

# Program for Public Consultation

Consulting the People on Public Policy

## Does the Majority Want to Tyrannize the Minority?

In the current struggle over how to deal with the budget deficit, there is a recurring fear on both ends of the political spectrum that the majority will coalesce around a deficit-cutting strategy that will benefit the majority to the detriment—and against the will of—a minority. This harks back to the concerns of some of the Founders of the republic that the majority might tyrannize the minority.

On the right there is a fear that lower and middle income Americans will coalesce around a plan for increasing the taxes of the wealthy against their will. On the left there is a fear that middle and upper income Americans will coalesce around cutting spending on social programs that primarily benefit those with low incomes, against the latter's will.

A recent PPC study found, however, that neither of these concerns were borne out when Americans were given an opportunity to make such changes. A representative sample of Americans were presented the federal budget, and federal tax rates and allowed to make changes as they saw fit, getting constant feedback on how their changes were affecting the budget deficit. They were also presented options for dealing with the Social Security shortfall. Here is what they did:

- Majorities of the lower and middle income respondents did raise taxes on upper incomes (over \$100,000), but a majority of higher income respondents, though a slightly smaller one, favored such increases as well. Similarly, majorities in all income groups chose to raise the limit on income subject to the Social Security payroll tax above the current limit of \$106,000, including those with incomes over \$100,000.
- Majorities in all income groups opposed cutting programs that especially benefit those with low incomes, including housing programs, job training, and financial aid for college.

In most cases, among the groups who would be adversely affected support for the changes was slightly lower, but in every case still a majority. So in summary, majorities agreed on what needed to be done irrespective of the impact on them. Thus it appears that the majority public was not acting in a selfish manner that exploited or tyrannized the minority against their will.

Here are the details:

## Raising Taxes on the Wealthy

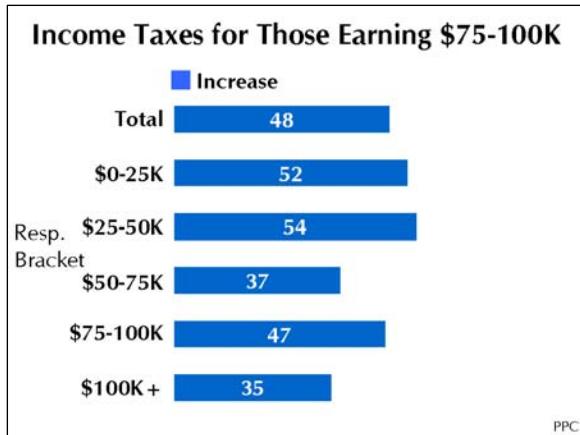
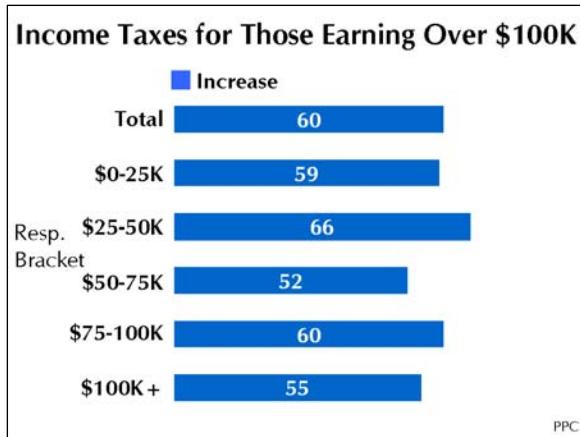
*Income Taxes:* Each respondent was presented the effective income tax rates for various income tax brackets and given the opportunity to keep them the same or raise them. This could then be compared to the respondent's own income bracket. The question was whether those who would be subject to the increase would oppose it, while those who would not be subject to it would favor it.

Depending on people's own income, there were some skews in favor of their own income bracket, but overall majorities or pluralities of all income tax brackets acted in unison.

A majority (60%) of those with incomes below \$100,000 favored increases for those with incomes over \$100,000--raising the possibility that this would fit the profile of the low and middle incomes exploiting the rich. However, a majority of those with incomes over \$100,000 also favored such increases. The only difference was that this majority was slightly smaller—55%.

Going down to the \$75-100,000 range, a plurality of those with incomes below \$75,000 favored increases (50%), but so did a plurality of those in that category (47%). Those above \$100,000 were less inclined to tax their upper middle class compatriots (35%).

While it might be arguably logical for middle and upper income respondents to raise the taxes of those with lower incomes, only 25% with incomes above \$50,000 raised taxes for those in the \$40- \$50,000 bracket. Curiously, respondents in the \$25-50,000 range were *more* inclined to raise taxes for this category (37%).



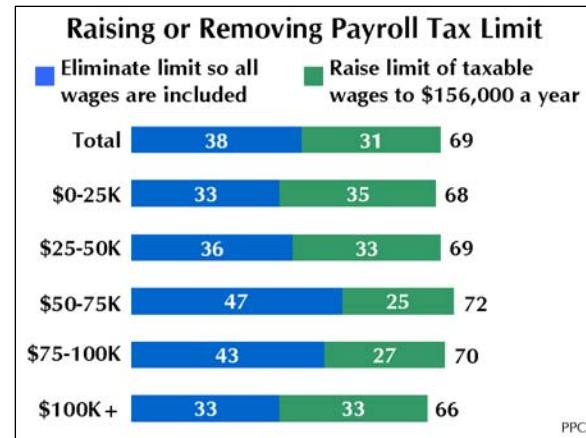
Thus in every case measured, the dominant view about the taxes of a given income group coincided with the views of respondents in that income group. Where a majority or a plurality thought taxes should be increased, so did a majority or a plurality in that income range. In some cases there was a slight skew in favor of the interests of one's own income group, but in other cases the skew went against one's own income group.

*Social Security Payroll Tax:* Another place we can look for the tyranny of the majority is in how respondents dealt with the problem of the shortfall for Social Security projected in the future as the baby boomers retire. Respondents were presented options for dealing with this shortfall derived from a recent, major study from the Congressional Budget Office (*Social Security Policy Options*, July 2010). Each option was scored by CBO in terms of the percentage of the shortfall

it would cover. Seventy-five percent of respondents selected enough options to fully cover the shortfall.

In looking for signs of the tyranny of the majority, the question is whether those with incomes under \$100,000 favored increasing the limit on income subject to the payroll tax (currently \$106,000), against the will of the majority of those who would be subject to this increase.

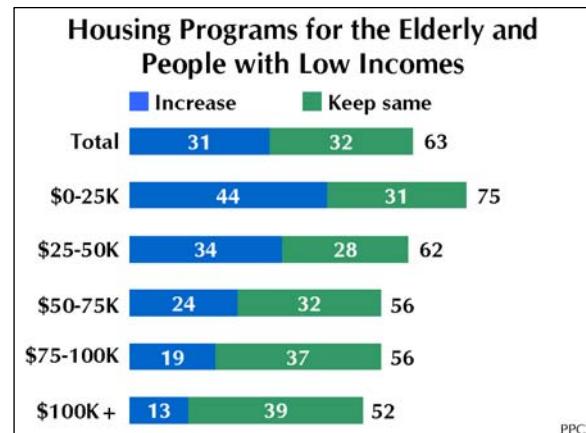
Respondents were offered two options that were mutually exclusive: they could choose to raise the limit of taxable wages to \$156,000, or they could eliminate the limit so that all wages are included. Overall, 69% of respondents chose one of these options, and in the group most affected—those with incomes above \$100,000—66% chose one of the two options. There was very little variation among other income groups, with 68-72% in all brackets below \$100,000 choosing to raise or eliminate the payroll tax limit. Thirty-three percent of those with incomes above \$100,000 raised the limit, and another 33% eliminated it altogether. Among those with incomes from \$0 to \$50,000 who altered the limit in some way, half chose to raise the limit and half chose to eliminate it. Among those with incomes from \$50,000 to \$100,000, 25-27% raised the limit and a larger 43-47% eliminated it.



## Spending on Services and Self-Interest

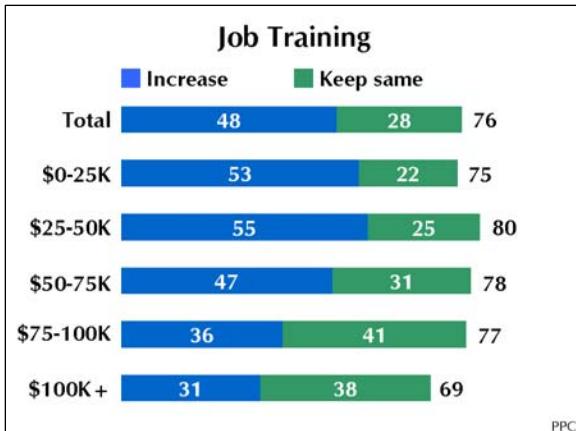
The areas of the discretionary budget that relate to social services more important to low-income groups is another place to look for a tyranny of the majority. There are three areas that are worth examining in this regard, because we can safely assume that their beneficiaries are disproportionately people on the lower end of the income scale. In each case, a class bias can be seen in the detailed results--but it is overshadowed by majority opposition in all income groups to cutting spending for these services.

*Housing programs for the elderly and people with low incomes.* This was the spending area most clearly beneficial to those with low income. There was a clear bias along income lines. Those with incomes above \$50,000 favored cuts (44-48%) substantially more than those with incomes under \$25,000 (25%) or between \$25 and \$50,000 (37%). However, majorities of *all* income groups chose to either maintain funding for housing programs or increase it. This was even true for the group that came closest to differing from this pattern--those above \$100,000 (52% keep same or



increase, 48% cut).

*Job training.* Job training is another area more likely to benefit those with lower incomes. Those with incomes under \$25,000 were more likely to favor increasing it (53%) than those over \$100,000 (31%). However, among those with incomes over \$100,000 only 30% favored cutting it--barely more than the 25% among those with incomes under \$25,000. Majorities in all income groups opposed cuts.



*Higher education, primarily financial aid for college students.* This is an area that would be more beneficial to those in lower or possibly middle incomes. However, there did not seem to be any pattern to responses that suggest a material class bias. Only small minorities in all income groups favored cuts and the size of the minority did not vary according to any discernible pattern.

