

M. Charles Bakst: Role reversal? Tax cuts for the rich

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Stay close and you'll hear from Massachusetts Governor Romney, Rhode Island Governor Carcieri, and his challenger, Lt. Gov. Charlie Fogarty.

And Greater Providence Chamber of Commerce president Laurie White, who's beaming over last week's House passage of a bill to cut income taxes on the wealthy and make Rhode Island more competitive with the Bay State. The idea: Induce rich folks to stay and they'll create new jobs and there'll be more money for social service programs and charities.

That's good Republican thinking, and GOP Governor Carcieri, for whom White once worked, embraces it. Carcieri, who proposes spending slashes that will hurt the poor, asserts that he wants to boost Rhode Island's economy. While he also wants to reduce property taxes and sales taxes, he tells me the income-tax cut is important. "Otherwise, you're not going to have the resources, and we'll be fighting over a shrinking pie."

OK, he's a Republican. But the House bill was promoted by Democrats. It was as if the Chamber of Commerce had secretly reprogrammed their brains. Here was Democratic Rep. Paul Moura, a proud, combative liberal steeped in the labor movement, standing in the House and touting the tax-cuts-for-the-wealthy bill. "We have to do this now," he thundered.

My head would have been spinning, except I'd already talked with two of his top House allies, Majority Leader Gordon Fox and Finance Chairman Steve Costantino. I mentioned the social service advocates standing near the House entrance with signs such as "DON'T HELP THOSE THAT CAN HELP THEMSELVES."

Costantino said he hadn't forgotten his roots and hoped to generate revenue and charity to finance social programs: "Ultimately, there's a responsibility of government to keep high-wage workers in the state . . . so that they can pay for those 'root' issues that are so dear to the Democratic Party."

As if in an echo, Chamber of Commerce president White would say later, "I'm very pleased that we're recognizing that a strong social service safety net and a competitive tax policy go hand in hand."

Indeed, Democrat Fox said economic development might alleviate the need for so many social services: "Stay the course; trust us." Long term, he said, the bill will benefit everyone.

The Senate is far less enthusiastic about the proposal.

And Democrat Fogarty holds it at arm's length. On Thursday, while awaiting New Mexico Gov. Bill Richardson's arrival for some campaign appearances, it was evident that the Chamber of Commerce had not yet stolen Fogarty's brain. He told me, "Property tax first. You don't start with tax breaks for those wealthiest folks. You start with broad-based property tax relief for everybody."

Fogarty was skeptical that the income tax cuts would help the economy.

At a Carcieri fundraiser in East Providence, I asked Republican Romney what he thought of the income tax bill designed to compete with his state.

He said he likes lowering taxes, and if Carcieri is for it, "So am I." I said it could hurt Massachusetts. Romney said, "The right thing for New England is to encourage the vitality and economic growth of our region, and we all benefit from that. If Boston is doing well, so is Providence and so is Manchester."

Everyone wishes for that. But that's no guarantee this bill will work -- or is fair. Kate Brewster of the Poverty Institute at Rhode Island College contends it simply will drain money from state coffers. She often has depressing days at the State House, but on the day the House voted on this bill, she told me, "This is one of the worst."

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