

Conservatives and libertarians often claim that a flat tax, in which everyone pays the same percentage of their income, is the only fair kind of tax.

Here's the sort of argument that seems to underly this claim:

- (F1) Taxes are fair only if people are taxed equally.
- (F2) People are taxed equally only if people pay the same percentage.
- (F3) So, taxes are fair only if people pay the same percentage.

Now, F2 might seem plausible, but on closer inspection, we've got no reason to accept it.

That's because there are actually several conceivable ways to tax people equally, depending on what sort of metric you're trying to equalize.

For instance, instead of the same percentage, you could tax everyone the same dollar amount. That's a conceivable alternative that this premise ignores.

Here's another one: We could equalize how much each person is harmed by taxes. And since money has diminishing marginal utility—for instance, 1000 bucks means a lot less to a rich person than to a poor person—this would call for a highly progressive tax, in which the rich are taxed at a much higher rate.

Taxing at the same rate—say, 10%—hurts someone making only \$30K a lot more than someone making \$30 million, since the poor person only has \$27K left to live on while the rich person has \$27 million.

The point is, you can't just make the inference from “Tax equally” to “equal percentage”, since there are other conceivable, and in my opinion much fairer, ways to tax equally.