

The Rise of the Demopublican

By [The Mogambo Guru](#)

09/15/03 The Mogambo Guru increasingly distracted from his leisure pursuits by an overwhelming concern for his country...

Flipping through the channels on TV looking for a Bewitched episode, hopefully starring Serena, Samantha's highly attractive vixen cousin, I happened to alight on a talking-head show interviewing a Democrat who is a California state senator, who shall remain nameless, and who is the poster child for everything that is wrong with politicians in general and Californian politicians in particular. He says things like "We can solve the budget crisis if we sit down and talk." He kept saying it with that aggravating smug sincerity that characterizes politicians, as if problems with money, or anything, can be solved by talking.

They can't.

They are always CAUSED by talking, almost always by guys like him who talk of nothing but how big their hearts are, and how much they feel everyone's pain, and how they want to help everybody, but they can only be solved by government reducing somebody's income in order to increase somebody else's income.

Let me make this one point extremely clear, and it seems impossible to overemphasize this point, although in typical Mogambo fashion I will happily beat it into the ground for so long, and so loudly, and with so many crude obscenities, that perhaps it WILL be possible to overemphasize this point. But anyway, as a way of providing initial emphasis, I will enclose it in quotation marks, even though it is obviously not a quote, but is merely, as I said, a way of providing an indication of emphasis. "Budget problems can only be solved by reducing somebody's income." And that will always cause other problems, so it seems to be perhaps true that budget deficits cannot be solved at all, ever. And now, thinking about it for a minute, I can't think of a government budget problem that was ever solved, so maybe government budget problems ARE insoluble!

Ain't that a kick in the head!

Taxing Businesses: Two Methods, Same Result

But getting back to the point, there are only two things you can do to address a budget problem. You can cut spending or you can raise taxes. But, and I note for the record, both of them have the exact same end result: somebody's income is cut. If you cut spending, then you directly cut somebody's income. If you raise taxes, then you take money away from somebody, and therefore you, again, reduce somebody's income.

And, genius little economists that you are, I know the reason you are all waving your hands excitedly in the air, wanting me to call on you so you can show me how smart you are. You are

dying to make the point that raising taxes will, as I said, reduce somebody's income, but it will also increase somebody else's income, namely the recipient of the taxes when the money is spent as part of some government program. So, in the final analysis, one income is cut and one income is increased. And therefore, you say, mathematically, it is a wash. And now you are wondering how I am going to get out of this apparent quandary.

Well, I am not, as all of that is true. The only difference is WHERE the money is going. If you spend it on things that you want, then the economy grows along those lines. If the government spends the money, then the economy grows along those lines. Now, all you have to do is figure out which is healthier in the long run.

And for that, all we have to do is trudge forlornly down to the library and look at a few books in the history section. Doing so, we look at the whole of human history, and we will immediately notice that there is no example of a successful economy where the government did all the spending, but that there are lots and lots of examples of successful economies where the people directed the spending of their money. THAT is the big difference.

Taxing Businesses: Praying for an Early Death

Now I don't know how YOU define "big difference," but for me I mean the difference between blissful economic success where happy people whistled happy tunes and happy puppies cavorted in the happy sun-dappled streets, and abysmal failure where the angry, miserable people spent most of their days praying for an early death, which they perceived would be vast improvement.

As if to add fuel to my fire, a guy named Christopher Mayer wrote an essay on the Mises.org website entitled "Sumner's Forgotten Classic." He starts out the essay with one nice quote from William Graham Sumner, which is "History is only a tiresome repetition of one story."

And what is this tiresome repetition? Let's let Mr. Mayer tell us: "Sumner was referring to the seemingly endless attempts to harness the power of the State to further one's own ends at the expense of other people. The desire to live at the expense of other men is a constant theme that runs through all of human history."

And that means taxing one set of people to give the proceeds to another set of people, which is the whole point of the Democrat agenda, from whence sprang this ridiculous idea. And this brings us back to another point which seems to have escaped the Democrats, for whom no pejorative term that impugns their intelligence is too inflammatory, since every time they open their mouths they embarrass themselves with something even more stupid than something they said just ten minutes ago. I will enclose it in quotes to provide that hint of emphasis.

"You cannot tax a business, as the business will merely pass along the tax by raising the price of the goods and services that the business produces." In the final analysis, the final customer pays all of the taxes that are levied on businesses, and so the only effect of taxing businesses is to force prices higher, which hurts the customers, who are the taxpayers, and to enable the growth of a bigger and more crippling government through the attendant higher taxation, which also hurts the taxpayers in the end.

Taxing Businesses: Increasing the Minimum Wage

So taxing businesses is suicidal, in the long run.

And, continuing on in that regard, there is increasing agitation for an increase in the minimum wage, at least around these parts, as I gather from the Letters to the Editor in the paper. The consensus is that wages ought to be at least about, oh, say, a dollar an hour or so higher. This increase in wages will, so the loony Leftists declare, alleviate all the problems of the poor and the not-so-poor- but-still-deserving-of-government-help. If only that were true.

So, let's look at it from the side of us money-grubbing capitalist swine who actually own and run the businesses, which we manage to do when we aren't too busy sucking the blood out of the proletariat workers and terrorizing miscellaneous groups of minorities, because you know what kind of people we are if you've ever read one of the Leftist newspapers in this country, and those are about the only kind of newspapers and reporters that there are anymore.

But since turnabout is fair play, I will now dishonestly characterize us grasping, rapacious Republican bloodsuckers as pathetic widows and orphans who have invested our last precious few pennies of our meager savings into businesses, so we can hopefully afford an income stream that will provide enough to buy cold gruel and a lump of coal or two to keep from freezing in our drafty little hovels.

Now, when the greedy, grubby proletariat workers get government to step in and force us business-owning widows and orphans to pay more money to the workers, they are directly taking money right out of our pockets, and thus taking the meager crust of day-old bread out of our mouths. So, in order to put bread back into our mouths, and the mouths of our pathetic ragamuffin children, we have to raise prices.

When we do that, we get some of our money back, and therefore we get some of that missing bread back in our mouths, and in the mouths of our children whose screams of starvation are allayed for yet another little while. But not all of it, because we poor pathetic widows and orphans also have to pay the higher prices that OTHER businesses are now charging, since they also had to raise prices to cover their higher payroll costs. And the tax bite is also higher, thanks to the progressivity of the tax tables. So we running-dog capitalist vampires, oops, I mean us widows and orphans, and the nasty, grasping workers, and everybody else, is a net-net loser.

Taxing Businesses: Overpaid Gluttons

And so I am calling on all the other widows and orphans who own the stock of businesses to rise up and expose the workers as the overpaid gluttons that they are. These shiftless lazy peasants only have to pay the costs of getting to work, and in return they make something like \$35,000?

My God!

These losers say that they want a raise, when already their expenses to get to work run to a few lousy thousands of dollars, maybe \$5,000 a year, and that investment yields \$35,000? Wow! What a return on investment! We widows and orphans should be so lucky!

Now let's look at it from the perspective of us poor widows and orphans who own the businesses. We have everything on the line, as everything we have in this world is invested in these businesses. And for that gigantic risk we are barely turning a profit, and now the workers want to take even that little bit of money away?

Well, I say it is time that us widows and orphans wise up against the tyranny of the workers! And the first thing we need to do it to recall all the Leftist politicians, à la this whole Gray Davis thing.

Warm regards,

The Mogambo Guru,
for The Daily Reckoning

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P.S. For those of you who do not recognize the word "Demopublican," it is, at least in the way I use it, a highly pejorative term that indicates that both the Democratic Party, traditionally a clueless and relentlessly socialist and communist-inspired bunch of touchy-feely jackasses who actually believe, against the weight of thousands of years of actual experience, that large and intrusive governments are good for a society and economy, and the Republican Party, who are newcomers to that particular idiocy but rapidly making up for lost time, are now evil twins who are going to destroy the USA with their shared loathsome agenda.

Just like such an agenda has ruined every other economy where it has been tried. Nowadays, there is very little difference between the two political parties, although, I am sorry to say, the Republicans have a distinct police- state viciousness about them. Ergo, Demopublicans.

Mogambo Sez: The S&P 500 is nearing a P/E of 34. This is historically even outside of the range normally referred to as "preposterous," and will almost certainly be regarded in the future as the last, dying blow-off rally of the ridiculous equity-cult, which is, I am profoundly sorry to say, only one of many bizarre and incestuous cults operating in the USA and the world.