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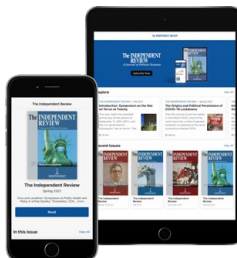
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How Big a Budget Do the People Prefer?

————— ◆ —————
EARL R. BRUBAKER

Adherents of democratic political philosophies agree that the people's preferences are a vital ingredient for making rational public budgetary decisions. The claim by prominent analysts of public opinion, for example, that "now most Americans take for granted that citizens' preferences should be the chief determinant of policy-making" (Page and Shapiro 1992, 1) undoubtedly applies to budgetary matters. Tacit agreement on this proposition is evident in the work of economists generally and of experts in public finance and public choice in particular. Laboring almost entirely independently of one another, pollsters and economic analysts in disparate ways have contributed substantially to our understanding of the role of individuals' preferences in public budgetary decision making. My purpose in this article is to show how integrating their insights can facilitate the elicitation of much more useful data describing such preferences.

Insights from Economic Analysis

Economic theorists have created well-defined normative models making clear that the public's demands for governmental programs are a vital factor in rational budgetary decisions. They have elaborated thoroughly the attributes of public goods that motivate individuals to misrepresent such demands.¹ Economists have labored valiantly with substantial promise of success to design theoretically sound schemes that provide strict material incentives for accurate disclosure of demands for public goods. Unfortunately, barriers to the practical application of such schemes to voluntary opinion surveys remain formidable. These approaches, though promising in some respects, have relied on distressingly complex combinations of arbitrary and special incentive

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taxes. Experimentalists have conducted numerous laboratory tests of alternative elicitation schemes and related behavioral hypotheses.² Analysts of public choice have thoroughly investigated how alternative collective-decision processes create rewards for overstating or understating preferences pertinent to public goods.³ Other empirically oriented economists have devised and employed methods using aggregate data to estimate demands for public goods as expressed under existing institutions. Daniel Hewitt (1985), for example, estimated aggregate demands for national public goods by relating micro survey responses to tax rates and to aggregate (federal, state, and local) budgetary allocations. This approach admirably combines ostensibly disparate evidence. The results clearly depend, however, on the efficacy of the elicitation procedures employed in the surveys.

Insights from the Evolution of Budgetary Survey Questions

Pollsters of public opinion over the past several decades have conducted numerous sample surveys yielding actual measures of attitudes regarding governmental budgetary matters.⁴ They have made substantial progress in identifying and dealing with important methodological issues, including unidimensionality, random error, cardinality, shape of response distributions, separability of issues, dissembling, context effects, and question wording (Krebs and Schmidt 1993; Page and Shapiro 1992, 27–31). Pollsters have demonstrated just how critically answers depend on the form, context, and subtle connotations of questions (Rasinski 1989; Roberts, Hite, and Bradley 1994; Weaver, Shapiro, and Jacobs 1995). Experts in designing survey research instruments have shown how the accumulated insights can improve practice (Fowler 1995).

A review of prominent surveys (see appendix A) clearly demonstrates substantial improvement in the wording of contextual materials and of questions on taxes and spending. Specifically, wording has evolved so as to attempt to elicit indications of the strength of preference and to help respondents focus on balancing personal costs against perceived benefits. Early polls asked separately about taxes and spending, and, hardly surprisingly, the public decisively tended to favor both lower taxes and maintenance of public services (see appendix A, paragraph 1). Perhaps quite

1. Samuelson (1954) presented an early rigorous statement of such a normative model and of related behavioral tendencies. Both the model and the behavioral tendencies are now established doctrine incorporated in countless professional papers, monographs, and textbooks at every level.

2. References include Brubaker 1984 and 1989, chapter 6, and Kagel and Roth 1995. The latter provides an excellent recent survey of areas of economics, including public finance (by John O. Ledyard), in which experiments have been emphasized.

3. Buchanan and Tullock (1962) inspired a generation of analysts of public choice. Currently established concepts and principles are ably summarized in Mitchell and Simmons 1994, Mueller 1989, and Stevens 1993.

4. Fortunately, several major compilations document the evolution of prominent approaches to eliciting responses, along with trends in results (Mayer 1992; Niemi, Mueller, and Smith 1989; Page and Shapiro 1992).

reasonably, the respondents perceived ample potential for much more cost-effective use of the resources employed by governments (Ladd and others 1979). Subsequently pollsters asked for opinions about the general balance between taxes and government spending (see appendix A, paragraph 1, Q4). Finally, questions directed attention to the connection between government outlays and personal tax obligations (see appendix A, paragraph 2). Dramatic effects of alternative wording remain, nevertheless, as is evident from the data recorded in table 1. Those data show solid majorities both for “willing to pay higher taxes if you knew that all of the added taxes were spent on (category)” and for “willing to see a reduction in spending on (category) if you knew it would mean that you would pay lower taxes.”⁵

Table 1: Willingness to Increase or Reduce Taxes and Spending

Category	How Willing Would You Be To:	
	Pay higher taxes if you knew that all of the added taxes were spent on (category)?	See a reduction in spending on (category) if you knew it would mean that you would pay lower taxes?
	Percentage willing:	Percentage willing:
Creating jobs	91	62
Education	90	51
Fighting crime	90	56
Fighting drug abuse	87	58
Health insurance reform	65	65
Social Security	81	60
Reducing the federal government's budget deficit	77	74
The environment	80	62
Homelessness	81	65
National defense	64	71
Welfare	47	73

Note: Percentage willing includes those who responded “very” or “somewhat.” “Not sure” was the reply of 0%–3%.

Source: Hastings and Hastings 1996, 97–98.

5. Attempting to explain the apparent contradiction is beyond the scope of this article. One might ask, nevertheless, whether respondents might perceive “How willing would you be” as an invitation to be willing. Similarly, they may perceive “to pay higher taxes” for a laudable purpose as a test of good citizenship and “to see a reduction in spending” for a good purpose as a test of personal greed.

Official Opportunities for Citizens to Express Opinions on Budgets

I turn now to examine government-sponsored opportunities for citizens to express directly their opinions about governmental budgets.

Federal income tax Form 1040 for 1996 contains information potentially useful for enabling expression of citizens' fiscal preferences, namely, pie charts showing major categories of federal income and outlays as percentages of the budget in 1995. Short verbal descriptions give somewhat more detailed information about the content of each category. This information could easily be converted to a form much more useful for supporting the citizenry's formation and expression of opinions about taxes and spending. Converting the base for the exhibited percentages from total federal income (or outlays) to national income would allow individuals to relate governmental outlays, albeit crudely, to their own tax burden. They would then be better prepared to assess the degree to which governmental budgets conform with their personal preferences.

Citizens' opportunities to influence directly budgetary choices at the federal level, even by comparison with opportunities to influence state and local governments, are, however, in general exceedingly constrained. Federal tax Form 1996 1040 (p. 31) makes clear the extremely limited rights of taxpayers. It states, "You have the right to be treated fairly, professionally, promptly, and courteously by IRS employees. . . . To ensure that you always receive such treatment, you should know about the many rights you have at each step of the tax process." For elaboration, taxpayers may request Publication 1, *Your Rights as a Taxpayer*. Revision 5-96 of this publication contains not even a hint of any rights to earmark payments or to participate more directly in determining tax rates.

Some taxpayers affect their personal federal and state income tax obligations and total government revenues by their choices regarding payments or contributions that qualify as itemized deductions from gross taxable income. Such choices may be regarded at least partly as expression of preferences pertinent to avoiding taxes. The laws governing itemized deductions, however, are complex, and inferences about their implications for budgetary predilections are accordingly problematic.

Taxpayers' responses to quite limited opportunities to earmark payments, take tax credits, or make contributions at both the federal and California state levels similarly can provide little more than hints about budgetary inclinations. The very first item following taxpayer identification on federal Form 1996 1040 grants, for instance, the possibility of earmarking the grand sum of three dollars to the official presidential election campaign fund. The instructions helpfully remind taxpayers that "checking yes will not change your tax or reduce your refund." The instructions claim, further, that "this fund reduces candidates' dependence on large contributions from individuals and groups and places candidates on an equal financial footing in the general elec-

tion.” No mention is made of drawbacks.⁶ Elsewhere Form 1040 also calls attention to the opportunity to make a (tax deductible) gift “to reduce the public debt.”

Federal Form 1995 1040 (pp. 24–25) listed twenty potential tax credits, including outlays for “employer social security and medicare taxes on certain employee tips, . . . contributions to selected community development corporations, . . . and Indian employment.” California Form 1995 540 allowed contributions to thirteen special funds, including the California military museum, and up to twenty-five dollars to one of six prominent political parties.⁷ How these credits and contributions were selected from a multitude of worthy causes to appear on income tax forms remains unexplained and obscure, to say the least.

California voters occasionally have had the option of expressing desires via bond acts and initiatives. For example, on California ballots for the general election of November 5, 1996, were three bond acts and an initiative to decide specific tax and spending issues.⁸ According to Proposition 204, the

Safe, Clean, Reliable Water Supply Act provides for a bond issue of \$995,000,000 to provide funds to ensure safe drinking water, increase water supplies, clean up pollution in rivers, streams, lakes, bays, and coastal areas, protect life and property from flooding, and protect fish and wildlife and makes changes in the Water Conservation and Water Quality Bond Law of 1986 and the Clean Water and Water Reclamation Bond Law of 1988 to further these goals.

Proposition 205, the “Youthful and Adult Offender Local Facilities Bond Act of 1996, provides for a bond issue of \$700,000,000 to provide funds for the construction, renovation, remodeling, and replacement of local juvenile and adult correctional facilities.” Proposition 206, the “Veterans’ Bond Act of 1996, provides for a bond issue of \$400,000,000 to provide farm and home aid for California veterans.”

Also on the November 5, 1996, ballot was Proposition 217,

Top Income Tax Brackets. Reinstatement. Revenues to Local Agencies. Initiative Statute. Retroactively reinstates highest tax rates on taxpayers with taxable income over \$115,000 and \$230,000 (current estimates) and joint taxpayers with taxable incomes over \$230,000 and \$460,000 (current estimates). Allocates revenue from those rates to local agencies. Fiscal Impact: Annual increase

6. According to data furnished by the Internal Revenue Service, in 1996 and apparently in 1997, 12 percent of income taxpayers checked yes to the request for earmarking the allowable amount to the presidential campaign fund, down from 29 percent in the late 1970s (*Wall Street Journal*, April 30, 1997, A-1).

7. Such contributions did not affect in any way individuals’ tax obligations.

8. A related initiative constitutional amendment called for a majority of voters to approve increases in local government taxes. It requires property-related assessments, fees, and charges to be submitted to property owners for approval. It passed by 56 percent to 44 percent.

in state personal income tax revenues of about \$700 million, with about half the revenues allocated to schools and half to other local governments.⁹

Ballots included estimates of fiscal impacts of the various measures. The estimated fiscal impact of Proposition 204, for example, was “General fund cost of up to \$1.8 billion to pay off both the principal (\$995 million) and interest (\$776 million). The average payment for principal and interest over 25 years would be up to \$71 million per year.”

To obtain further information about bond acts and initiatives, voters could refer to the ballot pamphlet issued over the signature of the California secretary of state. The pamphlet consisted of 111 pages (8.5 by 11 inches), including 30 pages of proposed laws in fine-print legalese. In addition to information on the three bond acts cited, it contained information on twelve initiative constitutional amendments and statutes. Six more pages of fine print gave summaries, statements of meanings of yes and no votes, arguments pro and con, and information about whom to contact for more information. Sixty-nine pages supplied elaborations of the summaries. The pamphlet concluded with an overview of California’s bond debt and statements of purpose by the major political parties.

The pamphlet is an admirable attempt to offset tendencies toward rational ignorance. But almost certainly no more than a tiny fraction of the potential electorate made more than cursory, if any, use of it. And of those who did, most could have gained no more than a minimal understanding of the relevant details.

Elected officials and city managers in Monterey, California, recently published an annual report (1995–96) with information on their initiatives, significant programs, and activities. Along with narrative descriptions, the report included pie charts showing sixteen sources of funds and nine categories of expenditure.¹⁰ The report ended with an invitation for citizens to participate in the city’s annual planning and furnished names, numbers, and addresses to encourage contacts. A survey solicited citizens’ opinions on the entire range of issues even potentially pertinent to the city’s government.

The survey elicited answers to a series of questions closely related to budgetary matters, including levels of satisfaction with police, fire, and nine other specific services; services that should be reduced or eliminated; services currently not offered that should be; and so on.

9. This initiative was extremely interesting because it gave a clear opportunity for the overwhelming majority who would not be subject to the higher marginal rates to “soak the rich.” Even more interestingly, the initiative failed, albeit narrowly.

10. Sources of funds include grants, internal services, trust/other, federal/state, special revenue, enterprise, rents, interest, service fees, franchise/other, sales tax, utility tax, property tax, business tax, and transient occupancy tax. Expenditure categories are capital/neighborhood improvement projects, internal services, debt service, general government, community development, public facilities, recreation/cultural, public works, and public safety. It must be noted that the Monterey Peninsula Unified School District, Monterey County, and the Regional Water Pollution Control Agency operate with separate administrations and budgets.

Only one pair of questions directly related expected benefit and personal tax obligations: "Should the city continue to purchase property for parks and open space . . . ?" and "Would you be willing to pay an additional tax or assessment specifically for open space acquisition?" Further, citizens were asked to rank four specific potential acquisitions and were permitted to suggest others.

Although this pair of questions elicited simultaneously preferences regarding benefit and cost, a citizen seriously contemplating a reply immediately had to recognize that a rational answer must be contingent on relevant measures. If a citizen believes much property can be acquired for little expenditure, he or she will answer yes, otherwise no. In general, the bottom line clearly must be how highly citizens value the property relative to the benefits of alternative uses for their resources.

Furthermore, the citizen undoubtedly will question why this one pair of detailed questions was chosen for the survey from a large number of others of equal or perhaps greater import. Should the city have more or fewer police officers, firefighters, teachers, and so on? The fundamental issue pertains to the appropriate level of aggregation and the framing of elicitation so as to optimally provide citizen guidance to elected officials and city managers charged with deciding budgetary details.

The foregoing review of citizens' official occasions to participate in public budgetary choices makes clear an unreasonable division of labor between the public at large and their representatives at all three levels of government. At the federal level, possibilities for citizen participation are almost certainly excessively limited. At the state and local levels the people are invited to help decide almost unintelligible minutiae but are denied adequate opportunity to choose regarding matters of basic principle, where democratic theory contends that their opinions and values should be paramount. Fortunately a more sensible division of labor lies within reach.

Desirable Characteristics for Questions about Budgets

Survey questions can be refined further to generate more useful information pertinent to fiscal decisions. It is desirable that questions reflect a sensible division of labor between the people and their agents, namely, their representatives in the executive and legislative branches of government. The people, as the highest authority and the principals whose income and wealth are to be allocated, can provide input for strategic decisions by their representatives. In regard to budgets this means input relevant to setting overall limits for total taxation and outlays as well as the latter's allocation among the three levels of government and among major categories at each level. The people's input is vital because the values they place on their own private spending, compared with government outlays, are a crucial factor for deciding on sensible limits. Only the people can know and supply such values. Details can be left to the representatives. This may seem to be a statement of the obvious, but, as we have seen, in official practice the procedures have called for input by citizens regarding details but have

neglected to seek their advice on more suitable strategic issues.

Contexts designed to promote well-considered and well-informed opinions can facilitate more useful responses. Carefully prepared briefing materials containing relevant information and opinion can be an important source of improvement in this regard. Just as government personnel collect, organize, evaluate, and present information and ideas to support executive and legislative decisions, so they can support input of the electorate. The pie charts on federal Form 1040 and the California ballot pamphlet, for example, can be points of departure for much more effective briefing materials. Pretests can be used to evaluate the extent to which intended communication is actually accomplished.

The greater the clarity, concision, and precision of questions, the more readily they will be understood by most of the citizens. Stating questions in quantitative terms is very desirable. Budgetary issues—how much to tax and spend and for what—are inherently quantitative.

A single scale for measures, meaningful at both the individual and public budgetary levels, can promote much clearer understanding of the necessary trade-offs. Percentages of income, applicable simultaneously to individual and public budgets, constitute such a scale. It is possible, for example, to convey quite simply that if 5 percent of the national income is to be allocated to defense, then 5 percent of the individual's income will have to be sacrificed to finance it. Any individual wishing to convert his own obligation to an approximate dollar amount will have no difficulty doing so.

It is preferable that questions be phrased so as to encourage individuals to compare the personal benefits anticipated from government programs and the corresponding clearly specified obligation to sacrifice personal income.¹¹ Context and questions together can encourage attention to specific, quantitative, inevitable limits of resources.

Ideally survey questions on budgetary matters would avoid difficulties arising from the interdependence of preferences for total outlays and preferences for the composition of those outlays. One presumes that individuals would incline more toward higher levels of spending if the spending mix were to their liking than they would if it were not. Similarly, preferred mixes undoubtedly would depend on the aggregate resources to be committed. Thus, a respondent's choice for level of spending could vary, perhaps greatly, depending on his expectations regarding the mix that would be realized. Survey questions about budgetary totals might, therefore, ask for opinions contingent on the explicit assumption that the mix will not differ markedly from that in the current period. The converse assumption might be included in questions designed to elicit opinions regarding the mix. Future work might well focus on the sensitivity of replies to alternative explicit assumptions about the mix.

11. Personal benefit is construed broadly here. It potentially includes personal satisfaction from contributing to meeting the needs of others.

Questions designed to avoid “nonseparable” categories would be advisable. In practice, framing such questions is very difficult. For example, education and defense may at first appear to be entirely distinct. On further reflection it quickly becomes apparent that better-educated citizens can contribute directly to capabilities for defense. Conversely, spending on defense contributes to knowledge, skills, and discipline useful for further educational development. Melvin J. Hinich and Michael C. Munger (1997, 50–88) have written an excellent introduction to the formal, systematic analysis of the implications of nonseparability. That analysis holds great promise for inspiring further practical improvements in survey methods and in the meantime for delineating the limitations of inferences from the results of both existing polls and the one proposed here.

Finally, well-founded microeconomic analysis definitively demonstrates the necessity of crafting elicitations so as to avoid any opportunity for appreciable gain from inaccurate responses.

I turn next to a draft proposal for a survey that incorporates this feature along with most of the others I have described. It would read as follows.

A Survey for Eliciting Opinions about Government Budgets

Enclosed is a questionnaire regarding government budgets. Your carefully considered and accurately reported responses can make an important contribution to reasonable decisions about the share of income to allocate to federal, state, and local governmental outlays as opposed to personal spending. Tables B1–B3 (appendix B) contain information about government outlays in 1996 and those projected for 1997. There is space for you to record your preferences for 1998.¹² Please examine the tables and the appended materials.¹³ Assume that you must sacrifice the same percentages of your income as all other Americans, Californians, and Montereyans to finance, respectively, outlays of the federal, state, and local governments. Enter the percentages you prefer in column 3 of table B1 and in column 4 of tables B2 and B3.

Your entries should take account of outlays financed from all sources of government revenue, including the familiar income, property, and sales taxes. Less visible taxes, such as employers’ contributions for social security and medicare, should be kept in mind as well. They ultimately must be paid by you or other individuals in the form of lower wages and salaries, lower interest and dividends, or higher prices for goods and services. Finally, your

12. Draft tables are in appendix B.

13. Supporting materials (not included here) refer to statements by prominent proponents of various responses to the solicitation.

percentages should reflect also government outlays financed by borrowing and the creation of money. You can calculate approximately your dollar share of governmental outlays by multiplying the percentages in the tables by your total income.

The median reported percentages will be transmitted to the relevant budgetary authorities. Carefully considered answers from you and other citizens can, therefore, aid significantly in achieving sensible public budgetary decisions. Thank you.

Will Taxpayers Respond Truthfully?

This draft survey constitutes a major improvement over existing opinion polls because, unlike them, it possesses most of the desirable characteristics described earlier. It calls for citizens' participation in creating simple yet strategic quantitative input for deciding major budgetary issues, leaving the details to be decided by representatives. It emphasizes limited resources as well as their potential alternative uses and therefore the need for strategic trade-offs between federal, state, local, and personal spending. It is scaled in percentage terms meaningful simultaneously at the personal level and at all three public budgetary levels. The survey would be readily understood by the vast majority of the citizens. It focuses on adjustments from well-documented recent allocations. Clear, concise, yet crucial data for facilitating well-informed and well-considered replies are readily available and can be communicated at low cost. Important by-products of the process include, first, an electorate much better informed about governmental budgets and, second, more active participation by that electorate in striking a rational balance between public and private use of resources.

The expected value of material gains from individual misrepresentations is virtually nil. Well-founded concerns about the difficulty of avoiding material incentives for misrepresentations necessitate an explanation of this seemingly extraordinary claim.

Principles of public microeconomics strongly suggest that any survey questions on budgetary preferences proposed for practical implementation should be examined carefully for potential incentive for respondents to attempt a "free ride" via inaccurate replies. A free ride occurs when an individual avoids obligation to sacrifice for a public good while enjoying benefits made possible by the sacrifices of others. Careful examination of the elicitation procedure proposed here demonstrates that it creates no incentive for either understatement or overstatement. It protects against such biases by linking every individual's obligation to support the public budget to that of all others. Every attempt at free-riding via understatement, even in the unlikely event that it succeeded in perceptibly reducing an individual's obligation, would result in a proportionate reduction in the obligation of others and in the size of government programs as well. Suppose, for example, a citizen were able to reduce his or her obligation to zero. Then the obligation of all others also would be zero, and government programs

would be completely unfunded and could not exist. Similarly, overstatement would necessitate corresponding increases in personal sacrifices to finance the additional budgetary outlays.

The problem faced by a would-be free-rider is compounded by the fact that in all but extremely unlikely circumstances, each person can have no more than an imperceptible effect on the decision. In a sample as small as even several hundred, the probability of any person's answer perceptibly affecting the median reported value is minute. The expected impact of any one person's response, whether on his own tax obligation or on the magnitude of the public budget, accordingly must be similarly inconsequential. This lack of expected impact by itself would suffice to eliminate incentive for understatement as well as for overstatement. Along with the absence of a significant ability to reduce one's personal obligation without reducing that of others, the conditions constraining free-riding appear formidable indeed.

We must acknowledge that although the proposed elicitation allows no opportunity for perceptible material gain from misrepresentation of preferences, it also creates no clear and direct reward for accuracy. Avoidance of permitting potential gain both from understatement and from overstatement is, nevertheless, a major improvement over elicitations that carry biases of this sort. Because the material incentive for bias one way or the other is negligible, nonmaterial motivation can be decisive.

To what extent can we rely on people to reveal their preferences accurately once material motives for dissembling have been eliminated? Rarely has this question been asked, and that is unfortunate because it may hold the key to much more effective and practical elicitation procedures. The reasons to suspect that people will reply accurately are far from trivial. Surely people are motivated to some significant degree by nonmaterial considerations. Pride, self-esteem, and the desire for freedom are, among other things, undeniably powerful human motivators. Desire for the approval of others and adherence to prominent ethical prescriptions, such as the norm for truthfulness, the Golden Rule, and so on, cannot be lightly dismissed. People also value their reputations for honesty, integrity, trustworthiness, and responsibility. These factors surely are intricate, difficult to measure, and variable from one individual to another. Undoubtedly they interact with each other and with material incentives in complex ways. But for present purposes we need not delve into these complexities, because we have little reason to suspect that on balance nonmaterial considerations will inspire misrepresentations. In this regard, two considerations are particularly relevant: the norms for truthfulness and for civic duty.

How strong is the ethical motivation for truth-telling? In the absence of systematic, tidy, and convincing scientific evidence, one can hardly insist on a precise answer to this question. Nevertheless, casual observation can yield useful clues. In many commonly observable circumstances, people fail to tell the truth, the whole truth, and nothing but the truth. Most often, however, in such circumstances dissembling entails a clear advantage. Much rarer are instances of untruthfulness for no apparent reason.

Thus, casual observation suggests that people do sometimes prevaricate but typically not without cause. Because the proposed elicitation procedure presents no compelling reason to misrepresent preferences, the presumption that people will not do so seems much more plausible than the presumption that they will.¹⁴

Regard for civic duty—that is, taking seriously the obligations of citizenship in a democracy—likewise creates a tendency toward accurate revelations. Recently reported experimental results provide surprisingly strong evidence of such regard (Guth and Week-Hannemann 1997). It is essential to emphasize that such motivation need not be particularly strong or even moderate. It need be merely nonnegligible, because under the proposed survey's conditions, accurate responses produce no appreciable loss of opportunity for material advantage.

I have carefully worded the survey questions to avoid the creation of any substantial possibility of material advantage from misrepresenting preferences. I anticipate accordingly that even minimal respect for the prominent ethical norms for truthfulness and for adherence to civic duty could be decisive in eliciting accurate statements. As important as the avoidance of material incentive for misrepresentations surely is, neglect of alternative motives can lead to missed opportunities for eliciting very useful information.

Critics may object that solicitations for so much information would be rejected by already overburdened taxpayers. Note, however, that the information requested is far simpler than that required by the tax forms and election booklets currently in use. Furthermore, many citizens may welcome a meaningful opportunity to express strongly held opinions about taxes and government spending. In any event, even if only table B1 were included, extremely valuable data could be generated.

Other critics might claim that the proposed solicitations furnish inadequate opportunity to express a predilection for more income tax brackets with graduated rates. After all, democratic governments, choosing on the basis of limited information about the public's inclinations, have selected at different times and places substantially varying degrees of graduation. More complete information about the public's preferences pertaining to graduated taxes would, of course, be useful. There is, however, an indefinitely large number of possible rate structures, so that getting more complete information would be much more costly.

Substantial popular support for a simple structure such as zero tax for a limited low-income group and a single rate for all others cannot be ruled out. From the present perspective, focus on this sort of structure has the additional notable virtue of relative ease of elicitation.¹⁵ It would seem to be an altogether reasonable point of departure for further explorations.

14. Esser (1993) carefully examined prominent explanations of survey respondents' behavior for sources of biased responses. Such explanations include rational choice, satisficing, habits, frames, and tendencies to agree or to give socially desired responses. He concluded that deviation of respondents from "the true reply stance" would require promise of "a very clear probability of high gains."

Some critics may maintain that there is no point in eliciting the public's opinions regarding "nondiscretionary" outlays. Ultimately, however, all outlays are subject to discretion, and knowledge of the public's preferences is essential to the rational exercise of that discretion.

Public budgetary issues undeniably are extremely complicated. Radically diverse—sometimes even inconsistent—political, economic, legal, and ethical concepts, theories, and ideologies underpin a multitude of individual perceptions, values, and specific opinions. The necessity of subjective judgments about the accuracy, reliability, and pertinence of allegedly relevant information and analysis adds substantially to the complexity. These imponderables are far too important for public budgetary decisions to be left entirely to agent-representatives. The situation calls for better means of participation by the ultimate democratic authority, the people. Refined elicitations along the lines proposed here can make a major contribution toward such participation.

Everything considered, Americans have had grossly inadequate opportunities to express the preferences fundamental to rational democratic budgetary decision making. Fortunately, in the emerging information era, far superior ways for the people to express their preferences can be, and probably will be, devised and implemented. How big a public budget do the people want? Surveys based on refinements that integrate insights from public finance, public choice, and public-opinion polling can contribute decisively to generating better answers to this crucial question.

Appendix A: Evolution of Survey Questions about Taxes and Outlays

Paragraph 1. Questions focusing on taxes alone have been asked for many years. (Q1) "Do you consider the amount of federal income tax which you have to pay as too high, about right, or too low?" (American Institute of Public Opinion/National Opinion Research Center, cited by Mayer [1992, 444] and by Niemi, Mueller, and Smith [1989, 76]). The question was asked from at least 1947 to the mid-1990s.¹⁵ The following two questions were asked during the decade of the 1970s. (Q2) "As far as you personally are concerned, do you feel that taxes in this country are reasonable or unreasonable?" (Harris Survey, cited by Mayer [1992, 445]). (Q3) "As far as you (and your family) are concerned, do you feel you have reached the breaking point on the amount of taxes you pay, or not?" (Harris Survey, cited by Mayer [1992, 445]). Q3 was still being asked in October 1993 (Harris Survey, cited by Hastings and Hastings [1996, 96]).

15. See Alm 1996 for an explanation of why, from an optimal-tax perspective, income exceeding an agreed minimum should be taxed at a constant rate. Slemrod 1983 also provides a useful discussion of the implications of the literature on optimal taxation for choice of marginal income-tax rate structures.

16. Since 1969, response percentages have been approximately as follows: too high, 60; about right, 30; too low, 1; don't know, 3. A survey conducted in December 1994 (Gallup, cited by Golay and Rollyson [1996, 8]) elicited these percentages: too high, 66; about right, 30; too low, 1.

Paragraph 2. The following question was introduced in the mid-1970s and was asked into the mid-1990s. (Q4) “Considering all government services on the one hand and taxes on the other, which of the following comes closest to your view?”

- a. decrease taxes and services
- b. keep taxes and services about where they are
- c. increase services and raise taxes”

(American Institute of Public Opinion, cited by Mayer [1992, 446]).¹⁷

Paragraph 3. More recently pollsters have asked for opinions focused on balancing taxes in general against specific programs. The following question has been asked in regard to a whole series of spending categories for various periods beginning as early as 1971 and ending as late as the mid-1990s. (Q5) “We are faced with many problems in this country, none of which can be solved easily or inexpensively. I’m going to name some of these problems, and for each one I’d like you to tell me whether you think we’re spending too much money on it, too little money, or about the right amount” (Roper/National Opinion Research Center, cited by Mayer [1992, 454ff]).¹⁸

Paragraph 4. Still more recent questions have asked respondents to balance personal tax obligations against specific governmental programs. (Q6) “Would you be willing to pay higher taxes to reduce poverty?” (For 1990 and 1991; Marist, cited by Weaver, Shapiro, and Jacobs [1995, 606]).¹⁹ (Q7) “Would you be willing to pay more in taxes in order to provide job training and public service jobs for people on welfare so that they can get off welfare?” (For 1990 and 1991; Columbia Broadcasting System/New York Times, cited by Weaver, Shapiro, and Jacobs [1995, 620]).²⁰ (Q8) “Would you be willing to pay more in your own personal taxes if the money went to providing shelter for homeless people in your own community?” (For 1990 and 1992; Washington Post/Gallup, cited by Weaver, Shapiro, and Jacobs [1995, 621]).²¹ (Q9) “Please bear in mind that sooner or later all government spending has to be taken care of out of the taxes that you and other Americans pay. As I mention each program, tell me whether the amount of money now being spent for that purpose should be increased, kept at the present level, reduced, or ended altogether” (For 1984–1991; Gallup, cited by Weaver, Shapiro, and Jacobs [1995, 622]).

17. From 1975 to 1986, response percentages were approximately as follows: decrease both, 35; keep as they are, 47; increase both, 6; don’t know, 12. A more recent survey (Gallup, cited by Golay and Rollyson [1996, 41]) elicited the following response percentages: decrease both, 41; keep as they are, 35; increase both, 20.

18. Categories included space exploration, improving and protecting the environment, health, solving the problems of the big cities, assistance to big cities, law enforcement, drug rehabilitation, education, assistance to blacks, national defense and military purposes, foreign aid, welfare, social security, mass transportation, and parks and recreation.

19. Responses were approximately as follows: yes, 66 percent; no, 31 percent.

20. Responses were approximately as follows: willing, 60 percent; unwilling, 35 percent.

21. Responses were approximately as follows: yes, 60 percent; no, 35 percent.

Appendix B: Tables

Table B1: Your Preferences for Outlays by Federal, State, and Local Governments

Outlays as percentage of income 1996	Outlays as percentage of income 1997	Your preference: Percentage of your (and other Americans') income to support government outlays in 1998
39	39	<input style="width: 100%; height: 15px;" type="text"/>

Note: Data in the tables are for illustrative purposes only. They have been calculated or estimated from information in *The Economic Report of the President, 1998*. Income refers to “national income” at the national level and to the corresponding concepts at the state and local levels.

Table B2: Your Preferences for Outlays by Level of Government

Level of government	Outlays as % of income 1996	Outlays as % of income projected 1997	Your preferences: percentage of your (and other Americans') incomes to support government outlays in 1998
Federal	22	21	<input style="width: 100%; height: 15px;" type="text"/>
California	7	8	<input style="width: 100%; height: 15px;" type="text"/>
Monterey County	10	10	<input style="width: 100%; height: 15px;" type="text"/>
All Levels	39	39	<input style="width: 100%; height: 15px;" type="text"/>

Table B3: Your Preferences for Outlays by the Federal Government

Category	Federal outlays as percentage of national income 1996	Federal outlays as percentage of national income projected 1997	Your preferences: percentage of your (and other Americans') incomes to support government outlays in 1998
Defense and space	5	4	<input style="width: 100%; height: 15px;" type="text"/>
Social Security, Medicare, and other retirement	8	8	<input style="width: 100%; height: 15px;" type="text"/>
Physical, human, and community development	2	2	<input style="width: 100%; height: 15px;" type="text"/>
Social programs	4	4	<input style="width: 100%; height: 15px;" type="text"/>
Total	22	21	<input style="width: 100%; height: 15px;" type="text"/>

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