INHERITANCE, WEALTH, AND SOCIETY. By *Ronald Chester*. Bloomington: Indiana University Press. 1982. Pp. xii, 235. $18.95.

Reducing the incidence of federal estate and gift taxes is one element of President Reagan's "supply side" economics. Support for such a program has long existed, and an equally vocal group of commentators has taken the opposite position. The commentators argue, on primarily egalitarian grounds, that the transfer of wealth from one generation to the next should either be abolished or significantly limited. In *Inheritance, Wealth, and Society*, Ronald Chester clearly aligns himself with the latter group; all but the uninitiated will find his facile arguments unpersuasive. Moreover, Chester's failure to offer a unique solution to the taxing of inheritances further undermines his work's utility. Notwithstanding these shortcomings, Chester must be credited with providing a brief summary of the arguments on both sides of the current debate as well as an excellent historical account of the competing schools of thought, beginning with early Western Europeans such as Kant and Mill and concluding with modern American theorists such as William Shultz and Milton Friedman. These two virtues make the book mandatory reading for those desiring an initial exposure to the inheritance taxation debate; however, those who are already familiar with the area will probably find Chester's analysis unsatisfactory.

In the first quarter of his work, Chester provides an historical account of Western views on inheritance taxation. Chester presents this account in three parts. The first examines Western European thought from the seventeenth to the nineteenth century and reviews the works of such thinkers as John Locke and John Stuart Mill.[1] The second part presents the theories that dominated early American thought.[2] Chester concludes the historical account by discussing views of twentieth-century theorists such as Milton Friedman and James Britton.[3]

Chester establishes his framework for analysis by dividing the modern theorists into two groups: Those who favor increased inheritance taxation to promote equal opportunity and those who favor complete freedom to dispense one's wealth after death. In the second quarter of his work, Chester analyzes the libertarian arguments against inheritance reform and finds them unpersuasive. This analysis is the book's major failing. After spending seventy pages presenting historical information, Chester devotes only fifteen pages to the two modern theories, of which only four present rebuttals to the libertarian objections to inheritance reform (pp. 84-88). The space allotted to these arguments reflects the cursory treatment they receive.

1. Chester also discusses the works of St. Thomas Aquinas, Jean Jacques Rousseau, Jeremy Bentham, Thomas Hobbes, William Blackstone, Adam Smith, and David Ricardo.

2. Chester discusses the views of Jeffersonions, the triumvirate of "rational jurists" — James Kent, John Marshall and Joseph Story, and the transcendentalists, Ralph Waldo Emerson, Theodore Parker, and Orestes A. Browson.

3. Chester also discusses the works of William Schultz, Lester Thurow, Gordon Tullock, Richard Wagner, and Friederich Hoyek.

The second half of *Inheritance, Wealth, and Society* examines three distinct issues of inheritance tax reform. The first is whether charitable foundations would survive an increase in transfer taxes. Chester believes that charitable foundations are desirable (p. 124), so he attempts to establish that inheritance tax reform would not lead to their demise. He achieves this objective by showing that an increase in estate tax rates, together with a reduction in the unlimited marital deduction and standard exemption, would double estate tax revenues, without reducing the current level of charitable bequests (pp. 110-11). He also suggests increased use of the *cy pres* doctrine so that greater amounts of money will be devoted to charitable purposes (pp. 122-24).

In discussing the second issue, Chester concludes that increasing estate taxes and reducing deductions will not totally effectuate his objective of erecting equal opportunity in America's capitalistic system. Recognizing this fact, Chester takes aim at one common method of perpetuating wealth — the trust. Chester's criticisms of what he terms "dynastic trusts" operate at two levels. In general, he argues that trusts not only inhibit innovative use of risk capital (p. 129), but also increase the concentration of wealth (p. 125). Chester also provides a specific reform proposal: abolishing spendthrift trust provisions and the *Chaflin* doctrine. He supports his proposal by voicing the familiar arguments that both trust doctrines enable the dead hand to govern too long (pp. 128, 136), and that spendthrift trusts needlessly prejudice creditors of beneficiaries (p. 136).

Chester's claims suffer from two deficiencies. First, none are original. Second, the author's casual assumption of the normative importance of equality over individual autonomy avoids argument over the central issue in the dispute. Of course, since the issue depends on premises rather than deductions or observations, argument is singularly unlikely to change the opinions of the participants. But in preaching to the committed instead of reasoning with the unenlightened, Chester obscures the normative dimensions of the controversy without improving the persuasiveness of his position.

Chester's final argument for inheritance tax reform is that such reform will decrease property crime. Central to Chester's analysis is the concept of "relative deprivation": the poor's desire for material possessions of others of greater financial means.[4] Chester establishes that it is the perception of relative deprivation (p. 149), exacerbated by advertising (pp. 150, 158), that causes the poor to commit property crimes (pp. 153-57). He concludes that "[b]y removing excess inherited wealth, we remove a major stumbling block to the achievement of both the reality and the perception of equal opportunity. These achievements should in turn substantially reduce property crime" (p. 159).

Those familiar with the myriad variables associated with the occasion of property crime will find this argument somewhat dubious. Reams of social science evidence associating criminality with unemployment, family relationships, drug abuse, and a host of less plausible factors diminish the pos-

4. Relative deprivation involves four elements: "(1) not having something; (2) wanting it; (3) comparing oneself to similar others who have it; and (4) feeling that its attainment is possible" (p. 146).

sible role of relative deprivation. Those unacquainted with research along these lines may find it simply incredible that changes in the arcane details of estate taxation might significantly affect the behavior of typical street offenders. And the committed libertarian will view this argument as a justification for additional protection against crime rather than as a warrant for restrictions on personal control of private property.

Chester concludes by presenting his proposal for inheritance tax reform. First, he endorses John Stuart Mill's position that intestate succession should be limited to lineal heirs, who can only receive a " 'reasonable amount,' " and that those taking by bequest will receive an amount to provide a " 'comfortable existence.' " (p. 165). Chester also suggests that "[n]et worth and consumption taxes may also be advisable as a supplement" (p. 166).

The remainder of the last chapter explores a number of unrelated topics surrounding inheritance taxation such as the issue of whether a substantial redistribution of wealth can be achieved without suffocating the economy (pp. 166-70), the prospects of success of the Economic Recovery Tax Act of 1981 (pp. 173-74), and an evaluation of a proposed periodic tax on wealth (pp. 175-79). It concludes with a brief rehash of the libertarian versus equal opportunity debate, spiced with a cursory critique of Lester Thurow's *The Zero-Sum Society*. As one might expect, Chester criticizes Thurow for his lack of concern with vertical equity — the distribution of the burdens between the rich and the poor (p. 185).

Chester claims that *Inheritance, Wealth, and Society* is written for "America's public decision- and policy-makers" (p. 1). A more accurate description would contain the modifier, "who want an introduction to inheritance tax reform issues," for the principal virtue of Chester's work is that it provides both an historical account of the inheritance issues and a concise summary of the current debate between libertarians and those, like Chester, who want to use inheritance taxation to "[insure] equal starting places for . . . children." Except for these virtues, his work has little to commend it. Chester's proposals are not new, and his strong allegiance to the equal opportunity camp distorts his analysis. As a result, his work will appeal to a limited audience.