Buffett's Gift: Thoughts About Wealth and Inheritance in Christian Perspective

Recent news about Warren Buffett's decision to give $44 billion to philanthropic causes, some 85% of it to the Bill and Melinda Gates Foundation, provides a golden opportunity for reflection on the question of wealth and inheritance. In particular, the gift raises the question of the most appropriate disposition of large estates. Mr. Buffett has three children, but does not believe they should be the primary recipients of his accumulated wealth.

Buffett's exclusion of his three children as primary beneficiaries of his estate figured prominently in news about his decision. He is hardly leaving his children destitute, however. He has given them substantial amounts of money in the past and presumably will continue to do so. Moreover, the balance of his estate will go to three foundations run by his children and one created with his late wife, Susan. In reference to his children, Buffett says, "I believe in equality of opportunity. . . They should not inherit my position in society, based on the womb that they were born from."

Asked at a joint news conference with the Gateses why not leave this money to the government, Buffett responded, "I think that [these foundations] will do a far better job in terms of maximizing the good that comes out of that money than would happen if it were dropped into the federal treasury." The Gates Foundation focuses on the treatment and prevention of infectious diseases in the third world, and education designed to enhance opportunity and promote equality. The Foundation's primary goals include "reducing the 'unconscionable disparity' that exists between the way that we live and the way that the people of the developing world live." One need not attribute an inherent superiority to private philanthropy over government services to believe that money spent by the Gates Foundation will accomplish greater good than if disbursed according to current U.S. government spending priorities.

Buffett's central aim, it must be emphasized, is not to avoid estate taxes on his wealth when he dies. He has long been a supporter of the estate tax, and reiterated that support at the June 26 news conference. "I would hate to see the estate tax gutted," he commented. "It's a very equitable tax. It's in keeping with the idea of equality of opportunity in this country, not giving incredible head starts to certain people who were very selective about the womb from which they emerged." Buffett has also stated that he never had plans to do anything other than to give back to society what he has gained from society. Before his wife died in 2004, he had assumed that she would outlive him, and would be the one to distribute his estate. Now he realizes that he must begin the process of disposing of his wealth in order to fulfill the plans they both had shared.

It is also noteworthy that Buffett's gift involves little personal sacrifice. Buffett loves to make money, not to spend it. He is placing his wealth in the hands of others whom he is confident will be able to spend it more wisely and effectively than he ever could himself. Moreover, by leaving management and spending decisions to others, he is free to continue to make more money. Known for his unpretentious lifestyle, Buffett eschews the accoutrements of wealth. He does not seek prominent social status or great political power. If he has a religious affiliation, very little is made of it. He is clearly a man after the heart of John Wesley, who taught, "Make all you can, save all you can, give all you can."

In the field of philanthropy, Andrew Carnegie appears to be something of a role model for Buffett. Carnegie viewed society as the source of his wealth, and considered it a high moral obligation to return to society what he had received from society. Carnegie minced no words in expressing his conviction that great wealth was not to be hoarded, but spent for the good of others: "He who dies rich, dies disgraced."

Unlike Carnegie, however, Buffett has no interest in devoting himself personally to philanthropic activities. Carnegie was to some degree driven to become a philanthropist as an act of atonement, out of guilt over the ruthless and exploitative business practices whereby he gained his wealth. Buffett, by contrast, continues to revel in the joys of making money. He will probably continue to make money to pass on as philanthropy to his designated foundations.

Buffett's story about wealth and inheritance is especially timely, providing a rejoinder of sorts to the current Bush administration's efforts to abolish the estate tax altogether. I will first take up the question of wealth briefly, and in Christian perspective. Then I wish to make the case both for philanthropy and for maintaining and, in fact, increasing, the estate tax.

The New Testament view of wealth, especially as expressed in the teachings of Jesus, is one of great caution. Perhaps the most poignant story about wealth, found in all three synoptic Gospels, involves the rich man who asks Jesus, "Good teacher, what must I do to inherit eternal life?" The man, we discover, has done everything that moral law requires. But one thing he appears unable to do, even to gain what is most precious of all, and that is to give away his wealth. The man is shocked at Jesus' proposition to sell his goods and give the proceeds to the poor. He goes away grieved "because he had many possessions" [Mark 10:17-22; cf. Matt. 19:16-30; Luke 18:18-30]. In Mark 10:25, Jesus warns, "It is easier for a camel to pass through the eye of a needle than for a rich man to enter the Kingdom of God."

The seductions of wealth easily crowd out the fullest blessings of life in communion with

God. Of course, one may become overly attached to even the most humble of possessions. Yet it seems to be the case that the greater one's wealth, the greater the peril to one's soul.

Remarkably, Warren Buffett seems to have escaped this peril. Stories about him predictably comment on his modest and unpretentious lifestyle. He is, perhaps, the exception that proves the rule–a man who has made good on his life-long intention not to be captive to his wealth. His children have long known about his contempt for inherited riches. He began to make plans years ago for the disposition of his wealth. Somehow, he has maintained an identity that has not depended on having and spending. Rather, he is a man who excels at making money. Buffett should not be elevated to sainthood, as he is hardly indifferent to wealth. He has been able to maintain an extraordinary freedom in relation to his own money precisely because he has an enormous confidence, confirmed by his own experience, in his ability always to make more.

Ordinary folks can hardly be so sanguine as Buffett about giving their money away. First, we have much less to spare. Second, we cannot count on our ability to make more to replace it. We find that the accumulation of wealth poses an enormous challenge in terms of effort and sacrifice. We cannot easily become rich. Indeed, often we cannot easily acquire even what is necessary for physical security and material comfort. It takes hard work and self-discipline. Consequently, much more seems to be at stake in letting wealth go. The possibilities for wealth to imperil the soul, due largely to its preciousness in terms of its costs and demands, are very real. How difficult to achieve equanimity regarding what comes at such great price! We are loathe to part with what represents so great a part of us, our work, our sacrifice.

This tendency to identify wealth with self may explain why many Americans seem so ambivalent about a federal tax on inheritances. Republicans have turned the highly misleading rhetoric of the "death tax" to great advantage in public debate. Contrary to what one of my senators has written me, death is not "a taxable event." No one is taxed for dying! The vast majority of estates in America are not large enough to be subject to federal estate taxes. Still, millions of Americans who will never accumulate much wealth resist the estate tax. One reason, I suspect, is our tendency to identify wealth so intimately with the person who owns it. Wealth represents the investment of a person's life. Somehow, it seems as if something is being taken away from the person when that wealth is taxed. Since the taking is occasioned by death, the rhetoric of "death tax" conjures up a sense of personal imposition.

This sense of personal imposition is heightened by the fact that most people plan to leave the major portion of their estates to their spouses, children, or other family members. It is not simply that an estate, or an amount of wealth, is being taxed. Rather, it is that one's loved ones, or family, will receive less due to the tax. Of course, as federal law now stands, only the heirs of the wealthiest 2% or fewer will ever have their inheritances diminished by federal estate taxes. But the very idea that the government can do this to those who have such wealth apparently rankles many of lesser means.

Resistance to the federal estate tax is probably also due to the failure of most Americans to recognize that their estates will never be subject to it. Is it that they are ignorant of the high exemption levels? Or that they hope some day to be rich? Our lives are often oriented by our hearts' vain desires, such as winning the lottery or inheriting a huge estate, rather than realistic possibilities. Morally speaking, of course, the desire for wealth is but a sub-species of the general attachment to wealth, against which Jesus, the New Testament, and Christian tradition have thoroughly warned us.

Wealth clearly presents a moral challenge. Three key values merit attention in any further ethical reflection on inheritance. Two of these, justice and compassion, are firmly anchored in Christian tradition. The third, democracy, or the democratic principle, derives more directly and immediately from our liberal democratic tradition, although a case can be made that Christian teachings call for some form of democratic political system. These three values, justice, compassion, and democracy, could be invoked to explore further the moral implications of wealth accumulation and possession. Here, however, I wish to invoke them for ethical reflection regarding wealth inheritance. In brief, with respect to the question of inheritance, what is the just, the compassionate, and the democratic thing to do?

Many members of our individualistic society seem to regard the estate tax as inherently unjust. What right has government to take away our hard-earned wealth after we die, especially when we will no longer be able to receive any of the benefits that government might otherwise provide? Why should any estate that is to be passed on to the rightful heirs be diminished by taxation? Americans typically have a sense of entitlement to wealth that they themselves, or their forebears, have acquired. Absent from this picture, but present in the thought of persons like Carnegie and Buffett, is the sense that wealth is gained from society. Wealth is also gained from the exploitation of planetary resources. Wealth does not arise merely from one's own labors. It arises within a social and cultural context, within a political economy, within a particular geographic and physical environment, at the hands of many, many others.

Wealth is a social reality. Apart from its social, legal, political, and cultural context, money is nothing more than printed paper (or shells, metal, or beads). Philanthropists like Buffett talk about "giving back" to society, or the world, because they understand that their wealth represents the contributions of countless others. Such wealth is not merely an economic product, but a social product, made possible by and within a society that is organized to allow and provide for its creation. As Buffett himself has observed, "I personally think that society is responsible for a very significant portion of what I've earned. If you stick me down in the middle of Bangladesh or Peru or someplace, you'll find out how much this talent is going to produce in the wrong kind of soil. I will be struggling 30 years later. I work in a market system that happens to reward what I do very well–disproportionately well."

Justice, properly understood, relates to inheritances in two primary respects. One has to do with the circumstances of the wealthy person. The other has to do with the relations and circumstances of those who may be recipients of great wealth. The wealthy person must recognize that wealth is a social product, not an individual achievement. Therefore, the possession of such wealth imposes a distinctive personal obligation. Jesus expresses a memorable form of this principle of justice in the Gospel of Luke: "From everyone to whom much has been given, much will be required" [12:48]. Wealth is one of those human resources that imposes its own obligations. It represents the capacity or power to effect change, to make a difference, to contribute to the lives of others, to give back to society. The sheer possession of wealth obliges an individual to act benevolently in ways, or to an extent, exceeding the power and capacity of persons of lesser means. Wealth is hardly the only human resource or capacity that imposes a social obligation. All individuals possess some powers or capacities that obligate them to contribute to the lives of others. The point is simply that the wealthy are encumbered to a greater extent to use their material resources for the good of others.

The question, then, is which others? Surely every person bears certain special responsibilities toward family, loved ones, and other close associates. Some Christian thinkers have argued that love should be wholly indiscriminate, impartial, without preference of any kind. In my view, indiscriminate love would be strangely impersonal and virtually impossible. There are obligations of love that arise precisely from the bonds of our most immediate and significant relations. Most basic are those obligations of love that arise from what we have done to pledge ourselves to marital and other covenantal relationships, and to bring children into the world. In a nutshell, it seems reasonable and just for a person of wealth to provide sufficient means to his or her spouse, children, or other natural heirs to help protect them from the slings and arrows of outrageous fortune. On the other hand, it seems obscene to pass on more wealth to anyone than could possibly be needed to sustain a modest existence, especially in a world where the masses struggle daily to survive. As Buffett himself has put it, “I am not an enthusiast of dynastic wealth, particularly when the alternative is six billion people having that much poorer hands in life than we have, having a chance to benefit from the money.” It is simply not right for a few people to inherit great riches when most people lack the means to live to the fullest, while multitudes languish and die on the margins. As a matter of justice, the wealthy person must endeavor to maximize the means available to others to acquire the resources they need not merely to survive but to flourish.

To justice, however, we must also add compassion. It is never enough to recognize a moral principle in the abstract. Who can argue against meeting basic human needs? But it is one thing to endorse the idea of justice in the name of the greater good, it is quite another to be moved to share one’s resources in helping others. Thus compassion--the quality of feeling for others and with others, the capacity to suffer and to rejoice in the sufferings and joys of those about us--is also needed. The first requirement of compassion is simply to see others, to attend to them in their circumstances, to recognize and regard them as fellow human beings, and to care about them. Unfortunately, wealth tends to insulate the wealthy from the common lot of humankind. The wealthy require the gift and virtue of compassion to recognize and address the very tangible human needs surrounding us all.

Finally, if there is reason to favor democracy as a political system, then maintaining high taxes on large estates is morally imperative. The fact is, vast aggregations of wealth tend to translate into vast concentrations of power. That power is not only economic, but also cultural, social, and political. For democracy to flourish, there must be meaningful embodiment in law and practice of equal rights, equal liberties, and equal opportunities. Democratic values and practices cannot survive without these forms of equality. Great concentrations of wealth pose a threat to all three, but most obviously and immediately to equal opportunity. Money buys all kinds of things, including political favors and preferential treatment. Equal opportunity becomes a total sham with the entrenchment of an economic power elite. As Supreme Court Justice Louis Brandeis, a vigorous defender of the estate tax, observed decades ago, “We can either have democracy in this country or we can have great wealth concentrated in the hands of a few, but we can't have both. ”

Democratic political systems embody a commitment to the worth and dignity of every human individual. They represent the closest approximation we have in political life to the principle of equality, which is given biblical expression in the idea that God is “no respecter of persons” [KJV; Deutr. 10:17; Acts 10:34; Rom. 2:11]. But democratic political systems are hardly immune to the corruptions of wealth. They have basically two ways to avoid corruption by wealth. One is to encourage the sort of philanthropy exemplified by Buffett. The other is to impose very high inheritance taxes on great wealth. The creation of dynasties based on inherited wealth signals a grievous failure of democracy, as well as a failure of justice and compassion.