

## New Reads

# A lively look at the clever strategy to repeal estate tax

Reviewed by Thomas J. Brady

## Death by a Thousand Cuts

*The Fight Over Taxing Inherited Wealth*

By Michael J. Graetz and Ian Shapiro

Princeton University Press, 372 pp., \$29.95.

The question posed in *Death by a Thousand Cuts* is a simple one: How is it that the estate tax, which affects only 2 percent of Americans, gained such resonance with so many people that it was repealed in 2001?

In this surprisingly lively book, the authors make the point that while the tax affected only the most prosperous taxpayers, many other less wealthy Americans have always been taken with the idea that they might someday be rich enough to be affected by the tax as well, thus becoming natural advocates for repeal.

Early on, estate-tax opponents made a smart tactical move to refer to the tax not as the *estate tax*, which sounded as though it affected only the very rich, but rather as the *death tax*, which sounded as though it affected everyone. In so doing, the forces aligned against the tax were able to create an image of the tax collector arriving at a family's door along with the Grim Reaper with his wealth-slashing scythe.

Most important to achieving repeal were not the super rich, who could be expected to support it, but mainly the "working rich," who in many cases had built small businesses that they feared would have to be sold upon their deaths so their families could pay the tax.

The law ultimately enacted in 2001 reduces the estate tax in stages until 2010, when repeal goes into effect. And then, unless Congress renews it, it will "sunset," or go out of existence, the following year.

Former IRS Commissioner Margaret Milner Richardson joked that relatives would keep their loved ones on life support for the short period that repeal was actually in place.

One of the most effective arguments against the tax was that it amounted to double taxation - once when the income was earned and again when the person who had earned it died.

The repeal forces were also able to garner the support of such diverse groups as gays and lesbians, African Americans, and others who might normally be seen as having nothing at all to gain by repeal. They also had in their favor the surpluses that seemed to render revenue from the estate tax superfluous. Those surpluses, of course, disappeared into a fog of ever-larger deficits beginning soon after repeal was achieved.

It was, the authors write, a brilliant campaign that was largely ignored by forces that might normally be expected to oppose repeal.

Among the two most important such forces, they write, were the life insurance industry - much of which is devoted to estate planning - and charities, which stood to lose if Americans no longer made charitable contributions to lessen their tax burden upon their deaths.

But both groups also contained many executives who were often quite well-to-do themselves, motivating them to favor repeal.

The authors both teach at Yale, Graetz law and Shapiro political science. Graetz is also an expert on tax policy and Shapiro a political theorist.

In *Death by a Thousand Cuts*, they have done the unthinkable: made death and taxes neither deadly nor taxing.

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