Tax Reform to Die For

Edward J. McCaffery

I was asked recently to speak on a panel on economics of the estate tax at an event sponed by the Treasury Department. After a dee of writing and talking about the case inst the death tax, I realized that what fols is all I had to say. For the first time in my as a public speaker—and with apologies to fellow lawyers—I failed to take up my allottime. Here's what I said.

It is an honor to be on this panel, and to be siting an issue I first raised in print almost ears ago.

Ve do not need sophisticated economics, how, to teach us that the death tax is bad. The amental lesson of Adam Smith, rooted in non sense, and confirmed in the laboratof history, is that an economic system must with ordinary moral principles to allow ty to flourish. The death tax at its most level does not. It falls, when it falls, on the g people—even for those who seek to tax the rich, on the wrong rich people. The death tax comes to the industrious, the thrifty, and the altruistic. It spares the unproductive, the spendthrift, and the selfish. There is nothing wrong, and a good deal right, with working hard and saving well and, at the end of the day, should fortune so smile, with passing on wealth to the next generation. There is ample time under a properly designed tax system to tax the heirs when and as they spend. Our current tax system taxes people when they work, when they save, when they marry, when they give, and when they die. These are wrong choices, all. We should tax people when and only when they spend. And then we can repeal the death tax, once and for all, for the simple reason that dead men don't spend. (And nor, of course, do dead women.)

Thank you."

Mr. McCaffery is professor of Law and Political Science at USC. He is the author of "Fair Not Flat: How to Make the Tax System Better and Simpler" (University of Chicago, 2002).

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