Published on *Adam Smith Institute* (http://www.adamsmith.org)



# We spot the Laffer Curve in the wild again [1]

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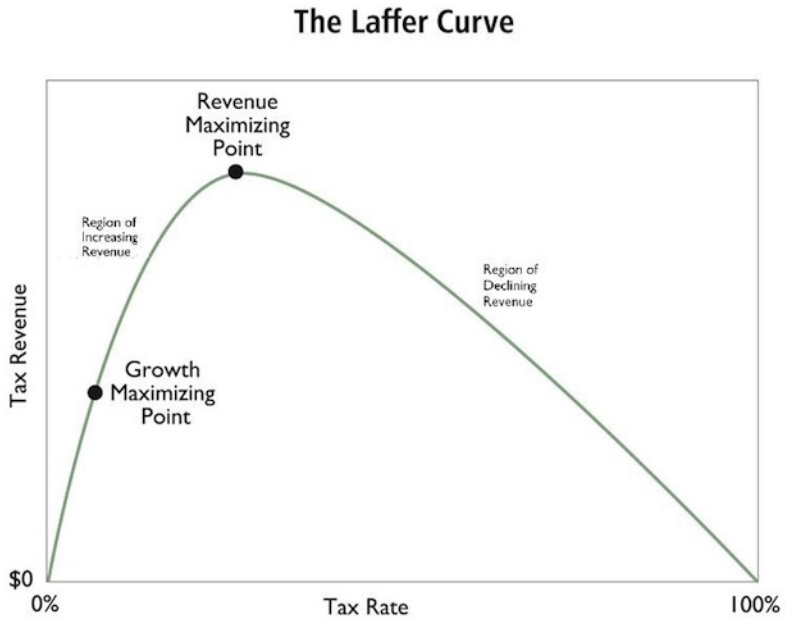


A little point about the Laffer Curve that isn't usually properly appreciated. There is no Laffer Curve.

Rather, there are a series of Laffer Curves. Different taxes, in different societies at different times will always have their own shapes and peaks. We normally think about the curve with respect to income taxation and economic growth. Sometimes the gross weight of all taxation and growth. But there's a Laffer Curve in consumption taxation too [3]:

> After a hefty cigarette tax increase took effect July 1, tobacco tax revenues dropped $29 million or 21 percent short of projections, accounting for almost half of the shortfall in other taxes.

It is indeed possible to ramp up taxes sufficiently to reduce tax revenues. Therefore there really is a Laffer Curve. Even if for only this one tax in this one circumstance.

Which means that when we trun to our more nomral idea, that link between income taxation and revenue scollected, we do indeed know that there is an extant curve: we've just got to work out that peak.

Or, if we're rather more clever than that, work out what is that growth maximising rate for that is what is going to make a better world for our children.

At heart here though my point is simple. There are those who deny the very existence of even Laffer effects: we now know that they exist and can prove so with this simple example. Thus we can dismiss entirely the views of those who deny this simple and basic truth.

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