

WARREN BUFFETT: MY SUPER-RICH BRETHREN SHUN WORK

Warren Buffett is making news this morning with a NYT op-ed that comes close to—but misses—an important shift in rhetoric. Arguing that his taxes—and the taxes of the other super-rich—should be raised, he provides some stats. Among those stats, though, he distinguishes between those who work and those who simply invest.

Some of us are investment managers who earn billions from our daily labors but are allowed to classify our income as “carried interest,” thereby getting a bargain 15 percent tax rate. Others own stock index futures for 10 minutes and have 60 percent of their gain taxed at 15 percent, as if they’d been long-term investors.

[snip]

If you make money with money, as some of my super-rich friends do, your percentage may be a bit lower than mine. But if you earn money from a job, your percentage will surely exceed mine – most likely by a lot.

[snip]

Since 1992, the I.R.S. has compiled data from the returns of the 400 Americans reporting the largest income. In 1992, the top 400 had aggregate taxable income of \$16.9 billion and paid federal taxes of 29.2 percent on that sum. In 2008, the aggregate income of the highest 400 had soared to \$90.9 billion – a staggering \$227.4 million on average – but the rate paid had fallen to 21.5 percent.

The taxes I refer to here include only federal income tax, but you can be sure that any payroll tax for the 400 was inconsequential compared to income. In fact, 88 of the 400 in 2008 reported no wages at all, though every one of them reported capital gains. Some of my brethren may shun work but they all like to invest. [my emphasis]

Of course, what Buffett's getting at is that the work is taxed at a rate of between 10 to 35%, plus FICA taxes of 7.65 to 15.3% (and the rich get another discount here, too). Whereas "making money from money" is taxed at 15%.

But underlying that argument is an argument about work. 88 of the richest 400 Americans don't work, Buffett admits. They shun work. And many of the other 312 who "labor" as investment managers get a discount for the taxes they pay on their labor are working for the mere 10 minutes they own stock index futures.

Buffett is making an argument about labor being worth more than "making money from money." It's an argument that would go a long way to counter the "job creators" myth that the Republicans invented and now Obama has adopted. And with Republicans like Rick Perry now spewing the line that half of Americans don't pay taxes (meaning, of course, that many Americans make so little they pay only the regressive FICA taxes), we'd do well to talk about all the deadbeats at the top—the deadbeats Republicans want to reward for shunning work.