

Chapter 1 : The Power to Tax is the Power to Destroy - The Patriots

The power to tax by inflating is the power to destroy the value of the money. Nor is it a potential power only; every increase of the money supply by monetizing the debtâ€”the prevailing mode of inflationâ€”destroys the value of money in existence to some degree.

John Marshall, Supreme Court Justice from , left us this memorable quote: But we are watching it at work all around us. Here is what it has to do with you and me. When governments levy taxes, and there is some need to do so, they act as a parasite. Their modus operandi is to take, but never to create. They are to inhibit evil on a personal level by constricting crimes against citizens. They are to inhibit evil on a federal level by acting against powers that would attack us. Beyond there, expansions become positivistic. They become world improvements. The Biblical story of the Tower of Babel relates the efforts of the first State to improve its lot in life. And now nothing will be withheld from them which they have imagined to do. All they need is a few more bucks and a few more taxpayers who think that what they want to do next is just the best idea since sliced bread. But what they the taxpayers forget is that the government is a net destroyer of wealth. The power to tax is the power to destroy. So unemployment rises and employment goes down. True productivity goes down. You see, a government can tax all kinds of income for all kinds of reasons. Freedom comes from God. Our Creator endows men with certain unalienable rights. Among them is Liberty. When a government tries to tax Freedom, it moves to different shores. It packs up all its inestimable benefits and heads to lands where it will be treated better. Where it will get a better reception. Where people who have been enslaved too long hunger and yearn for its gifts. To citizens who are willing to lay down their lives to secure it and fight back the forces of bondage to keep it. But we have forgotten such things. We are not the noble people we once were. Much of our citizenry is infected with indolence. Multitudes look to the State as the supplier of everything from soup to nuts, cradle to grave, and womb to tomb. Bound to the idea that the government will provide. They said to Moses that they would rather go back to Egypt. All this was too much responsibility. In Egypt, life was simple. Their lords told them how many bricks to make. But the rigors of living free were just too much for them. So it has become in our own day. Men would rather live in servitude to an all-providing State, reveling in their own laziness, than to take up the mantle of responsibility and live free. That is true of many. But it is not true of all. It is not true of me. I hope it is not true of you. Otherwise we would never have found each other here. But for the long run, the excessive taxing of wealth and the attempted taxing of Liberty does not bode well for our Motherland. A man reaps what he sows. So does the country in which he lives. Days to come will find wealth following in the wake of Liberty â€” shifting to other quarters. We will begin looking for other opportunities in places where freedom reigns supreme. But for now we will have to work with what we have. Money will continue to flow into and out of the major currencies for a while yet.

Chapter 2 : The power to tax is the power to destroy - Quote

The power tho tax has the power to destroy. If the power of taxation is put in unlawful and selfish hands, he or she might be able wipe out an entire economy because of he or she's unwise decisions. However, if placed in the right hands, it may bring prosperity to the economy and make life better for others.

These are not my ideas. It is the idea that U. Webster, in arguing the case, said: An unlimited power to tax involves, necessarily, a power to destroy, 17 U. In his decision, Chief Justice Marshall said: That the power of taxing it [the bank] by the States may be exercised so as to destroy it, is too obvious to be denied, and That the power to tax involves the power to destroy [is] not to be denied. If granted the power to tax the Church, the U. Requiring churches to pay taxes would endanger the free expression of religion and violate the Free Exercise Clause of the First Amendment of the US Constitution. By taxing churches, the government would be empowered to penalize or shut them down if they default on their payments. Shutting down freedom of expression as well as Freedom of religion even by default still fits under *McCulloch v. Maryland* when it stated: This meant that Income Tax was sold to the general public as a way to tax the rich. How well has this worked out? Churches will have to create income revenue streams or increase donations. The second may not be possible because some people who want to tax the Church would like to tax away individual tax deductions for religious giving as well. That would make increased church donations very difficult to do. As people lose tax credits for their donations, their donations decrease dramatically. This would cause parish consolidation or closures. Parishes with young families may have to cut back on programs because of little or no money and parishes with mostly older people may have to shut down completely because of lack of funds. The power to tax allows the Government to also control what can or can be said in Church; Cross apply the situation in Houston, Texas. As Church donations drop- so will salaries for Priest which are really slightly above the poverty level right now. Priest retirement will suffer and quality of Church leaders would be impacted for generations to come. With the recent June 26, decision it appears that the United States is far from that happening. If the tax exemption were a serious threat to the separation of church and state, the US government would have succumbed to religious rule long ago. As the Supreme Court ruled in *Walz v. Tax Commission of the City of New York*, "freedom from taxation for two centuries has not led to an established church or religion, and, on the contrary, has helped to guarantee the free exercise of all forms of religious belief. According to Vincent Becker, Monsignor of the Immaculate Conception Church in Wellsville, NY, the food and clothing programs his church offers would be threatened by a tax burden: Instead of helping out by changing the Tax status of Churches you would raise the taxes on individuals because much of what at one time was done by the Church will now have to be done by the government.

Chapter 3 : The Power To Tax Is The Power To Destroy – Lexington Libertarian

The Founder's Fear of the Power to Tax One of the driving forces motivating the Founders to declare independence years ago was the oppressive nature of King George's taxes. The Founders knew governments had to have financial means to survive.

The ghost of Richard Nixon is haunting the halls of power in Washington, D. In , as a year-old member of the U. House of Representatives, I counted Dick Nixon as my friend. Then, the Watergate scandal broke. President Nixon was accused of, among other things, trying to get the IRS to harass his political enemies with tax audits. It resulted in a vote for his impeachment. Now, fast forward nearly four decades to last Friday. They even went so far as to target groups looking to educate citizens on the U. It prompts us to ask: If faceless IRS bureaucrats can target Americans for their beliefs at will, are you next? It can ruin people and companies. In the face of these appalling attacks on our basic liberties, perhaps the time has come for Americans to protect their fundamental financial and personal privacy rights by considering heading offshore. For decades, The Sovereign Society has been showing members how to implement simple asset protection strategies, take advantage of global investment opportunities and employ safe, cost-effective ways to move assets to safer havens abroad. As recent events have highlighted, the proverbial government noose around our necks is only getting tighter. If you dare to advocate a political position that it dislikes, will your taxes be audited? How much will it cost you to defend yourself? This is not small-time Chicago ward heeler politics. This is serious, criminal official misconduct on a massive scale. Until now, I think most Americans assumed that the IRS treated us as the law and our Constitution required, although not always courteously or fairly. In reality, things were much different. High IRS officials knew about and concealed their anti-conservative policy for two years, since at least June 29, Equally shocking, one of my least favorite bureaucrats , IRS Commissioner Douglas Shulman, for a year falsely denied that the IRS had done the very thing they just finally admitted doing. A few months ago, I wrote: But if the president is willing to ignore the U. Constitution, what might such a zealot do to implement his vision of social justice and redistribution of wealth? In anticipation of the tyrannical impulses of our current government, I recently created a survival guide for Washington D. It pains me to admit it, but I believe that our best chance to protect our liberties and enjoy financial freedom may exist overseas. I urge you to plan for your future accordingly. I leave you today with the words of Martin Niemöller, a prominent Protestant pastor who was an outspoken foe of Adolf Hitler. He spent the last seven years of Nazi rule in concentration camps and is best remembered for this quotation in which we all can find a lesson, we must all speak out against oppression: Then they came for me, and by that time there was no one left to speak up for me.

Chapter 4 : To Tax Is to Destroy | Mises Institute

The real power of the public schools is the power to tax; and the teachers' and the administrators' power to do as they please with the money. "The power to tax is a power to destroy." When Daniel Webster said these words in he meant a legal power to destroy.

The landmark Supreme Court decision *McCulloch v. Maryland* has had wide impact on the powers of the federal government. In fact, this decision, more than any other, is responsible for the incredible growth of federal authority throughout the years. Today, Washington has a tight grip on every aspect of our lives, and much of this federal intrusion is due to the "implied powers" doctrine that emanated from this court decision. In opposition to the national bank, Maryland had imposed a tax on the Bank of the United States "hoping to tax it out of existence. McCulloch took the position that such a tax was an unconstitutional interference with the activities of the federal government by a state" in this case Maryland. Therefore, McCulloch brought action to stop Maryland from taxing the national bank out of existence. Pleading the case on behalf of McCulloch, the eminent jurist Daniel Webster argued that Maryland had no authority to tax the bank. The essence of his argument was quite simple: He wrote, "The power to tax implies the power to destroy. If the States may tax one instrument, may they not tax every other instrument"? This was not intended by the American people. And without question, the government has an unlimited power in this respect. Let us now examine some of the many ways in which the power to tax destroys. The enforcement mechanism is the bureaucracy. Without a bureaucratic system of enforcers, laws would be just a collection of restrictive words on fancy parchment. This is why President Jackson said of another case during the Marshall court, "John Marshall has made his decision. Now let him enforce it. For the sake of clarity, I do not advocate the abolition of all laws. However, we must define legitimate laws as those that prohibit an act that is in itself bad. An example of this type of law is one that prohibits the infliction of bodily injury on another. Those laws that make an otherwise innocent activity unlawful are simply political in nature. And in order to fund this bureaucratic watchdog, money is needed. Without money, there would be no bureaucracy and there would be no army of legislative staff members writing truckloads of laws aimed at limiting your "inalienable rights. Since the inception of the income tax, government intrusion into our lives has grown by leaps and bounds. According to the Tax Policy Center, 57 percent of federal tax revenue comes from individual and corporate income taxes. An additional 36 percent is appropriated through the payroll tax. Since, the individual income tax has been the largest growth area of federal-government tax revenue. According to the US Census Bureau, there are 2. The state governments employ an additional 5. These employees are dispersed throughout countless agencies, bureaus, and divisions. I was once briefly associated with a local politician who constantly reminded his constituents that he had authored over pieces of legislation. He thought that this was a big accomplishment on his part and a reason he should be elected to higher office. However, I was confused as to whether he was running for an elective office in New York or for a seat on the Soviet Politburo! In any event, without the confiscatory tax system, all of these laws and regulations that limit your freedom would not be possible. We would see a return to the days when the American government was small, the free-enterprise system was strong, and the visions of the Founding Fathers were still present in the body politic. The Power to Tax Destroys Prosperity Quite simply, if one is taxed, he has less money either to invest or to spend. The higher the tax rate, the more money is taken from those individuals who can invest and create economic opportunity for themselves and for others. An accumulation of capital is essential to increase the productive capacity of a nation. Therefore, it is important to understand the true meaning of savings. When money is deposited in a bank, it is usually lent out to someone else. The money is then used either to invest in business expansion or to purchase the products produced by business "cars, televisions, boats, etc. An accumulation of wealth is essential for a prosperous economy. Cuba does not allow an accumulation of wealth. It was recently reported in the press that the Cuban leadership will now allow limited monetary payment to employees. However, the Communist administration will still not allow anyone except themselves, of course to accumulate wealth. Is there any doubt as to why there is no capital formation and viable industry on that

island? I need to make a living. For example, if you sell a piece of real estate for more money than you bought it for, the gain from the transaction is taxed. This is so even though the gain was due to your foresight and entrepreneurship. The taxman is a silent partner with a participation in your profits, even though those profits were the result of your business sense. The same scenario exists if your gains were the result of profits made in stocks, bonds, or commodities. If you are a wealthy person, beware. The estate tax will destroy what you have created through your hard work and diligence. Unless you have spent a small fortune on financial planners, accountants, and tax attorneys, the fruits of your labor may be enjoyed by the government instead of by your heirs. Even when family members are active participants in making a business successful, there is no guarantee that they will not be supplanted by the government through a confiscatory system of taxation. One of the main reasons that many small business establishments have difficulties is because of the regulations and tax burdens imposed upon them. A small business is subject, not only to income taxes, but also to a host of others taxes and requirements. If small business fails, the economy will stumble because small business is a major engine of employment growth. Parenthetically, we should not fall prey to the class warfare that is so often employed by the taxman. Discussing politics, an electrician who once worked for me stated, "I have no problems with rich people. At first, these so called five-year plans emphasized heavy industry. By , the focus had shifted to the production of consumer goods. In fact, Paul Samuelson was so impressed with Soviet industrial production that he believed it would surpass that of the United States, even in light of undeniable facts to the contrary published in his own textbooks. He referred to unregulated capitalism as "a fragile flower bound to commit self-suicide. The reason for this is that planned economies are inefficient. Central planners cannot properly gauge the sentiments of consumers. The tax system in the United States produces the same inefficiencies as did the planned economy of the former Soviet Union. When a tax is imposed, money is taken away from individuals and spent by government. And, as the Soviet example has proven, government is an inefficient producer of goods. The reason for this is simple: When government planners produce, they do so based upon political directives. Obamacare is a perfect example of this. Unless repealed, it will result in the misallocation of resources and higher healthcare costs for all. Central planning does not work because the central force behind economic decision-making is the individual. Rothbard explains, "Only individuals have ends and can act to attain them. The actions of producers must focus on the needs and desires of the individual expressing his utility in the marketplace. The producer needs to get it right because his capital is at risk. Money given to a bureaucrat to spend is inefficient because there is no at-risk capital. If a mistake is made, the project is simply terminated or more money is thrown at it until it achieves a politically favorable outcome. However, as in the Soviet case, no economy can sustain this structure for very long. Free-market capitalism has given the consumer more goods and services than any other economic system ever employed. It is the only system in which the consumer is king. If an entrepreneur does not gauge the desires of consumers correctly, he will not be in business for long. This is not the case with the central planner. From this stems the inefficiency of taxation. Conclusion There are many other ways in which the power to tax destroys. Nevertheless, the point has been made. Taxes are an unproductive waste of resources. The current administration is wrestling with a trillion-dollar-plus budget deficit. This deficit was created by a massive government intervention into the economy " one supposedly aimed at creating jobs. Unemployment is still high, commodity prices are skyrocketing, and credit is still tight. Obviously, the Keynesian-induced tinkering with fiscal and monetary policy has once again fallen short of success. Does the administration acknowledge this undisputable fact? Obviously not, since it is attempting to push through Congress another massive tax hike! Ironically, the president is trying to justify his tax increase by stating that the deficit is a "major job killer. Is it possible that he picked up a copy of Economics in One Lesson and actually read it?

Chapter 5 : DETTLOFF AND HAMRICK: Power to tax, power to destroy - Washington Times

The Power to Tax Is the Power to Destroy. We watched in dismay as the unemployment numbers soared again last Friday – a massive loss of jobs in February.

Show me what you tax, and I will tell you what you are going to destroy. But in fact, it is legal and moral for each of us to do whatever we can to avoid being taxed. Furthermore, the government ought to take more care not to hinder economic activity. Today, in the United States, we face every conceivable kind of tax; from tariffs and duties, which are a tax on imports; to income taxation, which is a tax on doing business; to social security taxes, which are a tax on working for a living; to taxes on sales, which are a tax on buying and selling within the boundaries of a state; to gift taxes, which are a tax on giving someone a present; to estate taxes, which are a tax on death; to ACA taxes, otherwise known as Obamacare, which are a tax on our own existence. Taxes on income do not only provide funds for the government; they also deter investments, savings that earn interest and every conceivable other transaction by which one person pays another in currency. All taxation is a deterrent to market activity. Ultimately, the more taxes are levied in a particular jurisdiction, the more likely it is that people will leave that jurisdiction or find ways to move their money out of that jurisdiction. When such options are present, people will often engage in black market activity, such as smuggling, money laundering, illegal immigration, and unreported transactions, in order to avoid the punishment of being taxed out of existence. The Purpose of Taxes Taxes come in many forms. While the declared purpose of all forms of taxation is to produce revenue, some taxes are in place for the purpose of manipulating markets. When a proponent of a tax tries to sell the public on that tax, he will often start out by explaining not only why we need the revenue – to pay the national debt, to achieve military goals, to build roads or educate children or feed the poor – but also how the tax is a good thing, because it will punish people for choosing to do what they should not. Tariffs, for instance, have traditionally been seen as a way to discourage imports and to offer a protected market to domestic goods. In such instances, the destructive effect of the tax is more the intent of the legislators than the revenue that it generates. But every tax, even an intentionally manipulative one, still results in consequences not intended by the proponents of the tax. Protectionist measures usually backfire, because they stifle trade and allow the price of domestic goods to remain much higher than they might have been had there been competition from outside. It then happens that the consumer and the domestic merchant have a direct conflict of interest, and that the common citizen comes out on the side of the smugglers, while the authorities storm the marketplace weapons in hand, attacking both sellers and buyers on the open market and turning them into criminals just for choosing goods at the best possible price. This is what used to happen to American customers of the Baratarian privateers in the days of when the Embargo Act was in place, and even later when smuggling was used to evade tariffs. The problem of tariffs is of very long standing. Here is what Alexander Hamilton, as Secretary of the Treasury under President George Washington in 1790, had to say about his proposed tax on imports and some domestic goods for the purposes of paying current interest on the national debt: But to the sum which has been stated for payment of the interest, must be added a provision for the current service. This the Secretary estimates at six hundred thousand dollars; making, with the amount of the interest, two millions, eight hundred and thirty-nine thousand, one hundred and sixty-three dollars, and nine cents. This sum may, in the opinion of the Secretary, be obtained from the present duties on imports and tonnage, with the additions, which, without any possible disadvantage either to trade, or agriculture, may be made on wines, spirits, including those distilled within the United States, teas and coffee. The Secretary conceives, that it will be sound policy, to carry the duties upon articles of this kind, as high as will be consistent with the practicability of a safe collection. This will lessen the necessity, both of having recourse to direct taxation, and of accumulating duties where they would be more inconvenient to trade, and upon objects, which are more to be regarded as necessaries of life. To this very day, taxing authorities engage in this kind of high handed rhetoric, destroying entire industries in the process. Hamilton was so high minded in this pursuit of legislated morality, that he even included wines and spirits distilled within the United States on what started out as a list of import taxes. The Whiskey Rebellion was the

result. The first tax on domestic goods in the United States did not trigger mere tax evasion nor tax avoidance, but outright armed rebellion. The tax on whiskey became law in 1791. To people living west of the Appalachian Mountains, whiskey was not just a drink, nor just a commodity, it was their stock in trade. Because gold and silver were scarce in those areas, whiskey was used as a currency and a medium of exchange. For them, taxing whiskey was like taxing money itself.

Income Taxes The most basic purpose of taxation has always been to pay for the military, but the effect of taxation over the lifetime of the republic has been to defeat markets and to accustom the people to being ruled over by their governments. Because people no longer rebel, any time a heavy new tax burden is added, the results of legal avoidance are what shape our economy. The first federal income tax in the United States came into being during the Civil War. Both the North and the South resorted to this extreme, emergency measure in order to bankroll their war against each other. A civil war is the most destructive kind of war there is, not merely because of the direct damage done to civilians by marauding forces, but also because of the wholesale damage to the economy from double taxation exerted by the two competing governments.

Chapter 6 : The Power to Tax Is the Power to Destroy – Holy Day Hill

The income tax system is unAmerican and must be abolished. The Power To Tax Is The Power To Destroy: Why The Income Tax System, and the Tax Protest Movements, Must Be.

As Ludwig von Mises wrote: As Richard Ebeling writes: When the power to tax is conferred upon rulers, many harmful incentives necessarily are conveyed with it. These encourage the rulers to expand their destructive acts. Incentives Purposeful action involves choice among alternatives. Convicted felons were typically hanged and their goods forfeited to the Crown, although the King might pardon a felon who agreed to serve in the Royal army. The Crown faced disincentives too, not only out-of-pocket costs but also disloyalty, disaffection, loss of reputation and resentment, if it wrongly convicted innocent people of felonies. Under this incentive structure, the Crown likely displays a marked enthusiasm for arresting and convicting felons and perhaps non-felons. However, what rulers want is not what subjects want. Individuals have widely varying ideas about what is desirable, as evidenced by the many ways they live. When constrained to employ their personal resources, rulers have a disincentive to spend. The power to tax removes that disincentive, that is, provides them an incentive to fulfill their aims. While some "subjects" gain from these depredations and lobby for them, thereby becoming rulers, most do not. They can only vote, gripe or write letters, highly imperfect means of affecting ruling actions. Votes are on representatives, not projects; and they occur only at infrequent intervals during which the rulers create numerous faits accomplis. No voter can unilaterally withdraw support from the war on drugs or the war on terror or the social security program or any other state program. The second is to increase the taxes levied, which is undesirable because it supports more misguided actions by the rulers. Tax increases are predictable because the rulers gain from them as long as the cost in lost votes is not excessive. The incentive structure inherent in the power to tax is incredibly malign because the rulers control the amount of the incentive! They can raise taxes at will, subject only to the loss of some votes, which they have many stratagems to forestall. Third, taxation provides a powerful incentive to raise funds by borrowing. Without taxes to pay interest and principal, a state cannot issue large amounts of debt. Future generations must pay the debt out of their savings, which harms them. Furthermore, having issued debt, the state has an incentive to pay it off with cheaper dollars. Fourth, the power to tax provides the rulers with an incentive to institute programs that distribute wealth and create dependency. Distributionist schemes grew enormously in the U. These harmful programs benefit rulers. Fifth, the power to tax is the power to to sell or exchange tax relief for favors or donations, as well as the power to extort money so as to prevent taxes from being imposed. Corruption of political officials is encouraged. Sixth, rulers have an incentive to camouflage their levies so that the subjects do not even know how much tax they are paying. They diffuse the tax pain widely so that it is more bearable. This is why rulers institute withholding taxes, social security taxes, gasoline taxes, payroll taxes, sales taxes, value added taxes, etc. Additionally, they make the tax code so impossibly complex that even tax collectors do not understand it. After a while, public attention settles on the complexity of the tax code rather than the taxes. Those who debate tax code simplification often assert that their proposals will lower taxes. They may, and pigs may some day colonize Mars; for the rulers have no incentive to adopt tax simplification unless they expect a gain – in revenue, in power or some other benefit. NASA will assert that the benefits of the space shuttle program "can be found just about everywhere! Eighth, the power to tax encourages rulers to adopt measures that work badly. Put another way, they have a diminished incentive to do well with tax monies raised because they do not personally bear the full cost of error. They can always raise more money by taxes. Hence, all programs funded by taxes will be less efficiently run than comparable private sector provision of the same services. At least three destructive activities result. One is continually to manufacture propaganda to justify taxes. Rulers are forever raising a hue and cry about imminent dangers and problems. They publicize desperate "needs" that are essential to survival: Second, rulers recruit a corps of propagandists, in government and out, who tout the party line, and in return receive money, favors, access, or other emoluments that they value, including power and feelings of importance. A third means of keeping the power to tax is to diminish effective criticism of the rulers. Were rebellious anti-tax voices to gain influence,

the rulers would be worse off. Hence, they try to halt and suppress such criticism. Summary and Conclusion Purposeful choice in the realm of voluntary behavior among ordinary people tends to improve life. Purposeful choice among rulers tends to destroy life, because rulers act on their wants, not those of taxpayers. John Marshall in wrote that "The power to tax involves the power to destroy". Even if we ignore the moral argument that taxes are theft and ignore the consequentialist arguments that taxes hamper the pursuit of happiness and lower economic efficiency, the power to tax has numerous harmful incentives that indeed encourage destruction in many ways. The bottom line is this. Place no hope of betterment in changing the party or man in office, for so long as rulers possess the power to tax, they will use that mechanism of state to the detriment of its subjects. The power to tax provides the serpent of state with its victims, us. Taxes feed the monster whose growth spreads venom everywhere. Taxes with or without representation are evil, ever fostering harm and destruction. If we are wise, we will defang the beast by ending its power to tax. Ludwig von Mises, *Human Action*, 4th rev. Foundation for Economic Education, , p. Ludwig von Mises Institute, , pp. Richard Ebeling, *The Freeman*: A similar case occurred in the U. Since then, more than federal forfeiture statutes have been enacted for items ranging from contaminated food and drugs to pelts of endangered species to the instruments and proceeds of drug trafficking," from Annual Report of the Department of Justice Asset Forfeiture Program Debt can be issued if the state has assets that can be sold or prospects for plunder, but the taxing power, especially on incomes, provides a larger and safer revenue stream to service debt. Between when the Sixteenth Amendment authorized income tax and , U. We should know better by now. Suppression in many states means physical brutality, intimidation, blackmail, etc.

Chapter 7 : The Power to Tax (Progressively) is the Power to Destroy | The Freedom Pub

John Marshall in wrote that "The power to tax involves the power to destroy". Even if we ignore the moral argument that taxes are theft and ignore the consequentialist arguments that taxes hamper the pursuit of happiness and lower economic efficiency, the power to tax has numerous harmful incentives that indeed encourage destruction in.

Many tax-paying Americans also hate the income tax system. The IRS has earned the contempt of millions of taxpayers. Churches seeking IRS approval, in the form of c3 status, has become so commonplace that anyone like myself who speaks out against it runs the risk of being slandered as "anti-government" or a "tax protestor. There are millions of American Christians that identify themselves as "Protestants" who have never protested anything in their lives. While I routinely protest against the c3, my protests have never been with the IRS. The IRS for many years has acknowledged 1 that churches are " automatically tax-exempt" and " automatically qualified" to receive tax-deductible contributions, 2 without ever having to apply for c3 status from the IRS. Not only does an occasional taxpaying Christian misconstrue my antic3 stance as somehow fostering a tax protest movement within the church, many tax protestors have, likewise, assumed the same. Consequently numerous tax protest leaders have solicited me to join their movements I use the plural "movements," rather than the singular because there is no organized, consolidated tax protest "movement". Tax protest leaders seem to appreciate much of what I share. One of the few things that I do share in common with contemporary tax protestors is the insight that the income tax system is fundamentally, inherently and irreparably corrupt. The income tax breeds government corruption and is the very lifeblood of tyrannical government. The Agency of government tasked with collecting and enforcing any corrupt tax will inevitably become corrupt itself. The present system of taxation reeks with injustice and is fundamentally unAmerican. Reagan speaking of, and what is the appropriate strategy for "rebellng" against this "utterly unjust" and "fundamentally unAmerican" system? I wholeheartedly concurred with Mr. Reagan when he gave his tax rebellion speech in Williamsburg, Virginia in May, However, one thing we can safely assume is that Ronald Reagan was not giving a nod to the methods of the tax protest movement, when he spoke of a "tax rebellion. Their worldviews are unbiblical and, as such, any solutions they develop will be equally unbiblical. Tax protestors often presume that I make my living unlicensing churches and, therefore, that is the extent of my legal expertise. However, the fact of the matter is that I earn my living as a paralegal and I only work part-time in the ministry as an unpaid volunteer. One of my legal specialties is fixing the IRS problems of tax protestors. I know considerably more about the tax protest movement than most tax protestors know about the tax protest movement. One of the biggest problems with the modern tax protest movement is the eagerness with which tax protestors embrace urban legends. I refer to these urban legends as "patriot mythology. However, taking actions based upon a mere grain of truth can produce disastrous results.

Chapter 8 : Faith of Our Fathers: The Power To Tax Is The Power To Destroy

"The power to tax is the power to destroy," wrote John Marshall, memorably, for a unanimous Court in McCulloch v. Maryland, years calendrierdelascience.com enough. And Congress has the power to tax.

He propounded several interesting and profound axioms in that decision. The strange thing about these axioms is that they have been permitted to remain in the limited context in which he found use for them rather than being given general application. This is strange because axioms are, by nature, universal in extent and everywhere applicable, if they are true. Moreover, these axioms have been given added weight in the United States by being embedded in and used to buttress a unanimous Supreme Court decision which still stands. The axioms in question are stated and appealed to in several ways in the course of the opinion. The most direct statement of them is contained in the following clauses: That a power to create implies a power to preserve. That a power to destroy, if wielded by a different hand, is hostile to, and incompatible with, these powers to create and preserve. That where this repugnancy exists, that authority which is supreme must control, not yield to that over which it is supreme. Before proceeding to the broader application of these principles, or axioms, it is in order first to explain the context within which they were employed by Chief Justice Marshall. The Court had before it a case arising out of a law passed by a state. In , the Maryland legislature had enacted a statute levying a tax on all bank notes issued in Maryland by banks not chartered by the state. A branch of the Bank of the United States, a bank incorporated under the laws of the United States, was located in Baltimore. A man named McCulloch, cashier at the bank, refused to pay the tax on bank notes currency issued. The case came to the Supreme Court in Two issues were taken up and decided by the Court. The first need not much concern us here. Suffice it to say that it involved the question of whether the United States government was authorized by the Constitution to create such a corporation and that the Court, following the reasoning which Alexander Hamilton had originally used to justify the chartering of a United States bank, held that it was. The other issue was the one which called forth the above axioms in resolving it. The issue was this: Could a state tax an instrument of the United States government created in pursuance of constitutionally permissible objects? The Court held, in as absolute terms as could be employed, that no state could tax an instrument of the United States government. Chief Justice Marshall did not, then, restrict himself in writing the opinion to the simple question of whether or not Maryland could tax bank notes issued by the United States Bank. Instead, he explored the whole question of the taxation of any creation of the United States government by any state. Some of this exploration is both interesting and relevant to the even broader issues to be taken up in this article. Before quoting further from the decision, however, something else needs to be got out of the way. It is my contention that the axioms and principles set forth in support of this decision, if correct, apply to all taxation. That is, the power to tax any one by any government involves the power to destroy and that this power of government by taxation to destroy can defeat and render useless the power of individuals to create and preserve what they have created. Superficially, the conclusion that the states could not tax the Federal government at all appears either to rule out all taxation by governments or not to apply to governments in relation to individuals. It is tempting, of course, to apply the conclusion literally and rule out all taxation, but it is a temptation that should be resisted. The case for taxation by governments is almost, if not quite, as good as the case for government itself. In theory, governments might be supported by voluntary contributions. In practice, however, the voluntariness of the contributions would always be suspect. Moreover, it is unlikely that the power of government could ever be restrained from such confiscations as would enable it to meet its bills. Justice requires that all who can should pay for government. Taxation is probably the only means of achieving this result, or approximating it. In any case, the necessity for taxation is so universally accepted that it should be presumed to be the correct approach in the absence of conclusive proof to the contrary. Not only are they applicable, but they apply even more emphatically as between governments and individuals than between states and the Federal government. If the power of a state to tax the Federal government could destroy the instrumentality taxed, how much more readily could government taxation destroy relatively helpless individuals? There is nothing in logic to prevent the application of the axioms to

individuals as well. On close examination, it comes out that Chief Justice Marshall did not base the absolute prohibition of state taxation of instruments of the Federal government on the axioms he adduced in *McCulloch v. Maryland*. Instead, he based the prohibition on the relationship between state governments and the Federal government, a relationship which lacks the proper limits on the power to be exercised. It had apparently been argued that the Court should have confidence that the state would not abuse the power of taxation. Marshall rejected this line of reasoning: Taxation, it is said, does not necessarily and unavoidably destroy. To carry it to the excess of destruction would be an abuse, to presume which would banish that confidence which is essential to all government. But is this a case of confidence? Would the people of any one State trust those of another with a power to control the most insignificant operations of their State government? We know they would not. Why, then, should we suppose that the people of any one State should be willing to trust those of another with a power to control the operations of a government to which they have confided their most important and most valuable interests? In the legislature of the Union alone, all are represented. The legislature of the Union alone, therefore, can be trusted by the people with the power of controlling measures which concern all, in the confidence that it will not be abused. This, then, is not a case of confidence, and we must consider it as it really is. Marshall proceeds to point out that if a state can tax one operation of the Federal government, it may tax any of them. If the States may tax one instrument employed by the government in the execution of its powers, they may tax any and every other instrument. They may tax the mail; they may tax the mint; they may tax patent rights; they may tax the papers of the custom-house; they may tax judicial process; they may tax all the means employed by the government, to an excess which would defeat the ends of government. Granted that if states could tax one instrument they could tax others. Perhaps, too, such taxation could be used to defeat the ends of government. Strangely, however, Marshall goes on to argue that the Federal government could tax instruments of the states, and that power, so far as his argument had advanced, could be used to destroy the states or their instrumentalities. The difference, he said, is this: The people of all the states have created the general government, and have conferred upon it the general power of taxation. The people of all the States, and the States themselves, are represented in Congress, and, by their representatives exercise this power. When they tax the chartered institutions of the States, they tax their constituents; and these taxes must be uniform. But when a State taxes the operations of the government of the United States, it acts upon institutions created, not by their own constituents, but by people over whom they claim no control. A part of the people could, at least in theory, be taxing the whole people. If states could levy taxes on the Federal government, there would be no requirement of uniformity. One state might, for example, levy a 5 per cent tax on notes of the United States Bank, another 10 per cent, another 50 per cent, and so on. An Outgrowth of the System The reason for the absolute prohibition of such taxation was accidental, not essential. That is, it did not arise from the nature of government or of taxation but from peculiar, hence, accidental, features of the federal system of government. Be that as it may, it is not my purpose here to enter upon the question of the merits of the decision or of the particular arguments advanced in support of it. These have been brought up only to show that the absolute prohibitions against the taxation involved arose from peculiar arrangements and not from the axioms which were earlier cited. In short, they were brought up in order to get them out of the way so as to give the axioms the examination they warrant and suggest their implications. It is not difficult to test their validity as axioms. It involves only determining whether in the nature of things they are necessarily true. Clearly enough, the power to tax does involve the power to destroy. The power to tax entails the power to take up to per cent of the income from any undertaking. No undertaking, no matter how well it is financed, can survive indefinitely if all its income is drained away in taxes. Hence, any and every human undertaking, short of breathing, can be destroyed by taxation. The axioms are shown to be valid by this line of reasoning, but, unhappily, they are thereby made very nearly irrelevant. One hundred per cent taxation would dry up all sources of revenue; hence, such a level of taxation would be counterproductive, as the contemporary phrase has it. Or, the government would have to proceed by the enslavement of some portion or all of the population. The evil would then be slavery, though slavery is essentially nothing more nor less than per cent taxation. While the enslavement implications are not entirely irrelevant, they do tend to place anything less than per cent outside the frame of the axioms. But does

the validity of the axioms depend on carrying the argument to its logical conclusion? John Marshall did not hinge his use of them on some potential extremity. He did not even explore much the question of the degree of the taxation. He was very careful to exclude the whole question of abuse, for if he had admitted its relevance he would have been drawn in a quite different direction. In point of fact, he put in his axioms to serve as a foundation and then proceeded to cover them with his edifice of Federal supremacy. Even so, if the axioms have the validity he ascribed to them, they should be valid in the absence of abuses. All Taxes Affect Creativity It is my contention that the axioms are valid regardless of the degree of the taxation. The power to tax involves the power to destroy whether the degree is some fraction of one per cent or per cent. It is possible to demonstrate this by marginal theory. The marginal theory as it applies to degree of taxation can be stated this way: Any level of taxation will make some undertakings unprofitable or submarginal. In practice, any increase in taxes will drive some people out of business, prevent them from going into business, or make it difficult or impossible for them to sustain themselves by whatever they are doing. The point is of such crucial importance that it should be fleshed out with some details. This principle of marginality applies to anyone who attempts to produce, provide, purvey, sell, or transport any good or service; it applies to farmers, manufacturers, storekeepers, teachers, artists, industrial workers, or whoever, but the effects may be most clearly seen in business enterprise. The power to preserve what has been created is essential to all constructive human undertakings. Taxation impinges on that power and at the margins always is threatening and destroying undertakings.

Chapter 9 : The Power to Tax Is the Power to Destroy - The Daily Reckoning

Setting forth his renowned dictum that "the power to tax involves the power to destroy," Chief Justice John Marshall declared that the states (and, by inference, local governments) "have no power, by taxation or otherwise, to retard, impede, burden or in any manner control the operations of the constitutional laws enacted by Congress."

But when you punish people for doing good work, via punitive taxes and high regulatory compliance costs, and reward laziness with free money and sympathy, you get less achievement and more freeloaders. One of our founding fathers said that if you want more poverty, pay people to be poor. Why is that so hard to understand, Congress? All welfare should be done privately through charities after taxes are lowered to free up resources. That is an injustice rotting our system – bad for the taxpayer and for the recipient in lost self-regard. Government is so busy doing what it should not do. Real estate loans are not the job of the federal government, so why do we have FNMA? Student loans are not the job of the federal government, so why is it holding a trillion dollars in bad paper lent by the taxpayer? Health care is not the job of the federal government, so why did Democrats pass ObamaCare? The job of the federal government, as spelled out in the constitution, is immigration law. There is plenty of money for that if you stop wasting it on others things. We need a new kind of politician, a Tom Coburn or Ron Johnson times Tax Day – April 15th – is just barely behind us. Most of us have just gone through the agony of figuring out what we must pay the government this year. So it is very appropriate to discuss both the history and the current status of taxation. You are, therefore, worse off than a Middle Age serf. You are on an equal footing with a Middle Age serf. It was only when Woodrow Wilson and the Progressives got into power that income tax rates skyrocketed. But even though the top marginal rates went through the roof the federal income tax on the average working man remained low until Lyndon Johnson. The point of this analysis is that when tax rates were low in our history families could afford to be a one income family. Then the husband could work and the wife stayed home to run the house and raise the kids. And the mother was home to see that the kids were raised right. The family was operating as a family should. Taxing Patriots – Liberty v the U. Excessive and unjust taxation led to the first American Revolution, and our government today appears heedless of that history as it seizes income for purposes clearly not authorized by our Constitution. Much of that income is redistributed to Democratic constituents in return for their political allegiance that, in turn, drives more growth and redistribution. This cycle is perilous to Liberty. This year, American Patriots had to work, on average, the first days of to cover their federal, state and local tax burdens. The Tea Party uprising galvanized the Colonial movement opposing British parliamentary acts, as such were a violation of the natural, charter and constitutional rights of the British colonists. Oppressive taxation was the catalyst for our Declaration of Independence in and the American Revolution. The first alliance between the states was the Articles of Confederation in That alliance and enshrinement of Liberty were then more functionally codified with the full ratification of our Constitution in and the appending of Ten Articles, known collectively as The Bill of Rights, which were ratified in The former are an integral part of our Constitution, while the latter modify parts of our Constitution. The addition of the Bill of Rights was the source of hotly contested debates among our Founders. Our Founders were uniformly concerned about government power to lay and collect taxes, most notably direct taxation of income, and, accordingly, they enumerated specific limitations on taxing and spending. A year later, that tariff was overturned by the Supreme Court as not complying with the limitations set forth in Article 1. But, like most usurpations of Liberty, the income tax levy has avoided insurrection by incremental imposition on ever-broader income groups over the last century. The most notable of those populists was Franklin D. Roosevelt, a wealthy aristocrat. Taxes shall be levied according to ability to pay. That is the only American principle. Today, it gobbles wholesale. The ability to impose direct taxes to support a welfare state was anathema to our Founders and the Essential Liberty they fought so hard to secure for their posterity. Nor is Congress authorized to institute countless conditions for the redistribution of wealth in its nearly 75, pages and four million words of tax code alone, or to impose millions of regulations on everything from carbon emissions to toilet water volume. By, taxes on the top 50 percent of income earners totaled almost 97 percent of government revenue,

while some 40 percent of Americans bore virtually none of the cost of government. Much more ominous is the fact that almost 35 percent of Americans are now utterly dependent upon government largess. What is most unconscionable, however, is that we are obligating future generations for the repayment. There is not a government revenue problem. There is a government spending problem. Under siege of such oppressive taxation and debt accumulation, can the Republic survive?