



Warren Buffett: Obama Tax Shill

It seems the Sage of Omaha has issued a dramatic challenge to Republicans in Congress to help pay down the national debt. Here's the deal: Buffett said that for every dollar they will contribute to help reduce the national debt, he'll match them.

And not just dollar for dollar. If Senator Mitch McConnell (R-Ky.) kicks in some funds, Buffett added, "I'll even go 3 for 1 for McConnell." Why the preferential treatment for the Senate Minority Leader? It seems Buffett is still smarting over a remark McConnell made last year, that if Buffett was truly feeling guilty about paying too little in taxes, he could always "send in a check" to Uncle Sam.



As of this writing, McConnell hasn't said whether he'll agree to contribute. A spokesman for the Senator did say that congressional Democrats should also be included in the challenge, as well as President Obama and members of the Democratic National Committee. Fat chance.

The quickest response came from [Representative Scott Rigell \(R-Va.\)](#), who said he had been doing this long before Buffett suggested it. When he was elected, the conservative Republican promised to send the Treasury 15 percent of his Congressional salary for just such a purpose. That amounted to about \$23,000 last year. Rigell estimates this year's contribution will be about \$26,100.

Interestingly, Buffett's father did something similar when he was a member of Congress in the 1940s. While he was in office, Congress voted to raise its pay from \$10,000 a year to \$12,500. Declaring that the raise was unseemly, Representative Howard Buffett refused to take it.

And here's another interesting historical footnote. Once he left office and returned to private life in Omaha, Neb., the elder Buffett became so concerned about the direction our country was moving that he joined and publicly supported [The John Birch Society](#). I guess sometimes the apple does fall far from the tree. From outspoken conservative to tax shill for President Barack Obama isn't what I'd call progress.

Buffett congratulated Rigell and said he would be delighted to match his contribution for both years. So that's about \$49,100 more your grateful government will receive.

To put all of this in perspective, let me point out that it will take Buffett's accountant longer to write and mail the check than it will for the government to spend it. Our admitted Federal debt is now well over \$15 trillion. That does not include any of our contingent liabilities — that is, the promises to pay that are already written into law, but aren't counted in the debt figures. There aren't enough fingers and toes in the country to count that high.

With interest payments on the national debt coming to about [\\$250 billion annually](#), that means we are spending \$685 million on them every single day. Or \$28.5 million an hour. Or \$475,000 a second.



Written by [Wallis W. Wood](#) on February 13, 2012

Thanks, Buffett, for helping to pay this bill for one-tenth of one second. That's really going to make a difference.

By the way, have you ever written a check to *anyone* for \$49,000? What seems like an enormous contribution is just pocket change for Buffett. I mean that literally: When you're worth \$21 billion, that \$49,000 check is about the same as 49 cents to us.

As I've written before, Buffett's comments about the unfairness of our tax system have been misleadingly unfair. Sure, his tax rate of 17 percent is no doubt lower than that of his secretary. That's because almost all of his income comes from dividends and interest. But what he carefully fails to mention is that the corporations that earned those profits had to pay upwards of 35 percent on that money before he received a penny of it. So the true tax rate for "the rich" is about 50 percent. In fact, when state, local, and various user taxes are included, the real number is undoubtedly over 60 percent.

The God of the Old Testament asked His people to tithe 10 percent. In our world today, it is considered normal and natural that government should take six times that much from us. And half of the country wants to make it more.

Even these numbers don't tell the whole story. When all government spending — federal, state, and local — is added up, it comes to \$7 trillion a year. Total interest paid in the U.S. on debt — public and private, including business — comes to another \$3.7 trillion per year.

But our gross domestic product comes to only \$15 trillion a year. This means we are currently spending two out of every three dollars made in this country on government and debt.

And while it's great to bash government for its profligate spending, individuals are equally guilty. Our credit card debt amounts to an estimated \$798 billion. Student loan debt exceeds \$1 trillion. In fact, *personal* debt in this country is even higher than our federal debt, since estimates are it stands at \$15.9 trillion.

To help put these numbers in perspective, it means that every single taxpayer in this nation owes more than \$1 million as his or her share of the obligations. What a burden we've agreed to pass on to our children and grandchildren!

These numbers are, of course, unsustainable. As an analyst friend of mine says, "If something can't continue, it won't."

While we watch the crisis becoming worse, what should you do? For one, continue to count on [Personal Liberty Digest](#) to keep you informed and energized. Forward the best items you see to family and friends. And use the comments section at the bottom of the daily columns to share your own ideas and recommendations.

Second, do everything you can to get out of debt. Do as much as possible and do it as soon as possible.

Third, start accumulating some real wealth. By that I mean gold and silver. Yes, both precious metals have gotten expensive. Their price has climbed every year for the past 11 years.

But it's because the U.S. dollar is losing value — that is, its purchasing power — year after year, thanks to our profligate government and our inflating Federal Reserve.

I believe the best way to preserve your assets is to convert them into things with intrinsic and enduring value. For more than 5,000 years, nothing has done that better than gold and silver. Our Founding Fathers knew this; it is why, when our country was founded, they insisted that gold and silver be the



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only currency.

What a pity that we've fallen so far from the legacy they left us.

Until next time, keep some powder dry.

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