March 3, 2020 - Letter to the Washington Post

A wealth tax could be both fair and enforceable

The Post's March 3 article "Bernie Sanders and Elizabeth Warren want a wealth tax. Wealthy Swiss say their model could work for America" raises key issues of tax fairness and enforcement.

Why would it be unfair to tax the super wealthy on total net assets when middle-class homeowners already are taxed on the value of homes largely financed through debt on which they pay interest to banks (whose profits flow disproportionately to the wealthiest)? Existing American wealth taxes -- state and local property taxes -- now finance most K-12 education. A national wealth tax could be used to make school funding more equitable and lessen the tax burden on the middle class. We already tax the middle class on property it partially owns. So why not tax the wealthiest on the value assets they own lock, stock and barrel?

Incentives are key to enforcement. A progressive wealth tax -- rising in increments from point A to point B -- could be enforced by applying the maximum rate to all households with wealth over a given threshold, and leaving it up to filers to document to the IRS that the lowest allowable rate is appropriate. Finally, a reasonable tax rate could provide an incentive for investment that spurs economic growth. A high rate could stifle it.

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