

Speaker: Matías Núñez (University of Cergy-Pontoise)

Political Competition over Distortionary Taxation

Abstract

Political parties compete over income tax functions, and voters vote and decide whether to pay full taxes or to make an effort to modify their tax burden. We show that political parties only propose efficient income tax functions given that Laffer condition over income taxation is satisfied. Regarding the shape of income tax functions, it need not be the case that the majority of voters prefer progressive taxation to regressive taxation as a consequence of the distortions. Nevertheless, we prove that the political appeal for progressivity is restored under mild conditions.