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Millionaires in favor of raising their own taxes remain hopeful

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Though you could argue that any time's a good time to be rich, perhaps many of the millionaires who support Wealth for the Common Good have grown weary of eating humble pie with those silver spoons.

First President Obama did what many rich liberals considered unthinkable, and kept Bush-era tax cuts on the wealthiest Americans intact during the 2010 lame duck Congress. Then Obama took tax hikes off the table for a last-minute debt ceiling deal last month amidst a standoff by Republicans. For the 2,500 folks of high net worth who joined Patriotic Millionaires for Fiscal Strength, it was like shouting into a gale of anti-tax hike rancor and indifference.

But Wealth for the Common Good co-founder Chuck Collins refuses to give up so easily. The great-grandson of meat magnate Oscar Mayer, Collins acknowledges taxes on the wealthy are off the table in Congress for now. But that doesn't mean he'll relent for a second.

"Public opinion has never been more behind our position that we need to restore balance in the tax code," he says, "and 30 to 50 years of tax cuts for the wealthy should be reversed."

In keeping with his mix of idealism and indignation, Collins has co-authored a report released Tuesday through Institute for Policy Studies, "Executive Excess 2011: The Massive CEO Rewards for Tax Dodging." The report details how 25 of the 100 highest-paid U.S. corporate chief executives took home more CEO pay in 2010 than their companies paid in federal corporate income taxes.

"Instead of sharing responsibility for addressing our nation's fiscal challenges," notes Collins, who's also an IPS senior scholar, "corporations are rewarding CEOs for aggressive tax avoidance." Among them: International Paper Company CEO John Faraci, who received a 75 percent pay hike in 2010 to pocket $12.3 million. Meanwhile, International Paper received a $249 million federal income tax refund — largely thanks to lobbying efforts to have a wood pulp byproduct some eight decades old listed as an "entirely new biofuel," the IPS report states.

While the IPS report lit up news and blog sites Tuesday, Collins and his allies have also reveled in a timely media flash point these last few weeks: a Warren Buffett op-ed that ran in the New York Times on Aug. 14, "Stop Coddling the Super-Rich."

In that piece, Buffett repeated an oft-delivered message: that he, as a billionaire, gets taxed at a lower rate (17.4 percent) than his employees (33 to 41 percent). But his post debt-ceiling timing, combined with the platform he used, provided major encouragement to wealthy people fighting for higher taxes.

As for why anyone with plenty of money would want their taxes increased, Collins says, "Wealthy people want to live in a good society. They care about kids, they care about the environment, they bring their time and gifts to things they care about. Nobody likes taxes — nobody says, 'Yeah, taxes.' But if we don't raise taxes, people realize they're going to hurt kids, hurt the environment, and that's going to be bad for society."

"That's a larger point that's missed in the tax debate," says **Pat Dorsey, vice chairman and director of research and strategy for the Sanibel Captiva Trust Company**. "People talk about high taxes and waste such as Medicaid fraud. But the larger point is what benefit do you gain from living in this society, where brain power and acumen can make you a lot of money?"

Dorsey thinks it's too soon to tell whether Buffett's outspokenness will spark lasting debate on higher taxes for the rich. Meanwhile, Collins and his allies have fixed their sights on Nov. 23 when a 12-member congressional super committee issues its recommendations on finding at least $1.2 trillion in deficit reduction.

“Now we just have to push as hard as we can over the next eight weeks,” says Agenda Project founder Erica Payne, who has worked closely with Wealth for the Common Good. “I think there’s a good chance that we’ll see the tax increases in there, because if the Democrats don’t have some sort of tax increase, there’s going to be a lot of pressure on them. “We’re not despondent at all.”

Yet some who side with Payne and Collins aren’t so fast to say the tide has turned. “It’s hard to foresee what’s going to happen during this Congress,” says Steve Wamhoff, legislative director of Citizens for Tax Justice. “We have a Republican party completely against any sort of revenue increase, no matter how common sense it is. But Democrats haven’t been the party of fiscal responsibility and tax fairness, either. To us, they really have to work a lot harder at corporate tax avoidance—and they certainly shouldn’t cave in again and extend the Bush tax cuts like they did at the end of last year.”

“I don’t have a good sense how this is going to play out,” says William G. Gale, co-director of the Tax Policy Center and a senior fellow at the Brookings Institution. “There are so many scenarios and they’re all political, not economic. I’ve talked to a lot of people in terms of what the committee is going to do, and opinion is all over the place.”

For his own part, Gale authored “Buffett is Right: Raise Taxes on the Wealthy,” an opinion piece on CNN.com that came out a day after the billionaire’s editorial. “His op-ed raised the issue and helped put it in a public eye,” he says. “There certainly was a fury of discussion after it. I certainly think it was the right thing to do. But as for what the super committee does with it, we’ll have to see.”

Or, as Wamoff puts it: “We can imagine a scenario where the super committee fails to do anything. Doing nothing is the one thing Congress seems to do well. But we’re going to hear about proposals to raise revenue for a while. It’s impossible to believe those pressures will disappear any time soon.”