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Paris Hilton's Party

The repeal of the estate tax and the dawn of the United States of Aristocracy

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"Ill fares the land,  
To hastening ills a prey.  
Where wealth accumulates and men decay"  
-Oliver Goldsmith

I am a proud heir. On my father's death, twenty-three years ago, I inherited, along with a 1974 Plymouth with a peeling roof, a spotless name. The car soon gave out. I have yet to dishonor the name. I might have inherited more tangibles if my sisters had not insisted on doing the right thing. The story is a short one and resonant.

Looking back, it was as if my mother held Alzheimer's at bay long enough to care for my father, for after his death, having honored her marital vows to the full, she deteriorated rapidly. She had kept together for him; now she could fall apart. My sisters and I faced a common dilemma: whether to see the money my parents had accumulated go to a nursing home, or by a legal strategy divert it to us and saddle the taxpayer with the cost of my mother's care. In my living room an attorney-friend explained our options. He did not get far before my sisters interrupted. They appreciated what he was trying to do for us, but our parents believed in paying their fair share, and they would not have felt right taking resources that should go to the needy. With the sale of their house, my mother had \$60,000. She was not needy; not yet. They would want to pay out all they had; then, honorably, apply to Medicaid to pay for rest of her stay in the nursing home. Her children—barely able to keep up with our obligations to our own families—could not pay.

My sisters, I knew, were under the sway of family precedent. My father set it when he refused to apply for a small disability pension after his service in the First World War. His ship, the *USS Mount Vernon*, was torpedoed in the Bay of Biscay. He was leaning over the rail when the torpedo hit. A finger jammed into a nostril. He had nosebleeds, and, from time to time, pain. After the war, men with injuries as minor got disability checks, but he couldn't do it, he told us. It would dishonor the memory of the scores of shipmates killed, the scores more burned and wounded, in the attack. The sight of the coffins laid out on the dock at Brest, of his captain weeping so copiously that the tears soaked his blouse—no, with that memory haunting him, he could not do it. Later, during the Depression, sleeping in his car while working for the WPA during the Depression, desperate to provide for his family, how he missed that pension!

I indulge this reminiscence in counterpoint to the House GOP's recent vote to repeal the inheritance tax. In my last column I argued that oligarchy has supplanted representative government in Washington. The GOP, I wrote, runs as the friend of the many but rules for the few. I pointed to bills hurting consumers but helping credit card companies, preventing seniors from paying lower prices on their drug purchases but swelling the profits of drug companies, limiting class-action suits on behalf of workers and consumers but benefiting the insurance and manufacturing industries; and I asked, Whom does the Republican Congress represent? Last week the House provided an even narrower answer than "Corporate America." It represents six people in Alaska, seventeen in Idaho, twenty-four in Maine, twenty-five in Montana, forty-nine in Alabama, ninety-three in Wisconsin, etc. According to a study done for United for a Fair Economy (UFE), that number of people in those states will have to pay the estate tax in 2009, when only estates worth more than \$7 million, if accrued by a couple, will be subject to it. House Democrats wanted to keep the estate tax at \$7 million after 2009. The GOP said no. Only 6,000 families a year leave estates larger than that, worth an average of \$17.5 million, but George Bush and his party want no heirs to be taxed. Paris Hilton must have a fragrance by now; why shouldn't she have a political party?

Theodore Roosevelt, the estate tax's most energetic proponent, declared that its "primary objective ... should be to put a constantly increasing burden on the inheritance of those swollen fortunes which it is certainly of no benefit to the country to perpetuate." In short, to discourage an aristocracy of mediocrity arising from the untaxed fortunes accrued since the Civil War by the Rockefellers, Morgans, Carnegies, and Goulds. In *A Theory of Justice* John Rawls put TR's political objections to the power of concentrated wealth in the language of political philosophy: "The purpose of the estate tax is not to raise revenue ... but to gradually correct the distribution of wealth and to prevent concentrations of power detrimental to the fair value of political liberty and fair equality of opportunity." Finally, for TR the estate tax was a matter of simple justice: "[T]he man of great wealth owes a peculiar obligation to the state, because he derives special advantage from the mere existence of government."

Enacted in 1916, the estate tax remained unassailable for decades. What politician would dare champion Paris Hilton? But starting in the early 1990s, heirs to the Campbell Soup, Mars candy, Gallo wine, and other fortunes joined with anti-tax zealots to mount a propaganda campaign seeking to transvalue values, arguing that justice required the *repeal* of the estate tax because... you must look up their Dadaist arguments. I fear infection from their absurdity if I summarize them. As Michael J. Graetz and Ian Shapiro show in a fascinating and appalling new book, *Death by a Thousand Cuts: The Fight Over Taxing Inherited Wealth*, this "grasstops" propaganda changed public opinion on the estate tax, making repeal safe for Republicans and not a few craven Democrats.

*Death by a Thousand Cuts* abounds with detail, personalities, and reversals of fortune. The authors, who combine academic authority with insider knowledge about how Washington works, light up the entire legislative process through the prism of the estate-tax debate. A few of their portable insights:

1) More than lobbying, personal contacts drive votes. "[E]very one in the House," remarked Charles Rangel (D-NY), a defender of the estate tax, "knows one person who's affected" by the tax. Why? Consider Senator Diane Feinstein (D-CA), who grew up in a well-to-do family and married a rich man. "As she flies back and forth, first class, between Washington and San Francisco, she might find herself sitting next to someone concerned about the estate tax. The odds that she will find herself talking to an avid proponent of the estate tax are vanishingly small."

2) Framing matters. It's not clear which genius of simplification first termed the estate tax the "death tax," but the "repeal coalition" made the magic phrase normal usage in the media. "[T]he nomenclature turned the debate," says former House Majority Leader Dick Armey. Death was invoked in sound-bites like this one, repeated by "two dozen legislators" during one debate over the estate tax: "[N]obody should be forced to visit the undertaker and the IRS on the same day." Like God, Death had joined the GOP.

3) "Americans' misperceptions are remarkably resilient." Nearly 40 percent of us, according to a 2000 poll, believe we are "already either in the top 1 percent of wealth or will soon be there." Poor Al Gore. He thought he had a winning line when he charged that most of the Bush tax cuts would go to the top 1 percent.

4) Stand-alone polls are the propagandist's favorite tools. Frank Luntz, the self-promoting pollster, circulated surveys showing, for example, that 61 percent of gays and lesbians who voted for Gore favored repeal of the estate tax. They weren't asked, Do you favor reducing the budget deficit and the national debt, or increasing them by \$300 billion or more over ten years by repealing a tax that falls on less than 2 percent of Americans? "By separating repeal from the context of the overall federal budget and spending priorities," the authors write, "and thus isolating the 'death tax' as a stand-alone issue of fairness, repeal advocates were able to manipulate a low-level of interest in the general public."

Repeal of the estate tax will soon be before the Senate. Is it beyond the wit of Democrats to frame the issue as a choice: Do you want Bill Gates's kids to inherit the whole \$50 billion? (He doesn't.) Or, with the money raised from taxing estates larger than \$7 million, do you want to finance a program of long-term care for seniors? Long-term care insurance would allow middle-class families to preserve their inheritances without resorting to legal evasions. It would spare seniors pauperizing themselves to pay the \$40,000 a year cost of nursing homes or to be eligible

for public assistance. Is it "fair" that families should lose everything to nursing homes? Is it "just" to deprive stricken grandmothers of dignity? Are you for making life even less meaningful for Paris Hilton, or for long-term care for our parents and grandparents? For selfishness or social decency?

"They will put up with poverty, servitude, and barbarism," Toqueville wrote about us, "but they will not endure aristocracy." How can the elected representatives of the *American* people be about to enshrine an aristocracy? Repealing the estate tax would vitiate the democratic ethos that distinguished the New World from the Old by establishing privilege as a principle, a statement of national values. Dickens could tell the servants from the quality in America: they would not wear livery! Equality was the regnant value of nineteenth-century American society just as inequality is of the America of George W. Bush, raised a prince and born a distant relative of the queen.

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