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## OF MONEY AND POLITICS

### OBAMA SAYS ALL MUST PAY 'FAIR SHARE' OF TAXES

#### Romney's rate shows gap between investors, wage-earners



E. DUNAND AP/Getty Images  
**MITT AND ANN** Romney released their 2010 and 2011 tax returns.

#### A fortune enhanced by U.S. tax code

RALPH VARTABEDIAN  
REPORTING FROM LOS ANGELES  
TOM HAMBURGER AND MATEA GOLD  
REPORTING FROM WASHINGTON

Republican presidential candidate Mitt Romney's tax returns reveal a sophisticated low-tax investment strategy that includes offshore funds and a now-shuttered Swiss bank account, contributing to a fortune that has emerged as a potential liability in his quest for the White House.

Romney and his wife, Ann, reported \$42.5 million in income in the last two years, partly from their investments in foreign jurisdictions long considered tax havens, including the Cayman Islands, Bermuda and Ireland. Campaign officials say Romney gained no tax advantage from those overseas investments.

The former Massachusetts governor released his [See Romney, A12]

**\$21,646,507**  
Mitt Romney's adjusted gross income for 2010

**\$3,009,766**  
Federal tax Romney paid on that income

**13.9%**  
Romney's effective federal tax rate for 2010



SAUL LOEB Pool Photo

"WHAT'S AT STAKE are not Democratic values or Republican values, but American values. We have to reclaim them," President Obama told Congress in a speech seen as a blueprint for his campaign.

#### NEWS ANALYSIS

### Taking the confrontational route

The president sets up a major debate on the role of government.

DAVID LAUTER  
REPORTING FROM WASHINGTON

By using his State of the Union speech to draw sharp contrasts with Republicans on such high-profile issues as taxes and the housing market, President Obama opened an election-year de-

bate on the role of government that could be more intense than any in decades.

Warning Congress that "I intend to fight obstruction with action," he painted a confrontational picture that stands in sharp contrast with the conciliatory approach taken by the last Democrat to seek a second term, Bill Clinton.

In fact, Obama's strategy more closely resembles that of George W. Bush in 2004, who used polarizing issues to increase turnout of his

supporters and made few concessions to the center. The approach increases the chance that if he wins a second term, Obama could claim a mandate for his program. It also carries more risk of failure in a nation still deeply skeptical of government activism.

Only a few months ago, many voters had seemed on the verge of writing Obama off. But in recent weeks, two developments have given him a chance to ask those voters for another look. One

is the economy, which has started to show signs of improvement — declining unemployment, rising consumer confidence and reduced levels of household debt. The other is the way the Republican primary race recently has focused on the vast wealth (and relatively low tax burden) of the party's sometimes front-runner, Mitt Romney.

Obama drove straight at the wealth issue with the signature proposal of his [See Analysis, A10]

CHRISTI PARSONS AND KATHLEEN HENNESSEY  
REPORTING FROM WASHINGTON

President Obama opened his reelection campaign with a combative State of the Union speech, proposing to require that millionaires pay at least 30% of their income in taxes and to eliminate deductions that save companies money if they move jobs overseas.

He also proposed rewarding businesses that manufacture and create jobs in the U.S. with lower corporate tax rates.

Heavy in emphasis on income inequality and its causes, the president's speech included several ideas already snubbed by House Republicans, including a program to upgrade roads and bridges and a fee on banks to help "responsible" homeowners refinance their mortgages.

The plans drew lines for a year of partisanship between now and the November election.

Obama hopes to campaign as the protector of an endangered middle class suffering under an unfair system. If Americans want to make it through tough times and build a stable economy, he argues, the affluent should shoulder more of the burden, and government should take an active role in spurring job growth.

"We can either settle for a country where a shrinking number of people do really well, while a growing number of Americans barely get by. Or we can restore an economy where everyone gets a fair shot, everyone does their fair share, and everyone plays by the same rules," he told a joint session of Congress gathered in the chambers of the House of Representatives. "What's at stake are not Democratic values or Republican values, but American values. We have to reclaim them."

Republicans argue that higher taxes will kill jobs and that Washington needs to cut spending instead.

"The president's policies have made our economy [See Speech, A11]

#### Giffords makes emotional visit

Her attendance was both a welcome home and a farewell. NATION, A10

#### Republicans denounce speech

They accuse Obama of fostering a divide among Americans. NATION, A12

### OSCAR NOMINATIONS

## It's a golden day for moviemaking's golden age

'Hugo' and 'The Artist,' both about early film, score big over 'The Descendants.'

JOHN HORN

The two-horse Oscar race has a third entrant: "Hugo."

Director Martin Scorsese's first family film collected a leading 11 nominations Tuesday for the 84th Academy Awards, propelling the 3-D orphan story into a pitched contest with the black-and-white, nearly silent film "The Artist" and the Hawaiian drama "The Descendants" in the best picture race.

Though Oscar voters showed regard for some unusual entries, such



JAAP BUITENDIJK Paramount Pictures

MARTIN SCORSESE is nominated for directing "Hugo," which leads with 11 nominations. "The Artist" came in second, with 10.

as the experimental "The Tree of Life," they sidestepped some of last year's more challenging performances and troubling films. And though many of the nominations tilted toward uplifting movies, voters denied the bawdy "Bridesmaids" a best picture slot.

Films made outside the major studios fared well. Producer Graham King bankrolled "Hugo"; a French financier underwrote "The Artist" (which collected 10 nominations); and specialty label Fox Searchlight produced the domestic drama "The Descendants" (which had five nominations). In the animated feature race, Pixar Animation [See Oscars, A17]

Complete coverage in Calendar

#### No prison time in Iraq killings

Marine Staff Sgt. Frank Wuterich faces demotion to private for negligent dereliction of duty. LATEXTRA

#### Free parking in downtown L.A.?

Steve Lopez stakes out metered spots to see who's driving all those cars with disabled placards. PAGE A2

#### Google revises privacy policy

Changes will allow the company to track users across all of its services, including email. BUSINESS, B1

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### MOVIES RECEIVING THE MOST NOMINATIONS IN ALL CATEGORIES

<b>11</b> Hugo	<b>10</b> The Artist	<b>6</b> Moneyball	<b>5</b> The Descendants	<b>5</b> The Girl With the Dragon Tattoo	<b>5</b> War Horse	<b>4</b> The Help	<b>4</b> Midnight in Paris	<b>3</b> Albert Nobbs	<b>3</b> Tinker Tailor Soldier Spy
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