

Republican presidential candidate Romney reports income of \$21 million a year

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Republican presidential candidate Mitt Romney released his tax returns Tuesday morning, revealing that he collected income of \$21.7 million in 2010 and \$20.9 million in 2011, nearly \$42.6 million over the two-year period. Not a penny of this income was from salary or wages reported on a W-2. Nearly all of it was investment income, including capital gains, dividends and interest.

Most of the media attention has focused on how much Romney paid in taxes—about \$6.2 million over that two-year period—for an effective tax rate of 13.9 percent in 2010 and 15.4 percent in 2011, well below the effective tax rate for many working people. This is certainly an important question, and demonstrates the role of the US tax system in redistributing income from the poor to the wealthy.

But the sheer scale of Romney's income and the social distance between the multimillionaire and the vast majority of the American population deserves attention. Romney's annual income of \$21.7 million in 2010 comes to nearly \$60,000 *each day*—more than the *annual* median household income in the United States, just over \$50,000.

In other words, the former private equity CEO rakes in more every day from clipping the coupons on his past investments than the typical American household with two working parents makes in an entire year.

In 2010, Romney made \$12.6 million in capital gains, \$4.9 million in ordinary dividends and \$3.3 million in taxable interest. Much of his income came in the form of “carried interest,” the tax-code term for profits gained by the proprietor of a hedge fund or private equity firm from managing other investors' money.

Carried interest is taxed at the ultra-low 15 percent rate applied to capital gains, not the 35 percent rate that would apply to a management fee. Moreover, it does

not count as income for the purposes of Medicare and Social Security taxes, which fall most heavily on wage workers.

Romney's tax form is a vivid demonstration that the super-rich in America are truly a breed apart. The 2010 return by itself runs to some 443 pages divided into five separate documents: the joint return of Mitt and Ann Romney is 203 pages; Mitt Romney's blind trust has a 37-page return, while Ann Romney's blind trust has 83 pages. A family trust filed an 81-page return, and a charitable foundation filed 39 pages.

The combined wealth of Romney and his wife is estimated at around \$250 million, of which between \$20 million and \$100 million is in an individual retirement account. The Romney blind trusts are managed for him by Goldman Sachs, the huge investment bank that was one of the principal beneficiaries of the Wall Street bailout.

The family assets include holdings of an undisclosed size in offshore funds based in the Cayman Islands, Luxembourg and Ireland, and several Swiss bank accounts were reported for 2010 but liquidated that year because an investment adviser decided it might embarrass the presidential candidate.

Romney gave \$7 million to charity over two years, more than he paid in taxes, with the bulk of it going to the Mormon Church. The tax deduction for such donations amounts to a multimillion-dollar subsidy to the religious institution from the federal treasury.

Campaign counsel Ben Ginsberg said that Romney would not release tax returns for earlier years, including the 15 years from 1984 through 1999 when he amassed his huge fortune at Bain Capital. This has the effect of shielding many details of Romney's finances, particularly the source of losses that he reported on his 2010 and 2011 returns, attributed to earlier years, which

reduced his tax liability.

There may be a particular political purpose in holding back the earlier returns, since Romney's wife Ann made a tax-deductible donation to Planned Parenthood in 1994, a fact which came to light during Romney's failed campaign for the US Senate seat in Massachusetts that year. If the Romneys made subsequent charitable donations to Planned Parenthood or other organizations demonized by the ultra-right, that could prove an embarrassment to his current campaign for the Republican presidential nomination.

Romney is the wealthiest of the presidential candidates, but far from the only millionaire. Former House speaker Newt Gingrich, who released his tax returns for one year only, made \$3,162,424 in income in 2010, mainly from his consulting and book businesses. President Obama had an adjusted gross income of \$1,728,096 for 2010, the bulk of it from continued sales of his two autobiographical books.

The candidates' wealth and nominal taxes came up in the course of Monday night's Republican presidential debate, when Romney noted that Gingrich had proposed to reduce the tax rate on capital gains to zero. "Under that plan, I'd have paid no taxes in the last two years." Gingrich agreed, and reiterated his backing for the proposals to further reduce taxes on the super-rich, even while he and all the Republicans and Democrats demand further cuts in Medicare, Medicaid and other social programs on which tens of millions of working people depend.



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