Centre for Studies in Economics and Finance

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Evidence from a Survey-Experiment Representative of the Italian Population

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Do People Really Dislike Wealth Taxes more than Other Types of Taxes?
Evidence from a Survey-Experiment Representative of the Italian Population

Sergio Beraldo[*] and Enrico Colombatto[†]

Abstract
We designed a Survey Experiment (SE) to study the attitudes of the Italians towards wealth, income and consumptions taxes. In particular, we interviewed a sample of 2,400 subjects drawn from a larger representative pool of 120,000 individuals. Beside collecting information about individuals' values and beliefs, the survey also gathered information about (i) the preferred tax base, (ii) the attitudes towards replacing all the taxes with a unique tax, possibly on wealth, (iii) the views in regard to proposals to increase public expenditure by resorting to taxes of various kind and in different scenarios. We find that wealth taxes are definitely preferred to consumption taxes and that this preference is at par with income taxation. Wealth taxes are justified by the fact that they reflect one's ability to pay. Opposition emerges when it is feared that wealth taxes end up increasing tax pressure and when the value of the main residence is included in the tax base. Political inclinations play a minor role.

JEL Classification: D31; H24.

Keywords: Wealth taxes; Survey Experiment.

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1. Introduction

Wealth taxes have played a minor role in the tax systems of the OECD bloc: they gradually declined from about 7.9% of total tax revenues in the mid-1960s to about 5.5% in the late 1970s and have remained more or less stable at that level until now (OECD 2022). In a similar vein, the number of OECD countries that taxed households' financial wealth dropped from 12 to 4 between 1990 and 2020, while tax-exemption thresholds rose significantly and preferential treatments of various kinds have become pervasive (OECD 2018; Perret 2021).[1]

In brief, it appears that although wealth represents a fat tax basis to tap, policy-makers have taken a very cautious approach. Perhaps they stay put not to jeopardise investments and growth;[2] or perhaps they do not want to encourage investors to engage in high-yield, high-risk investments, or punish those who prefer to delay consumption. We submit that policy-makers are inclined to staying away from wealth taxes because they expect vibrant opposition, are aware that they would eventually give in to pressure by vast layers of the tax-paying population,[3] and realize that in the end loopholes would be ubiquitous. If so, the tax would eventually generate a relatively modest revenue and its proponents' popularity would be in tatters. In a sentence, "taxing the rich doesn't gain votes" (Prasad 2021) and explains why the "tax the rich" narrative has in fact led to higher tax pressure on the high-income earners and consumption in general, rather than on wealth.

In this light, we examine a representative sample of Italian households in order to investigate whether the politicians' fears are justified. Is it true that most people dislike wealth taxes, despite the fact that they favour redistribution? Can one explain this alleged hostility in terms of fiscal ignorance? And can one argue that the supporters of the wealth tax are in fact those who believe they can evade it?

In general, the answers are a multiple no. We find that the households' perception of tax pressure is accurate, that the wealth tax is definitely preferred to consumption taxes and that this preference is at par with income taxation.[4] In particular, a unique tax on wealth that replaces all other forms of taxation is by far perceived as the best choice, and is most popular among those who believe that fairness calls for low tax pressure.[5] Its

[1] According to the OECD Revenue Statistics format, taxes on wealth include: recurrent taxes on immovable property, which can be levied on property owners, tenants or both; recurrent taxes on net wealth, which include individual and corporate taxes, real estate, inheritance and gift taxes; taxes on financial and capital transactions; non-recurrent taxes on property. In general, all property taxes fall into one of two major categories: taxes on the transfers of property and taxes on the use and ownership of property. According to this definition, therefore, property taxes are a subset of wealth taxes. In this paper, we follow the literature and refer to *wealth* and *property* taxes as synonyms. Likewise, and unless otherwise specified, we shall use the terms *wealth* and *property* as synonymous.

[2] Tax policies with a view to promoting growth have tended to focus on cutting corporate taxation and have paid little attention to the tax burden hitting households. Not surprisingly, the OECD efforts to prevent a "race to the bottom" have regarded exclusively corporate taxation.

[3] This would be consistent with Saez et al. (2012). They analyse the literature on changes in income tax and conclude that the major behavioural responses would be tax evasion and avoidance.

[4] This is consistent with Rowlingson et al. (2021).

[5] The link between ideology and taxation is not new (Lewis 1982, chapter 5 and, more recently, Stantcheva 2021). See Vogel (1974) and Lewis (1978) for early studies on tax ethics (tax evasion and tax avoidance) and fairness (progressivity).

appeal is lower but still strong among affluent households,[6] and has little to do with the attitudes towards tax evasion and avoidance. In general, people oppose wealth taxes when they fear that such taxes are introduced on top of those already existing, and strongly oppose wealth taxes when they think that the value of their main residence could be included in the tax base. We also find that political inclinations play a minor role. Differences between individuals placing themselves in the progressive and conservative camps are evident when the interviewees are asked to describe the purpose of economic policy-making. Yet, left-right differences become blurred within the realm of tax pressure. People on the extreme left and those featuring conservative views are more likely to favour a unique wealth tax and consider wealth as the most appropriate tax base. It also appears that although they are not opposed to redistribution, Italians do not want more of it. Indeed, support for the wealth tax comes from the fact that it bears out one's ability to pay. It is the broad-shoulder argument,[7] which differs from the equal-marginal-sacrifice argument typical of redistribution. Fears about capital flights are negligible, too.

Our findings are consistent with a large body of academic work. During the past decades, the literature on taxation has emphasized that a satisfactory tax system should be optimal, fair and simple (Graetz 2001: 1392). Optimality requires that taxation does not alter individuals' behaviour: tax systems should be designed not to discourage working effort despite the cut in purchasing power and savings suffered by the taxpayers. Fairness relates to how public opinion perceives tax pressure, in relation to tax bases (income, consumption and wealth) and tax criteria (progressivity vs. proportionality). Simplicity regards the cost of complying (paperwork and data gathering) and the cost of pursuing and sanctioning tax evaders and avoiders.

Close inspection shows that an annual tax on wealth might be a promising candidate to meet at least two of the three criteria listed above. In regard to optimality, a tax on wealth may indeed alter individual choices about savings, consumption and working effort. Yet, this effect could be modest, especially if taxpayers react by working harder to preserve the same amount of net wealth.[8] For example, this is the case if individuals are reluctant to cut their living standards and savings are motivated by precautionary motives or by efforts to guarantee future consumption (e.g., retirement or college education for one's children).[9] Second, fairness is generally considered a synonym for equality, and since wealth inequality is usually larger than income inequality, taxation on wealth is preferable to other forms of taxation (Piketty 2014).[10] Likewise, if fairness means ability to pay and generate the revenues needed to finance public expenditure and pursue the common

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[6] See Sodha (2005).

[7] This is also known as Sutton's law, named after the bank raider who seemingly claimed that he robbed banks "because that's where the money is".

[8] See Ring (2021) and OECD (2018). Advani and Tarrant (2021) review the existing empirical evidence on how individuals respond to the incentives created by a net wealth tax. They argue that a well-designed wealth tax would reduce the tax base by 7-17 per cent if levied at a tax rate of 1 per cent.

[9] Of course, the optimal tax *par excellence* would be a one-off 100% tax on wealth, as reminded in Adam and Miller (2021: 476). See Straub and Werning (2020) for a detailed analysis of the elasticity conditions required to suggest an optimal positive recurrent tax on capital; and Scheuer and Slemrod (2021: 223-225) for a survey.

[10] This literature includes the so-called "theory of capture", according to which wealth should be taxed to prevent the rich from controlling policy-makers. The topic was already hotly debated in Florence at the time of Guicciardini. Rousseau was also among its early advocates (Scheve and Stasavage 2016: 15 and 26).

good, then wealth is certainly a better proxy than income or consumption. Certainly, the cost of applying a wealth tax may be problematic, since defining the tax base presents important problems (Scheuer and Slemrod 2021: 209). Nevertheless, if privileges and exemptions are limited, a tax on wealth frees the world of business from a heavy bureaucratic burden (think of VAT) and the same applies to households. Tax avoidance and tax evasion remain a possibility, especially in the presence of loopholes and exemptions granted to selected and sometimes large interest groups.[11] Yet, it is not evident that a well-designed system focused on taxing wealth would lead to more tax evasion than other schemes. Of course, a consumption-tax basis would protect taxpayers' privacy. Yet, this feature might disappear if cash payments were abolished or severely restricted. Finally, one may also add that "there may be a benefit to adding a wealth tax in order to diversify the sources of revenue and prevent any one tax getting too high" (Adam and Miller 2021: 480).

To summarise, a large body of scholarship believes that taxes on wealth are efficient and fair. Then, why does the taxman hesitate? We suggest that opposition against the wealth tax comes from people's sentiment: wealth represents the tangible outcome of past achievements and a safety net against negative events. Hence, it is felt that property should be shielded from aggression. Put differently, a wealth tax is often perceived as a retroactive encroachment on individuals' past performances, and thus regarded with wariness. In this vein, our findings show that support for the wealth tax weakens among those who believe in well-deserved success. The pronounced safety-net effect and the weak propensity towards more redistribution, in turn, would explain the firm opposition towards inheritance taxation, a feeling also shared by the have-nots.

On balance, and despite the fact that Italian households are not opposed to the wealth tax per se and are actually open to a unique wealth tax, our findings suggest that policy-makers are right to be cautious. First and foremost, taxpayers suspect that the introduction of a wealth tax might eventually lead to an increase in the overall tax pressure. Certainly, tax proposals to support certain categories of expenditure are considered less objectionable than others, but one should not neglect that, as we show, support for higher tax pressure is weak. This is consistent with the fact that a large share of the population believes that the quality of public expenditure is poor,[12] and that the possibility of improving the tax system and the quality of expenditure is minimal. Indeed, as our findings also show, proposals to involve the EU authorities into the decision processes regarding taxation and expenditure receive only lukewarm responses.

The paper is organized as follows. Section 2 describes the main characteristics of the survey. Section 3 discusses the attitudes towards wealth taxes. Section 4 focuses on the values and beliefs that can help explain these attitudes. Section 5 complements the findings by means of regression analysis. Section 6 evaluates whether attitudes towards taxation change with the the type of public expenditure the public authority wants to finance (more redistribution, better infrastructure, a reduction of public debt) or the level of government in charge on managing resources (the national government or the EU). Section 7 discusses and concludes.

[11] See Advani and Tarrant (2021) on the responses to a wealth tax.

[12] See European Commission (2021).

2. The survey

To study the attitudes of the Italians towards wealth taxes, we designed a Survey Experiment (SE) which was then administered by «Doxa»[13] to a sample of 2,400 individuals drawn from a larger representative pool of 120,000 individuals. The survey took place in November 2021 and focused on people's attitudes towards wealth, income and consumptions taxes. The survey questionnaire – provided in Appendix - collected information about:

i) Demographic and socioeconomic variables: age, gender, education, broad occupational category, self-assessed economic status, region of residence and city size, value of real estate and financial assets;

ii) Individuals' preferences and beliefs: political orientation, impatience, attitudes towards risk, beliefs about tax legitimacy, tax progressivity, inequality, redistribution, social mobility;

iii) economic and financial literacy.

The Italian resident population was stratified along the following criteria: geographical area of residence (North-East, North-West, Central and Southern Italy), age group (18-34, 35-44, 45-54, 55-64, over 65), gender, size of the municipality of residence (up to 30,000 inhabitants, between 30,000 and 100,000, more than 100,000), educational attainment (tertiary, secondary and primary education), employment condition (employed/unemployed). All interviews followed a Computer Assisted Web Interviewing method (CAWI). CAWI-based surveys tend to deliver a sample in which the proportion of individuals with secondary or tertiary education is slightly higher than that in the actual population. Thus, since education is correlated with income, the CAWI method gives more weight to the relatively rich segment of the population.

In regard to stratification, however, there is a close correspondence between the sample of individuals participating in our survey and the characteristics of the Italian population as reported by the Italian Statistical Office (Table A1 in the Appendix).

3. Individuals' attitudes towards wealth taxes: an overview of the results

To assess individual attitudes towards wealth taxes, we resorted to three different questions (see Box 1 below). The answers allowed us to explore (i) the preferred source of tax revenues at large (Question D3_3), (ii) the attitudes towards the possibility that a unique tax, possibly on wealth, replaces all the other taxes (Question D2_11) and (iii) the willingness to finance an increase in public expenditure with taxes on wealth, given different scenarios (Question SE).

[13] Doxa specializes in opinion polls, market research and statistical analysis. Since it was founded (1946), it has always ranked among the leading Italian companies of the sector.

Box 1. Questions regarding the preferred tax base.

Question D3_3
Given constant tax revenues, where do you think that **most taxes** should come from?

1. One's income
2. One's consumption (good and services, as within the VAT system, which is actually paid by consumers),
3. One's wealth (real estate and financial assets).

***

Question D2_11
Suppose that the government considers the introduction of a **unique tax that replaces all other taxes**, except social security. Total tax revenues would remain constant, but the tax structure would change.

Would you prefer *(only one answer)*

1. That taxation consists of a unique income tax hitting all individuals (average labour-income taxation would rise from today's 22% to 55%), while all other taxes would be eliminated?
2. That taxation consists of a unique 5% tax on real estate and financial wealth, while all other taxes would be eliminated?
3. That taxation consists of a 62% consumption tax (it is now 25%, including VAT), while all other taxes would be eliminated?
4. None of the above. I am rather happy with the current tax structure.

***

Question SE
The policy-maker [**national government/EU**] is about to increase tax pressure. The increase is permanent, and the new revenues will be utilised to [**Subsidise those below the poverty level / Finance infrastructure / Reduce the public debt**]. Which kind of tax would you prefer?

1. An income tax, which would cut the labour income of my household by about 3%
2. A yearly 1.6% tax on my average bank deposits
3. A tax on my real estate (about 0.3% of the value of the property). *[Note that 50% of the interviewees of this group were informed that their residence would be exempted, while nothing was said to the remaining 50%]*
4. An increase of the VAT rate of about 3 percentage points

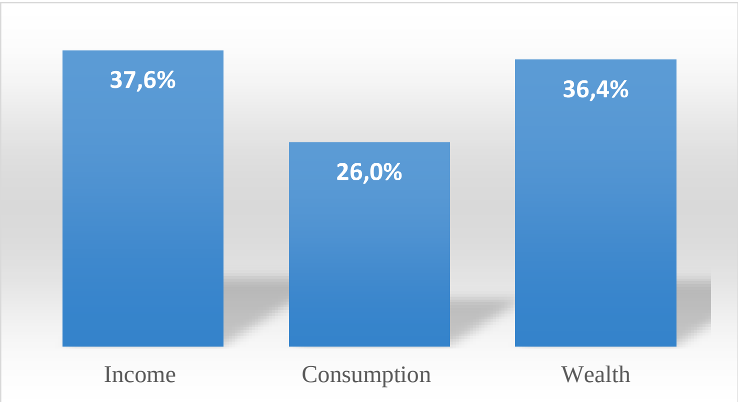
The first question simply asks the interviewees about their preferred tax bases: income, consumption or wealth. The second question confronts the individuals with a proposal for radical tax reform that would lead to a unique tax in place of all the other taxes. Again, it is asked whether the unique tax should be levied on income, consumption or wealth. The third question aims at exploring individuals' preferences about the changes in the tax rates necessary to finance an increase in public expenditure. This question was submitted by decomposing the sample into six statistically comparable groups of 400 subjects. Each of these groups was confronted with potential governmental initiatives with a view to permanently increasing the tax burden. Subjects were invited to select the preferred tax base (income, consumption, financial or real estate properties) under different conditions. These varied across groups along two dimensions: the type of public expenditure the tax increase would finance (more redistribution, better infrastructure, a reduction of public debt), the level of government in charge of expenditure (the national authorities or the EU).

Of course, the three questions above measure different things. Therefore, although some answers may appear inconsistent, they are no longer so after closer inspection. For example, one might think that (ideally) *most taxes* should be levied on consumption and still claim that, given the present situation, an increase in public spending should be financed by taxing income; and that if a unique tax is to replace all the other taxes, this should be on wealth.

Conditional probabilities tell us that people's views on wealth taxes are indeed coherent. For example, we observe a greater than 50% probability that an individual who believes that wealth is the most appropriate tax base is also willing to replace all the current taxes with a unique tax on wealth. Moreover, there is a 51% chance that an individual willing to replace all current taxes with a unique tax on wealth also prefers to finance a permanent increase in public spending by means of a tax on real estate or bank deposits. Likewise, the percentage of people willing to finance a permanent increase in public spending by means of a tax on real estate or bank deposits rises to 58% among those who believe that wealth is the most appropriate tax base and, at the same time, are willing to replace all the current taxes with a unique tax on wealth.

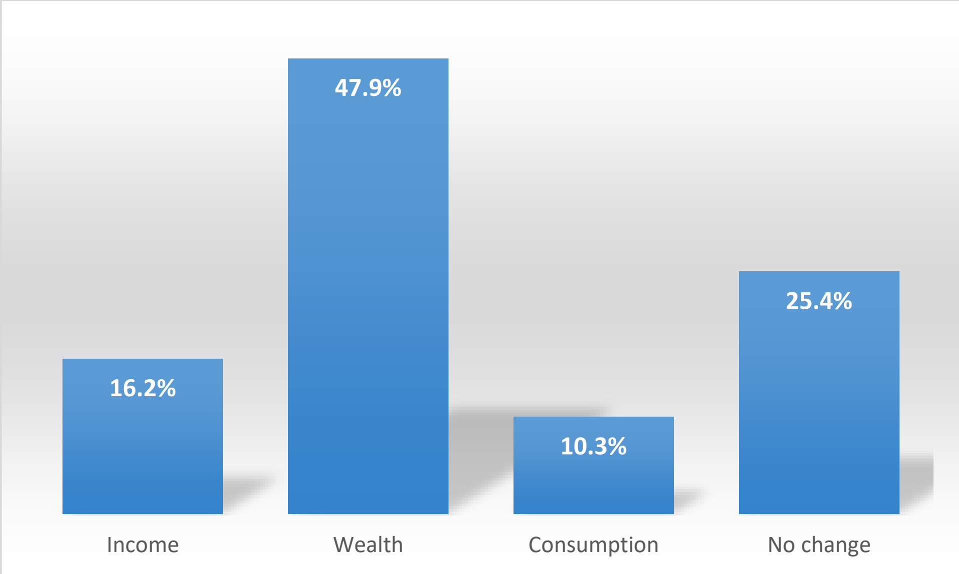
In general, we observe that the share of those in favour of taxing wealth is significant. As Fig. 1 shows, more than one third of the individuals believe that the prevailing tax base should be wealth (question D3_3).

Fig. 1 (Question D3_3): Where do you think that most taxes should come from?



This share rises to almost 48% when individuals are asked which tax they would use to replace all the other taxes (Fig. 2). This corresponds to about two-thirds of those who are willing to modify the status quo (represented by the 'No change' option). If one restricts the sample to those who do own a house, the percentage of people supporting a unique wealth tax stays the same (about 48%).

Fig. 2 (Question D2_11): Preference for a unique tax as the only source of revenues



Similar results emerge when one considers how individuals would consider financing a permanent increase in public spending by means of a tax on real estate or on bank deposits (see Table 1).

Table 1. Attitudes towards wealth taxes

Share of individuals who believe that wealth should be the prevailing tax base	Share of individuals willing to replace all the current taxes with a unique tax on wealth	Share of individuals who prefer a tax on real estate or bank deposits to finance a permanent increase in public spending
36.4%	47.9%	48.1%

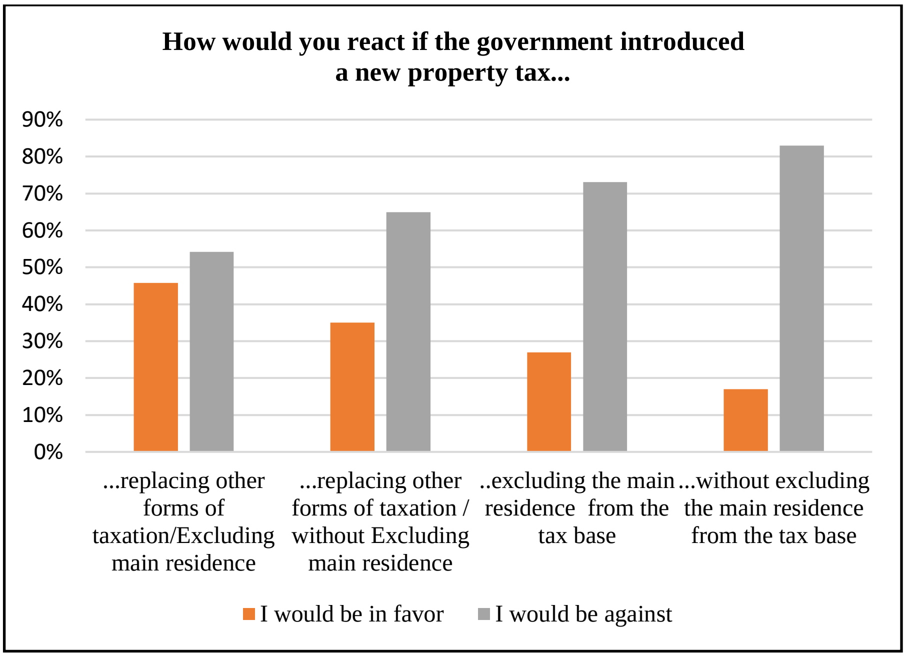
In other words:

Result 1. *The share of those who prefer wealth taxes over income or consumption taxes varies between 36.4% and 48.1%, depending on the proposed scenario. Almost half of the individuals are in favor of a single tax on wealth replacing all the other taxes. This preference is independent of house ownership. Similarly, almost half of the sample is willing to accept a tax on real estate or on bank deposits to finance a permanent increase in public spending.*

Support for taxation on wealth is generally stronger among those who believe that fair taxation means lower taxation (see Result 3 and Table 2 in the next section). One may thus suppose that those who desire a lower tax burden fear that proposals to increase the role of wealth taxes might actually result in heavier overall taxation. Indeed, this observation is confirmed by survey-experiment techniques. We asked the interviewee: "How would you react if the government introduced a *new* tax on property …?" (Question D3_7). The rest of question D3_7 came in two different versions, each presented to two different groups of equal size. We asked group 1: "How would you react if the government introduced *a new tax on property that would replace other forms of taxation*?". By contrast, the question addressed to group 2 did not mention that the new tax on property would replace other forms of taxation. Each of these two groups was further split into two subgroups. One was told that the reform would consider their main residence as part of the tax base. The other subgroup was told that the main residence would be excluded. The question had two possible answers: «I would be in favor» or «I would be against» (rotated across subjects to avoid order bias).

Thus, four slightly different questions were submitted to four different groups of interviewees (see the Survey questions D3_7*a* to D3_7*d* in the Appendix), each group making 25% of the entire sample. The answers are described in Figure 3.

Fig. 3. Reactions to a new property tax



Consistent with the findings presented earlier, and in contrast with much of the current narrative, the results illustrated in Figure 3 confirm that people do not necessarily oppose the introduction of taxes on wealth. Indeed, 46% of the interviewees are in favour, provided that the tax replaces other forms of taxation and the main residence is excluded from the tax base. However, support drops to 17% when the question fails to mention that the new tax would replace other forms of taxation or that the main residence is excluded from the tax base. The fact that people oppose taxes on their main residence is consistent with the findings by Rowlingson et al. (2021). Of course, they point out that low-income taxpayers would lack the means to pay the tax. But they also emphasise that the main residence is often seen as something *one worked hard for*, and is perceived as different than a financial asset. This insight is somewhat indirectly confirmed by our evidence. Indeed, by restricting the analysis to the sub-sample of individuals who own more than one house, one finds that support for the introduction of a new property tax is higher, and surprisingly increases when the main residence is included in the tax base (the percentage of people being "in favour" registered in the four cases is 28.57%, 52.94%, 31.82%, 34.48% respectively). Perhaps wealthier people do consider the houses they own as

part of their financial assets, and fear that excluding the main residence from the tax basis might result in heavier taxation on the other assets in their portfolios.
In other words:

Result 2. P*eople oppose wealth taxes when they fear that such taxes are introduced on top of those already in place, and strongly oppose wealth taxes when they think that the value of their main residence is included in the tax base*. *This latter result does not apply to wealthier individuals who own more than one house.*

4. Further evidence on the attitudes towards wealth taxes

This section explores some further aspects regarding people's perception of a wealth tax. In particular, we focus on fairness (Result 3), political inclinations (Result 4) and house ownership (Result 5).

We informed the interviewees about the current tax pressure in Italy (around 45% of GDP in 2021), and asked them about what they regard as a fair level of tax pressure. As shown in the first column of Table 2, only 26% of those who believe that a fair tax pressure should be above 45% of GDP favor a unique wealth tax. The share of individuals supporting a unique wealth tax monotonically increases as the level of tax pressure considered fair falls (second column), and reaches 53% among those who believe that a fair tax pressure should not exceed 30%.

Table 2. The attitude towards fair tax pressure and the unique wealth tax

Fair Tax Pressure	% of those in favour of the wealth tax as a unique tax (answer "2", question D2_11)	% of those who believe that taxes should mostly come from wealth (answer "3", question D3_3)
FTP>45%	26%	30%
FTP= 45%	32%	24%
30% <FTP < 40%	46%	38%
FTP < 30%	53%	38%

The picture does not change much if one controls for sex and age, the attitude towards tax evasion and inequality. However, a minor effect emerges if one considers self-assessed economic status. While 49.6% of those who regard their economic status as modest favor a unique wealth tax, while the figure drops to 43.6% among those who rate their economic status as more than satisfactory. In other words, the share of people who advocate a unique wealth tax shrinks as the perception of one's own economic status improves. This result is consistent with the findings of the experimental literature, which shows that individuals' attitudes towards various tax-transfer schemes are affected by self-interested concerns (e.g. Ackert et al. 2007; Cappelen et al. 2007).

Similar results hold among those who believe that taxes should mostly come from wealth. Indeed, in line with the rational self-interest hypothesis, the share of those who believe that taxes should mainly address wealth gets smaller as the self-assessed economic status improves (from 39.6% among people who regard their income as *modest*, to 24.7% among those who regard it as *more than satisfactory*).

The preference for wealth taxes strengthens as the tax pressure considered fair drops (Table 2, column 3). This suggests that support for a unique wealth tax (see question D2_11 in section 3) is not distorted by a form of misperception caused by the fact that the tax rate associated to the unique wealth tax would be a "mere" 5%, i.e. that one favors a lower tax rate *cum* larger tax base package in the wrong conviction that the tax bill will be lighter. To repeat, the data reject this interpretation. Those who consider fair a lower level of tax pressure support wealth taxes even when no particular tax rate is mentioned.

In brief:

Result 3. *Support for wealth taxes is greater, the lower the level of the interviewees' evaluation of the fair tax pressure, and the lower their wealth.*

These results are further investigated in Section 5 below by using regression techniques.

4.1. Wealth taxes and political inclinations

People's preferences about tax regimes can be related to their political inclinations (e.g. Lozza et al. 2013). We asked the interviewees where they fit in the political spectrum (question D2_1) on a scale from 1 (Progressive/Left) to 5 (Conservative/Right). To avoid personal incomparability - the problem that may emerge in surveys when abstract concepts are differently interpreted by individuals (e.g. Bauer et al. 2017) - the questionnaire made clear what these labels commonly mean and imply, also in terms of economic policy-making. In particular, it was emphasized that the progressives advocate income and wealth equality, to be obtained by resorting to taxation and public expenditure. By contrast, the conservatives aim at preserving individual liberty and oppose heavy government interference. In this case, therefore the outcome would be moderate taxation and limited public expenditure.

Figure 4 illustrates the answers of those who expressed an opinion (85% of the sample).

Fig. 4 (Question D2_1). How people fit in the political spectrum.

Progressive/left =1; Conservative/right =5

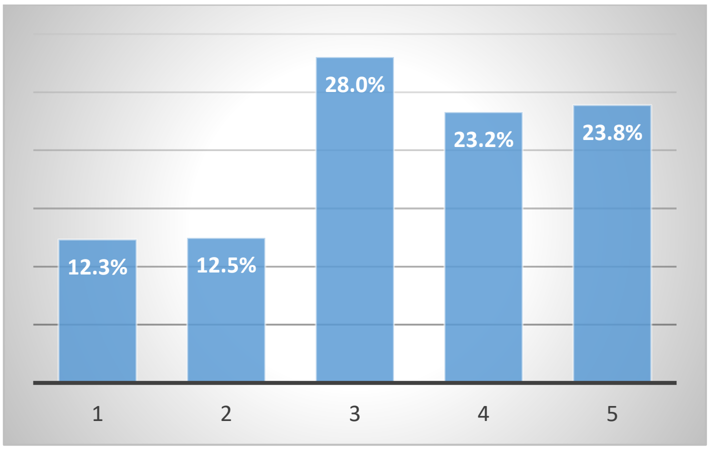
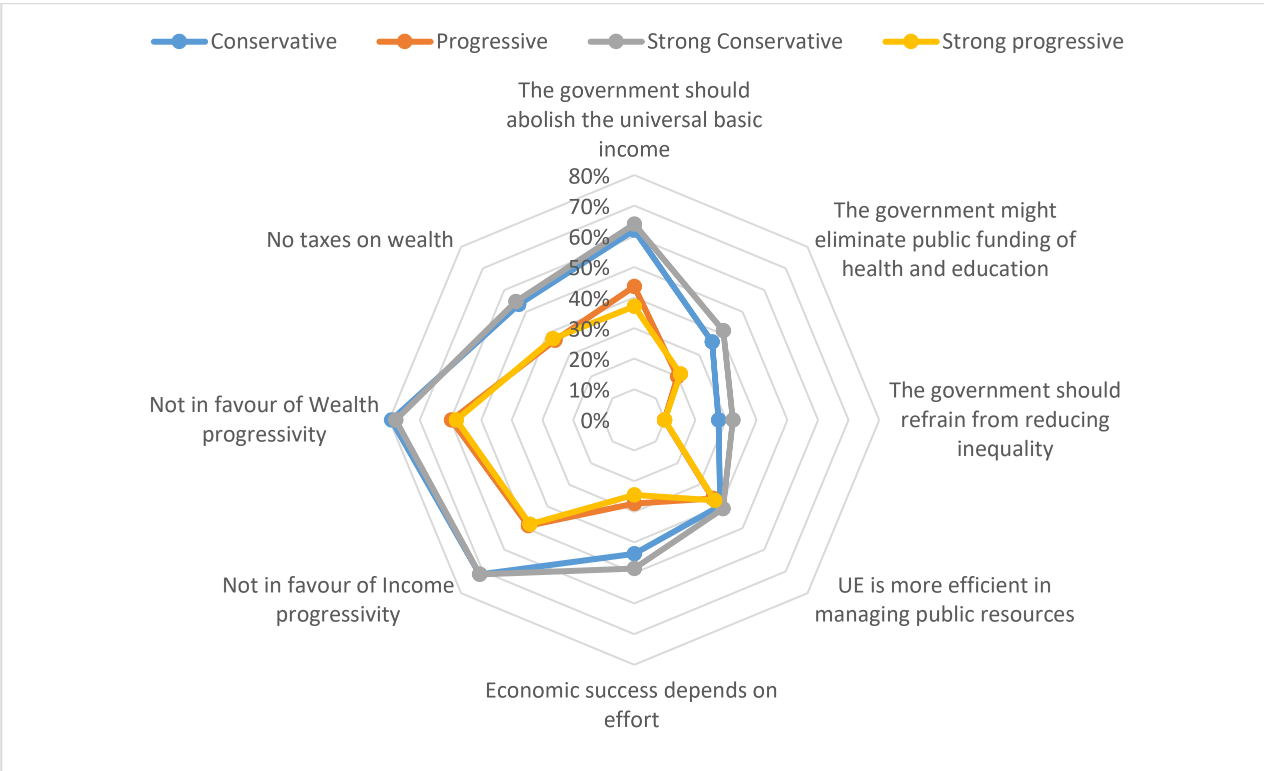


Fig. 5 below shows the main differences between people who place themselves on the right of the political spectrum (those who answered “4” or “5” to Question D2_1) and those on the left (those who answered “1” or “2” to Question D2_1).

Fig. 5. Differences between conservative and progressive voters



When appropriate, the graph shows the percentage of people who either “agree” or “fully agree” with a given statement (for example: ‘The government should refrain from reducing inequality’).

The overall picture confirms the common characterizations of the political spectrum. Conservatives are more inclined to abolishing the universal basic income and the public funding of health and education. Among them, a high share believes that governments should reduce their involvement in inequality-reducing policies. The percentage of people against progressive taxation is also relatively high. There are no relevant differences between mild and strong conservatives, i.e. those who answered "4" rather than "5" to Question D2_1. The lack of significant differences also characterizes strong and mild progressives. Rather surprisingly, however, Fig. 5 shows that only 41% of those at the left of the political spectrum support progressive taxation on wealth (this figure drops to 22% among those featuring strong conservative views, i.e. those at the right limit of the spectrum).

Cluster analysis confirms these insights[14]. We have grouped individuals according to the answers given to the following questions:

- Should the government intervene to reduce inequality (Inequality, D2_6)?
- Does success depends on effort (Success, question D2_2)?
- Do you think that basic income, the public provision of health and education should be abolished (Basic income, question D2_4; No H&E, question D2_5)?
- Do you think that the EU is more efficient in managing public resources than the national government (question D2_3)?
- Are you in favour of progressive taxation on income (question D3_5) and wealth (question D3_6)?

The results are shown in the cluster plot below (Fig. 6).

[14] The underlying idea of cluster analysis is to group objects in clusters according to their similarity. Since cluster analysis attempts to identify the observation vectors that are similar and group them into clusters, many techniques use an index of similarity or proximity between each pair of observations. A convenient measure of proximity is the distance between two observations. Since a distance increases as two units become further apart, distance is actually a measure of dissimilarity. The analysis first requires to compute a dissimilarity matrix, i.e., the matrix collecting information about the dissimilarity between every pair of individuals in the dataset. Then individuals are grouped into a hierarchical cluster tree on the basis of the distance information generated. Clusters are determined when the hierarchical three is cut in such a way as to create a partition of the data. There are many ways to compute the dissimilarity distance, here we use the Euclidean distance. As for the cluster agglomeration method, use is made of the Ward's minimum variance method. This method minimizes the total within-cluster variance. At each step the pair of clusters with minimum between-cluster distance are merged. The optimal number of clusters is computed by applying the *Silhouette method*. See Rencher (2002) for an overview.

Fig. 6. Cluster plot

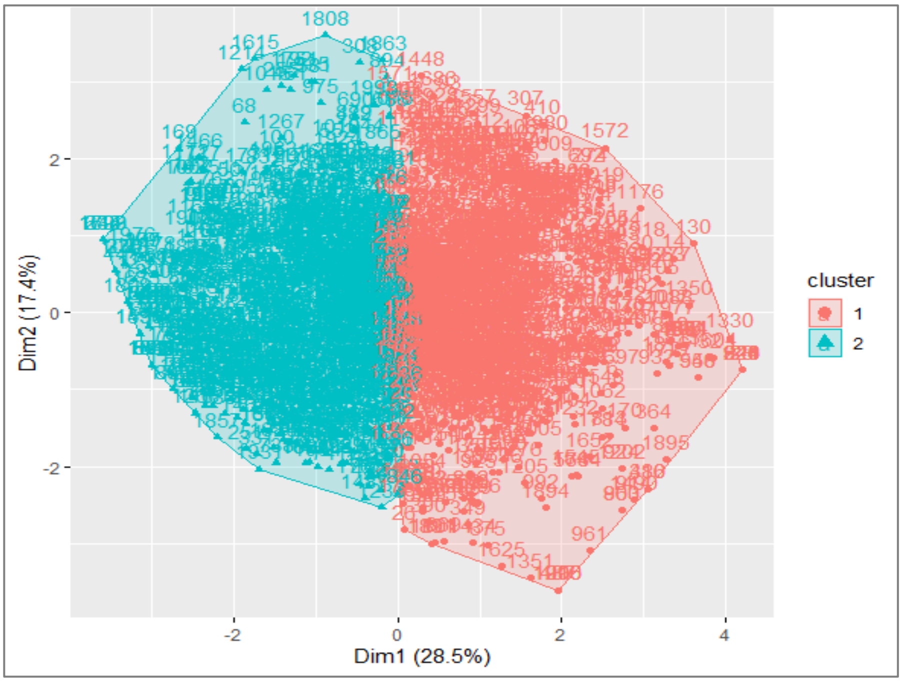


Table 3 presents the average group values of the variable used to cluster individuals.

Table 3. Group values of the variables used for clustering individuals and correspondence with the Left-Right self-placement

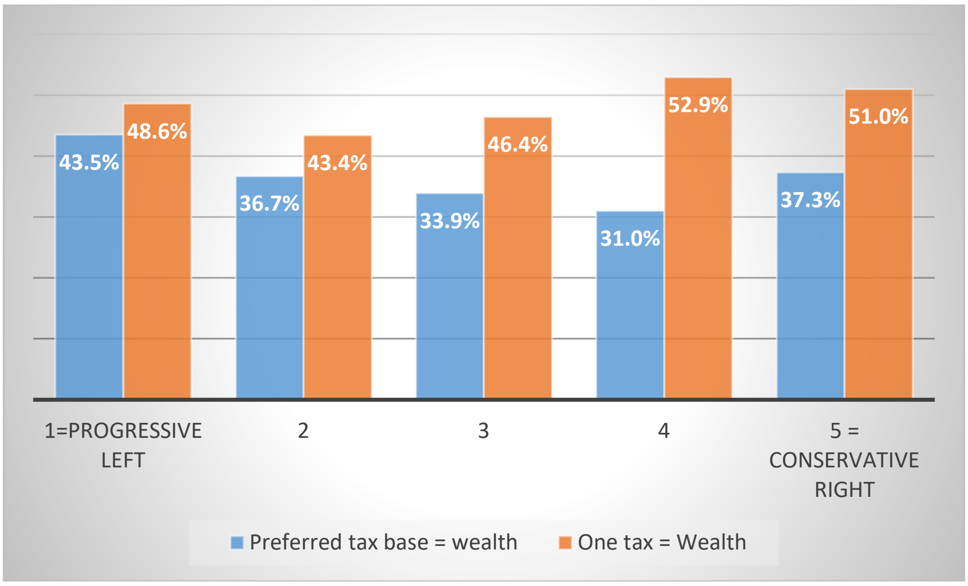
cluster	*Success*	*Basic income*	*UE*	*No H&E*	*Inequality*	**Income** *Progressivity*	**Wealth** *Progressivity*	*Left and Right*
1 (Right)	3.39	3.95	3.28	3.32	3.10	2.24	2.84	**3.69**
2 (Left)	2.47	3.09	2.92	1.98	1.76	1.49	1.84	**2.95**

Note: higher values of the variables indicate that people oppose redistributive policies, progressive taxation, public provision of health and education, basic income.

The last column of Table 3 computes the *average position* in the political spectrum of those belonging to the first and the second cluster, respectively. The different location in the spectrum reflects the differences in values and beliefs on the left-right axis. The analysis also confirms that political preferences were correctly identified through question D2_1. People do place themselves along the political spectrum consistently with their beliefs.

Finally, Fig. 7 illustrates people's views in regard to the wealth taxes, controlling for political attitudes.

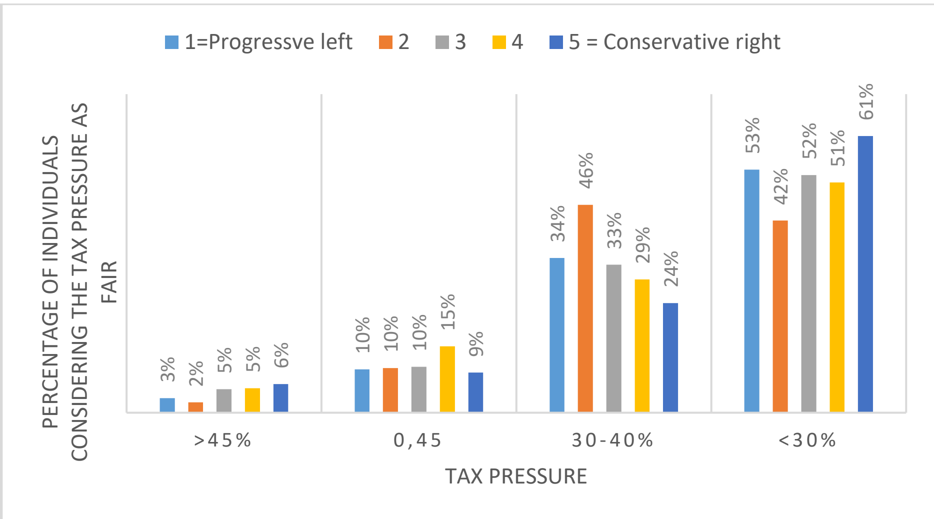
Fig. 7. Political orientation and attitudes towards wealth taxes



Individuals at the extreme left and those featuring conservative views generally have a stronger preference for a unique wealth tax. The percentage of those who believe that taxes should primarily hit wealth decreases as one moves towards the right of the political spectrum, but is relatively high among the strong conservatives.

As expected, the evidence suggests a marked difference between the two political areas in regard to the role of the economic policy maker (reducing inequality, providing health and education and so on). Yet, differences are blurred when it comes to tax pressure. This is particularly evident if one considers Fig.8, which shows that the percentage of individuals considering a given tax pressure as fair decreases with tax pressure, regardless of one's political views. Certainly, some differences between left and right remain, but they are no longer sharp. Indeed, the share of those who consider fair a tax pressure below 30% is highest at the opposite extremes of the political spectrum.

Fig. 8. Fair tax pressure and political views



These findings are confirmed by looking at the cluster mean and median for the fair tax pressure (the clusters are those identified above). In regard to the 'fair tax pressure' variable, the mean is 3.28 for conservatives and 3.37 for progressives, while the median is the same for both groups and equal to 4. This means that more than 50% of people holding both strong progressive or strong conservative views consider that tax pressure above 30% is unfair.

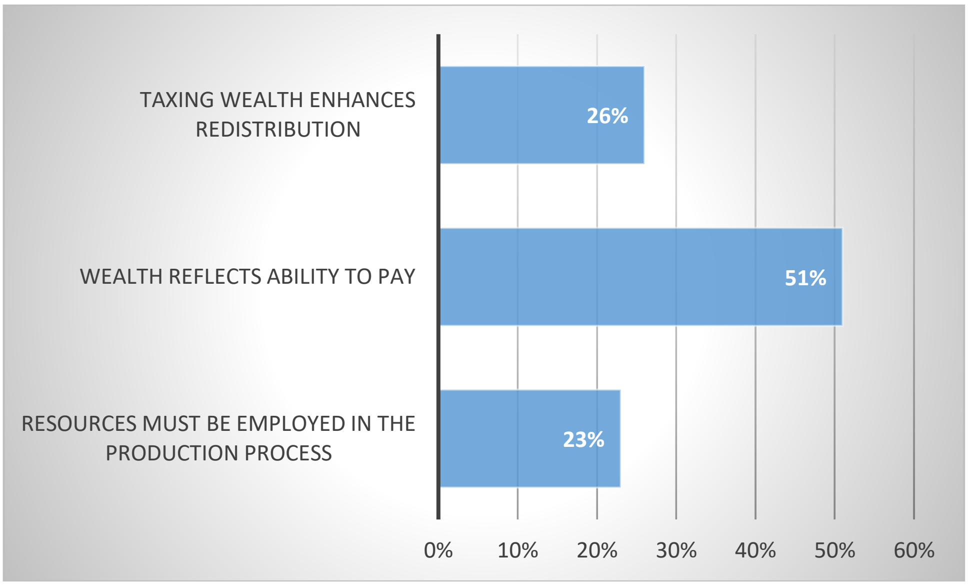
To summarise:

Result 4. *Differences between the two wings of the political spectrum are evident with respect to the role of the public authority, but the attitudes towards tax pressure are similar, in regard to the notion of fair tax pressure and to the shift to a unique wealth tax.*

4.2. ***Reasons to support taxation on wealth***

Figure 9 completes the picture by illustrating how the interviewees justified their support for taxing wealth.

Fig. 9. You said that you are in favour of a new wealth tax. Why?



Half of those in favour of a new wealth tax justify their position by referring to the ability-to-pay argument. Note that the reasons that justify the ability-to-pay argument are different from those characterizing the pure redistributive motivations. In the first case, support for taxing wealth relates to the fair distribution of the fiscal burden, echoing Mill (1848).[15] In the second case, the emphasis is on redistribution. Furthermore, and in

[15] "As a government ought to make no distinction of persons or classes in the strength of their claims on it, whatever sacrifices it requires from them should be made to bear as nearly as possible with the same pressure upon all ... Equality of taxation, therefore, as a maxim of politics, means equality of sacrifice." (Mill 1848, book V, Chapter II).

contrast with what one might have expected, the share of those explaining their answer to question D3_7a "Because … in favour of redistributing wealth, at least in part", increases as one moves towards the right of the political spectrum (see Table 4).

Table 4. Political orientation and reasons to support wealth taxation

	Redistribution	Ability to pay	Resources actively employed
Left = 1	23.4%	51.4%	25.2%
2	26.9%	44.4%	28.7%
3	20.3%	55.5%	24.2%
4	31.5%	50.0%	18.5%
Right = 5	31.7%	50.4%	18.0%

Not surprisingly, the-ability-to-pay argument is slightly more popular among individuals with a right-wing political orientation. Instead, left-wing individuals tend to justify taxation on wealth by claiming that resources should not stay idle (against hoarding).

5. Regression analysis

To shed further light on the previous results, we also estimated three sets of logistic regressions. The first (see Table A2 in the Appendix) considers the factors that may affect the probability that an individual selects the wealth tax as a unique tax (the dependent variable is a dummy equal to one when the answer to Question D2_11 is "2"). Along with economic and socio-demographic factors, we also consider a set of controls related to the interviewees' values and beliefs.

The results described in the previous sections are confirmed:

- self-assessed status: as one's self-assessed economic status improves, the probability of selecting a unique wealth tax drops, regardless of house ownership and of the size of one's financial wealth;
- political inclinations: as one moves from the left to the right of the political spectrum, support for a unique wealth tax increases;
- Ideal tax pressure: beliefs about the ideal/fair tax pressure are (negatively) correlated with the preference for wealth taxation. In particular, when the ideal tax pressure gets smaller, support for a unique wealth tax increases. Moreover, support for a unique wealth tax decreases when skepticism about the legitimacy of taxation increases.

Ceteris paribus, the probability of supporting a unique tax on wealth is lower as the feeling that success is related with effort increases (the variable "success", see question D2_2). This result is consistent with the fact that as one's self-assessed status improves, the probability of selecting a wealth tax as a unique tax drops. Wealth is generally seen as a measure of success and, therefore, people who believe that economic success does not come by chance but because of *talent, efforts and the willingness to accept sacrifices* have no negative feelings against being rich. Hence, they are more likely to object to wealth taxation. Not surprisingly, a reduction in the propensity to ask for a unique wealth tax also shrinks when the time horizon of the individuals is longer. As recently shown, a longer time horizon is in fact related with a greater propensity to exercise effort and to ask for less taxation (e.g. Beraldo et al. 2022).

In brief:

Result 5. *Support for a unique wealth tax is higher among individuals who feature a longer time horizon and believe that economic success depends on talent, efforts and the willingness to accept sacrifices; it is lower among those with higher self-assessed economic status. House ownership has no effect.*

The second set of regressions (see Table A3 in the Appendix) considers the factors that may influence one's beliefs in favour of wealth as the prevailing tax base (the dependent variable is a dummy equal to one when the answer to Question D3_3 is "3"). Once again, we also considered a set of controls related to the interviewees' values and beliefs and a set of economic and socio-demographic variables. These are now significant. Women and older people display a higher probability of preferring wealth as the unique tax base. As before, the probability of selecting a unique wealth tax drops when one's self-assessed economic status improves. In contrast with what reported in Result 5, the coefficient associated to house ownership is positive and strongly significant.

This set of regressions also confirms our previous results about the ideal tax pressure and the legitimacy of taxation: Preference for wealth as the main tax base is lower among those who feel that success is related to effort (question D2_2). This result is consistent with the fact that the probability of selecting a wealth tax as a unique tax drops as one's self-assessed economic status grows. Thus, beside arguing that wealth is generally perceived as a measure of success, people who expect to be wealthier are more hostile to taxing wealth. One may also conjecture that these individuals develop a strong sense of property (the extension of one's self) towards what has been earned by effort and talent. Moreover, since accidental components play a lesser role in wealth than in income, people might feel that the tax-on-good-luck argument is particularly weak when it applies to wealth.

The third set of regressions (Table A4 in the Appendix) replicates the regressions in Table A3, but considers only the subset of individuals willing to replace all current taxes with a unique tax on wealth. This exercise is meant to shed some light on why in this subset of individuals a relevant share does not support wealth as the main tax base. Consistent with the discussion in the previous section, we find that being a house owner has a significant (negative) impact on the probability that an individual who advocates a unique tax on wealth also prefers wealth as the prevailing tax base. The interpretation of the variable "success" is the same as before. Interestingly, the stronger the belief that no steps should be taken to reduce inequality and that taxation on wealth should be lighter, the lower the probability of choosing wealth as the main tax base. In this regard, note that the individuals in this subsample justify wealth as the prevailing tax base by referring to the ability-to-pay argument (58% against 51% in the whole sample).

6. New property taxes?

In the last section of the survey the sample was split in six groups of 400 subjects. Each of these groups was confronted with a proposal to increase the tax burden permanently (see question SE in Box 1). Subjects were invited to select the preferred tax base (income, consumption, financial or real estate wealth) under different information conditions. These varied across groups along two dimensions (see box 2 below): the type of public expenditure the government wants to finance with the tax increase (more redistribution, better infrastructure, a reduction of public debt), and the identity of the policy-maker in charge of managing the resources (the national government, the EU).

Box 2. Proposals to increase the tax burden permanently: one to each of the six subgroups of individuals.

Group A1: The government is about to increase the tax pressure. The increase is permanent, and the new revenues will be utilised to **subsidise those below the poverty level**. Which kind of tax would you prefer?

Group A2: The government … will **finance infrastructure** (road system, water system, etc) **and scientific research**…

Group A3: The government … will **reduce the Italian public debt**…

Group B1: The **EU** … will subsidise those below the poverty level…

Group B2: The **EU** … will finance infrastructure (road system, water system, etc) and scientific research…

Group B3: The **EU** … will reduce the public debt of EU member states…

We ensured that each of the six groups of 400 individuals represented the Italian population following the stratification criteria.

It appears that attitudes are stable across information treatments (for an overview about survey experiments and the relative terminology see Mutz, 2011). In particular, the share of those who would finance higher public expenditure by resorting to taxing bank deposit or real estate – important components of households' wealth - is in the range varies from to 43.5% to 50.3%, depending on the information treatment administered.

Prima facie evidence (Fig. 9) points out that the income tax is more popular when the national government rather than the EU is in charge of managing resources (9*a*). The opposite seems true for taxes on real estate (Fig. 9c), and no clear pattern emerges in regard to a tax on bank deposits or on consumption. A national tax on bank deposit seems more popular when the revenue is used to repay public debt. Finally, preferences are for EU management when the revenues are used to reduce poverty.

Fig. 9. Proportion of people in favour of increasing the income tax (a), the tax on bank deposit (b), the tax on real estate (c), VAT (d). The extra revenues are directed to increasing public expenditure.

However, statistical inference (One-way and Two-Way Anova) does shows that there are no differences between groups as far as the income tax, the tax on real estate or the increase in VAT is concerned. This means that the treatments have, in the case of these taxes, no effect on people’s attitudes.

Things are different only if one looks at the tax on bank deposit. At the national level, One-way Anova rejects the null hypothesis at the usual confidence level and concludes that not all the population means are equal (p = 0.05). At the EU level, there is no enough evidence to reject the null hypothesis of equality of group means.

Two-Way Anova, commonly used to test for the effects of two categorical variables, rejects the null hypothesis of no interaction effect (p=0.05). This means that there is an interaction between government level and the use of public resources on people’s attitudes towards bank deposit. In particular, tackling public debt at the national level is what tilts favours towards this kind of tax. This is somewhat unsurprising, given that the situation corresponds to what has really happened in Italy already. On 10 July 1992, overnight, the government led by Giuliano Amato levied 0.6 percent tax on bank deposits in an attempt to avoid a public debt crisis.

These results are summarized as follows:

Result 6. *The share of those who favour taxes on bank deposit or real estate to finance an increase in public spending ranges from to 43.5% to 50.3%. Treatments do not affect the attitudes towards income or consumption taxes. The attitudes concerning taxes on bank deposits are affected only when the tax increase is used by the national government to tackle public debt.*

7. Concluding comments and remarks

This article sheds new light on how individuals perceive taxation on wealth. In brief, it appears that Italians do not oppose taxing wealth, and are actually most willing to accept a wealth tax that replaces all other forms of taxation (excluding social security). The only major exception regards inheritance: 83% of the sample are against a tax on inheritance, which they consider a tax on the deceased (Question D3_8). Quite surprisingly, but consistent with Result 4, this view is also shared by left-oriented individuals (see Table 5),

Table 5. Political orientation and inheritance taxes.

	In favour	Against
Left = 1	26%	74%
2	23%	77%
3	18%	82%
4	15%	85%
Right = 5	14%	86%

Since much of the Italians' wealth is inherited, the message to the policymaker is clear: inheritance per se should be tax free, but it can be included in the tax base once it becomes part of the beneficiary's assets. In fact, we suggest that strong opposition to wealth-tax proposals originates from the fact that policymakers frequently insist on taxing inheritance, rather than wealth in general.

Another source of opposition relates to tax pressure. Since most Italians believe that the current tax pressure is exceedingly high (85.4% of the sample would like a tax pressure less than 40% of GDP and 54.8% would like it to be less than 30% of GDP), and since the Italian public-finance situation is precarious, it is hardly surprising that vague proposals to reform the tax system are perceived as covert attempts to raise pressure.

However, resistance to higher tax pressure does not stem from opposition to taxation in general: 73.2% of the interviewees believe that taxes are justified when they are employed to finance merit goods and help the poor and only 17.6% believe that “taxes are theft” (Question D3_1). Rather, it is believed that much of the tax revenues are squandered, that too many resources are being spent on redistribution (Question D2_4), and that transferring the responsibility for expenditure to the EU makes little difference (Question D2_3).

The lessons for the policymakers are relatively simple. The rhetoric focusing on “help the poor and tax the rich” does not work and can even be counterproductive. Although concerns about capital flights are limited (Question D3_7b), it is generally believed that enough resources are currently being devoted to redistribution and that the rich are already paying more than enough: only 34.7% and 25.8% of those interviewed advocate progressive taxation on income (Question D3_5) and wealth (Question D3_6), respectively. Instead, policymakers should direct their efforts to enhancing their credibility: the quality and transparency of public spending are inadequate and promises to overhaul the tax system and make it fairer are unconvincing. Within this framework, therefore, proposals for reform are perceived as vague and taxpayers find it hard to evaluate whether they are going to be net winners or net losers and for how long. Risk aversion may thus end up characterising the prevailing reaction.

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Appendix

Table A1. Descriptive Statistics

	STW	ISTAT
Gender		
Male	0,49	0,49
Female	0,51	0,51
Age		
18-34	0,24	0,24
35-54	0,40	0,40
55-75	0,36	0,36
Education		
Primary school	0,41	0,40
Secondary School	0,36	0,42
Tertiary School	0,23	0,18
Working condition		
Working	0,58	0,53
Not working	0,42	0,47
Geographical area		
North-West	0,27	0,27
North-East	0,19	0,19
Center	0,20	0,20
South/Islands	0,34	0,34
Number of observations	2404	

Note: Italian Statistical Office (ISTAT). STW: our survey on Taxation and Wealth. Data on Gender, Age and Geographical area are drawn from ISTAT, *Permanent Census of Population and Housing*. Data on Education and Working conditions are drawn from ISTAT, *Indagine Multiscopo*.

Table A2. Logit model. Dependent variable: dummy equal to one if an individual is in favour of a wealth tax in substitution of all the other taxes (the dependent variable equals one if the answer to Question D2_11 is "2").

	I	II	III	IV
const	0.1294	0.4522	0.2265	-0.6639
	(0.2458)	(0.3169)	(0.3331)	(0.4041)
Sex	-0.07219	-0.09636	-0.07318	-0.04887
	(0.08213)	(0.08302)	(0.08368)	(0.08583)
Age	0.001715	0.002781	0.003194	0.0008646
	(0.003202)	(0.003256)	(0.003384)	(0.003511)
Household	-0.03092	-0.02835	-0.04013	-0.04235
	(0.03724)	(0.03756)	(0.03792)	(0.03892)
Education	-0.02720	-0.05168*	-0.03824	-0.03756
	(0.02940)	(0.03122)	(0.03148)	(0.03218)
Self-assessed status		**-0.1513***	**-0.1687****	**-0.1610****
		(0.07887)	(0.07941)	(0.08084)
House owner		0.04530	0.02261	6.806e-05
		(0.09124)	(0.09184)	(0.09440)
Financial assets		-0.05390	-0.07033	-0.04327
		(0.04630)	(0.04730)	(0.04832)
Left Right			**0.1994*****	**0.1737*****
			(0.05733)	(0.05924)
Risk			-0.003178	-0.0003085
			(0.002516)	(0.002632)
Future			**-0.2094****	**-0.1691***
			(0.08818)	(0.09050)
Success				-0.05703
				(0.03607)
No H&E				**0.1613*****
				(0.03547)
Inequality				-0.06082
				(0.03849)
Ideal tax pressure				**0.3611*****
				(0.05424)
Legitimacy				-0.06459
				(0.04694)
Wealth Progressivity				**-0.1032****
				(0.04236)
n	2,402	2,402	2,402	2,402
R^2 Adj	0.0008	0.0030	0.0092	0.0332

Table A3. Logit model. Dependent variable: dummy equal to one if an individual believes that wealth should be the prevailing tax base (the dependent variable equals one if the answer to Question D3_3 is "3").

	I	II	III	IV
const	-1.538***	-0.7012**	-0.6315*	-0.3600
	(0.2573)	(0.3282)	(0.3456)	(0.4150)
Sex	**0.2323*** **	**0.1979*** *	**0.2045*** *	**0.1938*** *
	(0.08556)	(0.08677)	(0.08720)	(0.09009)
Age	**0.007017** **	**0.009498*** **	**0.008521** **	**0.006758***
	(0.003318)	(0.003397)	(0.003545)	(0.003732)
Household	-0.003030	0.01559	0.01830	0.02723
	(0.03880)	(0.03912)	(0.03928)	(0.04052)
Education	0.07063**	0.03262	0.03414	0.05620*
	(0.03061)	(0.03255)	(0.03278)	(0.03386)
Self-assessed status		**-0.1804** **	**-0.1799** **	**-0.1509***
		(0.08271)	(0.08287)	(0.08464)
House owner		**-0.3088*** **	**-0.3093*** **	**-0.2863*** **
		(0.09562)	(0.09563)	(0.09926)
Financial assets		0.01935	0.03104	0.07640
		(0.04955)	(0.05035)	(0.05193)
Left Right			0.01348	0.03370
			(0.05862)	(0.06220)
Risk			-0.005790**	-0.003219
			(0.002753)	(0.002873)
Future			-0.03806	0.02483
			(0.09168)	(0.09465)
Success				**-0.09221** **
				(0.03800)
No H&E				-0.05938
				(0.03687)
Inequality				**-0.1093*** **
				(0.04091)
Ideal tax pressure				**0.1296** **
				(0.05749)
Legitimacy				**0.2357*** **
				(0.05014)
Wealth Progressivity				**-0.3492*** **
				(0.04555)
n	2,402	2,402	2,402	2,402
R^2 Adj	0.0072	0.0131	0.0146	0.0494

Table A4. Logit model. Restricted Sample: individuals in favour of a unique wealth tax in substitution of all the other taxes (those who answered "2" to D2_11). Dependent variable: dummy equal to one if an individual believes that tax liabilities should be mostly based on the value of real estate and financial assets. Question D3_3 is "3").

	I	II	III	IV
const	-0.7895**	-0.1093	0.1406	0.8804
	(0.3619)	(0.4553)	(0.4823)	(0.5950)
Sex	0.06253	0.03202	0.04599	-0.009747
	(0.1200)	(0.1220)	(0.1225)	(0.1265)
Age	0.007353	0.009286*	0.01010**	0.008445
	(0.004775)	(0.004891)	(0.005078)	(0.005305)
Household	-0.002998	0.01795	0.01885	0.02265
	(0.05431)	(0.05489)	(0.05511)	(0.05656)
Education	0.009340	-0.01665	-0.01478	0.008250
	(0.04478)	(0.04772)	(0.04805)	(0.04946)
Self-assessed status		-0.06447	-0.05098	-0.01558
		(0.1154)	(0.1160)	(0.1200)
House owner		**-0.3076****	**-0.2945****	**-0.2993****
		(0.1316)	(0.1320)	(0.1397)
Financial assets		-0.01326	-0.006097	0.03402
		(0.06957)	(0.07058)	(0.07316)
Left Right			-0.1027	-0.05217
			(0.08361)	(0.08959)
Risk			-0.006639	-0.004834
			(0.004166)	(0.004242)
Future			-0.1886	-0.1042
			(0.1302)	(0.1342)
Success				**-0.1254****
				(0.05275)
No H&E				-0.04983
				(0.05022)
Inequality				**-0.1329****
				(0.05725)
Ideal tax pressure				0.02686
				(0.09323)
Legitimacy				**0.2324*****
				(0.07187)
Wealth Progressivity				**-0.3213*****
				(0.06364)
n	1,152	1,152	1,152	1,152
R^2 Adj	0.0022	0.0066	0.0103	0.0453

SURVEY (ITALY)

Which taxes do individuals dislike most (and why)?

2,400 interviews carried out over 6 independent groups of 400 elements each. Each group replicates the population according to gender, age, geographic area, working condition, education.

Section 1

01. Gender

1. male
2. female

02. Age

|__|__| exact age (years) assigned to the following three age groups

1. 18-34 yrs
2. 35-44 yrs
3. 55-75 yrs

03. Town/city of residence

________, assigned to the following three groups:

1. Less than 10,000 inhabitants
2. Between 10,000 and 100,000 inhabitants
3. More than 100,000 inhabitants

04. Education (degree) *[in order to maintain a representative statistical sample, in some cases High school degrees and Lower degrees have been grouped together]*

1. MSc/MA/PhD
2. First degree (BA/Bsc)
3. Attended university (no diploma)
4. High school diploma
5. Attended High school (no diploma)
6. Junior High school (diploma)
7. Junior high school (no diploma)
8. Elementary degree or no degree

05. Number of components of your household, including yourself

1. 1
2. 2
3. 3
4. 4
5. 5
6. 6 or more

06. The main source of income of your household is *(only one answer)*

1. labour
2. pension (retirement)
3. capital (shares/bonds/rents)
4. other sources (e.g., support from your parents, welfare-state subsidies, unemployment subsidies)

07. How would you consider the income of your household? *(only one answer)*

1. modest
2. satisfactory
3. more than satisfactory
4. high

08. Do you or your household own an apartment? *(only one answer)*

0. No
1. Yes
2. Yes, more than one

D1 In your opinion, what is the share of total taxation out of the annual income of a typical Italian household (income taxes, consumption taxes, wealth taxes)?

0%-----------------------100%

Section 2

TO ALL INTERVIEWEES

D2_0 Suppose you must choose between **two political parties**. Party A focuses on the reduction of the gap between the haves and the have-nots, while party B's priority is economic growth through deregulation of the labour market. Which party would you support? *(only one answer)*

0. None of them
1. Party A
2. Party B

D2_1 How would you consider yourself, from a political standpoint – progressive or conservative?

- The **Progressives** advocate income and wealth equality, and intend to obtain this goal by resorting to taxation and public expenditure
- The **Conservatives** aim at preserving individual liberty and oppose government interference. This approach usually leads to moderate taxation and limited public expenditure.

Answer by referring to a range from 1 (progressive) to 5 (conservative). Answer "don't know" if you are not interested in politics or unable to locate your position according to the progressive/conservative range.

Progressive 1 2 3 4 5 conservative don't know (99)

You will now read a set of statements. Please assign a number from 1 (I totally disagree) to 5 (I fully agree) to each of them. Make full use of the 1-5 range in order to fine tune your evaluation.

Possible answers				
1= totally disagree	**2**= Disagree	**3**= Indifferent	**4**= Agree	**5**= Fully agree

D2_2 In Italy, the **economic success** of an individual mainly depends on talent, efforts at school and during working life, willingness to accept sacrifices.

Totally disagree 1 2 3 4 5 Fully agree

D2_3 The quality of expenditure and the performance of the Italian economy would improve if the **tax revenues** collected in Italy were at least in part **transferred to the EU authorities** and the decisions about public expenditure were taken by the European Union.

Totally disagree 1 2 3 4 5 Fully agree

D2_4 Given the Italian experience, the **universal basic income** (reddito di cittadinanza) should be abolished.

Totally disagree 1 2 3 4 5 Fully agree

D2_5 The government currently collects almost 50% of Italians' gross incomes. Suppose that the policy-makers propose to **eliminate all public funding of education and health**. People would then pay for educational and health services, but taxes would be lower and households' incomes would rise by 40%. Would you support this proposal?

Totally disagree 1 2 3 4 5 Fully agree

D2_6 "The government should not intervene to reduce **economic inequality**."

Totally disagree 1 2 3 4 5 Fully agree

D2_7 In your opinion, **how much** of your current income do you pay **in taxes** (income taxes, consumption taxes, wealth taxes, social security)? *(only one answer)*

1. Less than 10%
2. Between 10% and 25%
3. Between 25% and 50%
4. More than 50%

D2_8 In your opinion, what is the **fair percentage of taxation** (all kinds of taxes) that should hit an individual whose yearly labour income amounts to 150,000 euro? *(only one answer)*

1. Less than 30%
2. Between 30% and 50%
3. More than 50%

D2_8a Are you bothered by the fact that the **taxman** knows everything about your revenues and wealth? *(only one answer)*

1. **Not at all:** I have nothing to hide
2. **Yes, I am**: although I have nothing to hide and I have never avoided paying taxes, I know that the taxman always ends up finding some irregularities
3. **Yes, very much so:** although I have nothing to hide, the taxman violates my privacy. I prefer anonymous forms of taxation, like consumption taxes.

D2_9 Tax pressure is currently about 45% of national income. Please, tell us your opinion about the **fair level of tax pressure**, but keep in mind that as tax revenues drop, so do the resources needed to finance public expenditure (education, the health system, pensions, various categories of subsidies) *(only one answer)*

1. Tax pressure should be greater than 45%
2. Today's tax pressure (45%) is about adequate
3. Tax pressure should be between 30% and 40%
4. Tax pressure should be less than 30%

D2_9A ***(only to those who answered 1. to D2_9)*****.** You said that in your opinion tax pressure should be greater than the current one. More revenues correspond to more resources available for public expenditure. How should the government spend the new resources? *(only one answer)*

1. Education
2. National Health Service
3. Pensions
4. Subsidies to the low-income layers of the population (incl. the universal basic income)
5. None of the above. I would not increase public expenditure and would use the extra revenues to reduce the public debt.

D2_9B ***(only to those who answered 3. or 4. to D2_9)*****.** You said that in your opinion tax pressure should be lower than the current one. Fewer revenues correspond to fewer resources available for public expenditure. Where would you concentrate the cuts in public expenditure? *(only one answer)*

1. Education
2. National Health Service
3. Pensions
4. Subsidies to the low-income layers of the population (incl. the universal basic income)

D2_10. Would you be able to tell us the price of yearly (private) **health insurance** for a family of four (excl. dental care)? *(only one answer)*

1. Between 1,500 and 3,000 euro
2. Between 3,000 and 5,000 euro
3. Between 5,000 and 10,000 euro
4. More than 10,000 euro
5. I don't know

D2_11. Suppose that the government considers the introduction of a **unique tax that replaces all other taxes**, except social security. Total tax revenues would remain constant, but the tax structure would change.

Would you prefer *(only one answer)*

1. That taxation consist of a unique income tax hitting all individuals (average labour-income taxation would rise from today's 22% to 55%), while all other taxes be eliminated?
2. That taxation consist of a unique 5% tax on real estate and financial wealth, while all other taxes be eliminated?
3. That taxation consist of a 62% consumption tax (it is now 25%, including VAT), while all other taxes be eliminated?
4. None of the above. I am rather happy with the current tax structure.

Section 3

D3_1. The next questions regard **taxation**. Please, tell us whether you agree/disagree with the following statements *(only one answer)*

1. Taxes are always desirable, since public expenditure serves everybody's interests.
2. Taxes are tolerable only if they finance education, the national health system and help the poor
3. Taxes are tolerable only if they are utilised to help the poor
4. All taxes are theft. Thus, they are all unjust.

D3_2. Please, tell us what you think about **tax evasion**. With which of the following statements are you in agreement? *(only one answer)*

Tax evasion is

1. Unacceptable: the economy would flourish if tax evasion was absent
2. Deplorable, but necessary: tax evasion helps many small companies survive and many households make ends meet
3. Justified, since the government wastes a large part of the tax revenues
4. Justified, because taxes are a form of extortion

D3_3. Given constant tax revenues, where do you think that **most taxes** should come from? *(only one answer)*

1. One's income
2. One's consumption (good and services, as within the VAT system, which is actually paid by consumers)
3. One's wealth (real estate and financial assets)

D3_4. It is widely believed that low-income people should not pay income taxes. In your opinion, which level of yearly income should be **tax free**? *(only one answer)*

1. Below 24,000 euro
2. Below 18,000 euro
3. Below 12,000 euro

D3_5. In your opinion, **income taxes** should be *(only one answer)*

1. **Progressive**, i.e. the tax/income ratio should be higher, the higher the level of one's income
2. **Proportional**, i.e. the tax/income ratio should be the same, regardless of the level of one's income
3. **Zero**, i.e. income should always be tax free

D3_6. In your opinion, **taxes on wealth** (real estate and financial assets) should be *(only one answer)*

1. **Progressive**, i.e. the tax/wealth ratio should be higher, the higher the level of one's wealth
2. **Proportional**, i.e. the tax/wealth ratio should be the same, regardless of the level of one's wealth
3. **Zero**: wealth should never be taxed, but incomes from wealth/capital should
4. **Zero**: neither wealth, nor wealth/capital income should be taxed

Questions D3_7 a to D3_7 b were submitted to 4 different groups of interviewees. Each group had the same size and each interviewee answered "1" if in favour or "2" if against.

D3_7 a How would you react if the government **introduced a new wealth tax that would replace all other taxes**? Such wealth tax would hit all your financial assets and real estate, **including your residence**

D3_7 b How would you react if the government introduced **a new wealth tax that replaced all other taxes**? Such wealth tax would hit all your financial assets and real estate, but **not your residence**

D3_7 c How would you react if the government introduced a **new wealth tax, in addition to those already in existence**? The new wealth tax would hit all your financial assets and real estate, including your residence

D3_7 d How would you react if the government introduced a **new wealth tax, in addition to those already in existence**? The new wealth tax would hit all your financial assets and real estate, but **not your residence**

D3_7a *(reserved to those who answered "in favour" to questions D3_7)***.** You said that you are in favour of a new wealth tax. Why? *(only one answer)*

1. Because I am in favour of redistributing wealth, at least in part
2. Because one's ability to pay does not depend on income, but on wealth
3. Because resources should not be hoarded, but transformed into production opportunities through public expenditure

D3_7b *(reserved to those who answered "against" to question D3_7)* You said that you are against a new wealth tax. Why? *(only one answer)*

1. Because we already have wealth taxes and they are more than enough
2. Because wealth is the result of savings, saving are a part of income, and income is already taxed
3. Because wealth taxes lead to capital flights abroad

D3_8. What do you think about **inheritance taxes?** *(only one answer)*

1. I am in favour: heirs have done nothing to deserve what the deceased left behind
2. I am in favour: inheritance taxes contribute to reducing inequality
3. I am against: inheritance taxes discourage savings and harm economic growth
4. I am against: the government has no right to appropriate part of the wealth of the deceased

Section 4

TO ALL INTERVIEWEES

D4_1 If the tax burden on your household dropped, would you use a significant share of the additional disposable income to buy health insurance or subscribe to a private pension scheme? Grade your answer from a 1 (no, most unlikely) to 5 (Yes, very likely).

Most unlikely	1	2	3	4	5	**Very likely**

D4_2. If your family had some money/savings to invest, which share of the sum would you invest in high risk, high yield shares?

_____ (range from 0% to 100%)

D4_3. Suppose that you have just won the lottery, and that the sum equals the yearly income of your household. You may cash in the amount immediately or in a year from now. What would you do?

1. I am ready to wait but I ask a premium of at least ___ % (figure from 0% to 100%).
2. I would reject all offers and ask to be paid immediately

Section 5

The interviewers selected six groups composed of 400 individuals each, and presented the different groups with six different scenarios:

Group A1

The government is about to increase the tax pressure. The increase is permanent, and the new revenues will be utilised to subsidise those below the poverty level, i.e. those unable to buy essential goods and services. Which kind of tax would you prefer? *(only one answer)*

1. An income tax, which ends up cutting the labour income of my household by about 3%
2. A yearly 1.6% tax on my average bank deposits
3. A tax on my real estate (about 0.3% of the value of the property). *[Note that 50% of the interviewees of this group were informed that their residence would be exempted, while nothing was said to the remaining 50%]*
4. An increase of the VAT rate of about 3 percentage points

Group A2

The government is about to increase the tax pressure. The increase is permanent, and the new revenues will be utilised to finance infrastructure (road system, water system, etc) and scientific research. Which kind of tax would you prefer? *(only one answer)*

1. An income tax, which ends up cutting the labour income of my household by about 3%
2. A yearly 1.6% tax on my average bank deposits
3. A tax on my real estate (about 0.3% of the value of the property). *[Note that 50% of the interviewees of this group were informed that their residence would be exempted, while nothing was said to the remaining 50%]*
4. An increase of the VAT rate of about 3 percentage points

Group A3

The government is about to increase the tax pressure. The increase is permanent, and the new revenues will be utilised to reduce the Italian public debt. Which kind of tax would you prefer? *(only one answer)*

1. An income tax, which ends up cutting the labour income of my household by about 3%
2. A yearly 1.6% tax on my average bank deposits
3. A tax on my real estate (about 0.3% of the value of the property). *[Note that 50% of the interviewees of this group were informed that their residence would be exempted, while nothing was said to the remaining 50%]*
4. An increase of the VAT rate of about 3 percentage points

Group B1

The European Union is about to increase tax pressure. The revenues will be managed by the European Union and utilised to subsidise those below the poverty level, i.e. those unable to buy essential goods and services. Which kind of tax would you prefer? *(only one answer)*

1. An income tax, which ends up cutting the labour income of my household by about 3%
2. A yearly 1.6% tax on my average bank deposits
3. A tax on my real estate (about 0.3% of the value of the property). *[Note that 50% of the interviewees of this group were informed that their residence would be exempted, while nothing was said to the remaining 50%]*
4. An increase of the VAT rate of about 3 percentage points

Group B2

The European Union is about to increase tax pressure. The revenues will be managed by the European Union and utilised to finance infrastructure (road system, water system, etc) and scientific research. Which kind of tax would you prefer? *(only one answer)*

1. An income tax, which ends up cutting the labour income of my household by about 3%
2. A yearly 1.6% tax on my average bank deposits
3. A tax on my real estate (about 0.3% of the value of the property). *[Note that 50% of the interviewees were informed that their residence would be exempted, while nothing was said to the others]*
4. An increase of the VAT rate of about 3 percentage points

Group B3

The European Union is about to increase tax pressure. The revenues will be managed by the European Union and utilised to reduce the public debt of the member states (including Italy). Which kind of tax would you prefer? *(only one answer)*

1. An income tax, which ends up cutting the labour income of my household by about 3%
2. A yearly 1.6% tax on my average bank deposits
3. A tax on my real estate (about 0.3% of the value of the property). *[Note that 50% of the interviewees were informed that their residence would be exempted, while nothing was said to the others]*
4. An increase of the VAT rate of about 3 percentage points

FURTHER DATA ABOUT THE INTERVIEWEES

9. The financial assets held by your household (bank deposits/accounts, shares, bonds, treasuries) are roughly equivalent to a sum

0. Less than 10,000 euro
1. Between 10,000 and 30,000 euro
2. Between 30,000 and 100,000 euro
3. Between 100,000 euro and 300,000 euro
4. Greater than 300,000 euro

Working condition

1. Entrepreneurs/private practice
2. Shopkeepers and craftsmen
3. Self employed
4. Managers
5. Middle and low management
6. Intellectuals and journalists
7. University professors
8. White-collar workers
9. Teachers
10. Blue-collar workers
11. Agricultural sector
12. Students
13. Looking for a first job
14. Unemployed
15. Retired
16. Housewives
17. Other (please specify)

How many members of your household are working, including you?

1. 1 member
2. 2 members
3. 3 members
4. 4 members
5. 5 members
6. 6 or more members
7. none

Do children live with you. If yes, how old are they? *(more answers are allowed, except for answers 6 and 7)*

1. 0-24 months
2. 2-5 years
3. 6-14 years
4. 14-18 years
5. More than 18 y.o.
6. No children
7. Does not answer