Debunking The “Buffett Rule”

By fitsnews • on September 20, 2011

U.S. President Barack Obama’s $1.5 trillion tax hike is dead on arrival in the GOP-controlled U.S. House of Representatives. Not only that, it’s unlikely the plan will muster enough votes to clear even the Democratic-controlled Senate.

Obama knows this – which is why he is saber-rattling by threatening to veto any deficit reduction bill that doesn’t include the tax increases.

Of course Obama has made this threat before – during the December 2010 debate over extending the 2001 and 2003 tax cuts to all income earners – and failed to follow through on it.

As the political theater escalates (again) in Washington, D.C., though, it’s worth taking a closer look at the “Buffett Rule” – the ideological anchor of the Obama plan.

Billionaire liberal investor Warren Buffett says he pays a higher tax rate than his secretary – which he contends is unfair. But most of Buffett’s income is from dividends and capital gains – both of which were previously taxed as corporate income. Which reminds us, at 39.2 percent, America’s combined corporate tax rate is currently the highest in the world.

“A growing number of policymakers are recognizing that the U.S. corporate tax system is a major barrier to economic growth,” a recent Cato Institute report noted.

And now Obama wants to erect additional barriers?

Also, the mainstream media has completely ignored the fact that Buffett’s company – Berkshire Hathaway – currently owes the Internal Revenue Services (IRS) more than $1 billion in back taxes.

Wait … what? The liberal icon who recently lectured the country on “shared sacrifice” hasn’t paid his tax bill?

That’s right …

But aside from Buffett’s hypocrisy on taxes – is he correct? Do the rich really deserve to be taxed more?

No. In 2008, the Paris-based Organization for Economic Cooperation and Development released a report indicating that the top 10 percent of income earners in America paid a larger share of the nation’s tax burden than wealthy income earners in any other nation – even after adjusting for our higher income levels.

“Taxation is most progressively distributed in the United States,” the OECD study noted.

Also, let’s not forget that 47 percent of American households paid no taxes at all a year ago.

That playing field is looking a bit more level now, isn’t it?

Don’t get us wrong – we’re all for tax equity. In fact, it pisses us off to no end that we’re forced to subsidize South Carolina’s growing welfare population as well as corporate welfare for politically-connected companies (i.e. taxpayer-funded “incentives”).

But equity is best achieved by lower the taxes that are too high – not raising taxes or creating new ones. This is particularly true in light of the fact that America’s economy appears to be on the verge of entering another recessionary period.

In other words, we believe the “Buffett Rule” is every bit as bunk as the tax dodger it’s named after and the tax hiker who’s proposing it.

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