Who am I? Stefanie Stantcheva

I am an economist studying the **taxation of firms and individuals**. I focus on three main issues:

1) The long-run effects of taxes on **innovation, education & training, and wealth**. How can we design the tax system to foster innovation?

2) The determinants of our **social preferences, attitudes, and perceptions**, which ultimately drive support for redistribution. To answer this, I conduct large-scale online surveys and experiments.

3) The effects of personal and capital income taxes in imperfect markets with informational frictions and rents.

Social Preferences Underpinned by Misunderstandings

Stefanie Stantcheva (Harvard University, Economics)

Outline

1. Why use Surveys designed by Economists?

2. Belief in the American Dream shapes views of Redistribution

3. Who benefits from Redistribution? Misperceptions about Immigrants.

4. Misunderstanding of Tax Policy.

Why Use Surveys?

Some things are invisible in other datasets.

> No matter how high quality that data is.

> Surveys were used before for things we can now see in admin data.

Perceptions, attitudes, reasoning underlie econ behavior & outcomes

High-quality surveys are key. Large sample, representative or over-sample.
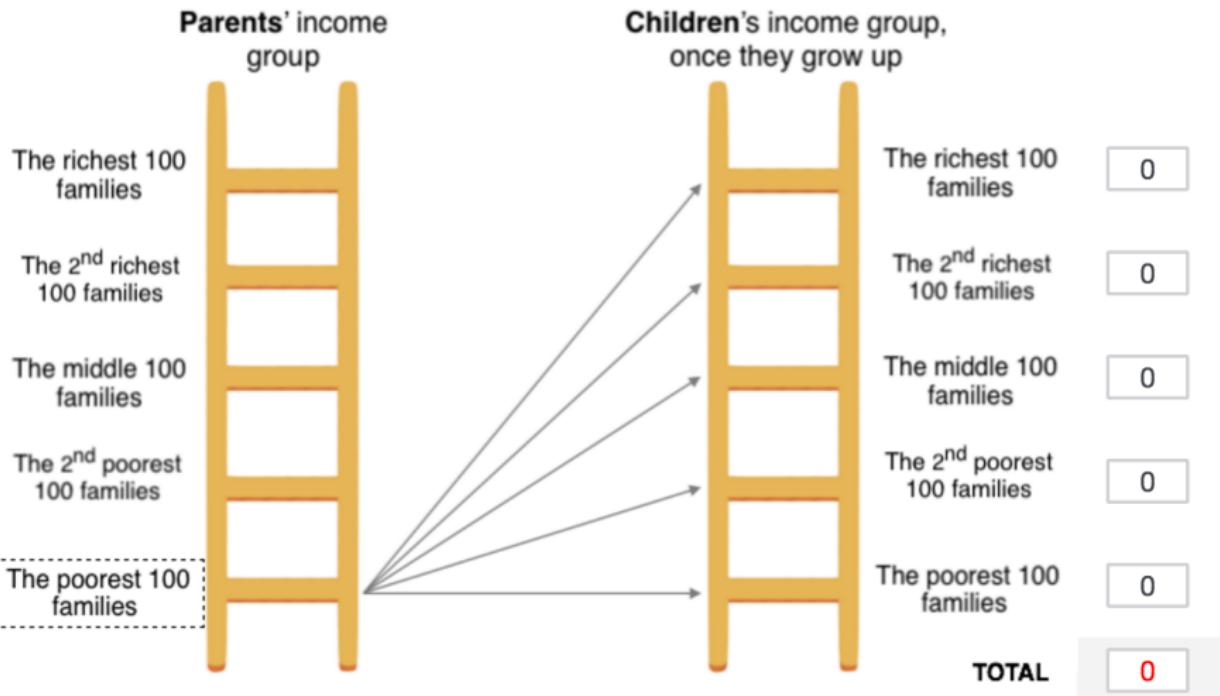
> There are "surveys" .. and then there are "surveys." Design interactive, animated, intuitive questions and treatments.

> Experimental components. Can control info and frame provided.
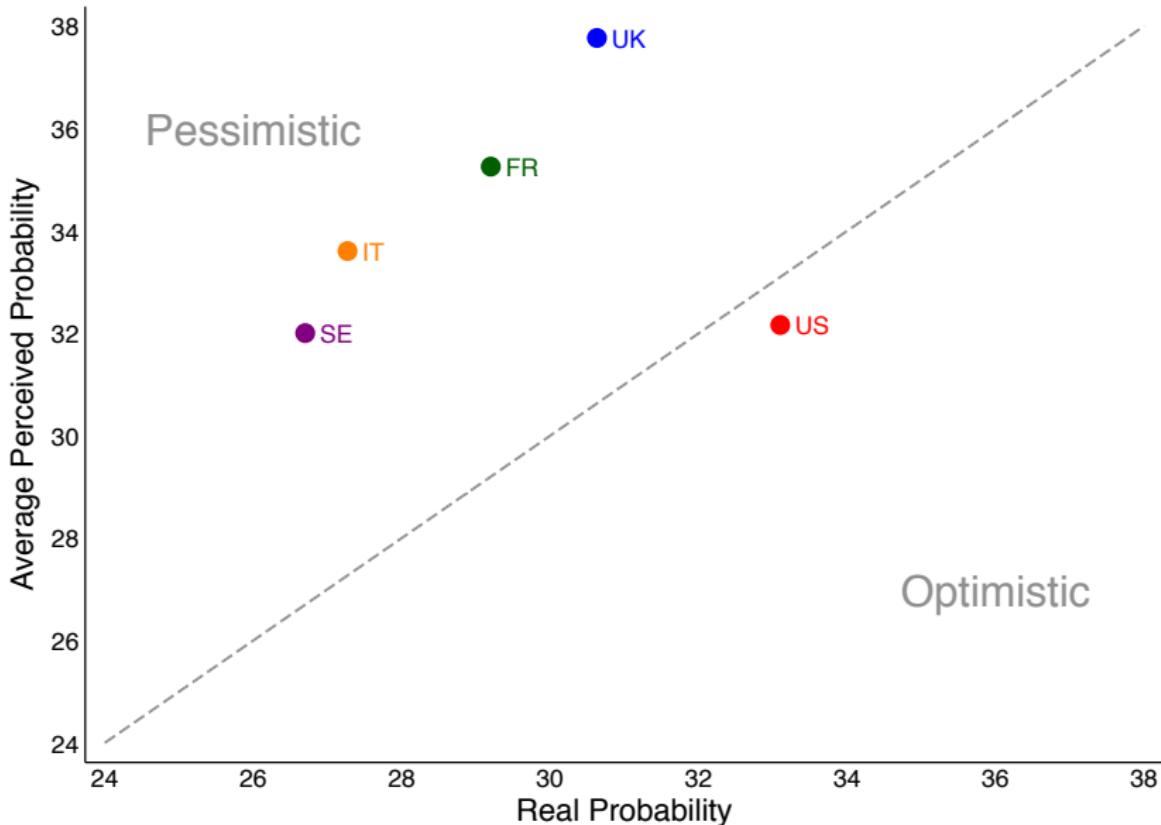
Belief in the "American Dream" Shapes Views of Redistribution

# Eliciting respondent's beliefs on upward mobility
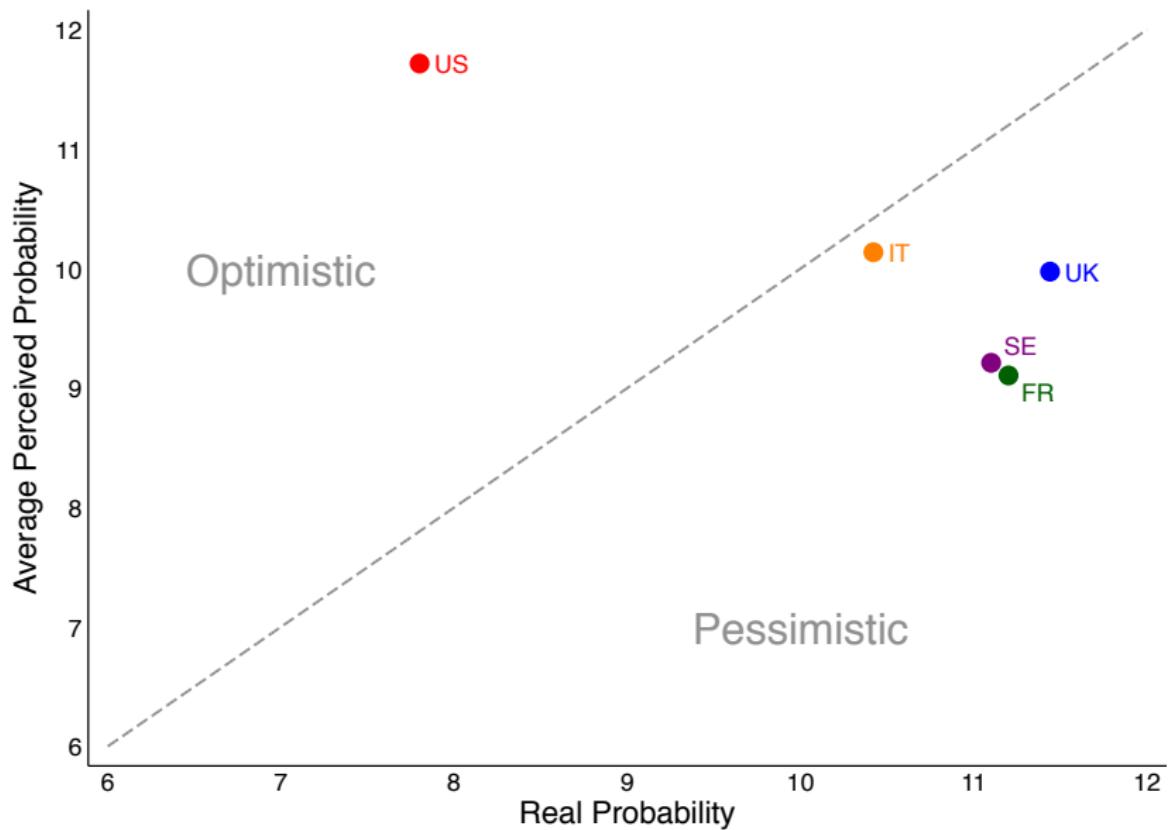
Here are **500 families** that represent the US population:

| Parents' income group		Children's income group, once they grow up	
The richest 100 families		The richest 100 families	0
The 2nd richest 100 families		The 2nd richest 100 families	0
The middle 100 families		The middle 100 families	0
The 2nd poorest 100 families		The 2nd poorest 100 families	0
The poorest 100 families		The poorest 100 families	0
		TOTAL	0
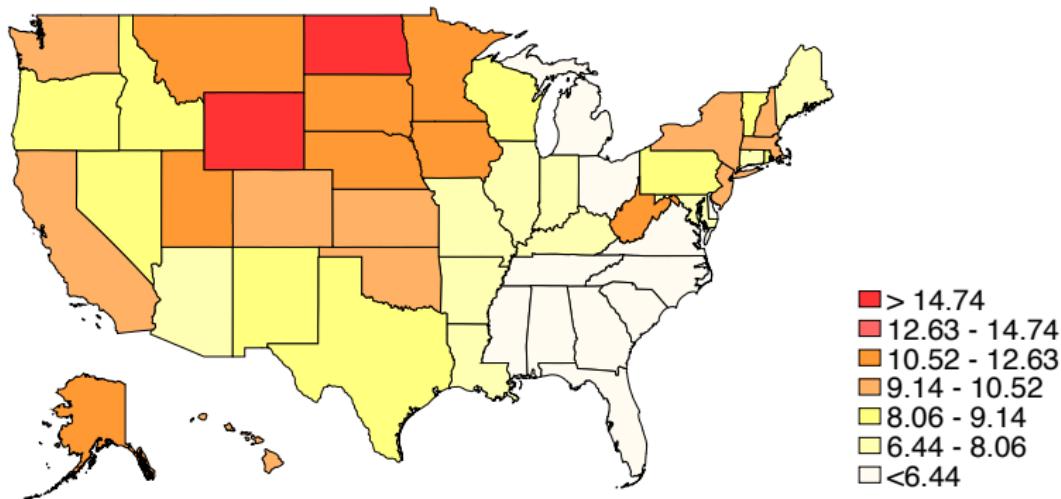
Probability of Staying in Bottom Quintile
(Actual vs. Perceived)
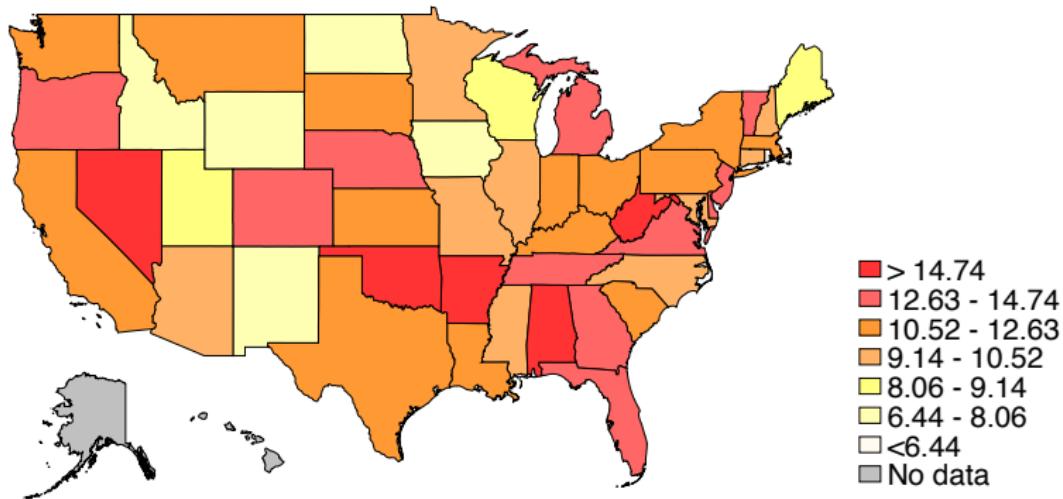
Probability of Moving to Top Quintile (Actual vs. Perceived)
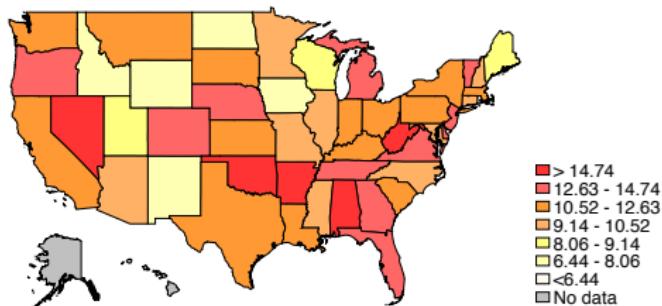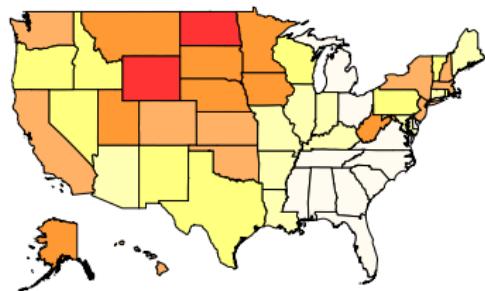
# Actual probability of moving from bottom to top quintile

Legend:
- > 14.74
- 12.63 - 14.74
- 10.52 - 12.63
- 9.14 - 10.52
- 8.06 - 9.14
- 6.44 - 8.06
- <6.44

Perceived probability of moving from bottom to top

Legend:
- > 14.74
- 12.63 - 14.74
- 10.52 - 12.63
- 9.14 - 10.52
- 8.06 - 9.14
- 6.44 - 8.06
- <6.44
- No data
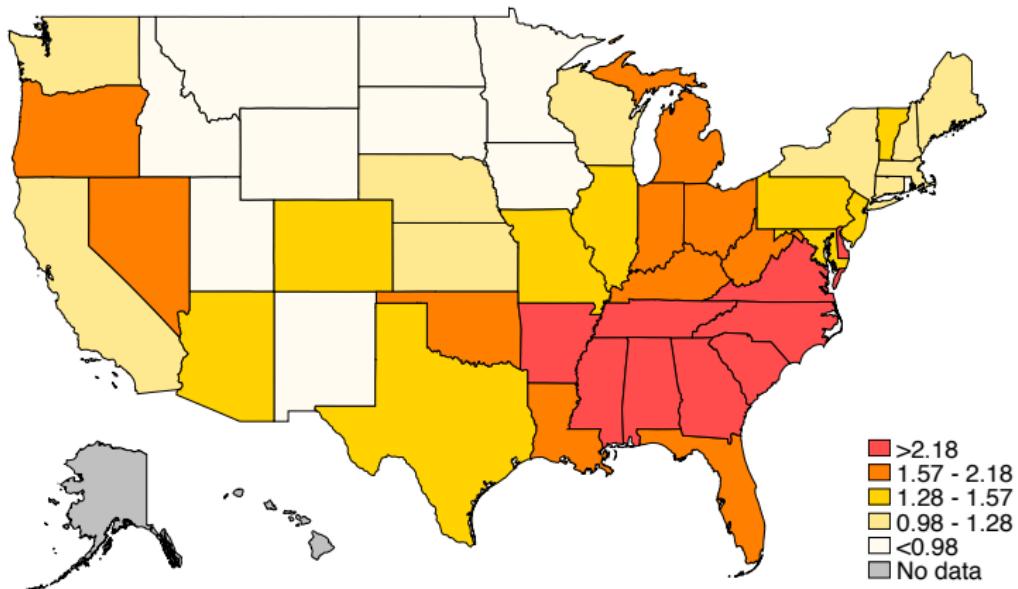
Actual and perceived probability of moving from bottom to top quintile

Legend:
- > 14.74
- 12.63 - 14.74
- 10.52 - 12.63
- 9.14 - 10.52
- 8.06 - 9.14
- 6.44 - 8.06
- <6.44
- No data
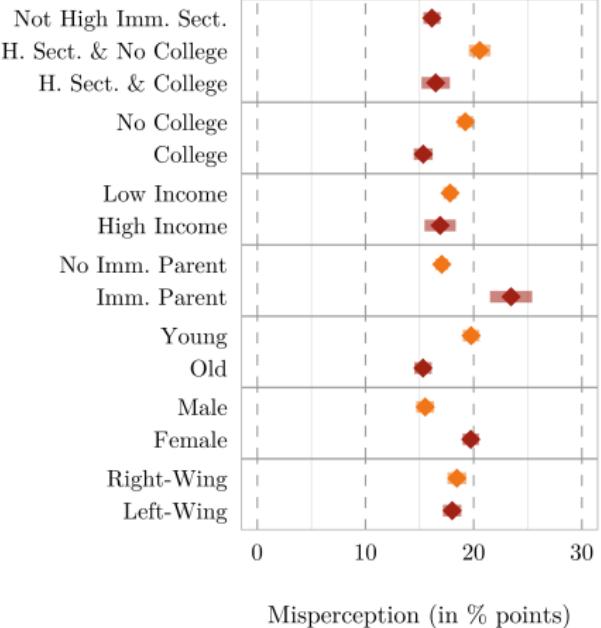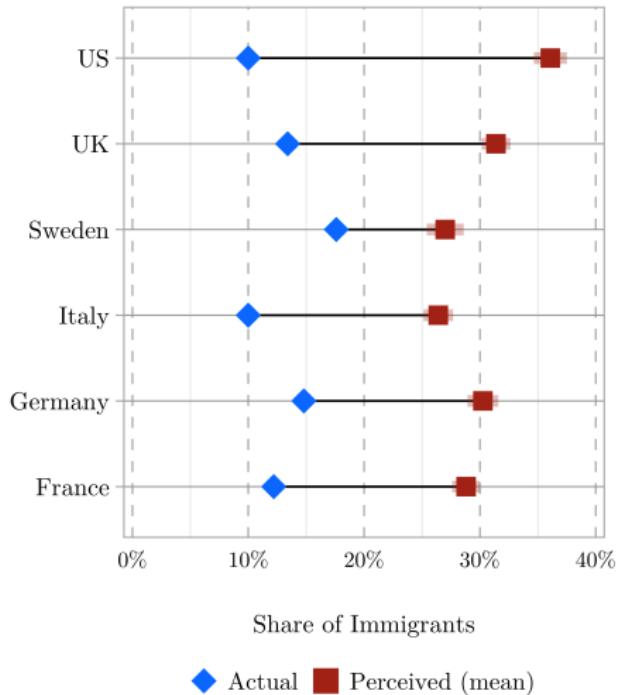
Ratio of actual local and perceived probability of moving from bottom to top

Legend:
- >2.18
- 1.57 - 2.18
- 1.28 - 1.57
- 0.98 - 1.28
- <0.98
- No data
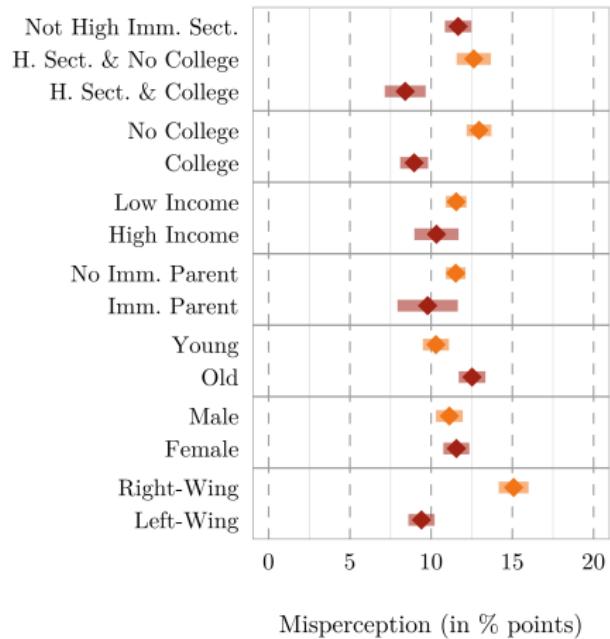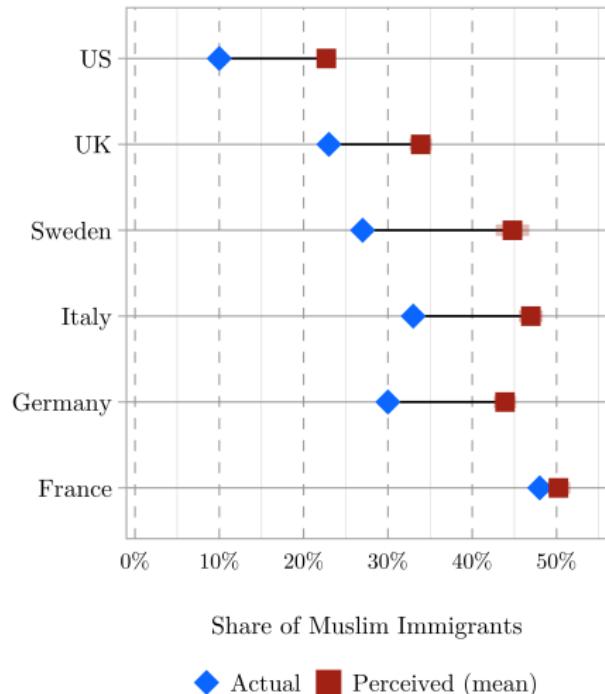
What are local perceptions correlated with, controlling for individual-level characteristics? ▸ National

Who Benefits from Redistribution? Wrong Views about Immigrants
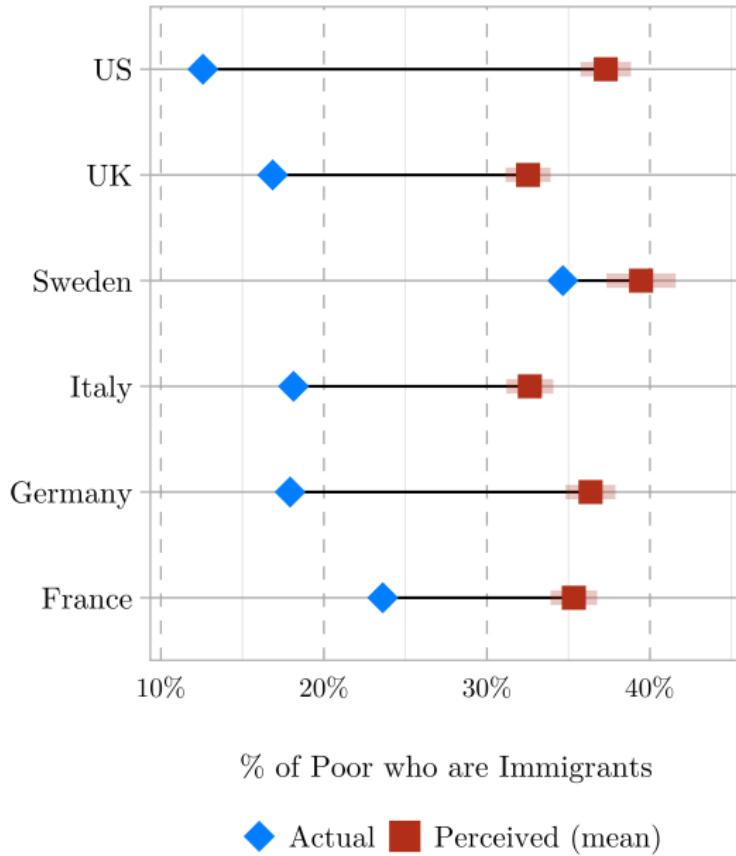
Perceived Share of Immigrants
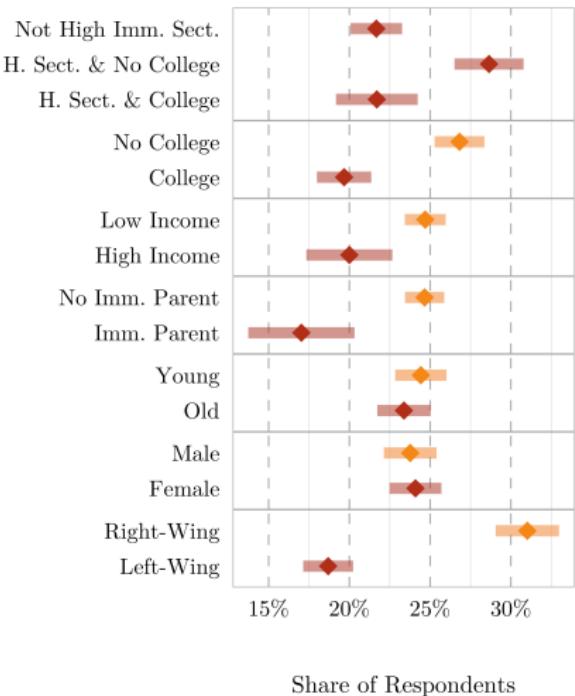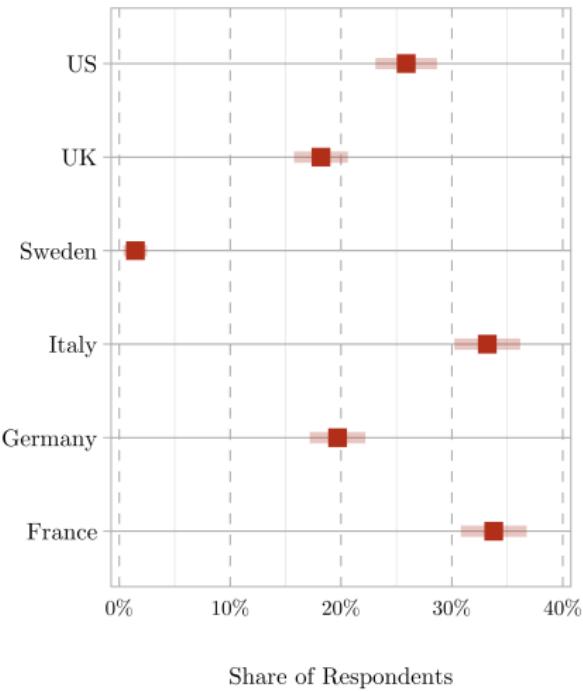
# Perceived Share of Muslim Immigrants

Share of Muslim Immigrants

◆ Actual   ■ Perceived (mean)

Misperception (in % points)
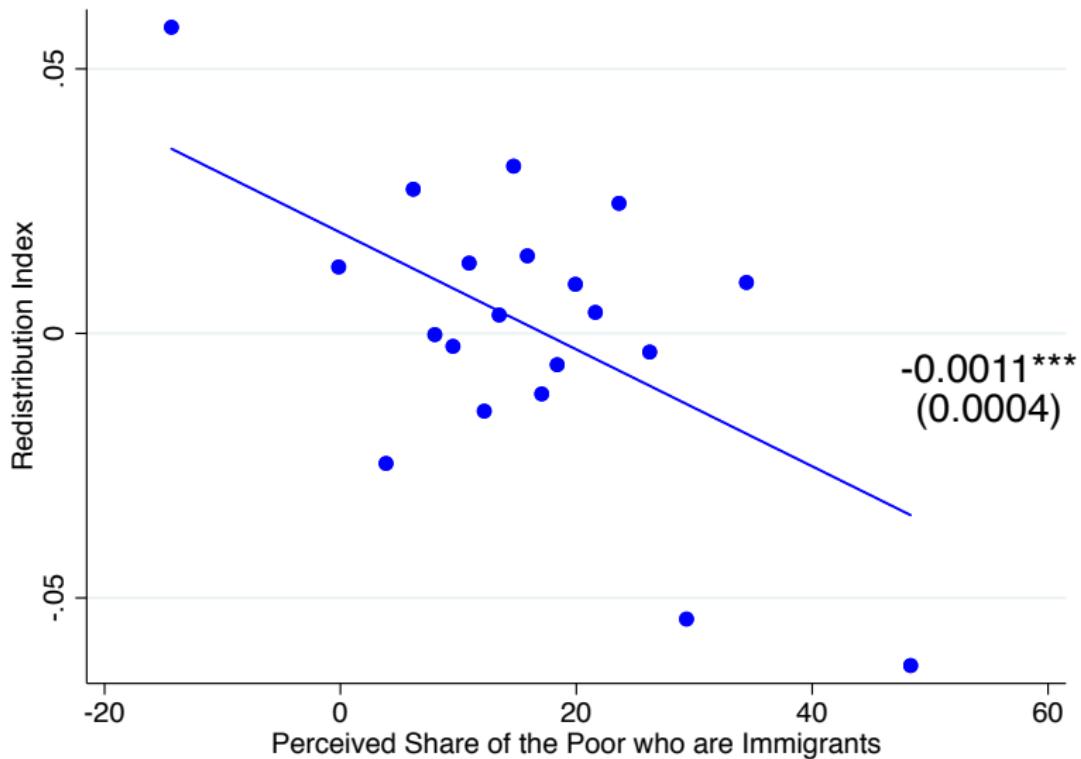
Perceived Share of Poor that are Immigrants

% of Poor who are Immigrants

◆ Actual   ■ Perceived (mean)

# Does Mohammad Get More Transfers & Pay Less Taxes than John?

Share of Respondents

Share of Respondents
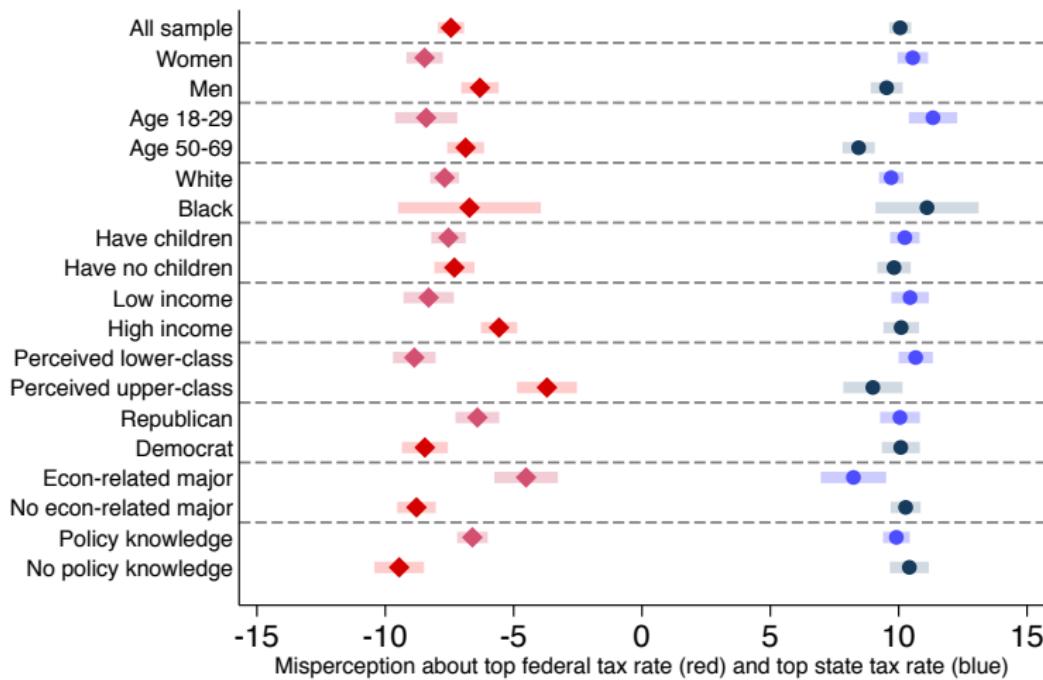
People Who Perceive A Higher Share of Immigrants Among the Poor Also Support Less Redistribution


-0.0011***
(0.0004)

Misunderstanding of Tax Policy
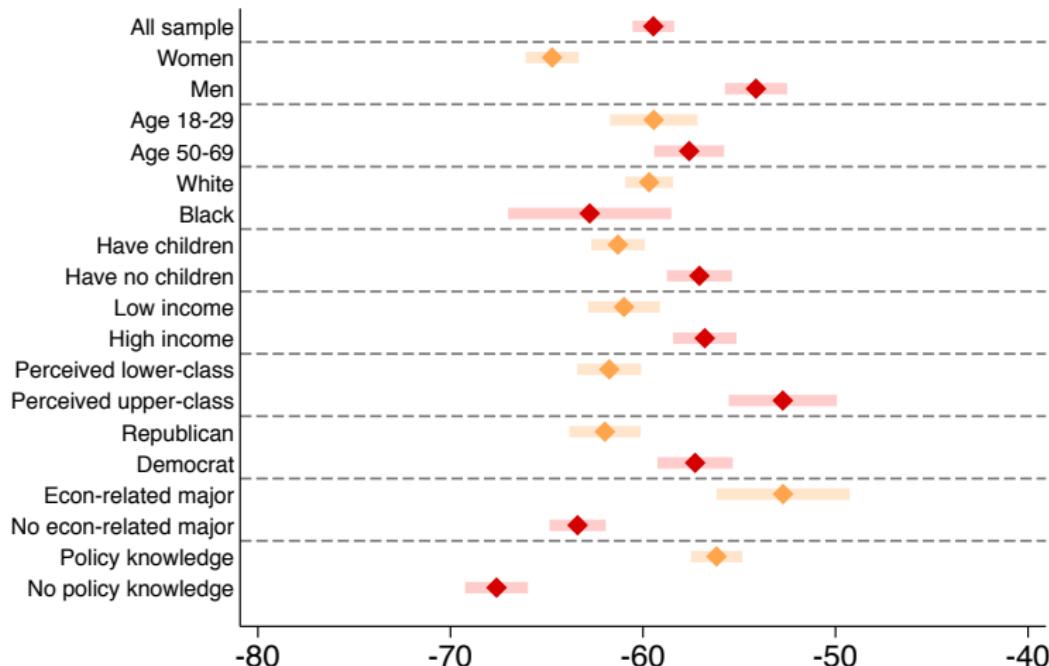
People Overestimate the Top Federal Tax Rate and Underestimate the Top State Tax Rates

Misperception about top tax rates today

Misperception about top federal tax rate (red) and top state tax rate (blue)
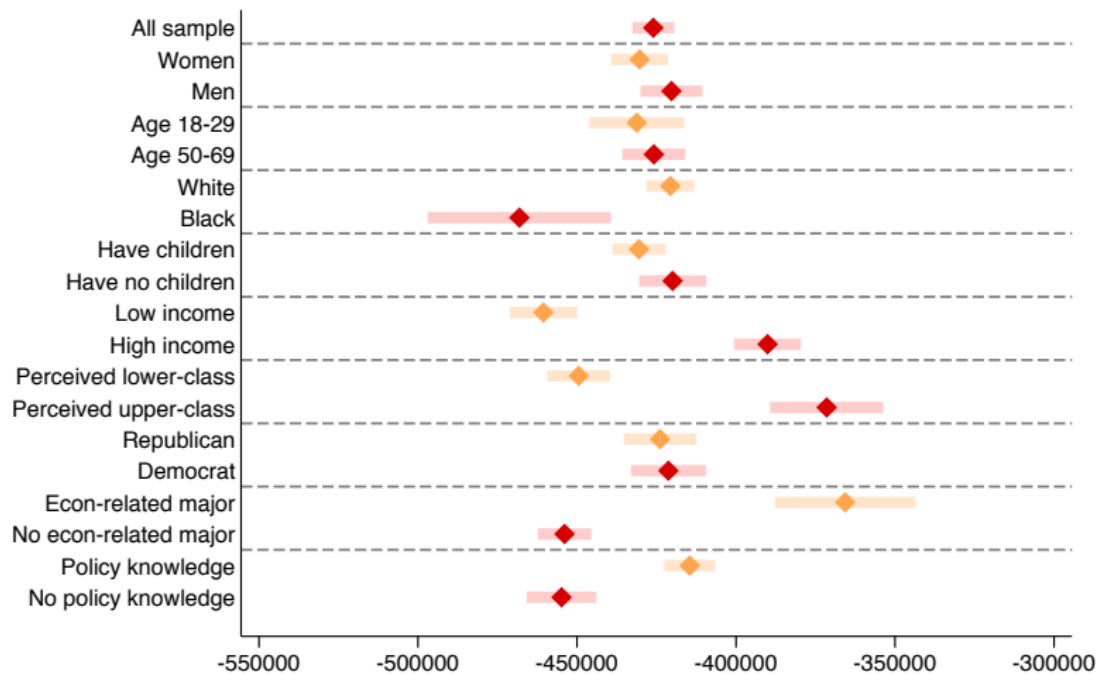
No One Knows How High Top Tax Rates Were in the 1950s

Misperception about 1950s top tax rate

Everyone Thinks Top Tax Bracket Kicks In at Much Lower Income Levels
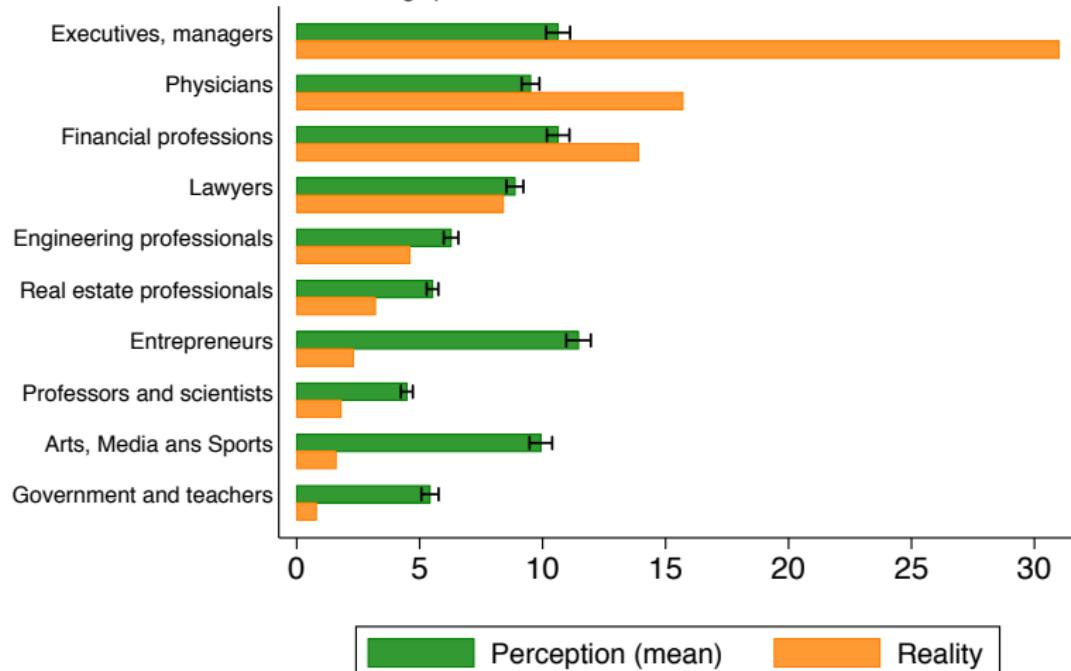
Misperception about threshold for top tax bracket

Overstimate Share of Entrepreneurs , Scientists, Entertainers in Top 1%.
Underestimate Managers and Executives.

Misperception about % of professions in top 1% high-earners

Average perceived share with confidence intervals vs actual share

The Estate Tax

No one knows who actually pays the estate tax.

People think 100% of income has already been taxed – double taxation.

Fundamental tension: people believe fair that parents can pass on their wealth; but also unfair that children start with different wealth levels in life.

Just informing people about who pays estate tax leads to much more support for it.