

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

## Economy

Billionaire investor Warren Buffett is not a big fan of the automatic federal budget cuts that kicked in Friday, but he said they help reduce the deficit and shouldn't hurt the economy too much.

Mar. 04, 2013

WASHINGTON — Billionaire investor Warren Buffett is not a big fan of the automatic federal budget cuts that kicked in Friday, but he said they help reduce the deficit and shouldn't hurt the economy too much.

The government is still running a deficit equivalent to about 6% of total economic output and that amounts to stimulus for the recovery even if there will be \$85 billion less in federal spending in 2013.

"I think that's still giving the economy quite a juice," Buffett, the chief executive of Berkshire Hathaway Inc., told CNBC on Monday.

President Obama has warned of the economic impact of the so-called sequestration, which the nonpartisan Congressional Budget Office says will reduce growth by 0.6 percentage points this year and cause the loss of 750,000 jobs.

Buffett echoed Democrats and Republicans in Washington in describing the across-the-board, budget-cutting process as a "meat ax" approach to deficit reduction.

"It's a very dumb way of attacking a very serious problem," he said, noting that the automatic cuts don't deal with the growth of Medicare, the main driver of long-term deficits.

But Buffett said the tax increases that began on Jan. 1 also were a meat ax approach because the expiration of the temporary 2% payroll tax break hit workers across the

board.

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

an, Banett said and he expressed hope that Washington politicians would find a way to improve on it and ultimately strike a broader deal.

“You may have to use the meat ax first and then people kind of look at their handiwork and say we have to do better than this,” he said.

---

Copyright 2013 – Los Angeles Times

Accounting

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved