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Buffett Decides Government Is A Bad Investment

By Jon Coupal

The world's second richest man, Warren Buffett, is in the news again. This time for donating a huge chunk of his fortune to the Bill and Melinda Gates Foundation, whose founders are the only people who, until the creation of their foundation, outranked Buffett in wealth.

Commonly referred to as "The Oracle of Omaha" for his stock picking sagacity, Buffett's every move is closely followed by the investment community. But the last time he made news this big it was for suggesting that California taxpayers should donate more to government.

When Arnold Schwarzenegger was campaigning to recall and replace Gray Davis in 2003, he appointed Buffett as one of his economic advisors. Buffett promptly repaid this vote of confidence by shooting himself, or more correctly, Schwarzenegger, in the foot. Because of Proposition 13, Buffett declared, Californians were paying too little in property taxes. As evidence, he compared the modest taxes he paid on his Laguna Beach home, and the substantially higher tax collected on his less valuable property in Omaha, Nebraska.

While the state's tax-and-spend lobby was buoyed by these headline grabbing remarks, most Californians were appalled, but none more so than Schwarzenegger, for whom "no new taxes" was a major plank in his platform. Responding to this public relations nightmare, he sentenced Buffett to 500 pushups and reiterated his enthusiastic support for the popular tax limiting proposition. Nary a peep was heard from Buffett during the balance of the campaign and Arnold went on to win the recall election.

However, Buffett illustrates the hypocritical attitude of a number of wealthy and powerful people. While they propose that the great "masses" of citizens pay more to government to fund what they consider to be worthy causes, when it comes to dispersing their *own* charitable donations, they prefer the money go to *private* institutions.

Buffett knows a good investment when he sees one, which also means he can spot a bad investment. When asked if he had considered leaving his money to the U.S. government instead of the Gates foundation, Buffett responded that he thought that private charity had demonstrated a superior ability to maximize per dollar benefits "than if you dropped it into the federal treasury."

Nor did Buffett offer to give his billions to the K-12 public education system in California or other public programs for that matter. Apparently, he believes these "investments" are not good enough for the rich to voluntarily contribute their *own* funds, but it is okay for the rest of the taxpayers to be compelled to "invest" in such causes through higher taxes.

Echoing this thinking are two wealthy Silicon Valley executives who are behind a new ballot initiative, Proposition 88, which would impose a

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new state tax on all property. Reed Hastings, CEO of Netflix, and venture capitalist John Doerr have contributed $7 million to advance their effort to raise taxes for selected school programs. While they want to increase the tax burden on average Californians to support public education, for their *own* children they have chosen to "invest" in *private* schooling.

When the wealthy attempt to inflict their own vision of society on the rest of us "for our own good," the consequences can be worse than living under an openly hostile regime. C.S. Lewis summed up this "Buffett problem" for the majority of citizens when he wrote: "Of all tyrannies, a tyranny sincerely exercised for the good of its victims may be the most oppressive. It would be better to live under robber barons than under omnipotent moral busybodies. The robber baron's cruelty may sometimes sleep, his cupidity may at some point be satiated; but those who torment us for our own good will torment us without end for they do so with the approval of their own conscience."

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