

# The election year controversy over Romney's taxes: Hypocrisy to spare on both sides

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Last Thursday, Republican candidate for US president Mitt Romney attempted to quell criticism by the Obama campaign about his personal fortune and proposed tax plan. He told a press conference in Greer, South Carolina that he had paid at least 13 percent in income taxes each of the past ten years.

“Over the past 10 years, I never paid less than 13 percent. I think the most recent year is 13.6 or something like that. So I paid taxes every single year,” Romney said in response to a reporter’s question during what was scheduled as a press conference on Medicare.

Romney’s comment and the underlying issues surrounding his enormous fortune and possible tax evasion have a political significance, highlighting the social (and moral) chasm that separates the working population from the super-rich.

In January, under pressure from his rivals for the Republican nomination, Romney released his 2010 tax return and an estimate for 2011. According to these documents, Romney claimed \$20 million in income in 2010, paying an effective federal income tax rate of 13.9 percent, with a total tax payment of around \$2.8 million.

Both this latter total and the tax rate are absurdly low for an individual with such an income. Romney’s effective tax rate is only slightly higher than the average US household’s effective tax rate of 11 percent, according to an analysis of 2009 tax returns by the non-profit Tax Foundation.

According to the same study, households with incomes between \$500,000 and \$1,000,000—that is, households earning between one fortieth and one twentieth of Romney’s 2010 income—paid an average effective rate of 24 percent, over ten percentage points more than the presidential candidate.

In 2010, for a married couple filing a joint tax return, the US income tax rate was 10 percent for income up to \$17,400; 15 percent for income from \$17,400 to \$70,000; 25 percent for \$70,000 to \$142,000; 28 percent for \$142,000 to \$217,000; 33 percent for \$217,000 to \$388,350; and 35 percent for income above \$388,350.

Romney’s Federal Election Commission filings and 2010 tax return reveal a multitude of off-shore tax havens and complicated instruments which have no other purpose than to hide income. These include a \$3 million Swiss bank account, transactions with foreign companies, which occupy a full 55 pages in the 2010 tax return, and an individual retirement account (IRA) worth tens of millions of dollars.

On Friday, the Obama and Romney campaigns exchanged letters about the possibility of Romney releasing tax returns for the past five years, with Obama aides offering to drop any further demands for disclosure if Romney complied. The Romney camp flatly rejected any further release of information.

The Romney campaign has faced pressure to release his tax returns from Republicans who fear that the continued refusal gives ammunition to the Democrats. Statements to this effect have come from right-wing columnist George Will, *Weekly Standard* editor William Kristol and media mogul Rupert Murdoch, as well as from Republican National Committee Chairman Michael Steele and former campaign strategist Ed Rollins.

It is not that the production of such information is particularly burdensome, even given the gargantuan financial holdings of Romney, who is estimated to be worth as much as \$250 million, largely from his operations as the principal owner of the private equity

firm Bain Capital. Romney delivered more than 20 years worth of tax returns and other financial documents to the McCain campaign in 2008 when he was being vetted as a potential vice-presidential candidate.

The Romney campaign has taken a pounding for months from sections of the media and from the Obama campaign for refusing to follow the practice of nearly every presidential candidate in the last half century—including Romney's own father when he ran for president in 1968. George Romney released 12 years of tax returns covering his years as Michigan governor and CEO of American Motors.

The only politically serious conclusion to be drawn is that there is something in the tax returns that is more damaging to Romney than the constant attacks for withholding information. Many possibilities exist, although one, suggested by Senate Democratic Leader Harry Reid—that Romney paid zero taxes over a period of several years—was flatly denied by Romney.

One possibility, voiced by liberal MSNBC host Lawrence O'Donnell, was that Romney may have taken advantage of a tax amnesty in 2009 which allowed persons who had previously hidden income overseas to come clean and pay a penalty in exchange for being free from criminal liability for tax evasion.

Another possibility is that there is a conflict between Romney's tax return for 2009, apparently filed while he was living in California, and his voting in the January 2010 Massachusetts special election for the US senate seat vacated by the death of Democrat Edward Kennedy. Romney registered using his son's address in Belmont, Massachusetts, although it is doubtful he was living in the basement.

Romney's refusal to make public his tax returns expresses the arrogance and contempt for the public and for democratic principles of the entire ruling elite. Many of the leading Democrats who have been denouncing him for non-disclosure, like Senate Majority Leader Reid and House Minority Leader Nancy Pelosi—wife of a multimillionaire real estate investor—have never released their own tax returns and publicly refuse to do so.

Obama's own treasury secretary, Timothy Geithner, the former president of the New York Federal Reserve, was exposed as a tax evader during his confirmation hearings. More fundamentally, Obama and the

Democrats have aided and abetted the same financial parasites as their Republican counterparts, from the open-ended bailout of Wall Street, to the bailout of Chrysler and General Motors at the expense of the auto workers, to this month's Justice Department decision to drop its criminal investigation of Goldman Sachs.



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