

The Woeful Results of Raising Taxes

By [The Mogambo Guru](#)

09/15/10 Tampa, Florida – I wearily wrote, “Dear Diary, I am even more convinced that we are freaking doomed because the Federal Reserve has created So Freaking Much Money (SFMM) when it allowed the creation of So Freaking Much Debt (SFMD) to finance So Freaking Much Consumption (SFMC), both public and private” whereupon I stopped, demoralized after realizing that there was nothing else to write that didn’t seem so, you know, anticlimactic.

So I just finished it off with, “P.S. Still looking for an easy road to perfect health without all that exercising and diet crap. No progress to report. Still hopeful.”

After I re-read my entry, I was saddened that my “deepest diary thoughts” seemed so depressing, shallow and brief, especially that unfortunate part about the lack of results in my search for the easy road to perfect health and a glorious He-Man body of rippling muscles, the heady pheromone of raw testosterone practically oozing from every pore.

That ain’t, of course, a-gonna happen. But my despondency, pouring out of my broken heart and into my diary, is caused not by the aching loss of my lifelong dreams of effortlessly achieving the idealized Mogambo, Muscular Love-God (MMLG) who proves to be irresistible to hot-looking women wherever he goes, and who can have any woman he wants just by asking, “Hey, baby! Want to take a ride to paradise on the Mogambo Hot Love Express (MHLE)?”

No, my sad despair is, instead, caused by the thought of the government raising taxes, any taxes, on anybody, for anything, at any time, and especially at this particular point in the economic cycle, which is a path I have arbitrarily called The Path To Doom (TPTD) only because all the other potential names contained some vulgar profanity about the morons we elect, the morons who elect them, and the morons at the Federal Reserve and the Supreme Court, whose corrupt rulings about what constitutes “money” (fiat money instead of gold and silver) are at the root of all – and I mean all – of our problems.

Just about the time I am so depressed that I am thinking of putting a bullet in my head just to have some peace and to stop worrying about how the Federal Reserve is destroying us by creating so, so, so much, much, much money that it makes consumer prices soar in a horrible, devastating inflation, I am cheered to suddenly remember that I am ALWAYS despondent and fearful when taxes are raised!

And usually with good reason, too, QED, so I have to ask myself, “Why I am so especially upset this time, except to look for a reason to be upset with the Idiots In Charge (IIC) just because that is my nature as an outraged, cynical, insulting, vengeful guy?”

I was further chastised for my seemingly ridiculous, unfounded paranoid fear after I read *Casey’s Daily Dispatch* newsletter, which referred to a report by The Heritage Foundation, which, using

data from the Office of Budget and Management, found that federal tax revenues have been, using inflation-adjusted dollars, roughly flat since 1997! Thirteen years!

So, tax revenues have been, on average, flat, with, however, some oscillating up and down in a rather wide \$500-billion channel. Nonetheless, tax revenues remained relatively constant, while spending has – horrors upon horrors! – increased a zillion-fold, with only some exaggeration!

Spending has been going up Year After Year (YAY)! More And More (MAM)! Taxes Upon Taxes (TUT)! Constantly More And More (CMAM) until I am exhausted from the bewildering barrage of gratuitous, stupid acronyms and absolutely horrified that annual federal spending, here in 2010, is a whopping \$3.69 trillion, which is now estimated to total \$1.54 trillion more than the \$2.15 trillion in tax revenues, a deficit that lines up pretty well with the increase in the national debt, which is up about \$1.6 trillion in the last 12 months! “Gaaahhh!” I scream. “We’re freaking doomed!”

I thought I was maximally outraged that the government is spending \$3.69 trillion a year, when the entire Gross Domestic Product (GDP), which is the entire sum of all the goods and services produced by this country in an Entire Freaking Year (EFY), is a measly \$14 trillion! “Gaaahhh! We’re freaking doomed!” I naturally figured!

But I was wrong! Boy, was I wrong! The statistic that surprised me the most, and outraged me the most, and terrified me the most, was the one that showed that state and local governments are now spending \$47,000 per household (with the federal share being \$30,000 per household and the state share \$17,000), which is approximately equal to the average household gross income of everybody in the Whole Freaking Country (WFC) as it is! “Gaahhhh!” I scream again, only this time with more undertones of fear and panic.

Gagging on my own vomit and blood at the sheer horror of such a bizarre, cancerous, twisted, incestuous and disgusting economy, I call forth a Mighty Mogambo Effort (MME) to cry out in mortal pain and anguish, “And now taxes are going up? We’re freaking doomed!” but which came out sounding like “Ah ha taha go uh uh? E e un oon!” because of all the, you know, vomit and blood I was gagging up, which spewed over everything, which made the whole experience that much worse, as you can imagine.

And it gets worse, as Ty Andros, in his TraderView.com newsletter, writes that “Christina Romer, currently Chairman of the Council of Economic Advisers in the White House, and her husband David, when they were at Stanford, conducted exhaustive research which concludes that tax increases are highly contractionary. Their estimates imply that the tax increases will shrink economic output by more than three dollars for every dollar in new taxes.” Yikes!

“So,” I say to myself, “perhaps this is why economic activity goes down when taxes are raised!”

Mr. Andros, to whom this “the woeful results of raising taxes” stuff is rookie material learned a long time ago on Day One of Economics 101, and who now has even less respect for me than he ever had before, because it seems new to me, concludes that “The sun-setting of the Bush tax cuts and new healthcare taxes beginning in 2011 will generate a projected 300 billion dollars a

year in new taxes. Using the Romer Multiplier implies a 900 billion dollar decline in economic activity next year”!!

The double exclamation points as punctuation were added by me as a clever way of indicating special emphasis, as, indeed, it is, as a \$900 billion decline in GDP is a 6.4% drop in GDP!

Few outsiders know that double exclamation points are also a Secret Mogambo Code (SMC) that all Junior Mogambo Rangers (JMRs) instantly recognize, wherever they are found, as a signal to “Buy gold, silver and oil!”, which they do because it is the Right Thing To Do (RTTD) and it is the easiest thing you can do, too, so that we squeal with childish delight, “Whee! This investing stuff is easy!”