

**The “Buffet” Rule:
An All-You-Can-Spend Menu for a Gluttonous Administration, Paid by
Raising Taxes.**

No, this is not a typo. I *do* know how to spell Warren Buffett.

However, Obama’s new proposal (or was it just another speech?) really resembles more a **“Buffet Rule”, a rule where he wants to increase taxes and then use those moneys to serve a table filled with onerous programs that we do not need or that need to be reformed. An all-you-can-spend binge.**

Indeed, a buffet of options to stay on track with his record-breaking government spending spree; a buffet that is being *sold* to the American People using shameless propaganda based on misinformation and half truths. A buffet that is made to seem palatable to those who won’t bother to look at the facts and find that the president is once again playing with their expectations for his own political benefit. A buffet that is a rich menu of spending programs when what the nation needs is to go on a healthy diet.

“This is not class warfare, this is math” Obama said.

By his words we can only conclude one of two things: either he is lying when he denies that he is promoting class warfare, or he is a complete math ignorant. Because facts are, after all, stubborn things.

What *math* actually shows is that the people that he pretends to tax further, those making \$200,000 to \$250,000 a year or more, actually fall under the highest tax bracket in the code. It is blatantly false that this group pays lower rates than the middle class and ***in his misleading Buffett example Obama conveniently (and worse, intentionally) omits to make the distinction between capital gains taxes and income taxes.***

This is what Warrant Buffet said: *“Last year my federal tax bill ... was \$6,938,744. That sounds like a lot of money. But what I paid was only 17.4 percent of my taxable income -- and that's actually a lower percentage than was paid by any of the other 20 people in our office. Their tax burdens ranged from 33 percent to 41 percent and averaged 36 percent.”*

Note how Mr. Buffet very carefully words his statement by speaking of his federal tax bill”, “taxable income and “tax burdens” and ***never, ever, make the distinction between capital gains and income taxes.***

This is not a trivial distinction. Lets see why:

Typically capital gains are generated when an individual or a corporation invest money in instruments such as stocks, bonds, or assets expected to yield some return or increase in value. When a gain is generated, it is taxed at a rate of around 15%.

Those who argue that this rate should increase are missing one **key point** and this is that in general, the moneys allocated to make such investments usually are *after-tax* amounts resulting from residual capital available to the investor.

To illustrate, suppose that you make \$250,000 a year and you are taxed at 35%. Your tax bill (just federal income taxes, mind you... not including state, local, property, school, and a myriad of other taxes) would be \$87,500. Lets assume that after paying for all your living expenses like mortgage, utilities, car loans, cost of living, et cetera, you are left with \$10,000 and you decide to invest them. Those \$10,000 are residual from the original amount you earned that has already been taxed. Still, any gains you make from investing these after-tax \$10,000 will be taxed again, this time at a rate of 15%.

This is something that Obama is not telling you nor is he wiling to explain. Sadly, it is also something that I doubt the media will bring up and a factor that will remain unanswered and unexplained by the president who is all too happy with having the American People believe that capital gains and income taxes are one and the same.

With capital gains being a textbook case of double-taxation, the argument that “this is math” just does not hold water simply because if the highest income tax rate of 35% (applied to married couples filing jointly making \$379,150 a year or more) is higher than any other tax bracket¹ simple arithmetic shows that the same 35% rate is also higher than the 35% plus 15% applied to an after-tax investment that generates capital gains.

Maybe the president should go back to grammar school and re-learn addition. That, or stop misleading the people by telling us that his proposal is based on “math”.

Obama then says that this is not class warfare and that he is only looking for “everybody to pay their fair share”. Of course, while he defines families making \$250,000 a year as millionaires, billionaires, super-rich, corporate jet-owners and fat cats, he also fails to define what a “fair share” should be. Instead, ***he repeatedly makes the argument that “the rich” don’t make enough of a contribution*** to the federal coffers.

Once again, facts are stubborn things. The fact is that people in the top 1% of income generation in the country contribute around 38% of the nation’s total tax bill; the top 5% pay around 58% of all income taxes in the United States (yes, the top 5% earners pay more than half of the total income taxes being paid in the country); the top 10% pay around 70% of all income taxes, and the top 50% pay around 97% of income taxes. That is, the bottom 50% of the population of the United States contributes only 2.7% of the country’s total income tax rate bill.²

¹ 33% for incomes between \$212,300 and \$371,149; 28% for incomes between \$139,350 and \$212,299; 25% between \$69,000 and \$139,499; 15% between \$17,000 and \$68,999; and 10% for the rest.

² Recent calculations by the Congressional Budget Office. Raising all six income tax rates by 1 percentage point would yield an additional \$480 billion over 10 years. By contrast, raising the top two rates by 1 percentage point would yield just \$115 billion

How is that not paying “their fair share?”

So, if *Obama’s math doesn’t work as demonstrated by the real hard facts, and the “fair share” argument is demonstrated to be a bogus one based on the contributions to the income tax bill by income bracket*; if Obama is clearly misleading the American People by comparing apples and oranges (capital gains vs. income taxes or in a “buffet analogy”: making the American People bite the poisoned apple that will make them believe that the right thing is to squeeze out all the juice from “the rich” orange), *why are some 75% of Americans (according to some polls) believing these lies?*

Because of two factors: Propaganda, and Laziness.

Propaganda served to the people in speech after speech, *drilling their talking-points with complete disregard to the fact that they are based on false premises* and intentional distortions of the truth.

Laziness from those Obama supporters that are unwilling to look at the actual numbers and learn the truth, unwilling to challenge a president that has misled them so many times and for so long, unwilling to demand the media to stop operating on government-fed talking points and lose the cynicism that is contributing to the poisoning and distortion of public opinion.

Do not underestimate the importance of these two factors. Obama and his administration, in concert with the media, are taking full advantage of the laziness of so many, their lack of curiosity or true interest in public issues and is feeding millions with demagoguery, misconceptions, misinformation, and outright lies.

It is precisely this that brought a “yes we can” candidate to occupy the White House and dig us deeper into one of the worst economic crises we have faced. And all of this with a *buffet* if you will, of free passes from millions of people and from the press that allow him to gorge on bad policies.

It is time to get engaged and get informed, and it is time and your civic duty to this country to disseminate the facts and challenge him, his team, and the media demanding they stop the propaganda and the spin.

Enough of a president that for every problem has but a speech!

And unless we educate ourselves and begin to learn how to distinguish the truth from his propaganda, we could, tragically, fall into four more years of chaos.

So what are you going to do about it? How about distributing this and begin to promote the questioning of this administration often and openly?

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