Who Wants the Flat Tax?

*Individual and contextual determinants of tax-policy preferences in post-socialist Eastern Europe*
Structure of the presentation

• Motivation of the research
• Research question
• Hypotheses
• Methods
• Results
• Discussion
• Questions / Remarks
Motivation

• Ample literature on the spread of flat personal income taxation across the CEECs (Appel 2011, Appel and Orenstein 2013, Beblavý 2011)

• Some literature on attitudes towards taxation (Steinmo 1996, Edlund 1999; 2003)

• But no research on tax attitudes in the CEECs
Research question

• What cleavages exist in attitudes towards taxation in the CEECs?
  – Past research from Western Europe
  – Past research on welfare attitudes in the CEECs

• Is there a positive policy feedback for the flat tax?
  – Reasons both for positive and negative policy feedback
Hypotheses

• **Individual-level:**
  – *H1:* The older an individual is, the higher is her support for redistributive tax policies.
  – *H2:* Higher educational attainment leads to decreasing preferences for redistributive taxes.
  – *H3:* The greater the satisfaction with current household income, the lower is the support for redistributive taxes.
  – *H4:* Individuals belonging to the working class are more likely to oppose non-redistributive tax policies.

• **Contextual:**
  – *H5:* Individuals in countries that introduced the flat tax will be more likely to prefer the flat tax over other tax policies.
  – *H6:* In countries that implemented the flat tax, income-related cleavage in attitudes towards the flat tax will be smaller than in countries that did not implement the flat tax.
  – *H7:* In those countries that implemented the flat tax, the age cleavage in attitudes towards the flat tax will be larger than in countries that did not implement the flat tax.
Methods

• Multilevel binomial/multinomial logistic regression
  – The impact of individual-level variables is studied using multinomial multilevel models
  – The impact of contextual variables is studied using binomial multilevel models

• Predicted probabilities
Model specification

• Response variable:
  – What tax policy most preferred?
  – Flat tax vs. other policies

• Explanatory variables
  – Individual-level:
    • Gender
    • Age
    • Education (lower-secondary as baseline)
    • Perceived household income-adequacy
    • Class (working class as baseline)
    • Public-sector employment
  – Country-level:
    • Flat PIT (and interaction terms with Age and Income)
ESS4 Sample

• Flat tax in sample year: BG, CZ, EE, LT, LV, RO RU, SK, UA (9)
• Progressive taxation in sample year: CRO, HU, PL, SLO (4)
Results (i)

![Bar chart showing frequency percentages for different responses.](chart.png)

- Flat tax: [Height of bar]
- Progressive tax: [Height of bar]
- Pay same amount: [Height of bar]
- None of these: [Height of bar]
- Don't know/no answer: [Height of bar]

$n=24137$
Results – individual-level predictors (i)
Results – individual-level predictors(ii)
Results – the contextual level (i)
Results – the contextual level (ii)
Results – the contextual level (iii)
Results -summary

• Age and income matter greatly
• Very little evidence for a positive policy-feedback
• In polities that already introduced the flat tax, cleavages based on ideology (e.g. age) are reinforced, while the income cleavage becomes smaller
Thank you for your attention!

What are your questions / remarks?
References


