra piece of paperwork; or, you know, sometimes they were frustrated because they had owed money or they'd been audited and had to go through that process and that was frustrating. So there were the actual experiences, and then there was the symbolic resonance of the IRS, right? So people who had never had a bad experience with the IRS would often talk about it in these very extreme terms as this agency that was like

the—Men in Black was a metaphor that several of my interviewees came up with—an agency that’s somehow unaccountable, that has control over your life, that they could come and take your apartment away, is what one interviewee told me. And it was interesting because it really was out of keeping with any personal experience, but I think the way to understand it is to see the IRS in that context as sort of a symbolic metaphor for how they think government can operate; that, you know, there's this great power that exists that—over which I have no control, right? And so, you know, when people had actually had to talk to an IRS agent, “oh, you know, I called,” and some people were surprised they had gotten a live person who was actually able to help them fill out that form, and other people were frustrated. But the meaning of the IRS in sort of popular understanding goes way beyond the actual experience of it and really captures, I think, something—you know, getting back to what we were saying about waste—captures something about this sense that government isn't operating on behalf of most people.

DEWS: There's so much valuable analysis in your book and most of it is tending toward the positive, presenting what Americans think about taxes, showing why they're proud to pay taxes. But it does also reveal that there are a lot of misperceptions about tax policy that we've talked about a lot. So could you talk about what you think are some of the consequences of those misperceptions, and then maybe talk about some of the things that can be done about it?

WILLIAMSON: So I think that there's sort of two misperceptions that are really core about the tax code in particular. First of all, people underestimate the taxes paid by the poor and they misunderstand, too, the reasons why the rich pay what they do, right? So what that does is it tends to—because they think poor people aren't paying their

share—it undercuts support for spending on low income people, because they're seen as not having contributed even though they actually contribute a really substantial amount if you take all taxes into account. And then at the top end, you have this sort of focus on loopholes that drives attention away from rates, so that people don't necessarily take into account the real implications of tax policies that are put before them.

And I think those are really serious concerns. But one thing that was—I found very optimistic about the experience, right; we have to be clear-eyed, people do not have a perfect understanding of the tax code. It would be great if Americans knew more about the tax code than they do. But we actually have a remarkable opportunity because what I found is that people were making mistakes, but smart, educated people were making reasonable mistakes. They were making mistakes that made sense. They were asked a difficult question about a subject they don't have to think about on a daily basis, right, I mean who wants to get asked out of the blue to explain the tax code? Very few people. They were asked difficult questions by this, you know, interviewer who was bothering them, and they were constructing their answer based on the information they had at hand, which was the experience of taxpaying.

So what that suggests to me is that we have this opportunity. People actually have to think about taxes at least once a year when they do their income taxes, and they should be thinking about taxes throughout the year when they're paying all these other taxes. We have an opportunity to use that moment to inform people about what government does, and I think that that's really important because as we all know, people really do learn by doing, right? So if we give them the opportunity to learn more about

what government does at the time they're paying their taxes, we might really improve public information.

There's some evidence to suggest that this could work. Experiments have been done, for instance, giving people a receipt for their Social Security and Medicare taxes explaining what Social Security benefits are going to come in the future. Some of your readers might remember for a while receiving a green sheet of paper that told you what your benefits were going to be. Well, that really changed things for popular understanding. Americans were better informed about the Social Security system and also more confident in it, because they had this information at their disposal. Some localities do something similar for the property tax. You'll get a sheet in the mail that explains, okay, this was your property tax and here's how we spent that money locally. So I think that there are opportunities to think about taxpaying, not just from the sort of economic nudge perspective of let's reward people for making these particular economic choices and punish this other kind of behavior that we don't like as much, that kind of thinking. And remember that Americans aren't just consumers, they're citizens. They're supposed to be able to respond to policy, not just economically but politically. They have to be able to hold their elected officials accountable, which means they need to be able to judge the quality of policies and the responsiveness of their politicians.

DEWS: Well I hope listeners are enjoying this podcast and not thinking about their taxes this weekend because they've already filed them. But if not, I hope this is an inspirational episode for them. Vanessa, now that the book is out, what kinds of research are you going to be doing in the months ahead? You mentioned some survey research that you would still be doing.

WILLIAMSON: So one of the hypotheses that's come out of writing this book is that there are ways we could give people better information about their taxes and about what government does that would change their opinions. In many ways it's kind of a nice story. I think people would be a lot happier about their taxes if they understood them a little better. So I'm doing some experimental work now to sort of test some of that out. The other experiment that I would really like be running, and I hope we'll get off the ground, is giving people the opportunity when they file their taxes to also register to vote, right? So just be reminded, you know, maybe you need to update your registration or maybe you're registering for the first time, but because people see taxpaying as a civic responsibility, it's a great time to remind them, you know, there's a place where you can actually have a say about where this money is going. It's a small say, but it is a say, and especially for lower-income people who often express that tax time is one of their more positive interactions with government, it's also a time when they feel that they've contributed. And for all of us, it's a time when we're aware that government matters for our daily lives. It's a great time to be reminded of the ways in which we can have our voice heard.

DEWS: Well Vanessa, it's a very valuable and interesting read, titled *Read my lips: Why Americans are proud to pay taxes*. Thank you for coming on the program today to talk about it.

WILLIAMSON: Thank you so much.

DEWS: And you can learn more about Vanessa Williamson and all her research on our website at brookings.edu.

(Music)

DEWS: Hey listeners, want to ask an expert a question? You can, by sending an e-mail to me at bcp@brookings.edu. If you attach an audio file, I'll play it on the air, and I'll get an expert to answer and include it in an upcoming episode. Thanks to all of you who have sent in questions already.

(Music)

DEWS: And that does it for this edition of The Brookings Cafeteria, brought to you by the Brookings Podcast Network. Follow us on Twitter @policypodcasts. My thanks to audio engineer and producer Gaston Reboredo, with assistance from Mark Hoelscher. Vanessa Sauter is the producer, Bill Finan does the book interviews, and our intern is Kelly Russo. Design and web support comes from Jessica Pavone, Eric Abalahin, and Rebecca Viser; and thanks to David Nassar and Richard Fawal for their support. You can subscribe to the Brookings Cafeteria on iTunes, and listen to it in all the usual places. Visit us online at brookings.edu. Until next time, I'm Fred Dews.

(Music)