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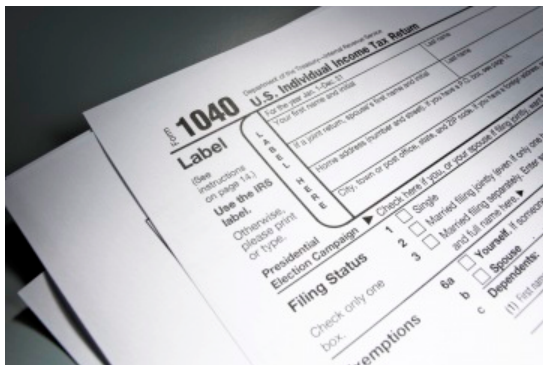
Care About the Future? Then Lower Capital Taxes

Capital taxes are a disincentive to save, a disincentive to work and a disincentive to innovate.

By **STEVEN LANSBERG** | July 16, 2012 | +

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Deep inside a West Texas mountain, engineers are building a clock designed to tick for 10,000 years. This is no easy task, and it won't be cheap. Jeff Bezos, the founder of [Amazon.com](#), has already sunk \$43 million into this project. A reasonable person might wonder why.

According to the Long Now Foundation, which sponsors the project, the goal is to “foster long-term thinking and responsibility in the framework of the next 10,000 years.” I'm all for thinking and responsibility, but there are better ways to advance them than building a clock.

Let's start with the “thinking” part. Here's something to think about: What do we actually owe to future generations? That's a question about moral philosophy, and I don't know the answer. On the one hand, it seems like a good thing to care — at least a bit — about distant strangers, and it's not obvious that the distant strangers who will be born in the year 2512, say, are any less deserving than the distant strangers we share the earth with today.

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That suggests we owe them at least some consideration. On the other hand, those distant strangers will exist only because you, I and our neighbors have decided to reproduce. Almost nobody believes that reproduction is a moral imperative, which means that almost everyone believes it's perfectly okay to deny our descendants the gift of life. But if we don't even owe them life, then how can we owe them anything else?

Personally, I'm convinced by both arguments, even though they reach opposite conclusions. (This happens to me a lot when I read philosophy, which is how I know that I wasn't cut out to be a philosophy major.) If you care about this kind of thing, there are a lot of arguments and counter-arguments to study and dissect. That's hard work. I'm unclear as to how a 10,000 year clock is going to make it any easier.

But let's suppose you've cleared through all that philosophical brush (or simply decided to bypass it) and decided that yes indeed, we've been shortchanging our future descendants and we ought to reform our behavior. Okay, then how do we get ourselves and our neighbors to do that? That's a question about economics, and this one I can answer for you.

There are only three things you and I can do to make the future world a better place. First, we can consume less, leaving more resources behind. Second, we can work harder, planting trees, building factories and writing poems that will live on after we're gone. Third, we can innovate, advancing science and technology so that our children's children's children can make better use of the resources they inherit.

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As it happens, there's one key policy variable that drives all three of these things, and that's the tax rate on capital income (which includes interest, dividends, corporate income and capital gains). Capital taxes are a disincentive to save, and when people don't save they consume instead. Capital taxes are a disincentive to work and a disincentive to innovate.

This is not a plea for lowering taxes in general, and it's not a plea for making the tax system either more or less progressive. (If you want to soak the rich, there are plenty of things to tax besides capital.) As a matter of fact, this isn't even a plea for lowering taxes on capital. It's simply an observation that *if* your goal is to leave a better world for our descendants, *then* your best bet is to support lower capital taxes.

So if the clockmakers are out to get us to think harder about what we owe our descendants, they should be calling attention to the thoughtful philosophical arguments that have been made on both sides of this question. If they're simply out to get us to leave the world a better place, then they should be lobbying for a zero tax rate on capital income (a policy many economists support for a great variety of reasons, as it happens). Either way, building a clock seems like rather a waste of time.

Steven Landsburg is a professor of economics at the University of Rochester and the author of The Armchair Economist, a revised and updated edition of which was published earlier this year. Learn more about the book at www.armchairecon.com. Landsburg also blogs regularly at www.TheBigQuestions.com.

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