Symposium on Daniel Halliday's *The
Inheritance of Wealth: Justice, Equality,
and the Right to Bequeath*

Introduction

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Since the 1980's, wealth inequality has increased in Europe and the United States. In Europe, the top 1 percent owned less than 20 percent of all wealth in 1980, and this has increased to above 20 percent in 2015. In the US, the increase has been more substantial, from below 25 percent in 1980 to close to 40 percent according to the most recent data. In both places, the bottom half of the population own close to nothing (Piketty 2020: 423-4). Furthermore, the relative magnitude of inherited wealth in aggregate private wealth has increased both in Europe and in the US, and is currently above 50 percent (Alvaredo, Garbinti and Piketty 2017: 240).¹

Despite growing wealth inequality and the growing extent to which these inequalities are the result of inherited wealth, inheritance taxation has declined in many countries in recent years (Bastani, and Waldenström 2019: 1). The tax has been abolished altogether in countries like Australia, Norway and Sweden, and reduced through high exemption levels in countries like the US.

Popular opinion seems to be well aligned with these changes: surveys document that inheritance taxation is unpopular in almost all countries, even when compared to other taxes (Piketty 2020: 978). Moreover, some familiar arguments for inheritance tax may no longer be valid: traditionally, the ideal of equality of opportunity has been employed in order to justify taxation of inherited wealth. It is unfair, the argument goes, that some people are given a better starting position in life compared to others. However, due to the fact that people now inherit later in life because of higher life expectancy, the argument from equality of opportunity is not as straightforward as it is sometimes assumed to be. If most people inherit when in their fifties, the inheritance does not have direct impact on their starting position.

¹ There are, of course differences within Europe. Focusing on the average of three large European countries - France, Germany and the UK - the share of inherited wealth has increased from below 40 percent in 1980, whereas in the US it has increased from approximately 50 percent to around 60 percent.

Both the unpopularity of the tax and the fact that the argument of equality of opportunity cannot be straightforwardly invoked in favor of the tax invite us to ask whether inheritance taxation is an appropriate tool to address growing inequalities.

Daniel Halliday's book *The Inheritance of Wealth. Justice, Equality & the Right to Bequeath* (2018) should be assessed in this context. Its ambition is to rethink the case for inheritance tax and to defend a version of such a tax able to resist skepticism. Halliday does so by examining influential historical contributions to the study of inheritance tax, and by drawing on recent egalitarian theory and sociology.

In his study of the history of inheritance tax schemes, Halliday finds the proposal by Eugenio Rignano particularly promising. Rignano's idea – presented at the beginning of the twentieth century – was to distinguish between old and new wealth and to tax transfers of new wealth less or not at all compared to old wealth. Thus, according to the Rignano scheme, in addition to (or as a substitute for) progressivity according to the size of a transfer, taxation of inheritance should also include an element of “progressivity over time”. As an illustration: newly created wealth could be tax exempt, wealth inherited once could be taxed at 50 percent, and wealth that has been inherited twice or more could be taxed at 100 percent (Halliday 2018: 61-2). One important merit of the Rignano scheme is that it will incentivize people to work and save if they want to pass wealth on to their children.

Rignano was a utilitarian influenced by John Stuart Mill. Halliday defends the Rignano scheme, but downplays the utilitarian justification for it (Halliday 2018: 61). Instead, he looks to contemporary egalitarian theory to support it. Drawing on elements from both luck egalitarianism and social egalitarianism, Halliday argues that inherited wealth is unjust when it contributes to economic segregation. On this view, inherited wealth is not unjust only because it is due to chance and not to choice, as the luck egalitarian would argue. Instead, inherited wealth is unjust only if it leads to social groups being cut off from each other, which is in tension with social egalitarianism. This, in turn, has harmful consequences: it might make people ignorant of each other's life-conditions and lead to stereotyping of people outside one's social group (Halliday 2018: 108). So, while it is brute luck to be born into a wealthy family, according to Halliday, such brute luck advantages is only normatively problematic if it contributes to social segregation. The Rignano tax is justified, according to Halliday, as a way to combat economic segregation and enable a society to be socially integrated.

Halliday's concern with the role which inheritance plays in social

segregation is all the greater, given that the economic capital that is passed on in transfers such as inheritance tends to combine with other types of capital and thus to amplify segregation. Drawing on Elizabeth Anderson's Bourdieu-inspired work on segregation, Halliday holds that a normative justification of inheritance tax should not be limited to the importance of financial capital. Instead, it should also pay attention to how social and cultural capital tend to go together with financial capital and thus reinforce the economic inequalities due to inheritance. Social capital consists of valuable knowledge and opportunities, which gives access to networks and relationships. Cultural capital consists in certain behavioral norms or dispositions, exemplified by an ability to speak and act in a specific manner (Halliday 2018: 107). Halliday's concern is that social and cultural capital will cluster around wealth, but this will be a slow process, which means that the concentration of the various forms of capital will happen over several generations.

Equipped with these claims, Halliday evaluates the traditional way of justifying inheritance tax on equality of opportunity grounds. He criticizes sociological and political-philosophical theorizing for having offered a simplistic view of how inherited wealth can give the recipients a head start in life. This picture is simplistic precisely because it overlooks the fact that people now normally receive inheritance too late in life to directly influence their starting position. A more nuanced view, Halliday believes, must acknowledge the "delayed sociological impact" (Halliday 2018: 140) of inheritance, enabling an inheritor of wealth not to improve their own starting position but to do so for *their* offspring. If I receive a large bequest when I am 50 years old, it means nothing for my starting position, but it does mean that I can secure a substantially better starting point for my children. Again, according to Halliday, that is unjust if it leads to social segregation.

Halliday's defense of the Rignano tax can thus resist some of the objections that are levelled against inheritance tax. If part of the popular opposition against traditional inheritance tax is due to the fact that such tax hinders "self made" people from transferring their wealth to their children, the Rignano tax might be able to overcome some of the opposition to tax inheritance. Moreover, Halliday's main justification of the Rignano tax – the concern with social segregation – seems very pertinent today. In the current situation where polarization and lack of understanding between different social groups is increasing, there are good reasons to examine proposals such as Halliday's inheritance tax scheme.

The contributions to this volume all engage in that examination. The issues discussed range from the merits of the justification of the Rignano

tax Halliday provides, to whether the Rignano tax should be seen as preferable to traditional inheritance tax and to more technical issues of implementation. All contributors recognize the importance of inheritance to a theory of distributive justice, as well as the value of Halliday's contribution to a topic that has not received the attention it deserves.

The contributions by Nicholas Barry, Stewart Braun and Colin Macleod all examine the normative premises of Halliday's case for inheritance tax.

Barry discusses Halliday's hybrid theory from the standpoint of luck egalitarianism. In Barry's view, Halliday's hybrid egalitarian theory fails to do justice to what luck egalitarianism gets right. Thus, Barry defends a luck egalitarian view of inheritance tax, which justifies a 100 percent tax against two main objections Halliday raises against it. The first objection holds that luck egalitarianism is insensitive to the size of the bequest, and must condemn all inheritances regardless of the material advantage it confers. The second objection holds that luck egalitarianism leads, counter-intuitively, to the prohibition of all asymmetric transfers, i.e. transfers in which "someone is given something for nothing" (Halliday 2018: 78). Barry argues that the standard luck egalitarian position can withstand both these objections and should be preferred to Halliday's hybrid account.

Also taking issue with the normative foundations of a case for inheritance tax, Braun argues that Halliday's justification for inheritance tax should include solidarity. Drawing on Marx, Rawls, and Cohen, Braun holds that bequests "hinders the development of a community ethos and a sense of mutual support" (Braun 2020: 60). Communal solidarity is a good because it is necessary for human development and healthy human relationships. According to Braun's argument, Halliday's justification for inheritance tax would be stronger and more robust if he were to include a reference to community and solidarity.

Finally, Macleod raises a number of concerns about Halliday's ecumenical (or hybrid) egalitarianism, which he suspects might be ultimately a form sufficientarianism. Accordingly, Macleod finds that the Rignano tax defended by Halliday is insufficiently egalitarian. Macleod also makes a separate point, which casts some doubt on whether egalitarians should be especially concerned about inheritance: the question of inheritance taxation, Macleod suggests, must be understood in connection with other institutional arrangement. In a genuine egalitarian society with public health care and education, the inheritance tax is not as crucial as it will be in a hierarchical class-based society.

The two other papers in the symposium address questions about what kind of inheritance tax regime should be adopted, even granting Halliday's

concerns, in light of relevant empirical evidence.

Jonathan Wolff's point of departure is that much theorizing on inheritance tax is carried out in ideal theory. Instead of following this approach, Wolff explores how to think about such taxes in non-ideal theory or "real world political philosophy". Using the UK as a case study, Wolff discusses whether moving to a Rignano tax would constitute an improvement. Due partly to the fact that "significant second generation inheritance is the exception rather than the rule" (Wolff 2020: 83), and partly to tax avoidance strategies, Wolff's conclusion is negative: the Rignano tax is not likely to be an effective means to combat segregation. As an alternative, Wolff suggests that the focus be on reducing exemptions.

Finally, Miranda Perry Fleischer's article discusses whether and how a Rignano tax can be implemented. The many detailed questions of design are, Fleischer claims, only partially addressed by Halliday. Focusing first on what the tax base should be, Fleischer argues that a Rignano tax should be levied on gifts as well as bequests; it should tax receipts and not transfers, and include a small exemption amount. Focusing on the tax rate, Fleischer's tentative proposal is a zero rate on first generation transfers and 40-50 percent on subsequent transfers. Having discussed these design questions, as well as matters concerning the administration of the tax, Fleischer concludes that although a Rignano tax as suggested by Halliday involves enormous complexity, it is technically feasible.

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