

## **Abstract**

We consider an overlapping generation model with income re-distribution. The income of an agent depends on his level of human capital which depends on the educational resources their parents spent on him, on his parents human capital and on his innate abilities. The income tax rate at each generation is the result of a democratic political process. We analyze the dynamics of the after tax income and human capital distributions. The degree of inequality of those distributions might evolve in a non-monotonic way. Thus, democracy does not always bring monomotonic reductions in inequality over time.