



# Charlie Munger: U.S. Rich-Poor Gap Will Bridge Itself

Charlie Munger, Warren Buffett's right-hand man at Berkshire Hathaway, made an interesting comment this morning [on CNBC](#) that echos what I've been saying about U.S. wealth and income inequality:

Recently, some lawmakers have been pushing for higher taxes on the wealthy, especially Rep. Alexandria Ocasio-Cortez, D-N.Y. Ocasio-Cortez has proposed a 70 percent marginal tax on incomes over \$10 million in an effort to bridge the growing wealth gap between the rich and the poor.

**But Munger thinks the divide will slowly bridge itself as interest rates are unlikely to go "much lower" from current levels.** By slashing rates and implementing quantitative easing measures a decade ago, the Federal Reserve inadvertently bailed out the rich to help the poor during the financial crisis by boosting asset prices, Munger said.

"Nobody was doing that because they love the rich; they just didn't have any other tools in the kit," he said. The inequality that came from that "wasn't malevolent and it was an accident and it probably won't happen again."

As I've [been explaining](#), U.S. household wealth is currently experiencing an unsustainable bubble that is the main reason for growing U.S. wealth and income inequality. This bubble is largely driven by bubbles in stocks and bonds. The asset bubbles behind the U.S. wealth bubble are going to burst and cause a severe economic crisis. Therefore, I believe that our society should be worrying more about these bubbles rather than the temporary inequality that they create. When the U.S. wealth bubble bursts, the wealth and income inequality gap is going to shrink, which supports Charlie Munger's assertion that the gap will "bridge itself."

Please follow me on [LinkedIn](#) and [Twitter](#) to keep up with my updates.

Please [click here](#) to sign up for our free weekly newsletter to learn how to navigate the investment world in these risky times.