

Inheritance



Taxing inherited wealth stands to be a thornier issue for you than it was for the lawmakers of my time. Be wary of trying to remedy the tenth generation's dissipation of inherited wealth through radical taxation of inheritances.

Class systems are designed to preserve individual family fortunes — money, goods, position, power, or the ownership of lands, minerals, or commerce. Each system has its roots in the dominance (achieving) trait as exhibited by the successes of its men. Unless the system limits marriages of its members to others within the upper class, family fortunes can erode and disappear within two generations.

Class systems perpetuate family fortunes for years — although not totally within the confines of the male lineage in every generation — by marriages between its families. In a closed system, marriages combining given numbers of dominant and nondominant (nonachieving) members of families within the class preserve family fortunes. The process reverses itself, nondominant to dominant and dominant to nondominant unions, in each subsequent generation.

This means that a family fortune is not totally at risk of being lost by a nondominant son. He most likely will marry a dominant

daughter of another family in the approved class, thereby providing wealth or its equivalent from both sides of the marriage. In the next generation, then, dominant sons of that union may increase the combined family wealth. This system perpetuates the transmission and growth of fortunes.

Marriages within the class system that existed in England during the 1800s preserved it to a point. Some families in the upper class were of the dominant wife/nondominant husband combination. The nondominant husband rarely achieved notable success, a detail usually overlooked in the family's history. Also ignored was the wife's role, she being a mere female: owing to the wife's dominance, the children were probably dominant and successful, especially the firstborn male.

In the same generation, time period, and class, the opposite circumstance will have occurred in other families in which there was a dominant husband and nondominant wife. The husband achieved outstanding success, duly noted in the family chronicles. The wife, again because she was a woman rather than because of her lower dominance level, usually was not mentioned. The children, nondominant because of their mother, probably were unsuccessful.

Examining a succession of marriages, one most often sees dominance paired with nondominance. Dominant men increased the wealth, land, and power or preserved them for future dominant men. In addition, there were some sequential generations of dominant males, for example, when a dominant man married a dominant woman and produced a son who was dominant because of his mother. In these families the chance for success was favorably skewed for two consecutive generations.

If the birth rate of dominant children equals or exceeds that of nondominant children, the class can continue indefinitely.

A deterioration of control by an upper class, in England in the 1800s as in any period, can be attributed to an imbalance in percentages of dominant and nondominant women. As a country becomes affluent, the number of births of dominant children falls because dominant women control their fertility. Although unacknowledged, this has been a consistent historical occurrence, espe-

cially evident in the upper class. Affluent dominant women frequently have fewer children than dominant women who have not yet attained affluence.

After a country achieves affluence, the number of dominant upper-class members available for marriage shrinks through the withholding of children by dominant, upper-class women. The system begins to deteriorate, and its control over the country diminishes.

Dominant individuals in the upper class, especially men, are the high achievers. When dominant women limit or stop having children during affluent times, it takes only one or two generations before a majority of the class becomes nondominant, that is, fewer members gaining power or fame or achieving and producing wealth. Nondominant individuals can marry each other within the class according to custom, or they can break the class barrier by selecting a dominant marriage partner from a lower class.

When nondominant class members marry, the system can be maintained only temporarily. The children, because of the mother, are nondominant like their parents. If the first nondominant union does not dissipate the family wealth, the second nondominant marriage probably will. Thus, a family could lose everything in only one or two generations. And so it came to pass in England between 1900 and 1950; little more than titles remain of the nobility.

While America claimed freedom from the strictures of class, it nevertheless followed the course of other great societies. Beginning with the ninth generation, 1963 to 1987, substantial inheritances began to move in greater numbers from dominant producers to nondominant scions. Subsequent business failures, misadventures, and wasted inheritances were reported anecdotally; the news media had yet to recognize these events as precursors of an irreversible trend.

America failed to escape the tenth generation's increased ratios of nondominant have-nots versus dominant haves. Nor could the nation extract itself from that generation's historical legacy of transferring the bulk of the last great achievers' wealth and power to squanderers and wastrels. This, too, would come to pass be-

tween 1988 and 2012, where there were too few dominant Americans to rebuild family fortunes or create new ones.

The stream of transmitted wealth to spendthrifts swelled to a flood. Between 1988 and 2012, some twenty-five billion ounces of gold would pass from the last achieving generation to charities, foundations, and universities, but chiefly to their descendants — prodigals and high-living spendthrifts. This munificent sum was more than two times the national debt of the United States in July 1995. Having little desire to achieve, but many ideas on how to spend, this new generation frittered away history's largest accumulation of wealth. Some renounced their American citizenship and took their gold to foreign countries. Only a few invested in American industry and the creation of jobs.

No past society came close to equaling the wealth and power amassed by the United States in its first ten-generation epoch. More striking, the plenitude was spread among 20 percent of the population rather than concentrated with a very few. Still the end was the same — achievers to spendthrifts in one generation.

At the same time, entrepreneurial successes glittered, since the small numbers of entrepreneurs limited competition. Other, more established, dominant business leaders capitalized on the decreasing levels of the dominance trait. They paid themselves and their close associates exorbitantly. Further, they instigated corporate takeovers and terminated hundreds of thousands of employees at the taken-over corporations led by less successful leaders. Additionally, the ever-increasing gap between corporate executive officers' pay and workers' salaries hastened the decline in the number of middle-class Americans.

But do not let the excesses of tenth-generation spendthrifts tempt you to tax severely the future transmission of wealth by inheritance. Realize that, had the tenth generation forfeited its inheritance to the government through taxation, little would have changed. The entrenched lawmakers of that very generation would have consumed that wealth also, although in a different manner. Each act to restrict the accumulation and disbursement of wealth weakens the entrepreneurial spirit. Allow high achievers to leave their assets to whom they choose with minimal inheritance

taxes. This is far less onerous than dealing with unemployment. Keep death taxes small, especially those of small-business owners and heads of family-owned and operated farms.

Dominant individuals most often acquire wealth to assuage their fear of failure and to satisfy their need to achieve. Since few have the ability to do this alone, employing others to help them accomplish their goals coincides with your need to create gainful employment for all citizens. A dominant person's phobia of being controlled in turn creates the need to control others, a by-product of which is the creation of wealth. You personally foreswore accumulating wealth. But you have power. Permit productive Americans to become rich in gold and worldly goods. Not only will the nation become stronger, but you, Mr. President, will become more powerful.