

Oligarchy & Taxation

David Gamage and Goldburn P. Maynard Jr.

One area in which America's oligarchy has mostly united is its support for a substantial and now well-entrenched wealth defense industry that employs some of the nation's brightest minds.¹ Because these individuals are well compensated, their interests align with the strong property protections and low taxation that oligarchs support.² While partisan political and competing interest groups have always been considerations for every tax proposal, this paper argues that we are currently dealing with something more intractable and insurmountable. By relying on recent insights by political scientists and a more fleshed out theory of oligarchy, this paper underscores the systemic roadblocks to any major changes to the status quo. Not only have oligarchs in the United States made it increasingly difficult to tax their wealth, they have also been behind several integral changes to the political system and have exploited intrinsic weaknesses in our political arrangement to ingrain their minority rule for the foreseeable future. The use of racism and religion along oligarchy-friendly courts, and a deep, well-funded wealth defense industry prevents policies that would lower the wealth of such oligarchs from ever getting off the ground.

We suggest that this is an imperative issue to tackle now because oligarchy poses an existential threat to our political system by enshrining minority rule into the foreseeable future.³ This is partly because the current status quo is a victory for the wealthy. Just by the nature of the snowball effect and long exploited loopholes, wealth at the top will continue to grow disproportionately absent major intervention.⁴ Oligarchies are also difficult to undermine because the scale of the wealth and power of oligarchs allows them to designate large resources that government bureaucrats can often not overcome.⁵ Because oligarchs are able to make changes that are structural in scope and nature they can help to change the terms of the discussion and the available options for policymakers. Several such policy limits have been read into the Constitution by the nation's courts.⁶ As such, laws that were meant to protect minorities from tyranny have been turned on their heads to allow a powerful minority to protect its wealth and influence.

¹ WINTERS, *supra* note __ at 213.

² WINTERS, *supra* note __ at 217.

³ *See, e.g.*, HACKER & PIERSON, *EAT TWEETS*, *supra* note __ at 13.

⁴ SAEZ & ZUCMAN, *supra* note __ at xv ("the wealthy save a higher fraction of their income than the rest of the population, which allows them to accumulate more wealth, which in turn generates additional income.").

⁵ WINTERS, *supra* note __ at 4.

⁶ One example is the crippling of agency power by courts. *See, e.g.*, Phillip A. Wallach, *Will West Virginia V. EPA Cripple Regulators? Not if Congress Steps Up*, BROOKINGS, July 1, 2022, <https://www.brookings.edu/research/will-west-virginia-v-epa-cripple-regulators-not-if-congress-steps-up/>