

975-00-00

Law

INHERITANCE - *General*

Harrington, Michael. "Why We Need Socialism in America."
Dissent 1970, p. 31.

Attacking Parasites and Gamblers

"Effective inheritance taxes would provide another important source of social funds and an opportunity to work toward greater equality. In the U. S. these taxes are low--or quite avoidable, which amounts to the same thing. In classic capitalist theory, a man must be able to leave his fortune to his children if he is to have an incentive to work hard all his life. That motive could easily be protected by providing for relatively low death duties on the first transfer of wealth, from father to son. This would encourage the father, while very high rates on the second transfer, from son to grandson, would give both of them a reason to strive hard. This proposal follows the ingenious Sant-Simonian scheme of abolishing inheritance over three generations and counting on the greed of the first generation to make it indifferent to what happens to its grandchildren.

In all these reforms, the point would be not to penalize hard work or actual risk-taking but to limit severely, and eventually to eliminate, the tribute society pays to passive wealth and stock gamblers. For as the process of accumulation becomes much more social, with industry generating its own investment funds or getting them from institutions, it is absurd to pay generations of functionless coupon clippers on the grounds that their distant ancestors made a contribution to the economy. It is property income that should become the target of taxation, a kind of income easy enough to distinguish from the reward for present accomplishment. We should also seek to get at the enormous increase in land value--worth \$25 billion a year in the United States between 1956 and 1966--which takes place without any effort on the part of the owner.* (Pechman, "The Rich, the Poor...")

Of all the reforms proposed in this essay, the use of taxes to increase justice and equality should be the most politically promising. For it would be a policy attacking the wealth of a parasitic minority, and once all the outmoded rationales for favoring the rich were shattered, a majority of the people might be educated to see the value of a radical system of taxation.

Here, then, are three kinds of programs that move in the direction of a socialist democratization of economic power:

- Socialization of investment;
- the progressive socialization of the functions of corporate property and then of that property itself, with an attendant increase in the social motivation of the people;
- the employment of tax policy as an instrument of social justice.