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Obama Pitches "Buffett Rule" Tax Hike

Aimed at those who earn the bulk of their income from capital gains, the plan would double the tax rate on capital gains from 15 percent to 30 percent.

Mr. Obama didn't tell the students that taxes on capital gains aren't adjusted for inflation. He didn't explain how the 15 percent tax rate on capital gains is actually a 30 percent rate on real, inflation-adjusted gains if price increases have wiped out half the purchasing power of reported gains.

As *Wall Street Journal* reporter E. S. Browning explained in "Adjusted for Inflation, Dow's Gains Are Puny," reporting on the calculations of money manager Garrett Thornburgan, the impact of inflation on reducing the real value long term capital gains is substantial: "Nominally, a dollar invested in stocks of the Standard & Poor's 500-stock index at the end of 1978 had blossomed to $22.88 at the end of 2008, including dividends, a sweet gain even after the 2008 meltdown. But once estimates of inflation, taxes, and costs are removed, he figures, the investment was worth $3.76."

Mr. Obama also didn't tell the students at Florida Atlantic University that the U.S. tax code imposes taxation on capital gains and dividends on top of a corporate tax rate of 35 percent — a tax rate on corporate profits that became the highest in the world on April 1 after Japan cut its corporate tax rate and moved the United States from second to first place.

He also didn't mention that capital gains are additionally taxed at the state level — at 9.3 percent in California, 9.0 percent in Oregon, etc.

Mr. Obama also didn't explain that the Buffett Rule would do nothing to fix the runaway federal deficits of a trillion-plus per year. The Joint Committee on Taxation estimated that the Buffett Rule tax increase would bring in additional federal revenues of $4.7 billion a year — less than half of what the federal government spends each day, with 40 percent of the spending being borrowed.

Also unmentioned by Mr. Obama in Boca Raton was how higher taxes on "the rich" and the subsequent greater transfer of money from job creators to federal coffers is likely to slow private investment and job creation in an already sluggish economy, the slowest economic recovery from a recession since the Great Depression.

Also not discussed with the students was how this additional economic slowdown, engineered for purposes of equity and wealth redistribution, delivers "fairness" to the millions of America workers who are currently unemployed and likely to see their joblessness prolonged as the government enacts higher levels of disincentives to job creators and greater obstacles to overall economic growth.

Continuing to target "the wealthy" at another stop in Florida, Mr. Obama told campaign donors that Republicans want to give tax cuts to people "who don't need them."

Who decides what we "need," especially when it's the compulsory distribution of our earnings that they're pontificating about?

Who decides, for instance, if I "need" a tax cut when I already have three cars – a silver Beamer convertible for sunny days, a glittering ruby-red Lexus ES350 when the dogs aren't along, and an old tan Lexus when the dogs get antsy and want to go to Starbucks?

And what about the double-income young couple down the street with no kids, no dog? Do they really "need" five bedrooms, an eight-seat Escalade, and a yard?

What's next as the Bureau of Equity, Scarcity and Fairness moves from mere scolding to transformational punishment — a progressive tax on the four empty bedrooms, six empty seats, and underutilized grass?

We already have Energy Secretary Chu saying "we have to figure out how to boost the price of gasoline to the levels in Europe" ($9.02 a gallon last month in Italy), Yale professor Kelly Brownell's push for a 10 percent national "fat tax" on foods because we're collectively looking too much like the Pillsbury Doughboy, and President Obama preaching that "the rich" aren't paying their "fair share," even with the top 3 percent of income earners paying more in federal income taxes than the bottom 97 percent combined.

Jobs are the issue, and they're not created by class envy, resentment, political demagoguery and the transfer of money from a basically productive private sector to an intrinsically unproductive government sector.

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