

PragerU recently tweeted this: “The more financially successful a person becomes, the more the rest of us forcibly take from them. It has never made sense.”

(Note that they use the pronoun ‘them’ as a singular, gender-neutral pronoun—which is something conservatives usually complain about. So I guess even PragerU is woke now. Good for them.)

But contrary to what they say, I think progressive taxation makes perfect sense—people who make more money *should* pay a larger percentage of their income.

Money and income have diminishing marginal utility, in the sense that as you get more and more of it, the benefit you get from each additional dollar is less and less.

For instance, \$1000 in the hands of a poor person means a whole lot to them. They can use it to meet their basic needs and do things they’d otherwise be unable to do. But \$1000 means very little to Bill Gates. There’s nothing new he’ll be able to afford that he couldn’t already, and it won’t make his life any easier.

If someone making 30k pays 10% in taxes, that places a huge burden on them. They only have 27k left to live on. But if someone making 30 million pays 10%, that’s a much smaller burden, since they still have 27 million left to live on.

So taxing everyone the same percentage places a greater burden on the poor, which is why people who make more should pay proportionally more.