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Warren Buffett is Right

I have always judged Warren Buffett as the “Mahatma Gandhi of the Capitalism”. He has proven that you can be a nice guy and succeed in business. He is one of the most honest and most trustworthy business executives in the world. He is revered all over the world like “Mahatma Gandhi”. He knows more about the world economy than most of us. He is right when he says that millionaires are not paying their fair share of taxes.

Most of the wealthy people pay their taxes on investment income. If they make an investment and hold it even for a year, they only pay 15% tax on that investment, which is ridiculously low. Most of us invest money because we stand to make a profit on it. Tax consideration is not a major part of the investment decision.

Therefore investment income should be treated as ordinary income and we should pay the same tax rate on investment income as we would pay for other ordinary income. There should be no difference in the tax rate between ordinary income and so called long term investment income (one year hold period is hardly long term anyway). In that case, if the top tax rate is 33%, it would generate more revenue for the treasury and it will not impact our investment decisions. Also, all the private equity and hedge fund billionaires will pay 33% tax rate on their income. Right now, they are getting away with murder by paying just 15% tax rate on their income.

In addition, the federal government needs to cut their spending. They could easily cut their spending by 10% across the board and reduce the budget deficit without making a dent in their services to the taxpayers.

Let's not forget that during the Clinton presidency, taxes were adjusted, federal spending was restrained, and this country experienced the biggest economic growth in modern history. We even had a budget surplus, but wasted it all by giving tax cuts to the rich and participating in unnecessary wars during the Bush presidency.

I reaffirm my belief that Warren Buffett is right that millionaires are just not paying their fair share of taxes. I don't believe in a flat tax. I also don't believe in class warfare by calling it a millionaire's tax, after all, they work hard for their money. It's appropriate not to raise taxes on any family earning less than \$250,000 per year. But families earning more than \$250,000 per year should pay a tax rate of at least 33%, no matter how they earn their money. This still allows them to keep two out of every three dollars they earn.

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