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## DeLay principle is like Roosevelt's — only backward

By PAUL KRUGMAN

The federal estate tax had its origins in war. As America moved toward involvement in World War I, Congress — facing a loss of tariff revenue, but also believing that the most privileged members of society should help pay for the nation's military effort — passed the Emergency Revenue Act of 1916, which included a tax on large inheritances.

But today's congressional leaders have a very different view about wartime priorities. "Nothing is more important in the face of a war than cutting taxes," declared Tom DeLay, the former House majority leader, in 2003.

DeLay has since been dethroned, but the DeLay Principle lives on. Consider the priorities on display in Congress this week.

On one side, a measure that would have increased scrutiny of containers entering U.S. ports, at a cost of \$648 million, has been dropped from a national security package being negotiated in Congress.

Now, President Bush says that we're fighting a global war on terrorism. Even if you think that's a bad metaphor, we do face a terrifying terrorist threat, and experts warn that ports make a particularly tempting target.

So some people might wonder why, almost five years after 9/11, only about 5 percent of containers entering the United States are inspected. But our congressional leaders, in their wisdom, decided that improving port security was too expensive.

On the other side, Bill Frist, the Senate majority leader, tried Thursday to push through elimination of the estate tax, which the nonpartisan Tax Policy Center estimates would reduce federal revenue by \$355 billion over the next 10 years. He fell three votes short of the 60 needed to end debate, but promised to keep pushing. "Getting rid of the death tax," he said, "is just too important an issue to give up so easily."

So there you have it. Some people might wonder whether it makes sense to balk at spending a few hundred

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million dollars — that's million with an "m" — to secure our ports against a possible terrorist attack, while sacrificing several hundred billion dollars — that's billion with a "b" — in federal revenue to give wealthy heirs a tax break. But nothing is more important in the face of a war than cutting taxes.

The push for complete repeal of the estate tax has apparently failed, but I'm told that chances are still pretty good for a Senate deal that will go most of the way toward repeal.

The Tax Policy Center estimates that two of the possible deals, compromises proposed by Sens. Jon Kyl and Olympia Snowe, would cost \$293 billion over the next 10 years. An alternative proposed by Sen. Max Baucus would cost \$240 billion.

So even these so-called compromise proposals would cost several hundred times as much as the port security measure that was rejected as too expensive. But that's OK: nothing is more important in the face of a war than cutting taxes.

It's interesting, by the way, that advocates of estate tax repeal apparently aren't interested in a genuine compromise — raising the estate tax exemption from its current value of \$2 million to \$3.5 million while leaving the tax rate on estate values in excess of \$3.5 million unchanged — even though such a compromise would preserve most of the revenue from the estate tax while exempting 99.5 percent of estates from taxation.

So a more precise statement of the DeLay Principle would be that nothing is more important in the face of a war than cutting taxes for very, very wealthy people, like the tiny minority of Americans who are heirs to really big estates.

Americans from an earlier era might have been puzzled by the DeLay Principle. They still believed in the principle enunciated by Theodore Roosevelt, who called for an inheritance tax in 1906:

"The man of great wealth," said TR, "owes a peculiar obligation to the state."

But the DeLay Principle isn't really that hard to understand: It's just like the Roosevelt Principle, but the other way around. These days, the state — or rather, the political coalition that controls the state, and depends on campaign contributions to maintain that control — owes a peculiar obligation to men of great wealth. And nothing is more important than cutting these men's taxes, even in the face of a war.

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