

## AMERICANS THINK TAX CUTS THE WRONG APPROACH FOR THE ECONOMY

April 25, 2003

Although President Bush and his Cabinet are barnstorming the country to generate support for the tax cuts the Administration has proposed, the latest polling shows that Americans believe tax cuts are not the way to improve the country's economic condition.

**A majority of Americans believe that the tax cuts proposed by President Bush will be at best ineffective and at worst harmful to the economy.** This week, 57% of those polled said that the tax cuts being proposed by President Bush would either have no effect on (31%) or would mostly hurt (26%) the U.S. economy. Only 36% believed that the proposed tax cuts would mostly help the economy.<sup>1</sup>

**Americans do not support President Bush's proposal to accelerate the 2001 tax cut.**

Asked in the second week of April their opinion of the 2001 tax cut, 52% of those polled thought the tax cut should either be trimmed back or delayed to help pay for the Iraq war and reduce the federal budget deficit (34%) or go into effect as planned rather than go into effect early (18%). Only 38% of those polled stated that the tax cut should go into effect early to help the economy and jobs situation.<sup>2</sup>

**Two-thirds of Americans agree with the Senate's action to cut the President's tax cut by more than half in order to pay for the war, reduce the deficit and preserve Social Security.**

On March 27, 65% of those polled said that they supported the Senate's decision to cut the President's proposed \$726 billion tax cut to \$350 billion to help pay for the war, reduce the deficit and shore up the Social Security trust fund.<sup>3</sup>

**More than half of Americans believe Congress cannot afford even \$350 billion in tax cuts because of budget deficits and the costs of war.** During the first week of April, 57% of those polled believed that the United States cannot afford a \$350 billion tax cut that would increase the deficit at a time when President Bush was requesting an additional \$75 billion in immediate funding to finance the war in Iraq.<sup>4</sup> When asked during the same week more generally about the importance of passing additional tax cuts, 61% of those polled thought that it was better to hold off on tax cuts to avoid making budget deficits worse and to ensure there is adequate money for the war in Iraq. Only 31% thought that it was more important to pass additional tax cuts to give people more money to spend and to stimulate the economy.<sup>5</sup>

**Over two-thirds of Americans prefer investments in domestic priorities over President Bush's proposed tax cuts.** When asked whether they would prefer to have the Bush tax cut or to have the federal government spend more on domestic programs such as education, health care and Social Security, 67% of those polled in the middle and end of January preferred increased spending on domestic priorities, whereas only about 30% preferred the Bush tax cut.<sup>6</sup> When asked a more general question about the relative importance of lowering taxes and maintaining spending levels on domestic programs such as education, health care and Social Security, 80% of those polled during February and

early March believed it was more important to maintain spending levels on domestic programs, whereas only 18% favored lowering taxes.<sup>7</sup>

**Given the choice, an overwhelming majority of Americans consistently would rather preserve Social Security than cut taxes.** By a factor of 7 to 1, Americans polled during the first week of April said that the \$350 billion tax cut should not go through if money would have to be taken from Social Security funds to pay for other government programs as a result.<sup>8</sup> Similarly, 85% of those polled in the third week of January said that if they had to choose they would rather preserve programs like Social Security and Medicare than cut taxes.<sup>9</sup>

**A majority of Americans think reducing the federal budget deficit is more important than cutting taxes.** Over half (53%) of Americans polled during February and early March believe that keeping down the federal deficit is more important than lowering their taxes.<sup>10</sup> When asked a more specific question about which they think is the better way to improve the national economy, cutting taxes or reducing the federal budget deficit, 56% of those polled in the third week of January responded that reducing the federal budget deficit is better, while 36% preferred cutting taxes.<sup>11</sup>

**Over 60% of Americans believe that upper-income people pay too little in taxes.** In a poll conducted at the beginning of April, 63% stated that upper-income people pay too little in taxes. Only 10% believed that upper-income people pay too much in taxes.<sup>12</sup>

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<sup>1</sup> USA Today/CNN/Gallup poll conducted April 22-23, 2003.

<sup>2</sup> Newsweek poll conducted April 10-11, 2003.

<sup>3</sup> ABC News/Washington Post poll conducted March 27, 2003.

<sup>4</sup> Los Angeles Times poll conducted April 2-3, 2003.

<sup>5</sup> Associated Press poll conducted April 2-6, 2003. In an NBC News/Wall Street Journal poll conducted April 12-13, 2003, when asked which statement comes closer to their view, 49% of those polled sided with the statement that Congress should not pass "President Bush's tax cut plan" because of budget deficits and uncertainty about the costs of war. Only 43% chose the statement that Congress should pass the President's tax cut plan to stimulate economic growth.

<sup>6</sup> ABC News/Washington Post polls conducted January 16-20, 2003 and January 30-February 1, 2003.

<sup>7</sup> National Public Radio/Kaiser Family Foundation/Kennedy School of Government poll conducted between February 5 and March 17, 2003.

<sup>8</sup> Los Angeles Times poll conducted April 2-3, 2003.

<sup>9</sup> CBS News/New York Times poll conducted January 19-22, 2003 reported that 85% of those polled would prefer to preserve Social Security, while 12% said they would prefer to cut taxes.

<sup>10</sup> National Public Radio/Kaiser Family Foundation/Kennedy School of Government poll conducted between February 5 and March 17, 2003.

<sup>11</sup> CBS News/New York Times poll conducted January 19-22, 2003.

<sup>12</sup> Gallup poll conducted April 7-9, 2003. An earlier poll found that 57% believe that high-income families pay less than their fair share in taxes (National Public Radio/Kaiser Family Foundation/Kennedy School of Government poll conducted between February 5 and March 17, 2003).