

Hillary Clinton's Estate Tax Proposal Is as Dangerous as It Is Audacious

"Hillary Clinton Proposes 65 Percent Top Rate for Estate Tax" blared a headline in *The Wall Street Journal*. Since the current top statutory tax rate on estates is 40 percent, Clinton's proposal is nothing if not audacious. I can't recall Barack Obama, our most leftward president, ever calling for a 62.5 percent increase in tax rates for the rich.

Going after inheritances and estates is textbook Marxism. That is not an exaggeration. The third plank in Karl Marx's 10-point platform for achieving socialism through democratic means—see his 1848 textbook to communism, *The Communist Manifesto*—was the abolition of inheritances. To repeat, it was point three in Marx's 10-point plan.

For a long line of communists and socialists, the animus against inheritances has both an economic and a sociological purpose. Economically, the tax is part of the overall Marxian/socialist war against private property. Sociologically, Marx sought to weaken if not eliminate the traditional nuclear family. Clinton and her progressive allies have recently succeeded in weakening the traditional family by redefining marriage, and so it comes as no surprise now that she is extending the battle against families to the economic front by seeking more confiscatory taxes on the estates of families.

I have written before that Hillary Clinton gives every appearance of never having taken Economics 101. Taxes on estates are economically harmful, because they destroy capital. While running for the Democratic nomination, one of Sen. Bernie Sanders' favorite campaign lines was the statement

that the very rich have far more money than they could possibly spend. That may well be true. But what neither he nor Clinton understands is that those large pools of wealth are more valuable to Americans of modest means than they are to the rich people who own them.

Taxing 65 percent of large private fortunes will not significantly affect the lifestyles of the super-rich. But if the government taxes that wealth and transfers it to non-rich Americans, most of it will vanish in current consumption. By contrast, when the rich are allowed to retain ownership of wealth, much of it becomes the capital that is invested in business enterprises where it provides jobs for non-rich Americans and produces goods and services that uplift society's standard of living. Like the old Chinese proverb says, "Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime." Capital is better than a short-term handout, for it enables men and women to support those families for many years.

My late mentor, Grove City College professor Dr. Hans Sennholz, explained another economically destructive aspect of estate taxes in his book, *Death and Taxes*. Many estates are not in the form of cash, but are working businesses. When the government demands a huge sum of cash from a deceased person's estate, often the only way the heirs can raise the cash is to dismember, shrink or liquidate the business. Who does this hurt most? Answer: the middle-class workers that were employed by those businesses. Where is the social justice in that, Mrs. Clinton?

In one respect, I have to give credit to Mrs. Clinton for her proposal. She is right to inform voters of what taxes she wants to raise in order to fund the massive spending increases she has proposed. But the amount of revenue that she hopes to obtain from increasing the estate tax will be less than she envisions. The much higher rate will incentivize many rich people to make increased use of the same legal devices (trusts

and foundations) that Mrs. Clinton herself employs to shield her immense wealth from the clutches of the taxman.

Combined with her grand visions of social engineering—plans to involve the state ever more intimately in our daily lives—Hillary Clinton's enthusiastic embrace of the Marxian policy of transferring more inherited wealth from families to government will take us down a very dark path. {eo}

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