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The **Democratic Strategist** is a web-based publication edited by three leading American political strategists and thinkers—political theorist William Galston, polling expert Stan Greenberg and political demographer Ruy Teixeira. It seeks to provide a forum and meeting ground for the serious, data-based discussion of Democratic political strategy.

The **Democratic Strategist** has three editorial goals—(1) to provide an explicitly and unapologetically partisan platform for the discussion of Democratic political strategy, (2) to insist upon greater use of data and greater reliance on empirical evidence in strategic thinking and (3) to act as a neutral forum and center of discussion for all sectors of the Democratic community.

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THE DEMOCRATIC STRATEGIST STRATEGY MEMO

MORE ON EARNED PRIVILEGE, "MERIT," AND TEA PARTIES

BY ED KILGORE

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It's no secret that arguments for economic inequality depend on two different kinds of rationales. One is simply that of efficiency: permitting a significant amount of wealth accumulation provides capital for investment and growth, while also creating incentives for hard work and innovation. But the other, which is powerful in our essentially moralistic land, is moral: those who create wealth and improve economic productivity deserve, via their hard work, talent, and willingness to bear risks, deserve a higher standard of living than their sluggish, mediocre, and risk-averse fellow-citizens.

A variation on this moral theme is that a nation where your standard of living (not to mention those of your children) is largely determined by the rewards and punishments of rigorous competition is a stronger and more virtuous country—indeed, an exceptional country that has earned certain hegemonic privileges by its virtue and prosperity.

But in determining national economic policies, the "earned privilege" rationale for inequality begins to break down when inherited privilege comes into play. And that's why it's more than passing strange that the estate tax—or as Republicans like to call it, the "death tax"—has such weak support in Washington even among politicians who profess no particular objection to progressive income taxes.

With his usual sharp writing, Michael Kinsley [addresses this anomaly](#)¹ in a *Washington Post* column today, and briskly runs through the "small business" and "incentive to accumulate wealth" arguments for eliminating or greatly reducing estate taxes.

But he goes on to do something else: taking on the usual assumptions we make about *earned privilege*:

Perusing the Forbes 400 list of America's richest people, it's striking how few of them made the list by building the proverbial better mousetrap. The most common route to gargantuan wealth, like the route to smaller piles, remains inheritance. The ability to pass money along to your kids may motivate many a successful executive or investor to work harder, but it can't possibly motivate those kids to inherit harder in order to pass it along once again.

Dozens of Forbes 400 fortunes derive from the rising value of land or other natural resources. These businesses are fundamentally different from mousetrap building. Land does not need to become "better" to increase in value, and that value increase doesn't produce more land. Yet other fortunes depend directly on the government. The large fortunes based on health care and pharmaceuticals

would not exist if not for Medicare and Medicaid. The government hands out large fortunes even more directly in forms as varied as cable-TV franchises; cellphone licenses; drilling, mining and mineral rights; minority small-business loans; and other special treatment.

Most important, every American selling anything benefits from doing so in the world's richest market. An American doctor earns many times what the same doctor would earn in, say, India. This is not because he or she works many times harder. It's not even primarily because our government doles out hundreds of billions for health care each year. It's because we are a richer society, for reasons the American doctor had nothing to do with.

So the association between wealth and merit really isn't as strong as it looks. And now you'd think it would be especially weak, in a big economic downturn, as millions of people who haven't suddenly become slackers or lost their talent nonetheless lose their jobs or their assets. And that's why it's really odd that the "tea party" movement² has emerged so rapidly this year, and that so many Republican politicians are embracing it avidly. Like the "going Galt"³ phenomenon with which it is closely associated, the "tea party" protests⁴ are largely being organized around the idea that virtuous and successful people are being excessively taxed to support depraved losers. And getting back to the two different rationales for economic inequality, the teapartyites almost exclusively rely on moral as opposed to prudential arguments for reducing taxes on "wealth creators."

To be fair, some participants in "tea parties" may be more upset about bailouts of bankers than about bailouts of middle-class mortgage defaulters or "redistribution" of income to poor people or people who are by any definition simply "down on their luck." But just as the Republican tax agenda in Washington depends on middle-class rhetoric while actually aiming almost exclusively at reduction of taxes on upper-income earnings, much of the caterwauling about Wall Street subsidies among the protesters seems to thinly disguise a more fundamental hostility to the principle of ability-to-pay as being a legitimate factor in setting tax rates—again, on *moral* grounds.

In other words, the tea-party folks are really swimming upstream. At a time when the connection between virtue and economic success is especially weak in the minds of a majority of Americans, they're ready to revolt against Washington for failing to reinforce it or to punish "losers." And that's why the undoubted righteous anger around the country about financial institution bailouts probably won't congeal into some sort of effective political movement, aside from the influence it exerts on the two parties in Washington. The angry ones are angry for reasons that differ dramatically when you look just beneath the surface.

¹ <http://www.washingtonpost.com/wp-dyn/content/article/2009/04/09/AR2009040903447.html?hpid=opinionsbox1>

² <http://thinkprogress.org/2009/04/08/gopestablishment-joins-teaparties/>

³ http://www.thedemocraticstrategist.org/strategist/2009/03/rand_and_conservatives_a_remin.php

⁴ <http://www.teapartyday.com/>