# Why citizens don't like paying for public goods with their taxes– and how institutions can change that

Why are Americans so against paying taxes to fund basic government functions such as roads and education? In new research, Alan M. Jacobs and J. Scott Matthews find that many citizens object to paying for public investment because they do not trust politicians to spend new revenues as promised. Using online experiments with voting-age US citizens, they find that support for using taxation to pay for investment was dependent on how much voters trusted the institution charged with carrying out the work. Local governments and the military were trusted to a much greater degree than Congress, especially among conservatives. Citizens were also more willing to pay more for public goods when they were told that the new taxes would be set aside in a dedicated trust fund account.



Why are citizens in the United States so averse to paying taxes to fund the basic functions of government? Why are Americans reluctant to foot the bill for public goods – like high-quality roads, good schools, and a clean environment – on which most citizens place a high value?

It could be that people are short-sighted: while taxes must be paid today, the benefits of public investment tend to emerge over the long run, and citizens may value the future less than the present. Alternatively, Americans may just prefer a small government that does less and leaves more scope for private action. Or perhaps Americans simply hate paying taxes.

In a novel set of experiments, we examine a very different reason why citizens may object to paying for public investment: uncertainty.

When governments propose to raise taxes to finance public investments, they are asking people to accept a tradeoff: sacrifice now, in return for the promise of better public goods and services in the future. From the citizen's perspective, the difficulty is that the costs of that tradeoff are certain: the taxes will be paid. The promised benefits, on the other hand, are *uncertain*. The public official who pledges today to channel new revenues into the school system or into environmental clean-up might decide tomorrow to use those same dollars to cut taxes for the wealthy or to boost welfare spending. Politicians making the case for tax hikes have strong incentives to make lavish promises; but they may not have equally strong incentives to deliver on those pledges down the road. Thus, even citizens who are in principle willing to pay more for improved public services, may simply not *trust* that government officials will do as they say.



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We examined the effect of uncertainty on citizens' policy attitudes in a series of three experiments, conducted online with representative samples of voting-age American citizens. In our first experiment, we asked all subjects to consider the problem of decaying infrastructure – thousands of miles of crumbling roads and bridges around the country – and a commonly proposed policy solution: raising the gas tax by a few cents per gallon and using the revenues to finance needed repairs. However, we randomly assigned subjects to versions of the proposal that differed in which governmental actor would be placed in charge of the investment. When we tapped opinions of the proposal, we found that subjects' willingness to pay for infrastructure investment hinged substantially on whether it would be managed by a more-trusted or a less-trusted public institution. Support for the measure was one-third higher if the investment was to be implemented by local governments or the Army Corps of Engineers (more trusted) than if it was to be overseen by Congress (less trusted). We find, moreover, that this difference derives from differing degrees of confidence in whether these institutional actors will keep their policy promises.

In a set of further experiments, we examined the role of institutional rules in shaping citizens' willingness to pay for public investments. We were specifically interested in whether budgetary rules could be designed in ways that would enhance citizens' confidence that their tax dollars will be well spent.

In two experiments focused on institutional design, we find that some institutions are more effective than others in reducing citizen uncertainty and increasing support for public investment. On the one hand, trust fund rules – rules that set aside taxes collected for a specific purpose in a separate, dedicated account – boosted our subjects' willingness to pay for investments in a range of public goods, from environmental protection to border control. On the other hand, rules that insulate decision-making from electoral politics – empowering unelected, non-partisan officials to make budgetary decisions – did little to reassure our subjects that their tax dollars would be well spent.

In an age of ideological polarization, one further feature of the results is noteworthy. Across all of our experiments, it was *conservative* subjects who were most responsive to the allocation of institutional responsibility. Simply telling conservatives that highway repairs would be overseen by local governments rather than Congress *doubled* their support for a gas-tax hike. These findings suggest that most conservatives want safe roads and good schools just as much as liberals do – but that conservatives are more sceptical about public officials' willingness to deliver on their policy promises.

Our results imply that a good deal of anti-tax sentiment in contemporary America is rooted in mistrust of particular institutional actors and institutional arrangements, rather than in simple, philosophical opposition to state action. What taxpayers want, our studies suggest, are ironclad assurances that public officials will do with public money

as they say. The findings also suggest that smart policy and institutional design has the potential to build broader support for the kinds of public investments that most Americans value.

A version of this article first appeared at the AJPS blog, and is based on the paper, "Policy Attitudes in Institutional Context: Rules, Uncertainty, and the Mass Politics of Public Investment" in the American Journal of Political Science.

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