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Romney's equating of taxes and charitable giving sparks debate

Rosalind S. Helderman / August 18, 2012

Are taxes a form of charitable donation?

Republican presidential challenger Mitt Romney seemed to suggest that he might think so last week, when he responded to questions about how much he pays in taxes by [suggesting that people](#) should take into account his total contributions to the government and charities.

The comment was a quick one — a by-golly insistence that despite paying a relatively low tax rate on his vast income, the millions he has given to charity show that he's not a greedy guy.

But experts who research public attitudes on philanthropy on both sides of the political spectrum said it was an inadvertently revealing moment, a brief window into the deep philosophical differences between how liberals and conservatives view government and society.

"Taxes *are* a form of charity," said Michael Tanner, a scholar at the [Cato Institute](#) who has studied philanthropy, explaining the conservative viewpoint. "If we think of the point of taxes, it's not to be punitive. We tax people because there's some use, some public good, for which they're needed."

He added that one reason a conservative such as Romney aims to push tax rates down is a fundamental belief that individuals make better choices about what society needs than government does: "A conservative might say, 'I know of something in my local community where my dollars might serve a better purpose.' "

The flip side of the argument, the liberal side, is that the point of government is to provide a way for citizens to decide together what society needs and to get those things done.

"This is really *the* fundamental disagreement," said [Garrett Gruener](#), the founder of Ask.com, who advocates higher taxes for himself and other ultra-wealthy individuals as part of the group [Patriotic Millionaires for Fiscal Strength](#).

"Democracy is not a charity. It's an enterprise of all Americans to accomplish things that we democratically decide are important," he said. "Charity is

something I do on my own, and I don't expect others to have the same priorities I do.”

Romney is one of the wealthiest Americans ever to represent a major party in a presidential race, and his personal finances have been under a political microscope. Democrats argue that his effective tax rate — 13.9 percent in 2010 — is an illustration of federal policies that favor the wealthy, making breaks available to those who can pay accountants to find them and taxing investment income at a lower rate than wages.

He has also been under pressure from Democrats to release more information about his taxes. So far, he has released only his return from 2010, and he said he will make public his 2011 return.

No less than 13 percent

During a news conference Thursday, he insisted that in the past 10 years, he has not paid a federal income tax rate of less than 13 percent. He made the statement after Senate Majority Leader Harry M. Reid (D-Nev.) [said he had been told](#) that Romney had managed to avoid paying federal income taxes for 10 years.

“I think the most recent year is 13.6 or something like that,” Romney said.

Then he continued: “If you add in, in addition, the amount that goes to charity, why the number gets well above 20 percent.”

It wasn't the first time that Romney had appeared to suggest that it was appropriate to look at his tax and charity payments in total.

“I'm proud of the taxes I pay. My taxes, plus my charitable contributions, this year, 2011, will be about 40 percent,” he said in January [during a debate](#) among Republican presidential candidates in Florida.

[On their 2010 tax return](#), Romney and his wife, Ann, reported giving nearly \$3 million to charity, 13.8 percent of their total \$21.7 million income. According to the Romney campaign, the couple gave more than \$7 million in 2010 and 2011.

“The Romneys take to heart ‘to whom much is given, of him shall much be required,’ ” according to a statement on [a campaign Web site page](#) devoted to the tax issue. “Accordingly, they have been extraordinarily generous in their charitable giving . . . donating even more to charity than they paid in taxes.”

That level of giving is far beyond the contributions of most Americans. According to research by the [Center on Philanthropy](#) at [Indiana University](#) and the [Giving USA Foundation](#), Americans gave about 1.9 percent of disposable personal income to charity in each of the past three years.

It is also more than given by many leading political figures.

The Obamas

According to their 2011 tax return, President Obama and first lady Michelle Obama paid an effective tax rate of 20.5 percent [and gave to charity 22 percent](#) of their adjusted gross income of \$789,674. But their rate of giving has varied significantly, as has their income. Their 2005 return, for instance, showed them giving 4.6 percent of \$1.66 million. In 2003, they gave 1.4 percent of \$238,000; in 2004, they contributed 1.2 percent of \$207,000.

Vice President Biden and his wife, Jill, gave 1.4 percent of their adjusted income to charity in 2010 and 1.5 percent in 2011. According to tax returns released Friday, the newly chosen Republican vice presidential candidate Paul Ryan and his wife, Janna, gave 1.2 percent of their gross adjusted income to charity in 2010, a figure that jumped to 4 percent in 2011.

But the Romneys, who have estimated in financial disclosure forms that they are worth between \$190 million and \$250 million, are vastly more wealthy than most people, and the moral obligation of the super-wealthy is the subject of considerable discussion in ethics circles.

According to a calculator developed by [Peter Singer](#), a professor at Princeton University's [Center for Human Values](#), Romney should have given at least \$6 million of his income in 2010. Singer — who says Americans at all income levels should forgo more luxuries to help the global poor — termed Romney's contributions “not all that impressive, given how much he has.”

Still, Romney's contributions seem substantial to many.

“He's a very generous guy,” said Leslie Lenkowsky, who is a professor at the Indiana University philanthropy center and who worked with Romney's father, George, in support of the creation of AmeriCorps. “His family has a very good and positive history of charitable work.”

Lenkowsky, who was chief executive of the Corporation for National and Community Service under President George W. Bush, said many Republicans have long seen charity and government as interchangeable. They believe that government's role should shrink and that charities should help the needy instead.

He said that point of view is embedded in the tax code, which extends a deduction for charitable donations on the theory that nonprofit groups save the government money through their work.

Notable differences

But Lenkowsky noted that people receive tax deductions for contributions to groups that would never receive government dollars. He cited the real example of an organization that sends red clown noses to troops in conflict zones to improve morale.

Another example is provided by religious organizations, which the government is constitutionally prohibited from funding. And a large percentage of the Romneys charitable giving goes to the Mormon Church; at more than \$1.5 million, it represented half of their contributions in 2010.

“I wish he hadn’t tried to mix these things together,” Lenkowsky said. “It makes him look defensive. . . . He’s mixing apples and oranges. And he ends up with a fruit cocktail.”