



Written by [Michael Tennant](#) on April 17, 2012

Obama, Paying Lower Tax Rate Than Secretary, Won't Impose "Buffett Rule" on Himself

For some time now Obama has been championing a change to the tax code requiring individuals earning \$1 million or more to pay at least 30 percent of their income in federal taxes. The "Buffett Rule," as Obama is calling it, is named after billionaire investor Warren Buffett, who has famously complained that he pays a lower income tax rate than his secretary and argued that the government should force him to pay more.



Apparently believing it a winning issue, Obama has made the "Buffet Rule" a "favorite political theme" of his reelection campaign, according to the [Los Angeles Times](#). In just the past two weeks he has reiterated his support for the rule, which his campaign has [said](#) "makes sure millionaires and billionaires share the responsibility for reducing the deficit," at least three times.

Last week the President and First Lady Michelle Obama released their [2011 income tax return](#), which revealed that the Obamas paid a tax rate of 20.5 percent on their \$789,674 income after deductions. This, veteran White House reporter [Keith Koffler](#) noted, could very well end up being lower than the rate President Obama's secretary paid, which would seem to be at odds with Obama's stated conviction that the wealthy ought always to pay more than their hired help.

Seizing on this apparent contradiction, Fox News' Chris Wallace asked Obama campaign adviser David Axelrod, "If the President feels so strongly about tax fairness, is he going to contribute money to the Treasury ... to help with the deficit?"

After trying to avoid the question by arguing that Obama had reduced his tax liability by donating to charity and had offered a "proposal [that] would have him pay a higher rate of taxes in the future," Axelrod was forced to admit that Obama would not be sending a contribution above and beyond what the law absolutely requires him to pay even though doing so would enable him to achieve the higher tax rate he claims to want and would help reduce the deficit.

"That's not the way we operate our tax system, okay?" Axelrod told Wallace. "We don't run bake sales. It's not about volunteerism. We all kick in according to the system."

Actually, as Wallace pointed out, the government does indeed accept donations toward deficit reduction. One may simply [make a payment](#) to the Bureau of the Public Debt, either online or by mail, and Uncle Sam will gladly take the handout.

Nevertheless, Axelrod's comments are revealing. They demonstrate that Obama, like Buffett, loves to



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claim that he wants the government to take more of his income while doing everything in practice to keep as much of it as possible.

The Obamas and Buffett both take perfectly legal deductions in order to reduce their tax liabilities. For example, both donate heavily to charity. Last year the Obamas [contributed](#) over one-fifth of their income to charitable causes, many of them quite worthy. The Obamas also took advantage of a tax exemption for giving each of their daughters a gift of \$12,000, according to the *Washington Free Beacon*, which observes that doing so “does raise eyebrows given that [President Obama] has lamented the myriad tax exemptions used by the wealthy — ‘millionaires and billionaires’ like himself — to pay less in taxes.” The various deductions the Obamas took reduced their tax rate from 35 percent to 20.5 percent — a 41-percent cut.

Meanwhile, given the opportunity to put their money where their mouths are, both Obama and Buffett have chosen to keep every cent they can — and to use the opportunity to attack Republicans. Axelrod argued on *Fox News Sunday* that while Obama would not be making a voluntary contribution to the Treasury this year, former Massachusetts Gov. Mitt Romney would cut his own taxes and “exacerbate” the gaps in the tax system. When Sen. John Thune (R-S.D.) introduced a bill that would create an option on tax forms for the rich to make donations to reduce the deficit, Buffett [said](#) he would only make such contributions to the extent that Republicans in Congress did likewise.

Given all this, it is obvious that neither Obama nor Buffett really believes the government should be taking more of his income. Their support for the “Buffett Rule” is simply political posturing. Obama hopes to use it to get reelected. Buffett’s motive in pushing the rule is a bit murkier, but he undoubtedly knows that it puts him in good stead with the administration — thus buying him insurance against government interference — and probably helps improve his public image. In the end, however, each man does what is necessary to reduce the portion of his income subject to taxation, even if it means giving much of it away. And isn’t it telling that people who claim government can do so much good with other people’s tax dollars would rather donate their own money to private charities than turn it over to the U.S. Treasury?

Photo of Warren Buffet: AP Images



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