

The Colonel can sell cheaper if the chickens also pay the bills

Written by Bruce Enberg

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One of Mitt Romney's favorite lies these days is to label Barack Obama as the enemy of small business. Obama's response is to point to a long list of small business friendly executive orders. In fact he's the first President since FDR to show them any real sympathy, but none of the things he's been able to do really makes much of a difference at this point.

Traditionally, small businessmen have always voted Republican since they tended to either believe the nonsense Republicans told them, or they foolishly believed that someday they'd be the kind of big business that Republicans actually favor. It's not like they're a big voting block anymore, - the last 30 years of Republican policies have gotten rid of almost all of them.

Romney likes to point to Staples and Sports Authority as businesses that he started that have created lots of jobs. Both companies were created in the mid-1980s after Reagan de-criminalized the practices that had been forbidden since the 1880s when anti-trust laws were put into place. Neither of these companies created a single net job but simply overwhelmed and destroyed thousands of small businesses across the country. Actual employment is almost certainly less, wages definitely are.

Right wingers will blithely tell you that Big Box Stores are good for the masses because they are more efficient. "They have economies of scale and can sell good cheaper making life better for all Americans". For a long time many Democrats would tell you the same thing. It seems like simple common sense, they would even cite this as real progress and equate the destroyed small business with the buggy whip maker.

This is the way a Big Box Store actually works, and by the way, these are exactly the same problems the liberal colonists had with the British East India Company (BEIC), the Big Box Store (BBS) of the 1770s.

One big savings comes from the control of labor costs, - the BEIC would use slaves. There is one short coming to this, slaves must be fed, clothed, given medical care, housing and such, because if one dies you have to buy a new one, and they weren't cheap. The modern BBS doesn't need to concern itself with such things, the employee is paid a third of what it costs to live, and Medicaid will cover the healthcare. New slaves (I mean associates) line up at the door to be put in chains (I mean brought onto the team) in more than sufficient numbers to replace those who die from malnutrition and lack of healthcare.

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The next big cost saver is to not pay any significant taxes. Playing one local government off against another to get tax breaks, free property and infrastructure improvements, for example. Bribing politicians to get favorable treatment isn't limited to Walmart in Mexico.

Off shoring profits works to avoid taxes as well. Just create a PO box sized company in the Cayman Islands to do the importing from China, then resell the product into the US at a huge markup to keep the profits out China and out of the US to avoid trillions in taxes. The money can then show up later as "foreign" investment in the US further benefiting the same "trans-national" corporation.

The BEIC had itself exempted from all taxation in 1770 and got a refund of all the taxes it had ever paid. Oddly enough this is also the modern Republican tax policy toward massive corporations.

Then there is the myth of low prices. The big advantage that the BBS has is that it can come into a town and sell goods cheaper than its competitors pay for them wholesale. This only lasts until competition is eliminated of course, but to make sure this always happens they dictate the wholesale price suppliers sell to "small" buyers. They do this simply by demanding that they always get the lowest wholesale price as they have "economy of scale". Wholesalers can't actually cut wholesale prices no matter how much you buy, but they can raise the price they charge to the small buyers. Same effect without violating the laws of physics. What did you think, it was a miracle?

Consumers think they are getting a bargain, because the BBS is cheaper than the little guy who is in reality subsidizing the low prices of the BBS. He's also still paying taxes while the BBS doesn't. This is why the tea baggers go to Staples to buy the materials for their misspelled signs, and not to the store owned by their neighbor. Not that they have a choice anymore, he's a door greeter now.

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