“Voluntary Contributions ‘Vote Out’ Public Ones”

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Barcelona, February 10th 2009
Contribution of the paper

- It adds a counter-intuitive, complementary and somehow opposite result to the literature on taxes crowding-out voluntary contributions to public goods:

- Altruism may crowd-out voting for higher taxes which contribute to the provision of public goods.

- Thus, a more altruistic society may provide less public goods.
Key aspect of the model

- It endogenizes the tax level decision through voting by agents who differ in their altruism (warm-glove).
Two Effects

• **Aggregate Effect**: If agents are more altruistic, taxes are less necessary to obtain contributions, so agents vote for lower taxes.

• **Median-voter effect**: Altruistic agents derive utility for voluntary contributions, so they prefer lower taxes.
Some comments

1. Modellization of altruism as “warm glove”
2. Heterogeneity in altruism, but not in income of value of public good
3. Median voter effect is sensitive to modelling of altruism:
   - Why do people pay taxes?
   - What is altruism?
     - “warm-glove”
     - Distributional concerns
     - Showing-off (reputation)
     - Reciprocity
4. Voting for a tax level (and not for redistribution)
5. Agents’ contribution to public good provision is negligible.