Understanding Economic Policies: What Do People Know and How Can They Learn?

Stefanie Stantcheva
(Harvard)

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How Do People Understand Economic Policies?

What do people know about economic policies?

How do they reason about them?

What are the effects of economics lessons?

Can we improve the policy debate with better understanding of economic policies?

Six major policies: i) income tax; ii) estate tax; iii) health insurance; iv) trade; v) monetary policy; vi) transfers.

This talk: mostly income and estate tax.
Method: Online Surveys and Experiments

Large-scale surveys & experiments: \( \approx 2,000 \) respondents per survey.

Done through commercial survey companies in Jan - September 2019.

Representative samples.

Surveys are a key tool:

- Customizable, controllable, interactive;

- Some things can not be seen in other data, no matter how good it is: Perceptions, attitudes, knowledge, views.

- Unlike old-style surveys measuring variables now better captured in admin data.
Survey Outline

1. Background of respondent
1. Background of respondent

   Standard: income, education, family situation...
   Political Views
   Media exposure
1. Background of respondent
2. Own exposure to policy
1. Background of respondent
2. Own exposure to policy
   - Do people feel personally affected?
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
   - Main considerations?
   - Goals of ‘good’ system
   - Shortcomings of the system.
   - Goal: identify topics without priming.
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
4. Knowledge about policy and underlying economic phenomena
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
4. Knowledge about policy and underlying economic phenomena
   - Factual, quantitative questions (top tax rate, concentration of wealth...)
   - Goal: get an idea of how much the respondent knows about the economic policies.
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
4. Knowledge about policy
5. Mechanisms.
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
4. Knowledge about policy
5. Mechanisms.

Efficiency: Ask how people react to the economic policies?
How do they impact the economy?
Fairness: Who benefits and who loses? Fairness considerations?
Randomize: How would YOU react? How does a tax cut on families with income levels similar to yours...?
Randomize: How would high-income women react? How does a tax cut on high-income women.. ?
Goal: Assess whether views about mechanisms affect policy support and whether people think differently about themselves and women vs. men.
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
4. Knowledge about policy
5. Mechanisms
6. Mini Video courses
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
4. Knowledge about policy
5. Mechanisms
6. Mini Video courses

Redistribution: Distributional impacts of policy.
Efficiency: Efficiency costs of policy.
Economist: Trade-off between redistribution and efficiency.
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
4. Knowledge about policy
5. Mechanisms
6. Mini Video courses
7. Questions on Policy Outcomes
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
4. Knowledge about policy
5. Mechanisms
6. Mini Video courses
7. Questions on Policy Outcomes
   Some specific, some general.
   Perceptions of fairness of the economic policy
   Satisfaction with current policies
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
4. Knowledge about policy
5. Mechanisms
6. Mini Video courses
7. Questions on Outcomes
8. Government Questions
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
4. Knowledge about policy
5. Mechanisms
6. Mini Video courses
7. Questions on Outcomes
8. Government Questions
   Specific & general. Do you trust government to do what is good ...?
   Does the government have the tools to...?
   Do you support increased intervention along dimension...?
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
4. Knowledge about policy
6. Mechanisms
7. Mini Video courses
8. Questions on Outcomes
9. Government Questions
10. Feedback
Survey Outline

1. Background of respondent
2. Own exposure to policy
3. Open-ended questions
4. Knowledge about policy
6. Mechanisms
7. Mini Video courses
8. Questions on Outcomes
9. Government Questions
10. Feedback

  Willingness to pay for correct information
  Feedback on survey, self-reported attention.
Ensuring Comprehension and Attention

Appeal to people’s social responsibility.

Warn that “careless answers” will be flagged.

Incentivize correct answers with randomized amounts (includes no incentives).

Use of multiple choices, then text entry; sliders; images.

Time spent on separate questions & overall survey.

Ask for feedback post survey, whether felt survey was biased.

Check careless response patterns (clicking same “middle” answer).

Screening questions, interspersed throughout survey.
## Representativeness of the Survey Sample

<table>
<thead>
<tr>
<th></th>
<th>US Population</th>
<th>Income Tax Survey</th>
<th>Estate Tax Survey</th>
<th>Health Insurance</th>
<th>Trade</th>
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Self-reported Social Class – We are all “middle class”

- Working
- Middle
- Upper-middle
- Upper
- Lower
Social Class and Incomes by Political Affiliation

Self-reported Social Class of Democrats

Income Class of Democrats

Self-reported Social Class of Republicans

Income Classes of Republicans
Share of Respondents who Feel Personally fed by the Income Tax

- Sex: Women vs. Men
- Self-reported policy knowledge: Little Knowledgeable vs. Knowledgeable
- Race: Black vs. White
- Political View: Republicans vs. Democrats
- Income: Low income vs. High income
- Education: High school or less vs. Master degree
- Age: Young (18-29 y/o) vs. Old (50+ y/o)

Average share indicated by the orange dot.
Share of Respondents who Feel Personally Affected by the Estate Tax
Outline of this Talk

Project generated a lot of data: available online (shortly) to explore.

Full set of very detailed tables, figures available online.

This talk: Focus on some key findings for income and estate taxes only.

1. Misperceptions about income and estate tax

2. What are people’s main considerations and perceived goals & shortcomings of these taxes? Textual Analysis of Open-Ended Questions


4. Effects of short "Economics Lessons"
Respondents Who Say They “Do Not Know” about Income Taxation
Respondents Who Say They “Do Not Know” about the Estate Tax
Respondents Who Say They “Do Not Know” about the Health Insurance System
Respondents Who Say They “Do Not Know” about the Trade Policy
Share of Respondents Willing to Pay for Information about the Estate Tax
Share of Respondents Willing to Pay for Information about the Health Insurance System
Part 1: Income and Estate Tax
Misperceptions about Income and Estate Taxes
Misperceptions about the Income Tax

- **Top federal income tax rate**
  - 1950s: Perception 31.55, Reality 91.00
  - Today: Perception 29.44, Reality 37.00

- **Average federal income tax rate**
  - Median income HH: Perception 26.26, Reality 13.00
  - Top tax bracket HH: Perception 25.96, Reality 32.50

- **Share of Households in extreme tax brackets**
  - Top tax bracket: Perception 18.79, Reality 0.70
  - Do not pay income tax: Perception 23.92, Reality 44.00

- **Distribution of answers**
Misperceptions about the Income Tax (II)

Distribution of answers

- **Income threshold top tax rate**
  - Annual income:
    - Perception: 173,872
    - Reality: 600,000

- **Income inequality**
  - Top 1% HH (national income share):
    - Perception: 44.65
    - Reality: 20.00
Misperception about Composition of Top 1%

- Executives, managers: Reality 10.48, Perception 31.00
- Physicians: Reality 9.30, Perception 15.70
- Financial professions: Reality 10.42, Perception 13.90
- Entrepreneurs: Reality 2.30, Perception 10.49
- Lawyers: Reality 8.83, Perception 8.40
- Engineering professionals: Reality 4.60, Perception 6.63
- Real estate professionals: Reality 3.20, Perception 6.03
- Arts, Media and Sports: Reality 1.60, Perception 8.91
- Professors and scientists: Reality 1.80, Perception 5.33
- Government and teachers: Reality 0.80, Perception 5.81
Misperceptions about the Estate Tax

Top marginal estate tax rate
- 1950s: Perceived 29.22%, Reality 77.00%
- Today: Perceived 32.56%, Reality 40.00%

Average estate tax rate
- Today: Perceived 36.39%, Reality 16.50%

Estate origins
- % of estates unreal. cap. gains: Perceived 45.73%, Reality 55.00%
- % of wealth inherited: Perceived 41.94%, Reality 40.00%

Distribution of answers
Misperceptions about the Estate Tax (II)

- **Households subject to estate tax**: 364 (out of 1,000)
- **Estate tax exemption threshold**: 11.40 million
- **Wealth inequality**:
  - Top 1% (wealth share): 59.47
  - Bottom 50% (wealth share): 27.66

Distribution of answers
Just for Fun: The Step-Up of Basis

- 8.73% of respondents say they know what the step-up cost basis at death is.
- 38.7% of respondents get the correct answer at the first technical question on how the stepped-up cost basis at death works. 51% get second question about plain capital gains right. 18.5% of respondents are correct for both.

Let’s work through a concrete example about the federal estate tax now. Jack inherits a house from his father. His father paid $50,000 for the house 30 years ago. This house is now worth $350,000 at the time of the father’s death. But Jack manages to sell the house for $400,000.

What is the amount that the IRS will consider as capital gains that Jack made and that will be taxed at the capital gains tax rate?

Imagine now that the father had sold the house for $350,000 before his death.

What is the amount that the IRS will consider as capital gains that Jack’s father made and that will be taxed at the capital gains tax rate?
All Misperceptions by Groups

Income Taxation

- Republicans vs. Democrats
- Liberals vs. Conservatives
- High Incomes vs. Low Incomes
- Young vs. Old
- College Educated vs. Non College Educated

Estate Tax

- Republicans vs. Democrats
- Liberals vs. Conservatives
- High Incomes vs. Low Incomes
- Young vs. Old
- College Educated vs. Non College Educated
Text Analysis of Open-Ended Questions
Text Analysis Roadmap

Questions asked: Main Considerations? Goal of a good system? Shortcomings? Who wins/who loses? What are the effects?

**Topic Analysis:** Wordclouds, Keyness graphs, Probability distribution of “topics.”

**Keyness:** Which words are typical of a group of respondents? Score for a n-gram is $\chi^2$-test statistic testing null that use is equal across groups.

**Topic Modeling:** Keywords-count based model. Identify a set of topics and associated keywords. Extract Document-Term Matrix (DTM) and define topic dummies based on the presence of keywords.

**Sentiments:** Positive or Negative Tone? Analytic or Emotional? Use the Linguistic Inquiry and Word Count (LWIC) algorithm by Pennebaker, Booth, Boyd, and Francis.
What are Your Main Considerations About the Income Tax System?
What Should be the Goal of a Good Income Tax System?
What Are the Main Shortcomings of the US Income Tax System?

- Who Gains if Taxes on High Earners were Increased?
Topic Analysis: Keywords for the Main Topics Identified

**Distribution:** “middle class”, “working class”, “low income”, “wealthy”, “millionaire”, “rich”, “corporations”, “poor”, “inequality”

**Fairness:** “fair”, “unfair”

**Gov. spending:** “government spending”, “deficit”, “debt”, “government & waste”, “government & budget”, “government & control & spend”

**Public goods:** “infrastructure”, “education”, “health care”

**Efficiency:** “hurt & economy”, “work hard”, “flat”

**Loopholes:** “loophole”, “lawyer”, “account”, “evade”, “avoid taxes”, “evasion”

**Double taxation [only for Estate]:** “already taxed”, “already paid”, “account”, “twice & pay”, “twice & tax”, “already been & taxed”, “already been & paid”

**Grieve [only for Estate]:** “grieve”, “bury”, “funeral”

**Flat tax [only for Income Tax]:** “flat tax”

**Social safety net programs [only for Income Tax]:** “social services”, “government services”, “social programs”, “government programs”, “help & poor”, “poor & pay”, “live & paycheck”, “poor & work”

**Don’t know:** “enough knowledge”, “really know”, “idk”, “not sure”, “not informed enough”, “know enough”, “unsure”
Main Considerations about the Income Tax? Example Answers by Topic

Distribution:

“That the rich and wealthy do not pay their fair share of taxes.”

“Everyone, including the rich and corporations should pay their fair share.”

“I would want working class and middle class people to get tax cuts and I’d be willing to pay more in taxes for that to happen.”

Fairness:

“I have trouble with the concept of tax brackets that punish an individual for being successful”;

“I believe Everyone should be taxed fairly and the most wealthy should not escape carrying their weight.”

Gov. spending:

“Current tax rates being raised are a result of government mismanagement of funds and over spending without appropriate oversight. Taxes really can’t effectively be lowered until government spending is properly controlled.”;

“I am okay with raising personal income tax to reduce deficit but not for entitlement programs.”
Main Considerations about the Income Tax? Example Answers by Topic (II)

Social safety net:

“What are the taxes going towards? I strongly believe in funding going towards education and infrastructure.”

“Cut government spending on social welfare programs for lower taxes and privatize most government services for lower taxes e.g. mail, law enforcement, parks, schools...”

Efficiency:

“I am concerned about the push to raise taxes on persons with higher incomes. I do believe in trickle down economics and that government should pretty much keep their hands off.”

“I want the US to be competitive for businesses, but also know there needs to be an appropriate amount of money to fund the government necessities”

Flat Tax:

“We need a flat tax. Tax forms are complex.” ; “I think tax Rates are not fairly representative for most taxpayers. I support a flat tax rate for all except the totally disabled and indigent.”

Loopholes:

“I think the more you make, the more you should pay. We need to close the loopholes that are there to make sure that those who make more actually pay more.”
Goals of a Good Income Tax System? Example Answers by Topic

Distribution: “The goal would be to reduce inequalities but not make the system too taxing so the rich leave the country.”

Fairness: “In my view it would be clear and straightforward. The policy should be easy to understand and fair to everyone it applies to.”

Gov. spending: “Balancing the federal budget and spending on infrastructure that benefits business.”

Social services: “The goal of the system would be to provide a social safety net. It would likely include the creation of a UBI, housing guarantees, and education.”

Public goods: “Provide for all: less wars, more social policies, education, repairing infrastructure.”

Efficiency: “The goal should be to tax without discouraging people from contributing to society.”

Flat tax: “I forget what it’s called but basically the flat-rate tax thing where there’s one percentage for everyone so no one is being "punished" for working hard and earning a higher paycheck.”

Loopholes: “Close the loopholes in upper class income brackets. Make sure that the ones on government aid are actually trying to get jobs and not simply living off of the government.”
Shortcomings of the Federal Income Tax System? Example Answers by Topic

**Distribution:** “It favors the wealthy. The tax brackets are ridiculous.”

**Fairness:** “It’s always unfair to those that make the least.”

**Gov. spending:** “Government waste of taxpayer funds.”

**Social services:** “Too much of our taxes are wasted on social programs.”

**Public goods:** “Rich people avoid paying their share and hence we have a huge national debt, unfunded pension/social security systems, underfunded education and health care systems, and a crumbling infrastructure.”

**Efficiency:** “Taxing the wealthy too much will hurt the economy!”

**Flat tax:** “People who don’t even work get tax refunds. This is a ridiculous system. Flat tax rate would make it fair.”

**Loopholes:** “Too complex for the layman to understand with countless loopholes that specifically favor the rich.” “Loopholes: how’d Amazon pay $0?”
Main Considerations about Income Tax?
Goals of a Good Income Tax System?
Shortcomings of Income Tax System?
What are your Main Considerations about the Income Tax?
Relative Frequency of Topics by Political Views

- **Distribution**
- **Fairness**
- **Gov. Spending**
- **Social Safety**
- **Efficiency**
- **Flat Tax**
- **Loopholes**
- **Public Goods**
- **Don't Know**

Bars represent different political views:
- Clinton Liberal
- Clinton Moderate
- Trump Moderate
- Trump Conservative

Y-axis represents frequency from 0 to 40.
What would be the goal of a good tax system?
Relative Frequency of Topics by Political Views

![Bar graphs showing relative frequency of topics by political views](image)
What are the Shortcomings of the Federal Income Tax System?
Relative Frequency of Topics by Political Views

- **Distribution**
- **Fairness**
- **Gov. Spending**
- **Social Safety**
- **Efficiency**

- **Flat Tax**
- **Loopholes**
- **Public Goods**
- **Don't Know**

Legend:
- Clinton Liberal
- Clinton Moderate
- Trump Moderate
- Trump Conservative
Topic Analysis: All Figures

What are your Main Considerations on Federal Personal Income Taxation?

- Relative Frequency of Topics: By Age
- Relative Frequency of Topics: By Income
- Probability of Mentioning Topics: By Political Views
- Probability of Mentioning Topics: By Age
- Probability of Mentioning Topics: By Income

What are the Goals of a Good Income Tax System?

- Relative Frequency of Topics: By Age
- Relative Frequency of Topics: By Income
- Probability of Mentioning Topics: By Political Views
- Probability of Mentioning Topics: By Age
- Probability of Mentioning Topics: By Income

What are the shortcomings of the U.S. federal income tax system?

- Relative Frequency of Topics: By Age
- Relative Frequency of Topics: By Income
- Probability of Mentioning Topics: By Political Views
- Probability of Mentioning Topics: By Age
- Probability of Mentioning Topics: By Income
What are your Main Considerations about the U.S. Federal Estate Tax?
Goals of a Good Estate Tax

What are the Shortcomings of the U.S. Federal Estate Tax?
Main Considerations about the Estate Tax? Keywords by Political Views

- Already tax***
- Work hard***
- Government tax***
- Tax family***
- Tax time***
- Tax twice***
- Tax property**
- Don't tax**
- Tax business**
- Already government**
- Government right**
- Inheritance tax**
- Tax lovedone**
- Tax right*
- Tax base*
- Fair tax*
- Tax seem*
- Tax increase*
- Income bracket*
- Tax wealthy*
- Tax income*
- Large tax**
- Transfer tax**
- Rich tax**
- Million tax***

By Age  By Income

Conservative  Liberal

chi2
Goal of a Good Estate Tax System? Keywords by Political Views

- Already tax
- Tax government
- None tax
- Not sure
- Satisfy tax
- Tax property
- Don't tax
- Five hundred
- Five million
- Low income
- Middle class
- Million tax
- Tax five
- Tax wealthy
- Tax rate

Conservative vs. Liberal

Chi-squared (χ²) values:
- Conservative
- Liberal
Main Considerations about the Estate Tax? Example Answers by Topic

Distribution:

“It can help keep the ultra wealthy accountable for their wealth.”
“Passing wealth from one generation to the next contributes to wealth inequality. Federal estate tax should be much higher.”

Fairness:

“I don’t think there should be a federal estate tax because it’s kind of unfair to have to pay taxes on money that already belongs to your family and has most likely had taxes paid on it already.”

Gov. spending:

“I believe in smaller government, so all taxes should be lower. I actually think we should have a flat tax for income - period. Then estate taxes wouldn’t even be an issue.”

Public goods:

“I would like higher taxes to pay for more domestic spending such as education, healthcare, etc.”
Main Considerations about the Estate Tax? Example Answers by Topic

Efficiency:

“Lower taxes mean I have more disposable income to spend therefore more products can be made and more jobs created. I feel it is wrong to penalize people for increased wealth.”

Loopholes:

“The wealthy don’t usually pay these taxes, they find a loophole. Why should my children have to pay taxes on things I’ve already paid taxes on during my lifetime?”

Double taxation:

“I think it is ridiculous, you pay taxes twice.”

Grief:

“I don’t think we should have one at all. You’re taxing a family member for the death of their loved one? That’s messed up.”
Distribution: “Tax the rich, feed the poor.”

Fairness: “Fair taxation to all.”

Gov. spending: “As little as possible... The government seems to have plenty of money already and seems to waste a lot of it.”

Public goods: “A system that uses the money from the estate tax to invest in the infrastructure of where the deceased lived, and then branching out from there.”

Efficiency: “It should be minimal. People work hard to leave things for kids.”

Loopholes: “A good estate tax system would recoup some of the taxes that have typically been lost through loopholes exploited by the wealthy.”

Double taxation: “No Tax. It has already been taxed.”

Grief: “The goal, in my not highly informed view, would be to tax the inherited estate as if it were income.”
Shortcomings of the U.S. Federal Estate Tax? Example Answers by Topic

**Distribution:** “Tax the poor and middle class too much and the wealthy not enough.”

**Fairness:** “It’s not taxing enough and some people find sneaky ways to hide the money which isn’t fair.”

**Gov. spending:** “The entire scheme of it to line the government with more money to wastefully spend.”

**Public goods:** “If taxes were higher maybe free healthcare could be accomplished.”

**Efficiency:** “It’s just another way for liberals to try and redistribute wealth to those who do not want to work hard to better their lives they just want Government handouts.”

**Loopholes:** “The rich know ways to avoid this tax or have accountants who do it for them. This is a great shortcoming I see as totally unfair.”

**Double taxation:** “You’re paying taxes on money that was already taxed.”

**Grieve:** “I think it’s a way to get money out of grieving families.”
What are Your Main Considerations About the Estate Tax? 
Relative Frequency of Topics by Political Views
What would be the Goal of a Good Estate Tax System?
Relative Frequency of Topics by Political Views

[Bar charts showing distribution of topics by political views]
What do You Think are the Shortcomings of the U.S. Federal Estate Tax? Relative Frequency of Topics by Political Views

- Distribution
- Fairness
- Gov. Spending
- Efficiency
- Loopholes

Double Tax
Grieve
Public Goods
Don't Know

Color Legend:
- Clinton Liberal
- Clinton Moderate
- Trump Moderate
- Trump Conservative
Topic Analysis: All Figures

What are your Main Considerations on the Federal Estate Taxation?

- Relative Frequency of Topics: By Age
- Relative Frequency of Topics: By Income
- Probability of Mentioning Topics: By Political Views
- Probability of Mentioning Topics: By Age
- Probability of Mentioning Topics: By Income

What are the Goals of a Good Estate Tax System?

- Relative Frequency of Topics: By Age
- Relative Frequency of Topics: By Income
- Probability of Mentioning Topics: By Political Views
- Probability of Mentioning Topics: By Age
- Probability of Mentioning Topics: By Income

What do you think are the shortcomings of the U.S. federal estate tax?

- Relative Frequency of Topics: By Age
- Relative Frequency of Topics: By Income
- Probability of Mentioning Topics: By Political Views
- Probability of Mentioning Topics: By Age
- Probability of Mentioning Topics: By Income
Perceived Mechanisms of Income and Estate Taxes
If the Income Tax Rate were to Increase for the Middle Class/High Earners/You, Would it Encourage the following?

Respondents perceive themselves as much less responsive than others.
If the Income Tax Rate were to Increase for the Middle Class/High Earners/Women, Would it Encourage the following?

**Encouraged behavior, high income tax increase**
- Be less entrepreneurial
- Move state
- Have spouse stop working
- Stop working
- Work less
- Evade taxes

**Encouraged behavior, middle class tax increase**
- Be less entrepreneurial
- Move state
- Have spouse stop working
- Stop working
- Work less
- Evade taxes

[Graph showing the percentage of individuals who would be encouraged to behave in certain ways if income tax rates were increased for different groups.]
If the Income Tax Rate were to Increase for the Middle Class/High Earners/You, Would it Encourage the following? - By Political Views

Encouraged behavior, high income tax increase

Encouraged behavior, middle class tax increase

Republicans

Democrats
Would the following Groups/You Win if the Income Tax were Cut?

**Winner: Tax cut for high incomes**

- All respondents
- Democrats
- Republicans

**Winner: Overall tax increase, more government revenue to spend**

- All respondents
- Democrats
- Republicans

Legend:
- Lower Class
- Working Class
- Middle Class
- Upper-middle Class
- Upper Class
- Me
Fairness of and Distortionary Effects of Income Tax

**Fairness arguments**
- Working hard should reduce tax burden
- High-income individuals entitled to keep large share of income
- Progressive taxation bad tool to reduce ineq.

**Distortionary effects / Income tax policy**
- Middle-class tax cuts reduce fiscal deficit (Laffer effect)
- High-income tax cuts reduce fiscal deficit (Laffer effect)
- Taxing high incomes hurts the economy (Distortion effect)
- High-income tax cuts reduce long-run ineq. (Trickle down)

Legend:
- **Baseline**
- **People with similar income to mine**
Fairness of and Distortionary Effects of Income Tax by Political Views

**Fairness arguments**
- Working hard should reduce tax burden
- High-income individuals entitled to keep large share of income
- Progressive taxation bad tool to reduce ineq.

**Distortionary effects / Income tax policy**
- Middle-class tax cuts reduce fiscal deficit (Laffer effect)
- High-income tax cuts reduce fiscal deficit (Laffer effect)
- Taxing high incomes hurts the economy (Distortion effect)
- High-income tax cuts reduce long-run ineq. (Trickle down)

- Republicans
- Democrats
Which Groups of People would Gain if the Income Taxes on High Earners were Increased? by Political Views
Which Groups of People would Lose if the Income Taxes on High Earners were Increased? by Political Views
If the Estate Tax were to Increase, Would it Encourage the Young/Wealthy/You towards the following?

<table>
<thead>
<tr>
<th>Encouraged behavior</th>
<th>Me</th>
<th>Young</th>
<th>Wealthy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Save Less</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Be less entrepreneurial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Move state</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have spouse stop working</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stop working</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Work less</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evade taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
If the Estate Tax were to Increase, Would it Encourage the Young/Wealthy/Women towards towards the following?

Encouraged behavior of wealthy (people/women)
- Save Less
- Be less entrepreneurial
- Move state
- Have spouse stop working
- Stop working
- Work less
- Evade taxes

Encouraged behavior of young (people/women)
- Save Less
- Be less entrepreneurial
- Move state
- Have spouse stop working
- Stop working
- Work less
- Evade taxes

Baseline  Women
If the Estate Tax were to Increase, Would it Encourage the Young/Wealthy towards the following? - By Political Views
Would the following Groups/You Win if the Estate were Cut?
Fairness of Inheritance and Distortionary Effects of Estate Tax

**Fairness considerations / It is fair that...**

- Wealthy families/families similar to mine pass on all wealth to their children
- Children born in wealthy families/families wealthier than mine inherit more
- Children born in wealthy families/families wealthier than mine access better amenities
- Estates of people who inherited are taxed in wealthy families/families wealthier than mine
- Estates are taxed in wealthy families/families wealthier than mine who worked hard

**Distortionary effects / Increasing the estate tax on wealthy families...**

- Is a good way to reduce income inequality
- Will increase the long-term deficit (Laffer Effect)
- Will hurt the economy

Legend:
- Families similar to mine
- Families wealthier than mine
- Wealthy families
Fairness of Inheritance and Distortionary Effects of Estate Tax by Political Views

**Fairness considerations / It is fair that...**

- Wealthy families pass on all wealth to their children
- Children born in wealthy families inherit more
- Children born in wealthy families access better amenities
- Estates of people who inherited are taxed in wealthy families
- Estates are taxed in wealthy families who worked hard

**Distortionary effects / Increasing the estate tax on wealthy families...**

- Is a good way to reduce income inequality
- Will increase the long-term deficit (Laffer Effect)
- Will hurt the economy

Legend:
- **Red** - Republicans
- **Blue** - Democrats
Which Groups of People would Gain if the Estate Tax was Increased? by Political Views
Which Groups of People would Lose if the Estate Tax was Increased? by Political Views
Views on Income Taxation

The federal income distribution is fair

I am satisfied with the income tax system

High-income households pay in income taxes...

Middle-class households pay in income taxes...

Clinton: Liberals

Clinton: Moderates

Trump: Moderates

Trump: Conservatives

Strongly Disagree

Strongly Agree

Much More  Fair Share  Much Less
Views on Income Taxation (II)

Inequality is a serious problem | The government should increase taxes to support low incomes | The government should increase taxes to support investment | Is the distribution of wealth fair?

Clinton: Liberals

Clinton: Moderates

Trump: Moderates

Trump: Conservatives

Strongly Disagree | Strongly Agree

Yes | No
Views on the Estate Tax

- Inequality is a serious problem
- The federal estate tax system is fair
- Is the distribution of wealth fair?

By Age
By Income
By Sex
Views on the Estate Tax (II)

- **I am satisfied with the estate tax system**
- **Should there be a federal estate tax?**
- **Should the estate tax change?**

**Clinton: Liberals**

**Clinton: Moderates**

**Trump: Moderates**

**Trump: Conservatives**

**Strongly Disagree** | **Strongly Agree**

**Yes** | **No**

**Lowered a Lot** | **Increased a Lot**
Effects of Video Courses of Income and Estate Tax
Three different video courses

Redistribution: Distributional impacts of policy.

Efficiency: Efficiency costs of policy.

Economist: Trade-off between redistribution and efficiency.
The top 1% richest agents, just one person in 100, earn around 22% or almost one quarter of all income in the U.S.
A progressive income tax system means that higher income households pay a higher share of their income in taxes.
Revenues from the income tax go to fund tax cuts or transfers for lower income families.
However, raising taxes has some economic costs. These costs arise from people reacting to higher taxes by changing their behaviors.

Link to the video here
Higher taxes could thus reduce overall economic activity and incomes.
When the tax rate rises, Martha may decide to **not look for a job anymore**, since the cost of searching and working **may no longer be worth** the lower post-tax income.
All taxes have an economic cost and too high taxes can discourage economic activity.

But there are also benefits. Progressive taxes make the income distribution more equal and fair by redistributing some income from richer to poorer people. The ideal income tax system will be the one that balances these costs and benefits.
Estate Tax: Redistribution Treatment (I)

The top 0.1% richest agents, or just 1 person in 1000, hold around 22%, almost one quarter of all the wealth in the U.S.

Link to the video here
Revenues from the estate tax go to fund other tax cuts, transfers, or government programs that help less wealthy families.
Leveling the playing field through the estate tax is even more important since children from wealthy families already start with many more advantages in life, such as:

- better schools
- better health
- better neighborhoods
- better social and professional networks
Estate Tax: Efficiency Treatment (I)

When the estate tax is higher, wealthy parents may decide to work less or start fewer businesses since the wealth they create to transmit to their kids will be lower after tax.

Link to the video here
When the estate tax is higher, wealthy parents may also want to hide more of their wealth from the tax authorities. There are many sophisticated tax evasion and avoidance channels and loopholes.
But there are also \textbf{economic benefits} from a higher estate tax: When wealthy children receive less after-tax wealth handed down from their parents, \textbf{they will work more} on their own.
Estate Tax: Economist Treatment (I)

To sum up, like all taxes, the estate tax has economic costs and benefits. An estate tax makes the wealth distribution more equal and fair and levels the playing field between children from poor and wealthy families. The right level of the estate tax will be the one that balances its costs and benefits.

Link to the video here.
Effects of Economics Courses

“First Stages:"
Efficiency and Economist courses increase perceived responses to taxes; strengthen view that taxes on high incomes are bad for the economy.

Distribution course increases perception of inequality as an issue.

“Second Stages."
Distribution and Economist courses increase perception of income tax as a good tool to reduce inequality (despite efficiency costs); increase perceived scope of government and role of government in reducing inequality.

Means that distributional concerns dominate the efficiency concerns when both are shown.

Different results for different policies. For trade and health insurance, “efficiency” arguments are more effective in increasing support (for free trade with compensating policies for losers; and for more generous, government-provided health insurance).
Part 2: Health Insurance
Misperceptions about Health Insurance
Misperception about Share of People Relying on Modes of Insurances
U.S. Health Care compared to other Rich Countries

Compared to other rich countries, the U.S. spends...

- Much more: 27.82%
- More: 24.86%
- About the same: 11.12%
- Less: 26.67%
- Much less: 9.53%

Compared to other rich countries, the quality of U.S. healthcare is...

- Much worse: 7.12%
- Worse: 34.06%
- About the same: 32.64%
- Better: 18.84%
- Much better: 7.34%
 Compared to other rich countries, the U.S. spends...

- More
- About the same
- Less

Compared to other rich countries, the quality of U.S. healthcare is...

- Worse
- About the same
- Better

Clinton Liberals | Clinton Moderates | Trump Moderates | Trump Conservatives
Knowledge of Healthcare Policies

What is Medicaid? Who is eligible for it?*
Correct answer: Health care coverage for low-income U.S. citizens

What is Medicare? Who is eligible for it?*
Correct answer: Health care coverage for senior and disabled U.S. citizens

Was there an individual mandate in 2018?
Correct answer: Yes

What happened without insurance until 2018?
Correct answer: A penalty had to be paid

Was the individual mandate changed in 2019?
Correct answer: Yes

How was the individual mandate changed?
Correct answer: The penalty was reduced to zero

Is there currently an employer mandate?
Correct answer: Yes, but small employers are exempted

Did the ACA make any change to Medicaid eligibility?
Correct answer: Depends on respondent's state

*Text analysis question
Are Premia allowed to Depend on these Factors?

- Age: Correct answer: Yes
- Tobacco: Correct answer: Yes
- Location: Correct answer: No
- Gender: Correct answer: No
- Pre-existing conditions: Correct answer: No
What happened if you had no insurance until 2018?

- A penalty had to be paid: Correct answer
- Nothing happened
- You were forced to buy insurance
- You received a warning

0.0% 25.0% 50.0% 75.0%

A penalty had to be paid [Correct answer] 85.17
Nothing happened 6.93
You were forced to buy insurance 4.89
You received a warning 3.01
How was the Individual Mandate Changed in 2019?

- The individual mandate was canceled: 57.84%
- The penalty was reduced to zero: 21.70%
- The penalty was increased: 9.37%
- The penalty was decreased: 6.21%
- Other: 4.88%

[Correct answer: The penalty was reduced to zero]
What is the Income Threshold for Medicaid Eligibility for a Family Like Yours?

Most respondents underestimate their eligibility threshold

<table>
<thead>
<tr>
<th>Percentage of Respondents</th>
<th>% of respondents who overestimate the threshold</th>
<th>% of respondents who underestimate the threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>67.92</td>
<td>32.08</td>
</tr>
<tr>
<td>25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>75%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>100%</td>
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<td></td>
</tr>
</tbody>
</table>

Perceptions of the medicaid eligibility threshold seem to be independent of respondents’ true thresholds

Note: Question was asked as a percentage of Federal Poverty Level. Respondents’ actual threshold was computed using information on State, marital status and family size. The black dot indicates the median answer in each bin. Two-sample Cramér-von Mises tests done on all pairs of distributions fail to reject that any of them are different. Chi-squared and Hoeffding tests also fail to reject the independence of both variables.
Who pays for the long-term care of an elderly person? (select all that apply)

- Private insurance plans [Correct]
- Employer insurance plans
- Medicaid pays for all elderly
- Medicare pays for all elderly above 65
- Medicare pays part for all the elderly [Correct]
- Medicaid pays only for short periods [Correct]
- Medicare for elderly who purchase supplements
- Medicaid pays only for elderly with low income and low assets [Correct]

% of respondents who think option applies

58.20 17.88 13.44 45.53 40.81 34.28 40.92 23.20 0.0% 20.0% 40.0% 60.0%

† No. of correct answers

117/333
Personal Exposure to Health Insurance
Personal Exposure to Health Policy

Has Health Insurance

On Medicare or Medicaid

Pays all health insurance

Delayed medical treatment recently

Satisfied with healthcare costs

Satisfied with healthcare quality

Yes
No
Textual Analysis of Open-Ended Questions of Health Insurance
What would be the Goal of a Good Health Insurance System?
What are your Main Considerations about Universal Health Insurance?

- Shortcomings of US Insurance System
- Effects on the Economy if a Single Payer were introduced
- Who gains if a Single Payer were introduced?
Main Considerations about Universal Health Insurance?
Keywords by Political Views

- against government
- government control
- tax payer
- government control
- long wait
- low quality
- government can't
- like canada
- long line
- don't government
- nothing free
- don't government
- long line
- like canada
- government can't
- favor cover
- favor access
- favor against
- human right

By Age

By Income

By Education
Biggest Problem with Health Insurance in the U.S.?
Keywords by Political Views

- high too*
- not enough*
- doctor charge*
- company need*
- hide cost*
- cover cost*
- price drug*
- profit company**
- afford everyone**
- private company**
- pocket cost**
- too expensive***

By Age
By Income
By Education
Main Topics Identified: Keywords


2. **Extensive Coverage**: ‘Full coverage’, ‘Preventive care’,


6. **Quality**: ‘Quality’

7. **Costs**: ‘Costs’, ‘Expensive’

Goal of a Good Insurance System? Example Answers by Topic

1. Affordability:

“Affordable premiums, affordable prescriptions costs to patients, cap on how much patient has to pay out of pocket, discounts for maintenance medications like insulin.”

“A system where high quality care was provided at a reasonable cost. Decisions on health were based on the best available care. Care would not be based on ability to pay.”

2. Coverage:

“It would be to provide some type of affordable coverage to all including coverage for pre-existing conditions, regular checkups and life long conditions. It should include dental, vision, hearing and all other health related issues as well as mental health and drug or alcohol dependency treatment. It should also cover reasonably priced options for necessary medications.”

3. Efficiency:

“Letting the marketplace dictate rather than government regulations. Competition, especially across state lines, will bring about more competitive rates and higher quality of service for policy holders.”

“Putting healthcare decisions back in the hands of the patients - a free market solution that allows for competition and choice and that everyone pays for their own insurance.”
Goal of a Good Insurance System? Example Answers by Topic

4. Taxation:

“One that is paid for by our taxes and covers everyone.”;

“Government sponsored healthcare paid by taxing the wealthy”

5. Pharma:

“A system that pharmaceutical companies and business managers are not responsible for the price and forms of care available to the average citizen.”

“One that actually benefits the one paying for the insurance and not the lion’s share of the money going to the CEO’s of the insurance companies, hospitals and big pharma. We now pay ‘extortion’ fees to get insurance which many, many cannot even afford to use after all the deductables and copays and insurance premiums. Completely useless to have, only benefits the insurance companies.”

6. Quality:

“To me it is very important that health insurance systems provide high quality service to every individual regardless of their financial capacity.”
Main Considerations on Universal Insurance?
Example Answers by Topic

1. Costs:
“The major benefit should be an overall improvement in health for our country and a reduction in future medical costs over time. The main obstacle of course is cost. There would need to be major agreements made on costs with drug companies, health care workers (including doctors) and facilities. (Hospitals, clinics, etc.)”

2. Right:
“We should have universal healthcare involving all citizens. Healthcare should be a right and not a privilege.”;

3. Efficiency:
“Universal health funded only by the government would be bloated and inefficient. One only need to look at VA Health to the what a nightmare a non-competitive healthcare system would become.”;
“Government needs to keep hands off. Government control leads to inefficiency, rationing of services, inflation and less health care for all.”

4. Taxation:
“I think that it would help a lot of people, but we would have to pay more taxes.”;
“I am against it since MY taxes pay for it. There is no such thing as free!”
Biggest Problem with Health Insurance in the U.S.? Example Answers by Topic

1. Costs:

“The personal cost to the average citizen. The cost of paying into insurance plans is unbelievable, and even with proper coverage, medical assistance can still cost thousands of dollars out of pocket. The cost has skyrocketed, and compared to countries with similar methods and medications and standards, it is unreasonable.’

“It costs too much, and that makes it difficult for lower-income families to afford it.’

2. Pharma:

“The insurance companies running and dictating care for profit and not wellness.”

“The insurance companies, the drug companies and politicians and lobbyist wanting to get their cut. They do not care about the public just their greed for more money.”

3. Efficiency:

“It’s not health insurance that’s the problem. It’s the abuse of the government assistance within health care coverage.”

“There is so much pointless administration. All those people need to be paid and that comes from consumers’ premiums. Very inefficient.”
What Would be the Goal of a Good Health Insurance System?
Relative Frequency of Topics by Political Views
Considerations about Universal Insurance System?
Relative Frequency of Topics by Political Views

Costs

Right

Efficiency

Taxation

- Clinton Liberal
- Clinton Moderate
- Trump Moderate
- Trump Conservative
What is the Biggest Problem with Health Insurance in the United States?
Relative Frequency of Topics by Political Views

Costs

Pharma

Efficiency

Clinton Liberal  Clinton Moderate  Trump Moderate  Trump Conservative
Effects on the U.S. Economy if a Single-Payer System were Introduced? Relative Frequency of Topics by Political Views

Taxation

Costs

Efficiency

Don't know

- Clinton Liberal
- Clinton Moderate
- Trump Moderate
- Trump Conservative
Who gains if a Single-Payer System is Introduced? Relative Frequency of Topics by Political Views

- **Everybody**: Clinton Liberal, Clinton Moderate, Trump Moderate, Trump Conservative
- **Low Income**: Clinton Liberal, Clinton Moderate, Trump Moderate, Trump Conservative
- **Weak**: Clinton Liberal, Clinton Moderate, Trump Moderate, Trump Conservative
- **Lazy**: Clinton Liberal, Clinton Moderate, Trump Moderate, Trump Conservative

Bars represent the frequency of topics for each political view.
Topic Analysis: All Figures

**What are your Main Considerations about Universal Health Insurance for All?**

- Relative Frequency of Topics: By Age
- Relative Frequency of Topics: By Income
- Probability of Mentioning Topics: By Political Views
- Probability of Mentioning Topics: By Age
- Probability of Mentioning Topics: By Income

**What would be the Goals of a Good Insurance System?**

- Relative Frequency of Topics: By Age
- Relative Frequency of Topics: By Income
- Probability of Mentioning Topics: By Political Views
- Probability of Mentioning Topics: By Age
- Probability of Mentioning Topics: By Income

**What is the Biggest Problem with Health Insurance in the U.S. today?**

- Relative Frequency of Topics: By Age
- Relative Frequency of Topics: By Income
- Probability of Mentioning Topics: By Political Views
- Probability of Mentioning Topics: By Age
- Probability of Mentioning Topics: By Income

**What would be the Effects on the Economy if a Single-Payer System were Introduced?**

- Relative Frequency of Topics: By Age
- Relative Frequency of Topics: By Income
- Probability of Mentioning Topics: By Political Views
- Probability of Mentioning Topics: By Age
- Probability of Mentioning Topics: By Income
In your view, what is the main reason for having an individual mandate?
Reason for Individual Mandate? Keywords by Political Views

- Medical cost***
- Government control***
- Force everyone*
- Cover medical*
- Cost government*
- Everyone access**
- Cost everyone**
- Overall cost***

By Age  ▶  By Income  ▶  By Education
Perceived Mechanisms of Health Insurance
If Health Insurance were to be made more Generous, Would it Encourage People/You toward the following?

- Make less use of emergency room
- Make more use of medical services
- Use more preventive medical care
- Does employer provided insurance discourage (people/you) from quitting a bad job?

Encouraged behavior

Other People: [Data Points]
Me: [Data Points]
If Health Insurance were to be made more Generous, Would it People toward the following? - By Political Views

Encouraged behavior

Make less use of emergency room

Make more use of medical services

Use more preventive medical care

Does employer provided insurance discourage people from quitting a bad job?

<table>
<thead>
<tr>
<th>Encouraged behavior</th>
<th>Republicans</th>
<th>Democrats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make less use of emergency room</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make more use of medical services</td>
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<td></td>
</tr>
<tr>
<td>Use more preventive medical care</td>
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<td></td>
</tr>
<tr>
<td>Does employer provided insurance discourage people from quitting a bad job?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Republicans
- Democrats
If Health Insurance were to be made more Generous,
Would it Encourage People toward the following? - By Gender

Does employer provided insurance discourage people from quitting a bad job?

- Make less use of emergency room
- Make more use of medical services
- Use more preventive medical care

Encouraged behavior

Women

Men

142 333
Support for Efficiency, Equity and Fairness Arguments (You vs. Other people)

**Efficiency considerations**
- More generous preventive care reduces (total/my total) long-term cost
- Important that (everyone/I) can afford care to prevent disease spreading

**Equity considerations**
- Health (in the US/my own) would be worse with less generous insurance
- More generous insurance reduces (people's/my) financial stress and debt
- Important to help (low-income households/me) to afford medical care

**Fairness considerations**
- Unfair if (people/I) pay more with pre-existing conditions
- Unfair if (people/I) pay more when born with worse health
- Health issues are mostly outside (one's/my) own control
Support for Efficiency, Equity and Fairness Arguments - By Political Views

Efficiency considerations
- More generous preventive care reduces total long-term cost
- Important that everyone can afford care to prevent disease spreading

Equity considerations
- Health in the US would be worse with less generous insurance
- More generous insurance reduces people's financial stress and debt
- Important to help low-income households to afford medical care

Fairness considerations
- Unfair if people pay more with pre-existing conditions
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- Health in the US issues are mostly outside one's own control
Support for Efficiency, Equity and Fairness Arguments - By Gender

**Efficiency considerations**
- More generous preventive care reduces total long-term cost
- Important that everyone can afford care to prevent disease spreading

**Equity considerations**
- Health in the US would be worse with less generous insurance
- More generous insurance reduces people's financial stress and debt
- Important to help low-income households to afford medical care

**Fairness considerations**
- Unfair if people pay more with pre-existing conditions
- Unfair if people pay more when born with worse health
- Health in the US issues are mostly outside one's own control
Support for full insurance coverage for specific services - By Political Views

- Pediatric Care
- Emergency Room
- Catastrophic situations
- Specialists non-essential care
- Maternity
- Primary care visits
- Preventive care

Support for insurance coverage:

- Republicans
- Democrats

0 25 50 75 100

Democrats

Republicans

Preventive care
Primary care visits
Maternity
Specialists non-essential care
Catastrophic situations
Emergency Room
Pediatric Care
Support for full insurance coverage for specific services - By Gender

Support for insurance coverage

- Preventive care
- Primary care visits
- Maternity
- Specialists non-essential care
- Catastrophic situations
- Emergency Room
- Pediatric Care

0 25 50 75 100

Men
Women
Support for birth control/abortion insurance coverage by Political Views

- Employers with religious objections should be required to provide birth control coverage.
- Unfair that women who use birth control pay for the cost on their own.
- Women using birth control should not have higher copays.
- Health providers should not be allowed to opt out from abortion related treatments.
- Insurance providers should have to cover abortion related treatments.

The graph shows a trend where Republicans display a higher support for these reproductive health policies compared to Democrats.
Support for birth control/abortion insurance coverage - by Gender

Employers with religious objections should be required to provide birth control coverage.

Unfair that women who use birth control pay for the cost on their own.

Women using birth control should not have higher copays.

Health providers should not be allowed to opt out from abortion related treatments.

Insurance providers should have to cover abortion related treatments.
Outcome questions: Perception of the health care system - By Political Views

Current health care system

- Healthcare access satisfactory
- Insurance system fair
- Satisfied with Health Insurance
- Support Medicare for all
- Don't know enough on Medicare for all
- Support transfers to low incomes
- Support Individual Mandate
- Support Employer Mandate

0 25 50 75 100

Republicans
Democrats

Legend:
- Republicans
- Democrats
Outcome questions: Perception of the health care system - By Age

<table>
<thead>
<tr>
<th>Current health care system</th>
<th>Young</th>
<th>Old</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare access satisfactory</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance system fair</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfied with Health Insurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support Medicare for all</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Don't know enough on Medicare for all</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support transfers to low incomes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support Individual Mandate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support Employer Mandate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Outcome questions: Perception of the health care system - By Male/Female

- Healthcare access satisfactory
- Insurance system fair
- Satisfied with Health Insurance
- Support Medicare for all
- Don't know enough on Medicare for all
- Support transfers to low incomes
- Support Individual Mandate
- Support Employer Mandate

By Income

- Men
- Women
Which Groups of People would Gain if a Single-Payer System was Introduced in the U.S.?
by Political Views
Effects of Video Courses of Health Insurance
With health insurance, people can afford medical care when needed.

Link to the video here
Health insurance ensures that when these bad things happen, people don’t need to worry about their financial security in addition to everything else.
Health Insurance: Redistribution Treatment (III)

It can also help poor families afford health care by providing them with more generous insurance with less out-of-pocket costs.
Making sure that everyone has health insurance can, perhaps surprisingly, lower total health costs in the U.S.
Health Insurance: Efficiency Treatment (II)

With more insured, fewer people get untreated contagious diseases, which can be transmitted to others.

This also lowers total health care costs.
As a single payer, *the government can economize on all the overhead costs of many private insurers.*
It can keep health insurance costs down and help the economy overall too.
The government also has better bargaining power with big pharmaceutical companies and hospitals and can get lower prices for high quality drugs and care.
Political Polarization - Health Insurance
Outcome Questions - Health Insurance

- It is fair that women using birth control have increased copays
- Law should allow pharmacists to opt out in case of ambition
- Should employers with religious objections be required to provide birth control coverage?
- Should women planning to use birth control have increased copays?
- Should insurance providers have to cover abortion?

<table>
<thead>
<tr>
<th></th>
<th>Clinton: Liberals</th>
<th>Clinton: Moderates</th>
<th>Trump: Moderates</th>
<th>Trump: Conservatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>25</td>
<td>50</td>
<td>75</td>
<td>100</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>25</td>
<td>50</td>
<td>75</td>
<td>100</td>
</tr>
</tbody>
</table>

Legend:
- Blue: Yes
- Red: No
Part 3: Trade
Misperception about Trade
Do you know what a Tariff and an Import Quota are?

Do you know what an import tariff is?
Yes: 78%
No: 22%

Do you know what an import quota is?
Yes: 48%
No: 52%
Who are the Main Trading Partners of the United States?

From which country does the U.S. import the most? (Correct answer: China)
- China: 71%
- Canada: 7%
- Brazil: 1%
- France: 1%
- Germany: 1%
- India: 1%
- Ireland: 0%
- Italy: 1%
- Japan: 4%
- Mexico: 7%
- Netherlands: 1%
- South Korea: 1%
- Switzerland: 1%
- Taiwan: 1%
- United Kingdom: 4%

To which country does the U.S. export the most? (Correct answer: Canada)
- Canada: 19%
- China: 44%
- France: 1%
- Germany: 2%
- India: 2%
- Ireland: 0%
- Italy: 1%
- Japan: 5%
- Mexico: 14%
- Netherlands: 0%
- South Korea: 1%
- Switzerland: 0%
- Taiwan: 0%
- United Kingdom: 9%
Textual Analysis of Open-Ended Questions of Trade
What are the Main Considerations about Trade Policy and Restrictions?
What would be the Goal of a Good Trade policy?
Main Considerations about Trade Policy? Keywords by Political Views

- Buy American***
- Take Advantage USA**
- Fair Deal*
- Good Deal*
- Fair Balance*
- Goods Expensive**
- Consumer Pay***

By Political Party

- Conservative
- Liberal

By Age
- By Income
- By Education
Main Topics Identified: Keywords

What are your Main Considerations about Trade Policy and Restrictions on Trade? Example Answers by Topic

1. Geopolitics:
   “This needed to be handled diplomatically. Restrictions on China will eventually backfire. China has a long term plan and will not be bullied by the United States.”

2. Efficiency:
   “Free trade is good due to specialization of labor and fostering efficient markets. Trade wars are difficult to win due to the economic dead weight loss they create. Tariffs, in my view are generally bad because they often get passed to the consumer.”

3. Jobs:
   “Keeping jobs in America and punishing companies that outsource.”
   “I think it’s about time the United States starts taking care of us first. Jobs moving out of the country, people out of work. I would love to be able to see Made In America on the label of everything I buy.”

4. Equity:
   “I feel as though other countries especially China have had a free ride for too long, and we are not getting a fair deal with them, so I think due to the countries taking advantage of us and not buying enough of our goods, we should impose tariffs until we are on an even playing field.”
What Would be the Effects on the Economy if Barriers were Increased?
Example Answers by Topic

1. Recessive Effects:

   “Catastrophic. An increase in unemployment and eventually a recession.
   “I think if tariffs were increased it would raise prices on goods for everyone, which will hurt the economy because people won’t be able to purchase everything they want or need to.
   “I feel that a recession would happen. People would not buy products and services would be less. There would be an increase in unemployment because businesses would be reluctant to expand.’

2. Boosting Effects:

   “Make us stronger.”
   “We’d be more self reliant and forced to create more domestic goods and jobs.”
   “Not as bad as the media says. If done right, it can boost jobs here in America and improve the economy by putting more Americans to work.”
What are your Main Considerations about Trade Policy?
Relative Frequency of Topics by Political Views

- **Geopolitics**
  - Clinton Liberal
  - Clinton Moderate
  - Trump Moderate
  - Trump Conservative

- **Efficiency**
  - Clinton Liberal
  - Clinton Moderate
  - Trump Moderate
  - Trump Conservative

- **Jobs**
  - Clinton Liberal
  - Clinton Moderate
  - Trump Moderate
  - Trump Conservative

- **Equity**
  - Clinton Liberal
  - Clinton Moderate
  - Trump Moderate
  - Trump Conservative
What Would be the Effects on the Economy if Barriers were Increased?
Relative Frequency of Topics by Political Views

Boosting Effects

Recessive Effects

Clinton Liberal
Clinton Moderate
Trump Moderate
Trump Conservative
Which Groups of People would Gain if Trade Barriers were Increased? Frequencies by Political Views
Perceived Mechanisms of Trade
Have the Following Groups/You Gained from Trade?

<table>
<thead>
<tr>
<th>Who wins from trade</th>
<th>Republicans</th>
<th>Democrats</th>
<th>All Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Corporations</td>
<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
</tr>
<tr>
<td>Small Businesses</td>
<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
</tr>
<tr>
<td>High Incomes HH</td>
<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
</tr>
<tr>
<td>Middle Class</td>
<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
</tr>
<tr>
<td>Low Income HH</td>
<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
</tr>
<tr>
<td>Me</td>
<td>🟦</td>
<td>🟦</td>
<td>🟦</td>
</tr>
</tbody>
</table>

Legend:
- Large Corporations
- Small Businesses
- High Incomes HH
- Middle Class
- Low Income HH
- Me
Distributional and Efficiency Mechanism

**Distributional Mechanisms**

- Impossible to Compensate those who lose from Trade
- Most Jobs/Your job Affected by Trade Policy
- Hard for You/Low Skilled to find work in different sector?
- Hard for You/High Skilled to find work in different sector?
- Trade reason for unemployment in the US/in your sector

**Efficiency Mechanisms**

- Trade has decreased prices of Goods in the US/you usually buy
- Trade has made Firms in the US/in your sector more competitive
Distributional and Efficiency Mechanism - By Political Views

**Distributional Mechanisms**
- Impossible to Compensate those who lose from Trade
- Most Jobs affected by US Trade Policy
- Hard for High Skilled to find work in different sector?
- Hard for Low Skilled to find work in different sector?
- Trade Reason for Unemployment in some Sectors
- Trade Reason for Rise in Inequality

**Efficiency Mechanisms**
- Trade has decreased prices of goods
- Trade has made firms more competitive
- Trade has increased Innovation
- Trade has increased GDP growth
- Trade has decreased value of Dollar

![Chart showing distributional and efficiency mechanisms by political views](image-url)
Effects of Trade on my wage and Trade Zero Sum Game - By Political Views

Trade winners and losers

If imports increase, my wage will decrease

If exports increase, my wage will not increase

Just one country gains from trade

Republicans
Democrats
Effects of Trade on my wage and Trade Zero Sum Game - By Political Views

- Just one country gains from trade
- If exports increase, my wage will not increase
- If imports increase, my wage will decrease

Graph showing trade winners and losers by political views:

- Republicans
- Democrats
Effects of Trade on my wage and Trade Zero Sum Game - By Income

- If imports increase, my wage will decrease
- If exports increase, my wage will not increase
- Just one country gains from trade

Diagram: Trade winners and losers

- High Incomes
- Low Incomes
Effects of Trade on my wage and Trade Zero Sum Game - By Professional Skills

Trade winners and losers

If imports increase, my wage will decrease

If exports increase, my wage will not increase

Just one country gains from trade

0 25 50 75 100

High skill occupations

Low skill occupations
Effects of Trade on my wage and Trade Zero Sum Game - By Age

- If imports increase, my wage will decrease
- If exports increase, my wage will not increase
- Just one country gains from trade
Effects of Trade on my wage and Trade Zero Sum Game - By Gender

- Just one country gains from trade
- If exports increase, my wage will not increase
- If imports increase, my wage will decrease

Graph:
- Trade winners and losers
- Men and Women
- If imports increase, my wage will decrease
- If exports increase, my wage will not increase
- Just one country gains from trade
Case Study

The U.S. is a large net exporter of laptops and a large net importer of cars. The laptop sector employs many high-skilled, college-educated workers. The car sector employs many low-skilled workers. Cars are produced for cheaper abroad, while laptops are produced for cheaper in the U.S.

- **US imports more cars**
  - Car prices increase
  - Households are not better off
  - Car wages (US) decrease

- **US exports more laptops**
  - Laptop prices abroad do not decrease
  - High-skill wages do not increase
  - Wages of low-skilled displaced to laptop sector do not increase

**Effects of Taxes and Tariffs**

- Laptop export tax increases prices abroad
- Car import tariff increases US prices

**Plot**

- Republicans
- Democrats
Trade Policy Outcomes - By Political Views

**Attitudes towards trade policy**
- US should not aim for trade
- U.S. trade policy unfair
- Dissatisfaction with U.S. trade policy
- Restrict food imports to ensure security
- Retaliatory tariffs from other countries very likely
- Support protection of Infant Industries

**Best policy tool to help workers in an declining industry**
- Restrict imports
- Direct assistance to workers and retraining
- Subsidize production

By Age  By Income  By Sex
Effects of Video Courses on Trade
Trade: Redistribution Treatment (I)

There are often both *winners* and *losers* from trade.
Trade: Redistribution Treatment (II)

When there is more trade, all households who consume the imported goods can gain from it. The benefits from increased trade can be perceived by a large group, throughout the country.
The losers from trade are generally a **smaller group**, often concentrated in one place or industry.

However, their losses can be very large, and therefore more **visible**.
Trade: Efficiency Treatment (I)

When there is more trade between the two countries, companies in the car sector from country A will be able to export more of the goods and services they produce and increase their profits.
Trade: Efficiency Treatment (II)

Firms in the clothing sectors will not be able to export much because they cannot produce as cheaply as the firms in country B. In these sectors, companies may close down because of the new foreign competition.
More trade can also increase learning between firms and people in countries A and B as well as the diffusion of knowledge and technology. This can make all firms and people more productive.
Imagine that a country, that we call country A, starts trading more with a foreign country, called country B.
Imagine that the U.S. starts trading more with a foreign country, called country X.

Link to the US specific video here
Trade: US specific Economist Treatment (II)

The government can try and reduce the losses by **helping U.S. workers** in the sectors hurt by trade such as the clothing sector.
Political Polarization - Trade
Have the following Groups Lost or Gained from Trade?

<table>
<thead>
<tr>
<th></th>
<th>Large Corporations</th>
<th>Small Businesses</th>
<th>High-Income Households</th>
<th>Middle-Class Households</th>
<th>Low-Income Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinton: Liberals</td>
<td><img src="chart1.png" alt="Chart" /></td>
<td><img src="chart2.png" alt="Chart" /></td>
<td><img src="chart3.png" alt="Chart" /></td>
<td><img src="chart4.png" alt="Chart" /></td>
<td><img src="chart5.png" alt="Chart" /></td>
</tr>
<tr>
<td>Clinton: Moderates</td>
<td><img src="chart6.png" alt="Chart" /></td>
<td><img src="chart7.png" alt="Chart" /></td>
<td><img src="chart8.png" alt="Chart" /></td>
<td><img src="chart9.png" alt="Chart" /></td>
<td><img src="chart10.png" alt="Chart" /></td>
</tr>
<tr>
<td>Trump: Moderates</td>
<td><img src="chart11.png" alt="Chart" /></td>
<td><img src="chart12.png" alt="Chart" /></td>
<td><img src="chart13.png" alt="Chart" /></td>
<td><img src="chart14.png" alt="Chart" /></td>
<td><img src="chart15.png" alt="Chart" /></td>
</tr>
<tr>
<td>Trump: Conservatives</td>
<td><img src="chart16.png" alt="Chart" /></td>
<td><img src="chart17.png" alt="Chart" /></td>
<td><img src="chart18.png" alt="Chart" /></td>
<td><img src="chart19.png" alt="Chart" /></td>
<td><img src="chart20.png" alt="Chart" /></td>
</tr>
</tbody>
</table>

- **Lost a Lot**
- **Gained a Lot**
Part 4: Overview of Policy Views
Share of Respondents who think that High-income Households pay less than Fair Share in Income Taxes
Share of Respondents who Support Higher Taxes to fund Transfers to people out of work

- Sex: Women, Men
- Race: White, Black
- Political View: Republicans, Democrats
- Income: High income, Low income
- Education: High school or less, Master degree
- Age: Old (50+ y/o), Young (18-29 y/o)
Share of Respondents who Support Higher Taxes to fund Healthcare Subsidies for low-income households
Share of Respondents who think the Government should take Active Steps to improve its Citizens’ lives

- Sex
  - Women
  - Men
- Race
  - White
  - Black
- Political View
  - Republicans
  - Democrats
- Income
  - High income
  - Low income
- Education
  - Master degree
  - High school or less
- Age
  - Old (50+ y/o)
  - Young (18-29 y/o)
How many Cents of each Dollar of Tax are wasted by the Government?
To be continued..

Comments very welcome!

THANK YOU!
Appendix
Academic Research Survey

We are a non-partisan group of academic researchers from the Economics Department at Harvard University. Our goal is to learn about people’s attitudes on several issues. Please read the information below before consenting to begin the research study.

• This survey is voluntary. You have the right to not answer any question, and to stop the survey at any time or for any reason (to exit the survey, simply close this window). We expect that it will take about 20 minutes. You will likely learn a lot!

• Your name will never be recorded by researchers. Results may include summary data, but you will never be identified. The data will be stored on Harvard servers and will be kept confidential. The collected anonymous data may be made available to other researchers for replication purposes.

• You will be compensated for this interview conditional upon (i) completing the survey and (ii) passing our survey quality checks, which use sophisticated statistical control methods to detect incoherent and rushed responses. Responding without adequate effort may result in your responses being flagged for low quality and you may not receive your payment.

Please note that it is very important for the success of our research that you answer honestly and read the questions very carefully before answering. If at any time you don’t know an answer, please give your best guess without consulting any external sources. However, please be sure to spend enough time reading and understanding the questions.

You are encouraged to print or take a screenshot of this page for your records. If you have any questions about this study, you may contact us at studysocialsciencess2018@gmail.com.

This research has been reviewed and approved by the Harvard University Area Institutional Review Board (“IRB”). You may talk to them at (617) 496-2847 or cuhs@harvard.edu if:

• Your questions, concerns, or complaints are not being answered by the research team.

• You cannot reach the research team.

• You want to talk to someone besides the research team.

• You have questions about your rights as a research subject.

• You want to get information or provide input about this research.

☐ Yes, I would like to take part in this study, and confirm that I live in the U.S., and I am 18 or older

☐ No, I would not like to participate
Distribution of Survey Times - Income and Estate Tax

Income Taxation Survey

Estate Tax Survey

Excluding respondent who spent over two hours

Excluding respondents who spent over two hours

Back
Distribution of Survey Times - Health Insurance and Trade

Health Insurance Survey

Trade Survey

Excluding respondents who spent over two hours

Excluding respondents who spent over two hours
Misperceptions about the Income Tax - Answer Distributions

Top federal income tax rate today? (37%)
[3.53% of answers above 100%]

Top federal income tax rate in the 1950s? (91%)
[4.03% of answers above 100%]

Average income tax rate for median household? (13%)

Average income tax rate for top bracket household? (32.5%)
Misperceptions about the Income Tax - Answer Distributions

- Share of households in top federal income tax bracket? (0.7%)
- Share of households not paying federal income taxes? (44%)
- Income threshold for top tax bracket? (600,000$/year)
- Share of national income to top 1% of households? (20%)
Income Taxation Perceptions: Republicans vs. Democrats

- Income threshold in USD (top income tax rate)
- Top 1% households (national income share)
- Share of households (pay no income tax)
- Share of households (top tax bracket)
- Average federal income tax rate (top tax bracket HH)
- Average federal income tax rate (median inc. HH)
- Top federal income tax rate (1950s)
- Top federal income tax rate (today)

Democrats vs. Republicans
Income Taxation Perceptions: Liberals vs. Conservatives

- Income threshold in USD (top income tax rate)
- Top 1% households (national income share)
- Share of households (pay no income tax)
- Share of households (top tax bracket)
- Average federal income tax rate (top tax bracket HH)
- Average federal income tax rate (median inc. HH)
- Top federal income tax rate (1950s)
- Top federal income tax rate (today)

Reality

Conservatives
Liberals
Income Taxation Perceptions: High Incomes vs. Low Incomes

- Income threshold in USD (top income tax rate)
- Top 1% households (national income share)
- Share of households (pay no income tax)
- Share of households (top tax bracket)
- Average federal income tax rate (top tax bracket HH)
- Average federal income tax rate (median inc. HH)
- Top federal income tax rate (1950s)
- Top federal income tax rate (today)

High income: ♦
Low income: ♣

Reality: 600,000
20.0
44.0
0.7
32.6
13.0
91.0
37.0

Back
Income Taxation Perceptions: Young vs. Old

- Income threshold in USD (top income tax rate)
  - Reality: 600,000

- Top 1% households (national income share)
  - Old (50+ y): 20.0
  - Young (18-29y): 44.0

- Share of households (pay no income tax)
  - Old (50+ y): 0.7
  - Young (18-29y): 25.40

- Share of households (top tax bracket)
  - Old (50+ y): 18.39
  - Young (18-29y): 22.80

- Average federal income tax rate (top tax bracket HH)
  - Old (50+ y): 20.77
  - Young (18-29y): 25.55

- Average federal income tax rate (median inc. HH)
  - Old (50+ y): 27.98
  - Young (18-29y): 24.24

- Top federal income tax rate (1950s)
  - Old (50+ y): 31.60
  - Young (18-29y): 33.41

- Top federal income tax rate (today)
  - Old (50+ y): 30.04
  - Young (18-29y): 28.46

- Back
Misperceptions about the Estate Tax - Answer Distributions

Out of 1000 households, how many pay the estate tax? (1)

What is the current threshold for exemption per person? (11.4M$)

Estate tax rate today? (40%)

Estate tax rate in the 1950s? (77%)

Back
Misperceptions about the Estate Tax - Answer Distributions

- Share of U.S. wealth owned by the top 0.1%? (20.4%)
- Share of U.S. wealth owned by bottom 50%? (0%)
- What share of total wealth is inherited? (~ 60%)
- Share from 100 poorest that makes it to top quintile? (7.5%)
Estate Tax Perceptions: Liberals vs. Conservatives

- Tax exemption threshold (in million USD) HHs subject to estate tax (out of 10)
- National wealth share (bottom 50%)
- National wealth share (top 1%)
- Share of wealth (inherited)
- Share of estates (unreal. cap. gains)
- Average estate tax rate (median inc. HH)
- Top estate tax rate (1950s)
- Top estate tax rate (today)

Conservatives vs. Liberals

 Reality

11.40 0.01

2.5 41.8 40.0 55.0 16.5 77.0 40.0
Estate Tax Perceptions: High Incomes vs. Low Incomes

- Tax exemption threshold (in million USD)
  - HHs subject to estate tax (out of 10)
- National wealth share (bottom 50%)
- National wealth share (top 1%)
- Share of wealth (inherited)
- Share of estates (unreal. cap. gains)
- Average estate tax rate (median inc. HH)
- Top estate tax rate (1950s)
- Top estate tax rate (today)

Reality:
- High income: 11.40
- Low income: 0.01

Legend:
- High income: ♦
- Low income: ♣
Estate Tax Perceptions: Young vs. Old

- Tax exemption threshold (in million USD)
  HHs subject to estate tax (out of 10)
  Reality
  - 11.40
  - 0.01

- National wealth share (bottom 50%)
  - 26.67
  - 29.14

- National wealth share (top 1%)
  - 39.81
  - 45.61

- Share of wealth (inherited)
  - 58.90
  - 59.19

- Share of estates (unreal. cap. gains)
  - 45.22
  - 44.31

- Average estate tax rate (median inc. HH)
  - 16.5

- Top estate tax rate (1950s)
  - 77.0

- Top estate tax rate (today)
  - 40.0

- Old (50+ y)  Young (18-29y)
Outcome questions: Perception of the current estate tax system - By Age

The graph displays the perception of various estate tax-related statements by age groups. The statements include:

- Estate tax system is fair
- Estate tax should exist
- Estate tax should be increased
- Wealth inequality is a big problem
- Wealth distribution is fair

The data is represented by points on a scale from 0 to 100, with different colors indicating young and old age groups.

Back
Outcome questions: Perception of the current estate tax system - By Income
Outcome questions: Perception of the current estate tax system - By Male/Female

- Estate tax system is fair
- Estate tax should exist
- Estate tax should be increased
- Wealth inequality is big problem
- Wealth distribution is fair

Male
Female
Outcome questions: Perception of the current income tax system - By Age

Current income tax system
- Income tax system is fair
- High incomes pay fair share
- Middle class pays fair share
- Wealth should be distributed more fairly
- Inequality is serious issue

Supportive of income tax increase
- To increase investment
- To support low income households

Old    Young
Outcome questions: Perception of the current income tax system - By Income

Current income tax system

- Income tax system is fair
- High incomes pay fair share
- Middle class pays fair share
- Wealth should be distributed more fairly
- Inequality is serious issue

Supportive of income tax increase

- To increase investment
- To support low income households

High income Low income
Outcome questions: Perception of the current income tax system - By Male/Female

Current income tax system

- Income tax system is fair
- High incomes pay fair share
- Middle class pays fair share
- Wealth should be distributed more fairly
- Inequality is serious issue

Supportive of income tax increase

- To increase investment
- To support low income households

Male | Female
Preprocessing Steps – Keyness/Wordclouds (1)

- Given an answer $d_i$:

1. Parse $d_i$: lower-case every word, remove punctuation, spaces in excess, numbers, misspelled words, very common words that carry no intrinsic meaning ("stopwords") such as and, the, each, then.

2. Lemmatizing remaining words, i.e. grouping together the inflected forms of a word so they can be analysed as a single item. I
   - Use Mechura’s (2016) English lemmatization list available from the lexicon package.
   - F.e. : "policies" becomes policy, "were" becomes "be". → reduces number of distinct textual elements

→ Output: $(\hat{d_i})$
3 Remove words coming from the question as well as extra words related to the structure of answer.

- F.e. for the question, "what are your main considerations about trade policy ?" : remove "main", "considerations", "trade", "policy" from the answers, as well as "think", "believe", "should"...

4 Transform $\hat{d}_i$ into numerical vector $c_i$ in which each element is a 2-gram, i.e. a 2-component expression of two words which were separated by 0 or 1 word in the original text. Group together 2-grams which correspond to the same inverted two words. Manually remove 2-grams which do not make sense and duplicated 2-grams (f.e. "tax tax").

- F.e. take $d_1 =$ “We should tax the wealthy more and tax the poor less.” After steps 1-2-3 becomes: $\hat{d}_i = $ “tax wealthy more tax poor less”. After step 4 becomes: ['tax wealthy’ = 1, ‘tax more’ = 2, ‘wealthy more’ = 0 (because it does not make sense), ‘tax poor’ = 1, ‘poor people’ = 0, ...]
Who Would Gain if Taxes on High Earners were Increased?
Main Considerations about the Income Tax? Keywords by Age

- family tax***
- health care***
- don't know**
- cost live**
- double tax**
- universal health**
- quality life**
- hard work**
- everyone tax*

- fifty thousand**
- three hundred**
- standard deduction**
- government too much**
- fair share**
- tax rich**
- government waste**
- everyone share**
- middle class**
- social security***

chi2

- 18–39
- 50+
Main Considerations about the Income Tax? Keywords by Income

- working class***
- live paycheck**
- rich tax**
- tax good*
- tax break*
- social program*
- spend tax**
- capital gain**
- progressive tax**
- government spend***

chi2

Lower or Working Class
Upper-middle or Upper class
Goals of a Good Income Tax System? Keywords by Age

- cost live**
- high low**
- quality life**
- universal healthcare*
- rich tax*
- flat percentage*

18–39
50+

- everyone fair*
- slide scale**
- hundred thousand**
- rate everyone**
- high percentage**
- thirty thousand**
- rate tax**
- balance budget**
- ten percent***
- flat deduction***
- fair share***
- rate deduction***
- across board***
- flat tax***
- flat rate***

chi2

Back
Goals of a Good Income Tax System? Keywords by Income

- class low**
- working class**
- dont know*
- not sure*
- high rate*
- everyone equally*
- poor middle*
- progressive tax**
- flat tax***

chi2

Lower or Working Class

Upper-middle or Upper class
What would be the Goal of a Good Estate Tax?
Who would Gain if the Estate Tax were Increased?
Main Considerations about the Estate Tax? Keywords by Age

18-29
60+

- dont know*
- work hard*
- tax wealthy***
- double tax***
- already tax***

chi2
Main Considerations about the Estate Tax? Keywords by Age

- don't know*
- working class*
- don't already*
- already tax***

Chi2

Lower or Working Class
Upper-middle or Upper class

Back
Preprocessing Steps – Topic analysis

• Given an answer $d_i$:

1 Parse $d_i$: lower-case every word, remove punctuation, spaces in excess, numbers, misspelled words, very common words that carry no intrinsic meaning (“stopwords”) such as and, the, each, then.

2 Reduce remaining words to common root (stemming)
   ▶ policies and policy become polic → reduces number of distinct textual elements
-> Output: ($\hat{d}_i$)

3 Transform $\hat{d}_i$ into numerical vector $c_i$ in which each element is the count of a distinct textual token (either a word or an $n$-components expression, $n$-gram)

• F.e. take $d_1$ = “We should tax the wealthy more and the poor less.”
   ▶ After steps 1-2 becomes: $\hat{d}_1$ = “tax wealthi poor less”
   ▶ After step 3 becomes: ['tax' = 1, 'wealthi' = 1, 'poor' = 1, 'less' = 1, 'tax wealthi' = 1, 'wealthi poor' = 1, 'poor less' = 1, 'house' = 0, ...]

4 Generate topic dummy variables equal to 1 when an element of $c_i$ matches that of a custom-made topic dictionary.
Main Considerations about the Income Tax?
Probability of Mentioning Topic by Political Views

- Distribution
- Fairness
- Gov. Spending
- Social Safety
- Efficiency
- Flat Tax
- Loopholes
- Public Goods
- Don't Know

Probability (%)

Clinton Liberal  Clinton Moderate  Trump Moderate  Trump Conservative
Goals of a Good Income Tax System?
Probability of Mentioning Topic by Political Views

- Distribution
- Fairness
- Gov. Spending
- Social Safety
- Efficiency
- Flat Tax
- Loopholes
- Public Goods
- Don't Know

- Clinton Liberal
- Clinton Moderate
- Trump Moderate
- Trump Conservative
Shortcomings of the Income Tax System?
Probability of Mentioning Topic by Political Views

- Distribution
- Fairness
- Gov. Spending
- Social Safety
- Efficiency
- Flat Tax
- Loopholes
- Public Goods
- Don't Know

Probability (%)

Clinton Liberal
Clinton Moderate
Trump Moderate
Trump Conservative

Back
Main Considerations about the Income Tax? Probability of Mentioning Topic by Income

- Distribution
- Fairness
- Gov. Spending
- Social Safety
- Efficiency
- Flat Tax
- Loopholes
- Public Goods
- Don't Know

Legend:
- Low income
- Middle income
- High income
Main Considerations about the Income Tax?
Relative Frequency of Topics by Income

- Distribution
- Fairness
- Gov. Spending
- Social Safety
- Efficiency

- Flat Tax
- Loopholes
- Public Goods
- Don't Know

Low income | Middle income | High income
Goals of a Good Income Tax System?
Probability of Mentioning Topic by Income
Goals of a Good Income Tax System?
Relative Frequency of Topics by Income
Shortcomings of the Income Tax System?
Probability of Mentioning Topic by Income
Shortcomings of the Income Tax System?
Relative Frequency of Topics by Income

- **Distribution**
- **Fairness**
- **Gov. Spending**
- **Social Safety**
- **Efficiency**

- **Flat Tax**
- **Loopholes**
- **Public Goods**
- **Don't Know**

Legend:
- Low income
- Middle income
- High income
Main Considerations about the Income Tax?
Probability of Mentioning Topic by Age

- Distribution
- Fairness
- Gov. Spending
- Social Safety
- Efficiency
- Flat Tax
- Loopholes
- Public Goods
- Don't Know

Probability (%)

- Age 18-29
- Age 30-49
- Age 50-69

Diagram showing the probability of mentioning different topics about the income tax by age groups.
Main Considerations about the Income Tax?  
Relative Frequency of Topics by Age

- **Distribution**
- **Fairness**
- **Gov. Spending**
- **Social Safety**
- **Efficiency**

**Flat Tax**

- **Loopholes**
- **Public Goods**
- **Don't Know**

Legend:
- **Age 18-29**
- **Age 30-49**
- **Age 50-69**

Back 260
Goals of a Good Income Tax System?
Relative Frequency of Topics by Age

- Distribution
- Fairness
- Gov. Spending
- Social Safety
- Efficiency

- Flat Tax
- Loopholes
- Public Goods
- Don't Know

Age 18-29 | Age 30-49 | Age 50-69
Shortcomings of the Income Tax System?
Probability of Mentioning Topic by Age
Shortcomings of the Income Tax System?
Relative Frequency of Topics by Age

- Distribution
- Fairness
- Gov. Spending
- Social Safety
- Efficiency

- Flat Tax
- Loopholes
- Public Goods
- Don't Know

- Age 18-29
- Age 30-49
- Age 50-69
Main Considerations about the Estate Tax? Probability of Mentioning Topic by Political Views

- Distribution
- Fairness
- Gov. Spending
- Efficiency
- Loopholes
- Double Tax
- Grieve
- Public Goods
- Don't Know
Goals of the Federal Estate Tax?
Probability of Mentioning Topic by Political Views

- Distribution
- Fairness
- Gov. Spending
- Efficiency
- Loopholes
- Double Tax
- Grieve
- Public Goods
- Don't Know

Probability (%)

- Clinton Liberal
- Clinton Moderate
- Trump Moderate
- Trump Conservative
Shortcomings of the Federal Estate Tax? Probability of Mentioning Topic by Political Views
Main Considerations about the Estate Tax? Probability of Mentioning Topic by Income
Main Considerations about the Estate Tax?
Relative Frequency of Topics by Income

- Distribution
- Fairness
- Gov. Spending
- Efficiency
- Loopholes

- Double Tax
- Grieve
- Public Goods
- Don't Know

Legend:
- Low income
- Middle income
- High income

Back
Goals of the U.S. Federal Estate Tax?
Probability of Mentioning Topic by Income

- Distribution
- Fairness
- Gov. Spending
- Efficiency
- Loopholes
- Double Tax
- Grieve
- Public Goods
- Don't Know

Probability (%)

Low income
Middle income
High income

Back
Goals of the U.S. Federal Estate Tax? Relative Frequency of Topics by Income

- Distribution
- Fairness
- Gov. Spending
- Efficiency
- Loopholes

- Double Tax
- Grieve
- Public Goods
- Don't Know

Low income | Middle income | High income
Shortcomings of the U.S. Federal Estate Tax?
Probability of Mentioning Topic by Income

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- Loopholes
- Double Tax
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- Don't Know

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- Middle income
- High income
Shortcomings of the U.S. Federal Estate Tax?
Relative Frequency of Topics by Income

- Distribution
- Fairness
- Gov. Spending
- Efficiency
- Loopholes

Double Tax
Grieve
Public
Don't Know

Low income
Middle income
High income
Main Considerations about the Estate Tax? Relative Frequency of Topics by Age

- Distribution
- Fairness
- Gov. Spending
- Efficiency
- Loopholes

- Double Tax
- Grieve
- Public Goods
- Don't Know

Age 18-29  Age 30-49  Age 50-69
Goals of the U.S. Federal Estate Tax?
Probability of Mentioning Topic by Age

- Distribution
- Fairness
- Gov. Spending
- Efficiency
- Loopholes
- Double Tax
- Grieve
- Public Goods
- Don't Know

Probability (%)

- Age 18-29
- Age 30-49
- Age 50-69
Goals of the U.S. Federal Estate Tax?
Relative Frequency of Topics by Age
Shortcomings of the U.S. Federal Estate Tax?
Probability of Mentioning Topic by Age

- Distribution
- Fairness
- Gov. Spending
- Efficiency
- Loopholes
- Double Tax
- Grieve
- Public Goods
- Don't Know

Probability (%)

- Age 18-29
- Age 30-49
- Age 50-69

Back
Shortcomings of the U.S. Federal Estate Tax?
Relative Frequency of Topics by Age

Distribution

Fairness

Gov. Spending

Efficiency

Loopholes

Double Tax

Grieve

Public Goods

Don't Know

Age 18-29  Age 30-49  Age 50-69
What is the Biggest Problem with the US Insurance System?
What would be the Effects on the Economy if a Single Payer were Introduced?

- middle class
- high cost
- long run
- long wait
- lose job
- long term
- negative impact
- low cost
- cant afford
- working class
- high premium
- can't afford
- bad idea
- doctor
- wait time
- doctor nurse
- doctor see
- bad idea
- high impact
- working class
- long term
- short term
- lose job
- cover cost
- cover medical bill
- healthy productive
- medical cost
- medical service
- cost skyrocket
- low income
- reduce cost
- high price
- medical cost
- improve health
- low cost
- low class
- low cost
- low rate
- low quality
- low income
- cost rise
- medical cost
- free
- cost dollar
- buy stuff
- federal deficit
- run program
- medical professional
- wait medical
- even though
- likely high
- job loss
- job
- long wait
- see affect
- little also
- cost rise
- medical cost
- federal deficit
- medical treatment
- national debt
- keep cost
- little also
- many job
- stock market
- little work
- see affect
- little debt
- become healthy
- good idea
- huge job
- see affect
- high rate
- economic growth
- good thing
- private company
- right now
- time doctor
- due cost
- free market
- rich poor
- field little
- bad idea
- work family
- far little
- cost taxpayer
- little medical
- healthy good
- afford good
- hurt industry
- healthy population
- work little
- quality life
- hurt cost
- very expensive
- cost rise
- cost
- very good
- benefit become
- medical professional
- low rate
- long time
- good service
- cause problem
- cost skyrocket
- too high
- debt cost
- large company
- put strain
- due cost
- run program
- work force
- drive cost
- poor rich
- hard say
- health good
- good overall
- cost work
- even though
- likely high
- job
- cover cost
- doctor hospital
- medical bill
- job loss
- red tape
- long good
- long time
- bad idea
- very bad
- company lose
- bad idea
- high premium
- see doctor
- doctor nurse
- doctor see
- health society
- good good
- healthy work
- run healthy
- buy medical
- medical cost
drug company bankrupt country
- work long
- job family
- see affect
- little debt
- become healthy
- thing good
- cost too−much
- little also
- cost rise
- little medical
- cost free
- cost dollar
- buy stuff
- federal deficit
- run program
- medical professional
- wait medical
- even though
- likely high
- job
- cover cost
- doctor hospital
- medical bill
- company lose
- job loss
Who Gains if a Single-Payer were Introduced?
Main Considerations about Universal Health Insurance? Keywords by Age

- favor access
- cost lot
- against tax
- not sure

\[ \chi^2 \]

- 18-29
- 60+

- Back
Main Considerations about Universal Health Insurance? Keywords by Income

-0.1 -0.05 0 0.05 0.1
chi2
Lower or Working Class
Upper-middle or Upper class

- cant afford**
- wait doctor*
- fair share**

Back
Main Considerations about Universal Health Insurance?
Keywords by Education

against high*
wait long*
right now*
long time*
not sure*
like canada**
against tax**
afford free**
dont know***
Biggest Problem with Health Insurance in the U.S.? Keywords by Age

- not cover***
- hospital doctor**
- expensive cover*
- too expensive*
- too costly*
- drug company*

18-29
60+

chi²

Back
Biggest Problem with Health Insurance in the U.S.? Keywords by Income

- cant afford***
- high cost*
- company dictate**
- cost everyone***

chi2

Lower or Working Class
Upper-middle or Upper class

Back
Biggest Problem with Health Insurance in the U.S.? Keywords by Education

- prescription drug**
- medical cost*

Keywords:
- too high*
- profit company*
- afford everyone*
- one hundred**
- dont enough**
- high premium**
- price gouge**
- dont cover**
- not cover**
- not everyone***
- cant afford***
- not afford***

chi2

College
No College

Back
Main Reason for having an Individual Mandate? Keywords by Age

government money*
ensure everyone*
dont know*
cost everyone*
medical cost*
everyone cost**
spread cost**

chi2

18–29
60+

Back
Main Reason for having an Individual Mandate? Keywords by Income

- ensure everyone***
- cover everyone**
- ensure cover**
- everyone cover*
- everyone need*
- need medical**
- pool include**
- include healthy**
- medical cost***

Lower or Working Class
Upper-middle or Upper class

chi2
Goals of a Good Insurance System?
Probability of Mentioning Topic by Political Views
Goals of a Good Insurance System?
Relative Frequency of Topics by Age

- Costs
- Right
- Efficiency
- Taxation
- In favor
- Against

Probability (%)

- Clinton Liberal
- Clinton Moderate
- Trump Moderate
- Trump Conservative
Goals of a Good Insurance System?
Probability of Mentioning Topic by Political Views

<table>
<thead>
<tr>
<th>Topic</th>
<th>Clinton Liberal</th>
<th>Clinton Moderate</th>
<th>Trump Moderate</th>
<th>Trump Conservative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pharma</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Effects on the U.S. Economy if a Single-Payer System were introduced? Probability of Mentioning Topic by Political Views
Who would Gain if a Single-Payer System were Introduced? Probability of Mentioning Topic by Political Views

- Everybody
- Low Income
- Weak
- Lazy
- Immigrants
- Nobody
- Government/Pharma

Clinton Liberal
Clinton Moderate
Trump Moderate
Trump Conservative
Goals of a Good Insurance System?
Probability of Mentioning Topic by Income

- Affordability
- Coverage
- Efficiency
- Taxation
- Pharma
- Quality

Income levels:
- Low income
- Middle income
- High income
Goals of a Good Insurance System? Relative Frequency of Topics by Income

- **Affordability**
- **Coverage**
- **Efficiency**
- **Taxation**
- **Pharma**
- **Quality**

Bars represent Low income, Middle income, and High income.
Main Considerations about Universal Insurance System?
Probability of Mentioning Topic by Income
Main Considerations about Universal Insurance System?
Relative Frequency of Topics by Income

- Costs
- Right
- Efficiency
- Taxation
- In Favor
- Against

Back
Biggest Problem of US Insurance System?
Probability of Mentioning Topic by Income

![Bar chart showing the probability of mentioning different topics by income level. Costs are the highest priority for all income levels, followed by Pharma, and Efficiency is the least mentioned topic.]
Effects on the U.S. Economy if a Single-Payer System were Introduced? Probability of Mentioning Topic by Income

- **Taxation**
  - Low income: 20
  - Middle income: 18
  - High income: 16

- **Costs**
  - Low income: 15
  - Middle income: 14
  - High income: 13

- **Efficiency**
  - Low income: 7
  - Middle income: 6
  - High income: 5

- **Positive**
  - Low income: 4
  - Middle income: 3
  - High income: 2

- **Negative**
  - Low income: 1
  - Middle income: 1
  - High income: 1

- **Don't know**
  - Low income: 15
  - Middle income: 14
  - High income: 13
Effects on the U.S. Economy if a Single-Payer System were Introduced? Relative Frequency of Topics by Income

- **Taxation**
- **Costs**
- **Efficiency**
- **Don't Know**

Bar charts showing the relative frequency of topics by income level:
- **Low income**, **Middle income**, **High income**

The charts illustrate the distribution of topics such as Taxation, Costs, Efficiency, and Don't Know across different income brackets.
Who would Gain if a Single-Payer System were Introduced?
Probability of Mentioning Topic by Income

- Everybody
- Low Income
  - Weak
  - Lazy
  - Immigrants
- Nobody
- Government/Pharma

Income Categories:
- Low income
- Middle income
- High income

Chart shows the probability of mentioning topics by income group.
Who would Gain if a Single-Payer System were Introduced? Relative Frequency of Topics by Income
Goals of a Good Insurance System?
Probability of Mentioning Topic by Age
Goals of a Good Insurance System?
Relative Frequency of Topics by Age

Affordability

Coverage

Efficiency

Taxation

Pharma

Quality

- Age 18-29
- Age 30-49
- Age 50-69
Main Considerations about Universal Insurance System?
Probability of Mentioning Topic by Age

<table>
<thead>
<tr>
<th>Costs</th>
<th>Right</th>
<th>Efficiency</th>
<th>Taxation</th>
<th>In favor</th>
<th>Against</th>
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<td>Age 30-49</td>
<td>Age 50-69</td>
</tr>
</tbody>
</table>
Main Considerations about Universal Insurance System? Relative Frequency of Topics by Age

Costs

Right

Efficiency

Taxation

In Favor

Against

Age 18-29 | Age 30-49 | Age 50-69
Biggest Problem of US Insurance System?
Probability of Mentioning Topic by Age

Costs
Pharma
Efficiency

Age 18-29
Age 30-49
Age 50-69
Biggest Problem of US Insurance System?
Relative Frequency of Topics by Age

- Costs
- Pharma
- Efficiency

Age 18-29 Age 30-49 Age 50-69

Costs
- Age 18-29
- Age 30-49
- Age 50-69

Pharma
- Age 18-29
- Age 30-49
- Age 50-69

Efficiency
Effects on the U.S. Economy if a Single-Payer System were Introduced? Probability of Mentioning Topic by Age

- Taxation
- Costs
- Efficiency
- Positive
- Negative
- Don't know

Age 18-29
Age 30-49
Age 50-69
Effects on the U.S. Economy if a Single-Payer System were Introduced? Relative Frequency of Topics by Age

- **Taxation**
- **Costs**
- **Efficiency**
- **Don't know**

**Graphs:**
- **Age 18-29**
- **Age 30-49**
- **Age 50-69**

**Legend:**
- Purple: Age 18-29
- Maroon: Age 30-49
- Light purple: Age 50-69

---

Back
Who would gain if a Single-Payer System were introduced?

Probability of Mentioning Topic by Age

- Everybody
- Low Income
- Weak
- Lazy
- Immigrants
- Nobody
- Government/Pharma

Age 18-29
Age 30-49
Age 50-69
Who would gain if a Single-Payer System were introduced? Relative Frequency of Topics by Age

- **Taxation**
  - Age 18-29: 40
  - Age 30-49: 30
  - Age 50-69: 20

- **Costs**
  - Age 18-29: 20
  - Age 30-49: 30
  - Age 50-69: 40

- **Efficiency**
  - Age 18-29: 10
  - Age 30-49: 20
  - Age 50-69: 30

- **Don't know**
  - Age 18-29: 30
  - Age 30-49: 20
  - Age 50-69: 10
Outcome questions: Perception of the health care system - By Income

- Current health care system
- Support Employer Mandate
- Support Individual Mandate
- Support transfers to low incomes
- Don't know enough on Medicare for all
- Support Medicare for all
- Satisfied with Health Insurance
- Insurance system fair
- Healthcare access satisfactory
- Don't know enough on Medicare for all

High Incomes
Low Incomes
What would be the effects on the US Economy if Trade Barriers were increased?
Who Gains if Trade Barriers were Increased?

- rich people
- middle class
- upper class
- working class
- domestic company
- all people
- large corporation
- big business
- small business
- domestic goods
- price increase domestic
- big corporation
- business owner
- domestic consumer
- usa government
- people money
- big company
- american business
- low class
- rich powerful
- certain business
- protect industry
- force reduce
- competition domestic
- all people
- big business
- rich people
- working class
- rich course
- usa business
- rich powerful
- certain business
- protect industry
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- competition domestic
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Main Considerations about Trade Policy? Keywords by Age

- don't know***
- goods expensive**
- hurt economy*
- day life*
- level playing field*
- usa world*
- american people**
- goods usa***
- take advantage usa***
- high price***

Back
Main Considerations about Trade Policy? Keywords by Education
Goals of a Good Trade Policy? Keywords by Political Views

- fair price
- win win
- american job

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Democrat
Republican

Back
Goals of a Good Trade Policy? Keywords by Age

- dont know***
- mutually beneficial**
- support usa*
- free market*
- win win**
- american company**
- equal tariff**
- win side**
- fair both side**
- both win***

chi2

18–39
50+
Goals of a Good Trade Policy? Keywords by Income

- benefit both party**
- fair price*
- don't know*
- free market*
- intellectual property***

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Lower or Working Class
Upper-middle or Upper class

Back
Goals of a Good Trade Policy? Keywords by Education

- benefit both**
- intellectual property**
- fair both**
- both win*
- make fair**
- work together**
- make money***
- dont know***

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College
No College

› Back
Main Considerations about Trade Policy?
Relative Frequency of Topics by Income

- International Rel.
- Efficiency
- Labor
- Population

Low income, Middle income, High income
Main Considerations about Trade Policy?
Relative Frequency of Topics by Age

International Rel.  
Efficiency  
Labor  
Fairness

Age 18-29  Age 30-49  Age 50-69
Trade Policy Outcomes - By Age

Attitudes towards trade policy

- US should not aim for trade
- U.S. trade policy unfair
- Dissatisfaction with U.S. trade policy
- Restrict food imports to ensure security
- Retaliatory tariffs from other countries very likely
- Support protection of Infant Industries

Best policy tool to help workers in an declining industry

- Restrict imports
- Direct assistance to workers and retraining
- Subsidize production

Dissatisfaction with U.S. trade policy
US should not aim for trade
U.S. trade policy unfair
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Trade Policy Outcomes - By Income

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![Graph showing attitudes and policy tools by income level](image-url)
Trade Policy Outcomes - By Gender

Attitudes towards trade policy

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Graph showing the distribution of attitudes and policies by gender (Male and Female).