I. Introduction

The legitimacy of inheritance has long been of interest for philosophers and economists alike (Vandevelde, 1997). Traditionally, the problem of whether inheritance should be limited has been a matter of conflict between freedom and equality (Pedersen, 2018). From the viewpoint of freedom, people who have justly acquired assets should also be able to dispose of these assets in whatever way they see fit. From the perspective of equality, unrestricted power on the transfer of assets will inevitably lead to inequalities in wealth. The extent to which we value freedom or equality plays a major role in determining our stance towards whether to limit inheritance. If we prioritise freedom over equality, we should support people’s ability to bequest as it is just another transfer of assets. If we prioritise equality over freedom, we should act to limit inheritance since intergenerational transfers of wealth tend to result in the accumulation of wealth among a limited group of people and with that come greater inequalities in society (Pedersen, 2018).

The traditional debate between freedom and equality is a good starting-point in inquiring about what we value in relation to the practice of inheritance. However, it is important not to stop there. As noted by Fleischer (2016), when discussing wealth taxation more generally, we also need to inquire about why we value what we value. Only with a clear understanding of why we value what we value, will we be in a position to scope out a comprehensive policy for wealth taxation that aligns with our value judgements. Likewise, for inheritance policy more specifically, it is important that we ask ourselves why we value freedom or equality. Do we value freedom to transfer assets because we see it as a right of each individual, or because it is the most economically efficient way to structure our society?

Do we oppose inequalities in wealth because it is bad in itself, because it leads to unequal political power, or because it leads to inequality in opportunity? Our answers to these and similar questions will determine both if we are for or against limiting inheritance and what policies will serve our normative goals best.

In this essay, I will start the discussion on inheritance policy by evaluating different aspects of inheritance with respect to the viewpoint of rule utilitarianism. Following Haslett (1986; 1997), I will suggest that political units, i.e. legislative and policy-enforcing agencies, should strive to maximise general welfare in society. I will further posit that this ideal of welfare maximisation can be satisfied most efficiently by promoting productivity and equality of opportunity in society. I will therefore answer ‘what we value’ with ‘productivity’ and ‘why we value it’ with ‘it maximises general welfare’. The reason for this narrow normative focus is that it shows how, by giving clear answers to what we value and why, we can reach a well-defined policy for inheritance that adheres to our assumed value judgements. Fleischer (2016) notes that, while research on increasing economic inequality and inequality related policies has experienced a surge in later years, in large part due to Piketty’s Capital in the Twenty–first Century, the discourse often ends up giving a generic proposal of “taxing the well-off more heavily”. There is, however, a large spectrum of tax instruments available to reduce inequality that have very different implications. For example, picking an annual wealth tax as instrument for taxing the well-off implies the value judgement that it is wealth accumulation in itself that is problematic and should be the focus of regulation. Similarly, selecting an estate tax as instrument implies the judgment that intergenerational transfers of wealth are problematic. Concluding that we should tax the
well-off more heavily is, therefore, only the first step towards an inequality related policy. This step needs to be followed by a discussion of what specific areas of inequality we see as problematic and what values we seek to promote. The derivation of inheritance policy from a rule utilitarian framework in this essay can therefore be seen as part of a larger project to inform inequality related policy discussions with justifications for specific policies.

After introducing the rule utilitarian account that frames our analysis, we will proceed to examine and appraise two policies relating to inheritance that have been proposed in the literature: Haslett’s (1997) lifetime inheritance quota and McCaffery’s (1994) consumption-without-estate tax. While both policies were introduced more than 20 years ago, they represent major stances in the literature and continue to influence the debate on inheritance policy (Pedersen, 2018). By evaluating the two alternative stances on inheritance through our utilitarian framework, the following will be made clear: we cannot examine the practice and effects of inheritance as an isolated interaction between transferor and transferee. Solely focusing on limiting the intergenerational transfer of wealth will cause us to neglect how our policy affects behaviour in other domains in the lives of the affected individuals. If we limit people’s ability to bequest, we will indirectly encourage transferors to make use of their wealth in alternative, potentially problematic, ways by altering the opportunity costs of different behaviour. I will therefore argue that we should take a comprehensive view over the different incentives we promote when we introduce different policies on the practice of inheritance

In light of this, I will suggest that Haslett’s and McCaffery’s proposals should not be seen as competing policies, but rather as complementary: Haslett’s proposal to limit what a person can receive in gifts and bequests with a set quota promotes productive incentives in the generation that inherits. However, this limitation is also likely to incentivise some groups in the generation that first accumulate wealth to allocate part of their assets to consumption that is unproductive, i.e. relatively inefficient at increasing welfare. McCaffery’s proposal to progressively tax consumption can make up for this shortcoming in Haslett’s proposal and promote productive incentives for the first generation. This leads me to argue that a policy that combines Haslett’s and McCaffery’s proposals is superior to the respective proposals individually in terms of promoting productivity and, with that, welfare in society.

The essay will proceed as follows. Section II introduces the rule utilitarian framework that will be used to answer which dimensions we should focus on when we evaluate inheritance and policies related to inheritance, and why we should focus on those dimensions. Section III follows with Haslett’s (1997) and McCaffery’s (1994) respective policies concerning inheritance. In Section IV, we will relate these polices to the rule utilitarian framework and evaluate their respective advantages and disadvantages in terms of promoting productivity. Section V describes what a policy that combines Haslett’s and McCaffery’s proposals would look like and why it would be better than the individual proposals at promoting productive incentives for both current and future generations. Section VI concludes with a summary.

2. A framework for appraising inheritance policies

To be able to evaluate the practice of inheritance and related policies, a framework is needed to determine which dimensions to focus on and why these dimensions are important. Following Haslett (1997), the analysis of inheritance in this essay will be based on a rule utilitarian framework that focuses on productivity under the presumption that it increases welfare in society. This rule utilitarian framework can be divided into two separate spheres; personal and political morality. This essay is concerned with the latter.

Political morality is, according to Haslett, governed by a number of norms, rights and ideals. Haslett means that the most fundamental political ideal is general welfare, which should be understood as the equally weighted concern for the well-being of all individuals in society. This concern, or ideal, is fundamental in the sense that all other ideals of political morality serve as guides on how to most efficiently promote general welfare (Haslett, 1986). These subordinate ideals can therefore be seen as prima facie ideals, in the sense that they are open to compromise; they should only be realised to the extent that they do not conflict with ideals that are
One of these subordinate ideals is what Haslett (1997, p. 136) calls the *productivity ideal of distributive justice*. This ideal is concerned with the optimal distribution of income and wealth in society, where optimal should be understood as most conducive to general welfare. The ideal can be summarised under the mantra: “to all people according to the productivity of their labour, or of the property they have acquired in return for the productivity of their labour” (Haslett, 1997). In other words, people should be rewarded with exactly what they produce, or its equivalent. Since most people are not self-sufficient but exchange money for other people’s productivity in the marketplace, we need to be more specific in how to correctly value people’s productivity; we need to translate the productivity ideal of distributive justice to the more specific principle of the *ideal monetary value of people’s productivity*.

Haslett (1997, pp. 136-137) states that this ‘ideal monetary value of productivity’ should be defined in terms of people’s fully informed preferences. A person’s productivity is determined by the extent to which she produces goods or services that people either really want, or really need. What people really want or need should, however, not be understood in terms of their actual preferences. Rather, it should be understood as their wants and needs if they had *correct* beliefs about what maximises their welfare. The reason for this can be traced back to the fundamental ideal of general welfare: only goods and services that are *de facto* welfare enhancing for people should be counted as productive, since we are only concerned with productivity insofar as it is conducive to general welfare. The notion of fully informed preferences is therefore an essential part of our framework and our attempt to derive inheritance policy, as it acts as benchmark for welfare considerations. This will be evident when we discuss the notion of ‘positional goods’ in relation to McCaffery’s policy proposal in the next section.

Fully informed preferences are, nevertheless, not enough to properly define the ideal monetary value of productivity. For the willingness to pay among fully informed consumers to correctly represent people’s productivity, there cannot be any unnecessary limitations on people’s opportunities to be productive (Haslett, 1997). Unnecessary limitations on opportunities are those that human beings are able to, and should, remove given the productivity ideal of distributive justice. They include limitations on opportunity created by discrimination, prejudice or stemming from social background. They do not, however, include limitations on opportunity created by the justified realisation of people’s productivity. That is, inequalities of opportunity that can be traced back to a person being productive. Neither do they include limitations due to differences in native talents, i.e. inborn abilities, insofar as we are unable to remove these differences, or it would be self-defeating in terms of general welfare to do so. Haslett assumes that it would, in fact, be self-defeating to redistribute most of these native talents as it would result in a negative net-effect on general welfare (Haslett, 1986). It is important to note that Haslett is not valuing equality of opportunity for its own sake. In the rule utilitarian framework, equality of opportunity is only of interest to the extent that it is conducive to productivity, which in turn is only of interest to the extent that it is conducive to general welfare.

The type of equality of opportunity that Haslett is supporting can be clarified in terms of Rawls’ formal equality of opportunity bundled together with fair equality of opportunity (Rawls, 1999). What is meant by formal equality of opportunity is that all advantageous, or desirable, positions in society are legally accessible to everyone; in short “careers open to talents” (Rawls, 1999, p. 62). This basic principle of equality is supplemented by fair equality of opportunity, which can be summarised as follows: “assuming there is a distribution of natural assets, those who are at the same level of talent and ability, and have the same willingness to use them, should have the same prospects of success regardless of their initial place in the social system” (Rawls, 1999, p. 63). In other words, only native talent and ambition should play a role in determining the prospects of success for people when competing for advantageous positions. This entails that all inequalities in opportunity that we can alter should be redistributed equally to the largest possible extent, so that everybody has the chance to fully develop their potential productivity.

The justifications for fair equality of opportunity can again be traced back to the ideal of productivity according to Haslett (1997). If we do not remove unnecessary limitations on opportunities, we will create artificial
scarcity of some goods and candidates for specific jobs. That is, people will not be paid solely in terms of their productivity, but also in terms of their unjustly attained opportunities. We will then collectively misvalue certain goods and careers in society, which leads to inefficient use of resources and with that, less overall well-being. An example can help to illustrate the proposition. Today we value doctors substantially higher than factory workers seen from a salary standpoint. Naturally, this is in large part due to the scarcity of the talent needed to pursue a career as a doctor, and an abundance of the talent needed to pursue a career as a factory worker. This natural scarcity of doctors is unproblematic for the ideal of productivity. People who have the natural capacity, or willingness, to do things that few people can or want to do, are doing something socially valuable (Haslett, 1986). They are being highly productive and, according to the productivity ideal of distributive justice, should also be highly rewarded. The discrepancy in valuation can, however, be problematic if barriers in society hinder some people from pursuing a career as a doctor. For example, the relatively high tuition fee for the medical programme can force some people to give up their goal of becoming a doctor and take up a job as a factory worker in order to provide for themselves and for their families. In this case, the financial situation of some individuals puts them in a position where they are unable to make use of all of their productive potential, which leads to inefficient allocation of resources and with that less general welfare.

This concludes the part of the rule utilitarian framework relevant for the analysis at hand. According to the framework, the fundamental ideal that all policies should strive to realise is maximisation of general welfare. This entails a productivity ideal of distributive justice, which posits that people should be rewarded exactly what they produce, or its equivalent. Since most products are traded on the market, the equivalent of productivity needs to be described in monetary terms. The ideal monetary value of people’s productivity is then based on fair equality of opportunity and people’s fully informed preferences. These two conditions guarantee that people both have the resources needed to develop their potential productivity and are incentivised to do so by being sufficiently compensated for their efforts. As we look closer at two specific policy proposals regarding inheritance in the following sections, we will examine to what extent they promote productivity and thus general welfare.

3. Two alternative stances on inheritance

In this section, we will examine Haslett’s and McCaffery’s alternative stances on inheritance. Haslett (1997), making use of the rule utilitarian framework summarised above, argues that inheritance tends to undermine productivity in society and with that general welfare; he therefore suggests that we should limit inheritance. McCaffery (1994), to the contrary, argues that limiting inheritance pushes people to make less productive use of their wealth. McCaffery therefore proposes that we tax consumption rather than inheritance.

3.2 Haslett against inheritance

The implications of the framework above are clear for Haslett (1997). People can naturally only put their productivity, or property acquired through productivity, to use in a limited number of endeavours. As we seek to maximise general welfare, we want people to invest their capabilities in those endeavours where they will be the most productive. However, people’s self-interest does not always coincide with general welfare in society and we cannot force people to use their abilities in the most productive way. The reason for this is simply that we cannot know exactly what potential productivity people have and when they are making the most efficient use of their productivity. Instead, we need to motivate people to make the most out of their abilities. This is naturally done by rewarding people exactly in line with their productivity, thereby incentivising them to be the most productive they can be.

With that said, according to Haslett, inheritance tends to undermine productivity. There are two reasons for this; the first reason is based on a direct effect of inheriting on the person who inherits, the transferee. The second reason is based on an indirect effect of inheriting that affects the generation of the transferee more broadly. The direct effect of inheriting affects the transferee’s incentives to be productive. After inheriting a substantial amount, the transferee is naturally no longer forced to make as efficient use of her productive potential as before the transfer, since she already has the means to support herself and her family. Inheritance therefore affects the motivation to be productive for some individuals in society and, with that, general welfare. The second, indirect, effect of inheritance
refers to the inefficient allocation of resources in the generation of the transferee. The assets received by the transferee represent opportunity: wealth not only increases a person’s opportunity to pursue the career of her choice, it also increases her ability to pursue it successfully (Haslett, 1986). For example, by inheriting an enterprise, or the funds to acquire an enterprise, the transferee can put herself in a position, say CEO, which she would not be able to attain if native talent and ambition were the only deciding factors. In this case, the transferee would have taken the advantageous position from someone else who would be more suitable for the position and who would have used the resources more efficiently. So, while in this case inheritance does not affect the transferee’s incentives to work, it alters the opportunity landscape in society. People are unable to make the most of their potential productivity, which lowers overall productivity in society and with that overall welfare.

Due to these unproductive effects, Haslett (1997) argues that we should limit inheritance. More specifically, Haslett proposes that we should enforce the practice of *lifetime inheritance* quotas. The central idea behind this proposal is that we should set a cap on how much each individual can receive in gratuitous transfers throughout her lifetime. There are two key aspects to this proposal. Firstly, while Haslett calls the proposal an ‘inheritance’ quota, he is really concerned with all types of gifts, before and after the death of the transferor. Given the framework we described in Section II, it is a natural step to move beyond just inheritance to also include gifts made during the life of the transferor, i.e. *inter vivos* gifts. The reason is that all types of large gifts share the same offsetting effects on fair equality of opportunity and productivity that we described above: the direct effect on the transferee’s incentives to be productive, as well as the indirect effect on the generation of the transferee more broadly, holds whether or not the transferor of the assets is dead. Moreover, a full abolishment of inheritance would not plausibly hinder a motivated transferor to gift her assets to the transferee. Instead, such a policy would only lead the transferor to gift her assets before her death, which, as noted above, would have just the same unproductive effects as a wealth transfer after death.

The second important aspect of the policy is that the quota is imposed on the transferee, rather than on the transferor. Both the direct and indirect problematic effects of inheritance described above affect the generation that receives the gifts; it is therefore natural to focus on their assets, rather than the generation of the transferor. It is in this aspect that the strength of Haslett’s proposal can be recognised: the quota forces the very wealthy to break up their fortunes, which mitigates both the direct and indirect unproductive effects of inheritance to some extent (Haslett, 1997). The direct effect is mitigated as the transferees will no longer be able to receive enormous fortunes. This leads to a distribution of wealth more in line with the productivity ideal of distributive justice as wealth transfers unrelated to the productivity of the receiver are constrained. The indirect effect is diminished as large fortunes are broken up and spread out over multiple transferees. This implies a more equal distribution of opportunity and with that more productivity and increased general welfare, according to our rule utilitarian framework.

### 3.3 McCaffery against limiting inheritance

McCaffery argues against taxation of inheritance, or more specifically current taxation of inheritance in the USA, in his article *The Political Liberal Case Against the Estate Tax* (1994). While I am not concerned with inheritance taxation as such in this essay, McCaffery’s arguments against inheritance taxation also hold against limiting inheritance more generally.

The reason why McCaffery (1994) argues against inheritance taxation is threefold. Firstly, inheritance taxation pushes wealthy people to make large and frequent *inter vivos* gifts as they do not want to lose part of their gifts to the state. As noted above, a full abolishment of inheritance would not solve the problem of inequality of opportunity for the generation of the transferee, as the policy only pushes motivated transferors to make their gifts earlier.

Secondly, inheritance taxation encourages consumption over saving, or alternatively leisure over work. The reason for this is that the tax alters the opportunity costs of both consumption and leisure. A person who saves up to bequeath her fortune without any taxation, will naturally see her motivation altered if part, or all, of her fortune will go to the state instead of her heirs. The tax therefore incentives to increase consumption, as the person is then able to enjoy the amount in full. Moreover, as the person...
did not want to consume more in the original setting without tax, the additional goods that she will consume can be expected to be more skewed towards luxury, or positional goods. Positional goods can be understood as goods that give the user satisfaction, not in line with the absolute amount consumed, but in line with the amount consumed relative to other people that the user compares herself with (Hirsch, 1977). One classic example of a positional good is house size (Frank, 2005). When given the choice to either live in a world in which their house is larger than everybody else’s, or to live in a world in which they have a relatively smaller house size than everybody else, while having a larger absolute house size than in the first world; people tend to go for the first world. In other words, people seem to care more about their relative position than their absolute level of consumption when it comes to house size. The problem with the consumption of positional goods is that it can easily lead to what Frank calls ‘expenditure arms races’. In such arms races, people allocate significant resources to advance their relative consumption of a positional good. However, since other people are similarly concerned about their relative positions, they will also increase their consumption of the good. The end result is a situation in which the relative amount consumed by each person is much like the original position, but in which they all have less resources. The consumption of positional goods is, in these cases, problematic from the viewpoint of our rule utilitarian framework. Since the individuals are spending significant resources on consumption that do not increase their well-being, or increases it only marginally, they cannot be acting on fully informed preferences. If they are making choices on incorrect beliefs about what maximises their welfare, the consumption is not productive and the resources could have been spent more efficiently elsewhere.

A similar offsetting effect on productive incentives can be expected regarding the work-leisure balance for some wealthy individuals, according to McCaffery (1994). An individual, being sufficiently rich and having fulfilled all her needs regarding consumption, will have less incentives to work if she knows that part of her bequest will be taxed away. As with the balance between consumption and saving, inheritance taxation is expected to encourage unproductive allocations of resources and with that a decrease in general welfare.

Thirdly, and closely related to the second point, the decrease in savings among wealthy people will plausibly lead to a diminished capital stock (McCaffery, 1994). This decline in aggregate savings leads to a decrease in cheap capital available for investments. This could impair improvements in technology, thereby potentially decreasing productivity in society in the long run. All in all, a tax on inheritance skews people’s incentives towards luxury consumption, less work, and less saving.

Based on these three reasons, McCaffery concludes that it is not the concentration of capital that is problematic from a societal standpoint, but rather the use of the capital. He therefore proposes that we should not tax inheritance, but rather consumption (McCaffery, 1994). More specifically, he proposes a progressive consumption-without-estate tax. The rationale of this policy is based on mitigating the problematic offset of incentives discussed above. By applying the tax to consumption instead of inheritance, people will be incentivised to save more, which is good for the capital stock and future investments. Moreover, it will discourage people from spending large amounts on luxury or positional goods, as the opportunity cost for such spending will increase due to the progressive tax.

4. Intergenerational productivity and inheritance policy

Now that we have gone over Haslett’s and McCaffery’s contrasting stances on inheritance, we are in a position to evaluate their policies against the framework we defined in Section II. To recap, Haslett is in favour of limiting inheritance, as inheritance promotes unproductive incentives both directly, for the transferee, and indirectly, for society at large due to inefficient allocation of opportunities. McCaffery, on the other hand, is against the limitation of inheritance, as that would incentivise people to consume more, which leads to inefficient allocation of resources and less capital stock. Furthermore, limiting inheritance encourages some wealthy individuals to work less, which leads to less overall productivity in society. We can now relate these points by Haslett and McCaffery to the larger context of productivity maximisation under the presumption that it maximises general welfare.
Haslett's arguments against inheritance relate to the productivity of the generation of the transferee, the second generation. As we noted in Section II, the productivity ideal of distributive justice posits that we can best promote general welfare by compensating people with exactly what they produce, or its equivalent. What constitutes the ‘equivalent’ of a person’s productivity is based on people’s fully informed preferences of what they want or need, together with people having the opportunity to fully develop their potential productivity. Haslett’s point is that people in the second generation will not have equal opportunity to develop their productive potential due to intergenerational wealth transfers. This will lead us as a society to misvalue certain goods and services, compared to the ideal state where all people are in a position to fully realise their productive potential. This entails a suboptimal allocation of resources from the perspective of productivity. Haslett’s solution to this problem is to enforce the practice of lifetime inheritance quotas. With the introduction of this policy, we can break up larger fortunes and more evenly distribute resources to people in the generation of the transferees. The major advantage of Haslett’s policy therefore lies in how it promotes more productive incentives and resource allocation for the second generation. The major shortcoming of Haslett’s proposal, however, is its inability to mitigate the unproductive incentives that any policy limiting inheritance has. That is, the increased incentives for potential transferors to spend part of their wealth on consumption or to increase their relative amount of leisure over work.

McCaffery’s arguments against limiting inheritance and for taxing consumption relate to the generation of those that accumulate the assets in the first place, the ‘first generation’. By imposing tax or some other form of limitation on inheritance, we are offsetting the opportunity costs of different activities and are therewith altering the incentive structure that pushes people to allocate their resources productively. The opportunity cost for consumption and leisure decreases, which may lead to less productivity in both the short and long run. McCaffery’s solution to this problem is to introduce a consumption-without-estate tax. The advantage of this policy is that we are promoting both incentives for saving over consumption and for working over leisure, which is primarily beneficial for the first generation, but has added benefit in the form of increased availability of capital for subsequent generations. The major shortcoming of McCaffery’s proposal is that it has no way to break up fortunes that accumulate over time and that will alter the opportunity landscape in society.

We have now seen that both McCaffery’s consumption-without-estate tax and Haslett’s lifetime inheritance quota have advantages and disadvantages. From the viewpoint of first-generation incentives, McCaffery’s approach is preferable. By taxing consumption instead of inheritance, we are disincentivizing people from spending relatively more on consumption, while incentivising people to put more of their income into savings, which is good for the capital stock. From the perspective of second-generation incentives Haslett’s approach is preferable. By enforcing a lifetime inheritance quota, we are forcing wealthy people to break up their fortunes into smaller shares, which benefit equal opportunity and productivity in later generations. The natural next step based on our aim to maximise general welfare through increased productivity is to combine the two approaches to account for both the productivity of the first and the second generation. This is exactly what we will do in following section.

5. A combined policy

In the previous section, we noted that Haslett’s and McCaffery’s proposals can respectively deal with some, but not all, of our concerns when it comes to promoting general welfare through productivity over generations. Combined, however, they can be used to create a more extensive policy that can promote productive incentives for both current and subsequent generations. In this section, we will take a closer look at what this combined policy would look like, and what it would entail.

The combined policy would first and foremost be based on the lifetime inheritance quota proposed by Haslett. As we saw above, there is a number of advantages to this proposal in terms of incentives that promote productivity. Compared to a taxation on inheritance, the lifetime quota has the advantage of not disincentivising people to save up with the goal of bequeathing. The quota is not a tax, so heirs will still receive the full amount in the sense that nothing will go to the state. However, the transferees can only receive a set quota throughout their lives. This limit on the amount that people can receive, not just in terms of bequest but in terms
of different forms of inter vivos gifts, forces wealthy people to break up their large fortunes. This will keep opportunity, productivity and general welfare more stable over generations.

With that said, very wealthy people, who do not want to break up their fortunes into shares, or who simply do not have enough potential transferees that they want to bequeath, are still incentivised to spend the surplus of their fortunes on luxury or positional consumption. As we discussed, this type of consumption is problematic for general welfare as it leads to inefficient allocations of resources. Positional goods are used to signal wealth and the users derive value from their relative level of consumption compared to some reference group. This easily leads to arms races among wealthy people, which adds little productivity compared to the asset's alternative use in the hands of a financially less fortunate individual. To solve this shortcoming of the lifetime inheritance quota, we should supplement the policy with a consumption tax. The consumption tax should first of all be progressive. We are trying to rebalance the opportunity costs between consumption and savings after the introduction of the inheritance quota. From a productivity standpoint, we value savings over consumption as we want to increase the availability of capital for investments. We therefore want the marginal utility of consumption for the wealthy individuals in question to be sharply decreasing to a point where the consumption becomes very inefficient in terms of marginal utility for the society at large. Secondly, the consumption tax should focus on luxury goods. We are trying to mitigate the unproductive incentives that a lifetime inheritance quota could potentially promote for the wealthy. The type of goods that we attempt to disincentivize these people to buy will therefore be very expensive, with little added value in terms of productivity and general welfare.

6. Conclusion
In this essay we have examined Haslett's and McCaffery's seemingly contrasting stances on whether we should limit inheritance, together with their proposed policy measures. By positing productivity as the main focus of the evaluation due to its conduciveness to the guiding value of general welfare, we were able to get a clear picture of the advantages and disadvantages of the individual policies. Haslett's lifetime inheritance quota promotes productive incentives for the second generation but is insufficient in the sense that it cannot mitigate the unproductive incentives it promotes for the first generation. McCaffery's consumption-without-estate tax, on the other hand, promotes productive incentives for the first generation but lacks in its ability to promote productive incentives for the second generation. In light of this, it was concluded that Haslett's and McCaffery's proposals should not be seen as competing policies, but rather as complementary. A combined policy can take a comprehensive view on intergenerational productivity and promote productive, and ultimately welfare-enhancing, incentives for both current and future generations.

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Notes
1. Naturally, not all readers will agree with this focus, neither will they agree with general welfare being the guiding value when determining the relevant dimensions. The point of this essay is not to convince anyone that this is the case, rather the aim is to show how a focus on productivity can serve as a fruitful groundwork to systematically appraise policies on inheritance. We can then proceed to add concerns for other values on this groundwork, which, however, is beyond the scope of this essay.
2. Since we investigate inheritance policy from the viewpoint of maximising societal welfare through productivity; the main focus of the analysis is on the incentives that the different policies promote. The incentives that we make use of are theoretical incentives derived from the concepts and are, therefore, restricted in the sense that they are qualitative rather than quantitative. That is, no assumptions of the relative strength of the different incentives that are promoted are made, only information about the direction in which the promoted incentives plausibly direct behaviour is used in the analysis. For example, a tax on consumption will be assumed to lead to relatively less consumption. In general, this is a plausible assumption, however, there will always be exemptions. Moreover, informing the analysis with the relative strength of different incentives would enlighten the discussion and enable the description of policies closer to practical implementation. This, however, goes beyond the aim of this essay.

The phratries, a larger form of association, refers to the social division within Greek tribes. Lastly, the polis, an even larger form of association, refers to the cities in ancient Greece.

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