

*Death by a Thousand Cuts:
The Fight over Taxing Inherited Wealth*
Michael J. Graetz and Ian Shapiro
Cloth | \$29.95 / £18.95 | ISBN: 0-691-12293-8
392 pp. | 6 x 9 | 3 tables.
Pub Date: 3/16/05
Stock: 620

PERSPECTIVE

BOOK REVIEW: IN BRIEF

JON SHURE
480 words
12 June 2005
The Star-Ledger
FINAL
7
English
(c) 2005 *The Star-Ledger*. All rights reserved.

Death by a Thousand Cuts: The Fight Over Taxing Inherited Wealth Michael J. Graetz and Ian Shapiro
Princeton University Press, 392 pp., \$29.95 REVIEWED BY JON SHURE

Perhaps this is a new literary genre: tax policy/mystery. The story of how the estate tax was repealed is a first-order whodunit with no shortage of suspects. The caper was pulled off by quite a large group: very wealthy families like those who make Gallo wine and Mars candy, a Seattle newspaper publisher who sees himself as a liberal on many issues, trade associations representing farmers and business people, right-wing Republican strategists and think tanks, a willing Congress and president and – in a real plot twist – minorities, gays and environmentalists who were persuaded that getting rid of the tax was actually in their interest.

The appeal to gays was especially cynical: Laws against them marrying mean no spousal tax exemption. The repeal forces did not consider changing those laws.

The authors, tax experts at Yale, explain in largely nontechnical terms how the repealers used money, strategy and a recognition of how Americans today view wealth to move the debate away from the need to break up large concentrations of wealth and to focus instead on an abstract notion of fairness.

Theodore Roosevelt wanted the estate tax as "a constantly increasing burden on the inheritance of those swollen fortunes, which it is certainly of no benefit to this country to perpetuate." Today's symbol of wealth, though, is not the haughty Rockefellers but "a computer entrepreneur who started his business in a garage," the authors note. People don't want to punish Bill Gates; they want to be him. And they think they can.

With the ultra-wealthy writing checks to support the repeal effort but staying in the background, the campaign focused on the self-made "merely rich." Using "an amalgam of tear jerkers and model citizens . . . the repealers had the fairness angle covered."

And the imagery! Who could support taxing death? The authors lost track of how many people claimed credit for the "death tax" nomenclature. Meanwhile, anti-repealers clung to true – but unconvincing – arguments that only 2 percent of Americans owe estate tax and that claims of double-taxation are nonsense.

End of story? Not quite. Like other good mysteries, this book opens the door to a scary sequel.

With estate tax repeal, the baseline of the debate has shifted. "For those seeking to transform the structure of taxation in America," Graetz and Shapiro write, "this is only the beginning." The next target is the income tax itself. Convincingly, the authors suggest that supporters of progressive taxation should disabuse themselves of the notion that it can't happen.

Jon Shure is president of New Jersey Policy Perspective, a nonprofit, nonpartisan organization in Trenton that conducts research on state issues.