

Why Is It So Hard to Counteract Wealth Inequality? Evidence from England and Wales

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Abstract

Taxing inheritance is an effective way of abating wealth inequality. Yet despite persistently high levels of wealth inequality, inheritance tax rates have declined significantly in recent decades. We argue that it is difficult to tax inherited wealth because, paradoxically, the people who have the strongest material interest in such taxation are those least likely to express an opinion. Instead, the political terrain is shaped by the preferences of homeowners, and their children, who have a strong material interest in low inheritance taxes. Empirically, we first evaluate this argument using original survey data from England and Wales. We then examine whether providing information about the level of wealth inequality locally and/or nationally can shape preferences over inheritance taxation, but find no effect of our information treatment. This paper helps explain why addressing wealth inequality is politically difficult, and it thereby contributes to an increasingly salient public and academic debate.

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1 Introduction

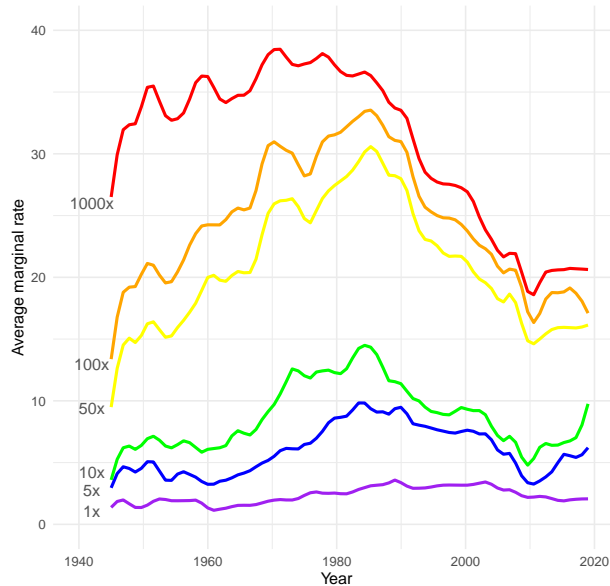
Since the early 20th century advanced democracies have experienced a marked accumulation of wealth (Piketty, 2014). With rising wealth accumulation, inherited wealth has gained importance: An increasing share of national income is transferred through generations each year, and inherited wealth is making out an ever-larger proportion of total wealth (Piketty and Zucman, 2015). According to some estimates, up to 60% of all privately held wealth in Europe and the US today is inherited (Alvaredo, Garbinti and Piketty, 2017). If the current trends in asset and property prices continue, and as the baby-boom generation ages, the number of inheritances and their sums are likely to grow even larger in the coming years. That would further increase (absolute) wealth inequality, which has remained persistently high in recent decades (Elinder, Erixson and Waldenström, 2018; OECD, 2021).

Economically, there are good reasons to tax inherited wealth. From a meritocratic standpoint, Piketty, Saez and Zucman (2013) argue that an ideal tax system has a progressive inheritance tax schedule with taxes on inherited wealth higher than those on earned income. Some estimates suggest that the optimal inheritance tax rate for top bequests may be as high as 50%-60% (Piketty and Saez, 2013). Such a tax system would generate positive welfare effects by increasing equity and equality of opportunity. In addition, taxing inheritance is more efficient, and comes with lower administrative costs, than other kinds of wealth taxation (OECD, 2021).

Yet, despite the forceful economic arguments for taxing inherited wealth, and the fact that the distribution of wealth has remained highly unequal in recent decades—much more unequal than the distribution of income—policymakers have refrained from using inheritance taxation to forcefully counteract wealth inequality. To the contrary, across advanced democracies, inheritance taxation has become less stringent. Not only have marginal inheritance tax rates dropped significantly since the 1980s, but the schedule has also become less progressive (see Figure 1). Several countries—Israel, New Zealand, Austria, Sweden, Norway, and others—have abolished the inheritance tax altogether.

Why has it seemingly been so hard to politically address wealth inequality through inheritance taxation? The focus on inherited wealth inevitably directs our attention to two groups, homeowners and non-homeowners, who have opposing material interests regarding inheritance taxation. This is because housing by far constitutes the largest share of wealth for any ordinary citizen (OECD, 2021). The key to understanding the lack of political appetite for using inheritance taxation as a tool to counteract wealth inequality, we claim, lies in the contrasting political behaviours of these two groups. Specifically, we argue that because non-homeowners are largely uninformed or unaware that they might benefit from inheritance taxation (through increased spending or reduced non-inheritance taxes), they hold weak, if any, preferences

Figure 1: Average Marginal Inheritance Tax Rates by Multiple of GDP Per Capita, 18 Advanced Democracies



Note: The figure shows average marginal inheritance tax rates by multiple of GDP per capita for the following 18 countries: Australia, Austria, Belgium, Canada, Denmark, Finland, Germany, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Korea (South), Sweden, United Kingdom, and the United States.

on the issue. By contrast, homeowners—who stand to pass on a property to their children, and the children of homeowners, who expect to inherit a property in the future—have strong and clear preferences for low inheritance taxes. This fosters a political terrain in which it is difficult for proponents of inheritance taxation to mobilize political support. Using the terminology of Converse (2006), the “issue public” on inheritance taxation consists of highly resourceful families of homeowners, who have no interest in giving parts of their estates to the state in the form of taxes.

In this paper, we examine an original survey of over 3000 respondents in England and Wales who were asked to provide information on their housing tenure and the estimated value of their house, and answered a series of questions about their attitudes towards inheritance taxation (in general, for themselves, and at various tax bands). We also asked respondents to take part in a conjoint experiment which estimates their preferred tax rates on properties of different values through a forced choice exercise (Ballard-Rosa, Martin and Scheve, 2017).

We conclude by examining whether randomly exposing people to information about the distribution of housing wealth locally and/or nationally can shift peoples’ inheritance tax preferences. Whereas the local treatment informed people about how the distribution of house prices in their local authority compares to

the national one, the national treatment showed people the distribution of house prices in all of England and Wales. The information treatments did not shift preferences over inheritance taxation in significant ways, adding evidence to a growing body of literature that suggests it is hard to mobilize widespread support for inheritance taxation (Alesina, Stantcheva and Teso, 2018; Bastani and Waldenström, 2021).

2 Theory

2.1 Argument

It is a widely-accepted fact among political scientists that people are ill-informed about politics (Delli Carpini and Keeter, 1996; Althaus, 2003; Converse, 2006; Page and Shapiro, 1992). Respondents to political surveys routinely get basic facts about the political system, their representatives, and current policies wrong; and information about economic policy and taxation is just as sparse (Stantcheva, 2021). Because most people have very little exposure to inheritance taxation, information levels regarding inheritance tax policies are likely to be very low. We argue that there are important informational differences between families of homeowners and non-homeowners, who differ in wealth and inheritance tax exposure, and that these informational disparities have important consequences for the politics of inheritance taxation.

Information about inheritance taxation can be gained in two ways: through exogenous exposure or active acquisition. People who grow up in a family of non-homeowners are likely never to be exogenously exposed to inheritance tax policies. This is because most of personal wealth is tied up in housing, especially at the bottom of the wealth distribution (OECD, 2021), meaning that non-homeowning families are likely to have very little wealth to transfer at death. They will consequently never be exposed to much information about the inheritance tax system. Families of homeowners, on the other hand, are very likely at some point in their lives to be exposed to the inheritance tax system. This would happen when a homeowners parent or grandparent dies, and the house passes to younger member of the family.

But not only are families of homeowners more likely to be exogenously exposed to inheritance taxation, they also have greater incentives to actively acquire information. For example, many countries allow parents to transfer a certain amount of wealth to their children each year as a tax-exempt gift.¹ By planning when and how to pass wealth to their children, parents can transfer entire estates to their children without paying any taxes. Knowing that such a possibility exists, and how to exploit it most effectively, requires intimate knowledge about the policies related to wealth transfers, such as inheritance and gift taxes. Contrary to non-homeowners, therefore, homeowners have strong material incentives to become acquainted with inheritance

¹This amount varies from £3,000 per year transferable tax-free as gift in the UK, to 100,000€ per parent to each of their children every fifteen years in France for example.

tax rules.

Although homeowners and non-homeowners differ in their exposures to inheritance taxation, both groups have clearly defined material interests at stake. For non-homeowners, taxing inherited wealth can provide a range of beneficial outcomes. The narrowing of wealth inequalities created by taxation might improve equality of opportunity for them and their children (and potentially also reduce property prices). The funds raised by inheritance taxation could be used for redistribution and public goods provision. Alternatively, they could replace taxes that non-homeowners do incur, by facilitating cuts in income or consumption taxation. For homeowners, the stakes are obvious: giving up a (potentially large) proportion of one’s family’s wealth to the state.

Yet even though both groups have (at least some) incentives to stay informed about inheritance tax policies, the incentives are likely to be stronger for homeowners. This is because homeowners are facing the prospect of direct, concentrated losses from paying inheritances taxes, whereas the benefits for non-homeowners are indirect and diffuse. In addition, the negative utility of paying inheritance taxes for homeowners is likely to outweigh the positive utility for non-homeowners of increasing tax revenues (Kahneman and Tversky, 1979). In sum, families of homeowners are far more likely to be well-informed about inheritance taxes than those of non-homeowners.

How do these informational asymmetries matter for political preferences? Public opinion research points to two possibilities: The uninformed may be unable to form a preference over inheritance taxation, and if they are, they may do so wholly at random. In this case, when aggregating individual responses, the random responses provided by the uninformed will cancel each other out, and public opinion will reflect the opinion of informed respondents (e.g., Converse, 2006; Page and Shapiro, 1992). Alternatively, the uninformed may express a preference following basic heuristics and cues, which is likely to bias estimates of public opinion (e.g., Bartels, 1996; Althaus, 2003).

It is hard to ascertain the extent to which each of these effects are at work when it comes to preferences over inheritance taxation, but both are likely to bias public opinion in the same direction. In the first scenario, if all uninformed respondents do not express a preference, or answer wholly at random, the “rational” or “issue” public—to use the terminology of Page and Shapiro (1992) and Converse (2006)—would consist solely of members of families of homeowners, who have clearly defined material interests in low inheritance taxes. In the second scenario, the predominance of framings of the inheritance tax as a ‘double tax’ or a ‘death tax’ gives reason to believe that following simple heuristics or cues is more likely to bias support for inheritance taxation downwards than upwards. Indeed, Bartels (2008) finds remarkable strong opposition to the estate tax in the U.S., even though this tax at the time of the survey was levied only on large estates worth more than \$1 million.

To the extent that public opinion matters for politics, the informational asymmetries between families of homeowners and non-homeowners, and the effects of these asymmetries on public opinion, will shape the political environment surrounding the inheritance tax. Homeowners both constitute a majority in most electorates (Ansell and Cansunar, 2021) *and* have strongly-held preferences. Hence, public opinion will be driven by homeowners, and their families, creating a fertile political terrain for organized business groups who work to repeal the inheritance tax. And even though left-wing governments may have broader goals of greater equality of opportunity and outcomes, they have few electoral incentives to pursue these goals through inheritance taxation. The voters who should find inheritance taxation most appealing are likely to hold weak preferences, and those who are most strongly opposed to such policies are resourceful families of homeowners. In such an environment, it is therefore difficult to mobilize political support in favour of effectively using inheritance taxation as a tool to counteract wealth inequality.

2.2 Does Information About Wealth Affect Inheritance Tax Preferences?

The second part of the analysis examines whether an intervention that provides information about housing wealth increases support for taxing inheritance. Previous studies have found mixed evidence of informational effects. In the U.S., Kuziemko et al. (2015) find that informing people that only a tiny fraction of estates are subject to the estate tax triples support for the tax (see also Sides, 2015). While this result suggests that inheritance tax preferences are manipulable, the result is highly context-specific, since no other country has an exemption threshold anywhere near that of U.S. estate tax of \$11 million.

In a cross-national study of four European countries and the U.S., Alesina, Stantcheva and Teso (2018) find no evidence that providing information about income mobility affects preferences over inheritance taxation. Bastani and Waldenström (2021) provide Swedish respondents with information about how much of total wealth is inherited, about who inherits, and that most Swedish billionaires have inherited their fortunes. This information significantly increased support for reintroducing a broad-based inheritance tax in Sweden by about 30% of the baseline support, but it did not significantly increase support for introducing an inheritance tax only on large inheritances.

Although the (marginal) effect sizes in Kuziemko et al. (2015) and Bastani and Waldenström (2021) are substantial, the baseline levels of support are strikingly low. In Kuziemko et al. (2015), it is just 17.5%, meaning that the large treatment effect increased support for the estate to just barely more than 50% (52.8% to be exact). In Bastani and Waldenström (2021), the baseline support for a broad-based inheritance tax is just 24.5%, which the information treatment increased to 32.5%, and a majority in both the control and treatment groups opposed a new tax only on large inheritances. So although there is some evidence of

information effects, previous studies suggest that it is difficult to boost support for inheritance taxation to an extent that could matter for policy outcomes.

In the experimental part of the analysis, we test the effects of a new kind of intervention that showed people information about the distribution of house prices locally and/or nationally. Since the majority of ordinary citizens' wealth is tied up in real estate, showing the distribution of house prices provides information about the distribution of inheritances that ordinary people can expect to receive. Having both a local and a national treatment condition further enables us to distinguish between national and local effects of housing wealth. Perhaps people care more about wealth inequality in their local community than in the nation as a whole. Indeed, previous research has found important local effects of exposure to inequality (Sands, 2017; Sands and de Kadt, 2020). To the best of our knowledge, this study is the first not only to examine the effects of exposing people to the distribution of (housing) wealth, but also to distinguish between local and national level effects.

2.3 Hypotheses

We derive three testable implications from our argument. First, if members of families of homeowners and non-homeowners have different levels of information about inheritance taxation, we should expect to see a greater ability and willingness to answer questions about inheritance taxation among members of homeowning families. Our first hypothesis is therefore:

H1: Homeowners and children of homeowners are more likely to express a preference regarding inheritance taxation than non-homeowners and children of non-homeowners.

Second, because members of families of homeowners are more likely to be informed and express a strong preference, public opinion should generally be sceptical of inheritance taxation. But it would of course be mistaken to think that all homeowners have similar preferences, and that they constitute a homogeneous group. While some own inexpensive houses in rural districts and areas, others own apartments or town houses in expensive urban areas. Families of homeowners who own relatively cheap housing can get very similar benefits from taxing large inheritances to families of non-homeowners. We therefore expect variation in preferences over inheritance taxation within the group of homeowning families. People owning more expensive houses should be more concerned about taxes applying to larger estates (Ansell, Cansunar and Elkjær, 2022). Consequently, the second hypothesis is:

H2: a) Public opinion is generally sceptical of taxing inherited wealth;

b) members of families who own more expensive houses are more opposed to inheritance taxation than members of families who own less expensive houses or are not homeowners.

Finally, based on the experimental literature, we hypothesize that informing people about the (unequal) distribution of house prices will increase support inheritance taxation. Accordingly, the third hypothesis is:

H3: Informing people about the (unequal) distribution of housing wealth increases support for taxing inheritance.

3 Data

To test the argument, we designed a survey that asked respondents about their own and their parents' housing wealth, and about their preferences over inheritance taxation. The survey also included a conjoint experiment designed to reveal the respondents' preferred marginal tax rates on inheritances, and a survey information experiment to assess whether providing information about the distribution of housing wealth affects people's inheritance tax preferences. The survey was conducted by YouGov, using their nationally representative online panel, and included 3186 adults living England and Wales.²

Because the respondents in YouGov's online panel had already provided information about all the standard demographic variables, we focused in the first part of the survey on collecting information about the respondents' wealth. For example, we asked about their housing situation, and whether they were homeowners, we followed up by asking them to estimate the current value of their house. In Online Appendix B, we assess the quality of the estimated house prices by comparing our survey estimates to land registry data from the Office of National Statistics (ONS). Although the homeowners in our survey tend to be slightly overoptimistic (about £10,000 on average), they match the national distribution of homeowners very well, giving us confidence in our sample of homeowners and in their ability to accurately estimate the current value of their house. To provide an example, the regional median of estimated house prices in our sample is an average of just £5,000 away from the regional averages for the same month reported by the ONS.

We also asked about their parents' housing situation, so we could assess how being a future property inheritor, who stands to pay inheritance taxes in the future, may affect one's preferences over inheritance taxation. Since many (older) respondents had already lost their parents, the modal response to this question

²The target respondent pool is a sample of adults from England and Wales aged 18 and over, representative of general England and Wales population on the dimensions of age, gender, income, region and other demographics.

is ‘don’t know/not applicable’ (54%), but about half of the respondents still had their parents and were willing to answer the question.³ If their parents owned a property, we asked them to provide an estimate of the value of the property (about 31% did so).

After answering these questions about wealth, the respondents were randomly assigned to one of the three information treatments: one third was assigned to a control group and did not receive any information, another third was assigned to a national information treatment and saw the national distribution of house prices, and the last third saw the distribution of house prices both in their local authority and nationally. We stratified the randomization within the three groups by average local house prices, to ensure randomization within the groups. After the information treatment, we asked the respondents a range of questions about their political preferences, and the survey concluded with a forced-choice conjoint experiment to assess their preferred tax rates on different inheritance groups. We provide more information about the details of the survey as we move through the empirical analysis and in Appendix XX.

4 Results

4.1 A Paradox of Inheritance Taxation

We begin the empirical analysis by analyzing responses to a set of questions about whether inheritance taxes on different groups are (much) too low, about right, or (much) too high. Figure 2 shows histograms of responses to the questions; in particular two patterns stand out. First, despite decades-long declines in inheritance tax rates, the public in England and Wales, still, generally think that inheritance taxes are too high. On average across the six questions, 31% of respondents said that taxes were (much) too high, whereas just 11% said that they were (much) too low. The only exception to this pattern is the question about inheritances above £1m, where 25% of respondents think taxes are (much) too low, compared to 21% who think they are (much) too high. These results indicate that there is broad opposition to stronger taxation of inherited wealth, consistent with H2a.

Second, on all six inheritance tax questions, the modal response is ‘don’t know’—strikingly, between 34% to 43% of respondents appear to have no preference on inheritance taxation. The high proportions of ‘don’t know’-responses are a clear indication that inheritance taxation is a low-information environment, where many lack the basic information to formulate a preference. The lack of information is further demonstrated by the fact that even though inheritances under £325k are exempt from taxation, 34% of respondents still think that taxes on these inheritances are either ‘too high’ or ‘much too high’.

³Respondents who answered ‘don’t know/not applicable’ to the question about their parents’ housing situation are on average 13.5 years older (55.4 years) than the rest of the sample (41.9 years).

These findings are consistent with recent work showing that the public is generally ill-informed about taxation (Stantcheva, 2021). And they mirror the results of Bartels (2008) who finds that roughly two in five respondents had no opinion on the Bush income tax cuts in 2001. Among the respondents who did express an opinion, there was overwhelming support for the reform package, even though it mainly benefited the rich, and this support was at least in part driven by low levels of political information among the respondents.

Who are these people who seemingly hold too little information to voice a preference, and how are they different from those who do express an opinion? To find out, and thereby test H1, we regress in Table 1 a dummy variable of whether the respondent expressed a preference (1) or answered ‘don’t know’ (0) to the question about the overall inheritance tax level on measures of wealth and other socio-economic variables. As a measure of current housing wealth, we include a self-reported estimate of the value of the respondent’s house rescaled into eight categories, with the baseline being a non-homeowner.

To capture the effect of being a future property inheritor, we include a self-reported estimate of the value of the property of the respondent’s parents. We rescale this variable into six categories; the omitted category is again non-homeowner. We also include measures of household income (measured in 15 categories), age, gender, and whether the respondent has a university degree.

The results in Table 1 show that homeowners with more expensive houses, and their children, are more likely to express a preference on inheritance taxation; and so are older male respondents with higher incomes. There is consequently a wealth gradient in the probability of expressing an opinion on inheritance taxation: Individuals who either expect to pass on a house to the next generation of their family and/or who stand to

Figure 2: Preferences over inheritance taxation



inherit a property from their parents are more likely to have an opinion on inheritance taxation compared to respondents who do not own a house and/or whose parents do not own a house. Being an older high-income male reinforces the wealth bias.

Table 1: Determinants of registering an opinion on question about overall inheritance tax rates

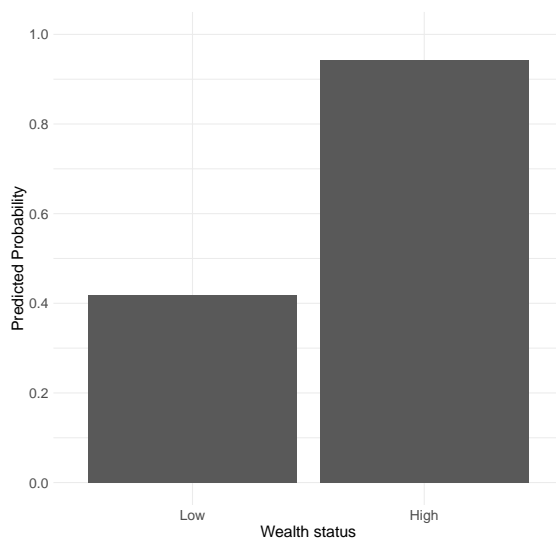
	<i>Dependent variable:</i>
	Express preference
Value of own house:	
£100k and under	0.256 (0.269)
£100k to £200k	0.272 (0.144)
£200k to £300k	0.789* (0.162)
£300k to £400k	0.927* (0.201)
£400k to £500k	1.234* (0.291)
£500k to £750k	1.320* (0.321)
£750k and up	1.281* (0.426)
Value of parents' house:	
Not applicable (deceased)	0.107 (0.141)
£200k and under	0.315 (0.184)
£200k to £400k	0.480* (0.180)
£400k to £600k	0.626* (0.259)
£600k and up	0.630* (0.288)
Demographics:	
Household income	0.038* (0.015)
Age	0.020* (0.004)
Female	-0.650* (0.099)
University degree	0.043 (0.105)
Constant	-0.710* (0.225)
Observations	2,258

Note: * p<0.05. Baselines for the value of own and parents' house are in both cases 'not property owner'.

To better visualise the substantive effects of wealth and socio-economic status, we graphically display in Figure 3 the predicted probability of answering the question about the overall level of inheritance taxes for individuals with low and high wealth status. We define low wealth status as a female adult of average age (49 years) who earns less than £5000 a year and do not have a university degree; she is a renter and so are her parents. By contrast, a high-wealth individual is a male adult of average age who earns more than £150,000 a year, who owns a house valued more than £750k, and whose parents own a house valued

more than £600k.⁴ Figure 3 shows that low and high-wealth individuals have very different probabilities of expressing an opinion on inheritance taxation. Whereas just about two in five low-wealth individuals express an opinion on inheritance taxes, about 19 of 20 high-wealth individuals do.

Figure 3: High-wealth individuals are more likely to express a preference for inheritance taxation



These results support H1, and highlight the following paradox of inheritance tax preferences: low-wealth individuals, who would stand to gain the most from taxing wealth and inheritances, are those least likely to express an opinion on inheritance taxation. These findings hint at one of the political difficulties of implementing higher inheritance tax rates to counteract rising wealth inequality. Many people simply don't have strong preferences for taxing inheritances, and the ones who do are homeowners and children of homeowners, who are generally opposed to higher taxes. In such an environment, it is difficult for proponents of wealth taxation to mobilize political support, and there is little electoral incentive for governments to advocate for higher inheritance taxes—since at best, voters won't care. At the same time, the environment is highly fertile for organized interests working to repeal the inheritance tax: The voters who should be most hostile to their agenda are those least likely to voice an opinion, and those most in favor are highly resourceful homeowners and their children.

One may wonder whether these results are specific to inheritance taxation, or whether they hold for all types of taxation. Indeed, research has shown that people have very low levels of information regarding many different aspects of taxation, and that there is also support for lower income tax rates (Stantcheva, 2021; Barnes, 2015). In Online Appendix A, we examine preferences over income taxation using similar

⁴Since women are massively underrepresented in the top of the income and wealth distributions (Piketty, Saez and Zucman, 2018), we let gender vary across the two wealth profiles. The substantive results remain similar if we keep gender constant across the two wealth profiles.

questions to those for inheritance taxation. The results show that preferences over inheritance taxation are distinct from those over income taxation. Less than half as many respondents answer “don’t know” to the income tax questions (15%-19%), and there is almost twice as much support for a more progressive income tax schedule than for a more progressive inheritance tax schedule (46% vs. 25%). Finally, the total effect of current and future expected housing wealth is considerably stronger for inheritance taxation than for income taxation. Among respondents with high socio-economic status, the effect of owning an expensive property and having parents who also do so is more than three times as strong on expressing an attitude about inheritance taxation as opposed to income taxation (.23 vs. .07).⁵ Clearly, preferences over inheritance taxation are distinct from those over other types of taxation.

4.2 High-Wealth Individuals and Their Children Show Less Support for Inheritance Taxation

Having found empirical support for H1 and H2a, we proceed to test H2b, which stipulates that individuals who own more expensive properties, and those whose parents do so, are more opposed to inheritance taxation, especially taxation of inheritances equivalent to the value of their family home.

We begin by analyzing the three broad questions about the overall tax level, taxes you might pay in the future, and taxes your heirs might pay in the future. In Table 2, we regress responses to these three questions on the value of the respondents own house, the value of the respondents’ parents’ house, and the same set of demographic covariates as included above. Model (1)-(3) show the results from ordered logistic regressions, where the dependent variable is the full five-category preference variable; models (4)-(6) show the results from linear probability models, where the dependent variable is rescaled to equal one if the respondent thinks that taxes are (much) too high, and zero otherwise.

The results show that owning a more expensive property is consistently related to more sceptical views of inheritance taxation. Homeowners with more expensive houses are much more likely to say that the overall tax level, taxes that they might pay in the future, and taxes that their heirs might pay, are too high. The preferences of homeowners, however, only start to become significantly different from those of non-homeowners when the value of their house exceeds £400k. Recall that inheritances below £325k are exempt from taxation, so it’s only homeowners whose heirs stand to pay inheritance tax that have preferences different from renters.

The effect sizes of housing wealth are substantial. Since models (4)-(6) are linear probability models, we can directly interpret the coefficients as the difference in the probability of saying that taxes are too high

⁵The difference in wealth effects is weaker for low socio-economic respondents, where it is .41 for inheritance and .37 for income.

Table 2: The Effect of Current and Future Housing Wealth on Preferences over Inheritance Taxation

	Overall level	You pay	Heirs pay	Overall level	You pay	Heirs pay
	<i>Ordered logistic regression</i>			<i>Linear Probability Model</i>		
	(1)	(2)	(3)	(4)	(5)	(6)
Value of own house:						
£100k and under	0.324 (0.278)	0.467 (0.334)	0.473 (0.322)	0.118 (0.078)	0.043 (0.086)	0.087 (0.087)
£100k to £200k	-0.065 (0.149)	-0.280 (0.167)	-0.284 (0.164)	-0.049 (0.041)	-0.106* (0.045)	-0.119* (0.044)
£200k to £300k	0.173 (0.149)	-0.088 (0.162)	0.056 (0.162)	0.055 (0.040)	-0.016 (0.043)	0.028 (0.043)
£300k to £400k	0.231 (0.171)	0.100 (0.181)	0.108 (0.181)	0.085 (0.046)	0.045 (0.048)	0.067 (0.049)
£400k to £500k	0.429* (0.205)	0.182 (0.218)	0.233 (0.220)	0.126* (0.056)	0.085 (0.059)	0.074 (0.059)
£500k to £750k	0.764* (0.222)	0.913* (0.238)	0.718* (0.239)	0.202* (0.059)	0.200* (0.062)	0.174* (0.063)
£750k and up	0.543* (0.276)	0.558 (0.302)	0.452 (0.292)	0.141 (0.075)	0.195* (0.080)	0.170* (0.078)
Value of parents' house:						
Not applicable/deceased	0.183 (0.158)	0.209 (0.172)	0.513* (0.173)	-0.009 (0.043)	-0.016 (0.046)	0.079 (0.046)
£200k and under	0.122 (0.191)	0.301 (0.207)	0.509* (0.213)	0.022 (0.052)	0.054 (0.055)	0.090 (0.056)
£200k to £400k	0.251 (0.179)	0.389* (0.195)	0.537* (0.200)	0.064 (0.049)	0.082 (0.052)	0.125* (0.053)
£400k to £600k	0.351 (0.229)	0.293 (0.245)	0.537* (0.246)	0.033 (0.062)	0.003 (0.065)	0.087 (0.065)
£600k and up	0.141 (0.253)	0.223 (0.267)	0.550* (0.273)	0.027 (0.068)	0.037 (0.071)	0.114 (0.072)
Demographics:						
Household income	-0.003 (0.015)	-0.020 (0.016)	-0.001 (0.016)	-0.002 (0.004)	-0.005 (0.004)	-0.002 (0.004)
Age	-0.009* (0.004)	-0.010* (0.004)	-0.007 (0.004)	-0.002 (0.001)	-0.002* (0.001)	-0.002 (0.001)
Female	0.268* (0.092)	0.224* (0.100)	0.162 (0.100)	0.085* (0.025)	0.077* (0.027)	0.066* (0.027)
University degree	-0.495* (0.099)	-0.439* (0.108)	-0.509* (0.108)	-0.116* (0.027)	-0.113* (0.029)	-0.119* (0.029)
Constant				0.585* (0.066)	0.703* (0.068)	0.566* (0.070)
Observations	1,559	1,361	1,370	1,559	1,361	1,370

Note: * p<0.05. Baselines for the value of own and parents' house are in both cases 'not property owner'.

between the omitted baseline category, which is non-homeowner, and homeowners with a house of a certain value. For the overall level of taxes, homeowners owning a house valued more than £400k are between 13-20% more likely to think the overall tax level is too high. And homeowners owning a house valued more than £500k are 17-20% more likely to think taxes that they or their heirs might pay in the future are too high. For the children of homeowners, we generally see a similar pattern as for homeowners themselves, but the effects are weaker and only occasionally statistically significant.

In Table 3, we analyze responses to the more specific set of questions about taxes on inheritances of a specific size. For inheritances under the exemption threshold of £325k, which are not in fact subject to inheritance taxation in the UK, the only significant predictor is whether the respondent holds a university degree. Those holding a university degree, who are arguably better informed, are about 9% less likely to say that taxes are too high.

For inheritances above the exemption threshold (£325k), housing wealth is an important predictor of tax preferences. Individuals who own more expensive properties and whose parents own more expensive properties are significantly more likely to think that taxes on these inheritances are too high. To better see the substantive effects, we illustrate in Figure 4 the probability of saying that taxes are too high by the value of the respondent's own house, and the value of her parents' house, using the estimates of models (4)-(6) of Table 3.

The top panel of Figure 4 shows that individuals who own a house worth more than £300k are significantly more likely to say that taxes on inheritances between £325k and £1m are too high; again, the effects are substantial. Whereas the predicted probability of supporting lower taxes is about .35 for non-homeowners, it is .47 for homeowners with a house valued between £300k-£400k and about .6 for homeowners with house worth more than £500k. For expected property inheritors, we see a similar, though slightly weaker, pattern. The probability for individuals whose parents don't own a property to say that taxes are too high is .31, whereas it is .45 for individuals whose parents own a property worth more than £600k.

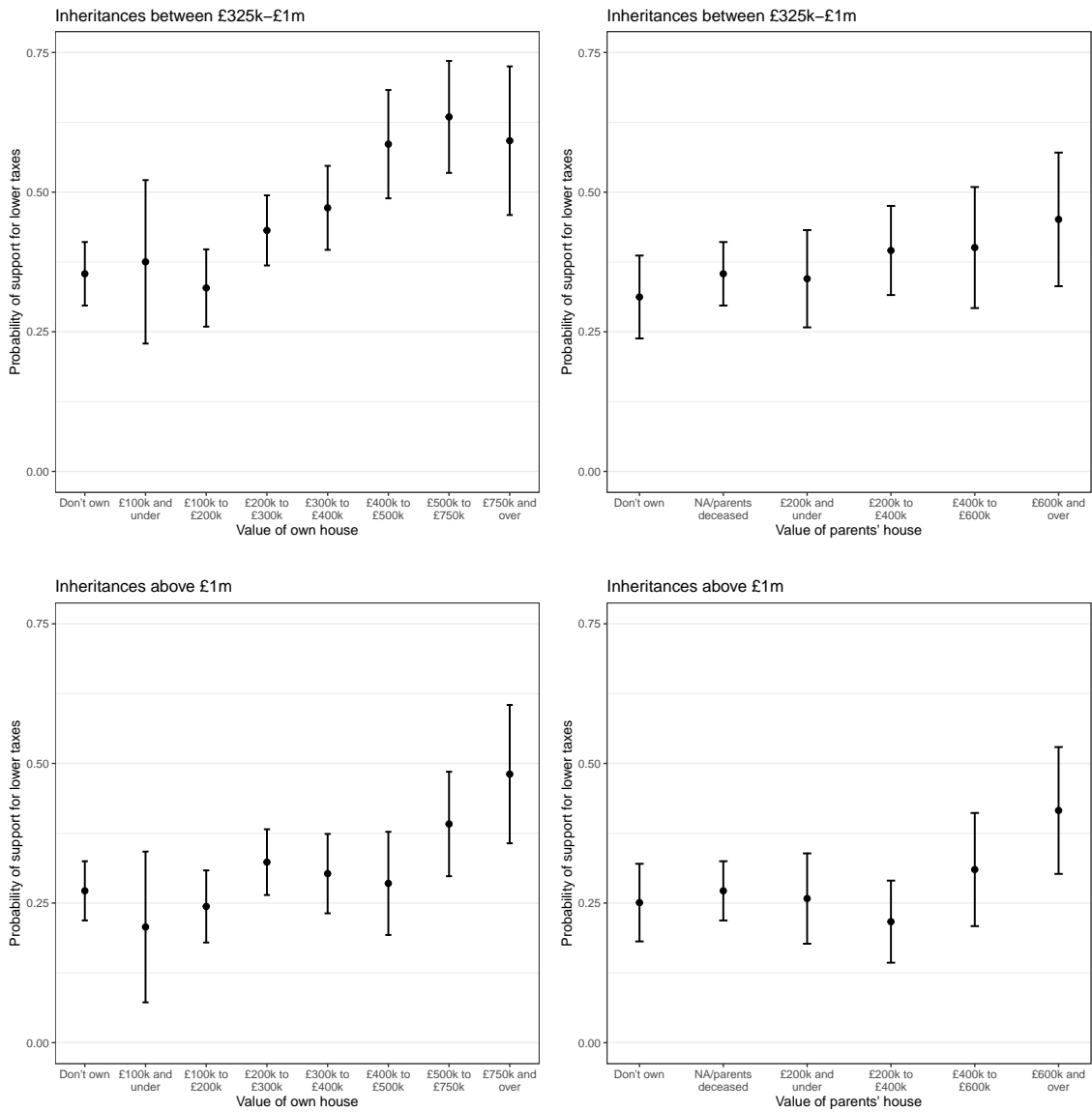
The bottom panel of Figure 4 shows the results for inheritances above £1m. For property owners we see a sharp discontinuous spike in support for lower taxes around £500k. These homeowners are the ones in our sample who are most likely to be exposed to taxes on inheritances above £1m, and it is therefore unsurprising that they are the ones most in favor of lower taxes on these large inheritances. Whereas the predicted probability of saying that taxes are too high on inheritances over £1m is .27 for non-homeowners, it is .48 for homeowners owning a house worth more than £750k. For future property inheritors, we see a similar pattern. Those whose parents own a property valued more than £600k are much more likely to think taxes on large inheritances are too high (predicted probability is .42), compared to individuals whose parents don't own a house or own a house worth less than £400k (the predicted probabilities for these individuals are

Table 3: The Effects of Being a Homeowner or Property Inheritor on Preferences over Inheritance Taxation on Specific Groups

	<£325k	£325k-£1m	>£1m	<£325k	£325k-£1m	>£1m
	<i>Ordered logistic regression</i>			<i>Linear Probability Model</i>		
	(1)	(2)	(3)	(4)	(5)	(6)
Value of own house:						
£100k and under	0.311 (0.290)	0.111 (0.282)	0.138 (0.268)	0.082 (0.080)	0.021 (0.076)	-0.065 (0.070)
£100k to £200k	-0.159 (0.153)	-0.001 (0.150)	0.086 (0.150)	-0.035 (0.042)	-0.025 (0.041)	-0.028 (0.038)
£200k to £300k	0.142 (0.150)	0.210 (0.149)	0.313* (0.149)	0.058 (0.041)	0.078 (0.040)	0.051 (0.037)
£300k to £400k	0.013 (0.171)	0.305 (0.169)	0.239 (0.171)	0.045 (0.047)	0.118* (0.045)	0.031 (0.043)
£400k to £500k	0.148 (0.210)	0.717* (0.202)	0.380 (0.207)	0.074 (0.057)	0.232* (0.055)	0.013 (0.052)
£500k to £750k	0.190 (0.220)	0.997* (0.219)	0.836* (0.216)	0.049 (0.060)	0.281* (0.058)	0.120* (0.054)
£750k and up	0.065 (0.285)	0.806* (0.275)	1.077* (0.273)	0.026 (0.078)	0.238* (0.075)	0.209* (0.069)
Value of parents' house:						
Not applicable/deceased	0.084 (0.160)	0.414* (0.158)	0.208 (0.157)	-0.025 (0.043)	0.042 (0.042)	0.021 (0.039)
£200k and under	0.095 (0.195)	0.126 (0.194)	0.023 (0.191)	0.008 (0.053)	0.033 (0.051)	0.007 (0.048)
£200k to £400k	0.286 (0.182)	0.413* (0.181)	-0.051 (0.179)	0.032 (0.049)	0.083 (0.048)	-0.034 (0.045)
£400k to £600k	0.077 (0.231)	0.542* (0.229)	0.378 (0.230)	-0.016 (0.064)	0.089 (0.061)	0.059 (0.057)
£600k and up	0.229 (0.257)	0.610* (0.245)	0.608* (0.253)	0.014 (0.069)	0.139* (0.066)	0.165* (0.062)
Demographics:						
Household income	-0.018 (0.015)	0.002 (0.015)	-0.013 (0.015)	-0.006 (0.004)	-0.001 (0.004)	-0.003 (0.004)
Age	-0.003 (0.004)	-0.007 (0.004)	-0.006 (0.004)	-0.001 (0.001)	-0.002 (0.001)	-0.001 (0.001)
Female	0.066 (0.094)	0.224* (0.092)	0.172 (0.092)	0.028 (0.026)	0.060* (0.025)	0.005 (0.023)
University degree	-0.368* (0.101)	-0.458* (0.099)	-0.479* (0.099)	-0.090* (0.027)	-0.106* (0.026)	-0.057* (0.025)
Constant				0.644* (0.066)	0.427* (0.064)	0.361* (0.059)
Observations	1,545	1,565	1,557	1,545	1,565	1,557

Note: * p<0.05. Baselines for the value of own and parents' house are in both cases 'not property owner'.

Figure 4: Support for lowering taxes on inheritances between £325k-£1m and above £1m, by value of own and parents' house.



around .25). Overall, these results are consistent with the theoretical argument that rising property prices will drive down support for inheritance taxation because more people will stand to pass on a greater estate to their children and more people will stand to gain from inheriting a more expensive property from their parents.

4.3 Preferred Inheritance Tax Rates: Results from A Conjoint Experiment

Although the set of questions analyzed above can inform us about whether people generally prefer lower or higher taxes on different groups, they tell us little about their preferred tax rates. To better understand the preferred rates, we present in this section the results from a conjoint experiment that asked respondents to choose between two hypothetical inheritance tax systems. Doing so allows us to elicit the preferences even of those who replied 'don't know' in the earlier inheritance tax questions.

The attributes and tax rates of these potential tax systems are shown in table 4. To allow for the possibility that the public may favour a progressive inheritance tax schedule, we didn't mimic the current flat-rate British inheritance tax schedule, but instead asked respondents about their preferred marginal tax rates on four different inheritance tax brackets. These tax brackets were selected to allow us to distinguish between preferred marginal rates on small, medium, large, and very large inheritances. We chose the tax rates to minimize the number of regressive tax systems shown, which are vanishingly rare in advanced democracies, and have never been in place in Britain. Therefore, the rates are generally higher for higher inheritances, but we do allow for the possibility that respondents may prefer a proportional tax schedule, in that a 20% marginal tax rate is included in all four tax brackets. This approach contrasts with that used in Ballard-Rosa, Martin and Scheve (2017), where there are no restrictions placed on the rates that each bracket can face. Each respondent was shown five comparisons of tax systems and asked to pick the one they favored the most.

Table 4: Inheritance categories and inheritance tax rates.

Inheritance category	Possible tax rates
Inheritances valued up to £125,000	%0, %10,%20
£125,000 to £500,000	%0, %10, %20, %40
£500,001 to £1,000,000	%20, %40, %60, %80
Inheritances valued over £1,000,000	%20, %40, %60, %80, %90

Figure 5 presents the results. The left panel shows the average marginal component effects (AMCE); the right panel displays the marginal means. The results show that the public strongly supports letting inheritances under £125k be exempted from taxation. Even a low marginal tax rate of 10% is much less popular than the preferred 0% tax rate. For larger inheritances between £125k-£500k, the public is slightly

more supportive of a marginal tax rate of 10% or 20% than of one of 0%, yet they are strongly opposed to a higher tax rate of 40%. For even larger inheritances between £500k-£1m, the most popular marginal tax rate is 20%, followed closely by a tax rate of 40%. Higher tax rates of 60% and, especially, 80% are unpopular. For the top category, describing the marginal tax rate on inheritances in excess of £1m, the public is significantly more supportive of a marginal tax rate falling somewhere between 40% and 80% than of a lower one of 20% or an even higher one of 90%. Although there is support for higher tax rates on larger inheritances, quasi-confiscatory rates, such as those that were in place in some countries following World War II (e.g. in Japan, Korea, and the United Kingdom), are not very popular today. It is also notable that support is virtually identical for top tax rates between 40% and 80%, which indicates that the public are about as happy with the current 40% top tax rate as with a top rate twice as high.

Looking across all four tax brackets, we can clearly see that there is support for replacing the current flat-rate inheritance tax system with a progressive tax schedule. Yet, the support for a progressive schedule does not come from greater support for higher taxes at the top; rather, it stems from greater support for lower tax rates in the middle and at the bottom of the tax schedule. Again, consistent with H2a, there appears to be little appetite for higher taxes than those in place today.

4.3.1 Does Wealth Affect Preferences over Marginal Inheritance Tax Rates?

To examine how preferences over inheritance tax rates depend on wealth, we display in Figure 6 marginal means by the value of one's own house (left panel) and the value of one's parent's house (right panel). Here, we break the estimated house price variables differently than we did above, so that they concord with the inheritance tax brackets used in the conjoint. However, because very few respondents own houses, or have parents who own houses, worth more than £1m, the top category starts at £500k.

The left panel of Figure 6 shows that homeowners who own a house they estimate to be worth less than £125k are the strongest supporters of exempting these inheritances from taxation; at the same time, they are the strongest opponents of taxing these inheritances at 20%. We also see that individuals who own a house worth between £125k-£500k are more supportive of the 0% tax rate and more opposed to the 20% marginal rate than individuals who own a more expensive house valued more than £500k. Non-homeowners lie somewhere between these two groups.

For inheritances between £125k-£500k, we see a very similar pattern. Homeowners owning a house worth between £125k-£500k are, by far, the strongest opponents of a marginal tax rate of 40%, and those most in favor of low tax rates of 0% or 10%. Homeowners with homes worth less than £125k or more than £500k have very similar preferences; non-homeowners are distinct only in that they are least supportive of exempting these inheritances from taxation.

Figure 5: Preferred tax rates on differently sized inheritances

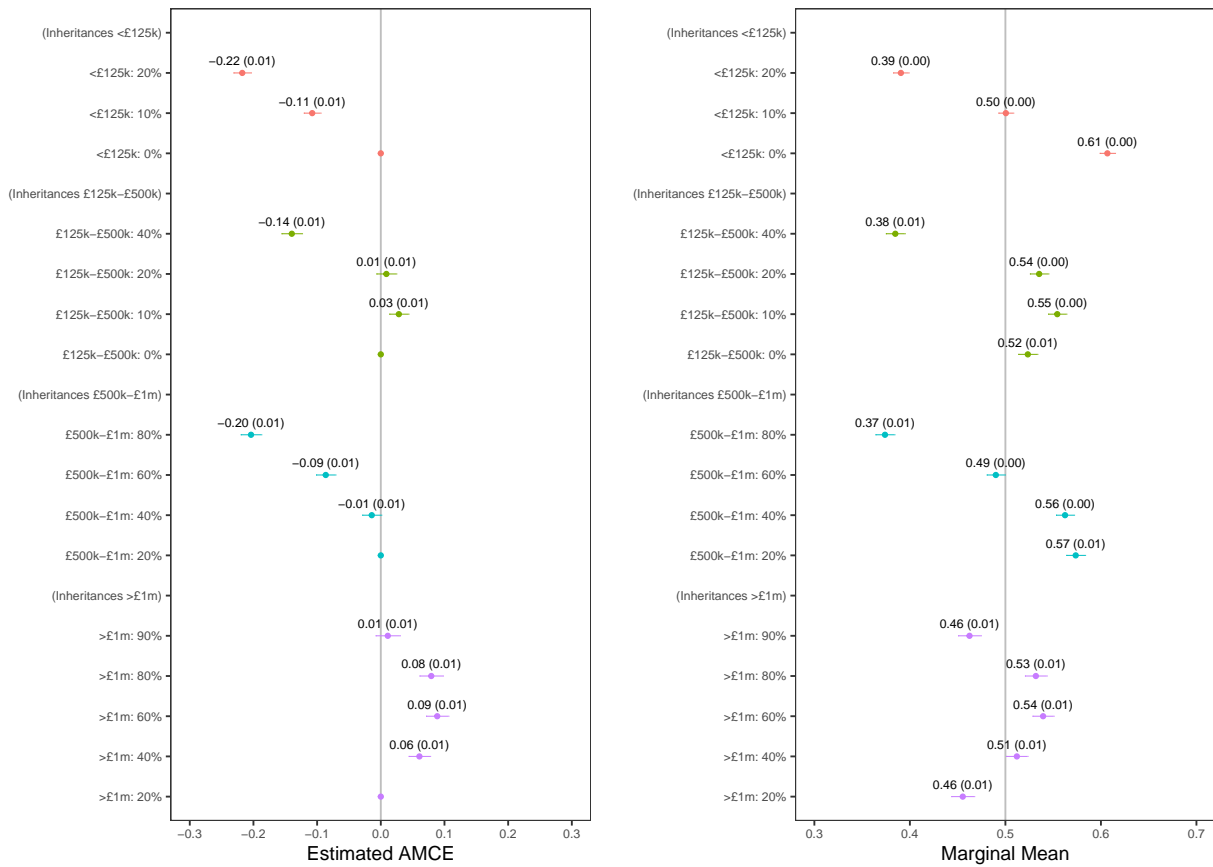
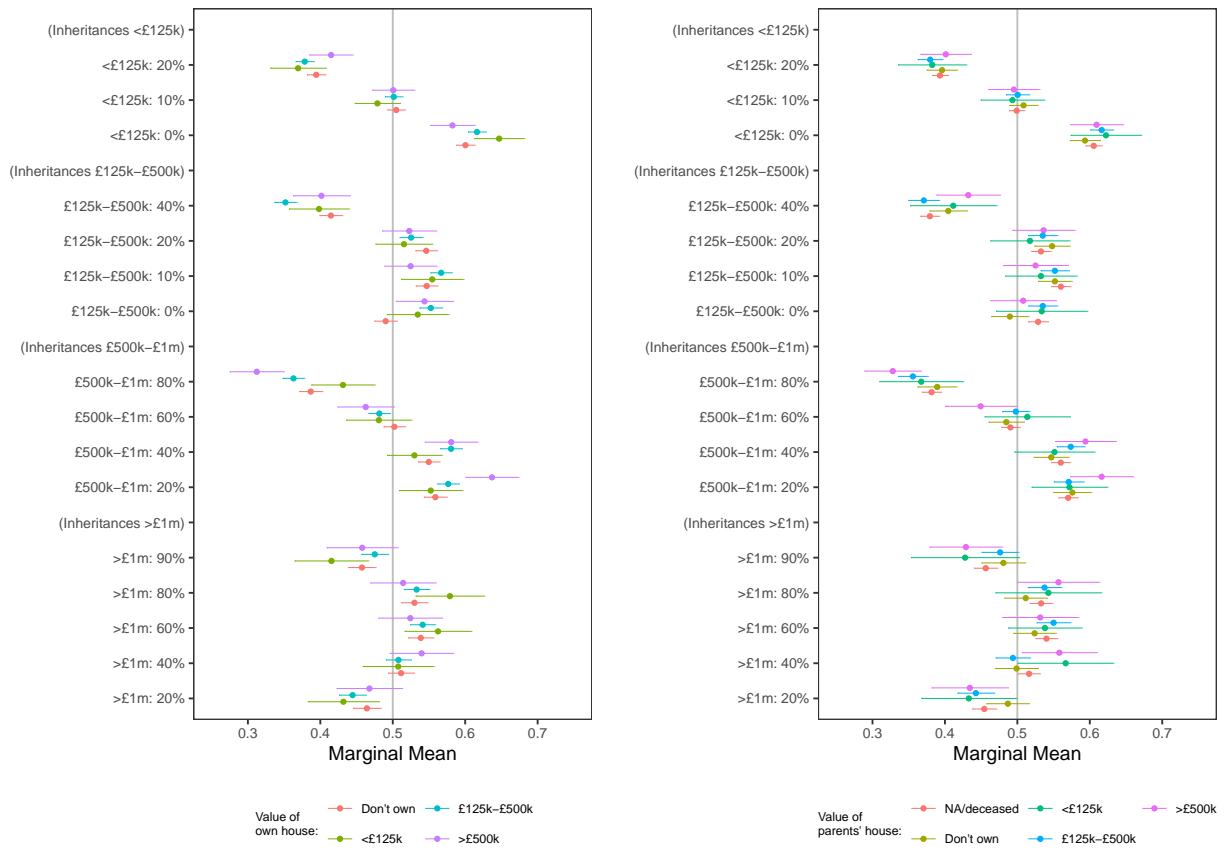


Figure 6: Preferred tax rates on differently sized inheritances, by value of own and parents' houses



Moving to inheritances between £500k-£1m, we again see a similar story. This time it's homeowners who own a house valued above £500k, who are the strongest opponents of an 80% marginal tax rate and the strongest proponents of a 20% tax rate. The next wealthiest group, homeowners with house valued between £125k-£500k, are more supportive of the lower rates and less supportive of the higher rates than homeowners with relatively inexpensive houses and non-homeowners.

Finally, for very large inheritances above £1m, we don't see as strong differences between the house price groups as for the other tax brackets, which is highly likely due to the fact that we don't have many respondents in the survey who own a house worth more than £1m and who would be directly exposed to taxes on this group. Yet, we do see that homeowners with relatively inexpensive houses, who are unlikely to be exposed to this tax in the future, are generally the ones most in favor of high tax rates of 60% and 80%, but they are also the ones most opposed to the highest tax rate of 90%.

Overall, these results suggest that homeowners are highly self-interested actors, confirming H2b. Homeowners care deeply about taxes that apply directly to themselves and their children, but not nearly as much about taxes that affect other homeowners. Non-homeowners, on the other hand, who don't stand to pass on a house to their children, are not consistently more favorable to higher inheritance taxes. In fact, they generally tend to have more moderate preferences than homeowners, which again suggests that the people who would stand to gain the most from wealth taxation don't have very strong preferences about it.

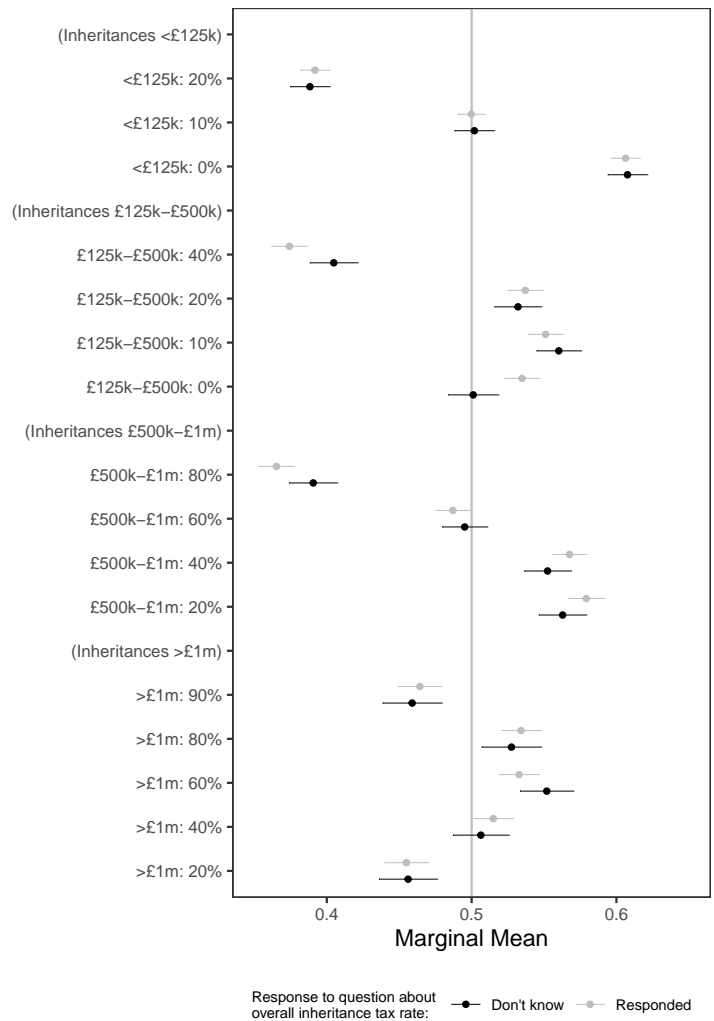
What about the children of homeowners who stand to inherit a house in the future? In the right panel of Figure 6, we break down preferred tax rates by the value of one's parents' house. Although an omnibus test of whether preferences differ by the value of the parents' house is insignificant ($F(52; 31,847)=1.22$, $p=0.13$), on the two middle tax brackets the figure shows similar, though slightly weaker, patterns as those for homeowners. Respondents whose parents own a house worth between £125-£500k are thus much more opposed to a tax rate of 40% on inheritances of this size than are individuals whose parents own either a cheaper or more expensive property. They do not differ from respondents whose parents have already passed, however, which may be because some of these respondents have already been exposed to paying inheritance taxes, and therefore hold more sceptical views. Similarly, respondents whose parents own a property worth more than £500k are the strongest opponents of a tax rate of 80% on inheritances between £500-£1m and the strongest proponents of tax rates of 20% and 40%. And finally, we again see that respondents who don't stand to be exposed to inheritance taxes (because their parents don't own a house) tend to hold more moderate preferences.

4.3.2 Do Preferred Tax Rates Differ by ‘Don’t Know’ Status?

Disaggregating the analysis by the value of an individual’s own house and her parents’ house shows that renters, and individuals whose parents are renters, tend to have more moderate preferences than homeowners. This is in line with the findings in the first part of the analysis in that renters and their children are much more likely not to express an opinion on our questions about inheritance taxation. But unlike in the survey questions analyzed above, we did not allow respondents to answer ‘don’t know’ in the conjoint experiments. This means that we can analyze whether individuals who tend not to express an opinion on inheritance taxation without being pressed to do so have different, more moderate preferences than those who freely express an opinion when prompted.

In Figure 7, we show the marginal means separately for respondents who answered ‘don’t know’ to the question about the overall inheritance tax level above, and for those who offered an opinion. The results show that when pressed to answer, the people who tend not to express a preference on inheritance taxation on the whole have more moderate preferences compared to those who freely express their views. On small inheritances below £125 and on large inheritances above £1m there is no difference between the groups, but in the two middle tax brackets, respondents who answered ‘don’t know’ to our inheritance tax question above are less opposed to the highest tax rates and less in favor of the lowest tax rates. On balance, therefore, individuals who don’t voluntarily voice a preference about inheritance taxation appear to have weaker, more moderate preferences than those who do freely voice their preferences. Since we know that high-wealth individuals are much more likely to hold a preference on inheritance taxation, it again points to the conclusion that the political environment regarding inheritance taxation is shaped by the preferences of more affluent homeowners, and their children, who are directly exposed to the inheritance tax. Low-wealth individuals are unlikely to express an opinion in the first place, and if forced to do so, they tend to express weaker and more moderate preferences than homeowners.

Figure 7: Preferred tax rates on differently sized inheritances, by whether respondent responded to question about overall inheritance tax rate



4.4 Does Information about Inequality in Housing Wealth Make People More Supportive of Inheritance Taxation?

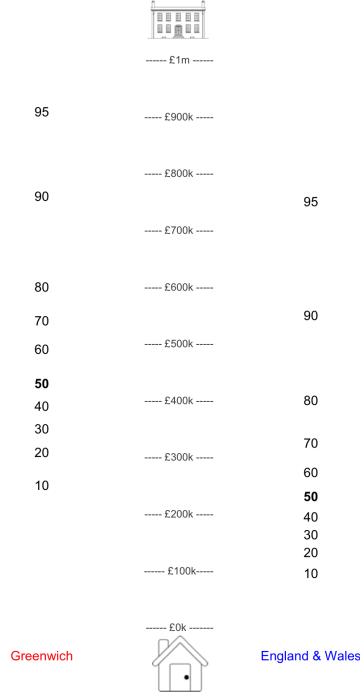
The previous sections have shown that although the public in England and Wales would be in favor of a progressive inheritance tax system, they generally prefer lower tax rates than those currently in place. This is true even for individuals without large estates to pass on to their children and for the children who don't stand to inherit much. In this section, we investigate whether we can shift individuals' preferences in favor of more stringent inheritance taxation by providing them with information about the distribution of house prices nationally or locally and nationally.

As discussed, we included an information treatment in our survey that divided respondents into two information treatment groups—a national and a national+local treatment group—and a control group, which did not receive any information. Figure 8 shows the national+local treatment in the case of Greenwich. The housing ladder in the middle of the image shows house prices ranging from £0 to £1m. On the right of the ladder, we showed the percentiles of the distribution of house prices in England and Wales, and on the left, we showed the percentiles of the distribution of house prices locally in Greenwich. The image came with the following description: “The HOUSING LADDER figure below shows the cost of houses in your local authority (left) and in England and Wales (right) in 2019. Each number represents the percentage of houses sold in that area that were cheaper than the price shown on the housing ladder. For example, the number 95 indicates that 95 percent of houses sold for less than that price. The number 20 indicates that 20 percent of houses sold for less than that price. The number 50 shows the average (median) price of a house sold in that area.” Respondents in the national treatment were shown the same image and text, but with no information about their local authority.

To maximize understanding and to check the comprehension of the treatment, we followed up with two comprehension questions that asked how much you would have to pay in order to buy a house that was more expensive than 90% of houses sold in England and Wales. In addition, respondents in the local+national treatment condition were asked whether an average house in the respondent's local authority was cheaper than an average house nationally, and respondents in the national treatment condition were asked what the price was of an average house in England and Wales in 2019.

In Table 5, we show the effects of the information treatment on preferences over inheritance taxation. The dependent variables are the full five-category preferences variables analyzed above, and all models are estimated using ordered logistic regression. In Panel A, we can see that neither of the information treatments had any direct impact on responses to the six inheritance tax questions. For the overall level, taxes you might pay, taxes your heirs might pay, and inheritances below £325k, the effects of the national+local

Figure 8: The National+Local Information Treatment for Greenwich



treatment suggest that people become slightly less opposed to higher taxes when seeing the treatment but for inheritances above £325k, the coefficients of both information treatments are positive, suggesting that, if anything, the treatments made respondents *more* opposed to higher taxes on medium-to-large inheritances.

In Panel B, we interact the information treatments with the value of the respondent’s own house to test whether homeowners with more expensive properties respond differently to respondents with lower or no housing wealth. Although there are a few significant coefficients in Panel B, the results overall suggest that the treatment effect is not conditioned by the respondent’s own housing wealth. In Panel C, we interact the treatment information with the value of the respondent’s parents’ house to see if people who expect to inherit a larger estate in the future respond differently to people who don’t stand to inherit a property. Again, the results suggest that providing respondents with information about national and local house price inequality does not alter the preferences of any particular wealth group.

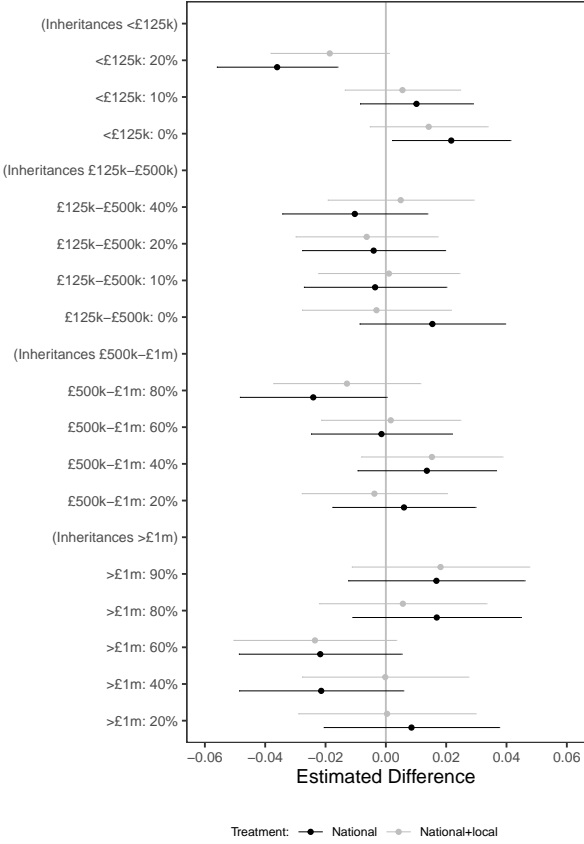
Next, we turn to examine if the treatment had any impact on responses in the conjoint experiment. Figure 9 displays the difference in marginal means between the control group and the two treatment groups, and shows that the treatments made respondents slightly less supportive of higher taxes on inheritances below £125k and slightly more supportive of keeping these inheritances exempt from taxation, while they had no other effects. We also did not find any conditional effect of the treatment by housing wealth, future expected housing wealth, income, education, or gender. This is shown in Table 6, in which we follow the

Table 5: The Information Treatment Had No Effect on Inheritance Tax Preferences

	<i>Dependent variable:</i>					
	Overall level	You might pay	Your heirs might pay	<£325k	£325k-£1m	>£1m
Panel A: Direct treatment effects						
National	0.013 (0.096)	-0.010 (0.104)	-0.0002 (0.103)	0.074 (0.097)	0.170 (0.095)	0.128 (0.095)
National+local	-0.065 (0.097)	-0.095 (0.105)	-0.140 (0.104)	-0.134 (0.098)	0.050 (0.097)	0.009 (0.096)
Panel B: Treatment × value of own house						
National × £100k and under	-0.310 (0.639)	-1.009 (0.761)	-0.038 (0.732)	-0.177 (0.647)	-0.305 (0.636)	-0.272 (0.598)
National+local × £100k and under	0.008 (0.582)	-0.026 (0.698)	0.153 (0.646)	-0.337 (0.595)	-0.366 (0.591)	-0.399 (0.569)
National × £100k to £200k	0.782* (0.300)	0.247 (0.331)	0.512 (0.323)	0.467 (0.303)	0.205 (0.300)	0.428 (0.297)
National+local × £100k to £200k	0.501 (0.301)	0.491 (0.331)	0.400 (0.319)	0.511 (0.308)	0.088 (0.302)	0.195 (0.298)
National × £200k to £300k	-0.029 (0.291)	-0.119 (0.316)	0.249 (0.317)	-0.321 (0.296)	-0.241 (0.291)	-0.062 (0.292)
National+local × £200k to £300k	0.137 (0.295)	0.271 (0.319)	0.399 (0.318)	-0.044 (0.298)	0.064 (0.297)	0.153 (0.296)
National × £300k to £400k	0.312 (0.339)	0.431 (0.355)	0.926* (0.355)	0.155 (0.335)	0.361 (0.330)	0.229 (0.325)
National+local × £300k to £400k	0.391 (0.332)	0.827* (0.346)	0.972* (0.351)	0.443 (0.337)	0.465 (0.329)	0.170 (0.323)
National × £400k to £500k	0.008 (0.402)	-0.050 (0.412)	0.170 (0.422)	-0.224 (0.418)	-0.343 (0.394)	-0.611 (0.398)
National+local × £400k to £500k	0.204 (0.442)	0.702 (0.463)	0.711 (0.467)	0.231 (0.445)	0.005 (0.431)	0.142 (0.439)
National × £500k to £750k	0.500 (0.439)	0.312 (0.480)	0.519 (0.481)	-0.138 (0.443)	0.156 (0.433)	0.009 (0.445)
National+local × £500k to £750k	0.448 (0.460)	0.907 (0.495)	1.062* (0.489)	-0.141 (0.456)	0.142 (0.442)	0.127 (0.430)
National × £750k and up	-0.356 (0.542)	-0.507 (0.605)	-0.561 (0.593)	-0.228 (0.558)	-0.407 (0.530)	-0.322 (0.551)
National+local × £750k and up	-0.555 (0.550)	-0.218 (0.606)	-0.426 (0.594)	0.091 (0.595)	-0.298 (0.571)	-0.316 (0.553)
Panel C: Treatment × value of parents house						
National × Not applicable/deceased	0.413 (0.301)	0.206 (0.319)	0.604 (0.326)	-0.357 (0.299)	-0.087 (0.298)	0.156 (0.300)
National+local × Not applicable/deceased	0.250 (0.305)	0.521 (0.322)	0.338 (0.324)	-0.089 (0.307)	0.024 (0.300)	-0.163 (0.303)
National × £200k and under	0.035 (0.401)	0.116 (0.427)	0.642 (0.439)	-0.310 (0.407)	0.227 (0.404)	-0.112 (0.400)
National+local × £200k and under	-0.457 (0.406)	0.025 (0.435)	-0.175 (0.439)	-0.580 (0.412)	-0.208 (0.412)	-0.621 (0.406)
National × £200k to £400k	0.071 (0.377)	0.079 (0.398)	0.453 (0.415)	-0.130 (0.381)	0.045 (0.377)	0.077 (0.379)
National+local × £200k to £400k	0.057 (0.378)	0.294 (0.403)	0.235 (0.415)	-0.029 (0.385)	-0.122 (0.382)	-0.384 (0.379)
National × £400k to £600k	-0.562 (0.523)	-0.383 (0.538)	-0.045 (0.557)	-0.453 (0.512)	-0.967 (0.518)	-0.659 (0.528)
National+local × £400k to £600k	0.095 (0.509)	0.729 (0.524)	0.358 (0.536)	-0.389 (0.510)	-0.622 (0.506)	-0.878 (0.509)
National × £600k and up	0.090 (0.535)	0.272 (0.564)	0.850 (0.586)	-0.339 (0.555)	-0.353 (0.526)	0.262 (0.554)
National+local × £600k and up	-0.961 (0.560)	0.094 (0.590)	-0.046 (0.591)	-0.200 (0.581)	-0.536 (0.551)	-0.832 (0.580)

Note: * p<0.05.

Figure 9: Treatment effects on preferred inheritance tax rates



recommendation of (Leeper, Hobolt and Tilley, 2020) and assess whether the preferences differ by subgroups using omnibus F-tests for the joint significance of the interaction of the treatment with the respective socio-economic group. All in all, preferences over inheritance taxation appear sticky and not easily altered by information. We therefore cannot confirm H3.

Table 6: Omnibus tests of differential treatment effects by own and parents' housing tenure.

	Test statistic	P-value
Treatment \times homeowner	F(52; 31,834)=1.21	0.14
Treatment \times parents homeowner	F(78; 31,821)=0.96	0.58
Treatment \times value of own house	F(104; 29,568)=1.05	0.36
Treatment \times value of parents' house	F(130; 31,795)=1.03	0.40
Treatment \times income (3 groups)	F(78; 22,721)=0.88	0.76
Treatment \times university degree	F(52; 30,364)=1.13	0.24
Treatment \times gender	F(52; 31,834)=1.00	0.48

5 Conclusion

Wealth is far more unequally distributed than income. But inheritance taxation is relatively low in most countries and most inheritances, even of the affluent, are exempt from any form of taxation. We argue that the cause of this disjuncture is twofold - those who would stand to benefit from inheritance taxation generally have ambiguous or moderate preferences, whereas those who stand to lose out have strongly antagonistic views, and are more vocal than their heritage-less counterparts.

Using a survey of over 3000 respondents in England and Wales, we provide a wide array of evidence to support this conjecture. Those individuals who do not own property are far less likely to express an opinion on inheritance taxation - in general or on specific groups - than those who own property. And among those who own property, there are strong connections between their estimated property price (or their estimation of their parents' property price) and their attitudes to inheritance taxation, with those owning properties worth over an estimated £500,000 particularly unsupportive of inheritance taxation. Using a forced choice conjoint experiment, we find similar results, and also confirm that those people who did not state an opinion on inheritance taxation in earlier questions have more moderate preferences than those who did.

Finally, we address the question of whether support for inheritance taxation could be galvanized by providing information on the distribution of local or national house prices. In line with existing studies, we find no conclusive evidence that information alters attitudes towards inheritance taxation.

In sum, inheritance taxation faces two enemies - ambivalence and hostility. While very few people's

estates incur inheritance tax, few citizens seem especially supportive of high rates of inheritance tax - on inheritances below a million pounds, the modal preferred level in our analyses is a tax rate of either zero or ten percent. And providing information about wealth inequality does not alter this ambivalence. On the other side of the ledger, property owners have strongly held and hostile views to inheritance taxation, which largely match their material interest. In light of these twin challenges, it is unsurprising that the cross-national direction of travel regarding inheritance taxation has been to lower or remove it entirely.

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A Online Appendix A: Inheritance vs. Income Taxation

Figure A1: Preferences over income taxation

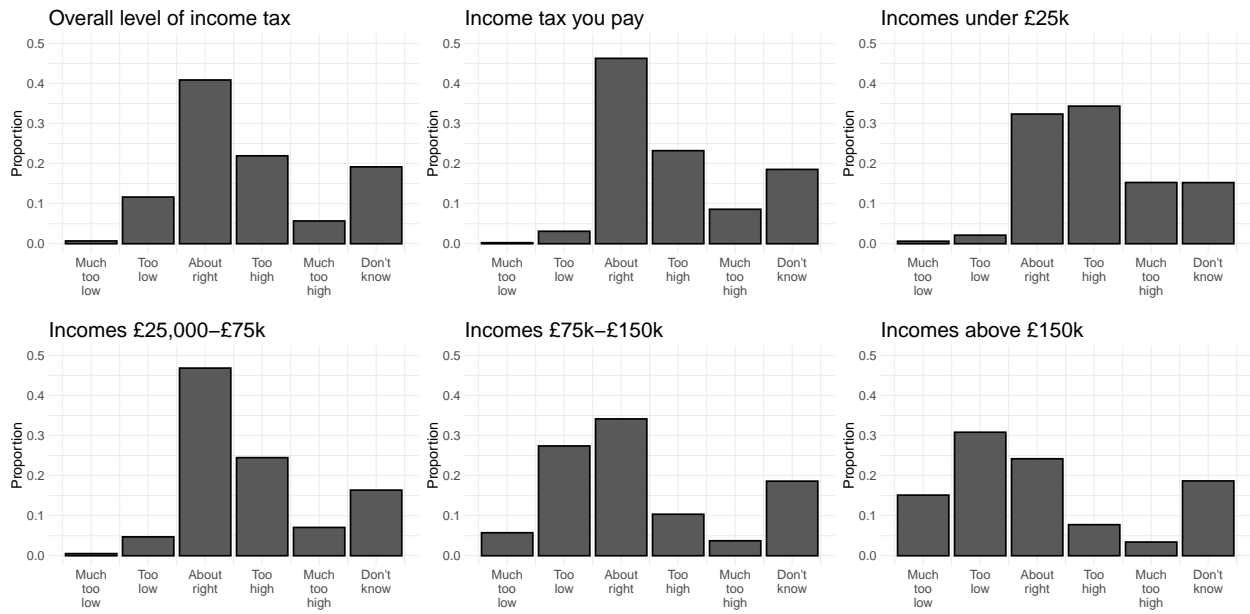


Figure A2: Preferences over the progressivity of the inheritance and income tax systems

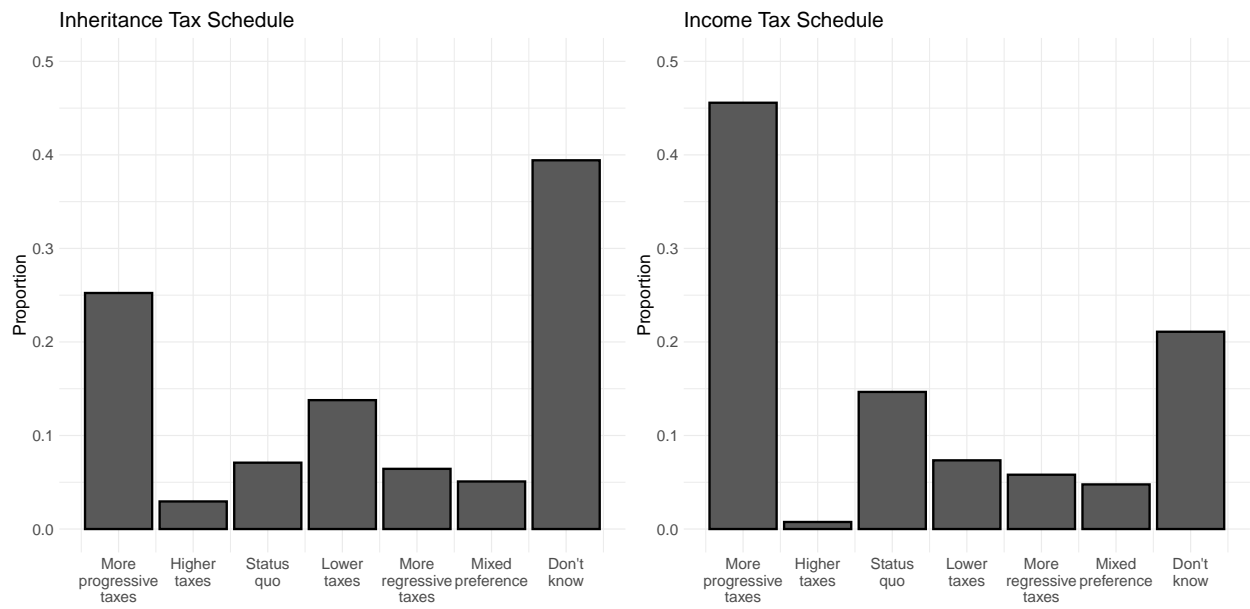


Table A1: Probability of answering questions about overall inheritance and income tax levels, by socio-economic and wealth status

<i>Panel A: Inheritance Taxation</i>				
		Wealth Status		
		Low	High	Wealth effect
Socio-economic status	Low	0.42	0.83	0.41
	High	0.71	0.94	0.23

<i>Panel B: Income Taxation</i>				
		Wealth Status		
		Low	High	Wealth effect
Socio-economic status	Low	0.56	0.93	0.37
	High	0.92	0.99	0.07

Note: A person with low socio-economic status is a female respondent of average age without a university degree who earns less than £5000 a year. A person with high socio-economic status is a male respondent of average age with a university degree who earns more than £150k a year. A person with low wealth status is a renter and whose parents don't own a property. A person with high wealth status owns a house worth more than £750k and whose parents own a property worth more than £600.

B Online Appendix B: House Price Estimates versus National Level

Our survey was conducted in England and Wales between the 28th of May and 7th of June 2021.

Data from the ONS (at <https://landregistry.data.gov.uk/app/ukhpi>) shows that for June 2021 the average house price in England was £285,002 and in Wales was £196,536. Adjusting for the relative volumes of houses sold (138,270 in England and 6,110 in Wales) gives an England and Wales average of £281,112.

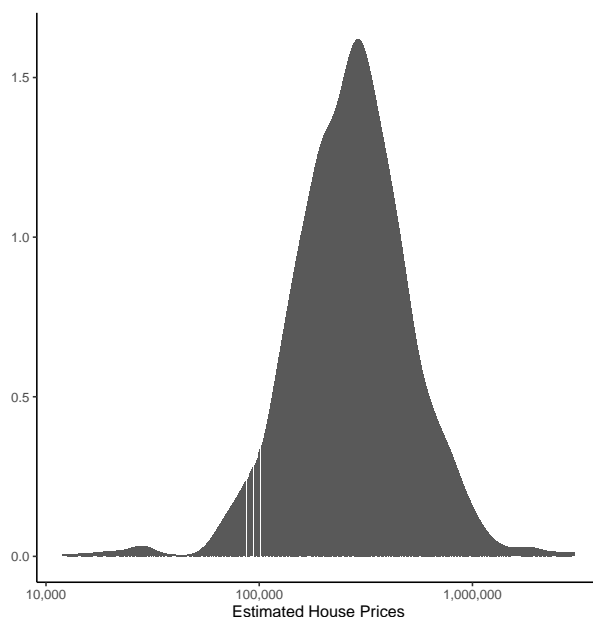
Table B1: Comparing house price estimates from the YouGov survey to those from ONS

Region	Median Price from ONS (June 2021)	Median Price in Survey
East Midlands	£225,824	£210,000
East of England	£323,910	£327,500
London	£506,583	£500,000
North-East	£152,416	£150,000
North-West	£200,568	£200,000
South-East	£359,672	£350,000
South-West	£299,218	£300,000
Wales	£196,536	£200,000
West Midlands	£231,513	£217,500
Yorkshire and Humber	£196,452	£197,500

It is immediately apparent from Table B1 that these figures are very close - the average deviation is £5,240 pounds (an average gap of 1.7 percent). The largest differences are in the Midlands, where our respondents had slightly cheaper houses (by around £15,000 or seven percent).

Histograms of (logged) individual house price estimates for England and Wales as a whole and each region follow (Figures B2 and B3). We can see a largely log-normal distribution across the country and in each region.

Figure B1: Histogram of estimated house prices



Respondents were shown data on the local authority house median house price at the end of 2019 (i.e. before the pandemic to avoid the possible distortions introduced by the shock to housing sales of using 2020/2021 data). Average house prices in England at the end of 2019 were £248,097, whereas in the month of the survey they were somewhat higher £285,002 due to COVID's effects on the housing market which raised prices, particularly for detached housing in the countryside. So on average, median prices at the time of the survey were around £38,000 higher.

We now compare the 2019 local authority prices to the estimates given by respondents in May/June 2021 (note respondents gave their house price before seeing these figures). Figure ?? shows the full data on people who owned houses (omitting those who put down a house price of more than £2m). The black line shows a 45 degree line, whereas the blue line and confidence interval are the best linear fit.

We see a very close linear relationship but with an offset of around £60,000. This may reflect two things. First, house prices had increased by £38,000 over the time period on average - as noted above. The remaining £22,000 could come from either (a) over-optimistic estimates, (b) the fact that regression takes the mean

Figure B2: Histogram of estimated house prices, by Region

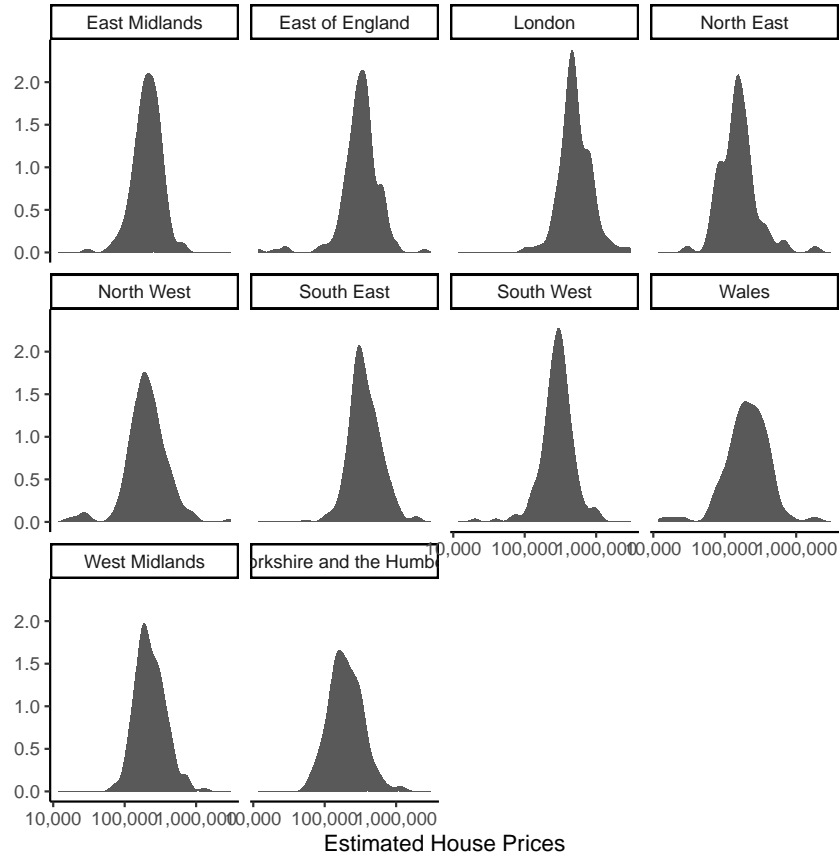


Figure B3: Association between estimated house price and actual house, local authority level

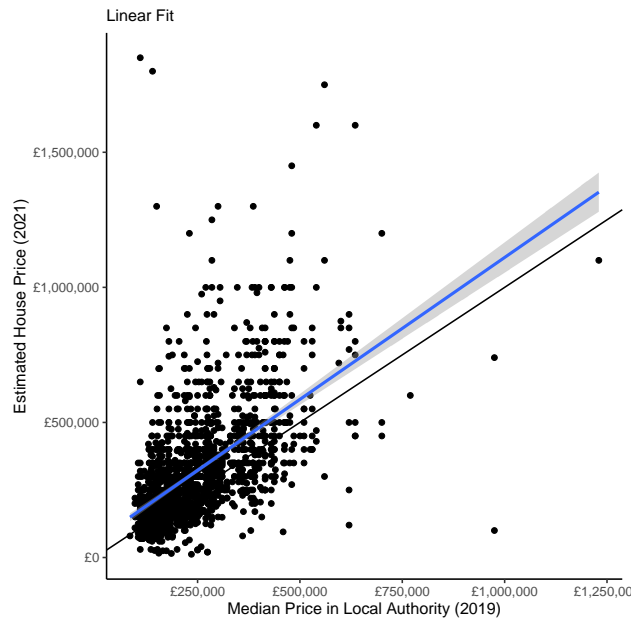


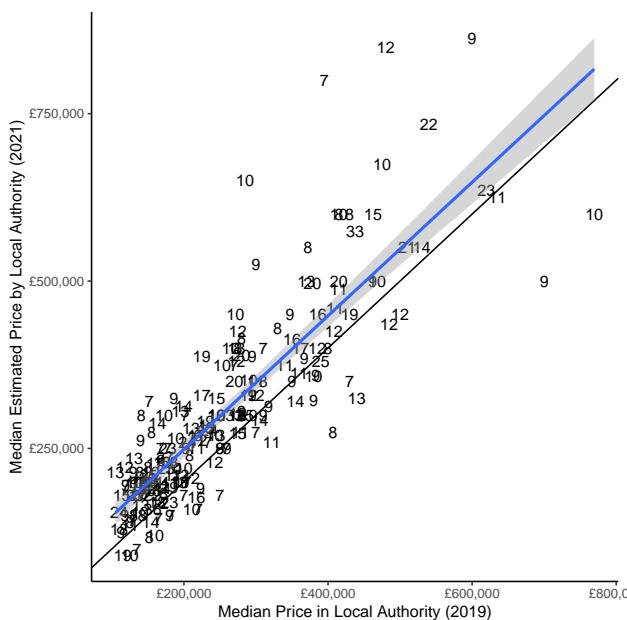
Table B2: DV: Individual House Price Estimate

(Intercept)	59955.2
	-10210
Median Local Authority Price	1.051
	-0.037
Num.Obs.	1700
R2	0.317
R2 Adj.	0.316
AIC	45864
BIC	45880.3
Log.Lik.	-22929
F	787.416

(not median) of the conditional expectation, (c) that some residences sold are occupied by renters, who do not answer our house price question, (d) or some un-representativeness at the local authority level (though note the sample is highly representative of house prices at the regional level).

We can deal with problem (b) by taking the median house price offered by the sample of respondents for each local authority and removing local authorities with fewer than seven respondents. The numbers in Figure B4 below reflect the number of observations in each local authority.

Figure B4: Association between estimated house price and actual house, local authority level



Here we see the intercept has been reduced by £10,000 once we take the median answer into account. This leaves over-optimism, different tenure status, and sample un-representativeness as potential explanations for

Table B3: DV: Median House Price Estimate by Local Authority

(Intercept)	49223.771 (12746.289)
Median Local Authority Price	0.997 (0.045)
Num.Obs.	200
R2	0.715
R2 Adj.	0.714
AIC	5075.3
BIC	5085.2
Log.Lik.	-2534.634
F	496.598

the remaining difference of around £10,000. Our R squared measure of fit also more than doubles from 0.316 to 0.714, largely because we have reduced dispersion by aggregating. Finally, whereas the line of best fit was 1.05 in the previous analysis it is now 0.997 - slightly closer to a one to one relationship.