

'I don't need another tax break' Mike Lapham and Responsible Wealth: Mike Lapham and Responsible Wealth

by [Amy Frykholm](#) in the [July 13, 2010](#) issue

United for a Fair Economy was started 15 years ago in response to the growing gap between rich and poor in the U.S. Mike Lapham joined the organization in 1997 to head its Responsible Wealth program, which mobilizes the voices of people who want to use their money to create a better society—through their own tax money.

What is the vision behind the Responsible Wealth project?

We felt there was a need for a voice to speak on behalf of wealthy folks who understand that inequality is not good for society. Our members realize that they benefit from rules tilted in their favor. We started Responsible Wealth to tell that surprising “man-bites-dog” story—the story of those who say, “I don’t need another tax break.”

How did you become involved?

My great-great-grandfather founded a paper mill in upstate New York in 1865 that remained family-owned until 2007. At age 16 I learned for the first time that my family owned that mill and that I would be a stockholder. After college I worked on housing needs in Boston as a part of a law firm. A friend of mine, Chuck Collins, was one of the co-founders of United for a Fair Economy. I came on to organize businesspeople, investors and inheritors for the cause.

Has the climate of discussion changed over 15 years?

We started this organization during the Clinton era, when public policy seemed poised to move toward more equality. During the George W. Bush years we were in a defensive mode, trying to stop really bad things from happening. Bush inherited a

projected \$5.1 trillion ten-year surplus, and he gave away a big chunk of it in tax breaks, about half of which went to the wealthiest 5 percent.

One of the main things we did during the Bush era was to fight to preserve the estate tax. We got the signatures of over 2,000 wealthy people who believed in the necessity of preserving the tax. A broad coalition of groups and individuals made a successful defensive effort. The cost of repealing it would have been about \$1 trillion over ten years, so it was good bang for the buck for our efforts.

What is happening now?

This year is important because the Bush tax cuts are set to expire in 2010. Under Bush all the tax-bracket rates were lowered, as were the capital gains tax rates and the dividend tax rates. We've introduced a Tax Fairness Pledge: upper-income folks can go to our Web site and use a simple calculator to find out how much they are still receiving from the Bush tax cuts on their 2009 taxes. They can then pledge to give that money away to support tax fairness in a variety of ways. So far about 90 people have taken that pledge.

Why should upper-income people be paying more taxes?

It is an issue of justice and fairness. We think people who are in upper-income brackets should pay taxes at a higher rate than people with lower income. Upper-income people who are receiving their money from investments, particularly, should be taxed more heavily than people who are earning their money from a paycheck.

The nation is facing a \$1.5 trillion deficit, and we have a lot of tough questions to face as a country. But the question of whether to raise taxes on upper-income people should not be a tough question. Since 2001 the top 1 percent of earners have received \$980 billion in tax cuts. These tax cuts didn't make sense when they were passed. But now they are inexcusable.

There is a large amount of accumulated wealth in this country, and a larger amount of taxes could be paid by people who would not feel the pain of higher tax rates. Meanwhile, the people at the bottom are spending every penny of their income for daily living. They don't have a lot of discretionary income. But if your income is half a million dollars, you do have discretionary income. It is not going to be painful for you to pay 5 or even 10 percent more in taxes.

People argue that if you raise the capital gains tax, people won't invest. I got that question on Fox News. I replied, "What else are people going to do with their money? Are they going to put it under their mattresses?"

Why shouldn't wealthy people just give their money away privately, instead of paying more taxes?

Wealthy people do give money away privately. But individual philanthropy is not going to build roads and schools. Taxes pay for things collectively that we can't do individually. And we need higher tax rates on the wealthy in order to close the deficit. Individual efforts are going to come nowhere close to doing that. This project is about changing the rules.

Where does the primary resistance to your work come from?

There has been a well-funded, effective 30-year campaign to discredit government and taxation, to promote the message that taxes are a means of stealing and wasting your money.

American culture has a strong myth that people have earned their money or built their wealth on their own, with no help or support from anyone, therefore it is their money and they should keep it. That creates a strong, visceral reaction against taxation. One segment of society is receiving very strong antitax messages all the time.

At the same time, a recent Quinnipiac University study showed that 64 percent of upper-income people actually do think that raising their taxes is a good idea for the sake of deficit reduction.