

Hello Everyone,

“We had a choice between Democrats who couldn't learn from the past and Republicans who couldn't stop living in it...”
– P.J. O'Rourke

On Monday it was the Tea Party. Today, our subject is Blue-Dog Democrats. Both groups are frustrated. Maybe this is why so many people are registering Independent or Declined To State.

The good news is America is not known for being a rigid society. We adjust. We learn. We try again. It's true in our culture, our politics, our economy, and our finance. Many societies can't do what we do. It may be messy at times, but the alternative isn't very good.

I hope you find today's missive edifying.

Signed, Your-Almost-Has-Everything-On-Hand-For-Thanksgiving-(Yessss!) Financial Advisor,

Greg

KKOB 11.22.2019--Part 3 Politics, Governments, Economies & Investments---Blue Dog Democrats

Bob: So, Greg, on Monday, you talked about how “big-government” managed to co-opt the Tea Party movement. But today you want to go to the other side of the aisle and talk about what's happening to traditional blue dog democrats.

And, I think most of our listeners know blue dog democrats are philosophically more conservative & middle-of-the-road than the liberals or progressives.

Greg: Right. And, of course, eventually we'll tie this back to investments. So, on Monday we explained how “logrolling” and “regulatory capture” doomed the Tea Party.

well, big-government is dooming the blue dogs as well. And here are just two ways:

- The first is by crowding out the private sector.
- And the second is by valuing wealth confiscation over wealth creation.

Let me explain.

When most people picture a blue dog democrat, they envision a steel worker, a coal miner, or an assembly line worker.

Those are all private sector jobs.

What has happened is government policies have slowly, but inexorably, crowded out the private sector. Manufacturing has been replaced by health care, education, & social work. Each of those is very dependent on government; which is just fine with the progressive politicians.

Bob: Sure. Because, government's main objection is power not productivity. So, the more people are dependent on government the better. So private jobs---and by extension--- blue dog democrats aren't necessarily valued.

Greg: Right...which is tough on traditional democrats. They want to be loyal to the "working man" tenets of the old democrat party. But now they see a party that is not only moving away from them, but outright dishonoring them.

Bob: which is why so many blue dogs voted for President Trump in 2016.

Greg: Right. Anyway, going hand-in-hand with this trend is the policy of wealth confiscation over wealth creation. The issue is---steel & assembly line workers create wealth. That makes them targets. And the blue dogs are figuring it out.

But is even bigger than that.

We all know, government doesn't create wealth. It makes no products. I mean, even if government builds a road--- the money, the equipment & the labor all came from someone else. And, there is no limit to possible government projects.

The conflict for blue dogs comes when government become so greedy, it turns on its friends.

For example, Elisabeth Warren & AOC want to implement a wealth tax. They say it will only affect billionaires. But there isn't enough money among the billionaires to fund the left's wish list.

No, the big money lies in taking some cash from the millions in the middle class. And that includes the working-class-blue-dog democrats. So, if the left were honest, they would say they want to tax the *wealth creators*---at all levels.

Bob: Right. That's why lots of polls are showing dissatisfaction among mainstream democrats with the progressives.

I mean to me it really goes back to the old President Reagan line of, "*I didn't leave the democrat party. The party left me.*"

Greg: Right. And the Republicans aren't innocent here either. Team Red hasn't exactly held the line on government expansion.

So how does this affect investments? Well, throughout history, government have been known for redistributing wealth unevenly and inefficiently. This leads to fraud and abuse.

Plus, everyone knows ----wherever government goes, prices rise and productivity falls. The opposite occurs in the private sector. For instance, government is very involved in education and health care. In those sectors costs are soaring...and bureaucracies dominate.

On the other hand, government doesn't interfere much with TVs and computers. And what has happened there? The quality has improved, and prices have fallen.

So, as an investor, some say go to where government is! After all, you're guaranteed to make money in the slosh of inefficiency, fraud, and abuse. There is likely some truth to that, but it's also a pretty cynical way to invest.

Bob: But government is also fickle. Contracts can get flipped after every election.

Greg: Right. So, you'd better be nimble.

Bob: Interesting as always. How do people reach you?

Greg: My number is 508-5550. Or go to my website at zanettifinancial.com

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