Responsibility-sensitive egalitarianism and optimal linear income taxation[*]

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Abstract

We compute optimal linear taxes on labour income for the case of preferences that are quasi-linear between income and labour and that lead to an iso-elastic labour supply. Economic agents differ in their productivity and in their taste for leisure. We assume that a responsibility-sensitive egalitarian wants to compensate for the former differences but not for the latter. We capture this intuition in different ways. First, we assume that the social planner wants to equalize opportunities for welfare along the lines of the criteria proposed by Roemer and Van de gaer. Second, we assume that she is non-welfaristic and evaluates social states on the basis of an advantage function representing reference preferences. We finally combine these two approaches and assume that the social planner wants to equalize opportunities for advantage.

Keywords: Optimal Income Taxation, Equality, Opportunity, Welfare.

JEL Classification: D63, H0 and H2.

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