



National Association of Social Workers

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RE: Testimony in support of House bills H - 7379, H - 7381, H - 7382, H - 7729 & H - 7305.

I apologize for not being able to appear in person at this hearing due to a previous work commitment. I respectfully ask members to read this testimony.

Today you will hear from many experts who will statistically stress the importance of these bills to the Rhode Island community. I will not subject you to the repetition of this very credible and viable statistical information. Instead, I will provide an historical and values based testimony that sets a foundation for both economic and fairness doctrine ideologies espoused throughout.

Historical Background

The idea that the wealthy are obligated to provide for the poor is not a new concept. The first significant law regarding wealthy obligation to the poor was the Poor Law of 1536 in England and subsequently Elizabethan Poor Laws of 1601. The basic concept embedded in these laws arrived in the United States with the nation's founding members.

The primary mechanism for society to fulfill its obligation to the poor is personal income tax. In the United States, the concept that the wealthier one is, the higher percentage of tax paid began in 1913 and has continued to this day. The basic rationale for tax brackets based on income is: the more one is able to gain wealth from the community, the more one is obligated to return financial resources to the community. Historically, laws designed to distribute wealth have been instituted because of moral and economic reasons. Morally, there are always those concerned for the plight of others. These individuals realize that there will always be poverty in a capitalistic system, therefore, laws to fund needed programs are necessary. From an economic perspective, if the system is not healthy and consumers do not have the resources to continue to purchase goods and services, the upper middle class and wealthier individuals are more adversely affected. In essence, the "well to do" benefit proportionately from a community that assists the less able to economically participate. Also historically, unbalanced economic systems contribute to destabilization of governments.

Grandpa Harris: “Do you know what the “trickle down theory of economics means?”

Six year old Ricky: “Nope.”

Grandpa Harris: “It means the big guy p..... on the little guy”.

My grandfather’s statement to me, 1959, Council Bluffs Iowa.
(Grandpa Harris was a hard working railroad engineer who permanently lost \$10,000 in the 1929 stock market crash.)

Tax Breaks to the Wealthy Do Not Necessarily Promote Economic Growth

In order for the trickle-down theory of economics to work, those who gain from this economic mechanism have to reinvest it into businesses within the United States and create jobs. History indicates this does not happen. During three tax lowering periods instituted by Hebert Hoover, Ronald Reagan, and George W. Bush, unemployment rose. In fact, **in the most recent decade job growth was 0%** compared to 30% in the 40s; 24% the 50s; 31% in the 60s; 27% in the 70s; 20% in the 80s; and 20% in the 90s.

Of course, lowering the tax rate for the wealthy is not the sole reason for poor economic outcomes. However in my opinion, it appears to be a contributing factor. **Conversely, when taxes were raised by Roosevelt, Truman, and the Clinton unemployment dropped an the economy grew.**

“Why has government been instituted at all?”

“Because the passions of men will not conform to the dictates of reason and justice, without constraint.”

Alexander Hamilton (1755 - 1804)

On Capitalism

Capitalism is not a social policy. In fact there is no plan within capitalism which guarantees that individuals and families who cannot compete for one reason or another in the system have any recourse at all to meet their basic needs. Capitalism is a wonderful economic vehicle which provides for maximum freedom for individuals and corporations to compete in markets for the goods and services they offer. However capitalism not controlled, in my opinion, results in destabilization of communities and governments. In addition, uncontrolled or unregulated capitalism sometimes leads to the adoption of concepts embedded in Social Darwinism, or “survival of the fittest”. Proponents

of this concept argue the economic process should follow the “evolutionary laws of natural selection” and the individual’s fate is of no concern to government.

When Social Darwism is combined with the myth portrayed in the Horatio Alger stories: “one only has to work hard enough to earn wealth”, we run the risk of creating a society which is uncaring and very unfair with devastating impact on people that need government assistance. When I have asked wealthy individuals who fought their way out of poverty, they have stated that they escaped poverty by hard work, support from others, and luck. They also admit when asked about neighbors, friends and relatives, that many did not escape the way they had. Most people are living in poverty through no fault of their own. Hundreds of families I have worked with held 2 to 3 jobs and were still not able to provide for their basic needs. Many times, hard work simply wasn’t enough.

It is possible to use capitalism to our vantage in meeting all people’s needs. **Capitalism should be working for us, we should not be working for capitalism.** Alexander Hamilton indicated that without regulation, some individual’s greed would overshadow the common good. We have seen what deregulation or lack of regulation can do to the environment as well as recently the housing and banking industries. Adjusting tax rates to minimally ensure that wealthier individuals pay a larger share is a way to control capitalism to the benefit of all.

“How wonderful it is that nobody need wait a single moment before starting to improve the world.”

Anne Frank (1929 - 1945)

I believe that passage of the target legislation we are supporting will have immediate benefit to our communities as a whole. It will not solve the social problems that we face, but will help. It is my belief that all people are obligated to help ensure the health of the community as a whole and that each person should proportionately contribute back to the community that they benefit from. In my opinion, the objectives outlined in H - 7379, H - 7381, H - 7382, H - 7729 & H - 7305 will significantly work toward fairly balancing revenue obligations.

Respectfully submitted,

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Executive Director