

GUEST VIEW

Rich Americans get big benefits for their share of taxes

By **Roland F. Chase**

In the March 18 Daily News, retired Capt. Mike Caldwell offered what he called the "light of truth and fact" on the question of whether the rich are taxed too heavily. He quoted statistics showing that by far the most income taxes are paid by a relatively small percentage of wealthy people; for example, the top 1 percent of income-tax filers paid 40 percent of all income taxes in 2005.

Before you start feeling too sorry for the rich, let me point out a few things. First, Capt. Caldwell's statistics, attributed to the "Feb. 29 Providence Journal," are suspect. Rather than come from an economist or other expert, as implied, they came from an opinion article, much like his own, written by a state representative from Cumberland.

Second, the percentage of taxes paid by any income group is meaningless without looking at the benefits received by that group. After all, no one is surprised when two people in a grocery store pay vastly different amounts at the checkout counter if one of them is pushing a cart piled high with food while the other just buys a candy bar.

That's the way to look at the fairness of taxation. The real question is not how much more taxes the rich pay, but what they get for their taxes that the poor do not get.

Well, for a starter there's the tax deduction for home mortgage payments. Oh, you say, that's available to everyone. Yes, but how many poor people own their own houses? Very few. They pay rent, which is not deductible on their income-tax returns. It's really

like welfare for the well-off. The cost of shelter — a basic need if there ever was one — is subsidized by our tax system for the rich, but shelter for poor citizens who cannot afford to own a home is not subsidized.

But there is more. Have you ever heard of federal bailouts? That's when a huge industry is about to go belly-up and the federal government rushes in to save the stockholders. For example,

in 1979, Chrysler Motors was about to go bankrupt and the federal government rescued it to the tune of \$1.5 billion. Later, the savings and loan industry was on the ropes. How did it recover? Federal money was pumped in, \$124.6 billion according to Wikipedia.

Currently, there's talk of a federal bailout for the subprime mortgage industry for many more billions of dollars.

Who benefits from these bailouts? It's not poor people, because they don't own stock in these corporations. No, it's rich people, or at least the relatively rich, who own corporate stock and benefit from federal bailouts.

Then there are the routine subsidies propping up all kinds of industries. The Cato Institute, a libertarian think tank, says the federal government spent \$92 billion subsidizing corporations during fiscal 2006. Again, this goes mostly to stockholders and corporate officers.

Airlines, for example, receive billions of taxpayer dollars as government subsidies. Airlines are not only owned by the relatively wealthy, they are also used by those with money. The poor do not fly; they mostly travel on buses or trains, which receive relatively little help from the government. So

government subsidies are another plum benefit for the rich.

Are there some government benefits that go to the poor and not to the rich? Yes, of course. Think of all the social service agencies. I'm not arguing that the rich get all the benefits from taxes, just that they get a lot more than poor people do, and therefore the picture is not skewed to favor the poor, as Capt. Caldwell claims.

Yes, the rich are taxed a lot more than the poor. And there is good reason for it — they get a lot more benefits than the poor from tax dollars.

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