

Part 2 of 2-Part Series on North America, the Fiscal Crunch, and Taxing the Wealthy  
The U.S. and the Left-Right Fight over Taxing the Rich

## **The U.S. War over Taxing the Wealthy—Business Panel Sides with Both Left and Right**

**Business Panel Sides with Liberals in Favouring Higher Taxes on  
High Income Earners, While Also  
Siding with Conservatives in Favouring Removal of Loopholes and  
Lowering Tax Rates**

**Weekly CEO/Business Leader Poll By COMPAS in *Canadian Business*  
For Publication Week of September 5, 2011**



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## 1.0 Introduction

Billionaire Warren Buffett's call for higher taxes on higher income earners triggered a firestorm of conflict among politicians. Supporting Buffett, who was echoing President Obama, liberal Democrats reiterated calls for higher taxes on higher income earners as a potential solution to the U.S. fiscal crunch.

Conservative commentators responded with fury, seeing the call for higher taxes as a smokescreen for creating more tax loopholes for friends of the ruling Democrats. Some conservatives called for no increase in taxes. Other conservatives called for an increase in revenue that would be made possible by *lowering* rates while eliminating loopholes. Whether favouring or opposing higher revenue, conservatives generally advocated removal of loopholes. Some conservatives saw Buffett's call for higher taxes as hypocrisy because he had shown his own limited confidence in government by donating his fortune to the Gates Foundation instead of the Internal Revenue Service.

The CEOs and business leaders on the COMPAS panel were asked where they stood in this epochal conflict. The panel took sides—*both* sides:

- ❑ Siding with American liberals by a 4:1 margin, panelists favour higher tax rates on high income earners. Panelists saw Buffett's call for higher taxes on high income earners as wise and courageous, not hypocritical; meanwhile,
- ❑ Siding with American conservatives, panelists oppose by a more than 6:1 margin raising tax rates without first removing loopholes, "the real problem." By a more than 2:1 margin, they believe that revenue would actually increase if rates were lowered and loopholes removed.

These are the key findings from this past week's Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine.



## 2.0 Findings

*Table 2.1: In a major article, Warren Buffett called recently for increased taxation of the wealthy. To what extent do you agree with each of the following opinions on a 7 point scale where 1 means disagree strongly and 7, agree strongly.*

	MEAN	7	6	5	4	3	2	1	DNK
Buffett shows wisdom, courage, and leadership.	5.6	40	23	12	12	7	2	3	1
Taxes should <u>not</u> be raised without first removing loopholes, the real problem.	5.6	37	25	17	8	5	5	2	1
The U.S. should raise tax rates on people earning over \$ 250,000 so that high income earners contribute more.	5.5	38	26	12	5	6	9	3	1
Removing loopholes and lowering rates on the rich will increase actual revenue from the rich while reducing the role of political connections in tax.	4.9	23	21	16	12	9	10	5	5
Buffett shows hypocrisy because he is giving his fortune to the Gates Foundation, thereby showing his limited confidence in government.	3.0	7	8	8	12	16	18	30	1

The following verbatim comments provide a nuanced sense of respondent opinion:

Buffet just ponied up 5 billion for a mismanaged bank. The Feds have no further bullets, arrows or sledgehammers to apply the required fix. Corporate America sits on a pile of cash both off shore and on shore. Fix the mortgage mess, re-do mortgages that have homes worth less, than their



debt. Consumers need a signal that happy days are coming sooner rather than later. Global market turmoil reflects lack of confidence in how the USA will try to BS a fix. So sad!

You know, I am tired of people assuming that the "rich" need to be taxed higher or pay more! This is a Capitalist economy, as such "people" are encouraged to get ahead and make money. It is a fallacy that everyone can't do this, anyone can it takes guts, brains and some gambling to achieve this. Why should they be penalized for their efforts? There should be one level of tax for all people. Granted this should not kick in until a base salary has been reached, and there should be NO deductions allowed for this tax, PERIOD. This both reduces government interference, favoritism and staffing levels, a win-win for all concerned, and still maintains the incentive to do well and achieve monetary success.

Robbing Peter to pay Paul never works.

Just look at to our Southern neighbor and find out what happened to the biggest economy in the world in hands of ultra and neo conservatives. The elimination of middle class and sacrificing poor people for making big corporations and rich people richer is not going to be a sustainable pattern. We are witnessing more riots and uncontrolled behaviors from youth and poor people in Western countries like England and without making bold and necessary adjustments these problems would not go away.

The U.S. is spending 50% more than it takes in taxes. It needs to reign in spending (look at military adventures overseas to start) and completely overhaul its tax structure, eliminating many "loopholes" and consider adding a VAT/GST. State funding is also in crisis in the U.S.



### **3.0 Methodology**

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted August 26 – 30, 2011. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n=88 are deemed accurate to within approximate 10.5 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.



