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**FT.com site : Amity Shlaes: The great cross-party unifier.****Amity Shlaes**

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Differentiating yourself from your opponent is what politics is all about. Ask Chuck Schumer of New York. The Democratic senator is donning his armour for hand-to-hand combat with Jon Kyl, a Republican from Arizona. The Democrat wants to preserve the estate tax, America's inheritance tax. The Republican wants to abolish it. The Democrats are the party of economic redistribution - or "The New New Deal" as Mr Schumer put it once. The Republicans are the party of tax-cutting. Clear enough.

Except that Mr Schumer is thinking he might give in on rate cuts for the tax. What is more, he may permit exemption from the levy for estates worth less than \$3m, or even \$5m - even though such a change would leave fewer than half of one per cent of all estates subject to the tax. Oh, and the timing of the legislation - there is room for concession there, too. In other words, Mr Schumer will defend the estate tax and he may well prevent its abolition, but the result will still be a levy more diminished than even the fiercest Republicans could have hoped for 10 years ago.

The US is not the only country whose politicians are jousting their way to positions nearly identical to those of their opponents. Seen from abroad, the similarity between Labour and Conservative agendas in the UK is downright peculiar. But, as Michael Graetz and Ian Shapiro of Yale point out in a lively legislative chronicle\*, the story of the American estate tax is worth a review because it also tells us something about the life and death of individual parties.

As recently as a decade ago, Democrats assumed the estate tax was here to stay. "An old tax is a good tax" runs the tax maxim, and the estate tax is old - the last leader to fight seriously for repeal was Andrew Mellon in the 1920s. As for Republicans, their most radical document, the 1994 "Contract with America", called not for repeal but a gentle increase in the exclusion - from \$650,000 to \$750,000 or \$850,000.

After that, however, Republican strategists and conservative talkshow hosts dropped the "estate tax" label and began referring to "the death tax". They started talking repeal and started talking reduction. William Beach of the free-market Heritage Foundation pulled out examples of families that had been forced to liquidate their businesses to pay the levy and pushed those families into the spotlight of congressional hearings. Grover Norquist of Americans for Tax Reform, an anti-tax lobby, dedicated sessions of his invitation-only "Wednesday Meetings" to the cause of "killing" the tax. Chris Cox, a California congressman, told the papers that the government was trying "to pry lots of cash out of the cold dead fingers of America's deceased entrepreneurs".

The "death to the death tax" campaign was popular - so popular that it helped Republicans, including George W. Bush, the president, to win elections and so popular that some Democrats began to go along with it. Nobody wanted to say he was for a "death tax". Eventually, there were enough votes to approve reductions of the tax. Converting those reductions to a permanent repeal is what Mr Kyl seeks now.

You can ascribe this shift to the marketing. After all, many vigorous "death tax" opponents seem unaware that their family fortunes may not be subject to the tax in any case. You could say that Messrs Beach and Norquist are shock-horror schemers who managed to talk, lobby and blog the nation into believing abolition was a moral cause. Even though abolition was not in citizens' interest. But this explanation is too simple. For one can argue that abolition is in the American interest, even in a period of fiscal deficit. A weak or absent estate tax inspires individuals to accumulate wealth and businesses to grow.

What is more, many Americans, including Democrats, dislike the estate tax. If you believe that you may become rich one day, you do not want to curtail your own opportunity to build inheritances. Even if that means allowing someone else to advance his horrid offspring ahead of the rest. Such a triumph of hope over envy is the popular recognition of the very real successes of the 1980s and 1990s. This is what Mr Beach, Mr Norquist and the others divined. So did television screenwriters, who made the point in a scene about the Congressional Black Caucus in *The West Wing*:

Character A: "Can you think of any reason why they'd oppose the estate tax?"

Character B: "Sure. The first generation of black millionaires is about to die."

The "death tax" saga tells us something about other American projects, including the campaign to privatise Social Security. It is that it is too early to declare privatisation of the government pension plan a failure.

The second lesson, however, is that for parties to differentiate subtly, or to differentiate for differentiation's sake, may be insufficient. Staunch ideological stands can be wiser, even in English-speaking countries, where ideology tends to be a bad word. Britain's Conservatives are considering inheritance tax reform. Why not go for outright repeal? As for the Democrats, to talk tough even as they conciliate may prove unhealthy, if not terminal. If a party cannot distinguish itself from its opponent, voters may not be able to do so either.

\* Michael Graetz and Ian Shapiro, *Death by A Thousand Cuts* (Princeton)

**amity.shlaes**@ft.com

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