

# The Mouse Goes Into Business [1]

Posted on October 11, 2014

For starters, let me apologize to the various followers of this blog for the absence of posts over the past six months but, well, we've been more than a little busy, between the development of a new event coder embedded in a real-time event generation system, and the vicissitudes of packing, buying, packing, selling, packing, moving, unpacking and unpacking which are involved in transplanting our family unit 300 miles to the south. Oh, and a trip to South Africa. The anticipated "Feral + 7 [months]" entry became "Feral + 8" and then eventually "Feral + 7 + 7" and even *that* didn't get written [yet]...

So let's just do a reset here and try writing something.

As I had intended to write in Feral + 7, one of the major adventures of the past year has been getting outside the boundaries of a large, vaguely paternalistic institution and making my way in the world of independent business. This has, for the most part, had many more pleasant surprises than unpleasant [2]—and I certainly would not want the unpleasant parts to deter Boomers from leaving their sinecures and experiencing such independence before they expire at their corporate desks—but at the same time has been a bit of an eye-opener.

I've got an essay about two-thirds written [3] titled "Big is Bad" that will discuss the numerous ways why I believe that in the current technological environment, well, big is bad and there are vast efficiencies to be gained to reorienting the economy around much smaller units of production. Sort of a 21st-century version of Jeffersonian [4] democracy. But, alas, that is most decidedly *not* the world we are in at the moment, which is still coasting on the 19th and 20th century waves of centralization and for those in power, whether in government or the corporate sector, this is a really nice thing. The motto of the United States should not be "In God We Trust"—as obviously we don't—but rather "One person's bottleneck is another person's job," along with Adam Smith's cogent observation that

People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be consistent with liberty or justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary. [*Wealth of Nations, Book 1, chapter 10*]

So, this being a blog, let me tell you about a recent day, which was spent almost entirely dealing with paperwork for moving my teeny tiny little company, Parus Analytics LLC, from Pennsylvania to Virginia. On the positive side, this process will take me probably two days in total, this with the help of Web-based company which assists with these things, but otherwise without an attorney, and compared to say Nigeria or Tajikistan, this is not a particularly onerous burden. The bureaucrats one encounters are rarely venal: the elected officials are venal—in fact that is virtually a prerequisite for being governor of Illinois—but bureaucrats rarely, and when they are, it tends to be rather petty. Furthermore, I've neither paid any bribes nor expect to, I've not had to wait in any offices, the required fees are modest, and no one is going to throw me into jail because they wish to acquire the company.



Richmond, September 26, 2014

*This is to certify that the certificate of organization of*

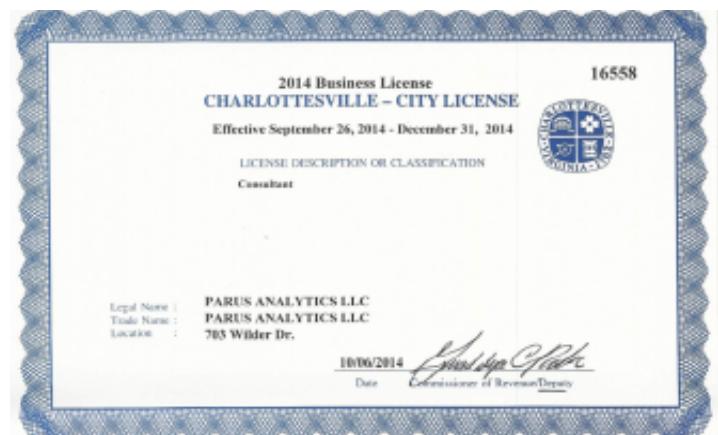
**PARUS ANALYTICS, LLC**

*was this day issued and admitted to record in this office and that  
the said limited liability company is authorized to transact its  
business subject to all Virginia laws applicable to the company  
and its business. Effective date: September 26, 2014*



*State Corporation Commission  
Attest:*

*Joel Hock  
Clerk of the Commission*



Face it, in parts of the world, these levels of efficiency would be the stuff of dreams. And with the level of literacy and understanding of governmental institutions that comes from having a Ph.D. in political science I understand pretty well what is going on and unlike large swaths of the politically-active public do not view these things as a personal affront: Far from it, what worries me is just how typical this is, for everyone. It isn't so much that this is difficult, but rather than it is unbelievably aggravating.

This is actually the second time I've gone through this process, having established an earlier LLC in Pennsylvania. That was relatively harmless, until it came time to pay some very modest corporate tax [5] where Pennsylvania thoughtfully provides a single form that is used by everything from a one-person software shop to "AmerisourceBergen" [6] and is, for the most

part, about twenty detailed pages of loopholes. This particular form must be particularly notorious, as I couldn't even find an accountant willing to file it for a small business. So I filled it out myself, in crayon, and probably invested about \$1000 in time to determine that I owed something like \$300. A theme to which we will return below.

Incorporating in Pennsylvania is a gift that keeps giving, as I spent part of a day with the paperwork *dissolving* the LLC. It seems one can't simply transfer an LLC between Pennsylvania and Virginia, probably an effect of some lingering resentment over that unpleasantness in 1861-1865, or as likely the Anglicans never could wrap their colonial brains around that Quaker stuff. So the Pennsylvania LLC is being dissolved, requiring paperwork that I have been assured from several sources can take as long as *a year* to get completely processed.[7] For a one person company.

Then on to Step Two: For many reasons I am no longer in Pennsylvania[8] but now in Virginia, rated by Forbes magazine as having the best business climate in the entire country. So things are going to be better here, right?

Well, yes and no. On the positive side, Virginia definitely has its governmental web act together, and one can generally find forms, and find these coherently explained, with a minimum of effort. The forms are simpler than those in Pennsylvania—in some cases, like the \$10 form required to reserve a business name, very appropriately simple—and the agencies respond quickly. So far so good.

But even at the level of Virginia, things seem way more complicated than they need to be. As I'm planning to stay here a while, I decided to get all of the permits—I may well have been flying a bit under the radar in State College—and this ends up involving about twenty-five pages of forms, albeit mostly just repeatedly filling in the same information and checking a few things off on pages which remain mostly blank. But again, for a single-person business: I can only imagine what happens once one gets employees rather than relying on robots.

Where things get really worrisome, however, is—recall that nice man Mr. Smith, back in 1776?—when things seem needlessly and deliberately complex. Well, needlessly except for the beneficiaries. Virginia—Forbes #1-for-business-Virginia—has fully 21 separate special taxes depending on business category, including such gems as a litter tax and—let's party like its 1762!—special taxes on eggs, sheep, peanuts and cotton! Getting myself legal in Charlottesville (CVille) involved still more forms and relatively modest assessments, as well as one trip to the city hall to get a city document which apparently the people at the city hall can't locate on their own unless I'm physically present. Granted, we are dealing with the People's Republic of

Charlottesville [9], which is one of the reasons I moved here, but it is unnerving to find that CVille differentiates between almost [150 distinct professions](#) and locally taxes these at varying rates. “Business-friendly” [Virginia licenses](#) are almost as expansive, and include such vital categories as “[ginseng dealer](#)” and no fewer than *nine* distinct licenses from the [Virginia Professional Boxing, Wrestling, and Martial Arts Advisory Board](#)! Click the links: I’m not making this stuff up! I couldn’t make it up! WTF???

WTF indeed: the issue here is that, as on many points, Adam Smith was right, and [Acemoglu and Robinson](#), and [Mancur Olson](#) are even more right, and *The Economist* has been on a jag on this issue for several months now: bureaucracies like to accumulate power, people established in businesses like to raise the cost of entry, and neither of these are going to grind to a standstill—far from it—because certain political movements have successfully paralyzed the government. No, [grease the appropriate palms](#), and the “business-friendly” Virginia license raj will apparently happily raise barriers to entry for pretty much anything. Including ginseng dealers.

At this point, the more politically conservative among you are saying “Yes, yes! Not only can a conservative be created when a liberal is mugged, but when a liberal tries to start a small business!” So if you are the sort who lives in the political-entertainment reality distortion bubble [see below], just stop reading right here, eh? While you are still mellow with the flow of endorphins and cognitive dissonance is at a low level. STOP READING RIGHT NOW!—you’ll be happier, I’ll be happier, you’ll live longer, there will be greater peace and serenity for all sentient beings.

Oh, wait, quite a few of my readers are in the United States, where people in the most privileged and materially secure conditions in human history go to massive efforts to scare the hell out of themselves on an almost minute by minute basis, even though almost every single one will eventually die peacefully in a bed paid for by Medicare. Or Obamacare. Okay, so keep reading, I’ll keep writing.

So...yeah, this system gets pretty sucky—though again remember it could be a whole lot suckier, and I’ve lived in places where it is a whole lot suckier [10]—so what to do? Is not the answer totally obvious: don a three-corner hat [11], carry a sidearm into Starbucks [12], attribute global warming to a vast conspiracy among scientists [13] in collusion, presumably, with Alpine glaciers and Antarctic ice sheets, and incessantly blame everything—yea, all that has ever gone wrong in the whole of human history, including the Black Death, in fact particularly the Black Death—on Barack Obama and/or Hillary Clinton?

Well, no.

Why then does Virginia maintain a 21st century business friendly web site but largely as a patina atop an 18th century tax structure with special sheep taxes and a licensing system worthy of the anti-competitive process of the guilds of a medieval European market town? This is not, for the most part, much of a mystery and is due, I would suggest, largely to the convergence of four—alas, not seven—contemporary forces:

- The thoroughly well understood process of regulatory capture, which provides both barriers to entry and plenty of government jobs.
- The economic elites, left and right, are in fact ecstatic with the almost effortless wealth-concentrating status quo of the past two or three decades.
- This is almost certainly enhanced by the rise of the political-entertainment complex which diverts attention from these issues to, for example, immigration and death panels;
- Which has in turn led to the demise of any power in the center-right that could represent anti-regulatory and “anti-big” interests: the far right merely eliminates the possibility of change, leaving the 20th-century status quo in place.

Let's take these points one by one

## Regulatory capture

Adam Smith again:

Whenever the legislature attempts to regulate the differences between masters and their workmen, its counsellors are always the masters. When the regulation, therefore, is in favor of the workmen, it is always just and equitable; but it is sometimes otherwise when in favor of the masters.*[Wealth of Nations, Book 1, chapter 10]*

The fallacy—but, like drum circles, it is not a coincidence—of simply paralyzing the discretionary functions of the government—legislative paralysis, those beloved shutdowns, and, more generally, the naive hope in “starve the beast”—in fact simply empowers the out-dated structures that remain, specifically the bureaucracy and the rule-setting lobbyists. Or, in the strange case of the United States over the past three decades, “starve the beast” has left the tax burden constant, and merely out-sourced government functions to a series of poorly supervised contractors, profit and not-for-profit, who are less accountable, probably less efficient, and far more likely to be lobbying in their own interests than the functionaries they replaced. Not quite the worst possible combination, but you can see it from there. All of this regulatory capture is political science 101, not rocket science.

A large tree which shades out all growth of new vegetation can nonetheless provide a thriving environment for symbionts, and these massive bureaucratic structures interlink. Think “[elite universities](#)”: the massive edu-entertainment complex that the political-entertainment structure alleges is a threat to traditional values is, for the most part, an ultra-conservative infrastructure in support of the status quo—in particular class distinctions. And [water parks](#).[14]

And it is regulations, not taxes, which hold people back (or at least make their lives difficult) when they leave the confines of a large organization. Taxes at a reasonable level—and the US is pretty much typical for industrialized democracies in terms of aggregate levels, though not the complexity of the system which I will not call “Byzantine” because the Byzantine system actually worked for a thousand years—are, for someone like me, much less of an impediment to getting things done than regulations, particularly convoluted regulations that are specifically designed to make sure that someone else (like me) is paying the taxes, and not whoever got those regulations in place. Or better yet, doesn’t get into business in the first place, as that could be competition, and additional competition is not a good thing.

But of course the folks who can afford to buy members (or branches) of Congress don’t worry particularly much about regulations—they hire lawyers to deal with the regulations that exist, and lobbyists to create ever more detailed new regulations for their benefit. They instead worry about the marginal tax rates that might inhibit their ability to pay for their third yacht, fourth vacation home, and alimony and child-support from their first five marriages. Not the world of the small business.

Traditional temples throughout East Asia are guarded by statues of fierce threatening demons. In rural areas they are dressed as soldiers. In urban areas they are dressed as bureaucrats.

## For the elites, the status quo is incredibly cool

Specifically a status quo where the elites have not only succeeded in a concentration of wealth that looks not like the Gilded Age, but the Roman Empire [15] but in addition has been configured so that all increases in wealth now go, with little apparent effort, to that same class. To listen to this described in apocalyptic terms as some inextricable slide into a socialist hell should elicit, to put in mildly, a bit of skepticism. [16]

Mind you, it is easy to exaggerate the impact of intentional political agendas in this change, given that similar patterns of wealth concentration are occurring in political systems as diverse as the United States, the European Union, Russia and China. Various actions of the US

economic elite to undermine Jeffersonian democracy—tax cuts on the wealthy, effective abolition of estate taxes, socialization of financial risk with privatized financial benefits, and institutionalization of electoral corruption—are probably at least as much effect rather than cause: the general trend would probably occur in any case due to [changes in the global economic system](#). The democratic car was headed over a cliff anyway, but, as typical of the US national character, there was an additional *Thelma and Louise* reaction: hit the gas!

But if you like the status quo, be sure not to show it [17] As Peter Theil's [Zero to One](#)[18] cogently points out, most successful businesses claim to be their opposite: If your business model rests on stunning violations of individual privacy beyond the wildest dreams of a totalitarian state, start with the credo “Don’t be evil.” If your business model rests on controlling the distribution of literature beyond the wildest dreams of a totalitarian state, assert that you are doing this for the benefit of authors. If your business is a monopoly, extol the virtues of competition. If you are barely squeaking by selling some undifferentiated commodity, claim that your product is unique. War is Peace, Freedom is Slavery, Ignorance is Strength.

So if you are sitting pretty at the top of the hill [19], fish are jumpin’ and the cotton is high, and of course someone else is catching the fish and picking the cotton for your benefit and yours alone, complain that the world is going to hell in a hand-basket and everybody, all at once now: “When in danger, when in doubt, run in circles, scream and shout!”

“Ah yes, so you want change? Don’t we all? Well, this is a democracy, it is not? [chuckles]. Assert yourself! Form a drum circle! Carry a gun into Starbucks! That will give the change *we* want! [maniacal laughter echoes across the yacht harbor, followed by a quieter “Pop another bottle of champagne, Manuel, good lad...”]

Which happens to be precisely what we observe in...

## The political-entertainment complex

Let’s start by noting this phenomenon of the past two or three decades is mostly the consequence of a very savvy business insight, not—necessarily—a deliberate right-wing conspiracy. The genius of Roger Ailes was the realization that the Boomer generation, raised on sleep-overs where they watched endless repetitions of *The Creature from the Black Lagoon* and *The Bride of Frankenstein* on [Sammy Terry’s Nightmare Theater](#) on Channel 4 would be inexorably drawn, like moths to a flame, to endless repetitions of such contemporary classics as *Barack: Kenya-born Moslem socialist* and *Hillary: Butcher of Benghazi* [20]. That audience could then be sold for vast amounts to advertisers eager to separate these viewers from

their retirement savings through dubious schemes involving precious metals stored...well, trust us.

While primarily a business proposition, the consequence of this has been that a not insubstantial proportion of the population lives in a fantastic and frightening [multiverse](#) that includes the disastrous 2009-2010 Weimar-like hyperinflation which destroyed the value of the US dollar, death panels, and the desperate battles to prevent the imposition of sharia law in small rural communities with Moslem populations numbering in the single digits, often zero.

[The left is not wholly immune to the problem of the fantasy multiverse, of course: in 2004 the Democratic Party managed to nominate the only person of national repute, perhaps excluding Charles Manson, who could *not* defeat George Bush. But it's the difference between quaffing an occasional beer on the weekends and starting each day with a pint of whiskey before breakfast.]

Or is it merely business? Is the fundamental driver now the [Zaphod Beeblebrox](#) Principle: "The President of the Universe holds no real power. His sole purpose is to take attention away from where the power truly exists..." [21] But in either case, living in a media-induced bubble with your amygdala firing off like a powder magazine hit by a forest fire does not necessarily lead to effective participation in a deliberative democratic processes, even those where you might have some effect, which has in turn has led to...

## The demise of the center-right

While the left has taken a few electoral hits during the Obama era, it remains generally intact and in power in large swathes of the population, if not territory, and with both its coalition and ideology intact.[22] Not so the center-right: The conservatism of Dwight Eisenhower, Nancy Kassenbaum [23], Robert Dole, and yes, I'd never thought I'd say this but no less than Richard Nixon would be a really attractive alternative at this point. This once-strong segment of the political spectrum has not only been completely devastated but, in the absence of open primaries, has essentially no route by which to recover.[24] There is little room for individuals who think that the U.S. government is thoroughly screwed up, but don't see the solution in ever-declining marginal tax rates and quixotic culture wars.

This is not necessarily to say I would necessarily self-identify with such a party, though when the Kansas centrist Republicans were an option, I was pretty much splitting my ticket[25]. Rather I'm saying that I would rather—particularly now feral—live in a polity where the center-right had significant political power, and it no longer does.[26]

Instead we seem to be now is that much of the population is simply insulated from interactions with the government and deals instead with interacting with large bureaucratic structures. A tiny number of people are in control of those structures and they, in turn, exercise substantial control over the legislative and regulatory process to insure that things stay that way. Then everyone extols the virtues of the start-up, the entrepreneur, the self-employed but, in point of fact, that is the last thing the folks in control want to encourage—it's called “competition”—and its also something most of the popular only sees in a highly fanciful version, in movies.

So the state with the #1 business climate still licenses ginseng dealers, mixed-martial arts fighters, and has special taxes on sheep and eggs.

At least that is how it looks to the mouse. I will return to both the organizational and political aspects of this at a later date. I hope.

Back to earning a living.

## Footnotes

1. Actually, the mouse far too occasionally writes a blog. The business is the responsibility of a small black-and-white bird known for its ability to forage in difficult environments.
2. The primary unpleasant one has been learning the difficulties of getting paid by corporations with such inscrutable sidelines such as running Connecticut power plants and generating half-billion-dollar quarterly losses: the phrase “45 days net” is more accurately, “45 days net? Ha!—in your dreams, sucka!”
3. Which means, of course, it is actually already 50% over-written.
4. Home town boy made good, if a bit of a hypocrite on the issue of race relations. Still, anathema to the Texas Board of Education so he can't be all bad. Jefferson, of course, was dealing with a government unimaginably weak by today's standards, and in the period 1782 to 1789, arguably pretty close to what we'd call a failed state.
5. As a single member LLC, most of my profits are just passed through to be taxed as personal income. But you knew that.
6. Which according to this map is the largest company in Pennsylvania, and I have never, ever heard of them. Though apparently they deal drugs. Like most states, when *all* parts of

Pennsylvania's economy are considered, several other large drug-dealing enterprises would probably also be in competition for the spot as largest enterprise, but only this one, which happens to deal in *legal* drugs, made it.

7. No, this is not one of my snarky exaggerations: it apparently takes that long.

8. First and foremost: Hey, Pennsylvania, it is really possible not only to sell wine in grocery stores but to allow people to purchase and consume both wine and beer at public events, and this does not turn the community into an unceasing hellish bacchanalia. In fact such policies appear to be associated with noticeably *less* of a seemingly permanent hellish bacchanalia that characterized at least one place in Pennsylvania I was rather familiar with. To the contrary, the socially constrained public consumption of wine and beer makes life considerably more pleasant.

Yet the highlight of my experience with the local authorities in State College was that anonymous roving bureaucrat who, three years running, left me warning notes—two pages of a three-part carbonless form—that grass was sneaking through the vinca and ivy I was getting established as groundcover on a slope. Ah yes, here we have a town with anationally-publicized public intoxication issue and a district attorney who mysteriously vanished after investigating the affairs of a certain college athletic program, and resources are allocated to monitoring the landscaping skills of a homeowner on a obscure side street. “When groundcover is criminalized, only criminals will grow groundcover.” In the end, the groundcover won, as properly-tended groundcover invariably does after a few years, and the grass was no more; that petty taxpayer-funded martinet, however, doubtlessly still stalks the neighborhood every spring.

9. After closing on our house, as we walked onto the thriving pedestrian mall having set up our utilities at the City Hall, and getting instructions for the single-stream recycling collection, my wife remarked “Where are we, Norway?” Though the office of the closing company was located next to a double-wide displaying a very large Confederate battle flag.

10. In the Middle East, and even Thatcher's Britain. Not Norway.

As I may or may not have mentioned in the past, we lived for half a year under the iron yoke of Nordic socialism and experienced such indignities as enrolling in the national health care system, which required a phone call lasting perhaps two minutes. In English. To say nothing of the raucous daycare facilities every two blocks in our residential neighborhood. Getting to the equivalent of the “green card” which allowed us to sign up for health care: okay, substantially more of a challenge. Getting a seat at a cafe on a sunny day: you're joking, right? And not

because Norway has a socialist-induced shortage of cafes.

And Oslo, famously, does not have single-stream recycling. Note also the wretched, North-Korean like conditions evident in the video: Nordic socialism truly looks like that.

11. When the secret histories of the post-2010 period are finally revealed, we will surely discover that the Koch brothers paid people to set up drum circles and thus destroy the various “Occupy” movements. But we will also discover that the Gates and Soros foundations secretly paid for the distribution of tri-corner hats and Gadsden flags.

12. Curiously, I look long and hard to find “rude” and “threatening” among the civic virtues extolled in classical conservative literature, but they seem to have become the norm for what passes for conservatism in the U.S. in the past couple of decades. A topic I will be exploring in greater depth at a later date.

13. As someone who has known a lot of scientists, I can assure you that most can’t organize a coherent departmental potluck, much less a global conspiracy.

14. Obviously for the most part I both support this critique that higher education has thoroughly lost its way, and voted with my feet in that regard. But this might not be universally true—this list (and this) suggests that the elite technical universities are at the very least non-randomly selecting, and I suspect they are providing some value added as well.

That said, in the rather unlikely event Parus Analytics ever hires, the first question in our interview protocol will be “Explain why you left your degree program.”

15. Seriously. On one of my many drives to and from Washington, I was listening to Garrett Fagan’s History of Ancient Rome where he did some detailed calculations to get a pretty good comparison between the vast wealth of a 3rd century Roman Senator with that of a common free laborer in Rome. Then shortly thereafter I tuned into an NPR story comparing the 21st century wealth of a successful hedge fund manager to that of a schoolteacher: the ratios are almost identical.

16. Starting with the observation that it is rather difficult for a country to slide into socialism when it’s been there for a good eighty years.

17: Which is far simpler now than in the Gilded Age, as a leased jet will whisk you far from the eyes prying eyes of the 99%.

18. A good, and quick, read: I don't agree with all of it but the dude, ahem, is not stupid...

19: Though as I explained in the [previous post](#), I was immensely pleased to see that because he now runs a small business, even [Ben Bernanke can't get a mortgage](#).

20. Continuing a string of successes that included *Bill: Philandering Failure* that attracted large audiences despite the hostile environment of peace, prosperity and budget-surpluses. Experimenting with different genres, notably the long-running *George: Sage, Saint or Savior?* didn't go as well.

21. The political-entertainment complex also brings to mind another aspect of Zaphod Beeblebrox:

*One of the major difficulties Trillian experienced in her relationship with Zaphod was learning to distinguish between him pretending to be stupid just to get people off their guard, pretending to be stupid because he couldn't be bothered to think and wanted someone else to do it for him, pretending to be outrageously stupid to hide the fact that he actually didn't understand what was going on, and really being genuinely stupid.*

*[Hitchhikers Guide to the Galaxy, chapter 12]*

22. Due to 18th century electoral laws, 21st century vote suppression operations, and certainly a less-than-ideal performance by Obama, this coherence will not necessarily translate into decisive electoral victories in 2014—in fact polling numbers at this moment[are rather grim for the Democrats](#)—but I still contend that in general the outlook based on long-term fundamentals is promising: I will elaborate on this in more detail in a later entry.

23. A senior colleague when I first arrived at the University of Kansas referred to her as “That Landon girl.”

24. Kansas, remarkably, is at this moment providing a model for push-back of the center-right, though it remains to be seen whether this will succeed. Still, Kansas survived—barely—the *Wizard of Oz* [the movie], efforts by the Board of Education to make the state as unattractive as possible to technology workers, and may survive even the rather Wizard-like Sam Brownback, so say nothing of the aging Scarecow, Pat Roberts.

25. Though I'm also the guy who voted twice for [John Hagelin](#) rather than casting a ballot for Bill Clinton.

26. The libertarian option, whether Randian, Paulian, or—we couldn't make this up, eh?—Rand Paulian, is not the answer because it rests on a naive faith in human perfectability, with only institutions keeping us away from that. That folks, is Rousseau, not Burke, and it is not conservative. That Rousseau approach didn't work out too well, eh? I will pursue this in more detail in a later posting.

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