

Decision Processes Colloquia

Monday, October 20, 2025

Where: JMHH G50

When: 12:00 – 1:20 pm

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Perceptions and Consequences of Taxation and Redistribution

ABSTRACT:

Taxes are both essential to modern societies and broadly disliked. This talk presents findings from two projects examining how people perceive the distribution of the tax burden and how redistributive structures affect effort and sentiment.

In the first part, I present a project building on prior work showing that Americans greatly underestimate income and wealth inequality and would ideally prefer even less inequality than they believe exists. Across multiple studies, we find that Americans likewise underestimate how skewed federal income tax liabilities are—and thus how progressive the U.S. tax system is. These results challenge prior conclusions and public opinion data, suggesting that asking untrained participants to estimate highly skewed distributions (of income, wealth, or taxes) inherently produces underestimates of skew, making conclusions about perceived inequality highly dependent on stimulus design.

In the second part, I present a project that uses an incentive-compatible real-effort experiment to examine how different redistribution policies influence actual effort and fairness perceptions. We find that the structure and visibility of redistribution significantly shape both productivity and sentiment. Together, these projects highlight the challenges of studying taxation and inequality and the broader behavioral consequences of redistributive design.

