

Common Error No. 35 [1]

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35. "No-one should be given an unfair start in life. That is why there should be no inherited wealth."



Parents seem to want their children to have a better life than they did, and are prepared to devote energy, resources and time in order to achieve it. It seems to be a normal attitude which goes with parenthood. If society tries to thwart it, parents find ways of achieving the same end. If inherited wealth is banned, then it will be jobs, or patronage, or some other advantage which will be secured. In socialist countries, for example, parents used their influence to secure good government jobs for their children.

Death taxes are very unfair from the point of view of parents. They earn money and pay tax on it, then when they die the state comes along to tax it again, and takes away much of the provision they'd worked so hard to give their children. It removes much of their motive to generate wealth and aid society with new opportunities in the process. From the recipient's point of view, the bequest from parents comes as a lump sum when most have already bought a house, and is available to give them a chance to invest, or even start up a business.

Inherited wealth allows capital pools to accumulate and boost enterprise and economic growth. Without heritable wealth, most family businesses, including such things as shops and farms can be broken up by death, with a consequent economic loss to society. Everyone loses from this, not just the rich, as employees and customers are hit.

In Britain inflation and rising house prices have meant the death tax now hits middle income people, rather than the very rich it was intended for; the really rich plan ahead to escape its net. The tax does more damage to the country's economy and future well-being than is justified by the revenue it brings in.

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