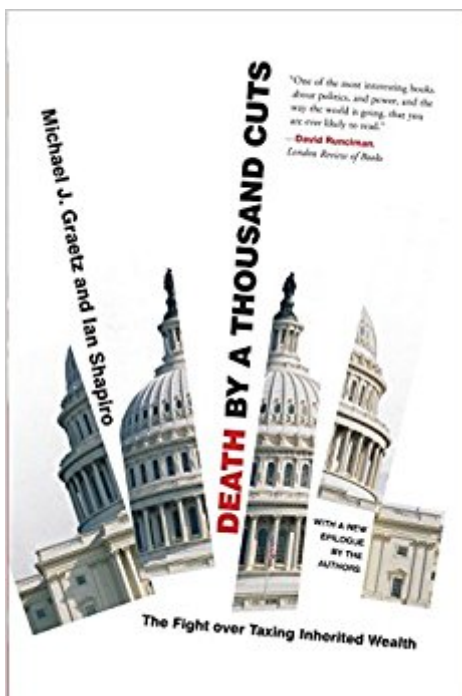


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# Death By A Thousand Cuts: The Fight Over Taxing Inherited Wealth



## Synopsis

This fast-paced book by Yale professors Michael Graetz and Ian Shapiro unravels the following mystery: How is it that the estate tax, which has been on the books continuously since 1916 and is paid by only the wealthiest two percent of Americans, was repealed in 2001 with broad bipartisan support? The mystery is all the more striking because the repeal was not done in the dead of night, like a congressional pay raise. It came at the end of a multiyear populist campaign launched by a few individuals, and was heralded by its supporters as a signal achievement for Americans who are committed to the work ethic and the American Dream. Graetz and Shapiro conducted wide-ranging interviews with the relevant players: members of congress, senators, staffers from the key committees and the Bush White House, civil servants, think tank and interest group representatives, and many others. The result is a unique portrait of American politics as viewed through the lens of the death tax repeal saga. Graetz and Shapiro brilliantly illuminate the repeal campaign's many fascinating and unexpected turns--particularly the odd end result whereby the repeal is slated to self-destruct a decade after its passage. They show that the stakes in this fight are exceedingly high; the very survival of the long standing American consensus on progressive taxation is being threatened. Graetz and Shapiro's rich narrative reads more like a political drama than a conventional work of scholarship. Yet every page is suffused by their intimate knowledge of the history of the tax code, the transformation of American conservatism over the past three decades, and the wider political implications of battles over tax policy.

## Book Information

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## Customer Reviews

Honorable Mention for the 2005 Award for Best Professional/Scholarly Book in Government and Political Science, Association of American Publishers

"This is one of the most interesting books about politics, and power, and the way the world is going, that you are ever likely to read. What makes it so fascinating is that it is a mystery story. The mystery is this: how did the repeal of a tax that applies only to the richest 2 percent of American families become a cause so popular and so powerful that it steamrolled all the opposition placed in its way. . . . This is not simply a story about the United States. . . . [T]he moral of the tale is far wider than that. . . . Instead this is a tale about the power of narrative in politics, and the increasing ease with which individual stories can be made the be-all and end-all of political debate."--David Runciman, *London Review of Books*

"[Michael] Graetz . . . And [Ian] Shapiro . . . Set out to unravel what on the surface appears a mystery . . . Fueled a grassroots campaign that ended up throwing Democrats on the defensive. . . . Graetz and Shapiro make a convincing case that propaganda was not the chief reason the campaign to repeal the estate tax gathered steam. A far more important factor was that throughout the 1990s, the only people in Washington making impassioned moral arguments about it were antitax conservatives."--Eyal Press, *The Nation*

"Public-policy reporting at its finest. But *Death by a Thousand Cuts* is much more. It is also an important manual on moral arguments in contemporary politics."--David Cay Johnston, *The American Prospect*

"[A] lively legislative chronicle."--Amith Shlaes, *Financial Times*

"An elegant exegesis of the broad-based political forces that were brought together to fight against a tax that affects only the richest 1% to 2%. . . . There is a moral argument in favor of estate taxes that deserves to be heard above the clatter of the repeal juggernaut. This book is one of the first peeps in its defense."--Elizabeth Bailey, *The New York Sun*

"*Death by a Thousand Cuts* is a timely and important book. . . [I]t provides an enlightening and insightful account of the American political and tax systems."--Theodore Pollack, *New York Law Journal*

"Graetz and Shapiro are at their best when depicting the subterranean interplay between activists, think tanks, lobbyists, and donors that fuels federal politics."--Daniel Franklin, *Washington Monthly*

"How could a tax paid by only the richest 2 percent of Americans become a cause cÅ©lÅbre for a broad swath of middle-class farmers, businessmen and average Joes? [Graetz and Shapiro] provide a fascinating and readable explanation."--Jonathan Weisman, *Washington Post*

"The book is engaging, enlightening, and thought-provoking. . . . Graetz and Shapiro have written a remarkable book that deserves a wide audience. Their account of 'the fight over taxing inherited wealth' is notable not only for its sophisticated and penetrating analysis, but also for its scrupulous fairness."--Karen C. Burke and Grayson M.P. McCouch, *Tax Notes*

"Instead of rehashing the tired arguments about whether or not the estate tax should exist, these scholars undertook an incredible series of

high-level interviews with the leading actors involved in this critical debate. The result is an easily accessible but highly insightful examination of the tax climate in early 21st century America. . . . Death by a Thousand Cuts clearly sounds a wake-up call to anyone who has not already seen how much the political center has shifted regarding the fundamental issues of what government should do and who should pay for it."--Richard L. Kaplan, National Tax Journal"However you feel about the death tax, the book will make you glad that the power that controls our deaths is not the same one that controls our taxes."--Accounting Today

Here we are, in the midst of great affluence and a badly skewed distribution of income. Yet, somehow, efforts are well advanced to abolish the estate tax as a first step toward ending the century-old consensus on the idea of progressivity in taxation. Michael Graetz and Ian Shapiro tell in vivid detail the sad (at least to me) story of how that is happening. (Paul Volcker, former chairman of the Federal Reserve ) --This text refers to an out of print or unavailable edition of this title.

This book was written by two distinguished experts on tax policy and reviews the development of the campaign to end estate taxes at the federal level. In many cases it is quite informative. But compared to Jeffrey Birnbaum's book on the development of tax policy in Congress (Showdown at Guccini Gulch) is it quite light in a couple of areas. The book begins with three questions - fundamentally, how did the coalition that formed get together, how did the repeal coalition successfully resist amendments, and finally how did an item like this (seemingly without a high level of support and which cost a lot of revenue and only affects a small number of people) not cause more generalized opposition to the Bush tax bill? The book is excellent in some of its history (especially the chapter about the use of science in public policy) but is weaker in telling the story of how the current provision was adopted in a consistent manner. The description of the initial phases of the development of the coalition is pretty detailed. The coalition brought together some seemingly disparate interests. Where the book falls down is in two areas. First, there are some amazing omissions in this book. Bill Gates' father was indeed a leader of the opposition - but at no place in the book does the narrative explain that Gates' father was an attorney who helped to structure estates and thus had a direct interest in the continuation of the tax. At the same time the authors keep coming back to themes - for example, a minor figure in the fight (farm owner Chester Thigpen) is highlighted more heavily than a key Senator like Max Baucus. I would also have liked to have these policy wonks think creatively about the elements of the estate tax which opponents might go forward with - when the inevitable fights come in the future. The opponents of repeal were inept -

but how do they go forward? The last time the estate tax was eliminated (surprisingly not mentioned in the book) was in the 1954 revision - the problems which brought the tax back should be instructive to opponents of repeal. The second area is the authors' limited understanding of how coalitions are built. This book should be more about the politics of the process. The concluding chapter decries the mix of research, politics and moral issues in the current political environment. Indeed, as one who writes about tax issues often, better research involvement could help the process. But the realities of politics that mix moral/philosophical issues and coalitions and evidence are what we should be thinking about. So if you are interested in tax policy, this is a good book. But if you want to understand how tax policy is made in the real world - there are better books.

As its subtitle indicates, the book is about the nitty-gritty details of how the near-repeal of the estate tax got enacted into law. The authors discuss tax policy only tangentially: their focus is on who did what and why. Some actors on both sides acted out of idealistic (or, if you prefer, ideological) motives, many out of self-interested motives. According to the book, the pro-repeal forces were shrewd and far-sighted, whereas the anti-repeal forces were slow and weak. For example, charities have a strong interest in preservation of the estate tax, but were not effective in opposition to repeal, because they did not want to offend their donors and boards of directors. Having finished the book, I now believe I understand what happened. I even understand why the estate tax dies in 2010 and then springs back to life in 2011, a situation that seems insane, but which is a perfectly logical consequence of arcane Senate procedural rules interacting with the fact that the pro-repeal forces had no hope of mustering 60 votes in the Senate.

not what I expected

Required by one of my public policy class. Very good analysis of how politics work and easy to read. Recommended

This reviewer is a trusts and estates lawyer as well as a former NY State Senate legislative tax counsel, so the story behind the 2001 repeal of the federal Death Tax effective in 2010 was professionally interesting. However, the authors of *Death by a Thousand Cuts* did such a fine job of investigative journalism that this book should fascinate anyone interested in politics or even the people and culture of the US. The authors are a Yale Law School tax professor and a Yale College political scientist. They thoroughly understood their material. They explain clearly and choose

vignettes and examples for their drama and human interest. They begin with the question how a 55% top bracket death tax paid by less than 2% of US estates could garner enough opposition to be voted out decisively by both houses of congress. The surprises and drama mostly come from who started and led the battle for repeal and what motivated them. They take us into the heart and mind of a liberal Seattle newspaper publisher who was disgusted to see media chains gobbling up family-owned newspapers all over the country, more often than not because a family death forced sale to pay the confiscatory death tax. They show us a farm equipment dealer whose dealership has little cash but a huge inventory. When its owner dies it will too. They tell us that America's first Black billionaire took out newspaper ads to fight the death tax and that the Congressional Black Caucus supported repeal. It takes no imagination to see a tax imposed on grieving families as sadistic in general, but these particular stories are packed with drama and human interest. The authors clearly favor the death tax and that makes their extensive coverage of pro-repeal arguments praiseworthy. Their bias comes forth more subtly. They tell where the anti-repeal forces could have argued better. They never strengthen the arguments of the pro-repeal side, although the possibility to do so was just as great. They tell us that Bill Gates' father (a trusts and estates lawyer) fought repeal and what arguments he used. They don't tell us that many prominent accountants and estate lawyers worked with him to protect their fees and that these professionals inspired ludicrously high estimates of lost capital gains revenues if the gift tax were repealed along with the estate tax. They trivialize pro-repeal ideas such as that an estate tax penalizes thrift and hard work. Well, it does. This is as good a book on how legislation really happens as I have seen. Despite Bismarck's comment that one does not want to look too closely at legislation or sausage being made, this book falls short of the stomach turning impact of Upton Sinclair's *The Jungle*. However, just as *The Jungle* inspired Pure Food and Drug legislation when Sinclair intended to convert his readers to socialism, this book may also, despite its authors' pro-tax bias, have unintended consequences. By gathering together the main arguments for repeal of the death tax and stating them clearly in one place, one would hope that the authors will inspire many readers to write to their congress members and senators and demand that death tax repeal be made permanent.

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