



Wealth redistributed: Two visions of America clashing

Analysis: Romney risks alienating the masses who receive federal benefits as he tries to tap into anger over their costs.

Charles Babington / The Associated Press - 9/19/2012

Republican Mitt Romney, in describing nearly half of Americans as being docile dependents of the state, and saying it's a "foreign concept" for government to redistribute income, is outlining a philosophy that's not only sharply at odds with President Obama's views. It's also difficult to square with the facts of how Social Security, Medicare, the tax code and scores of other institutions work.

Romney's claim that 47 percent of Americans won't take "personal responsibility," which he linked to their failure to owe federal income taxes, instantly crystallized his philosophical differences with Obama when the remarks came to light Monday.

Romney, trying to control the message amid widespread criticism, went further on Tuesday. He told Fox News that it's "an entirely foreign concept" for government to "take from some to give to the others."

The remarks echoed complaints often raised by conservative groups, including tea party activists, who denounce "redistribution of wealth."

But the remarks overlook basic facts, such as how the costly and popular Social Security and Medicare programs shift billions of dollars from younger people -- who pay payroll taxes -- to older people, who receive the benefits.

Similarly, the nation's progressive income tax system requires wealthy people to pay proportionately more, shifting some of their wealth to poorer people in the form of government services and welfare.

Federal excise taxes, along with sales taxes imposed by many states, work in the other direction, regressively. Because they are levied without regard to the payer's income, they take a disproportionately larger bite from poor people.

In the Fox interview, Romney took a calculated risk that most voters resent, or can be coaxed to resent, the government's redistributive role, even if millions benefit from it.

Some conservative activists, originally tepid about Romney, cheered his much-debated remarks about the "47 percent."

Obama talks much more than Romney does about society's responsibility to help the needy. His it-takes-a-village approach depicts government as a force for good – not only for the downtrodden, but also for entrepreneurs who rely on public schools, roads, police and firefighters to build their businesses.

"We have some obligations to each other," Obama told CBS's David Letterman on Tuesday. There's "nothing wrong with giving each other a hand."

Romney often portrays government as an over-regulating, over-taxing nuisance that hampers hard-charging "job creators." In the secretly recorded remarks to Florida donors in May, Romney described nearly half of all Americans as people "who believe they are victims, who believe the government has a responsibility to take care of them, who believe they are entitled to health care, to food, to housing, to you name it."

He was referring to the roughly 46 percent of Americans who pay no federal income tax, although many of them pay sales taxes, payroll taxes, and state, local and excise taxes.

"So our message of lower taxes doesn't connect," Romney said at the May fundraiser. "And so my job is not to worry about those people," he said. "I'll never convince them they should take personal responsibility and care for their lives."

Democrats, and some Republicans, noted that these Americans include millions of elderly people, military personnel and working-class parents.

They also include a handful of very wealthy people. The IRS reported that, thanks to complex tax breaks, six of the 400 highest earning families in 2009 owed no federal income taxes.

The debate seems to be widening the philosophical gap between Obama and Romney.

In truth, both visions of America -- as a society that cares for its elderly and downtrodden, and a society fueled by hard-working, self-reliant people trying to get ahead -- have deep roots in the nation's history.

But recent events have made the two visions appear more at odds than they truly are.

The Great Recession of 2007-2009 contributed to big spikes in food stamp users, now about 48 million. The median U.S. household lost nearly 39 percent of its wealth from 2007 to 2010.

At roughly the same time, the tea party movement accelerated the Republican Party's shift toward a more solidly anti-tax posture. Refusal to raise taxes -- even on the wealthiest Americans, and even in the name of slowing the federal debt's dramatic growth -- has become a priority for many Republicans, especially in the House.

Democrats, meanwhile, note that federal taxes, as a share of the total economy, are at their lowest level in 60 years.

Some conservatives say the number of Americans receiving government benefits, and not paying income taxes, is alarming. Nearly half of all Americans receive some form of direct federal benefit. More than a quarter of Americans are on Medicaid, 16 percent receive Social Security, 15 percent are on Medicare and nearly 16 percent receive food stamps.

"When the number of people riding in the wagon outnumber the people pulling the wagon, how do you ever reform?" said Dan Mitchell, an economist for the libertarian-leaning Cato Institute.

Neera Tanden, head of the Democratic-oriented Center for American Progress, called that "a complete misunderstanding" of society. Americans, she said, "are the most religious, most hard-working people in the world. We are a nation of strivers."

The United States trails other industrialized countries, she said, "in the support that government provides to people. We are among the stingiest in the world."

In 1998, when he was an Illinois state senator, Obama told a college audience: "The trick is figuring out how we structure government systems that pool resources and hence facilitate some redistribution, because I actually believe in redistribution, at least at a certain level to make sure that everybody has a shot."

Obama and Romney are giving voters one of the most clear-cut philosophical choices in recent presidential history.