

THE ECONOMIC RAPE OF AMERICA

Preface

by Frederick Mann

Dedicated to Melissa Grant

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**AMERICA IS BEING DESTROYED.
THE WEALTH OF THE MIDDLE CLASS
- THE AVERAGE AMERICAN -
IS BEING SUCKED OUT BY
BLOODTHIRSTY PARASITES.
YOU CAN SAVE YOUR OWN
BUSINESS, INCOME, AND ASSETS
- IF YOU ACT BEFORE IT IS TOO LATE.**

PREFACE

My people are destroyed for lack of knowledge.
Hosea 4, verse 6

The conquest of America and the economic rape of its people were made possible by ignorance.

How long, O simple ones, will you love being simple? How long will scoffers delight in scoffing and fools hate knowledge?
Proverbs 1, verse 22

Arm yourself with knowledge. Knowledge builds confidence, because with knowledge you know what to do and what not to do - what works and what doesn't work. Knowledge gives you self-confidence. Knowledge and confidence combined is a mighty and invisible power that enables you to do what now seems impossible.

If you follow the crowd, you will get no further than the crowd. If you strike out in your own direction, you will find yourself in places where no one has been before...

By wisdom a house is built, and by understanding it is established; by knowledge the rooms are filled with all precious and pleasant riches. Wise warriors are mightier than strong ones, and those who have knowledge than those who have strength; for by wise guidance you can wage your war, and in abundance of counselors there is victory.

Proverbs 24, verses 3-6

INTRODUCTION

Who rises up for me against the wicked?

Who stands up for me against evildoers?

Psalms 94, verse 16

"We have lost our country. If you don't know that, or won't believe it, you either don't know what's going on, or you don't want to. We have lost it to a relatively small gang of immensely powerful totalitarians, whose goal is the total subjugation of the American people in a world government. We have lost it because of our own default. The only question worth asking now is: How can we get it back?"

... As we shall see, the power-lusters who threaten our liberty now, daily break laws with impunity. Indeed, they have turned our God-ordained government into the greatest lawbreaker in history, a totalitarian juggernaut that makes the Mafia look sick. As we shall see, they take children hostage, drive businessmen to ruin, routinely commit perjury, pervert the courts, spit at the Bill of Rights - and even terrorize Congress."

Alan Stang, 1988

Alan Stang's quotation is from the introduction to his book, *Taxscam: How The IRS Swindles You And What You Can Do About It*. At first thought you might think Stang exaggerates, but my analysis indicates that the conquest of America is even more pervasive than Stang indicates.

From history we may conclude that a nation or a people can be conquered by one or more of five methods - or any combination of these methods.

The most common has been conquest by **war**. In time, though, this method fails, because the captives hate the captors. Eventually the captives rise up and attempt to drive out the captors. Much force is needed to maintain control, making it expensive for the conquerors.

A second method of conquest is by **religion**, or manipulation of religious belief, where people are convinced they must give their captors part of their earnings as "obedience to God." Such a captivity is vulnerable to philosophical exposure or by overthrow through armed force, since modern religion by its nature lacks military force to regain control once its captives become disillusioned.

Political ideology is the third method of conquest. Compulsory state education is the foundation. Children are forced into schools where the moral and political values of the

ruling class are subtly imparted. They are taught submission to authority. The law of the authority is absolute and must be obeyed. The discipline of the clock is stressed. The state controls what shall be taught and who shall teach it. Implement a federal school lunch program, so children will learn that big daddy government is the great provider.

The fourth method is "**legal conquest**" through the legislative, judiciary, police, and penal systems. Article I, section 8 of the U.S Constitution grants Congress "the power to make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the government of the United States, or in any department or officer thereof." A political party, or a coalition of interests can get effective control of Congress. Meanwhile the Supreme Court, year by year, chips away at undermining the protections ostensibly provided by the Bill of Rights.

The fifth method can be called "**economic conquest**." It takes place when a nation or a people are placed under "duty" without the obvious use of force or coercion, so the victims never realize they have been conquered. "Duty" is collected from the victims in the form of "legal" taxes. The victims are led to believe that they pay for their own good, for the good of others, or to protect all from some enemy. The captors become the "benefactors" and "protectors" of the victims.

The first method - conquest by war - tends to be swift. The other methods can be applied gradually - almost unnoticeably - over long periods of time. Small, incremental changes are instituted. Generally, the captives show little opposition, because they seldom see any military force arrayed against them. Their religion may be left intact; they have freedom to speak and to travel, and they seemingly participate in the "election" of their rulers. Their government, it seems, implements "the will of the people." Without realizing it, the victims are conquered. The instruments of their own society are used to transfer the fruits of their productive labor and their wealth to their captors, until the conquest is complete. I call this transfer "economic rape."

In 1900 the average American worker paid few taxes and had little debt. Today, taxes and debt repayments take more than half the earnings of the average American worker. Twenty years ago, the average husband brought in enough money for the family to live comfortably. America is being destroyed. For most Americans the "American Dream" has become a nightmare. Today, with both husband and wife working, it is a battle to pay the bills. The quality of education has been deteriorating for a long time. Crime rates seem to increase year after year. Parts of many cities are considered by most as too dangerous to live in. They are beset by drug addiction, gang wars, drive-by shootings, and overflowing jails.

An insidious form of conquest has been imposed on "we the people." This report examines the conquest from many angles. How extensive is it? Who is behind it? What in human nature gives rise to it? And, finally, what can you as individual do about it?

ECONOMIC RAPE IN A NUTSHELL

The editorial below appeared in The Arizona Republic of August 29, 1992, under the heading "**Public Enemy No. 1**":

"It appears, finally, the American people are beginning to awaken to the fundamental cause of the nation's economic woes - the federal budget deficit. In a recent CNN poll, more than 60 percent identified the deficit as the nation's leading economic problem.

The deleterious impact of the deficit on the economy is not an abstract matter for tweedy economists to debate. It has a real effect on the daily lives of Americans. According to Frank Zarb, chief executive officer of the brokerage and investment firm Smith Barney, **60 percent of the country's available credit - 60 percent! - is being soaked up by government borrowing** to finance Washington's nearly \$400 billion annual shortfall.

This represents a **loss to the private sector of an enormous amount of credit capital that could be going to expand existing businesses, to start up new companies, both large and small, to finance research and development and to enhance America's competitiveness on world markets.** The burgeoning deficit has held down job creation and produced the 1 percent growth rate the anemic economy has managed over the past four years...

As economic analyst Anthony Ogorek pointed out this week in The New York Times, between fiscal years 1990 and '91 total government revenue - the taxes Washington collects - grew by 2.23 percent, or \$22.9 billion. The required interest payments on the cumulative national debt, however, grew by \$21.1 billion, or 8 percent. Thus almost the total net increase in government revenue was sopped up by interest payments on the debt.

Neither presidential candidate is being entirely candid with voters about uncontrolled federal spending. Before Bill Clinton promises to provide health care for every American, perhaps he should figure out how we are going to pay for existing programs. And President Bush should account for the **staggering growth in executive branch departments last year - Labor up 34 percent, Justice 26.7 percent and the Executive Office of the President himself 23 percent.**

Mr. Ogorek notes that Social Security taxes collected from the paychecks of working Americans grew by \$12.3 billion, or 4.31 percent, in 1990-91. Yet Social Security spending jumped by \$21.4 billion, or 8.74 percent, in the same period. At this rate of increase, which shows no sign of slowing, Social Security will be spending more than it takes in by the end of the next presidential term.

Another big budget imbalance occurs in the area of health care. This represents the biggest black hole in the federal budget.

Excluding Social Security payments, in 1990 the Department of Health and Human Services paid out \$193.6 billion in Medicare and Medicaid benefits. This increased in '91 by \$24.3 billion, or 12.5 percent. Thus government health insurance spending alone

gobbled up the growth in revenue (total spending for the period increased by \$71 billion, against revenue growth of \$22.9 billion).

Clearly, this mismanagement cannot continue indefinitely without bringing **economic ruin**. Yet neither President Bush nor Gov. Clinton appears eager to level with the voters as to the magnitude of the nation's **government-caused economic plight**." [Emphasis added]

All the above facts and figures - alarming as they are - are surface manifestations of more fundamental problems. The federal budget deficit is not "public enemy no. 1." It is a symptom of more basic, underlying problems. It is also the tip of the iceberg. In the coming pages we shall examine the more fundamental problems, who is behind them, and what you as an individual can do about them.

If the anger of the ruler rises against you, do not leave your post, for calmness will undo great offenses. There is an evil that I have seen under the sun, as great an error as if it proceeded from the ruler: folly is set in many high places, and the rich sit in a low place.

Ecclesiastes 9, verses 4-6

GOVERNMENT LAWBREAKING

In Olmstead v. U.S., 277 U.S. 438, 485 (1928), Justice Louis Brandeis said:

"Decency, security, and liberty alike demand that government officials shall be subjected to the same rules of conduct that are commands to the citizen. In a government of laws, existence of the government will be imperiled if it fails to observe the law scrupulously. Our government is the potent, the omnipresent teacher. For good or for ill, it teaches the whole people by its example. Crime is contagious. If the government becomes a lawbreaker, it breeds contempt for law; it invites every man to become a law unto himself; it invites anarchy... "

This report will have a great deal to say about government lawbreaking. According to the latest FBI statistics, as reported in *The Arizona Republic* of August 30, 1992, violent crime in the U.S. reached a record total last year of 758 for each 100,000 inhabitants - up 4 percent from 1990, 24 percent since 1987, and 33 percent since 1982.

The Economic Rape of America - Chapter One

WHAT IS MONEY?

Abraham was very rich in livestock, in silver, and in gold.

Genesis 13, verse 2

"The definitions, or descriptions, that have been applied to money are legion. They range from those which carry the implication that [the love of] it is the root of all evil to those who regard it as manna from heaven. Some have argued that it does not matter, others that it matters too much. Money has been described as a political, or sociological, phenomenon, as a mechanism, as a mirror, as a religion, as a myth, as a means of communication which reduces complexity and as a distortion which increases it, as the curse of the miser and the elixir of the spendthrift, as a means to all ends and as an end in itself, as barren and as all-powerful, as inert or neutral and as "the drink which stimulates the economic system to activity," as the tool of social progress and as an obstacle to it."
-- S. Herbert Frankel, 1977

To properly understand the extent of the economic rape of America, how it is being perpetrated, and who does it, we need to understand a few things about this curious thing or phenomenon we call "money."

ANDREW CARNEGIE'S EXPLANATION

"I suppose everyone who has spoken to or written for the public has wished at times that everybody would drop everything and just listen to him for a few minutes. I feel so this morning, for I believe that a grave injury threatens the people and progress of our country simply because the masses - the farmers and the wage-earners - do not understand the question of money. I wish therefore to explain "money" in so simple a way that all can understand it."

So wrote Andrew Carnegie, the steel magnate, around the turn of the century - I guess. I have an undated 28-page booklet by him called *The A B C of Money*. The booklet is not copyrighted, so I shall quote from it extensively. First, Carnegie explains why "money" comes about and what it really is.

In "primitive" societies barter develops because some people have things that others want, and some people do certain things better than others. Specialization and division of labor occur. One person becomes a shoemaker, another a farmer. The farmer exchanges ten bushels of wheat for a pair of shoes. Both parties gain from the transaction. It would take the farmer five times as long to make a pair of shoes, compared to the shoemaker, and it is not even practical for the shoemaker to attempt to grow his own wheat.

As society develops, someone gets the idea of becoming a "barter specialist" and opens a store. His store becomes a center for barter. Spontaneously, in every society, some article becomes the "basis-article" that turns out to be most convenient for exchange and for expressing the value of other articles. In Pennsylvania that article was wheat; in Virginia, Maryland, and North Carolina it was tobacco. There was a saying, "As good as wheat." Tobacco remained a basic money in Virginia and its neighboring colonies for nearly two centuries.

Our modern word "pecuniary" comes from "pecunia," the Latin word for "cow." Our word "fee" comes from the German word "Vieh," meaning cattle. In several societies

cattle spontaneously came to serve the function of money. In other societies salt, silk, dried fish, feathers, stones, cowrie shells, beads, cigarettes, cognac, whiskey, sheep, goats, and horses have been used as money. The early American settlers used the "wampum," a form of shell, to trade with native Americans. Now back to Carnegie:

"... [I]n all cases human society chooses for that basis-article we call "money" that which fluctuates least in price, is the most generally used or desired, is in the greatest, most general, and most constant demand, and has value in itself... An article is not first made valuable by law and then elected to be "money." The article first proves itself valuable and best suited for the purpose, and so becomes of itself and in itself the basis-article - money. It elects itself.

We take one step further. The country becomes more and more populous, the wants of the people more and more numerous. The use of bulky products like wheat and tobacco, changeable in value, liable to decay, and of different grades, is soon found troublesome and unsuited for the growing business of exchange of articles, and they are therefore unfit to be longer used as "money." You see at once that we could not get along today with grain as "money." Then metals proved their superiority. These do not decay, do not change in value so rapidly, and they share with wheat and tobacco the one essential quality of also having value in themselves for other purposes than for the mere basis of exchange. People want them for personal adornment or in manufacture and the arts - for a thousand uses; and it is this very fact that makes them suitable for use as "money." Just try to count how many purposes gold is needed for, because it is best suited for those purposes. It meets us everywhere. We cannot even get married without the ring of gold.

... We have proceeded so far that we have now dropped all perishable articles and elected metals as our "money"; or, rather, metals have proved themselves better than anything else for the standard of value, "money." But another great step had to be taken. When I was in China, I received as change shavings and chips cut off a bar of silver and weighed before my eyes in the scales of the merchant, for the Chinese have no "coined" money. ... [Y]ou can well see how impossible it was for me to prevent the Chinese dealer from giving me less than the amount of silver to which I was entitled... Civilized nations soon felt the necessity of having their governments take certain quantities of the metals and stamp upon them evidence of their weight, purity, and real value. Thus came the "coinage" of metals into "money" - a great advance. People then knew at sight the exact value of each piece and could no longer be cheated, no weighing or testing being necessary. Note that the government stamp did not add any value to the coin. The government did not attempt to "make money" out of nothing; it only told the people the market value of the metal in each coin, just what the metal - the raw material - could be sold for as metal and not as "money."

But even after this much swindling occurred. Rogues cut the edges and then beat the coins out, so that many of these became very light. A clever Frenchman invented the "milling" of the edges of the coins, whereby this robbery was stopped, and civilized nations had at last the coinage which still remains with us, the most perfect ever known, because it is of high value in itself and changes least...

Although one would think that in coined metal pieces we had reached perfection, and that with these the masses of the people could not be cheated out of what is so essential to their well-being - "honest money" - yet one way was found to defraud the people even when such coin was used. The coins have sometimes been "debased" by needy governments after exhausting wars or pestilence, when countries were really too poor or too weak to recover from their misfortunes. A coin is called "debased" coin when it does not possess metal enough to bring in the open market the sum stamped upon the coin by the government. There is nothing new about this practice, which always cheats the masses. It is very, very old. Five hundred and seventy-four years before Christ the Greeks debased their coinage. The Roman Emperors debased theirs often when in desperate straits. England debased hers in the year 1300. The Scotch coin was once so debased that one dollar was worth only twelve cents. The Irish, the French, German, and Spanish governments have all tried debased coin when they could wring no more taxes directly out of their people, and had therefore to get more money from them indirectly. It was always the last resort to "debase" the coinage. These instances happened long ago. Nations of the first rank in our day do not fall so low. I must pause to make one exception to this statement. I bow my head in shame as I write it - the republic of the United States. Every one of its silver dollars is a "debased coin." When a government issues "debased coin," it takes leave of all that experience has proved to be sound in regard to money. Sound finance requires the government only to certify to the real value possessed by each coin issued from its mints, so that the people may not be cheated. Every time the government stamps the words "One Dollar" upon 371 1/4 grains of silver, it stamps a lie; disgraceful, but, alas! too true, for the silver in it is worth today not a dollar, but only seventy-eight cents.

Another delusion about money has often led nations into trouble - the idea that a government could "make money" simply by stamping certain words upon pieces of paper, just as any of you can "make money" by writing a note promising to pay one hundred dollars on demand. But you know that when you do that, you are not making "money," but making "a debt"; so is any government that issues its promise to pay. And there is this about both the individual and the government who take to issuing such notes on a large scale: they seldom pay them. The French did this during their revolution, and more recently the Confederate States "made money" at a great pace, and issued bonds which are now scarcely worth the paper they are printed upon. Every experiment of this kind has proved that there can be no money "made" where there is not value behind it...

But I am now to tell you another quality which this basis-article of metal has proved itself to possess... The whole world has such confidence in its fixity of value that there has been built upon it, as upon a sure foundation, a tower of "credit" so high, so vast, that all the silver and gold in the United States, and all the greenbacks and notes issued by the government, only perform eight percent of the exchanges of the country. Go into any bank, trust company, mill, factory, store, or place of business, and you will find that for every one hundred thousand dollars of business transacted, only about eight thousand dollars of "money" is used, and this only for petty purchases and payments. Ninety-two percent of the business is done with little bits of paper - checks, drafts. Upon this basis also rest all the government bonds, all state, county, and city bonds, and the thousands of

millions of bonds the sale of which has enabled our great railway systems to be built, and also the thousands of millions of the earnings of the masses deposited in savings-banks, which has been lent by these banks to various parties, and which must be returned in "good money" or the poor depositor's savings will be partially or wholly lost.

The businesses and exchanges of the country, therefore, are not done now with "money" - with the article itself. Just as in former days the articles themselves ceased to be exchanged, and a metal called "money" was used to effect the exchanges, so today the metal itself - the "money" - is no longer used. The check or draft of the buyer of articles upon a store of gold deposited in a bank - a little piece of paper - is all that passes between the buyer and the seller. Why is this bit of paper taken by the seller or the one to whom there is a debt due? Because the taker is confident that if he really needed the article itself that it calls for - the gold - he could get it. He is confident also that he will not need the article itself, and why? Because for what he wishes to buy the seller or any man whom he owes will take his check, a similar bit of paper, instead of gold itself; and then, most vital of all, everyone is confident that the basis-article cannot change in value...

... The question is, How long could you get people to take these slips for dollars? How soon would some suspicious man suggest that you were issuing too many? And then these slips would lose reputation; people would begin to doubt whether you could really pay all the dollars you promised if called upon; and from that moment you could issue no more. Just so with governments: All can keep their small change afloat, although it may not contain metal equal to its face value; and it is a poor government which cannot go a little further and get the world to take something from it in the shape of "money" which is only partially so... Every nation has had eventually to recoin its "debased" coin or repudiate its obligations, and go through the perils and disgrace of loss of credit and position. In many instances the "debased" coin never was redeemed, the poor people who held it being compelled to take the loss.

... Upon the solid rock of gold as our basis-article we have built up the wealthiest country in the world, and the greatest agricultural, manufacturing, and mining and commercial country ever known. We have prospered beyond any nation the sun ever shone upon. In no country are wages of labor so high or the masses of the people so well off. Shall we discard the gold basis, or even endanger it? This is the question before the people of the United States today."

All the above quotations are from Andrew Carnegie's *The A B C of Money*. The following section is partially based on *The Biggest Con: How the Government is Fleecing You* by Irwin A. Schiff.

THE FUNCTIONS OF MONEY

According to Schiff, "Money, like the wheel, was one of mankind's most important inventions... Because of the development of money, which facilitated and accelerated the exchange of goods and services and made specialization and division of labor possible,

productivity increased and thus living standards rose. The sounder a nation's money, the more efficient would be its economy and the faster would its standard of living grow."

Sound money performs four basic functions:

1. It serves as a **standard of value** or a **unit of account**. At present the U.S. Dollar still performs this function. When we see something priced at \$10 we have an idea of its value and how that value compares to the value of something else. Companies keep their accounting records and issue their financial statements, using the dollar as unit of account.

2. Money serves as a **medium of exchange**. As Carnegie and Schiff explained, money facilitates exchange. The U.S. Dollar also still performs this function. There are several reasons why the dollar is still used as a medium of exchange:

- "Legal tender laws" that say we must accept the dollar;
- "Everybody" uses the dollar - banks, shops, everybody;
- Ignorance of the true nature of the dollar;
- Confidence in the dollar;
- Most other currencies lose their value even faster than the dollar - in comparison the dollar seems "strong";
- Most Americans spend their money as fast as they get it, so they don't notice its loss of value from day to day;
- Habit;
- Anyone who attempts to introduce an alternative currency is branded a counterfeiter and criminal.

3. Money provides **mobility of value**. Because of our superb communications, the dollar can be wired almost instantaneously to any part of the world - value being "transported" from one place to another. Money also makes it possible to obtain value in the present in the form of a loan or credit, and to repay the value in the future - another aspect of mobility of value.

4. Money serves as a **store of value**; it makes it possible to "transport" value into the future. Because of the rapid rate at which the dollar loses its value, it no longer serves as a store of value into the future. Every month the dollar loses some of its value. As we shall see in Chapter Four, the loss of value is considerably greater than "measured" by government statistics, like the consumer price index.

STATE, RELIGION, AND MONEY

Many of the original American settlers were religious rebels. In England and Europe they had been persecuted for practicing "illegal religions." For example, William Penn, the famous Quaker who gave his name to Pennsylvania, was prosecuted in England for preaching an "illegal religion."

The American settlers wanted to be free to practice the religion of their choice. They certainly did not want the state to dictate to them what their religion should be. Our Founding Fathers established the principle called "separation of church and state." The state has no business interfering with people's religion or dictating what their religious beliefs should be. This principle has been repeatedly upheld by the U.S. Supreme Court. This is why prayers are not allowed in state schools.

Now stretch your imagination. Imagine that the original American settlers were "money rebels" rather than religious rebels. They had been persecuted for using the money of their choice. They came to America to achieve monetary freedom. People had an inalienable right to use the money of their choice. Our Founding Fathers established the principle of the "separation of money and state." The state had no business interfering with people's money or dictating to them what their money should be.

Not so long ago, in Russia, atheism was the "state religion." Other religions were declared illegal. People practicing the religions of their choice were persecuted.

At the time of the Revolutionary War, the Continental Congress considered decreeing the death penalty for anyone who refused to accept the "lawful money" - Continental Dollars - they issued. That is where the expression "not worth a continental" comes from.

Today, in America, the paper dollar is the "state money." There are "legal tender laws" which essentially decree that people must use the paper dollar as money and other kinds of money are illegal. People who use the money of their choice are persecuted, prosecuted, and jailed. The members of the National Commodity and Barter Association use gold as money. During the past few years their branches across the country have been raided by armed government agents. Their gold, equipment, and records have been confiscated; their members persecuted, prosecuted, and jailed...

Hans F. Sennholz, author of *Age of Inflation*, was asked in the context of currency reform after World War II in Germany, what he would do if he had the power to reform the currency. His reply:

"When pressed for his proposal for a currency reform, this writer must confess that he would have conducted the simplest reform of all. He would pass no reform law, seek no conversion or parity, and offer no government cooperation. He would merely cease and desist from interfering with the inalienable rights of man. In particular, he would immediately restore all economic freedoms and repeal all legal tender laws. The freedom to trade and hold gold, the freedom to use gold in all exchanges, and the freedom to mint coins would bring forth the ideal currency to which all others would repair."

WHAT, THEN, IS MONEY?

In this report the term "money" will be used to refer to whatever people freely choose to serve as their medium of exchange. The term "fiat money" will be used to refer to what

people are forced by government decree to use as medium of exchange. The Latin word "fiat" means "let it be done." The U.S. dollar is fiat money. (Similarly, in Russia atheism was the "fiat religion" people were forced to adopt by government decree.)

The term "currency" will be used to include all the items people use in practice as a medium of exchange. It includes money, fiat money, checks, drafts, bonds, etc. I will use the term "currency supply" (where most people say "money supply") to refer to the total currency in circulation.

In a free market people choose their money. There is competition between different kinds of money. Over time, people come to prefer and use as money that which best fulfills the functions of money outlined above. Historically, people have chosen gold and silver as money. The Bible is replete with examples.

It is quite possible that monetary theorists, such as C.H. Douglas (*Social Credit*), Sylvio Gesell (*The Natural Economic Order*), Henry Meulen (*Free Banking*), and E.C. Riegel (*Private Enterprise Money*), will devise forms of money that will prove superior to gold and silver. In a free market all such "advanced moneys" will have the opportunity to prove themselves. However, as workable money, only gold and silver have passed the test of history.

"I deny the power of the general government to making paper money, or anything else a legal tender."

-- Thomas Jefferson

"The terms 'lawful money' and 'lawful money of the United States' shall be construed to mean gold or silver coin of the United States." (12 USC 152)

"Legal tender is quite different from lawful money. In no U.S. law are Federal Reserve notes declared to be "lawful money." Lawful money is that money described in the Coinage Act of 1792 and in Article I, section 10 of the U.S. Constitution: gold and silver... the only money the Supreme Law of the Land allows states to make legal tender."

-- Tupper Saussy, 1980

The Economic Rape of America - Chapter Two

THE DESTRUCTION OF THE U.S. DOLLAR

You that trample on the needy, and bring ruin to the poor of the land, saying... We will make the ephah small and the shekel great, and practice deceit with false balances.

Amos 8, verses 4-5

"It is apparent from the whole context of the Constitution as well as the history of the times which gave birth to it, that it was the purpose of the Convention to establish a currency consisting of the precious metals. These were adopted by a permanent rule excluding the use of a perishable medium of exchange, such as of certain agricultural commodities recognized by the statutes of some States as tender for debts, or the still more pernicious expedient of paper currency."

-- Andrew Jackson, 1836

"There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose."

-- John Maynard Keynes, 1920

It is the continuous loss of value that constitutes the destruction of the dollar. Because it happens gradually most of us are not alarmed by it. It is like the frog in hot water. If you throw a live frog into boiling water, it jumps out immediately. But if you put in a pot of cold water on the stove, it just sits. If you gradually heat the water, the frog just sits. By the time the frog realizes the water is too hot, it doesn't have the strength to jump and it burns to death. In relation to the sinking value of the dollar most of us are "sitting frogs!"

This chapter is largely based on *The Biggest Con: How the Government is Fleecing You* by Irwin A. Schiff. According to Schiff, "U.S. politicians, contrary to the Constitution and the U.S. criminal code, have conned all citizens out of their money savings. This monetary swindle was perpetuated despite a reasonably literate electorate, despite our well-developed financial and banking institutions, and despite our many institutions of higher learning and the nation's extensive network of information media." Let us now examine the "mechanics" of the swindle.

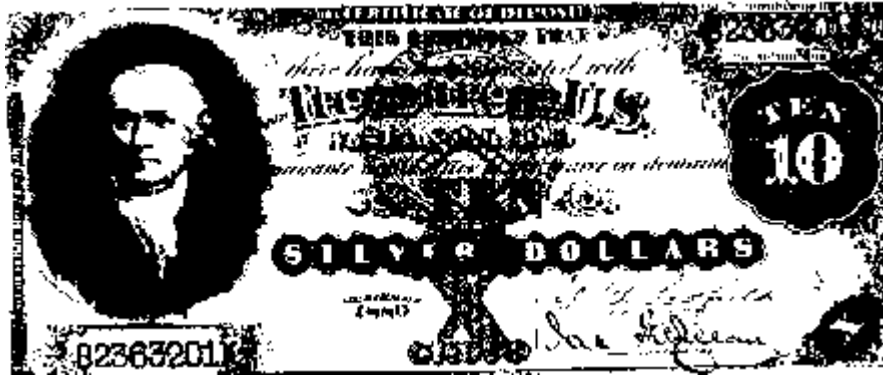
THE GREAT MONEY SWINDLE

Look at Figure 1 below, which depicts a Certificate of Deposit for ten silver dollars issued in 1880. Banking originated in the middle ages. Because of the inconvenience of carrying a lot of silver or gold, some of it was deposited with a blacksmith, jeweler, or goldsmith. A certificate of deposit was issued. The certificate could be used as payment. The holder could present the certificate to the "banker" and receive the silver or gold it represents, guaranteed by the terms, "payable to the bearer on demand." Note that the certificate says, "This certifies that there have been deposited with the Treasurer U.S. ten silver dollars." This Certificate of Deposit is in the tradition of how banking originated.

Figure 1:

CERTIFICATE OF DEPOSIT
THIS CERTIFIES THAT
there have been deposited with
THE TREASURER U.S.

TEN
SILVER DOLLARS



payable to the bearer on demand

UNITED STATES CERTIFICATE OF DEPOSIT 1880
(REDEEMABLE IN SILVER)

Now examine Figure 2. This is a Silver Certificate which states, "This certifies that there is on deposit in the Treasury of The United States of America ten dollars in silver payable to the bearer on demand." For all intents and purposes this Silver Certificate is equivalent to the Certificate of Deposit in Figure 1. But there is a very important difference: the Silver Certificate also states, "This certificate is legal tender for all debts, public and private." This is a reflection of a "legal tender law." It in effect says, "Citizens are not qualified to choose their money; government dictates what shall be used as money." This sets the stage for the swindle. Government can debase the currency and force citizens to use it.

Figure 2:

SILVER CERTIFICATE
THIS CERTIFIES THAT THERE IS ON DEPOSIT IN THE TREASURY OF
THE UNITED STATES OF AMERICA

THIS CERTIFICATE IS LEGAL TENDER
FOR ALL DEBTS, PUBLIC AND PRIVATE



TEN DOLLARS
IN SILVER PAYABLE TO THE BEARER ON DEMAND

UNITED STATES SILVER CERTIFICATE 1934
(REDEEMABLE IN SILVER)

In Figures 3 and 4 below we see the same difference between the gold certificates of 1907 and 1928. As soon as citizens grant their government the power to dictate what shall be used as money, they open the door to being swindled. Regrettably, that is precisely what has happened to the American public. And it happened gradually - like it happened to the frog who burnt to death.

Figure 3:

THIS CERTIFIES THAT THERE IS ON DEPOSIT IN THE TREASURY OF THE
UNITED STATES OF AMERICA



TEN DOLLARS IN GOLD COIN
PAYABLE TO THE BEARER ON DEMAND

UNITED STATES GOLD CERTIFICATE 1907
(REDEEMABLE IN GOLD)

Figure 4:

THIS CERTIFIES THAT THERE HAVE
BEEN DEPOSITED IN THE TREASURY OF
THE UNITED STATES OF AMERICA



THIS CERTIFICATE IS A LEGAL TENDER
IN THE AMOUNT THEREOF IN PAYMENT OF ALL
DEBTS AND DUES PUBLIC AND PRIVATE

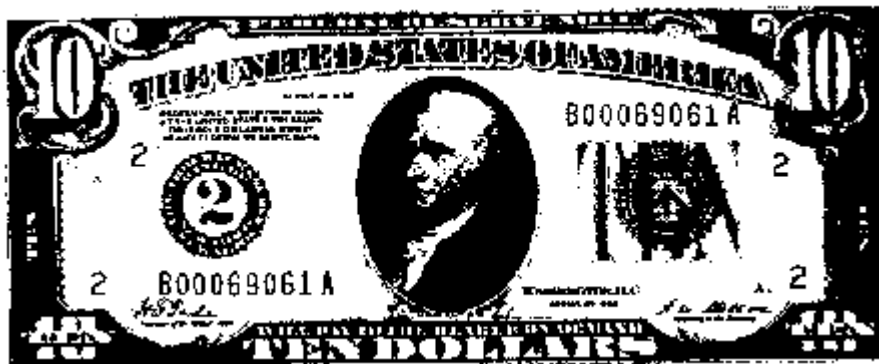
TEN DOLLARS
IN GOLD COIN PAYABLE TO THE BEARER ON DEMAND

UNITED STATES GOLD CERTIFICATE 1928
(REDEEMABLE IN GOLD)

Look at Figure 5 below. Here we have a Federal Reserve Note, dated 1928, "Redeemable in gold on demand at the United States Treasury or in gold or lawful money at any Federal Reserve Bank." This means the holder of the note could exchange it for \$10 worth of gold at the U.S. Treasury. However, at a Federal Reserve Bank they could, instead of gold, give the holder "lawful money." In Chapter One we saw that "lawful money" is defined by law as gold and silver. No doubt, the term "lawful money" is introduced as part of the plot to gradually debase the currency. The water is gradually getting warm!

Figure 5:

REDEEMABLE IN GOLD ON DEMAND
AT THE UNITED STATES TREASURY
OR IN GOLD OR LAWFUL MONEY
AT ANY FEDERAL RESERVE BANK



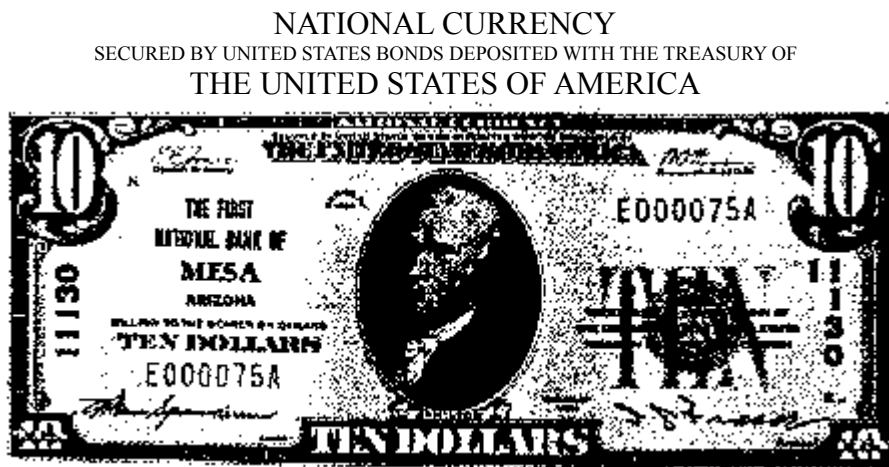
WILL PAY TO THE BEARER ON DEMAND
TEN DOLLARS

FEDERAL RESERVE NOTE 1928
(REDEEMABLE IN GOLD OR "LAWFUL MONEY")

Now look at Figure 6. This is a National Currency Note, dated 1929, "Redeemable in lawful money of the United States Treasury or at the Bank of Issue." The "gold" is gone. Another step of the swindle has been taken. The water is getting hot!

Observe that neither the Figure 5 Federal Reserve Note, nor the Figure 6 National Currency Note say anything about "legal tender."

Figure 6:



WILL PAY TO THE BEARER ON DEMAND
TEN DOLLARS

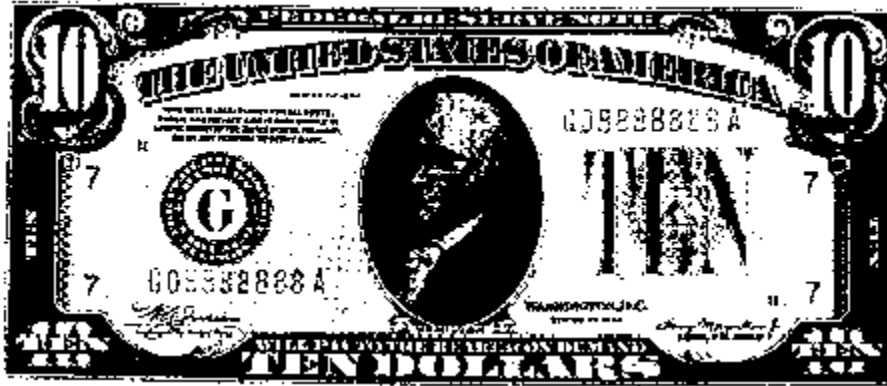
REDEEMABLE IN LAWFUL MONEY OF
THE UNITED STATES AT UNITED STATES
TREASURY OR AT THE BANK OF ISSUE

NATIONAL CURRENCY 1929
(REDEEMABLE IN "LAWFUL MONEY")

Now look at Figure 7 below, a Federal Reserve Note, dated 1934. "This note is legal tender for all debts public and private and is redeemable in lawful money at the United States Treasury or at any Federal Reserve Bank." Compare this to the Figure 5 Federal Reserve Note. One difference is that the "gold" has been dropped. Another difference is that the 1934 Federal Reserve Note has become "legal tender." Maybe, when a swindle is pulled on a grand scale, the cruder it is, the more likely it succeeds!

Figure 7:

THIS NOTE IS LEGAL TENDER FOR ALL DEBTS
PUBLIC AND PRIVATE AND IS REDEEMABLE IN
LAWFUL MONEY AT THE UNITED STATES TREASURY
OR AT ANY FEDERAL RESERVE BANK



WILL PAY TO THE BEARER ON DEMAND
TEN DOLLARS

FEDERAL RESERVE NOTE 1934
(REDEEMABLE IN "LAWFUL MONEY")

Figure 8 shows a recent Federal Reserve Note. It cannot be redeemed for anything. It is a note to pay nothing. The swindle is complete. The water is near boiling. The frog is almost dead. Its awareness is far too low for it to realize what happened...

"Counterfeit" means "to copy or imitate in order to deceive" or "something likely to be mistaken for something else of higher value."

Figure 8:

THIS NOTE IS LEGAL TENDER
FOR ALL DEBTS, PUBLIC AND PRIVATE



TEN DOLLARS

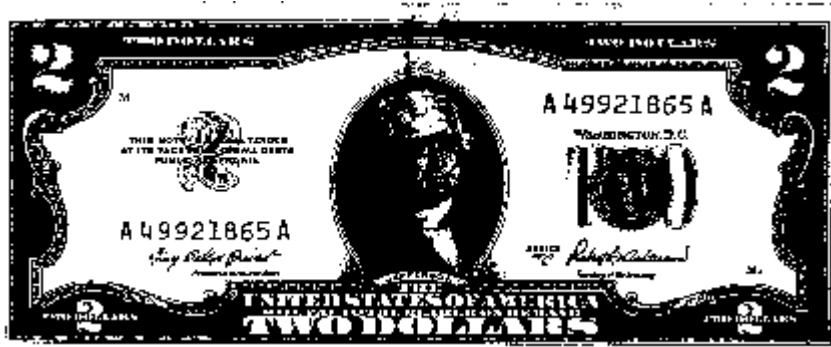
FEDERAL RESERVE NOTE 1988
(NOT REDEEMABLE; A NOTE TO PAY WHAT?)

"WILL PAY TO THE BEARER ON DEMAND" HAS DISAPPEARED)
IS THIS COUNTERFEIT MONEY?

Now examine Figure 9 below. Here we have a 1953 \$2 United States Note. It is "legal tender at its face value" and it says, "Will pay to the bearer on demand." But what is its "face value" and how will the "two dollars" be paid? Compare this to the 1976 \$2 Federal Reserve Note in Figure 10. Here there is nothing about "face value" or "will pay to the bearer on demand." Can we conclude that by 1976 the bankers and politicians were so secure in their belief that the American public had become too brainwashed to notice the swindle, and that there was no longer any need for pretensions like "face value" and "will pay to the bearer on demand?"

Figure 9:

THIS NOTE IS LEGAL TENDER
AT ITS FACE VALUE FOR ALL DEBTS
PUBLIC AND PRIVATE



THE
UNITED STATES OF AMERICA
WILL PAY TO THE BEARER ON DEMAND
TWO DOLLARS

UNITED STATES NOTE 1953
(NOT REDEEMABLE; A NOTE TO PAY WHAT?)
IS THIS COUNTERFEIT MONEY?

Figure 10:

THIS NOTE IS LEGAL TENDER
FOR ALL DEBTS, PUBLIC AND PRIVATE



THE
UNITED STATES OF AMERICA
TWO DOLLARS

FEDERAL RESERVE NOTE 1976
(NOT REDEEMABLE; A NOTE TO PAY WHAT?
"WILL PAY TO THE BEARER ON DEMAND" HAS DISAPPEARED)
IS THIS COUNTERFEIT MONEY?

OTHER ASPECTS OF THE SWINDLE

The stage for the swindle was set by the U.S. Constitution, Article I, Section 8, "Congress shall have power to coin money, regulate the value thereof" - see Chapter Five. This opened the door to a government monopoly being established. The second step was passage of the National Bank Act of 1863, which effectively outlawed private currency. The monopoly was now complete. In 1913 the Federal Reserve System was created, when Congress (unconstitutionally) delegated its monopoly currency power to the Federal Reserve Corporation, a private company.

Our Founding Fathers thoroughly understood currency debasement and how it usually leads to the destruction of civilization. The Coinage Act of 1792 provided the death sentence for anyone convicted of debasing U.S. coins.

In 1933 President Franklin D. Roosevelt arbitrarily reduced the amount of gold the dollar represented from one twentieth of an ounce to one thirty-fifth of an ounce. This amounted to a 43% devaluation (or debasement) of the dollar - a declaration of bankruptcy stating that the U.S. Treasury would "settle" its debts by paying 57 cents in the dollar. It also meant, in terms of gold, that overnight the government had robbed the American people of 43% of their savings. By the standards of our Founding Fathers this was a crime punishable by death.

In 1934 Roosevelt's "New Deal" took away the American citizen's right to own gold, a right Americans had enjoyed since the first pilgrims arrived. This also meant the discontinuation of gold certificates.

In 1963 silver certificates were discontinued. On November 26, 1963, the day of John F. Kennedy's funeral, the first 50 million "no-promise" Federal Reserve Notes were released into circulation. We shall return to this topic.

In 1913 when the Federal Reserve System was established, Federal Reserve District banks were required to maintain a 40% gold backing for Federal Reserve Notes, and a 35% gold backing for deposits. In 1945 the gold backing for both notes and deposits was dropped to 25%. In 1965 the gold backing requirement for deposits was eliminated completely. And in 1968 the gold backing requirement for Federal Reserve Notes was eliminated.

Up to 1965, U.S. coins (dollar, half-dollar, quarter, and dime) contained 90% silver and 10% copper. "Coins" of the same denominations minted since 1965 have a copper core covered with a thin layer of nickel. Are these tokens counterfeit coins? According to Irwin Schiff:

"Correctly understood, the U.S. government's coinage operation violates Article 1, Section 8, of the U.S. Constitution. The Constitution empowered Congress to "coin money," not to produce worthless tokens. The government's coinage operation also violates Title 18, Section 1001, of the U.S. criminal code which reads as follows: "Whoever, in any manner within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact or makes any false, fictitious, or fraudulent statement or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry shall be fined not more than \$10,000 or imprisoned not more than five years or both. June 25, 1948, c. 645, 62 Stat. 749." Since the design, composition and structure of U.S. cupro-nickel coins is nothing more than "a trick, scheme, or device" to conceal their true value, character, and composition, **all persons who have been and are now involved in their authorization should be prosecuted under this statute.**"

"Bankruptcy" means settling with your creditors for less than you owe them. It is a repudiation of your debts and financial obligations. On August 15, 1971 the U.S. government announced that it was "ending the dollar's convertibility, closing the gold window, cutting the dollar's tie to gold, and allowing the dollar to float." This was a declaration of bankruptcy, a repudiation of the obligation of the U.S. government to redeem its paper IOUs for gold.

On December 18, 1971 the U.S. government raised the "official gold price" from \$35 to \$38. This was a devaluation of 8.57%. Again, this was a declaration of bankruptcy. On February 12, 1973 the "official gold price" was increased to \$42.22 - a devaluation of 10%. However, both of these devaluations were somewhat strange. Because dollar convertibility into gold had been canceled on August 15, 1971, the new "official prices" of gold were "prices" at which the U.S. government refused to sell gold!

Around 1976 Americans' right to own gold was restored, with the gold price at about \$180 an ounce. Currently the gold price is around \$350 per ounce. This means that during the past 60 years the U.S. dollar, in terms of gold, has been devalued by 82.5%. Put in another way, only 17.5% of the dollar's value remains.

THE EFFECTS OF THE SWINDLE

To make sense of the effects of the great money swindle we can use AIDS (acquired immune deficiency syndrome) as an analogy. [See [#TL09A: AIDS: Bad Science or Hoax?](#) for an alternative view of the nature of AIDS.] Money is to the economy as blood is to the individual. The AIDS virus gets into the blood, but for many years nobody realizes that anything is wrong. The politicians and Federal Reserve bankers get into the money, but hardly anyone recognizes what has happened. In both cases, for a long time there are no observable symptoms. In the case of AIDS this is called stage one.

Then symptoms start to appear. The victim is afflicted with unusual infections. Because the immune system has been considerably weakened, the body struggles with an infection that a healthy body would handle with ease. The illness can be severe, but eventually the victim recovers - in a fashion. This is analogous to the Great Depression of the thirties. It is AIDS stage two.

Eventually the immune system becomes so weak that the patient cannot recover after being struck by an infection. AIDS stage three. The U.S. economy may not yet be in stage three. The current depression started around 1987. For every sign of recovery there seems to be another sign of regression. And the government "cooks the books" (like not counting as unemployed people who have given up looking for work) to make it look better than it really is.

The economy, and particularly the U.S. dollar, has been raped by AIDS-infected Federal Reserve bankers and politicians. To "rape" means "to seize or take away by force; to despoil." "Rape" the noun means "an outrageous violation."

In 1791 Thomas Jefferson said:

"If the American people ever allow the banks to control issuance of their currency, first by inflation and then by deflation, the banks and corporations that grow up around them will deprive the people of all property until their children will wake up homeless on the continent their fathers occupied."

To really cure the economy we need to get the Federal Reserve bankers and the politicians out of our money. And that may be more difficult than getting the AIDS virus out of the blood of its victims...

PRESIDENTIAL ASSASSINATIONS

President Abraham Lincoln was assassinated after issuing the Greenback, which was a non-interest-bearing note. President James A. Garfield expressed his concern about currency problems just before his assassination.

On June 4, 1963 President John F. Kennedy signed Executive Order 11110 providing him with the authority "to issue silver certificates against all silver bullion, silver, or standard silver dollars in the Treasury not then held for redemption of any outstanding silver certificates, and to coin standard silver dollars and subsidiary silver currency for their redemption..." This seems like an attempt to bypass the Federal Reserve System by issuing real, silver-backed money to replace counterfeit Federal Reserve Notes. Kennedy was assassinated on November 22, 1963.

There is a rumor that the "Kennedy silver certificates" were actually printed and that one of the first things President Lyndon B. Johnson did after assuming power was to have the "Kennedy silver certificates" destroyed. In 1964 Johnson, serving as the voice of the Federal Reserve bankers, said, "Silver has become too valuable to be used as money." This amounted to a brazen boast that the bankers would eliminate any money with intrinsic value. On November 22, 1963, the day of Kennedy's funeral, the first 50 million "no-promise" Federal Reserve Notes were released into circulation. The symbolic celebration of the Federal Reserve bankers?

The Economic Rape of America - Chapter Three

THE FEDERAL RESERVE BANKERS

Then Jesus entered the temple and drove out all who were selling and buying in the temple, and he overturned the tables of the money changers and the seats of those who sold doves. He said to them, "It is written, 'My house shall be called a house of prayer'; but you are making it a den of robbers."

Matthew 21, verses 12-13

"All of the perplexities, confusion, and distress in America arises, not from the defects of the Constitution or Confederation, not from want of honor or virtue, so much as from downright ignorance of the nature of coin, credit, and circulation."

-- John Adams, Founding Father

(In a letter to Thomas Jefferson, 1787)

Congressman Louis T. McFadden said the following during a speech before Congress on June 10, 1932:

"Mr. Chairman, we have in this country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board and the Federal Reserve banks. The Federal Reserve Board, a government board, has cheated the Government of the United

States and the people of the United States out of enough money to pay the national debt. The depredations and the iniquities of the Federal Reserve Board and the Federal Reserve banks acting together have cost this country enough money to pay the national debt several times over. This evil institution has impoverished and ruined the people of the United States; has bankrupted itself, and has practically bankrupted our government. It has done this through the defects of the law under which it operates, through the maladministration of that law by the Federal Reserve Board, and through the corrupt practices of the moneyed vultures who control it.

Some people think the Federal Reserve banks are United States Government institutions. They are not government institutions. They are private credit monopolies which prey upon the people of the United States for the benefit of themselves and their foreign swindlers; and rich and predatory money lenders. In that dark crew of financial pirates there are those who would cut a man's throat to get a dollar out of his pocket; there are those who send money into states to buy votes to control our legislation; and there are those who maintain an international propaganda for the purpose of deceiving us and wheedling us into the granting of new concessions which will permit them to cover up their past misdeeds and set again in motion their gigantic train of crime."

PERVASIVE MONEY PROBLEMS IN AMERICA

Americans, living in "the richest nation on earth," always seem to be short of money. Women are working in unprecedented numbers, men hope for overtime hours to earn more. Many take part-time jobs evenings and weekends. Children look for odd jobs to earn spending money. But the family debt climbs higher. And psychologists say one of the biggest causes of family quarrels and breakups is "arguments over money." Much of this trouble can be traced to our "counterfeit money" system, which leaves government free to perpetrate the most destructive monetary and economic crimes.

On the national scale, in just ten years the federal debt has grown from less than one trillion dollars to over four trillion. (In [Chapter Nine](#) we will discover that the real national debt is much bigger.) The annual interest on that debt is over \$250 billion. And now we are told (not asked) that we must come up with between \$200 billion and \$500 billion to "save" the S & L institutions. All this for only one reason: to protect and perpetuate a fundamentally flawed system whose only object is to enrich and empower the Federal Reserve bankers who own and operate the system.

During the last few years America has become by far the largest debtor nation of the world. And our politicians have made their "contributions" with boundless "generosity!" John Danforth, Republican senator from Missouri, was reported in the *Arizona Republic* of April 21, 1992 as follows:

"I have never seen more senators express discontent with their jobs. ... I think the major cause is that, deep down in our hearts, we have been accomplices to doing something terrible and unforgivable to this wonderful country. Deep down in our hearts, we know

that we have bankrupted America and that we have given our children a legacy of bankruptcy. ... We have defrauded our country to get ourselves elected."

PAPER CURRENCY CAN BE A VERY PROFITABLE HUMAN CREATION

Economists use the word "create" when speaking of the process by which paper currency comes into existence. "Creation" means making something that did not exist before. Lumbermen make boards from trees, workers build houses from lumber, and factories manufacture automobiles from metal, glass, and other materials. But in all these cases they did not **create**. They only changed existing materials into more usable and more valuable forms. Not so with currency. Here we actually **create** something out of nothing. A piece of paper of little value is printed so it becomes worth a piece of lumber. That difference in value is literally **created** out of nothing. And with different numbers printed on the piece of paper, it can buy the automobile or even the house. The **value** of the paper has been **created** in the true sense of the word.

Paper currency can be created honestly or fraudulently. Gold and silver certificates, being receipts for gold and silver, with a guarantee to pay the bearer on demand, are honest paper currency. Federal Reserve Notes currently in circulation constitute fraudulent, counterfeit paper currency.

Counterfeit paper currency is very cheap to "create," and whoever prints it makes a huge profit! Builders work hard to make a profit of 5% above their cost in building a house. Auto makers sell their cars 1% to 2% above the cost of manufacture, which is considered good business. But counterfeit paper currency "manufacturers" have no limit on their profits since a few cents will print a \$1 bill, a \$100 bill, or even a \$10,000 bill.

THE DANGER OF A MONOPOLISTIC CENTRAL BANK

Thomas Jefferson understood the danger of putting the power to control the currency of a nation in the hands of a few individuals in the form of a **monopolistic** central bank. This is why he opposed Alexander Hamilton's scheme to establish the First Bank of the United States. Let me repeat what he said in 1791:

"If the American people ever allow the banks to control issuance of their currency, first by inflation and then by deflation, the banks and corporations that grow up around them will deprive the people of all property until their children will wake up homeless on the continent their fathers occupied."

President Andrew Jackson also understood the danger. He refused to renew the charter (a grant of **monopoly**) of the Second Bank of the United States. In 1836 Jackson said to the bankers trying to persuade him to renew their charter (so they could continue their harmful **monopoly**):

"You are a den of vipers. I intend to rout you out and by the Eternal God I will rout you out. If the people only understood the rank injustice of our money and banking system, there would be a revolution before morning."

On December 22, 1913, the day before President Woodrow Wilson signed the Federal Reserve Act, Congressman Charles A. Lindberg Sr. (father of the famous aviator) said to the House:

"This Act establishes the most gigantic trust** on earth. When the President signs this bill, the invisible government by the Monetary Power will be legalized. The people may not know it immediately, but the day of reckoning is only a few years removed. The trusts** will soon realize that they have gone too far even for their own good. The people must make a declaration of independence to relieve themselves from the Monetary Power. This they will be able to do by taking control of Congress. Wall Streeters could not cheat us if you Senators and Representatives did not make a humbug of Congress... The greatest crime of Congress is its currency system. The worst legislative crime of the ages is perpetrated by this banking bill. The caucus and the party bosses have again operated and prevented the people from getting the benefit of their own government."

[** At that time the word "trust" was synonymous with "**monopoly**."]]

THE DEPRESSION OF THE 1930s

In 1930 America did not lack industrial capacity, fertile farmland, skilled or willing workers, or industrious families. It had an extensive and highly efficient transportation system in railroads, road networks, and inland and ocean waterways. Communications between regions and localities were the best in the world, utilizing telephone, teletype, radio, and a well-operated mail system. No war had ravaged the cities or the countryside, no pestilence weakened the population, nor had famine stalked the land.

In *America's Great Depression*, Murray N. Rothbard, Professor of Economics at the University of Nevada, Las Vegas, describes how the creation of the Federal Reserve System increased the bankers' ability to inflate the currency supply sixfold. During 1923 to 1929 the bankers did inflate the currency supply enormously. Such an artificial inflation inevitably brings about a subsequent need for deflation. Federal Reserve bankers, the source of America's currency and credit, reduced the currency supply by refusing loans to stable and growing industries, stores, and farmers. At the same time they demanded payment on existing loans. They also increased interest rates. Currency was rapidly taken out of circulation and was not replaced. America was put in a depression and in deep trouble. Goods were available to be purchased, jobs waiting to be done, but little currency was available. Twenty-five percent of workers were laid off. Banks took possession of tens of thousands of farms and businesses through foreclosure. Gloom settled over America.

The contraction of the currency supply caused the stock market to collapse and the ensuing depression. Seven months before the collapse, Paul Warburg, the main architect

of the Federal Reserve System, in his annual report to the stockholders of his International Acceptance Bank, wrote:

"If the orgies of unrestrained speculation are permitted to spread, the ultimate collapse is certain not only to affect the speculators themselves, but to bring about a general depression involving the entire country."

Both the inflation and the deflation, causing the depression, had been planned - as predicted by Jefferson in 1791!

CURRENCY INFLATION ENDED THE "GREAT DEPRESSION"

The depression lasted until 1939, when the Federal Reserve System began to send large amounts of currency into circulation for military preparedness. As soon as the currency supply went up, people were hired back to work, farms sold their produce instead of plowing it under, mines reopened, factories began to hum, both industrial and residential construction began anew, and the "Great Depression" was over. Some politicians were blamed for it and others took credit for ending it. The truth was that bankers caused it and bankers ended it. The people were never told that simple truth. The bankers who "manufacture" and "control" our currency have used their huge profits to "buy" our politicians, and ultimately to control our government.

POWER TO COIN AND REGULATE MONEY

When we see the disastrous results of an artificially created shortage of currency, we can better understand why our Founding Fathers insisted on placing the power to create and control money in the hands of Congress. Article I, Section 8 of the U.S. Constitution states, "The Congress shall have power... to coin money, regulate the value thereof... "

But in 1913 Congress passed the "Federal Reserve Act," relinquishing the power to create and control money to the Federal Reserve Corporation, a private company owned and controlled by bankers. The word "Federal" was used only to deceive the people. The term "central bank" was carefully avoided. The Federal Reserve Act created a Board of Directors, the Federal Reserve Board, to run the Federal Reserve Corporation with a **monopoly** to create and control the currency of the United States.

This infamous legislation was accompanied with appropriate fanfare and propaganda that it would "remove money from politics" and "prevent boom and bust from hurting our citizens." The people were not told then, and still do not know today, that the Federal Reserve Corporation is a private **monopoly** controlled by bankers, operated for the financial gain of the bankers at the expense of the people.

Since that day of infamy a small group of privileged people who lend us "our money," have accrued to themselves all of the profits of printing paper currency - and more! Since 1913 they have created trillions of dollars in currency and credit, which as their own personal property, they then lend to our government and our people, with interest. "The

rich get richer and the poor get poorer" had become the secret policy of our national government.

The main architect of the Federal Reserve System was Paul Moritz Warburg, who came from a famous German banking family. The kingpin who steered the Federal Reserve Act through Congress was Senator Nelson Aldrich, Chairman of the Finance Committee. He was the maternal grandfather of Nelson A. Rockefeller, of Standard Oil and Chase Manhattan Bank. Aldrich's daughter, Abby Greene Aldrich, married John D. Rockefeller, Jr. in 1901. At the time, many people regarded Senator Aldrich as the Rockefeller family's mouthpiece in the Senate.

The Federal Reserve Act was passed during the presidency of Woodrow Wilson. Just before he died Wilson is reported to have said that he had been deceived and "I have betrayed my country." He also said:

"A great industrial nation is controlled by its system of credit. Our system of credit has been concentrated. The growth of the nation and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated governments in the world - no longer a government of free opinion, no longer a government by conviction and vote of the majority, but a government by the opinion and duress of small groups of dominant men."

WHO OWNS THE FEDERAL RESERVE?

There has been much speculation about who owns the Federal Reserve Corporation. It has been one of the best kept secrets of the century, because the Federal Reserve Act of 1913 provided that the names of the owner banks be kept secret. However, R. E. McMaster publisher of the newsletter *The Reaper*, asked his Swiss banking contacts which banks hold the controlling stock in the Federal Reserve Corporation. The answer:

1. Rothschild Banks of London and Berlin
2. Lazard Brothers Bank of Paris
3. Israel Moses Sieff Banks of Italy
4. Warburg Bank of Hamburg and Amsterdam
5. Lehman Brothers Bank of New York
6. Kuhn Loeb Bank of New York
7. Chase Manhattan Bank of New York
8. Goldman Sachs Bank of New York.

In *The Secrets Of The Federal Reserve*, Eustace Mullins indicates that, because the Federal Reserve Bank of New York sets interest rates and controls the daily supply and price of currency throughout the U.S., the owners of that bank are the real directors of the entire system. Mullins states:

"The shareholders of these banks which own the stock of the Federal Reserve Bank of New York are the people who have controlled our political and economic destinies since

1914. They are the Rothschilds, Lazard Freres (Eugene Mayer), Israel Sieff, Kuhn Loeb Company, Warburg Company, Lehman Brothers, Goldman Sachs, the Rockefeller family, and the J.P. Morgan interests."

THEY PRINT IT - WE BORROW IT AND PAY THEM INTEREST

An example of the process of currency creation and its conversion into "people's debt" will aid our understanding. The Federal Government, having spent more than it has taken from its citizens in taxes, needs (for the sake of illustration) \$1 billion. Since it does not have the currency, and Congress has given away its authority to create it, the government must go to the creators for the \$1 billion. But the Federal Reserve, a private corporation, does not give its currency away for free! The bankers are willing to deliver \$1 billion in currency or credit to the federal government in exchange for the government's agreement to pay it back with interest. So Congress authorizes the Treasury Department to print \$1 billion in U.S. Bonds, which are then delivered to the Federal Reserve bankers. (The bonds are a kind of "IOU" that bears interest.)

The U.S. Treasury prints \$1 billion in bank notes. The printing cost is about \$20.62 per 1,000 bills - it costs the same irrespective of the denomination - the cost of printing a \$1 note is about the same as for a \$100 note: about .0206 cents. The Federal Reserve "buys" these bills from the U.S. Treasury, paying only for the printing costs. The bills are then exchanged at full face value for the bonds. The government uses the currency to pay its obligations. What are the results of this fantastic transaction? Well, the government's bills are paid all right, but the U.S. Government has now indebted the people to the Federal Reserve bankers for \$1 billion plus interest!

Since this process has been going on since 1913, the people are now indebted to the bankers to the tune of trillions of dollars. The people are taxed billions of dollars each month just to pay the interest on this "national debt." With both the principal and the interest climbing every month, there is no hope of ever paying off this "debt." The working people of the United States now "owe" the approximately 300 banking families and their consorts more than the assessed value of all the assets in the United States. And realize, the bankers got all this for the cost of paper, ink, and bookkeeping!

THE MOUNTAIN OF DEBT

You say this is terrible! Yes it is, but this is only part of the sordid story. Under this "debt-currency" system, those U.S. Bonds referred to above have now become assets of the banks, called their "reserve." Regular commercial banks use these assets to issue loans to individual and commercial customers. Since the banking laws require only about a 12% reserve, this means the banking fraternity can lend up to eight times the amount of the bonds they have on hand. As a result of the \$1 billion discussed here, they can lend \$8 billion to private customers at interest. This means that together with the \$1 billion lent to the government, the bankers can lend out \$9 billion at interest for the original cost to them of about \$400,000 for the printing! And because the Federal Reserve bankers have

been granted a **monopoly**, the only way our people and businesses can get currency to carry on trade and expand industry and farming is to borrow it from the bankers!

USING DEBT TO EXPAND CONTROL

In addition to the vast wealth drawn to them through this almost unlimited usury, the bankers who control the currency are able to approve or disapprove large loans to big and successful corporations. Bankers can refuse a loan, thereby depressing the price of a corporation's shares on the stock exchange. This enables the bankers' agents to buy large blocks of the shares at depressed prices. Then they can approve a multi-million dollar loan to the corporation, resulting in its share price rising, allowing the bankers' agents to sell the shares, sometimes making huge profits. In this manner billions of dollars are made to buy even more shares.

Using this method since 1913, the bankers and their agents have purchased secret or open control of almost every large corporation in America. Using that control, they force the corporations to borrow huge sums from their banks so that corporate earnings are partially siphoned off in the form of interest paid to the banks. This leaves little "actual profit" to be paid out as dividends.

When bankers lend more, the currency supply expands. When they reign in the loans, the currency supply contracts. By expanding or contracting the currency supply, the bankers can make the stock market go up or down at their pockets' content! They can cause "busts and booms" almost as they wish.

That is why President James A. Garfield said, "Whoever controls the volume of money in any country is absolute master of all industry and commerce."

At the time of writing (July, 1992), the New York stock market has been hovering around record highs for months, while the economy continues to suffer a protracted slump. The bankers no doubt want the stock market to be high and the economy to recover before the coming presidential election. Keep in mind that they endorse all three presidential candidates. Tweedledum and Tweedledee; or Louie, Huey, and Dewey; or Larry, Mo, and Curly - they are all in the hands of the bankers.

WHY LOANS EVENTUALLY SHRINK THE CURRENCY SUPPLY

The only way new currency goes into circulation in America under this wicked system is when someone borrows it from a banker. When people are confident of success, they borrow more currency, which increases the currency supply, and all seem to prosper for a while. Then, as they pay off their loans, the available currency supply shrinks and currency becomes "scarce." Borrowers must always take more currency out of circulation when they repay their loans, than they put in circulation when they receive their loans. Interest and charges make the repayment total larger than the loan. This means that only more people borrowing still more can keep the medium of exchange available to the nation.

This example may aid understanding. When a citizen goes to a banker to borrow \$100,000 to purchase a home or a farm, and the loan is granted, the banker gives the borrower a check for \$100,000 or credits the borrower's account with \$100,000. The borrower, in turn, writes the necessary checks to the builder, seller, subcontractors, etc. (who, in turn, write more checks), thereby putting \$100,000 of "checkbook currency" into circulation. However, on a 30-year mortgage with 10% interest, the banker wants \$828 per month, or a total of \$316,080. The buyer must take that \$316,080 out of circulation, reducing the overall amount in circulation by \$216,080.

The banker has not really produced anything of value, except the slip of paper called a check or deposit slip. Yet the banker ends up having \$216,080 more than he had before, minus a few hundred dollars of clerical and office costs. But the people, as a whole, have \$216,080 less.

WHY SMALL LOANS HAVE THE SAME EFFECT

For those who haven't quite grasped the impact, let us consider an auto loan for only three years. Step one: citizen borrows \$6,000 and pays it into circulation (to the dealer, factory, etc.). Citizen agrees to repay the banker \$7,200. Step two: Citizen pays \$200 per month. In 36 months citizen has taken \$7,200 out of circulation and paid it to the bank. Net result? \$1,200 less currency in circulation.

Since currency requirements increase with expanding population, industry, and commerce, and paying off any loan decreases the available currency supply, it is clear that we would quickly run out of currency, unless more and more people borrow more and more currency to keep currency in circulation!

Multiply the above examples by hundreds of millions of times since 1913, and you can see why America has fallen from a prosperous debt-free nation to the most debt-ridden country in the world. Practically every home, farm, and business is heavily mortgaged to the bankers. Practically all our cars, furniture, and clothes are purchased with borrowed currency. The interest to the bankers on personal, state, and federal debt totals more than 25% of the combined earnings of the working population!

THE COST TO THE BANKERS? PRACTICALLY NOTHING

In the tens of millions of transactions made each year like those shown here, relatively few bank notes change hands, nor is it necessary that they do. 95% of all "cash" transactions in the U.S. are by check. Checks are thus effectively also currency. The banker creates the so-called "loan" by writing a check or deposit slip, not against actual money, but against your promise to pay back the loan. The only cost to the bank is the paper, ink, and a few dollars in salaries and office costs for each transaction. It is "check-kiting" on an enormous scale! The profits are enormous as shown below.

THE COST TO YOU? PRACTICALLY EVERYTHING

In 1910 the U.S. federal debt was \$1,147,000,000 - \$12 per citizen. State and local debts were practically non-existent, and government was small and not oppressive.

By 1920, after only six years of the Federal Reserve handling our currency, the federal debt had jumped to \$24 billion - \$228 per citizen. The Federal Government began to grow like an invisible cancer in its early stages.

By 1968 the federal debt had jumped to \$347 billion - \$1,717 per citizen. Ten years later, by 1978 it had doubled again to \$763 billion - \$3,500 per citizen. That is a debt of \$17,500 for every family of five in America. Federal debt has been growing faster and faster since. And the Federal Government has become a debilitating cancer rapidly sapping and weakening its victim.

Today in 1992 the federal debt is over \$4 trillion. (And they "cook the books" on the low side to come up with that figure - see Chapter Nine.) The \$4 trillion national debt amounts to \$16,000 per citizen, or \$80,000 per family of five. And if that debt were calculated in terms of working or tax-paying families, it would be considerably higher. The Federal Government has become a bloated, out-of-control parasite, a terminal cancer. The economy seems so weak that even after many months of blowing up the currency supply, signs of recovery have to be searched for. The entire system may be on the brink of complete collapse.

The above figures do not include state, municipal, school district, business, or personal debts, which total an additional \$3 trillion. Total debt in America is thus over \$7 trillion - \$28,000 per citizen - \$120,000 per family of five. This is more than twice the assessed value of all the land and buildings in America. Effectively all of America has been signed over to the bankers. They can take America and we would still owe them another America! Of course, it is to their advantage not to take actual title to the property, so we will not realize that we really own nothing. Instead they leave us with "ownership" so we will willingly continue to work and pay ever higher tributes to the bankers.

What we really have is national bankruptcy. Let me repeat the words of Senator John Danforth:

"I have never seen more senators express discontent with their jobs. ... I think the major cause is that, deep down in our hearts, we have been accomplices to doing something terrible and unforgivable to this wonderful country. Deep down in our hearts, we know that we have bankrupted America and that we have given our children a legacy of bankruptcy. ... We have defrauded our country to get ourselves elected."

THE INEXORABLE TRANSFER OF WEALTH TO THE BANKERS

To grasp the fact that periodic withdrawal of currency through interest payments to the bankers will inexorably transfer all wealth in the nation to the receivers of interest, imagine yourself in a poker or dice game. Everyone has to buy chips (the medium of exchange) from a "banker" who does not risk chips in the game, but watches the table and

every hour reaches in and takes 10% to 15% of all the chips on the table. As the game progresses, the number of chips in the possession of each player will go up and down with his or her "luck." However, the total number of chips available to play the game (carry on business and trade) will decrease steadily, while the "banker's" mountain of chips just grows and grows.

The game will get low on chips, and some players will run out. If they want to continue to play, they must buy or borrow more chips from the "banker." The "banker" will sell (lend) the player more chips only if the player signs a "mortgage" agreeing to give the "banker" some real property (car, home, farm, business, etc.). If the payments should go into default, the banker takes the property. The payments must be made on time, whether the player wins (makes a profit) or not.

It is easy to see that no matter how skillfully the players play, eventually the "banker" will end up with all of his chips back. Except for the very best or "luckiest" players, the rest, if they stay in the game long enough, will end up owing to the "banker" their cars, their homes, their farms, their businesses, and perhaps even their watches, rings, and the shirts off their backs!

Sir Josiah Stamp, President of the Bank of England in the 1920s, and the second richest man in Britain at the time, said:

"Banking was conceived in iniquity and was born in sin. The bankers own the earth. Take it away from them but leave them in power to create deposits, and with the flick of the pen they create enough deposits to buy it back again. However, take it away from them, and all the great fortunes like mine will disappear, and they ought to disappear, for this would be a happier and better world to live in. But, if you wish to remain the slaves of bankers and pay the cost of your own slavery, let them continue to create deposits."

Our real-life situation is much worse than any poker game. In a poker game no one is forced to go into debt, and anyone can quit at any time and keep whatever he or she still has. But in real life, even if we borrow little ourselves from the bankers, the local, state, and federal governments borrow billions in our name, squander it, then confiscate our earnings from us and pay it to the bankers with interest. We are forced to play their game, and it seems we can only leave the game by dying. We pay as long as we live, and our children pay after we die. If we cannot pay, the same government sends the police to take our property and give it to the bankers. The bankers risk nothing (at least, the Federal Reserve bankers) in the game; they just collect their percentage and "win it all." In Las Vegas all the games are "rigged" to pay the house (owner) a percentage. They rake in millions. The Federal Reserve bankers' "game" is similarly rigged, and it pays off in billions.

In recent years bankers have added more "cards" to their game. "Credit" cards are promoted as a convenience and a great boon to trade. Actually, they are ingenious devices by which bankers collect %2 to 5% of every retail sale from the seller and 18% or more interest from buyers. A real stacked deck!

POLITICIANS AND BANKERS IN THE SAME LEAGUE

Democrat, Republican, and Independent voters have wondered why politicians always spend more tax currency than they collect. The reason should now be clear. When you study our "debt-currency" system, you soon realize that the politicians are not the agents of the people. They are the agents of the Federal Reserve bankers, for whom they plan ways to place the people further in debt. Let me again quote the words of Senator John Danforth:

"I have never seen more senators express discontent with their jobs. ... I think the major cause is that, deep down in our hearts, we have been accomplices to doing something terrible and unforgivable to this wonderful country. Deep down in our hearts, we know that we have bankrupted America and that we have given our children a legacy of bankruptcy. ... We have defrauded our country to get ourselves elected."

Article I, Section 8 of the U.S. Constitution states, "The Congress shall have power... to coin money, regulate the value thereof..." But what have our politicians done? In 1913 they traitorously gave the U.S. Treasury to the Federal Reserve bankers - lock, stock, and barrel! Someone recently asked, "What's the difference between Kindergarten and Congress?" Answer: "One has adult supervision!" Actually, we shouldn't criticize Congress, after all, we have the best Congress money can buy. Chapter Ten examines Congress in more detail.

FEDERAL RESERVE SYSTEM AUDIT

The Federal Reserve has never been audited by the government. In 1975 a bill H. R. 4316, to require Federal Reserve audits, was introduced in Congress. Due to pressure from the currency-controllers, it was rejected. No audit of the Federal Reserve has ever been done.

MOUNTING DEBTS AND WARS

We, as a people are now ruled by a "banker-owned system" that has usurped the mantle of government, disguised itself as our legitimate government, and set about to pauperize and control the people. It is now a centralized, all-powerful apparatus whose main purposes are spending the people's currency, promoting war, and propagandizing to perpetuate itself in power. Our two large political parties (the "Demopublicans" also called "Republicrats") have become its servants, the various departments of government its spending agencies, and the Internal Revenue Service its collection agency.

Unknown to the people, our "banker-owned system" operates in close cooperation with similar apparatuses in other nations, also disguised as "governments." Some, we are told, are friends. Others, we are told, are enemies. "Enemies" are built up through international manipulations and used to frighten the American people into going billions of dollars more into debt to the bankers for "military preparedness," "foreign aid to stop communism," "minority rights," etc. Citizens, deliberately confused by brainwashing

propaganda, watch helplessly while our politicians give our food, goods, and gold to banker-controlled alien governments under the guise of "better relations," "easing tensions," or "humanitarian aide." Our banker-controlled government takes our finest and bravest sons and sends them into foreign wars, where tens of thousands are murdered and hundreds of thousands are crippled. Other thousands are morally corrupted and addicted to drugs. When the "war" is over we have gained nothing, but we are scores of billions more in debt to the bankers - which was the real reason for the war in the first place!

MORE THAN JUST ECONOMIC RAPE

The profits from these massive debts have been used to erect a complete and almost hidden economic and political colossus over our nation. Our "banker-owned system" keeps telling us they are trying to do us good, when in truth they work to harm and injure the people. These would-be despots know it is easier to control and rob an ignorant, poorly-educated, and confused people than it is an informed population, so they deliberately degrade our educational systems. For the same reason they secretly favor drug use, alcohol, racial conflict, and crime in general. Their "war on drugs," as an example, only produces more drug use and a host of related crimes. Everything which debilitates the minds and bodies of the people is secretly encouraged, as it makes the people less able to oppose them, or even to understand what is being done to them. The system wants mediocre, unthinking, helpless "sheople."

Family, morals, and all that is honorable is being swept away, while our "banker-owned system" builds their new subservient man, the foundation of their "new world order." Our new rulers are trying to change our whole political, social, and racial order, but they will not change the debt-currency economic system by which they rob and rule. Our people have become tenants and "debt-slaves" to the bankers and their agents in the land our fathers conquered. It is conquest through the most gigantic fraud and swindle in the history of humankind. And we remind you again: The key to their wealth and power over us is their **monopolistic** ability to "create" currency out of nothing and to lend it to us at interest. If Congress had not allowed them to do that, they never would have gained secret control over our nation.

CONTROLLED NEWS AND INFORMATION

This currency-lender conspiracy ("consPIRACY") is as old as Babylon. Even in America it dates far back before 1913. Actually, 1913 was the year in which the way opened for complete economic conquest of our people. The conspiracy is old enough to America so that the system's agents have been for many years in positions such as newspaper publishers, editors, columnists, church ministers, university presidents, professors, textbook authors, attorneys, accountants, labor union leaders, movie makers, radio and TV commentators, politicians from school board members to U.S. Presidents, and many others.

These agents control the information available to our people. They manipulate public opinion, elect who they will locally and nationally, and never expose the crooked

currency system. They promote school bonds, municipal bonds, expensive and detrimental farm programs, "urban renewal," "foreign aid," and many other schemes which will put the people more in debt to the bankers. Thoughtful citizens wonder why billions are spent on one program and billions on another which may duplicate or even nullify it, such as paying some farmers not to raise crops, while at the same time building dams or canals to irrigate more farm land. Crazy or stupid? Neither. The goal is more debt. Thousands of government-sponsored ways to waste "money" are perpetrated continually. Most make no sense, but they are never exposed for what they really are: builders of billions for the bankers and debts for the people.

So-called "economic experts" write syndicated columns in hundreds of newspapers, craftily designed to prevent the people from learning the simple truth about our debt-currency system. Commentators on radio and TV, educators, and politicians blame the people as wasteful, lazy, or spendthrift, and blame the workers and consumers for the increase in debts and the inflation of prices, when they really know that the basic cause is the debt-currency system itself. Our people are drowned in charges and counter-charges designed to confuse them and keep them from understanding the evil currency system that so silently robs the workers, farmers, and business people of the fruit of their labor. And, increasingly, the system is being used to rob us of our rights and freedoms, supposedly guaranteed by the U.S. Constitution.

In his book *Inventing Reality*, Michael Parenti wrote:

"Ten business and financial corporations control the three major television and radio networks (NBC, CBS, ABC), 34 subsidiary television stations, 201 cable TV systems, 62 radio stations, 20 record companies, 59 magazines, 58 newspapers, including the *New York Times*, the *Washington Post*, *The Wall Street Journal*, and the *Los Angeles Times*, 41 book publishers and various motion picture companies like Columbia Pictures and Twentieth Century Fox. Three quarters of the major stockholders of ABC, CBS and NBC are banks, such as Chase Manhattan, Morgan Guaranty Trust, Citibank, and Bank of America.

The overall pattern is one of increasing concentration of ownership and earnings. According to a 1982 *Los Angeles Times* survey, independent daily newspapers are being gobbled up by the chains at the rate of fifty or sixty a year. Ten newspaper chains earn over half of all newspaper revenue in this country. Five media conglomerates share 95 percent of the record and tapes market with Warner and CBS alone controlling 65 percent of the market. Eight Hollywood studios account for 89 percent of U.S. feature film rentals. Three television networks earn over two-thirds of total U.S. television revenues. Seven paperback publishers dominate the mass market for books...

While having an abundance of numbers and giving an appearance of diversity, the mass media actually are highly centralized outlets that proffer a remarkably homogenized fare. News services for dailies throughout the entire nation are provided by the Associated Press and United Press International (which may soon merge with AP or go under), The New York Times-Washington Post wire services, and several foreign wire services like

Reuters. The ideological viewpoint of these news conduits are pretty much the same, marked by prefabricated standardization of news which is constricting and frightening."

In his book *The Media Monopoly*, Ben H. Bagdikian writes:

"The power to control information is a major lever in the control of society. Giving citizens a choice in ideas and information is as important as giving them a choice in politics. If a nation has narrowly controlled information it will soon have narrowly controlled politics."

When a few informed and concerned people or organizations who know the truth begin to expose the bankers and their agents, or try to stop any of their mad schemes, the messengers are ridiculed and smeared as "right-wing extremists," "super-patriots," "bigots," "racists," "fascists," or "anti-semites." Any name is used to discredit them, and to stop other people from listening. Books and articles such as you are now reading are kept out of schools, libraries, and book stores.

Some, who are especially vocal in their exposure of the treason committed against our people, are harassed by government agencies such as the IRS, FDA, EPA, OSHA, and others, causing them financial loss or bankruptcy. Sometimes their businesses and homes are violently raided at gunpoint, and their money, currency, equipment, and records confiscated, so it is very difficult, if at all possible to continue their business. In Chapter One the National Commodity and Barter Association was mentioned as an example of such raids. But the most striking case has been that of Ezra Pound, which is covered below.

Using these methods, the Federal Reserve bankers and their agents have been completely successful in preventing most Americans from learning the things you are reading in this report. However, in spite of their control of information, they realize that more and more citizens are learning the truth. Therefore, to prevent retaliation and armed resistance to their plunder of America, they plan to register all firearms and eventually disarm all citizens. They want to eliminate all guns not in the hands of their government police or army. Our wise Founding Fathers wrote the Second Amendment to the Constitution so that the people could protect themselves against the government.

Love of life, interest in your freedom, compassion for humanity, concern for your children, and the safety of all you have worked for should make you deeply interested in this, America's greatest problem. Our generation has not suffered under the bankers' yoke as the coming generations will. Usury and taxes will continue to take a larger and larger part of the earnings of the people and put them deeper into the pockets of the bankers and their agents. Increasing "government" regulations will prevent citizen protest and opposition to their control. Is it possible that your grandchildren will own neither car nor home, but will live in "government-owned" apartments and ride to work in "government-owned" buses, and be allowed to keep just enough of their earnings to buy a minimum of food and clothing, while their rulers wallow in luxury? In Asia and Eastern Europe this used to be called communism. In America it is called democracy or capitalism.

Horace Greeley stated, "While boasting of our noble deeds, we are careful to conceal the ugly fact that by an iniquitous currency system we have nationalized a system of oppression which, though more refined, is not less cruel than the old system of chattel slavery."

THE CASE OF EZRA POUND

Ezra Pound was a poet, one of America's greatest - if not the greatest. He played a major role in the development of writers and poets, such as E.E. Cummings, T.S. Elliot, Robert Frost, Ernest Hemingway, James Joyce, and William Carlos Williams. He also studied politics, economics, banking, and monetary theory. He disapproved of war. During World War II, he hid a number of Jews from the Nazi exterminators; if discovered the penalty would have been death. He broadcast a series of talks on Italian radio aimed at Americans. He had wanted America to stay out of the war, and he said some uncomplimentary things about President Franklin D. Roosevelt. He also stated some of his political and monetary ideas. He was accused of being a traitor. At the end of the war he was imprisoned in an American concentration camp near Pisa, Italy for six months without trial. Then he was transferred to America where he was declared insane and imprisoned in a mental hospital in Washington D.C. for thirteen years. After which the treason charges, for which he had never stood trial, were dropped, and he was released. He returned to Italy, where he lived until his death in 1972.

The reason he was not tried seems to be that his prosecutors didn't have a case that would hold up in court and/or they were afraid that he would repeat in court what he had said over the radio in Italy. Wendell Muncie, M.D., one of the psychiatrists involved in his "sanity hearing," said that Pound's insanity consisted of three factors: his passion for the U.S. Constitution, his espousal of the Confucian ethic, and his desire for world peace. No formal diagnosis of Pound's supposed "insanity" has been found. His captors in Washington openly admitted that Pound was a political prisoner. A Congressional investigation started in 1957 and completed in 1958 exposed the inadequacy of the case against Pound and led to his release.

Here are some extracts from Pound's radio talks:

- "I think an alliance with Stalin's Russia is rotten." (January 29, 1942)
- "Liberty is not a right but a duty." (March 8, 1942)
- "Sovereignty inheres in the right to issue money. And the American sovereignty belongs by right to the people, and their representatives in Congress have the right to issue money and to determine the value thereof. And 120 million, 120 million suckers have lamentably failed to insist on the observation of this quite decided law. ... Now the point at which embezzlement of the nation's funds on the part of her officers becomes treason can probably be decided only by jurists, and not by hand-picked judges who support illegality." (April 9, 1942)
- Quotes read by Pound: 1. "I believe that banking institutions are more dangerous to our liberties than standing armies." -- Thomas Jefferson.
2. 'I have two great enemies, the southern army in front of me and the financial

institutions in the rear. Of the two, the one in the rear is the greatest enemy.' -- Abraham Lincoln.

3. 'The money power preys upon the nation in times of peace and conspires against it in times of adversity. It is more despotic than monarchy, more insolent than autocracy, more selfish than bureaucracy; it denounces as public enemies all who question its methods, or throw light upon its crimes.' -- William Jennings Bryan." (July 26, 1942)

- Back to Pound's own words: "Wars in old times were made to get slaves. The modern implement of imposing slavery is debt." (March 25, 1943)
- "The phase of the usury system which we are trying to analyze is more or less Patterson's perception that the Bank of England could have benefit of all the interest on all the money that it creates out of nothing. ... Now the American citizen can, of course, appeal to his constitution, which states that Congress shall have power to coin money or regulate the value thereof and of foreign coin. Such appeal is perhaps quixotic." (March 30, 1943)
- "That text is known to them that have the patience to read it, possibly one one-hundredth of one percent of the denizens. They forget it, all save a few Western states. I think somebody in Dakota once read it. The Constitution." June 30, 1943)

THE FEDERAL RESERVE SYSTEM IS UNCONSTITUTIONAL AND ILLEGAL

Although there has never been a court case that challenged the legality of the Federal Reserve System, there was a challenge to the National Recovery Act or NRA, which was ruled unconstitutional. The U.S. Supreme Court - Schechter Poultry v. U.S., 29 U.S. 495, 55 U.S. 837.842 (1935) - ruled that, "Congress may not **abdicate or transfer to others its legitimate functions.**" Article I, Section 8 of the U.S. Constitution states, "The Congress shall have power... to coin money, regulate the value thereof..." By passing the Federal Reserve Act, Congress abdicated and transferred to the Federal Reserve bankers its constitutionally legitimate function of issuing and controlling money. If the Supreme Court ruling on the NRA is applied to the Federal Reserve System, the unconstitutionality and illegality of the Fed becomes obvious.

TELL THE PEOPLE

America will not shake off her illegal banker-controlled dictatorship as long as the people are ignorant of the hidden controllers. International bankers, who control most of the governments of the nations and most sources of information, seem to have us completely in their grasp. They are afraid of only one thing: an awakened citizenry armed with the truth. An ignorant citizen is the banker-government's best "client." An informed citizen is the banker-government's worst nightmare.

Robert H. Hemphill, Credit Manager of the Federal Reserve Bank of Atlanta Georgia, said:

"This is a staggering thought. We are completely dependent on the commercial banks. Someone has to borrow every dollar we have in circulation, cash, or credit. If the banks create ample synthetic money, we are prosperous; if not, we starve. We are absolutely

without a permanent money system. When one gets a complete grasp of the picture, the tragic absurdity of our hopeless position is almost incredible, but there it is. It is the most important subject intelligent persons can investigate and reflect upon. It is so important that our present civilization may collapse unless it becomes widely understood and the defect remedied very soon."

PRIVATE BANKING

In California a very private "non-bank" has been operating successfully for fifteen years. It caters for accounts in gold or Federal Reserve Notes. It is completely private and doesn't report to anyone. It pays interest on both gold and Federal Reserve Note balances. Ideally, we need to establish a network of private banks throughout the country, and even
The Economic Rape of America - Chapter Four

THE RAVAGES OF INFLATION

Its officials within it are like wolves tearing the prey, shedding blood, destroying lives to get dishonest gain. Its prophets have smeared whitewash on their behalf, seeing false visions and divining lies for them... The people of the land have practiced extortion and committed robbery; they have oppressed the poor and needy.

Ezekiel 23, verses 27-29

"In the course of that enquiry I soon saw that prices were raised by paper money, and that the rise of prices was an evil... [O]n seeing in an advertisement a pamphlet bearing for its title "*The Iniquity of Banking*", I was curious to observe the train of reflection that had been brought forward by another on the same side. ... Mr. Fox [the author] is made to speak of the "encrease in the amount of *circulating medium*" as what "must, of necessity, have greatly depreciated the value of money"... The system of the Bank of England is there accused of being a bubble, and as being "in every respect as great an imposition, and resting upon as sandy a foundation" as "the South-Sea Bubble"... [T]he country bankers... their mode of traffick produced the joint effect of oppression, fabrication of counterfeit, and robbery... "depriving the labourer of a part of his wages"... the bankers, by issuing their notes, have as effectually robbed him of one third of his wages, as if they had put their hands into his pockets and stolen it...

Mr. Fox, in speaking of the astonishing increase of the circulating medium as having of necessity greatly depreciated the value of money, speaks of the vast addition of our national debt as the cause, or at least a cause... [T]he mere idea... that the... rise of prices has the unrestricted issue of paper money for one of its causes, or even for its principal

cause... is an idea that has been long ago stated and from quarters too numerous to be counted... "

I consider the country bankers... as a set of men who, without the smallest particle of guilt, have for such a length of years been levying for their own benefit a tax upon a great part of the community, and upon that part of all others which is least able to endure such pressure - the aged, the infirm, the fatherless, and the widow...

I consider them... as usurpers in effect of another attribute of sovereignty - the right of coining money, in practicing on a vast scale, and with perfect impunity and security, and even universal respect and applause, that sort of act [forgery, even high treason] which produces to the actors a profit, and to the rest of the community a loss...

... The value of money is now no more than half what it was 40 years ago... "
-- Jeremy Bentham, 1801

The reason John Adams, Thomas Jefferson, Andrew Jackson, and Abraham Lincoln understood money, banking, and inflation, is that at that time the bankers of the world essentially used the same methods they now use - and there were people like "Mr. Fox" (the author of the pamphlet Bentham came across) who understood what the bankers did, and wrote the same kind of thing you now read in this report. Two hundred years ago, John Adams, Thomas Jefferson, Andrew Jackson, Abraham Lincoln, and Jeremy Bentham had a better understanding of inflation than practically all "modern economists."

Let us attempt to throw some light on this phenomenon many regard as a "disease" that "afflicts" the economy of a country, a "disease" we need to "fight" a "war" against, a "disease" for which we need to find a "cure."

WHAT IS INFLATION?

To avoid confusion I shall use the terms "currency inflation" and "price inflation." By "currency inflation" I mean any increase in the quantity of the currency supply. Under "currency supply" I include all money, fiat money, bank deposits, checks, drafts, etc. in circulation - whatever is used generally as currency. By "price inflation" I refer to an increase in the general level of prices.

One of the most basic economic principles is that prices are determined by supply and demand. Increase the demand for an item, and its price rises. Increase the supply of an item, and its price falls. Reduce the supply of an item, and its price rises.

In the case of currency a parallel principle applies: Increase the supply of currency, and its unit value falls; reduce the supply of currency and its unit value rises.

Look at it from another angle. Picture the total quantity of currency. Imagine that this adds up to \$1,000,000. Now picture the total quantity of goods and services that can be bought. Imagine that the total quantity of goods and services can be subdivided into

10,000 equal units. The price of each unit will be \$100. Now imagine that the total quantity of currency is increased to \$2,000,000. What is the price of each unit of goods and services? Answer: \$200. A 100% inflation of the currency supply brings about a 100% price inflation.

Inflation is not something which just happens. It is something that humans do. An increase in the supply of currency occurs because someone "manufactures" more currency. So currency inflation is a human action. When prices increase it is because someone raised them. So price inflation is also a human action. Is there a causative link between the two? In their book *Free to Choose*, Milton and Rose Friedman include a chapter called "The Cure for Inflation." They show five charts which compare the "quantity of money per unit of output" to the "consumer price index" for the U.S., Germany, Japan, U.K., and Brazil for the period 1964-1977. The lines on the charts are virtually parallel. They demonstrate in practice, over a thirteen year period, in five countries, exactly the simple relationship implied by the previous paragraph: Double the currency supply and you double the price. See the U.S. chart, Figure 11, below.

Figure 11
[Insert here]

The five Friedman charts establish the causative link between currency inflation and price inflation. But I have unjustifiably jumped to a conclusion. An alternative conclusion: Double the price and you double the currency supply. So which causes which? The Friedmans show a sixth chart which demonstrates that price inflation follows currency inflation by about two years. This seems to indicate that currency inflation causes price inflation.

If you can understand the above reasoning and calculations, you will be a hundred years ahead of most "modern economists," including most university professors and Nobel Prize winners!

INFLATION AND SMOKING

Smoking is a human action. People smoke because it feels good to them. But in the long term smokers start coughing, feeling bad, and even dying from lung cancer. The good consequences appear immediately. The bad consequences may take years to manifest.

If a smoker tries to stop, some bad consequences called withdrawal symptoms appear immediately. It may take two to three months for the good consequences to become noticeable.

This is why it is so difficult to stop smoking. Simplistically speaking it is easy to say, "the cure for smoking is to stop smoking." In practice it is not that easy.

So too, with inflation. When the additional currency is pumped into the system, the fortunate recipients of the new currency go on a spending spree, the stock market goes

up, new economic activity is stimulated, people become more enthusiastic, and new jobs are created. The good consequences appear immediately. But two years later prices go up, consumers complain, and politicians talk about "fighting inflation." The bad consequences appear much later the Fed tightens the screws, and the economy becomes "depressed."

It is easy to say, "the cure for inflation is to stop inflating." But if currency inflation is stopped, the stock market immediately tumbles, interest rates go up, "money" becomes tight, companies go bankrupt, people lose their jobs, and the economy becomes "depressed."

We are addicted to inflation like the compulsive smoker to nicotine and the alcoholic to alcohol.

INFLATION IS A HIDDEN TAX

Let us return to our example of a total quantity of currency of \$1,000,000, and a total quantity of goods and services subdivided into 10,000 equal units, so the price of each unit is \$100. Suppose you have \$200 in your pocket. This enables you to buy two units of goods and services. Now imagine that the currency supply is increased to \$2,000,000. The price of each unit goes up to \$200. With the \$200 in your pocket you can now only buy one unit of goods and services. Effectively, half of your \$200 has been "taxed" away - one of your two units has been stolen. The people who stole half of the value of your \$200 are the issuers of the currency and the people who first get to spend the new currency. You are the loser. The winners are the bankers, the politicians, and the bureaucrats.

The bankers and politicians have set up the system so they can effectively steal "money" out of your pocket without even coming near you. By printing extra currency, the bankers and politicians can buy the unit they stole from you. Their cost is paper and ink.

Currency inflation is sophisticated robbery. It is economic rape. In the long run, it is also national economic suicide. In 1920 John Maynard Keynes wrote:

"By a continuous process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose."

THE NATIONAL DEBT AND INFLATION

The basic mechanism whereby currency is created is based on government debt. When the government needs extra currency, beyond what it collects in taxes, it issues interest-bearing IOUs called government bonds. These bonds are exchanged with the Federal Reserve for currency (Federal Reserve Notes), which the government previously printed

for the Federal Reserve. This process is called "monetizing the debt." And this is why we talk about a "debt-currency" system.

The owners of the Fed obviously love the system! They receive the interest on the debt, which now amounts to over \$290,000,000,000 a year - that is two hundred and ninety billion dollars! All they have to do for this is print pieces of paper and make bookkeeping entries!

Obviously the perpetrators of this gigantic fraud want the national debt to be as large as possible. The bigger the national debt, the more interest they "draw" - "embezzle" is probably a better word! This is why Bentham's "Mr. Fox" identified the national debt as a cause of currency inflation - the Bank of England has been perpetrating the same fraud much longer than the Fed.

U.S. INFLATION HISTORY

Now look at Figure 12 below. (Figure 12 is largely based on a similar chart in *The Biggest Con: How the Government is Fleecing You* by Irwin A. Schiff.) It is a chart of the "consumer price index" from 1790 to the present. The index is represented by the solid squares. The index represents the "average price level." It is a sophisticated version of the "\$100 unit price" of the above example. A \$100 unit price in our example is equivalent to a consumer price index of 100; a \$200 unit price is equivalent to an index of 200.

Figure 12
[Insert here]

Figure 12 has one scale on the left and another on the right. The left-hand scale uses the "average price level" of 1967 as a "base" of one hundred. This is like saying that in 1967 our "unit price" was \$100. Around 1977 the index reached 200, meaning that on average prices had doubled between 1967 and 1977. (Over a period of ten years the bankers and politicians stole half of the value of all cash savings in America.)

In 1983 the government changed to the right-hand scale. By 1983 the 1967-based index had gone up to 300. (Over a period of sixteen years the bankers and politicians stole two-thirds of the value of all cash savings in America.) Periodically, when the index gets "too big," the government starts with a new base. This they did in 1983. Effectively, they divided the 1967-based index by three, giving us the right-hand scale. Currently the consumer price index is about 140. This doesn't look as bad as 420!

Next, look at the straight broken line (normal price trend) from 1790 to 1913. Notice that it is a slight downtrend. This means that on average prices declined slowly during this period. With stable, honest money prices gradually decline. The reason for this is that people become more productive, technology improves, and in general we find ways to produce more from less. Had there been no wars, the consumer price index from 1790 to 1913 would have been very close to a gradually declining straight line. During war the

currency supply is inflated to pay for war expenditures. After the war the debts incurred are paid off and the currency supply deflated. At least, this is what happened before 1913.

Now look at the straight broken line from 1913 to the present (inflationary price trend caused by Federal Reserve). A fundamental change occurred in 1913: the Federal Reserve System was established. Notice that after World War I there was some price deflation, but after World War II there was only a slowing down of price inflation. Also notice that between 1913 and 1970 price inflation was relatively low. We could call this "stage 1" inflation. Since 1970 the rate of price inflation has been much higher - "stage 2" inflation. The final stage, or "stage 3" inflation is called hyperinflation. That is where the currency, within a year or less, loses all its remaining value and becomes worthless.

This pattern of inflation, including stage 3, has been repeated many times in history. The Romans did it. The Chinese did it. The French did it. The Confederacy did it. The Germans did it. The South Americans did it and are still doing it. Currently, most countries in the world are doing either stage 1 or stage 2 inflation. Harry Figgie, founder of the Action Group to Save America's Economy has projected that we will enter stage 3 around 1995.

WHO INFLATES THE CURRENCY SUPPLY?

By now it should be abundantly clear that it is the Federal Reserve bankers, aided by politicians and bureaucrats, who inflate the currency supply.

WHY DO THEY INFLATE THE CURRENCY SUPPLY?

If instead of working for your money, you could simply print it, would you slave your guts out for a few bucks?

CONSEQUENCES OF CURRENCY INFLATION

- Currency inflation causes prices to rise.
- It is a hidden tax that transfers wealth from the producers to the parasitic bankers, politicians, and bureaucrats.
- It transfers wealth from the lender to the borrower. (The borrower gets currency with today's value, but repays the loan with next year's currency which has a lower value.)
- It encourages spending and debt, and discourages saving and capital formation.
- It shifts taxpayers into higher tax brackets, thus effectively increases tax rates without the government having to raise taxes.
- It brings about illusory capital gains on which individuals and companies are taxed.
- It distorts economic calculation. Businessmen don't know whether prices rise because of currency inflation or increases in demand. It is more difficult to make rational economic decisions.

- During times of extreme currency inflation people become overoptimistic. Businessmen tend to overexpand and malinvest. Later, when the rate of currency inflation is reduced, the economy contracts and the malinvestments need to be liquidated - often in the form of bankruptcies.
- The Federal Reserve currency manipulation greatly magnifies the boom-bust cycles in the economy. They also cause extreme fluctuations in stock, financial, and commodity markets. Insiders profit from these fluctuations, while most small investors lose.
- The government uses price inflation to foster hatred against businessmen and as an excuse expand economic intervention.
- In the long run, currency inflation wipes out the wealth of the middle class and wrecks the economy.
- Currency inflation destroys civilization.

INFLATION QUOTES

"When the currency expands, the loaf contracts."

-- Democratic Party campaign slogan, 1836

"... [Of] all the contrivances for cheating the laboring classes of mankind, none has been more effective than that which deludes them with paper money."

-- Daniel Webster

"The purpose of inflation, **as it has been throughout history, is to transfer capital from some persons to others.** ... But no money manipulator in the course of history had the totally free hand which monetary authorities enjoy today.

... To better understand how the system works... consider the creation of the Bank of England. In the late seventeenth century, a big-time banker named William Paterson had a bright idea. He figured out how he could obtain a 139-percent return on his money each year. His method was simplicity itself. He collected seventy-two thousand pounds in gold and silver coin, almost all of it borrowed, and formed a bank to print paper money receipts for 16 2/3 times the value of his coin. He immediately lent the funny money - £1,200,000 - to the King of England, who used it to finance a war. Since the king paid an interest of 8.3 percent, Paterson received £100,000 annually in interest on an actual capital of £72,000. It was a great deal for Paterson, and the king did not complain. But it wasn't so great for everyone else. Since Paterson actually had only six percent as much gold as he needed to redeem his notes, he was clearly defrauding the taxpayers, whom the king obligated to retire Paterson's inflationary loan. When people started grumbling, the king simply granted Paterson a monopoly privilege to print paper money. Thus the Bank of England was established, and along with it, a principle that inflationists have clung to ever since: **the best way to bring paper money into circulation is to finance government deficits.**"

-- James Dale Davidson, Chairman of the National Taxpayers Union, 1980

THE PROSPECT OF HYPERINFLATION

Harry E, Figgie, Jr., Chairman and CEO of Figgie International Inc. and founder of the Action Group to Save America's Economy, gave a lecture to the League of Women Voters in Cleveland Ohio on July 26, 1990, from which the following is extracted:

"I am here today because I fully believe that this great country is heading into serious trouble, because of the government's dangerous inability to reduce its debt or control ongoing budget deficits.

I became involved in this issue quite by accident in 1982, when Peter Grace made me co-chairman of the President's Private Sector Survey on Cost Control - the Grace Commission. And as a result of that, I became privy to some information that showed me how threatening our government's spending policies are.

This past Tuesday, I met with several congressmen on the subject, including Congressman Dennis Eckhart from Cleveland and Congressman Dick Armey from Texas. I showed six different congressmen the debt and deficit projections, and every one of them said, "Gee, I didn't know it was that bad. I didn't realize where we were headed." They had no idea that the ball game's going to be over in 1995...

I want to put this massive problem into the context of the person in the street, and show you why the government is headed into real trouble. Let's say you have a net take-home pay of \$1,000, and you take \$100 of that \$1,000 and put it into some kind of pension plan, like a Keogh or an IRA... The other \$900 just makes ends meet. Now suppose somebody gives you free credit cards... But you realize you can't use these credit cards.

Then, all of a sudden, you meet a very tall man, with a long white beard, a big stovepipe hat, red and white striped pants, and a blue coat with stars all over it. And he says, "My name is Sam - Uncle Sam. I am a financial advisor. I want you to follow my advice. I want you to use your credit cards. When they bill you, just send them a 30-year IOU at 8 percent interest."

And you say, "Yeah, but I have to pay the interest, even if they accept the IOUs."

Sam says, "Do you remember that \$100 you were putting in a pension? Take that hundred bucks and use that to pay the interest, and put an IOU in your pension. Twenty years from now, you'll have 20 years of IOUs, but what do you care?"

And you remind him, "Uncle Sam, there's a difference between you and me. You've got a printing press in your basement which gives you unlimited credit, but I'm going to go to jail if I do that."

That's why Americans are concerned. Because they know we can't keep going on like this.

... [L]et me explain the difference between deficit and debt... The deficit is the shortfall we have in any one year. If you take in \$100 billion and spend \$110 billion, you get a

deficit of \$10 billion. Now at the end of that year, you've got to do something with that \$10 billion you owe, so you move it over to your long-term shortfall - and that becomes your debt.

In '82, the annual deficit was \$128 billion, up from \$4 billion in 1974. The debt in '82 was at \$1 trillion, up from \$484 billion in '74. But it had taken us 200 years from the start of the republic until 1974 to create that debt of \$484 billion. We had gone through World War I, World War II, the Korean War, Vietnam - and we still had a very manageable situation.

Since 1982, when the debt first hit a trillion dollars, it has tripled - it is now \$3 trillion.

Now when Peter Grace called me and a number of others down to Washington in '82, we were commissioned by President Reagan to find some savings in government. And I can tell you, it was like shooting fish in a rain barrel. We contributed \$77 million in corporate money and about 500 employees, and found over \$424 billion in savings in about nine months. We could easily have identified over a trillion, but Reagan wasn't interested in going further.

Of the \$424 billion we identified, Congress instituted \$152 billion in savings by 1986. Spread annually, that averages to \$38 billion in savings a year. And at the same time, President Reagan pushed through a \$50 billion tax increase. Now you take the \$50 billion of new revenue and the \$38 billion we saved, that's \$88 billion that should have gone to reduce the deficit, which at that time was \$128 billion. So we should have dropped the annual deficit to \$40 billion. Instead of that, the government says we ran a \$152 billion deficit last year.

The problem is, in the last 10 years, government revenue has risen at 8 percent a year, compounded, but expenditures have gone up 11 percent. That doesn't sound like too much, but let me put in perspective. Right now Congress has 116 percent more money to spend than they had 10 years ago. But they have spent 186 percent more than they spent 10 years ago. Every time you give them \$1.00, they're spending between \$1.58 and \$1.68. And I'll tell you what I learned in Washington, they not only don't understand this problem, they don't care about it...

The thing that finally brought me up short and has ruined my last eight years were the projections Peter [Grace] got from his economist... verified... by the Citizens Against Government Waste - so, they are current. We were at \$1 trillion in debt in 1982. That debt is going to go to \$13 trillion in the year 2000. And we were at an annual deficit of \$128 billion, and the deficit is going to go to \$2 trillion.

... [W]hen we hit the \$500 billion deficit... in 1995... we have lost our ability to control our economy by taxation. And we run the risk of... hyperinflation.

Back in '82, I said, "Well, we've got some time and nobody's going to be this stupid. We're going to get people to understand this thing." And I'm sorry to tell you that as I

stand here in 1990, we're somewhere between 1990 and 1993 in our deficit projections, a little ahead of target. I was with Senator Robert Dole the other day - he'd just come from the White House budget negotiations - and he said, "We didn't make any progress again today, but we will."

Now you've all heard about Gramm-Rudman. It used to be Gramm, Rudman and Hollings, but Senator Hollings said he wanted a divorce from the bill because it was such a travesty. Gramm-Rudman originally said we would have a zero deficit in 1991, but revised that to \$60 to \$65 billion a couple years later. The reason Congress runs around like chickens with their heads off right now is, technically - unless they get a budget agreement - they've got to cut \$100 billion out of the budget this year, because they're at \$168 billion.

The thing I want to tell you is that **the \$168 billion you hear is a travesty - a lie foisted on the American people.** [Emphasis added.]

Remember all those IOUs that you were peeling out to your pension fund and your credit card fees? Government doesn't count those as part of the cash deficit. We have, for six years, run an actual deficit in the U.S. government of over \$250 billion, and this year we're running between \$360 and \$435 billion.

Let me explain that to you. Start with the Gramm-Rudman bill. That's \$168 billion. Now, remember the credit card example, when you took \$100 away from the Keogh or the IRA and you sent them an IOU? **The government is doing that to nine trust funds, including Social Security, military pensions, railway pensions, and postal pensions. Uncle Sam is taking \$120 billion in trust fund surpluses and replacing that with IOUs. Instead of funding them with cash, they're funding them with federal deficit. They don't count those IOUs or the interest on them. And when those IOUs start coming due, the government is going to owe trillions to Social Security, which will be supporting more retirees with fewer workers.** [Emphasis added]

So that's the first thing that's been foisted off on the people. The S&L crisis is another. Mosbacher, our country's head economist, made very sure when Bush stuck his neck out on the savings and loan crisis that those costs were taken off the deficit. Current estimates are that the S&Ls will cost us \$500 billion overall, and \$100 billion next year. There's another \$100 billion that's not being counted.

So the deficit has gone from \$168 billion to \$388 billion, and I haven't talked to you about the student loan problem... the \$300 to \$500 billion toxic waste cleanup that's going to come from our military bases... crack babies or AIDS or any new programs Congress is talking about.

So we're running, right now, a true deficit of between \$300 and \$500 billion. And my estimate is that at \$500 billion, we lose our capability to control that by taxation. Now don't ever think for a minute that Congress doesn't want inflation, because they know the only way they can pay off the debt is with inflated dollars...

What our charts show is that in '95 we're not going to be able to control our deficit and our debt by taxation, and we're going to move to what's called hyperinflation...

To find out about hyperinflation, we looked at all the countries in the world... We picked Argentina, Brazil and Bolivia as the best examples.

Now the problem I run into when I talk to people about this is that they say, "Oh, you studied the Banana Republic." And I have two parts to my answer. The first is, "Welcome to the United States Banana Republic." And the second answer, and most people don't know this, is that in 1938, the fifth largest market in the world was the country of Argentina. It was very sophisticated, very well run, and very knowledgeable. It had excellent agriculture, excellent manufacturing, and resources. They are now the world's 78th largest market. So, if you think it can't happen in the United States, it can. It happened in Argentina.

For our study, we were very fortunate because we were able to meet with 80 top businessmen... , government officials, bankers, financial executives. Dr. Gerry Swanson, an economist from the University of Arizona, led the team... They took four trips over a two-year period.

... [A]ll 80 of these businessmen said to us, "What's wrong with the United States? You are on exactly the same course that we were on, but about 20 to 30 years behind us."

They said, "Everything that we did wrong, you are doing wrong. For example, you have large deficits. You have a deterioration in your balance of payments. You have eroded the confidence in your currency. You have a tendency to blame outsiders and call for protectionism. And finally, the exchange value of your currency is falling." Twice since the mid-'70s we've devalued our currency and there's pressure now to devalue again.

They said, "All five factors are in place, and the United States is following the path to hyperinflation. We can't understand why you can't see it coming."

When Gerry came back from his last trip, I said, "Gerry, give me a synopsis." He said, "Well, for years in my economic courses at the University of Arizona, I've been teaching that deficits cause inflation." Then he said, "They do. I just saw it in three countries."

I said, "Okay, tell me about hyperinflation. How much time do you have before hyperinflation sets in?" He said, "In Brazil, it set in in three days." Three days.

Now, the terrible thing about hyperinflation is once it gets started, you can't stop it... During the time we were studying this, Argentina's inflation hit 5,000 percent, Brazil's got to 5,000 percent, and Bolivia's got to 25,000 percent with bursts up to 50,000.

Let me tell you how bad that is. We have a book here that we published on how to survive hyperinflation if you're a businessman. We have a picture of a guy with a huge bag going into a bank in Bolivia. At the bank they simply weighed it, and they gave him a

note of exchange. Now the terrible thing about that is nobody looked in the bag. They didn't care whether he had newspapers in there, old socks, \$1,000 bills, \$10,000 bills or dollar bills. They didn't care what it was, it was so worthless. That is what happens in hyperinflation.

So to say that this can't happen here is wrong. I hear the argument periodically that the reason it won't happen to us is that our deficit is only 5 percent of our gross national product. The Brazilian and Argentine deficits are only 8 percent of their gross national products. It's not a huge jump from 5 to 8 percent. So when these economists give you the garbage that our deficit is only a few percentage points of the gross national product, it doesn't mean a thing...

For eight years, I've been ready to beat my head against Congress, but it wasn't until we got to this so-called "budget crisis" that I could even get in to see these congressmen...

If Argentina can go from fifth to 78th because of this kind of deficit problem, we can go from first to 50th, very, very easily. You hear people jumping on us over becoming a second-rate power, and here I'm talking about a third-rate power in the United States...

But, I guarantee you, if this hits... your savings, your bonds, your insurance, your pension - you might as well use them for tissue, because they aren't going to be good for anything else... "

The Economic Rape of America - Chapter Five

THE SUPREME LAW OF THE LAND

Since the law has only a shadow of the good things to come and not the true form of these realities, it can never, by the same sacrifices that are continually offered year after year, make perfect those who approach.

Hebrews 10, verse 1

[EXTRACTS FROM] THE DECLARATION OF INDEPENDENCE
in Congress, July 4, 1776 [Emphasis added]

When, in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with another, and to assume among the powers of the earth **the separate and equal station to which the laws of nature and of nature's God entitle them**, a decent respect to the opinions of mankind requires that they should declare the causes which impel them to the separation.

We hold these truths to be self-evident: That **all men are created equal; that they are endowed by their Creator with certain unalienable rights**; that among these are **life,**

liberty, and the pursuit of happiness; that, to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed; that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or to abolish it and to institute new government, laying its foundation on such principles, and organizing its powers in such form, as to them shall seem most likely to effect their safety and happiness. Prudence, indeed, will dictate that governments long established should not be changed for light and transient causes; and, accordingly, all experience hath shown that mankind are more disposed to suffer while evils are sufferable, than to right themselves by abolishing the forms to which they are accustomed. But **when a long train of abuses and usurpations, pursuing invariably the same object, evinces a design to reduce them under absolute despotism, it is their right, it is their duty, to throw off such government** and to provide new guards for their future security. Such has been the patient sufferance of these colonies; and **such is now the necessity which constrains them to alter their former systems of government.**

Specific Charges against the King

The history of the present King of Great Britain is a history of repeated usurpations, all having in direct object the establishment of an absolute tyranny over these States. To prove this, let facts be submitted to a candid world:

... He has dissolved representative Houses repeatedly for opposing with manly firmness his invasions on the rights of the people.

... He has erected **a multitude of new offices, and sent hither swarms of officers to harass our people and eat out their substance.**

... He has kept among us, in times of peace, **standing armies**, without the consent of our Legislatures.

He has affected to **render the military independent of, and superior to, the civil power.**

He has **combined with others to subject us to a jurisdiction foreign to our Constitution and unacknowledged by our laws, giving his assent to their acts of pretended legislation:**

For quartering large bodies of armed troops among us;

For protecting them, by a mock trial, from punishment for any murders they should commit on the inhabitants of these States;

For **cutting off our trade with all parts of the world;**

For **imposing taxes on us without our consent;**

For **depriving us, in many cases, of the benefits of trial by jury;**

... For **abolishing the free system of English laws** in a neighboring province...

... He has plundered our seas, ravaged our coasts, burnt our towns, and **destroyed the lives of our people.**

... In every stage of these oppressions we have petitioned for redress in the most humble terms: our repeated petitions have been answered only by repeated injury. **A prince,**

whose character is thus marked by every act which may define a tyrant, is unfit to be the ruler of a free people...

Conclusion and Declaration

... And for the support of this declaration, with a firm reliance on the protection of Divine Providence, we mutually pledge to each other our lives, our fortunes, and our sacred honor.

John Hancock

"When all government, domestic and foreign, in little as in great things, shall be drawn to Washington as the center of all power, it will render powerless the checks provided [in the Constitution] of one government on another and will become as venal [capable of being bought] and oppressive as the government from which we separated."

-- Thomas Jefferson, 1821

[EXTRACTS FROM] THE CONSTITUTION OF THE UNITED STATES OF AMERICA

[Emphasis added]

PREAMBLE

We the people of the United States in order to form a more perfect union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and **secure the blessings of liberty** to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

THE LEGISLATIVE DEPARTMENT

Article I

SECTION 1. All legislative powers herein granted shall be vested in a Congress of the United States, which shall consists of a Senate and House of Representatives...

SECTION 2. ... Representatives and **direct taxes** [taxes laid directly on individuals, to be paid directly to the federal government] shall be apportioned among the several States which may be included within this Union, according to their respective numbers, which shall be determined by adding to the whole number of **free persons**, including those bound to service for a term of years, and excluding Indians not taxed, three-fifths of all other persons...

SECTION 7. All bills for **raising revenue** shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills...

POWERS GRANTED TO CONGRESS

SECTION 8. The Congress shall have **power to lay and collect taxes, duties, imposts and excises** [indirect taxes on things], to pay the debts and provide for the common defense and general welfare of the United States; but **all duties, imposts and excises shall be uniform throughout the United States;**

To **borrow money on the credit of the United States;**

To **regulate commerce** with foreign nations, and among the several States, and with the Indian tribes;

To establish a uniform rule of naturalization, and uniform laws on the subject of bankruptcies throughout the United States;

To **coin money, regulate the value thereof** and of foreign coin, and fix the standard of weights and measures;

To provide for the **punishment of counterfeiting the securities and current coin** of the United States;

To establish **post offices** and post roads;

To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries;

To constitute tribunals inferior to the Supreme Court;

To define and punish piracies and felonies committed on the high seas, and offenses against the law of nations;

To **declare war**... and make rules concerning captures on land and water;

To raise and support armies, but no appropriation of money to that use shall be for a longer term than two years;

To provide and maintain a navy;

To make rules for the government and regulation of the land and naval forces;

To provide for calling forth the militia to execute the laws of the Union, suppress insurrections and repel invasions;

To provide for organizing, arming, and disciplining the militia, and for governing such part of them as may be employed in the service of the United States, reserving to the States respectively, the appointment of the officers, and the authority of training the militia according to the discipline prescribed by Congress;

To exercise exclusive legislation, in all cases whatsoever, over such district (not exceeding ten miles square) as may, by cession of particular States, and the acceptance of Congress, become the seat of the government of the United States; and to exercise like authority over all places purchased by the consent of the Legislature of the State in which the same shall be, for the erection of forts, magazines, arsenals, dockyards, and other needful buildings; - and

To make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the government of the United States, or in any department or officer thereof.

POWERS DENIED TO FEDERAL GOVERNMENT

SECTION 9. ... The privilege of the writ of *habeas corpus* shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it.

No bill of attainder [extinction of civil rights] or *ex post facto* [retroactive] law shall be passed.

No **capitation** [uniform tax on each person; poll tax] **or other direct tax shall be laid**, unless in proportion to the census or enumeration hereinbefore directed to be taken.

No tax or duty shall be laid on articles exported from any State.

No preference shall be given by any regulation of commerce or revenue to the ports of one State over those of another; nor shall vessels, bound to or from one State, be obliged to enter, clear, or pay duties in another.

No money shall be drawn from the Treasury, but in consequence of appropriations made by laws; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time.

No title of nobility shall be granted by the United States; and no person holding any office of profit or trust under them shall, without the consent of the Congress, accept any present, emolument, office, or title, of any kind whatever, from any king, prince, or foreign state.

POWERS DENIED TO STATE GOVERNMENTS

SECTION 10. No State shall enter into any treaty, alliance, or confederation; grant letters of marque and reprisal; **coin money; emit bills of credit; make anything but gold and silver coin a tender in payment of debts; pass any bill of attainder, *ex post facto* law, or law impairing the obligation of contracts**, or grant any title of nobility...

THE EXECUTIVE DEPARTMENT

Article II

THE PRESIDENT AND VICE PRESIDENT

SECTION 1. The executive power shall be vested in a President of the United States of America. He shall hold his office during the term of four years, and together with the Vice President, chosen for the same term, be elected as follows:

THE ELECTORAL COLLEGE

Each State shall appoint... a number of Electors equal to the whole number of Senators and Representatives to which the State may be entitled in the Congress... The Electors shall meet in their respective States, and vote by ballot for two persons... The person having the greatest number of votes shall be the President... after the choice of the President, the person having the greatest number of votes of the Electors shall be the Vice President...

... OATH OF THE PRESIDENT

... Before he enter on the execution of his office, he shall take the following oath or affirmation: "**I solemnly swear (or affirm) that I will faithfully execute the office of President of the United States, and will, to the best of my ability, preserve, protect, and defend the Constitution of the United States.**"

THE JUDICIAL DEPARTMENT

Article III

THE FEDERAL COURTS...

SECTION 1. The judicial power of the United States shall be vested in one Supreme Court, and in such inferior courts as the Congress may from time ordain and establish...

JURISDICTION OF FEDERAL COURTS IN GENERAL

SECTION 2. The judicial power shall extend to all cases in law and equity arising under this Constitution, the laws of the United States...

JURISDICTION OF SUPREME COURT

In all cases affecting ambassadors, other public ministers and consuls, and those in which a State shall be party, the Supreme Court shall have original jurisdiction. In all the other cases before mentioned, the Supreme Court shall have appellate jurisdiction, both as to law and fact, with such exceptions and under such regulations as the Congress shall make.

TRIAL BY JURY

The trial of all crimes, except in cases of impeachment, shall be by jury...

THE CONSTITUTION, THE SUPREME LAW OF THE LAND

Article VI

... THE SUPREME LAW OF THE LAND AND THE OBLIGATION OF STATE JUDGES

This Constitution, and the laws of the United States which shall be made in pursuance thereof; and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land; and **the judges in every State shall be bound thereby**, anything in the Constitution or laws of any State to the contrary notwithstanding.

FEDERAL AND STATE OFFICERS BOUND BY OATH TO SUPPORT THE CONSTITUTION

The Senators and Representatives before mentioned, and the members of the several State Legislatures, and all executive and judicial officers, both of the United States and of the several States, shall be **bound by oath or affirmation to support this Constitution**; but no religious test shall ever be required as a qualification to any office or public trust under the United States...

[EXTRACTS FROM] THE AMENDMENTS TO THE CONSTITUTION

The first ten Amendments to the Constitution, known as The Bill of Rights, were adopted by the first Congress, called to meet in New York City, March 4, 1789. They were later ratified by the various States, and on December 15, 1791, were made a part of the Constitution.

Amendment I FREEDOM OF RELIGION, SPEECH, AND THE PRESS; RIGHT OF ASSEMBLY AND PETITION

Congress shall make **no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press, or the right of the people peacefully to assemble**, and to petition the government for a redress of grievances.

Amendment II RIGHT TO KEEP AND BEAR ARMS

A well-regulated militia being necessary to the security of a free state, **the right of the people to keep and bear arms shall not be infringed.**

Amendment III QUARTERING OF SOLDIERS

No soldier shall in time of peace be quartered in any house without the consent of the owner, nor in time of war, but in a manner to be prescribed by law.

Amendment IV REGULATION OF RIGHT OF SEARCH AND SEIZURE

The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized.

Amendment V PROTECTION FOR PERSONS AND THEIR PROPERTY

No person shall be held to answer for a capital or otherwise infamous crime, unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces, or in the militia, when in actual service in time of war or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; **nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law**; nor shall private property be taken for public use, without just compensation.

Amendment VI
RIGHTS OF PERSONS ACCUSED OF CRIME

In all criminal prosecution, the accused shall enjoy **the right to a speedy and public trial by an impartial jury** of the State and district wherein the crime shall have been committed, which district shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the assistance of counsel for his defense.

Amendment VII
RIGHT OF TRIAL BY JURY IN SUITS AT COMMON LAW

In suits at **common law**, where the value in controversy shall exceed twenty dollars, the **right of trial by jury** shall be preserved, and no fact tried by a jury shall be otherwise re-examined in any court of the United States, than **according to the rules of common law**.

Amendment VIII
PROTECTION AGAINST EXCESSIVE BAIL AND PUNISHMENTS

Excessive bail shall not be required, nor excessive fines imposed, **nor cruel and unusual punishments** inflicted.

Amendment IX
CONSTITUTION DOES NOT LIST ALL INDIVIDUAL RIGHTS

The enumeration in the Constitution of certain rights shall not be construed to deny or disparage others retained by the people.

Amendment X
POWERS RESERVED TO THE STATES AND THE PEOPLE

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Amendment XIII
ABOLITION OF SLAVERY (1865)

SECTION 1. Neither slavery **nor involuntary servitude**, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction.

SECTION 2. Congress shall have power to enforce this article by appropriate legislation.

Amendment XIV
GUARANTEE OF PROTECTION TO ALL CITIZENS (1868)

... No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; **nor shall any State deprive any person of life, liberty, or property, without due process of law**; nor deny to any person within its jurisdiction the equal protection of the laws...

Amendment XVI POWER TO LEVY INCOME TAXES (1913)

The Congress shall have the power to lay and collect **taxes on incomes**, from whatever source derived, without apportionment among the several States, and without any regard to any census or enumeration.

Note: Income tax is an excise or an indirect tax on a thing (income). The Sixteenth Amendment confers no new taxing power. It uses legal sophistry to define the income tax as an indirect tax, rather than a direct tax - see Chapter Seven. The Supreme Court has found:

"... [T]he Sixteenth Amendment conferred no new power of taxation, but simply prohibited the previous complete and plenary [absolute] power of income taxation possessed by Congress from the beginning from being taken out of the category of indirect taxation to which it inherently belonged and being placed in the category of direct taxation..." , Stanton v. Baltic Mining Co., 240 U.S. 112 (1916).

COMMON LAW IS THE LAW OF THE LAND

Webster's defines Common Law as "the body of law developed in England primarily from judicial decisions based on custom and precedent, unwritten in statute or code, and constituting the basis of the English legal system and of the system in all of the U.S. except Louisiana." Common law developed out of customs that were found to work in practice. It is based on common sense and reason. Much of English Common Law is rooted in the Magna Carta, signed by King John in 1215. The Magna Carta limited the powers of the King (government), and guaranteed the liberties of the people.

"It [The U.S. Constitution] must be interpreted in the light of Common Law, the principles and history of which were familiarly known to the framers of the Constitution. The language of the Constitution could not be understood without reference to the Common Law." U.S. v. Wong Kim Ark, 169 U.S. 649, 18 S. Ct. 456.

"Law of the Land" means "The Common Law." Taylor v. Porter, 4 Hill. 140, 146 (1843) - Justice Bronson; and State v. Simon, 2 Spears 761, 767 (1884) - Justice O'Neal.

The U.S. adopted the Common Laws of England with the Constitution. Coldwell v. Hill, 176 S.E. 383 (1934).

In contrast, legislated law - like the laws of Congress - are written mostly by attorneys to further their own self-interest or to favor special-interest groups with big bucks - exactly as Thomas Jefferson predicted in 1821.

TRIAL BY JURY

In 1852 in his book *Trial By Jury*, attorney Lysander Spooner wrote as follows:
"For more than six hundred years - that is, since Magna Carta, in 1215 - there has been no clearer principle of English or American constitutional law, than that, in criminal cases, it is not only the right and duty of juries to judge what are the facts, what is the law, and what was the moral intent of the accused; **but that it is also their right, and their primary and paramount duty, to judge of the justice of the law, and to hold all laws invalid, that are, in their opinion, unjust or oppressive, and all persons guiltless in violating, or resisting the execution of, such laws.**"

Among checks on government, trial by jury is the final say. We the people have the final say on the validity of any law. Whatever jury instructions are given by an ignorant or corrupt judge, the jury has the final vote. One member of a jury says, "not guilty." That's it. Jury nullification. In this respect the individual jury member has more power than Congress, Supreme Court judges, and the President. Congress can pass a law, the President can sign it, and the Supreme Court can rule it constitutional - but one jury member can nullify the law, at least in a specific case, by voting "not guilty." The jury vote is by far the most important vote in the American political system.

In 1789 Thomas Jefferson wrote:

"But we all know that permanent judges acquire an *Esprit de corps*; that being known, they are liable to be tempted by bribery; that they are misled by favor, by relationship, by a spirit of party, by a devotion to the executive or legislative power... It is in the power, therefore of the juries... to judge the law as well as the fact."
Jefferson regarded jury nullification as the most important check on government.

Judge Leventhal's ruling for the District of Columbia Court of Appeal - *U.S. v. Dougherty*, 473 F. 2d 113 (1972) - includes:

"[A] **prosecutor disposed by unworthy motives** could likely establish some basis in fact for bringing charges against anyone he wants to book, but the jury system operates... so that the jury will not convict when they empathize with the defendant, as when the offense is one they see themselves as likely to commit, or consider generally acceptable or condonable under the mores of the community..."

The existence of an unreviewable and unreversible power in the jury, to acquit in disregard of the instructions on the law given by the trial judge, has for many years co-existed with legal practice and precedent upholding instructions to the jury that they are required to follow the instructions of the court on all matters of law. There were different soundings in colonial days and the early days of our Republic. We are aware of the number and variety of expressions at that time from respected sources - John Adams; Alexander Hamilton; prominent judges - that jurors had a duty to find a verdict according to their own conscience though in opposition to the direction of the court; that their power signified a right; that they were judges both of law and of fact in a criminal case, and not bound by the opinion of the court...

The fact that there is widespread existence of the jury's prerogative... as a 'necessary counter to case-hardened judges and arbitrary prosecutors,' **does not establish as an imperative that the jury must be informed by the judge of that power...** " [Emphasis added]

Judge Leventhal expresses his own corruption. In effect he states that judges should deliberately mislead juries by not informing them of their power to nullify unjust law.

It is important to realize that where the Constitution says "trial by jury," it means trial by jury as understood by the framers of the Constitution. It is even more important to realize that the duty of judges, including of the Supreme Court, is to **uphold the Constitution**, not to interpret it. In Columbia University's *Charpentier Lectures* in 1968, Justice Hugo Black said:

"The public welfare demands that constitutional cases must be decided according to the terms of our Constitution itself, and not according to judges' views of fairness, reasonableness, or justice. I have no fear of constitutional amendments properly adopted, but I do fear the rewriting of the Constitution by judges under the guise of interpretation."

Judge Leventhal's corrupt ruling is a violation of his oath to uphold the Constitution. Whenever a judge - deliberately or unwittingly - fails to inform a jury of the jury's right and duty to judge both fact and law, that judge is violating his or her oath to uphold the Constitution.

"I consider trial by jury as the only anchor ever yet imagined by man, by which a government can be held to the principles of its constitution."
-- Thomas Jefferson, 1789

"Throughout the United States, then, jurors have the **power** to nullify by bringing in a verdict in the teeth of both law and facts." Horning v. District of Columbia. 254 U.S. 135 (1920).

"Maryland and Indiana are the only states which instruct the jury in criminal trials that they may judge law as well as fact, although the jurors are also urged not to make arbitrary decisions."
-- Steven E. Barkan, 1983

"Prior to the late 1800's, our courts permitted the jurors to decide the law and the facts, which means they could defeat a law by voting "not guilty," called "jury nullification."
-- Donald W. MacPherson, Attorney, 1989

Lysander Spooner also makes the following points:

- **"The Trial by jury... is a trial by the country - that is, by the people - as distinguished from a trial by the government."**

- "... [I]t is indispensable that the people, or "the country," judge of and determine their own liberties against the government; instead of the government's judging of and determining its own powers over the people."
- "To secure this right of the people to judge of their own liberties against the government, the jurors are taken, (or must be, to make them lawful jurors,) from the body of the people, **by lot**, or by some process that precludes any previous knowledge, choice, or selection of them, on the part of the government. This is done to prevent the government's constituting a jury of its own partisans or friends; in other words, to prevent the government's **packing** a jury, with a view to maintain its own laws, and accomplish its own purposes."
- "... [I]f the government may dictate to the jury **what laws they are to enforce**, it is no longer a "trial by the country," but a trial by the government... "
- "The jury are also to judge whether the laws are rightly expounded to them by the court."
- "The jury must also judge of the laws of evidence." "... [I]f the government can dictate to a jury any law whatever, in a criminal case, it can certainly dictate to them the laws of evidence. That is, it can dictate what evidence is admissible, and what inadmissible, **and also what force or weight is to be given to the evidence admitted.**"
- "... [T]he jury must judge of and try the whole case, and every part and parcel of the case, free of any dictation or authority on the part of the government."

Trial by jury, as understood by our Founding Fathers, is in my opinion, the single most important aspect of the U.S. Constitution - the supreme law of the land.

You shall not follow a majority in wrongdoing: when you bear witness in a lawsuit, you shall not side with the majority so as to pervert justice.

The Economic Rape of America - Chapter Six

STRETCH YOUR IMAGINATION

I, the Teacher, when king over Israel in Jerusalem, applied my mind to seek and to search out by wisdom all that is done under heaven.

-- Ecclesiastes 1, verses 12-13

"In the province of the mind, what one believes to be true is true or becomes true, within certain limits to be found experientially and experimentally. These limits are further beliefs to be transcended. In the mind there are no limits."

-- John Lilly

In [Chapter One](#) you were asked to stretch your imagination and to consider the possibility of "free market money." The notion that people should be free to choose their own money may have seemed bizarre at first. Most of us, including most economists take it for

granted that a country must have one currency, that the government must dictate what that currency shall be, and the government must control the value of that currency. With a stretch of your imagination you can transcend this limitation. This is what F.A. Hayek, winner of the Nobel Prize for Economics in 1974, did. In his book *Denationalization of Money* he wrote:

"In my despair about the hopelessness of finding a politically feasible solution to what is technically the simplest possible problem, namely to stop inflation, I threw out in a lecture... a somewhat startling suggestion, the pursuit of which has opened quite unexpected new horizons. I could not resist pursuing the idea further, since the task of preventing inflation has always seemed to me to be of the greatest importance, not only because of the harm and suffering major inflations cause, but also because I have long been convinced that even mild inflations ultimately produce the recurring depressions and unemployment which have been a justified grievance against the free enterprise system and must be prevented if a free society is to survive.

The further pursuit of the suggestion that government should be deprived of its monopoly of the issue of money opened the most fascinating theoretical vistas and showed the possibility of arrangements which have never been considered. As soon as one succeeds in freeing oneself of the universally but tacitly accepted creed that a country must be supplied by its government with its own distinctive and exclusive currency, all sorts of interesting questions arise which have never been examined. The result was a foray into a wholly unexplored field."

Many authors attempt to communicate a particular set of ideas, beliefs, and conclusions. They also attempt to persuade the reader to follow a particular pattern of behavior. This chapter attempts to present you with ranges of ideas. It invites you to think for yourself, to select and formulate the set of ideas most appropriate for you. The purpose of these ranges of ideas is to stretch your imagination, so that you will have more options available to you, when it comes to deciding what you will do about the economic rape of America.

VOLUNTARY EXCHANGE

A central issue we need to address is that of **value creation, value consumption, and value destruction**. Generally, wealth is accumulated through value creation. When you produce and deliver products and services that benefit the lives of others, you create values. They provide you with value in return, usually in the form of money or currency. When you provide opportunities for others to create values - for example, by an invention that saves time and effort, by a medical breakthrough that extends human life, or by creating a great company - you also create values.

When you eat your food or drive your car you consume values. When you transport products from a place where they have little or no value to a place where they are of great value, you consume values (fuel, time, energy) in order to create value (the increase in

value of the products transported). Some of the values you consume - for example, the air you breathe and energy from the sun - you receive free and gratis.

Some regard the human individual as the greatest value. If you murder someone you destroy a value. Though you could argue that murdering a "Hitler" - an extreme value destroyer - would on balance represent a creation of value. War represents one of the greatest value destroyers. AIDS is a value destroyer - or, at least, the virus and other factors that bring about AIDS. Sometimes values are destroyed to create greater values - for example, sometimes an old building, though still having value and being useful, is demolished in order to erect a new, larger, and much more valuable building.

Different people value things differently. This makes it possible for people to exchange products, services, and money so that **all parties achieve an increase in value**. Example: I can apply the information in a particular book to increase my income by \$1000 without any additional effort, besides reading the book. (I estimate the cost of my reading effort as \$200). It costs the publisher \$15 (including company overheads) to produce, market, and distribute the book. I buy the book for \$20, and achieve an increase in value of \$780 (\$1000 - \$20 - \$200). The publisher achieves an increase in value of \$5 (\$20 - \$15) for every book sold. All parties achieve an increase in value. (Note that even if I had paid \$50 or \$100 for the book, it would still have been a bargain!)

Generally, **voluntary exchange** occurs because all the parties involved achieve an increase in value. Voluntary exchange could be called the **economic means** for obtaining the values necessary for survival. It involves **working** in order to live.

One could also obtain the values needed for survival through **stealing or robbing**. When individuals do it, we simply call it stealing or robbing. In the case of slavery, we force others to provide us with values. When many people organize themselves into a "government" in order to steal and rob, we call it "taxation." This could be called the **political means** for obtaining the values needed for survival.

TAX AS EXCHANGE

How does tax fit into the picture? Please stretch your imagination. Theoretically, taxes could be organized in different ways:

- Taxpayers could force the government to receive their taxes. Any government agent who refuses to receive taxes would be subject to severe penalties.
- The government could be forced to pay taxes to people outside government. Any government agent who refuses to pay taxes to a non-government individual would be subject to severe penalties.
- Non-government individuals could be forced to receive taxes from the government. Any non-government individual who refuses to receive taxes would be subject to severe penalties.
- Taxpayers could voluntarily pay part of their income to the government for the services they receive that they value more highly than the tax they pay.

- Rich people could voluntarily pay taxes for honor and public recognition (refer to the "liturgy" system of ancient Greece - [Chapter Eight](#)).
- Taxpayers could voluntarily exchange money on an item by item basis for products and services from the government that they value more highly than the price they pay.
- Taxpayers could be forced to pay part of their income to the government, irrespective of whether they want government services or not, and irrespective of how they value government services. Anyone who refuses to pay taxes would be subject to severe penalties.

Of course, the word "tax" is inappropriate in some of the above sentences. I leave it to you, the reader, to decide how taxes should be organized, and why - and the implications of taxes being organized in some particular way. Some questions may help:

- Does a value producer have to force clients to pay for his or her products whether they want them or not - or does the value producer advertise to persuade clients to buy?
- Does a value producer charge whatever he or she likes for a product or does the price depend on how consumers value the product and what they are willing to pay?
- Does a value producer charge clients for products, irrespective of whether the products are delivered or not?
- Does a value producer have to "outlaw" competition "mafia-style" in the areas he or she regards as his or her "exclusive domain" (for example, the post office)?
- Would you rather be confronted by an advertisement that invites you to buy, or a person with a gun who effectively says, "Your money or your life?"
- In general, who gains and who loses in the case of enforced transactions?
- What do you call someone who pokes a gun in your face and says, "Your money or else... ?"

Please consider:

- Who are the value creators?
- Who are the value consumers?
- Who are the value destroyers?
- Who lives like a parasite (or cannibal) off the values created by others? ("He has erected a multitude of new offices, and sent hither swarms of officers to harass our people and eat out their substance.")
- What are the consequences of paying taxes?
- What are the consequences of not paying taxes?
- What do you finance when you pay taxes?
- Can any or all of these items or functions be financed through voluntary exchange?
- How much tax do you have to pay to bring about the greatest value?
- Is paying tax good or evil?

In the Appendix to *Trial by Jury*, Lysander Spooner wrote in 1852:

"It was a principle of the Common Law, as it is of the law of nature, and of common sense, that no man can be taxed without his personal consent. The Common Law knew nothing of that system, which now prevails in England, of **assuming** a man's own consent to be taxed, because some pretended representative, whom he never authorized to act for him, has taken it upon himself to consent that he may be taxed. That is one of the many frauds on the Common Law, and the English constitution, which have been introduced since Magna Carta. Having finally established itself in England, it has been stupidly and servilely copied and submitted to in the United States.

If the trial by jury were reestablished, the Common Law principle of taxation would be reestablished with it; for it is not to be supposed that juries would enforce a tax upon an individual which he had never agreed to pay. Taxation without consent is as plainly robbery, when enforced against one man, as when enforced against millions; and it is not to be imagined that juries could be blind to so self-evident a principle. Taking a man's money without his consent, is also as much robbery, when it is done by millions of men, acting in concert, and calling themselves a government, as when it is done by a single individual, acting on his own responsibility, and calling himself a highwayman. Neither the numbers engaged in the act, nor the different characters they assume as a cover for the act, alter the nature of the act itself.

If the government can take a man's money without his consent, there is no limit to the additional tyranny it may practice upon him; for, with his money, it can hire soldiers to stand over him, keep him in subjection, plunder him at discretion, and kill him if he resists. And governments always will do this, as they everywhere and always have done it, except where the Common Law principle has been established. It is therefore a first principle, a very *sine qua non* of political freedom, that a man can be taxed only by his personal consent. And the establishment of this principle, with **trial by jury**, insures freedom of course; because: 1. No man would pay his money unless he had first contracted for such a government as he was willing to support; and, 2. Unless the government then kept itself within the terms of its contract, juries would not enforce the payment of the tax. Besides, the agreement to be taxed would probably be entered into but for a year at a time. If, in that year, the government proved itself either inefficient or tyrannical, to any serious degree, the contract would not be renewed. The dissatisfied parties, if sufficiently numerous for a new organization, would form themselves into a separate association for mutual protection. If not sufficiently numerous for that purpose, those who were conscientious would forego all governmental protection, rather than contribute to the support of a government which they deemed unjust.

All government is a mutual insurance company, voluntarily agreed upon by the parties to it, for the protection of their rights against wrong-doers. In its voluntary character it is precisely similar to an association for mutual protection against fire or a shipwreck. Before a man will join an association for these latter purposes, and pay the premium for being insured, he will, if he be a man of sense, look at the articles of the association; see what the company promises to do; what it is likely to do; and what are the rates of insurance. If he be satisfied on all these points, he will become a member, pay his

premium for a year, and then hold the company to its contract. If the conduct of the company prove unsatisfactory, he will let his policy expire at the end of the year for which he has paid; will decline to pay any further premiums, and either seek insurance elsewhere, or take his own risk without any insurance. And as men act in the insurance of their ships and dwellings, they would act in the insurance of their properties, liberties and lives, in the political association, or government.

The political insurance company, or government, have no more right, in nature or reason, to **assume** a man's consent to be protected by them, and to be taxed for that protection, when he has given no actual consent, than a fire or marine insurance company have to assume a man's consent to be protected by them, and to pay the premium, when his actual consent has never been given. To take a man's property without his consent is robbery; and to assume his consent, where no actual consent is given, makes the taking none the less robbery. If it did, the highwayman has the same right to assume a man's consent to part with his purse, that any other man, or body of men, can have. And his assumption would afford as much moral justification for his robbery as does a like assumption, on the part of the government, for taking a man's property without his consent. The government's pretense of protecting him, as an equivalent for the taxation, affords no justification. It is for himself to decide whether he desires such protection as the government offers him. If he do not desire it, or do not bargain for it, the government has no more right than any other insurance company to impose it upon him, or make him pay for it.

Trial by the country, and no taxation without consent, were the two pillars of English liberty, (when England had any liberty,) and the first principles of the Common Law. They mutually sustain each other; and neither can stand without the other. Without both, no people have any guaranty for their freedom; with both, no people can be otherwise than free."

GOVERNMENT, CONSTITUTION, AND LAW

In order for you to choose the best course of action to deal with the economic rape of America, there are more issues you need to resolve. Specifically, you need to clarify your view of, and your relationship to, "government," "constitution," and "law." You need to determine where you stand in relation to these ideas or institutions. It is important that whatever course of action you embark upon is morally and **psychologically based on social beliefs you regard as valid.**

The views that follow are not presented as "right" or "wrong," "true" or "false." It is up to you to formulate your own views, which may be variations of those here presented - or completely different.

VIEWS ON GOVERNMENT

- Government is a good thing. Government solves problems other people can't solve. (People in government have magical powers). Wherever problems seem to

- remain unsolved for any significant length of time, government should be expanded to solve those problems. Government should use coercion wherever and whenever necessary to impose the will of the people. It is my patriotic duty to support the government by paying all the taxes requested or demanded by the IRS and other government agencies.
- We need extensive government but not too much. There should be a limited scope for individual initiative and free enterprise. There are many areas - such as legislation, justice, roads, education, defense, police, prisons, currency issue, health, welfare, the "war against drugs," etc - that must be handled by government. (They are the only ones able to handle these matters - they have magical powers.) The American system of checks and balances ensures that the government doesn't overstep its limits. The American government system is based on "rule by law." It is my patriotic duty to support the government by paying taxes according to the letter of the law. Whatever legal means I use to reduce my taxes to the absolute minimum are perfectly in order and do not reduce my patriotism in the least.
 - Limited government is a good thing. The function of government should be limited to the protection of individual rights and freedoms. The only areas handled by government should be legislation, justice, defense, police, and prisons - nothing else. The government may not use coercion (the initiation of force or threat of force). The government should collect its income through the voluntary exchange of its services on the free market for payments in return. The government may also collect other voluntary contributions.
 - Oscar Wilde said:
"All authority is quite degrading. It degrades those who exercise it, and it degrades those over whom it is exercised... The form of government that is most suitable to the artist is no government at all. High hopes were once formed of democracy; but democracy means simply the bludgeoning of the people by the people for the people."
 - Government's real purpose is to cull surplus humans so there is more living room for the survivors. F. Tupper Saussy writes in *The Miracle On Main Street*:
"Man has existed for a million years, and he's only had government about 5,600 years. So government has occupied only a very small part of man's natural history. But in those 5,600 years government has done considerable damage. It has done lots toward pruning our species.
A Norwegian statistician computes that in these 56 centuries man has fought 14,531 wars. This is 2.6 wars per year. More than 600,000,000 men, women, and children have been killed by government. (I dread to compute how many people our own government has exterminated.)"
 - In *Do Unto The IRS As They Would Do Unto You*, M.J. "Red" Beckman repeatedly indicates that throughout history government has been man's worst enemy:
"... [M]an's worst enemy has always been his own government... Man's worst enemy has not been famine, disease or weather! People are destroyed by their own governments over and over again as history repeats itself again and again. ... Abraham Lincoln... said, "the only way this great Nation could be destroyed

was from within." ... The people were free and the government was the servant when you went to sleep, but while you slept, the government took your freedom and you are now the servant.

... [T]his once-great Nation seems to be deteriorating at a very rapid pace.

Government is plundering and looting over half of the wealth being produced by its creative and productive citizens... We are not involved in any declared wars so we must ask ourselves, "are we being destroyed from within by traitors?"

- Government is evil. It is an unnecessary evil. It should be abolished altogether. Government causes crime, chaos, and disorder. In fact, the government is the worst criminal of all. Government is organized violence - organized crime. Governments have slaughtered hundreds of millions of people. Governments cause the very problems they claim they want to solve. Generally, governments produce results that are the opposite of their stated intentions. Laws must be repealed. The state must be smashed.
- The very notion of "government" (so-called) is absurd. There are hucksters who masquerade as "government" and suckers who believe them. It is a giant hoax. People have been duped and brainwashed to believe that there is some kind of entity called "government" that has magical powers to "run the country," "make laws," "solve social problems," etc. We need to shake people to wake them up so they will no longer believe politicians, judges, bureaucrats, and their ilk - and will certainly not obey them. They will simply laugh at their absurd utterances.
- A major part of the power of the individuals who masquerade as "government" stems from the words they use. One way to neutralize some of that power is to use different words. Example: "**Territorial gangsters**" are individuals who use fraud, violence, and threat of violence to claim "jurisdiction" (so-called) over an area and the people who happen to be there. Territorial gangsters use fraud, violence, and threat of violence to impose their will upon others and to live like parasites or cannibals off the values produced by others. The term "territorial gangsters" could be used to describe both mafiosi, and the people who masquerade as "government."
- Question: But are there certain things that must be done by government, things that only the government can do? Answer: Government consists of individual human beings, who can only do what humans can do. The fact that they call themselves "government" (or organize themselves into an organization called "government") does not imbue them with magical powers to do what others can't do. Human beings can only do what humans beings can do.
- Question: But if we don't have government there will be chaos, disorder, crime, poverty, illiteracy, homelessness, drug abuse, pollution, etc, etc. Answer 1: **How do you know?** Answer 2: Such a list almost always consists of problems we already suffer from - in other words, **if we have government there will be chaos, disorder, crime, poverty, illiteracy, homelessness, drug abuse, pollution, etc, etc.**
- We need separation between church and state.
- We need separation between money and state.
- We need separation between economy and state.
- We need separation between school and state.

- We need separation between health and state.
- We need separation between welfare and state.
- We need separation between police and state.
- We need separation between justice and state.
- We need separation between defense and state.
- We need separation between humanity and state.
- We need separation between civilization and state.
- We need separation between everything and state.
- People who want to play "state" or "government" should be confined to national parks or zoos where they can govern themselves and the other animals. Humans could pay an admission fee to visit the national parks and observe the animals at play. The admission fee could be considered a "tax" to finance the "government" and their "Animal Farm."

Allow me to repeat that these views are not presented as "right" or "wrong," "true" or "false." It is up to you to formulate your own views, which may be variations of those here presented - or completely different. It is your views that will determine what you will do about the economic rape of America and it is important that whatever course of action you embark upon is **morally and psychologically based on political beliefs you regard as valid**. You want to be certain that whatever you do, there will be **no guilt, shame, or regret**.

VIEWS ON CONSTITUTION

- The Constitution must be constantly updated and improved to cater for the changed conditions we now have - very different from the situation over 200 years ago, when the original Constitution was formulated. The Constitution, as extended by the Bill of Rights and other Amendments, and further amended by Supreme Court decisions, is an ideal instrument of government for the greatest nation on earth.
- The Constitution of my country is sacred. Our Founding Fathers created the greatest civilization in history. Politicians, judges, lawyers, and bureaucrats have perverted the Constitution for their own ends. Most of our current societal problems stem from such perversions. We need to return to Constitutional government.
- We need a new Constitution which severely limits the power of government to the protection of individual rights and freedoms. The only areas handled by government should be legislation, justice, defense, police, and prisons - nothing else.
- The Constitution was a betrayal of the Declaration of Independence. Article One, Section 8 gives Congress the power to do practically all the things the Declaration of Independence accused the King of. The American Revolution was fought over 14% tax. Patrick Henry didn't like the Constitution because it gave too much power to the federal government. Two of the New York Representatives refused to sign it and went home. The Bill of Rights was a valiant attempt to correct the atrocities authorized by the Constitution, but it has failed in practice.

- Chief Justice John Marshall said, "The power to tax is the power to destroy." The fact that the Constitution gave politicians the power to tax, also gave them the power to destroy. Its taxing power makes the Constitution a formula for destruction. And that is how it turned out in practice. It was the taxing power - the North taxing the South (see [Chapter Eight](#)) - that caused the Civil War and the death of more than 300,000 Americans.
- One of the Ten Commandments states, "Thou shalt not steal." The taxing power of the Constitution effectively states, "Thou shalt steal." Another Commandment states, "Thou shalt not kill." The Constitution grants Congress the power to declare war - including war on Americans, as in the Civil War. It effectively states, "Thou shalt kill." Thus the U.S. Constitution is the work of Satan or the Anti-Christ.
- The Constitution is the charter that authorizes not only the economic rape of America, but also other forms of rape: intellectual, medical, and military. It is an abomination, the destruction of America. We should abolish the Constitution, the state, the government, and the country, and repeal all laws.
- Among the constitutions of the world, the U.S. Constitution has proved to be among the least evil. It has played a pivotal part in bringing about a civilization that has flourished for 200 years.
- The supposed "U.S. Constitution" was signed over 200 years ago by about 70 people, purporting to be "We, the people of the United States." That these 70 odd people were legally empowered to sign the Constitution on behalf of the people then living in the area called by them "the United States," is doubtful. Even if we grant that the "US Constitution" was a valid contract at the time it was signed, there is a further problem: Nothing in the "US Constitution" said that it is a contract binding any descendants of the people living at the time of its signing; that is, the "US Constitution" died with the death of the last person living at the time of its signing. Today, the supposed "US Constitution" is nothing but a hoax foisted upon the gullible. Anyone claiming powers "under the Constitution" is a fraudulent imposter. For a contract to be legal and binding it has to be expressly signed by the parties involved (or by their expressly appointed agents). Similar arguments apply to all other so-called "countries."
- The concept of "constitution" is the shield used by territorial gangsters to justify their parasitic, cannibalistic, destructive existences. (The concept of "law" is the sword.) The territorial gangsters dupe their victims into believing that the so-called "constitution" is some kind of "sacred contract" that empowers them to... .. (do whatever they think they can get away with).
- The real (*de facto*) constitution of the United States is a phantom called "public policy." This mysterious "public policy" is nowhere defined. It is whatever Congress, judges, bureaucrats, and the President decide it is. The Constitution signed by our Founding Fathers no longer means anything. The oaths sworn by so-called "public officials" to uphold the U.S. Constitution are whispers blown away by the winds.
- In *No Treason: The Constitution of No Authority*, Lysander Spooner wrote in 1869:
"... [T]he Constitution is no such instrument as it has generally been assumed to

be... by false interpretations, and naked usurpations, the government has... made in practice a very widely, and almost wholly, different thing from what the Constitution itself purports to authorize. ... [T]his much is certain - that it has either authorized such a government as we have had, or has been powerless to prevent it. In either case, it is unfit to exist."

- Justice Learned Hand said:
"Liberty lies in the hearts of men and women somehow. When it dies there, no Constitution, no law, no court can save it; no Constitution, no law, no court can even do much to help it. While it lies there, it needs no Constitution, no law, no court to save it."

VIEWS ON LAW

- Laws are God-given, not man-made. By obeying God's laws we will solve most or all current problems.
- The Constitution is the fundamental law of the land. By legislating additional laws where needed, in accordance with the Constitution, we will solve most or all current problems.
- There are natural laws. These laws are not made; they are discovered. By discovering and acting in accordance with natural law, we will solve most or all current problems.
- Common law has evolved over centuries. Most current problems have been solved ages ago by common law. All we need to do is to apply it. (Common law is law that developed more or less spontaneously over the centuries. It is based on customs that were found to work in practice. The U.S. Supreme Court has ruled that common law is "the law of the land.")
- "Do what thou wilt shall be the whole of the law" (Aleister Crowley).
- The very notion of "law" (so-called) is absurd. The idea that certain words acquire magical properties that elevate the power of these words into "the law" is archaic and obsolete. The notion that some of the noises and scribbles that emanate from the mouths and pens of politicians, judges, lawyers, and bureaucrats, constitute "the law" (so-called), is simply nonsense.
- The concept of "law" is the sword used by territorial gangsters to wield their parasitic, cannibalistic, destructive power. (The concept of "constitution" is the shield.) The territorial gangsters dupe their victims into believing that certain words are "the law" (so-called). Anyone who "breaks the law" (so-called) can be fined, clubbed, handcuffed, chained, arrested, jailed, shot, hanged, gassed, electrocuted, poisoned, etc... .. (whatever they think they can get away with).
- Question: But if we don't have law there will be chaos, disorder, crime, poverty, illiteracy, homelessness, drug abuse, pollution, etc, etc. Answer 1: **How do you know?** Answer 2: Such a list almost always consists of problems we already suffer from - in other words, **if we have law there will be chaos, disorder, crime, poverty, illiteracy, homelessness, drug abuse, pollution, etc, etc.**

To the question, "But **what do we replace government, constitution, and law with?**," I offer several possible views. Again, I invite you to formulate your own:

- God's law.
- Natural law.
- Common law.
- Competing contracts - social, political, and legal issues have to do with how people interact. People can make contracts on how they agree to interact. There will be competition between contract types. The best contract types - those that result in the greatest values being created and the least value destruction - will prevail.
- Competing constitutions - anyone, so inclined, draws up his or her own constitution. People sign the constitution of their choice. People are only subject to a constitution they have expressly signed. There will be competition between constitutions. Nobody will be forced into - or automatically born into - a constitution he or she doesn't agree with. The best constitutions - those that result in the greatest values being created and the least value destruction - will prevail.
- Nothing - the question is absurd; it's like asking, "But what do we replace cancer with?"
- There is nothing to be replaced. Words like "government," "constitution," and "law" really represent nothing. They involve projection and abstraction - even hallucination. People project or hallucinate "government," "constitution," and "law" where there is really nothing. There are hucksters who masquerade as "government" and suckers who believe them.
- What needs to be replaced are people's beliefs about "government," "constitution," and "law." These beliefs are a substitute for independent thinking. They stifle individual thinking.
- People who are reasonably conscious and have developed the ability to think for themselves don't need any "government," "constitution," or "law" to tell them what to do. They know that actions produce consequences. They learn to distinguish between actions that are beneficial and produce values and actions that are harmful and destroy values.
- Territorial gangsters force children into "schools" (concentration campuses for mind destruction?) in order to render them as unconscious and unable to think for themselves as possible. This is called "compulsory education." It is intellectual rape. Do you want to subject your children to such a fate?
- Objection: All the above views, if applied, will result in chaos, disorder, crime, poverty, illiteracy, homelessness, drug abuse, pollution, etc, etc. Answer 1: **How do you know?** Answer 2: Such a list almost always consists of problems we already suffer from - in other words, **if we don't apply the above views there will be chaos, disorder, crime, poverty, illiteracy, homelessness, drug abuse, pollution, etc, etc.**

In his superb classic, *How I Found Freedom In An Unfree World*, Harry Browne describes what might happen if there were no government to restrain the mafia. There would be:

1. Protection rackets - companies would have to pay tribute or be put out of business.

2. Extortion - individuals would have to pay tribute for the right to work.
3. People would have to pay the mafia for the right to just stay on their own property.
4. The mafia would tell people where they may or may not work.
5. The mafia would use the profits from their protection rackets to compete with their victims.

Browne then describes how the government does all these things. And in addition it enslaves people in its army and kills them. The notion that slavery and involuntary servitude were abolished by the Thirteenth Amendment is quite absurd. The government can enslave Americans at any time in their army and kill them. They call it "the draft."

Again, let me repeat that these views are not presented as "right" or "wrong," "true" or "false." It is up to you to formulate your own views, which may be variations of those here presented - or completely different. It is your views that will determine what you will do about the economic rape of America, and it is important that whatever course of action you embark upon is **morally and psychologically based on your beliefs about lawfulness, legality, and legitimacy**. You want to be certain that whatever you do, there will be **no guilt, shame, or regret**.

But whatever you and I believe about "government," "constitution," and "law," there are billions of people out there who believe the versions disseminated by politicians and bureaucrats (territorial gangsters?), preachers, teachers, television, newspapers, and radio - and there are millions of armed police (more territorial gangsters?) to take care of "unbelievers." To fight or attempt to change the system may be futile - and dangerous. I suggest that, even if you are passionately committed to changing the system, that you consider your personal interests first. It might take 20, 100, or even 1,000 years before any meaningful change occurs...

If you want to make any changes, consider that it is much easier to change your own thinking and behavior than those of others. Changing yourself may empower you; while attempting to change others may rob you of your power. If you focus on what you can do to maximize your own values first, you can reap and enjoy the rewards very quickly - while also empowering yourself to influence others - even if only by example.

The Economic Rape of America - Chapter Seven

THE PLUNDERING, BLUNDERING, MURDERING IRS

Should you not know justice? - you who hate the good and love the evil, who tear the skin off my people, and the flesh off their bones; who eat the flesh of my people, flay their skin off them, break their bones in pieces, and chop them up like meat in a kettle, like flesh in a caldron.

-- Micah 3, verses 1-3.

"Man, biologically considered... is the most formidable of all the beasts of prey, and indeed the only one that preys systematically on his own species.

-- William James

"The story of the Internal Revenue Service is a history of a tax collection agency drunk with power, ruthlessly smashing dissent among its own personnel and brazenly roughing up taxpayers at will. The IRS defies and intimidates its Congressional creators to go virtually unchallenged in its blatant illegal exercise of awesome powers against the American public...

The violations of the rights of American people today by their own government are ironically parallel to the injustices suffered by the Colonists in the years preceding the Revolutionary War. The Declaration of Independence states that the British King "has erected a multitude of new offices, and sent hither swarms of officers to harass our people, and eat [out] their substance."

-- Congressman George Hansen, 1980

CAVEAT EMPTOR

The income tax is dead. If you are suffering from a jeopardy assessment, or a lien, or a midnight raid, or some other Internal Revenue Service outrage as you read this, you may well find that hard to believe; but, it's true. Indeed, we believe that the present outrages are symptoms of the system's demise. It's dead, but, like the dinosaurs, it has a pea brain and a primitive nervous system, which is taking too long to send the message. It's dead, but doesn't know it; and its death throes make it more dangerous than when it was alive."

-- Alan Stang, 1988

Nothing in this chapter is to be construed as legal or tax advice. In particular, nothing in this chapter is to be construed as an inducement to not file tax returns, or to not pay federal income taxes. Anyone who crosses the IRS may suffer horrible consequences, as in the tragic case of Robert William Smiley, as recounted in *Tax Revolt: The Battle for the Constitution* by Martin A. Larson.

On March 4, 1976, Clyde H. Allisan and Ralph W. Foster, two IRS agents, paid Smiley a "friendly visit" in the truck-camper he used as a business office in Salem, Virginia. Ten minutes later Robert Smiley was dead from a bullet wound in the head. The IRS men had departed. Behind Smiley's corpse there was a bullet mark in the wall - but the bullet was never found. At the other end of the camper a gun with no fingerprints was found. \$2,000, which Smiley had in his pockets, was gone.

Local police reported the death as a suicide. No autopsy was performed. The IRS agents were neither interviewed nor interrogated. No hearing was held. The only IRS official permitted to discuss the matter said that he knew nothing about the incident. Smiley's close friends declared that the suicide theory was contrary to the known facts and at variance with Smiley's jovial and good-natured character.

A week later five IRS agents seized all the vehicles comprising Smiley's business inventory and sold them. The Treasury Department refused to answer any questions on the matter. They also refused that IRS agents Allisan and Foster, who were with Smiley when he died, be interviewed. Meanwhile, IRS agents continued to harass Smiley's broken-hearted, destitute, ill widow to the point that she attempted suicide on October 23, 1976.

The *Spotlight* (Washington) was the only publication to cover the Smiley tragedy - in their May 24, June, 14, August 9, November 8 and 15, 1976, and May 30, 1977 issues. No mention appeared in the local media.

OTHER IRS ATROCITIES

In June, 1988 Kay Council of High Point, NC came home one night to find a note from her husband, Alex: "My dearest Kay - I have taken my life in order to provide capital for you. The IRS and its liens which have been taken against our property illegally by a runaway agency of our government have dried up all sources of credit for us. So I have made the only decision I can. It's purely a business decision... You will find my body on the lot on the north side of the house." At the end of a nine-year battle over a disallowed tax shelter, the IRS claimed that the Councils owed \$300,000 in taxes, interest, and penalties. When their financial resources were exhausted, Mr. Council committed suicide to provide Mrs. Council with \$250,000 insurance money to continue the battle. Ironically, Mrs. Council eventually won a court ruling that she and her husband owed the IRS nothing - the IRS deficiency notice had been sent four months after the statute of limitations had expired. Mrs. Council, 48, said, "I was cheated of growing old with the man I love."

This atrocity story also comes from *Tax Revolt: The Battle for the Constitution* by Martin A. Larson, who got it from the *Rocky Mountain News* of May 3, 1979. It is the story of Jasper and Lucille Gates of Denver, CO, which began when they received a letter from the IRS stating that they had overpaid their 1972 tax by \$1,197. However, they never received a refund. Instead, in June 1974 they were notified, without explanation, that they owed \$4,451. Soon another letter came, claiming the deficiency was \$4,206. In October the IRS claimed they owed \$13,700, in November it was \$15,000. By October 1975 the alleged deficiency had grown to \$16,000 - all without explanation. Then in August 1978 the IRS seized their bank accounts worth about \$13,000 and their home worth about \$100,000. They sold the home for \$16,000. Mrs. Gates, in a wheel-chair, was evicted. With the help of sheriff's deputies, the Gates' furniture and personal effects were thrown into the street. When the news media contacted the IRS, the response was that the IRS couldn't comment because of the Privacy Act.

In *Tax Revolt: The Battle for the Constitution*, Martin A. Larson gives ten other cases of IRS atrocities. Congressman George Hansen, in *To Harass Our People: The IRS and Government Abuse of Power*, devotes over a hundred pages to IRS terror tactics. In Chapter One, "Acts of Terror," Congressman Hansen describes three cases:

"The "secret police" arm of the IRS is very real and growing in power and ruthlessness... The taxpayers involved in all three cases had legitimate questions regarding the original IRS assessment against them. All these taxpayers tried to obtain reasonable explanations from the IRS... In each instance, the IRS refused to respond... [T]he IRS's attacks on these citizens came, in every example, without due process of law - a sure sign of the emergence of a police state."

The most dramatic example Congressman Hansen relates is that of Donald McGrath. The IRS claimed he owed \$39.65. The IRS didn't want to tell him why. Instead they persuaded McGrath's bank to transfer \$39.65 from his account to the IRS. From there the story got complex and nasty and ended with McGrath being shot in the head with a 12-gauge shotgun by a sheriff's deputy. He died a week later.

Congressman Hansen also relates the story of Stephen and Mona Oliver of Fairbanks, Alaska, which includes IRS agents smashing the windows of the Oliver's car with billy clubs:

"After the IRS agents had hurled Stephen from the car, they went after Mona. Several agents dragged her across the broken glass and shoved her onto the pavement, leaving her bruised and bleeding. Even under the authority of a search warrant, what the IRS ruffians did is tantamount to assault and battery. These agents seem to have knowingly committed the crime of assault by using excessive force against non-criminal, nonviolent citizens in a civil matter."

This incident was personally witnessed by tax attorney Donald W. MacPherson and is also described in his *Tax Fraud & Evasion: The War Stories*:

"In the parking lot was the VW with the Olivers, surrounded by agents and onlookers, including Freeman. The tow truck waited. Freeman was giving verbal abuse to the agents and pointing at them. Photographers and reporters were there, a story in the making. With billy clubs, the agents broke the glass on driver and passenger side of the vehicle and dragged the Olivers out of the vehicle over the glass. Mrs Oliver was screaming about her heart medication in the glove compartment. Through the struggle, pills were scattered with the glass. Freeman continued his barrage of screams, "Would you look at that? It's the modern-day Gestapo." Photographers took it all in. Mark and I watched, not knowing whether to be enraged or disgusted. Our heads appeared in the back of the nationally-circulated photos... Acts of terrorism such as I found only added to the fuels of fire of the tax rebellion. It proved the tax protesters all too correct and, as well, added to my commitment to defeat the **Beast**."

On the lighter side, Charles Adams in *Fight, Flight and Fraud: The Story of Taxation*, describes an IRS special task force organized in the 1970s to crack down on the use of tax havens:

The biggest scandal was the famous "Briefcase Caper." A foreign banker arrived in Miami with a briefcase full of banking records. The IRS boss in Miami decided to ignore normal subpoena procedures and use a female escort to distract the banker with sexual favors while agents stole the briefcase, broke open its lock, and photographed the records. Since the banker and the prostitute enjoyed each other so much, she was then sent to the Bahamas to steal additional banking records in open daylight from the banker's desk."

In *Taxscam: How The IRS Swindles You And What You Can Do About It*, Alan Stang relates his collection of IRS horror stories:

- In 1983, five IRS thugs raid the home of Vietnam veteran Charles Streich, ostensibly to collect \$500. His four-year old son mysteriously gets a bloody nose. They arrest Streich and take his AR-15 rifle. The IRS "doctors" the rifle and it turns up in court with M-16 parts. Streich is convicted of assault and possession of an unregistered machine gun.
- In 1987, with the Collaboration of Post Office officials, IRS agents stole a mortgage check written by Donald Thurow. They altered the check by stamping "Internal Revenue Service" over the payee line, and cashed it.
- In 1984, seven or eight armed IRS agents from Detroit occupied the Engleworld day-care center in Allen Park. They changed the locks, took about 20 children hostage, and locked them up. Because the day-care center's alleged tax liability of \$14,000, parents had to pay ransoms before the IRS would release their children. Marilyn Derby, Director of Engleworld said, "It was a very scary situation, like the *Gestapo* was here. Children were crying. Parents were trembling. I told one woman whose hands were shaking that she shouldn't sign anything she didn't want to. She signed anyway."
- The IRS claimed that Thomas Treadway owed them \$247,000 - so they seized his **girl friend's** farm and bank accounts.

THE IRS AS GESTAPO

In the Introduction of *To Harass Our People: The IRS and Government Abuse of Power*, Congressman Hansen quotes a former IRS agent:

"I was talking to a lady in an accountant's office Tuesday. She was from Germany and she said to me, 'You know, the IRS is getting just like the Gestapo was in Germany. When it first came out, nobody thought too much about it, but within two or three years when you'd here the name *Gestapo*, you'd really get a chill.' She said, 'That's the way it is now with the IRS.' I'm not sure she wasn't absolutely right. I think people are afraid."

Congressman Hansen goes on to describe some of the powers of the IRS. Among government agencies, only the IRS has all these powers:

- To attach 100 percent of an alleged tax debtor's wages and/or property.
- To invade a citizen's privacy without any court order.
- To seize property without a court order, based on conjecture.
- To force a citizen to try his case in a special court governed by the IRS (the Tax Court).
- To compel production of documents, records, and other materials without a court order.
- To publish a citizen's alleged debt to the IRS.
- To subject citizens to electronic surveillance without a court order.
- To freely violate a written agreement with a citizen.
- To maintain lists of citizens guilty of no crime for the purpose of monitoring and harassing them.
- To conduct reprisals against citizens and public officials alike.

According to Congressman Hansen, the IRS publicly admits that its purpose is to instill fear into the citizenry as a technique of performing its function of "voluntary compliance" with its Tax Code.

In two chapters - "Education at Gunpoint" and "Armed Raid on St. Anthony" - Congressman Hansen describes how the IRS "educates" its victims in "voluntary compliance." He uses phrases like "armed shakedowns of innocent citizens," "hit lists of citizens," "an agency out of control," and "the IRS considers itself above the law." Congressman Hansen writes:

"As I reached a stoplight I turned to my wife and said, "Warren Bates admitted today that the IRS uses armed agents to go to taxpayers' homes and demand their tax returns. They have lists of people who they claim are violent. I've gone over one of those lists and even called several of the people on it. Most Americans aren't violent, Connie. Their names shouldn't be on a hit list. What in the world is the IRS trying to do? The implication from Bates was that this is becoming standard procedure for the IRS. Can you believe they almost conducted an armed raid on homes in Fremont County - in St. Anthony?"

... Over a period of time, I was able to piece together the plan for an armed raid on St. Anthony. As the story fell into place a greater and even more terrifying nightmare unfolded when the magnitude of IRS crimes against the rights of American citizens everywhere began to emerge...

The IRS, armed with an inaccurate and meaningless collection of names amassed by ridiculous methods, but with very deadly weapons, prepared to "educate" the citizens of Fremont County. On November 3, 1975, Howard Martin gave the final go-ahead...

Ostensibly, the specific task of the strike force was "to determine the degree of voluntary compliance, to secure any delinquent returns and to educate the public about tax laws." Apparently, the IRS believes that people learn more easily, volunteer more readily, and pay up more rapidly when they are staring down the barrel of a .38 Special... "

To their credit, some of the IRS agents selected for this raid balked, and the raid was called off.

In a chapter called "The Bounty Hunters" Hansen describes how the IRS treats its own personnel:

- "The IRS goes to extraordinary lengths to determine the "loyalty" of its employees to the corrupt system."
- The IRS uses special recorder spools on which conversations with taxpayers and spoken reports on IRS personnel are recorded. This information is never typed up, hence is not subject to the Freedom of Information Act.
- "Dissent is simply not tolerated by the IRS. Agents are punished for showing any sign of leniency toward taxpayers."
- IRS management sometimes demand that employees who balk at IRS procedures undergo psychiatric or medical treatment.
- "On the other hand, the ruthless pursuer of the taxpayer is promoted."
- Revenue agents are performance rated by the numbers of individuals and businesses they force into bankruptcy. "Taxes, of course, are the first payments made upon a declaration of bankruptcy. Driving individuals and businesses into bankruptcy is not only standard procedure, it is actually organized on a competitive basis between the various IRS districts."

In the chapter called "Rigging Elections" Congressman Hansen says:

"The Internal Revenue Service works diligently to ensure that public officials toe the IRS line. Political leaders are quickly taught that complaints about the IRS are not allowed. The FBI, the CIA, and other agencies of government have been searchingly investigated from time to time... But not the IRS...

Blackmail and extortion are ugly words. But they are the only fair words to describe why IRS is alone among government agencies not being subject to scrutiny. Anyone who complains - **anyone** - is a candidate for destruction."

Congressman Hansen then continues to describe how in the cases of Senator Ed Long and later Senator Joseph Montoya, the IRS illegally leaked false tax information on them to their opponents during election years, resulting in both cases in their defeat. In 1976 they did the same to Congressman Hansen, however, he was nevertheless re-elected by a narrow margin. An IRS agent involved in the leak later wrote a letter of apology to Congressman Hansen.

Some morsels from subsequent chapters:

- "... [A] farmer was audited because he refused to give the IRS information regarding his neighbor's finances."
- "Special agents aren't auditors, they're a police force."

- IRS agent's arrogance: "You're noncommercial because I define you that way and if you don't like it, sue me."
- "Confiscating a person's wages is another favorite weapon of the IRS."
- "... [T]he IRS pounced upon the victims of the devastating Teton Dam flood - a \$400 million disaster in eastern Idaho."
- "IRS officials viewed the reimbursement payments as a literal grab-bag for capital gains taxes."
- "Farmers whose fields had been ruined as potato ground were not allowed to switch their fields to wheat or alfalfa without paying an excessive capital gains tax on the new farm equipment."
- Around 1965 the IRS developed radically new methods of enforcing "voluntary compliance" - including cloak-and-dagger methods to humiliate and destroy taxpayers, opening and monitoring mail, and making lists of people at political rallies.
- "Once you are a taxpayer to the government, and all the more if you are a tax collector, access to your books and records by that government is guaranteed."
- The IRS Tax Court is essentially a kangaroo court. You are assumed guilty, unless you can prove your innocence. The court denies the right to a jury trial. It denies the right to appeal to a higher court. Many of its judges are former IRS employees. The court's decision is final. Refusal to pay taxes assessed by a Tax Court is a felony. To pursue a Tax Court injustice, you have to first pay the court assessment, then sue the government to get your money back.
- Vicious, relentless persecution and prosecution of waiters and waitresses regarding tips.
- "At the time that Bates made his assertion that there was only one violence list, I had three in my possession... Everything that Bates had just told me was a lie."
- The IRS is not "much concerned with such archaic ideas as truth or justice."
- "The rules now in existence and approved at least tacitly by the Congress allow the IRS to assess any amount it chooses against **anyone**."
- "I have always contended that the Congress, intentionally or not, set up the IRS to be outside the Constitution."
- "... [T]he IRS has recently chosen to pursue and destroy America's private schools."
- Sarcastic bumper sticker: "Fight Organized Crime - Abolish the IRS."
- The number of tax resisters and tax rebels is growing. They regard the government as the enemy of its citizens, and guerilla warfare in tax matters as a legitimate weapon of an occupied people.
- The system guarantees that the middle and poorer taxpayers lose ground faster than the rich - "it is not the rich but the average person who is being fleeced."
- "More than 40 percent of the price of an American-made automobile is tax load. A loaf of bread would cost only a fraction of the current price if the taxes on it were removed."
- "The IRS is now redistributing not accumulated wealth, but income and wages. **It is no longer a matter of taking from the rich to give to the poor, but taking from everyone to support the bureaucracy.**"

- "In the 1930s, members of the Roosevelt administration stated clearly that the social utility of the Internal Revenue Code was **more important** than its role as a source of revenue."

All Congressman Hansen's allegations are backed by solid evidence, including internal IRS documents received from whistleblowers. He also says:

"The danger of turning the IRS into a "catch-all" enforcement agency for social policy is brought out time and time again in the chapters of this book. This agency is developing awesome powers and admits no limits to what it judges right or wrong. To achieve its goals, it will lie, cheat, blackmail, and subvert the system of Justice."

When prosecuting taxpayers, the prosecutor is routinely and illegally provided with the tax details of all the potential jurors in the jury pool. The tax information is not provided to the defense. This amounts to blatant jury rigging. Says Congressman Hansen: "The IRS tabby cat created to collect taxes in a "voluntary system" has grown into a full-sized saber-tooth tiger."

BUT IS THE IRS REALLY A PAPER TIGER?

According to tax attorney Donald W. MacPherson (*Tax Fraud & Evasion: The War Stories* - one of the best tax books I know of):

"Once you get past all of the tax statutes passed by Congress, the rules of evidence and of criminal procedure, interpretation by the courts of the laws and the rules, you are left with human drama. **Conflict**. IRS special agent versus citizen target. Justice Department prosecutor versus defense attorney. The final arbitrator of this combat is the jury of twelve. That which is public record is but one-tenth of the story. The **flesh and blood war stories** are intended to cut through the legalese to the end that you will be brought to understanding, and through understanding harbor fear no longer. Nor will the **Monster**, discovered as a paper tiger, any longer intimidate you, the sovereign citizen, the master. **Beastmaster...**

Failure to file an income tax return, failure to pay income taxes, and attempted income tax evasion are **not** crimes in this country. Not yet anyway. For those acts (or failures to act) to constitute a crime, one first must act with **specific intent** to violate the law; knowing what the law forbids or requires, one must set out with the specific purpose to violate the law. **Willfulness. Specific criminal intent**. Ignorance of the law is an excuse. Congress has declared that the tax laws are so complex that ignorance of the law is a defense so far as it goes to the citizen's state of mind ;or, in other words, so far as it tends to negate willfulness.

Second, the government must assemble **evidence** and prove beyond a reasonable doubt to the satisfaction of twelve jurors that you **intended to violate the law**. If good faith belief or misunderstanding or reliance on the advice of counsel is raised, then the government must, in effect, prove beyond a reasonable doubt that you did **not** believe in good faith or

did **not** in good faith rely on the advice of your attorney or accountant. At least some federal appellate courts hold that the belief or misunderstanding is **subjective** not objective. This nuance means, in the final analysis, that it is not even relevant whether what you believed was right or wrong, or whether the jury determines it was reasonable or unreasonable for you to so believe what you claim you believed. All that matters is whether you in fact **believed** it. Put another way, the government must, then, prove beyond a reasonable doubt that you did **not** believe what you claim you believed.

Is it any wonder then the fine-tune processing by IRS and Justice Department of criminal tax cases? After two years of investigation by the IRS special agent of the Criminal Investigation Division (CID) and review by his supervisor, plus further review by chief of CID and IRS District Director, the case then goes to the office of District Counsel, the IRS lawyers, for review. Then to Justice Department in Washington, D.C. for review where it may remain for another year or two. Then back to the local U.S. Attorney for further fine-tuning and additional investigation, if necessary, and the ultimate prosecution by way of grand jury indictment or, in the case of misdemeanor rather than felony, by a charging paper signed by the U.S. Attorney, called an "Information." A long, arduous pipeline. For the **Beast** can ill afford to lose criminal tax cases. If IRS cannot succeed in putting behind bars those it believes to be tax cheats, what then the impact upon the remaining one hundred million and our system based upon "voluntary compliance?"

... Just how far can you push IRS and not be prosecuted? What are the "limits of the tax law?" What must the IRS prove? The answers are found in the criminal tax cases that are **won! The proof is in the pudding.** If an Arkansas woman who did not file a tax return for eighteen years beat IRS at criminal charges, by what should **you** feel intimidated?

Consider this analogy: you go to a haunted house as a child and under cover of darkness are frightened by ghosts and goblins. Your imagination runs wild while at the house, and later you attempt, without success, to stave off recurring nightmares. In effort to put the matter to rest, your parents take you during daylight hours back to the haunted house and show you the tricks of the trade. The props used. That goblin was but one-sixteenth inch cardboard. Cardboard which even as a child, you could rip apart with your bare hands. Don't you feel silly? The nightmares go away...

The paper tiger. The bureaucrat, also known as the **bureaurat**. If the IRS agent was truly competent and was not lazy, why had he not struck out for business on his own? Coffee and cigarettes and federal service retirement pay? The paper tiger exposed by the light of day. But who would dare to turn on the switch, or open the curtain, for this vampire **Monster** to be exposed to sunlight?"

THE TYGER (With acknowledgment and apologies to William Blake)

Tyger! Tyger! burning bright
With thy terror, might, and fright
What immortal hands or eyes
Could expose thy fearful lies?

In what distant deeps or skies
Burns the hot fire of thy eyes?
On what wings dare he aspire?
What the hand dare seize the fire?

And what shoulder, and what art
Could twist the sinews of thy heart?
And what could stop thy heartbeat?
What dread hand? And what dread feet?

What the hammer? What the chain?
In what furnace was thy brain?
What the anvil? What dead grasp
Dare its deadly terrors clasp?

Could our wise Founding Fathers
Arise from their restful graves,
Would they smile their work to see?
Or cackle with deadly glee?

Tyger! Tyger! burning bright
With thy terror, might, and fright
What immortal hands or eyes
Dare expose thy fearful lies?

IS THE FEDERAL INCOME TAX VOLUNTARY?

In the Introduction to *To Harass Our People: The IRS and Government Abuse of Power*, Congressman George Hansen says that, "the Internal Revenue Service has turned its back on its legal charter as a tax collector in a **voluntary** compliance program for the United States government." If the federal income tax is indeed voluntary, this would mean that every action taken by the IRS to force those citizens (for whom the tax is voluntary) to file 1040 tax returns and pay taxes, constitutes economic rape. Let us examine the issue.

Like all government agencies, the IRS has a mission. Its mission as published in the Federal Register of March 25, 1974, includes: "The mission of the Service is to encourage and achieve the highest degree of voluntary compliance..." Do IRS Commissioners agree with the voluntary nature of federal income tax?

- "Each year American taxpayers voluntarily file their tax returns and make a special effort to pay the taxes they owe." Johnnie M. Walker, IRS Commissioner, 1971, Internal Revenue 1040 Booklet.
- "Our tax system is based on individual self assessment and voluntary compliance." Mortimer Caplin, IRS Commissioner, 1975 Internal Revenue Audit Manual.

- "In fairness to the millions of taxpayers who voluntarily file, report all their income and pay the tax due... ." Jerome Kurtz, IRS Commissioner, 1979 Internal Revenue Annual Report.
- "The IRS's primary task is to collect taxes under a voluntary compliance system." Jerome Kurtz, IRS Commissioner, 1980 Internal Revenue Annual Report.
- According to Alan Stang (*Taxscam: How The IRS Swindles You And What You Can Do About It*), Robert J. Brann, Chief of Technical Services Branch, IRS, Washington, D.C., wrote to a "gentleman in New York" on March 11, 1981, "... In carrying out its responsibilities for administering the federal income tax laws, the Service encourages voluntary compliance by taxpayers. Voluntary compliance places on tax payers the initial responsibility for deciding whether under the law they are required to file returns, and the responsibility for paying any tax that may be due... "
- "... Encourage and achieve the highest possible degree of voluntary compliance..." Harold M. Browning, IRS District Director, Hawaii, 1984.
- "Let's not forget the delicate nature of the voluntary compliance tax system..." Lawrence Gibbs, IRS Commissioner, *Las Vegas Review Journal*, May 18, 1988.
- "We don't want to lose voluntary compliance... We don't want to lose this gem of voluntary compliance." Fred Goldberg, IRS Commissioner, *Money* magazine, April, 1990.

During the Eighty-Third Congress in 1953, Dwight E. Avis, head of the Alcohol and Tobacco Tax Division, Bureau of Internal Revenue, testified before the Ways and Means Committee, "Let me point this out now: Your income tax is 100 percent voluntary tax, and your liquor tax is 100 percent enforced tax. Now, the situation is as different as night and day."

The tax return for a manufacturer of tobacco products says, "The information is mandatory by statute. (26 USC 5061, 5703)." All mandatory tax returns mention penalties for not filing, for example, the Alcoholic Beverage Tax Return states, "... punishable upon conviction by a fine of not more than \$100,000.00..." Check your 1040 for the statute that says you must file, and the penalty for not filing - you won't find them.

Congress has a legal research branch called the Congressional Research Service. A letter, dated June 26, 1989, from the office of Senator Daniel K. Inouye in Hawaii to a tax consultant Fred Ortiz states, that based on the research performed by the Congressional Research Service, **"there is no provision which specifically and unequivocally requires an individual to pay income taxes."** [Emphasis added]

Let me cite three court cases that seem to support the notion that the federal income tax is voluntary:

- "Our system of taxation is based upon voluntary assessment and payment, not upon distraint [seizure by distress]." *Flora v. U.S.*, 362 U.S. 145, 176 (1959).

- In case of any ambiguity of statutory construction, the doubt should be resolved in favor of the taxpayer, not the government. Greyhound Corp. v. U.S., 495 F. 2d 863 (1974).
- "The taxpayer must be liable for the tax. Tax liability is a condition precedent to the demand. Merely demanding payment, even repeatedly, does not cause liability... For the condition precedent of liability to be met, there must be a lawful assessment, either a voluntary one by the taxpayer, or one procedurally proper, by the IRS. Because this country's income tax system is based on voluntary assessment, rather than distraint [seizure by distress], the Service may assess the tax only in certain circumstances and in conformity with proper procedures." Bothke v. Fluor Engineers & Construction, Inc., Ninth Circuit (1983).

The Fifth Amendment to the U.S. Constitution states, "No person shall... be compelled in any criminal case to be a witness against himself." However, the Supreme Court has ruled:

- The Fifth Amendment "applies alike to criminal and civil proceedings." McCarthy v. Anderson, 266 U.S. 34.
- "There can be no question that one who files a return under oath is a witness within the meaning of the [Fifth] Amendment." Sullivan v. U.S., 15 F2nd 809.
- "The information revealed in the preparation and filing of an income tax return is, for Fifth Amendment analysis, the testimony of a "witness" as that term is used herein." Garner v. U.S., 424 U.S. 648.

HOW THE IRS TRICKS ITS VICTIMS INTO BECOMING "LIABLE"

By filing a 1040 tax return, you voluntarily assess yourself, you acquiesce to IRS jurisdiction, and you become "liable" for federal income tax.

When you open a bank account, on your signature card you sign something like, "Under penalty of perjury I certify that... The number shown on this form is my correct taxpayer identification number." The signature card may also commit you to adhere to all current and future IRS regulations. Simply by opening a bank account you condemn yourself to being a "taxpayer" and you swear that your "social security number" is your "correct taxpayer identification number."

To fully understand whether or not an individual is "liable" for an income tax, we need to make a distinction between "**direct**" taxes and "**indirect**" taxes. Article I, Sections 2 and 9 of the U.S. Constitution authorize direct taxes, and Article I, Section 8 authorizes indirect taxes - see [Chapter Five](#).

A direct tax is also called a head tax, poll tax, or capitation. It is a tax on an individual, for example, so many dollars per person per year. The principle of "apportionment," as stated in the Constitution, places the States as buffers between the individual and the federal government. A direct federal income tax would have to be collected by the state governments and handed over to the federal government.

An indirect tax is also called an excise tax. It is a tax on a thing (income), rather than on an individual. The Sixteenth Amendment states, "The Congress shall have the power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without any regard to any census or enumeration." In fact, the Sixteenth Amendment uses legal sophistry to circumvent the apportionment barrier. It effectively defines the income tax as an indirect tax, rather than a direct tax. The Supreme Court has found:

"... [T]he Sixteenth Amendment conferred no new power of taxation, but simply prohibited the previous complete and plenary [absolute] power of income taxation possessed by Congress from the beginning from being taken out of the category of indirect taxation to which it inherently belonged and being placed in the category of direct taxation..." , Stanton v. Baltic Mining Co., 240 U.S. 112.

When you as an end-consumer buy a book, the price you pay to the retailer includes sales tax. The retailer sends the tax you paid to the government. You pay the tax indirectly to the government. The retailer is **liable** for the tax. **To qualify as an indirect tax, the person liable for the tax must be someone other than the ultimate consumer.**

In the case of tax on distilled spirits, Internal Revenue Code section 5005 makes the distiller or importer liable. In the case of wine, section 5043 places liability on the proprietor of the bonded wine cellar or on the importer. For cigars and cigarettes, section 5703 makes the manufacturer or importer liable. Section 2502(d) makes the donor (giver) of a gift liable for gift tax, not the receiver. Similarly, section 2002 makes the executor of a will liable for estate tax, not the inheritor.

Because the income tax is an excise tax on a thing (income), and an indirect tax, by definition the ultimate receiver or consumer of the income cannot be liable for income tax on it. In other words, you cannot be liable for income tax on your income. I have a notarized statement from Scott Lewis Rendelman (enrolled to practice before IRS, enrollment number 28753), which states:

"In my extensive research of the Internal Revenue Code, I can say unequivocally and with absolute certainty that nowhere in the Internal Revenue Code is there a section where liability for income tax is established. And furthermore, by definition of an excise tax, if anyone could say for sure that he or she is not liable for the income tax, it is the "ultimate consumer," the person receiving the income."

THEY BEAT THE IRS IN AND OUT OF COURT

This article appeared in August 1991 issue of *The Connector*:

"Patriot, Tom Hauert - charged with five counts of 7203 willful failure to file returns in March 1990 - put the prosecuting U.S. Attorney on the spot in Federal District Court, Chicago, Ill. At a hearing before the court on October 1st, 1990, Tom stated that he **did not understand the charges**. Tom read from the Internal Revenue Code the first three

words of Section 7203, "Any person required." Then he asked, "How is it established in this section that I am one of those persons required?" The judge read and reread that section, and finally admitted that he understood that Tom was asking for the statute that creates the determination of who is required. The judge said, "Mr. Prosecutor, you can provide a copy of that statute, can't you?" At that point the prosecuting attorney started stammering and stuttering, and said he wasn't familiar with that part of the Code, and the judge told him to find someone to help find it. Well, it's now May 1991... and the government has not provided the information. For ten years Tom wrote many letters to the IRS, asking what statute made him liable? Neither the IRS, nor the government attorney has ever told him or shown him the statute that made/makes him liable. **Could it be there is none?** That's correct, there isn't any statute that makes a citizen within the fifty states liable. That's why Congress said, "Our tax system is based on voluntary self-assessment." So don't gripe about high taxes if you voluntarily assess yourself."

The following account describes how an employee of the federal government beat the IRS. It also demonstrates how a salaried employee can successfully file a W-4 tax exempt form with his employer, so he receives his salary in full. An article, describing NASA engineer Doug Ross's method for beating the IRS, appeared in the *Federal Times* of June 3, 1991:

"... [H]e has neither filed nor paid income taxes since 1984. "The system is based on voluntary compliance, and I stopped volunteering," Ross said. Not only has he stopped paying taxes, but Ross is encouraging others, including other federal employees, not to file returns or pay taxes, either. Since 1989, Ross has held seminars on not paying taxes every other Saturday from September to April. "If people don't have control over their financial resources they are essentially slaves and can't prosper in capitalist society," Ross said.

Ross said his inspiration not to pay taxes came when he saw Irwin Schiff on television. Schiff counsels citizens not to pay and has written books... [like] *How Anyone Can Stop Paying Income Tax*... "I called the IRS and asked questions about it, and they hung up on me. I thought, okay, when the IRS hangs up on you, you must be asking the right questions," said Ross. Ross said he has received innumerable notices of tax liability and penalties from the IRS, but his salary keeps on coming. "They send you notices, but like I tell people, I get junk mail every day... I have no tax liability," Ross said.

So how does he get away with it? Ross said he simply filed a W-4 form with NASA saying he was exempt from taxes, and they have not been withheld since. "When I started, people I work with would say, 'I'll see you in jail.' Now... I tell people I saved another \$18,000 this year, I'm single and I make over \$50,000 a year... I am a government employee. If I was violating any law my agency would be an accomplice," Ross said."

Our next story is based on an article from the July 1991 issue of the *Justice Times*. It involves Roy and Dixie Powell who were convicted of "willful failure to file income tax returns" for 1982 through 1984. The Ninth Circuit Court of Appeals reversed the decision in the earlier Arizona District Court trial, because of the defendants' "good-faith belief"

that filing tax returns is voluntary and that wages are not income. Because the Powells believed they were not subject to the income tax, **they filed W-4 Exempt forms** to stop withholding from their pay. The Ninth Circuit decision was based on a Supreme Court decision:

"If the defendant had a *subjective* good faith belief, no matter how unreasonable, that he was not required to file a tax return, the government cannot establish that the defendant acted willfully." Cheek v. U.S., 111 S.C. 604 (1991).

The Ninth Circuit opinion (No. 90-10060) was filed on June 13, 1991. In addition to overturning the Powells' earlier conviction, the Ninth Circuit Court found that in the earlier trial Judge Alfredo C. Marquez had made several errors:

- He instructed the jury to apply a standard of objective reasonableness as to the interpretation of the law; whereas the crucial issue was the defendants' subjective interpretation of the law.
- He instructed the jury that reliance on federal statute 26 USC 602(b) did not relieve the Powells of filing returns.
- He refused to allow the Powells to introduce the statutes and cases they relied on for their belief.

The irony of the "income tax law" is that it has become such a convoluted mess that there is probably not even one person in the world who can make an objective determination of what it means - except for the verdict: **It's all junk!**

Your mind will muse on the terror: "Where is the one who counted? Where is the one who weighed the tribute? Where is the one who counted the towers?" No longer will you see the insolent people, the people of an obscure speech that you cannot comprehend, stammering in a language that you cannot understand.

-- Isaiah 33, verses 18-19

THE INCREASING COMPLEXITY OF THE TAX CODE

"Well, it's a system so utterly complex and ultimately inexplicable that half the time the tax professionals themselves aren't sure what the rules are - a system that even Albert Einstein is said to have admitted he couldn't begin to fathom. You know, it's said that his hair didn't look that way until after he experienced his first tax form." - President Ronald Reagan, 1985

Every year since 1987 *Money* magazine has run a contest in which 50 tax preparers complete the federal income tax return for a hypothetical family. In 1988 there were ten correct returns, in 1989 two, in 1990 one, and in 1991 zero. For the 1991 tax year the "target tax" was \$26,619 - the tax amount for a correct tax return. Not one of the professional tax preparers got it right. At the low extreme, one tax preparer calculated the tax due as \$16,219. She spent 25 hours on the job and charged a fee of \$750. At the high

extreme, another professional tax preparer calculated the tax due as \$46,564. It took him 40 hours and he charged \$3,000.

The contestants presumably fancied themselves as expert tax preparers, and did their utmost to win first prize. They consisted mostly of professional CPAs and former IRS agents. If you take your papers and records to two "professional tax preparers," one might calculate your tax as \$26,000, and the other as \$46,000! Need I say any more?

The following is from a Libertarian Party flier:

"1040 Federal Income Truth-in-Taxing Forms and Instructions

We know that filling out a Tax Return is not fun, so this year we've made it easier for you. In fact you may even be able to file the new shorter Form 1040EZ, instead of the normal Form 1040 Confession, which we strongly urge you to do, so that we can screw you out of all your deductions.

Although we have never had the proper delegation of authority from the Secretary of the Treasury to require you to file anything, we're at it again by sending you the new forms anyway. You'll be thrilled to see all the clever new ways we've developed to defraud you out of your hard-earned Federal Reserve Notes.

As usual, our instruction booklet is filled with high-sounding, carefully worded, totally indecipherable, bureaucratic semantics. This social jargon was cunningly designed so as to leave you more confused than ever. But don't worry, you can call our new "Confused HOT LINE." You'll be happy to know that the same untrained and uninformed IRS personnel who helped you last year will attempt to answer your questions again this year. Remember, last year we wrong only 39% of the time.

Please remember to report ALL of your taxable income! Why? Because Big Brother is watching YOU! and we're going to make every effort we can to threaten, intimidate and coerce you into giving us your last dime. As you know, the strength of the entire IRS superstructure is based on your being in FEAR of us. (FEAR = False Evidence Appearing Real.) By the way, your tax dollars have paid for that image. You (the American People) have become passive, complacent, extremely gullible, soft and mentally weak. This strong indicator shows us just how effective our social programming has been. As long as you're in FEAR, it makes it easy for us to stimulate you into giving us your money, and terrorize you into giving up your Constitutional Rights. As you can clearly see, eventually we (the IRS) will rule your entire life.

Despite all these deceitful practices, we still receive stupid inquiries from people who want to make an extra voluntary contribution to reduce the Public Debt. If you persist in wanting to contribute to this hopeless cause, just have your employer sign you up on our new FICA Plan II (Financial Independence Crushing Act). We guarantee you that these funds will be used to erode any vestige of your freedoms that you still enjoy.

Each year, millions of Americans voluntarily file their tax returns and make a special effort to pay income taxes they don't really owe. So, as Commissioner, I want to thank you again for your voluntary compliance, voluntary cooperation and voluntary support, as well as your unwavering willingness to continuously allow us to take advantage of you year after year.

Sincerely,

Karl Marx, Jr.
(Acting) Commissioner of Internal Revenue"

THE IRS ASSAULT ON RELIGION

Both Martin A. Larson (*Tax Revolt: The Battle for the Constitution*) and Congressman George Hansen (*To Harass Our People: The IRS and Government Abuse of Power*) deal with the IRS assault on churches. Congressman Hansen devotes a 60-page special section to the "assault on religion." Both these authors include many gross violations of the First Amendment ("Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.") which supposedly guarantees religious freedom:

- Rescinding churches' tax-exempt status for frivolous reasons - like criticizing public officials.
- Arbitrarily assessing "tax debts" and imposing fines and penalties.
- Sending churches intrusive questionnaires, demanding information to which the IRS has no right.
- Armed raids.
- Illegally seizing and destroying church property.
- After a court found that church property had been illegally seized, not returning all the property - but charging the church for storage!
- Padlocking churches and church schools.
- Jailing ministers and parents for their religious beliefs.
- Turning churches into tax collectors through the unconstitutional social security tax on churches.
- The "public policy" of the government is to impose a "state religion." In my opinion, these are its main elements:
 1. The State is God.
 2. The State owns its citizens - it may "draft" them like slaves.
 3. The State owns the minds of its citizens - it dictates what the young shall be taught and who shall teach them.
 4. The State ultimately owns all property - it can take what it likes when it likes.
 5. The State must take care of its citizens because they cannot help themselves - this justifies the State taking whatever it likes.
 6. Regarding sexual and racial matters - and morality generally - the State dictates what is right and wrong.
 7. Fear of the State must be induced by any means to ensure obedience.
 8. The State shall be the only god.

IRS REVENGE ON GEORGE HANSEN

In *Taxscam: How The IRS Swindles You And What You Can Do About It*, Alan Stang describes how the IRS got their revenge on Congressman George Hansen:

"When the State of Nebraska threw pastor Everett Sileven into jail for using "uncertified" teachers in the Faith Baptist Church, in Louisville, George Hansen went there to help. No other national political leaders did so, even after the State Police invaded the Church, where about seventy preachers from around the country were on their knees praying. The police picked the preachers up, carried them out, threw them on the lawn - and **padlocked** the church. Typically, the Prostitute National Press squelched the story for a long time. Your reporter gave it substantial coverage, in our daily, nationally syndicated, radio news commentary; and was told by many listeners with vehemence that no such outrage had happened or could happen in America."

On **April 15**, 1987 both Stang and Hansen were back at the Louisville church, attending a conference on liberty. They received a message from Hansen's wife that two U.S. marshalls had arrived at Hansen's home. She told the marshalls that Hansen was flying home from Omaha that night. The marshalls said they would "pick him up and take him home." Other marshalls, without a warrant, arrested Hansen at Eppley Airport in Omaha, and threw him into the Douglas County jail. From there he was flown in chains to Washington, where they booked him into the Alexandria City Jail under the assumed name, "Fred Smith." Neither Hansen, his wife, nor his attorney knew that an assumed name had been used. The purpose of these Gestapo tactics was to prevent Hansen from testifying at the Congressional hearings on the "taxpayers' bill of rights," of which he was the author. According to Stang:

"George was thrown into a dark basement cell full of cockroaches and lice, surrounded by drunks... He had to sleep in a bunk too narrow to contain him, and wear his Omaha coveralls for ten days... George is 6'6" tall, and weighed 270 pounds when the daymare began... Congressman Hansen was imprisoned under a law that contains no criminal penalties."

THE NATURE OF THE IRS BEAST

The Declaration of Independence talks about "swarms of officers to harass our people, and eat out their substance." Thomas Paine and Thomas Jefferson understood that taxation is the modern incarnation of **cannibalism** -- "eat out their substance." The IRS is a gang of modern cannibals.

To the IRS the U.S. Constitution is a joke. The fear of the IRS is so pervasive that, with the exception of a few individuals, no policeman, judge, politician, or U.S. President will lift a finger to curb the IRS. Like the Gestapo in Nazi Germany, the IRS can do whatever it likes to terrorize, consume, and destroy -- "the power to tax is the power to destroy."

The primary purpose of the IRS is to implement "public policy," which includes converting citizens to the "state religion." The IRS's main weapon is fear. Karl Marx, in *The Communist Manifesto*, advocated a heavy, progressive income tax and the abolition of private property as essential means for achieving communism - the IRS is a tool for moving the U.S. closer to socialism. Eliminating private schools is also "public policy" -- Marx advocated compulsory state education.

Most bankers, judges, and politicians are in league with the IRS -- a Grand Coalition for Economic Rape. The politicians and bureaucrats create the huge debts, which initiate the issue of currency. The Federal Reserve bankers create the debt-currency which must be repaid. The IRS collects taxes to pay the Federal Reserve Bankers interest and capital. The commercial bankers provide the IRS with information they use to rip off their victims. The judges jail the dissidents.

IRS rape is more than economic. It is also emotional and psychological: induce fear. IRS rape is intellectual: destroy private schools. It is also religious: destroy private churches. IRS rape is also legal rape: subvert and corrupt judges and the legal system. It is also political: destroy public officials who oppose it.

As a nation the U.S. may collapse before the IRS is curbed or abolished. But as an **informed individual**, your chances of beating them are very high. Tax attorney Donald W. MacPherson (*Tax Fraud & Evasion: The War Stories*) calculates the chances of an individual being prosecuted in any given year being about 1 in 70,000; and the chances of being jailed at 1 in 146,000. As a general rule, the IRS goes after the "easy pickings." In reality you don't deal with the "IRS monster," but with individual bureaucrats - often not the most competent individuals. Once you know the major weaknesses of the IRS - the soft belly of the monster - you have little to fear. You don't have to passively submit to their economic and other forms of rape. **To the informed individual the IRS really is a paper tiger.**

"[I]n a recent conversation with an official at the Internal Revenue Service, I was amazed when he told me that, 'If the taxpayers of this country ever discover that the Internal Revenue Service operates on 90% bluff, the entire system will collapse.'"
-- Senator Henry Bellmon, 1969

"The entire, increasingly rickety, structure is designed to preserve the secret of the "income tax"; which is that - as presently applied to working people - it has been perverted into a direct tax on the source without apportionment. Such a tax is as illegal today as it was when the Founding Fathers wrote the Constitution. That is the secret our friends at I.R.S. are trying to hide."
-- Alan Stang, 1988

"It is a proven fact: the men and women of the Internal Revenue Service **can** be beaten. If you remain, in spite of this revelation, fearful, it is **your** choice. This is not to say you should feel now the expert in tax matters. We have barely scratched the surface. But at the very least, you should have learned that the **Bully** has a soft belly, an Achilles heel, and is

mentally and physically **lazy**. Not only a coward, he is a **paper tiger**."
-- Donald W. MacPherson, 1989

The Economic Rape of America - Chapter Eight

HISTORY AND THEORY OF TAX AND STATE

You have sown much, and harvested little; you eat, but you never have enough; you drink, but you never have your fill; you clothe yourselves, but no one is warm; and you that earn wages earn wages to put them into a bag with holes.

-- Haggai 1, verse 6

"... [W]hen it is no longer worth the producers' while to produce, when they are taxed so highly to keep the politicians and their friends on the public payroll that they themselves no longer have a reasonable chance of success in any economic enterprise, then of course production grinds to a halt... When this happens, when the producers can no longer sustain on their backs the increasing load of the parasites, then the activities of the parasites must stop also, but usually not before they have brought down the entire social structure which the producers' activities have created. When the organism dies, the parasite necessarily dies too, but not until the organism has paid for the presence of the parasite with its life. It is in just this way that the major civilizations of the world have collapsed."

-- Professor John Hospers, 1975

The history of taxation is also the history of the rise and fall of civilization. It is the history of economic rape. From the history of taxation we can learn...

TAX IN EGYPT, ROME, AND THE MIDDLE EAST

Charles Adams wrote a superb book, *Fight, Flight and Fraud: The Story of Taxation*. It is a comprehensive analysis of the history of taxation in the context of the rise and fall of civilizations. Starting with Egypt, Adams says:

"The most impressive analysis of Egypt's demise came from the great Russian scholar Rostovtzeff. He believed, after a lifetime of study, that the decay in Egyptian society was the result of lawlessness in the bureaucracy, especially the tax bureau. The king could not restrain it and his orders went unheeded. Rostovtzeff felt that the continual and unabated tyranny of Egyptian tax collectors produced a nationwide decline in incentive. Egyptian workers and farmers lost their desire to work - agricultural lands fell into disuse, businessmen moved away and workers fled. Sound money disappeared as a raging inflation destroyed what capital there was. The land became filled with robbers who wrecked commerce and brought fear and despair to the populace. Boating and sailing along the Nile became as dangerous as walking at night on the back streets of New York and Detroit. In the end, thieves were no longer only in the tax bureau - they were everywhere."

Adams devotes several chapters to Roman taxation and concludes:

"The prevalence of crippling taxation prior to the fall of Rome has led many historians, in all ages, to suspect that Rome, like so many great empires, taxed itself to death. Recently, the tax theory of the Fall has become unfashionable among many scholars - perhaps because of our own tolerance for heavy taxation. No one likes to think we are writing our own obituary when we draft modern tax legislation. If our civilization is to be destroyed, we like to think it will happen Hollywood-style - a cataclysmic event like an atomic war, an ecological blunder, or some other dramatic happening. Certainly not something so simple and dull as everyday taxation."

"At first, the Muhammadans came as liberators and brought relief to the inhabitants of an over-taxed and enslaved Roman world," writes Adams, but finally:

"The Moslems had led the world right back to where it was before they had arrived on the scene. Only the names had changed. Moslem tax men ended up rivaling the worst of the Roman Empire. Perhaps this picture of Moslem tax chiefs, written centuries ago, best illustrates the end-product of their tax system: "They were cruel rascals, inventors of a thousand injustices, arrogant and presumptuous... They were the scourges of their age, always with a causeless insult ready in their mouths. Their existence, passed exclusively in oppressing the people of their time, was a disgrace to humanity."

Today the IRS uses informers extensively. They receive a percentage of all taxes collected as a result of the information they provide. The IRS even conducts seminars on how to induce people to inform on one another. Contrast this to Emperor Constantine, who abolished torture, crucifixion, and tax informers. He regarded tax informing as more evil than crucifixion. In the year 313 AD he ordained:

"The greatest scourge of mankind, the detestable race of tax informers, must be stopped. We must stifle it in its first efforts and tear out the pernicious tongue of envy. Let not the judges receive... the information of the informer; let them be given up to punishment as soon as any of them appear."

This is the earliest historical record of the Exclusionary Rule, which forbids the use in court of illegally obtained information. What would Constantine have thought of our present bankers who serve as tax-informer handmaidens to the IRS?

TAX IN ENGLAND

In 1215 King John of England was compelled to sign the Magna Carta or "great charter." The Magna Carta guaranteed free trade to merchants within England. It also established the principle of "separation of powers." According to Adams:
"The king could spend but not tax. Parliament could tax but not spend. As long as the power to tax and the power to spend were separated, the rights of Englishmen would live forever, especially the right to be free from oppressive taxation. Today the principle of separation of powers means something quite different. Our current runaway taxation is the natural consequence of our abandonment of that ancient English practice. We live in a

pre-Magna Carta world in which we - like the subjects of King John - can be 'pilleth with taxes and tallages unto the bare bones.'"

The first **income** tax was introduced in England in 1404. Very little is known about this tax, because Parliament had every written document and record about it destroyed. Obviously, a substantial number of people recognized it for the evil it was. A short poem about it did survive:

"A monstrous birth shewn to the world,
to let it know what could be done,
and concealed by historians,
and the world might not know
what may not or ought not to be done."

The next income tax in England was implemented in 1799 in the form of the British Income Tax Law. It was adopted to raise revenue to fight Napoleon. According to Adams, "The tax returns of this law show a remarkable similarity to the returns we prepare each April." This 10 percent income tax was adopted on a temporary basis, to be abolished six months after the war with Napoleon ended. However, in 1816 it was still in operation. Most Britons hated the tax and the leader of the opposition "hoped that the country would rise up as one man against it... This extension of bureaucratic power into everyday life might be the herald of an all-embracing tyranny." The tax was repealed by a large majority. Parliament, as with the 1404 income tax, ordered that all the government income tax records be destroyed.

In 1842 Sir Robert Peel adopted a "temporary" 3 percent income tax, which was supposed "to be repealed as soon as government revenues were in balance." Peel admitted, "A certain degree of inquisitorial scrutiny is... inseparable from an income tax." William Gladstone was determined to abolish the income tax. He said, "The inquisition it entails is a most serious disadvantage, and the frauds to which it leads are an evil such as it is not possible to characterize in terms too strong." But the income tax was never repealed. And in 1911, Professor Seligman, a leading American economic scholar observed that the tax had never risen above 6 percent, and the "early complaints against the inquisitorial character of the tax have long since well-nigh completely disappeared."

During the nineteenth century the German states also introduced income tax. According to Adams:

"Unlike the British, the Prussian system summoned taxpayers before revenue authorities for examination. All taxpayers were required to declare and pay their tax. Prussian surveillance was so extensive that one German legislator declared, "The country is covered with a perfect system of espionage." But Prussian oppression was of no concern to the democratic West. Seligman dismissed the Prussian system as an aberration. Such an inquisitorial system "would be impracticable almost anywhere else... Nowhere else are the people so meek in the face of officialdom. In no other country in the world would it be possible to enforce so inquisitorial a procedure as we have learned to be customary in Prussia."

In a few short years this observation by the leading tax expert in America would be contrary to the course of development of every income tax system in the world. The very worst fears of the alarmist in the Napoleonic era would come to pass. The spirit of Britain's modest income tax would become outmoded and unworkable; while the spirit of the Prussian income tax system would soon infect every nation on earth. In short, the British invented the form of our modern income tax laws - but the Prussians gave us the muscle by which they now operate."

THE AMERICAN TAX REVOLUTION

The revolt of the Thirteen Colonies of British North America was rooted in taxation. After the war of independence there was general agreement that there should not be a national government with taxing power. In 1773 Benjamin Franklin had written an article: "Rules by which a Great Empire may be reduced to a Small One." Examples:

- "But remember to make your arbitrary tax more grievous to your provinces, by public declarations importing that your power of taxing them without their consent has **no limits**; so that when you take from them without their consent one shilling in a pound, you have a clear right to the other 19."
- To make your taxes more odious, and more likely to procure resistance, send from the capital a board of officers to superintend the collection, composed of the most **indiscreet, ill-bred, and insolent** you can find... If any revenue officers are **suspected** of the least tenderness for the people discard them. If others are justly complained of, protect and reward them. If any of the under officers behave so as to provoke the people to drub them, promote those to better offices... "

THE AMERICAN TAX WAR

Adams provides conclusive evidence that the American Civil War - more accurately, "the Rich Man's War and the Poor Man's Fight" - was caused by taxation. I think we should call it the "American Tax War." At the time the South paid about three-quarters of all federal taxes. The tax system shifted wealth from the South to the North. The proverbial "straw that broke the camel's back" was the Morrill Tariff, passed by Congress in 1861, and signed by Abraham Lincoln. According to Adams:

"It doubled the rates of the 1857 tariff to about 47 percent of the value of the imported products. This was Lincoln's big victory. His supporters were jubilant. He had fulfilled his campaign and IOUs to the Northern industrialists. By this act he had closed the door for any reconciliation with the South. In his inaugural address he had also committed himself to collect customs in the South even if there was a secession..."

Jefferson Davis, the first president of the Confederacy, justified secession in his inaugural address by making reference to the Declaration of Independence then emphasizing the import tax issue."

The North, led by Abraham Lincoln, practiced economic rape against the South. The result was a war in which more than 300,000 died. The Civil War was fought over taxes, not slavery. It was two years after the start of the war before Lincoln issued the Emancipation Proclamation. Can we surmise that by 1861 Americans had forgotten the history lessons they could have learned from 1776?

THE BIRTH OF BIG BROTHER

According to Adams:

"The year 1894 may have been civilization's most important tax year. Britain adopted new death duties with progressive rates and the United States adopted an income tax. The progressive rates in Britain soon applied to income taxation everywhere. The taxing habits of civilization would never be the same again. In the United States the income tax and the estate tax would soon revolutionize society. The connection between the real 1894 and Orwell's fictitious *1984* may turn out to be more than a transposition of numbers. If Orwell's society with its all-seeing Big Brother comes to Western Civilization, roots of that Frankensteinian monster may be traced to the tax laws of 1894."

Have you ever wondered why Big Brother uses the term "duty?" Death duties, import duty. It is your "duty" to pay your "fair share." People who don't pay their "duty" or "fair share" are "tax cheats."

Adams quotes the reaction of a former British Chancellor of the Exchequer to the 1894 income tax:

"But where are you going to find a standard of what it is right to take? ... I think the standard will vary from Parliament to Parliament and from majority to majority; and the principle of taxation will depend on the wave of public opinion, and not on the equality of taxation which has been insisted upon in our finances... I am anxious that this graduation should not become a kind of scaffolding for plunder... there is the possibility of inflicting injustice after injustice because you will have no standard to guide you - no landmarks to place along this road of taxation."

Within a year of passing the 1894 U.S. income tax, it was challenged in the Supreme Court in the case Pollock v. Farmers Loan and Trust Co. A lawyer summed up the importance of the case:

"No member of this court will live long enough to hear a case which will involve a question more important than this, the preservation of the fundamental rights of property and equality before the law, and the ability of the United States to rely upon the guarantees of the Constitution... There is protection now or never."

The 1894 income tax was a 2 percent tax on income above \$4,000. Only 2% of the population had that high an income. One lawyer argued, "If the rate is 2 percent today, it could be 20 percent tomorrow." Another said, "Once you have decided that the many can tax the few, it will be impossible to take a backward step." The **Supreme Court repealed that income tax as unconstitutional**. Today practically all U.S. judges, in tax matters,

will rule references to the Constitution inadmissible. If a defendant persists in raising Constitutional issues, the judge will find him or her guilty of contempt and impose a jail sentence!

In 1913 - the same year the Federal Reserve Act was passed - the Sixteenth Amendment was adopted. (Though some claim that it was never legally ratified.) It states:
"The Congress shall have the power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, without regard to any census or enumerations."

In *To Harass Our People: The IRS and Government Abuse of Power*, Congressman George Hansen asks:

"By what possible stretch of the imagination can current IRS procedures be justified under this Amendment? Does the Sixteenth Amendment repeal the First, Fourth, Fifth, Sixth, Seventh, Eighth, Ninth and Tenth Amendments? Certainly the examples in this book would indicate that the IRS seems to think so."

So 1913 gave birth to our income tax and the modern IRS. Throughout the latter half of the 19th Century, the British income tax rate remained at 3 percent. Proponents of the U.S. income tax held this up as proof that fears of runaway tax rates were unfounded. According to Charles Adams:

"... [T]he United States Constitution intended to prevent Congress from having a blanket power to tax without standards assuring fairness and preventing oppression. The current horrors in America's income tax law, which President Carter called "a disgrace to the human race," came about because Congress has no standards to follow. As a result the words of Hamilton in *The Federalist* have come to pass - the federal government has "trampled on the rules of justice," as he predicted."

In *Restoring the American Dream* Robert Ringer writes:

"When the Sixteenth Amendment to the Constitution became law in 1913, an important step was taken in laying the groundwork for the destruction of the spirit that had made America the freest, strongest and most prosperous country in history. ... [T]he powerholders of that day arbitrarily decided (as they do through all Amendments) to take away a right guaranteed by the Constitution.

The key element in the Sixteenth Amendment was that it gave government the power... to levy taxes against incomes. Just as important, it left the interpretation of the word "income" up to the courts, which meant that from that point on the rules could be changed at the discretion of the government."

In 1910 Senator Richard E. Byrd had this to say about the passage of the Sixteenth Amendment:

"It means that the state must give up a legitimate and long-established source of revenue and yield it to the Federal government. It means that the state actually invited the Federal government to invade its territory, to oust its jurisdiction and to establish Federal dominion within the innermost citadel of reserved rights of the Commonwealth. This

amendment... will extend the Federal power so as to reach the citizens in the ordinary business of life. A hand from Washington will be stretched out and placed upon every man's business; the eye of a Federal inspector will be in every man's counting house.

The law will of necessity have inquisitorial features, it will provide penalties. It will create a complicated machinery. Under it businessmen will be hauled into courts distant from their homes. Heavy fines imposed by distant and unfamiliar tribunals will constantly menace the taxpayer.

An army of Federal inspectors, spies and detectives will descend upon the state. They will compel men of business to show their books and disclose the secrets of their affairs. They will dictate forms of bookkeeping. They will require statements and affidavits. On the one hand the inspector can blackmail the taxpayer and on the other, he can profit by selling his secret to his competitor.

When the Federal government gets a stranglehold on the individual businessman, state lines will exist nowhere but on the maps. Its agents will everywhere supervise the commercial life of the states... "

CAN WE CHANGE OR ABOLISH THE IRS?

According to Charles Adams (*Fight, Flight and Fraud: The Story of Taxation*):
"In 1974, decriminalization of tax offences was suggested by Donald Alexander, tax chief for the United States - a move which would have curtailed the operations of the "special agents" of the IRS. These "tough guys" of the revenue, who had become a kind of institutionalized J. Edgar Hoover, were not about to have their power diminished. Alexander's character was attacked and eventually a grand jury was called to look into his activities. In the end, Alexander abandoned his plan and acknowledged that about all he accomplished was the activation of his bleeding ulcer."

And according to Congressman Hansen:

"Without commenting on their guilt or innocence, responsibility or lack of same, I am here raising the question that if the subject of national concern is the abuse of the civil rights of our citizens, **where is there a single indictment or prosecution** of an IRS official or employee for proved violations of decent citizens?"

The answer is that there have been none and there will be none. When a Commissioner of Internal Revenue can say to the House Committee on Ways and Means that "the truth is that... the only way we can keep people in line, the only way we can keep them honest... is to keep them afraid," then we know that the IRS is immune from retribution. Every prosecutor, every judge, every legislator, as well as every citizen, is subject to the same fear.

In his "House Divided" speech Abraham Lincoln told us an eternal truth. No nation can exist half slave and half free. We have, almost inadvertently, created an agency within the

government at war with our freedoms. If it is not curbed, in our view, if it is not destroyed, it will inevitably control us all."

On April 17, 1991 Patrick Buchanan's syndicated column appeared in the *Blade-Citizen* under the heading, "Abolish the Federal Income Tax?" He starts off with some history. Up to 1913 the federal government got its revenue from tariffs and fees. From 1789 to 1913, the U.S. developed from a small farming community into "the greatest industrial power on earth - with growth rates unequaled since."

After the passage of the Sixteenth Amendment in 1913, federal income tax was imposed. The rate was one percent for incomes over \$3,000 (\$4,000 for married couples). For incomes between \$20,000 and \$500,000 the rate went up to 6%. By 1950 the average family was taxed two percent of its income by the IRS. By 1990, however, it had gone up to 24 percent.

Buchanan suggests that the income tax be replaced by a federal retail sales tax of 16 percent. Taxes on corporations, estates, and gifts would also be abolished. The federal government would still get the same income. Advantages:

- Savings would explode.
- Corporations would be much more profitable.
- More capital would be available.
- U.S. goods would be cheaper and could compete more favorably in international markets.
- The IRS could be virtually shut down - 94 percent of its work involves income taxes.
- All the time wasted on filling out tax forms would be saved - 5.3 billion man-hours per year = \$53 billion at \$10 per hour. No April 15th.
- The underground economy that now evades most taxes, "could not escape the 16 percent sales tax at the grocery store, restaurant, department store or auto showroom.
- Foreigners and illegal aliens would pay taxes through their purchases.
- Would yield an extra \$100 billion in tax.
- No harassing waitresses.
- Accounting expenses eliminated.
- Hundreds of thousands of IRS agents, tax lawyers, and accountants would be released for productive work.
- Workers would take home all the money they earned, including overtime.
- America would become the best country in the world to work and invest in.
- Foreign capital would flood into the country, creating millions of new jobs.

In my opinion, such a tax would still involve a huge police force; millions of people will evade it. Be that as it may, what really needs to be abolished is the taxing power, including the "currency-tax." Any monopoly power to issue currency is also a taxing power. The issue of monopoly currency transfers value from the producer to the issuer. It

is a hidden tax. It manifests as price inflation - the loss of value of the currency. The IRS represents a second taxing power. Both taxing powers need to be abolished.

It is no accident that both the Federal Reserve System and the modern IRS have their origins in 1913. The same senator Nelson Aldrich who played a key role in passing the Federal Reserve Act, was also the kingpin that pushed the Sixteenth Amendment through Congress. As we saw in Chapter Three, Aldrich was the grandfather of Nelson Aldrich Rockefeller. Around the end of WW II, income tax withholding was introduced. One of the prime movers of withholding was Beardsley Ruml, Chairman of the Federal Reserve Bank of New York. Could this mean that the IRS is really the Gestapo of the Federal Reserve Bankers?

THE PRINCIPLES OF TAXATION

From the history of taxation, I believe we can deduce certain principles. In moments of wishful thinking, I imagine that somewhere, sometime some clever people will create a civilization where these principles are understood and applied:

1. Tax is terminal. Any civilization that introduces taxation will eventually tax itself to death.
2. Generally a civilization has a lifespan of more than a hundred years. The time period between the introduction of taxation and the collapse of the civilization also tends to be more than a hundred years. This period is more than the current human lifespan. Taxes tend to start at a low rate and are gradually increased over many years - "the frog that is gradually cooked." Also, the introduction and raising of taxes are invariably accompanied with extensive propaganda to brainwash taxpayers. For these reasons it is very difficult for an individual to appreciate the nature of taxation and its consequences.
3. The monopoly power to issue currency is a power to tax in the form of inflation. Anyone with a monopoly power to issue currency, will use this power to tax users of the currency at a gradually increasing rate, until the currency loses all its value.
4. Tax is theft, legalized robbery, crime. Some people use intimidation, fraud, coercion, force, threat of force, violence, and terror to rob other people of their property, the fruit of their labor. Tax is economic rape. In the final analysis, tax is collected at the point of a gun.
5. Tax is parasitism. It involves some people living as parasites off the production of others.
6. Tax is the modern incarnation of cannibalism. Property, including what we produce, are extensions of our bodies - human capital. Taxation is the forcible, cannibalistic consumption by some of the human capital of others - "eat out their substance." Tax destroys human capital.
7. Tax penalizes the producer and rewards the destroyer - it takes from the producer and gives to the destroyer. Over time this leads to destruction of production.
8. Tax is like cancer. Once it takes hold in a society it grows and spreads.
9. Tax establishes the moral principle that might is right, the strong take from the weak, the many from the few. Tax destroys morality.

- Morally, tax is similar to a mafia protection racket - with the difference that the mafiosi operate in a simple, straightforward manner ("Pay up, or else!"); while tax collectors clothe their economic rape in high-sounding hypocrisy ("Pay your fair share!; for the good of society!; voluntary compliance!").
10. Tax laws, rules, and regulations grow in number and complexity to the point that any taxpayer can be prosecuted for being a tax criminal, no matter how much tax he or she pays.
 11. With few exceptions, "tax reform" increases taxes and makes the tax laws, rules, and regulations more complex, numerous, and voluminous. As this happens, the taxed society develops a class of "tax protectors" - attorneys, accountants, and advisors, who take advantage of "tax loopholes." But many of them merely use the tax system to prey off its victims.
 12. Over time, in every taxed society, tax collectors tend to become more vicious, violent, and criminal - eventually becoming a terrorist Gestapo.
 13. Tax collectors develop informer and entrapment systems. They encourage neighbor to spy upon neighbor. Banks become a central part of their informer-network. They use secret agents to provoke their victims into committing "tax crimes."
 14. In every taxed society the justice system becomes closely linked with the tax system. Judges become corrupt tax collectors. The police becomes a criminal class. People lose all respect for "the law."
 15. In every taxed society the tax system develops into a social control mechanism that is particularly used against "dissidents" and "public enemies" who can't be otherwise neutralized.
 16. In every taxed society the tax system is used to violate individual rights and to eventually destroy individual liberty.
 17. In every taxed society the most devious, parasitic and cannibalistic criminals tend to rise to the top. The "great leaders" of a taxed society tend to be the most murderous monsters of history.
 18. Tax finances war. The power to tax is the power to conduct war.

LITURGY, ONE ALTERNATIVE TO TAXATION

We live in a world of infinite possibility, but in a culture of severe limitation. We have been brainwashed with "nothing is as certain as death and taxes." For us to imagine a world without taxes is almost like a fish trying to live other than in water. We are stuck in constricting constructions of thought like, "If we don't have taxes, we must have "X" as the only alternative; "X" is evil; therefore we must have taxes." The fact is, however, that we have an infinite number of alternatives to taxation potentially available to us. We just have never thought of them.

Nevertheless, the ancient Greeks did think of an alternative to taxation. Charles Adams, in *Fight, Flight and Fraud: The Story of Taxation*, describes it as "revenue sharing without bureaucracy":

"When a city needed a new public improvement or activity, such as a bridge, or perhaps a play or festival, the leading citizens were called upon to provide what was wanted. It was

not a tax or confiscation of any kind. Called a liturgy, this was a voluntary contribution to the city-state. It was enforced by nothing more than tradition and strong public sentiment. Public amusements, athletic games and military equipment were purchased by rich citizens and donated to the city. A certain amount was expected of each rich citizen, but most of them gave more than was asked...

The practice of liturgies created a new sense of private property. Those who had wealth held it in a kind of voluntary trust for the city. Ownership of property involved duties more than it involved rights. This was the Greeks' brilliant alternative to government ownership and bureaucratic control which typified the oriental despotisms of that day and the governments of our day. The rationale was that property, by the natural order of things, was bestowed on those best able to acquire and manage it, but those so endowed were obligated to hold it for the community as it was needed. This system permitted the management of the excessive wealth of the private citizen for the whole community without government bureaucracy - something no other people has been able to do, either before or since the days of the ancient Greeks. Waste and inefficiency that is so inherent in bureaucratic life was replaced by private enterprise for the public good.

The private donor actually managed and directed the public improvement or activity. If a bridge was needed the wealthy citizen actually built the bridge. For his work and money the donor was honored. The city-state government had little to do except to push the project along. Under the system the public received the most from the donor's money. His management talent was free.

Today we shift a great deal of private wealth to the public sector through heavy taxation and government-managed expenditures. The costs are enormous. Worst of all is the spirit of the whole operation. The donors are neither respected nor honored for their benevolence. In fact, the taxpayer, however high the tax he pays, does not know where his money goes. He pays because the alternative is prison and he never pays more than the law demands, if that much. Paying three or four times as much tax as the law demands is unheard-of in our society. Our governments exact taxes with the arrogance of an owner, somewhat like the attitude of Louis XIV as expressed by one of his aides: "All the wealth of his subjects was his, and when he took it he took only what belonged to him." This is the attitude of the despots, which the Greeks understood so well and tried so hard to avoid through the system of liturgies.

Scholars have taken strong positions both for and against the liturgy. It cannot be questioned, however, that the liturgy was the device by which the Greeks achieved civilization without despotism. When a government takes wealth by force and claim of right, it is inclined to trample on the people's property rights and liberties. On the other hand, if private wealth is spent without social conscience on the extravagances of individuals, the less fortunate suffer and are often driven to violence and revolution. The liturgy was a solution to the dilemma of too much versus too little government intervention in the accumulation of private property. The interests of the community and the individual were reasonably balanced. The liturgy respected private property, but it also induced the wealthy to shoulder the main burden of providing for the needs of the

community - and the genius of the system lay in the fact that no police power was needed to achieve those ends.

Under a liturgy system there is no place for the games of avoidance and evasion that characterize our tax systems. Loopholes, tax gimmicks and tax shelters have no place. Every citizen should shoulder his fair share of the costs of maintaining government and providing for the needs of the community. This kind of patriotism is not jingoistic; without it liturgy will not work.

The Greek practice of liturgies survived the city-states. But when the Romans demanded liturgies from their conquered cities with the muscles of the legions, this was no longer voluntary contribution. Now it was legalized robbery or, to be more sophisticated, the confiscation of private property for government use without just compensation."

THE ORIGIN AND DEVELOPMENT OF THE STATE

In *Parliament of Whores*, P.J. O'Rourke describes a town meeting in "Blatherboro," New Hampshire. It is a little town whose inhabitants are extraordinarily decent. The citizens are educated, sensible, and all employed. In 1989 the town spent \$21,000 on public assistance. All the money was supplied by private charitable donations. But, writes O'Rourke:

"... [T]he result of the annual town meeting is always a stupid and expensive mess. Much of the stupidity is common to all government... Blatherboro has fifteen police officers - the same ratio of police to population as New York City. The annual Blatherboro police budget is \$425,000. This in a town that, in 1989, had 520 crimes, of which 155 were minor incidents of teenage vandalism. The cost of police protection against the remaining 365 more or less serious malefactions was \$1,164 each - more than the damage caused by any of them."

O'Rourke then describes the school system. The drop-out rate is around 36% - similar to the rates in most inner-city slums. Yet in Blatherboro they spend three times the national average per student. He describes other stupidities, like Blatherboro having to build a \$6.2 million unnecessary water system in order to comply with the Safe Drinking Water Act of 1982. Failure to comply would have subjected the town to a fine of \$25,000 per day.

Then came the great sewer debate. A golf-course developer had handled all the legal obstacles in order to build a golf course and a condominium complex. He had punctiliously met all the requirements of the Planning Board and other agencies - he obtained forty-seven permits from eleven different government agencies. Construction was already underway. But some of the townspeople wanted to "control growth." The last possible way to stop the development was to pass a local regulation requiring that any extension to the town's sewage system costing more than \$50,000, would have to be approved by a special town meeting! O'Rourke continues:

"It was at this moment, in the middle of the Blatherboro sewer debate, that I achieved enlightenment about government... It wasn't mere disillusionment that I experienced. Government isn't a good way to solve problems; I already knew that. And I'd been to Washington and seen for myself that government is concerned mostly with self-perpetuation and is subject to fantastic ideas about its own capabilities. I understood that government is wasteful of the nation's resources, immune to common sense and subject to pressure from every half-organized bouquet of assholes. I had observed, in person, government solemnity in debate of ridiculous issues and frivolity in execution of serious duties. I was fully aware that government is distrustful and disrespectful toward average Americans while being easily gulled by Americans with money, influence, or fame. What I hadn't realized was **government is morally wrong**.

The whole idea of our government is this: If enough people get together and act in concert, they can take something and not pay for it. And here, in small-town New Hampshire, in this veritable world's capital of probity, we were about to commit just such a theft. If we could collect sufficient votes in favor of special town meetings about sewers, we could make a golf course and condominium complex disappear for free. We were going to use our suffrage to steal a fellow citizen's property rights. We weren't even going to take the manly risk of holding him up at gunpoint."

The first imperative of human behavior is: **Survival or self-preservation**. The second imperative is: **Obtain the means for survival through the least effort**. There are two basic ways to obtain the means for survival: **Working** and **Stealing**. Working is called the **economic means**. Stealing is the **political means**. The private sector or free market utilizes the economic means; the public sector or government, the political means. In his book *The State*, Franz Oppenheimer says:

"The State, completely in its genesis, essentially and almost completely during the first stages of its existence, is a social institution, forced by a victorious group of men on a defeated group, with the sole purpose of regulating the dominion of the victorious group over the vanquished, and securing itself against revolt from within and attacks from abroad. Teleologically, this dominion had no other purpose than the economic exploitation of the vanquished by the victors. No primitive state known to history originated in any other manner."

Oppenheimer was a sociologist who studied many peoples: Americans, Barbarians, Chinese, Dutch, Egyptians, Franks, Germans, Huns, Indians, Japanese, Kafirs, Lapps, Macedonians, Normans, Ostrogoths, Quakers, Romans, Saracens, Turks, Ugivarks, Vikings, Wassanai, Xhosas, Yankees, Zulus, and many others.

So Moses said to the people, "Arm some of your number for the war, so that they may go against Midian, to execute the Lord's vengeance on Midian. You shall send a thousand from each of the tribes of Israel to the war." So out of the thousands of Israel, a thousand from each tribe were conscripted, twelve thousand armed for battle... They did battle against Midian, as the Lord had commanded Moses, and killed

every male... The Israelites took the women of Midian and their little ones captive; and they took all their cattle, their flocks, and all their goods as booty. All their towns where they had settled, and all their encampments, they burned, but they took all the spoil and all the booty, both people and animals. Then they brought the captives and the booty and the spoil to Moses... Moses became angry with the officers of the army, the commanders of thousands and the commanders of hundreds... Moses said to them, "Have you allowed all the women to live? These women here... made the Israelites act treacherously against the Lord... so that the plague came among the congregation of the Lord. Now therefore, kill every male among the little ones, and kill every woman who has known a man by sleeping with him. But all the young girls who have not known a man by sleeping with him, keep alive for yourselves.

Numbers 31, verses 3-18

Oppenheimer describes four stages in the development of the state. The **first** "comprises robbery and killing... of men, carrying away of children and women, looting of herds, and burning of dwellings."

The **second** stage starts when the conqueror spares his victim in order to exploit him. It is the origin of slavery. The victim, ceases to resist and becomes a slave who pays tribute to the conqueror.

The **third** stage comprises the "integration" of the master and slave, involving a "stream of sympathy, a sense of common service."

The **fourth** stage occurs when the master and the slave have been "integrated" to the point that they speak the same language, a union between the ethnic groups has developed on a defined territory.

I see three further stages. The **fifth** stage involves the development of a third class: the welfare-recipient. In the U.S. this stage started in the early thirties. We now have three classes: masters, slaves, and welfare-recipients.

The **sixth** stage occurs when the burden of the slaves in supporting the masters and the welfare recipients, becomes too onerous for the slaves to tolerate and they revolt. Hyperinflation may also occur.

The **seventh** stage is a hypothetical stage we may never reach. In stage seven people have abandoned the political means for the economic. They have learned voluntary cooperation.

The important principle to realize is that:

AS LONG AS THERE ARE WILLING SLAVES (TAXPAYERS), THERE WILL BE MASTERS (THE STATE) TO TAX AND EXPLOIT THE SLAVES. This is because of the second principle of human behavior: **Obtain the means for survival through the least effort.**

In addition to Franz Oppenheimer, I am also indebted to George Roche for my understanding of the origin of the state. Roche is the author of a brilliant book, *America by the Throat: The Stranglehold of Federal Bureaucracy*. Basically he describes bureaucracy as the organization of the political means. Roche answered the question for me: What fundamental of human nature - what basic impulse - gives rise to the state, that is, organized theft? He writes:

"... [T]he impulse toward bureaucratic growth is fueled by simple human greed. For this we turn again to the insights of Albert Jay Nock in his classic 1935 essay, *Our Enemy, the State*. This work developed the earlier sociological research of Franz Oppenheimer, who had observed that throughout history, without exception, "Wherever opportunity offers, and man possesses the power, he prefers political to economic means for the preservation of his life." Baldly stated, men would rather steal than earn a living **if** they have a way to do so easily.

From Herbert Spencer and Henry George, Nock had learned "the formula that man tends always to satisfy his needs and desires with the least possible exertion."

These two basic principles of behavior come together in an almost blinding insight about the human condition. Nock recalled that it occurred at a luncheon with his friend Edward Epstein, to whom his book was dedicated. He described the incident in his autobiography:

"I do not recall what subject was under discussion at the moment; but whatever it was, it led to Mr. Epstein's shaking a forefinger at me, and saying with great emphasis, "I tell you, if self-preservation is the first law of human conduct, exploitation is the second."

The remark instantly touched off a tremendous flashlight in my mind. I saw the generalization which had been staring me in the face for years... If this formula (of Spencer and George) were sound, as unquestionably it is, then certainly exploitation would be an inescapable corollary, because the easiest way to satisfy one's needs and desires is by exploitation...

In an essay which I published some time ago (*Our Enemy, the State*), having occasion to refer to this formula, I gave it the name of Epstein's law... Man tends always to satisfy his needs and desires with the least possible exertion."

Armed with this insight, Nock demolished all pretense that the state could ever become a benevolent institution or serve the interests of society. The State **is the organization of the political means**. Its sole purpose is the economic exploitation of one class by another. The State originated historically for purposes of exploitation, and exploitative it remains; it cannot change its nature."

Let us explore the six stages in the development of the state in more detail. A long time ago there were four basic occupations: hunter-gatherers, nomadic herdsmen, peasant-farmers, and fishermen. One of these groups developed systematic plunder as a way of

life. It was the herdsmen, because the easiest way for them to expand their herds was to raid other herdsmen. So they started raiding each other to steal livestock. They were mobile and had domesticated horses and camels. They inhabited mainly plains and desert areas, suitable for grazing their animals, but not fertile enough for agriculture. They developed weaponry. Next they started raiding farming communities. They raided, killed, looted, and left. They became known as "hordes." This was the **first** stage in the development of the state. We could regard the organization and actions of these warrior tribes as the "state in embryo." In order to succeed they had to operate like an army. Somebody had to be in charge, and the others had to follow orders. According to Oppenheimer, they "developed a science of tactical maneuvers, strict subordination, and firm discipline." Roche sees the genesis of bureaucracy in this prehistoric military organization. He writes:

"What I, as a historian, find so interesting about all this, is that bureaucracy must have antedated government by millennia.... The irresistible conclusion is that the State was invented by bureaucrats, and not the other way around! All the evidence supports this conclusion...

In a system of violence and plunder, some must die for others to live... The plunder system is thus a sort of cannibalism, with part of the human race feeding off the rest. This is still so [today], but the system has been immensely refined."

After centuries of such raids, some bright warrior made the revolutionary discovery that the conquered peasant-farmer was worth more alive than dead. This is the origin of slavery, and the **second** stage in the development of the state. Writes Oppenheimer, "The ownership of **slaves!** The nomad is the inventor of slavery, and thereby has created the seedling of the State, the first economic exploitation of man by man."

The nomads added "human stock" to their livestock. Their nomad military bureaucracy was adapted to manage and control their slaves. According to Oppenheimer, what made this possible is that "the peasantry do not flee. The peasant is attached to his ground, and has been used to regular work. He remains, yields to subjection, and pays tribute to his conqueror; **that is the genesis of the land states in the old world.**"

Now there is a common interest between the master and the slave. The master comes to depend on the slave's tribute; and the slave, on the master's protection. Eventually they come to speak the same language. Integration of culture occurs. Emotional bonds between master and slave develop. This is the **third** stage of the development of the state.

The **fourth** stage occurs when the masters define a territory in which they own all the slaves and land. According to Roche, "The nomads have abandoned their economic role as herdsmen for a new and wholly political job. They own the territory **and** its people." But despite its bloody origin, the state, in its early stages, becomes a civilizing factor because of the common interests between the master and the slave, and the economics of slavery. Just as the herdsmen looks after their livestock, the masters care for their slaves. According to Oppenheimer:

"The raiders burn and kill only so far as is necessary to enforce a wholesome respect, or to break an isolated resistance. But in general, principally in accordance with a developing customary right - the first germ of the development of all public law - the herdsman now appropriates only the surplus of the peasant. That is to say, he leaves the peasant his house, his gear and his provisions up to the next crop... The peasant thus obtains a semblance of **right** to the bare necessities of life; so that it comes to be regarded **wrong** to kill an unresisting man or to strip him of everything."

Can we see this pattern in the original U.S. Constitution? Most of it deals with the powers of the government, including taxing powers; not too much about the rights of the people. There must have been tremendous opposition to the original Constitution, so the Bill of Rights was added to increase the rights of the people. In my opinion, it is the Bill of Rights, more than anything else, that made America a great civilization.

In its **fifth** stage of development the state becomes a "welfare state." In addition to masters and slaves, a third class arises: the welfare-recipient. The New Deal of the thirties was the flowering of stage five. There are two sub-classes of welfare-recipients: non-producers and certain state-contractors. The non-producers essentially produce nothing and live off handouts from the state. The state-contractors I refer to here are those who are overpaid for the goods or services they provide to the state. The military-industrial-complex is the prime example. Ross Perot also comes to mind. According to David Hapgood (*The Screwing of the Average Man*):

"Towering over such petty hustlers is the imposing figure of H. Ross Perot. Hardly anyone had heard of Perot when, in 1969, he was made a director of the Nixon Foundation... By the following year... Perot was worth around \$1.5 billion, and *Fortune* magazine offered the observation that no American had ever made so much money in so short a time. Perot... made his fortune out of government funds for the old and the poor. He founded an electronic data processing firm which picked off Medicare and Medicaid contracts all over the country. His bid was often higher than anyone else's, but somehow he landed the contracts, and his profit rate ran as high as 41 percent. Perot was evidently hard to resist; when New York State bureaucrats chose another bidder, Perot appeared in the office of then Governor Nelson A. Rockefeller, and on the governor's orders Perot got back on the inside track. ... [T]he fortune Perot made out of public money works out to an average contribution of almost \$19 from each taxpayer in the land."

During stage five, government becomes much more complex. Among other things, it needs to "administer" the non-producing welfare-recipients and the state-contractors. Bureaucracy and government spending start growing explosively. Taxes rise steeply.

The present U.S. is a perfect example of the next stage. Bureaucracy and government spending are huge and ballooning out of control. During the **sixth** stage of the development of the state, the state has become an almost unlimited license to steal. A morality has arisen in which people's desires have become needs, and their needs have become "rights" - which must be guaranteed by the state - like "universal health care." This morality is epitomized by a front-page headline of the Arizona Republic of July 20,

1992: "Good health 'a human right' ... The chairman of the eighth International Conference on AIDS issued a dramatic call Sunday for a new world political movement organized around the issue of health, saying it is time to "champion the principle that health is a human right, not a privilege." George Roche describes stage six perfectly:

"Physical fear of the conqueror turns into psychological dependence; the State is accepted as the supreme power, a god, a protector and dispenser of justice. Its agents assume the aura of a priestly class, in the vestments of authority; and its exactions become irresistible. No longer can subjects question the right of the State to take what it will, for their minds are enslaved along with their bodies. The state is god. The honest dealings of men give way to greed, and greed to glory. The masses are forced not to bake bread but to build pyramids."

Eventually the burden of the slaves in supporting the masters and the welfare recipients, becomes too onerous for the slaves to tolerate and they revolt. The growing tax rebellion in the U.S. is typical of stage six. The former Soviet Union completed stage six in 1991 when it broke apart. The stage six explosion of bureaucracy, and government spending and debt, may produce hyperinflation. Civilization may collapse.

After a revolution, people tend to return to an earlier stage of government or state, perhaps on a different territorial basis, as in the case of the former Soviet Union. The **seventh** stage is a hypothetical stage we may never reach. It is called , **Freedom, Self-government** or **Free Enterprise**. People have abandoned the political means for the economic. They have learned voluntary cooperation. Ancient Greece with its liturgy system probably came close to stage seven. The Declaration of Independence was an example of an advance to stage seven.

In her superb book, *The Discovery of Freedom: Man's Struggle Against Authority*, Rose Wilder Lane describes three attempts to achieve and maintain free societies. The first attempt started four thousand years ago when Abraham "taught his increasing family that men are free." It continued with Moses in Egypt, "Over and over he told them that they were responsible for themselves, that each one of them was free... " He gave them the Ten Commandments, which were **all negatives** - "Thou shalt not steal." And two thousand years ago Jesus "preached that men are free."

Lane describes the second attempt:

"About thirteen hundred years ago a self-made business man began the second attempt to establish the fact of individual freedom in practical affairs." Mohammed started teaching in Mecca that, "Each individual is self-controlling and responsible... There is no superior **kind** of man; men are humanly equal. The Emperor has no actual power over anyone... a priest is no holier or more powerful than any other man, either... Mohammed said that some men are prophets. The greatest, he said, are Abraham, Moses, and Christ... The knowledge that men are free swept across the known world... In eighty years the world was Moslem from the Indian Ocean to the Atlantic... Europeans called them Saracens...

They opened their schools; from Baghdad to Granada... These universities had no organization whatever. (Mohammed said that organization corrupts knowledge.) A Saracen university had no program, no curriculum, no departments, no rules, no examinations; it gave no degrees nor diplomas. It was simply an institution of learning. Not of teaching, but of learning. A man, young or old, went to a university to learn what he wanted to know, just as an American goes to a grocery to get the food he wants... The Saracens' free minds first grasped that concept: zero... "

Lane continues to describe the Saracens' monumental achievements in mathematics, astronomy, navigation, medicine, surgery, anesthesia, science, art, agriculture (contour plowing, fertilization, irrigation, and crop rotation), manufacturing, commerce, transport, free trade, and postal services. They created a civilization with these features:

"It is scientific, constantly increasing and using scientific knowledge. Its essential function is not war, but production and distribution of goods. It is tolerant of all races and creeds; it is humane. Its standard of living, including standards of cleanliness and health, is the highest in the world. Its tempo is increasingly rapid, and great speed in communication and transportation is necessary to its existence...

The Saracens evidently got along very well for nearly a thousand years with no law. They modified, in many ways, the pure anarchy of freedom. From the past, they kept tribal customs. They increased the natural authority of parents over children, and the natural influence of wise, able, successful men and women. Workers formed fraternal groups; these still exist, more than a thousand years old...

All these are methods of using [human] energy flexibly, in mutual action. They are ways of controlling combined human energies without restricting individual freedom... There must have been many methods of controlling by mutual consent, all the activities of that busy civilization spanning three continents with trade, discovering and increasing and applying scientific knowledge, creating and distributing an unprecedented wealth of goods and of knowledge, literature, art, architecture - constantly improving all living conditions.

There was no Authority. There was no state. There was no Church."

The third attempt to achieve a free society, Rose Wilder Lane describes, is the American Revolution: "What actually occurred, when men could act freely was a terrific outburst of human energy, changing all life-values, and utterly transforming the material world." An article in the June 1991 issue of *The Connector* describes the impact of the American Revolution:

"The Revolutionary War gave Americans something new under the sun, something that no other people throughout all of history had ever enjoyed before, with the singular exception of the ancient Israelites... Up to the American Revolution there had been only two classes of people in the world, Rulers and Slaves, Kings and Subjects, and no man or group of men had ever been able to break that mold or to change that balance of power.

That all changed with the American Revolution and for the very first time the mold was broken and the balance of power shifted. With the defeat of King George our Founding Fathers gave us a very unique Constitution which severely limited the powers of government and then added a Bill of Rights which, literally, made every man a King and free to exercise, without undue restraint, his natural talents and abilities to the fullest extent possible.

This unlimited and free exercise of personal rights and abilities resulted in what is now called the Free Enterprise system of economy. Shortly after it went into effect a virtual explosion of prosperity followed. And this prosperity, in turn, created a new class of people on planet earth which we now know as the Middle Class. For the first time man had managed to free himself from the shackles of serving other men who had kept him in bondage for thousands of years.

This cumulative effect of exercise of personal rights and abilities, free enterprise economy, prosperity and the rise of the Middle Class produced a... New Nation... that in the span of just one generation... became the crown gem of all the nations in the world. We want to point out here so it will not go unnoticed, that there have been thousands of fierce revolutions throughout all of history but not one of those revolutions produced a nation such as ours and we must ask ourselves why? Part of the answer is that those revolutions only put new faces in the seats of power but never gave men the opportunity to freely exercise their God-given rights and abilities. The American Revolution went the extra mile by making every man a King and as long as he had respect for the rights and property of all other men within that system of law agreed upon, there were no limits to how far he could spread his wings."

In his famous essay published in 1844, *The Right to Ignore the State*, Herbert Spencer wrote:

"It is a mistake to assume that government must necessarily last forever. The institution marks a certain stage of civilization - is natural to a particular phase of human development. It is not essential, but incidental. As amongst the Bushmen we find a state antecedent to government, so may there be one in which it shall have become extinct... The once universal despotism was but a manifestation of the extreme necessity of restraint. Feudalism, serfdom, slavery, all tyrannical institutions, are merely the most vigorous kind of rule, springing out of, and necessary to, a bad state of man. The progress from these is in all cases the same - less government... Thus, as civilization advances, does government decay. To the bad it is essential; to the good, not. It is the check which national wickedness makes to itself, and exists only to the same degree. Its continuance is proof of still-existing barbarism."

THE GROWTH OF BUREAUCRACY

Imagine a new kind of organism. It is the uncontested owner of a large territory with a hundred million slaves. All the organism does is cause problems. However, the slaves believe that the organism has the magical powers to solve all problems. They further believe that the more they feed the organism, the more problems it will solve. The

organism feels better, the fatter it gets. In fact, its happiness is geometrically proportional to the quantity it consumes. Of course, the organism has no competition in its territory and the slaves may not feed any other organism. Guess how large the organism grows - and what it might give birth to?

In America by the Throat: The Stranglehold of Federal Bureaucracy, George Roche writes:

"The U.S. Office of Education was a tiny, fact-finding body in 1939 when it was incorporated into a new, larger bureau called the Federal Security Agency. Few remember what the FSA was, but everyone is thoroughly familiar with what it became. After fourteen years, the FSA was promoted to the cabinet and changed its title to the U.S. Department of Health, Education and Welfare. It began life with a budget of about \$4 billion. After another twenty-six years, its budget now approaching \$200 billion a year, HEW was seen to be great with child. And like some colossal whale calving, it was delivered of a whole new Department of Education. In forty years of gestation, the tiny education bureau had grown into a cabinet department with *152 offices* of its own and a budget of \$12 billion. Its compound growth rate for the period must have outstripped a Ponzi game...

Bureaus... do not operate in the world of **doing things** with concrete purpose and clear goals. Their only purpose is to be what the reigning politicians say they should be, and move as far as they can up toward the fat end of the public trough."

Roche goes on to describe the reasons for bureaucratic growth:

- Greed. "To get a fat salary for doing nothing. To live off people."
- The "license to steal that is the state," coupled with greed. "Greed armed with a gun."
- Bureau bosses are paid, and their agencies funded, in relation to the number of bureaucrats they cultivate.
- The self-interest of the bureaucrats.
- The self-interest and the power of the state depend on its most pervasive reach and controls over society.
- "Drug addiction theory of bureaucracy." Every intervention ("fix") causes more problems, resulting in outcries for more interventions ("fixes").
- Some people resist the interventions. The bureaucrats use this as justification to expand their size and power in order to deal with the dissidents.
- Roche's first law of bureaucratic growth: "The supply of human misery will rise to meet the demand." He argues that "bureaucratic spending to "solve" any given social problem in truth represents dollar demand for more of just that problem... If Congress adjusts the qualifications for welfare - free money - potential recipients will adjust their lives to qualify."
- Roche's second law of bureaucratic growth: "The size of the bureaucracy increases indirect proportion to the additional misery it creates." He explains: "... State agencies can consume faster than we can produce. Never in sixty centuries of State history can I find a single exception to this... [I]n the State

system, bureaucracy multiplies geometrically while the resources needed to support it, from the productive economy, grow only arithmetically. Political action creates an ever-increasing demand for bureaucratic intervention, which causes damage faster than society can repair it. Never knowing when to stop, the bureaucratic power continues to expand its interventions until society itself collapses."

THE MOST BASIC ARGUMENT AGAINST GOVERNMENT

People often debate or argue about the "role of government." But there is a basic argument that is almost always overlooked. It is a very simple argument. It goes like this:

- If you examine anything being "done by government," you will find human beings doing whatever is being done. They may also use equipment and machinery, but the most important work is being done by individual human beings. If you go to a school to examine it, you will not find any "government" that runs the school. You will find a principal, a number of administrative people, and several teachers - all individual human beings. No matter what government monopoly you examine, for example a police station, you will find that the important work is being done by individual human beings. If you visit a military installation, or a court, or a jail, or a veterans hospital, or a road being built, you will find individual human beings doing the work.
- The fact that these human beings call themselves "government," does not imbue them with magical powers to do their jobs better than those individuals who do not call themselves "government."
- Furthermore, the fact that certain individuals organize themselves into an institution called "government," does not imbue them with magical powers to do their jobs better than those individuals who do not organize themselves into an institution called "government."
- In general, people who don't call themselves "government," can do anything humans can do, at least as well as people who call themselves "government."

Is there any evidence that just because people call themselves "government," or they organize themselves into an institution called "government," they can do their jobs better?

IDOLATRY

The dictionary defines "idol" as:

- A representation or symbol of worship;
- A false god;
- A pretender or impostor;
- An object of passionate devotion;
- A false conception or fallacy.

Assemble yourselves and come together, draw near, you survivors of the nations! They have no knowledge - those who carry about their wooden idols, and keep on praying to a god that cannot save.

Isaiah 45, verse 20

An idolater is a worshipper of idols. Idolatry is the phenomenon of worshipping idols. What do we call the belief in the "magical power" of government? What about the belief that because people call themselves "government" - or they organize themselves into an institution called "government" - therefore they have "magical powers" to perform miracles? Superstition, perhaps?

In *Parliament of Whores*, P.J. O'Rourke writes:

"We treat the president of the United States with awe. We impute to him remarkable powers. We divine things by his smallest gestures. We believe he has the capacity to destroy the very earth, and - by vigorous perusal of sound economic policy - to make the land fruitful and all our endeavors prosperous. We beseech him for aid and comfort in our every distress and believe him capable of granting any boon or favor.

The type is recognizable to even a casual student of mythology. The president is not an ordinary politician trying to conduct the affairs of state as best he can. He is a divine priest-king. And we Americans worship our state avatar devoutly. That is, we do until he shows any sign of weakness, and disability, as it were. Sir James Frazer, in *The Golden Bough*, said: "Primitive peoples... believe that their safety and even that of the world is bound up with the life of one of these god-men... Naturally, therefore, they take the utmost care of his life... But no amount of care and precaution will prevent the man-god from growing old and feeble... There is only one way of averting these dangers. The man-god must be killed." Thus in our brief national history we have shot four of our presidents, worried five of them to death, impeached one and hounded another out of office. And when all else fails, we hold an election and assassinate their character."

WE NEED PLANNING, COORDINATION, AND MANAGING

Certain "communal" activities need to be performed. For example, in a city certain things need to be planned, coordinated, and managed. If you go to any city, you will find some human beings doing just this. They may use computers and other equipment, but the essential planning, coordination, and managing is always done by human beings. If you visit a large company, you will find the same thing. We absolutely do need planning, coordination, and managing. We have it. People do it.

**DO WE ALSO NEED COERCION,
VIOLENCE, AND MONOPOLIES?**

Generally, the people who call themselves "government" operate on a different basis from that of the people who don't call themselves "government." The following assumptions seem to underlie the behavior of the people who call themselves "government":

- We are the only ones qualified to do the things we do; therefore we must have a monopoly to do the things we do and no one else may do them.
- In particular, we must be the only ones who have a monopoly on legalized violence.
- Because we are so highly qualified, we can't persuade people to do what we want; therefore we must use coercion, violence, and armed police to force them to follow our orders.
- Because we are so highly qualified, we can't persuade people to pay for our wonderful services; therefore we must use coercion, violence, and armed police to force them to pay.
- Because we do our jobs so well, we must use coercion, violence, and armed police to force people to not compete with us.
- Some of our friends (who don't call themselves "government") are uniquely qualified to do the things they do (like doctors and other special-interest groups); therefore we grant them monopolies (licences), so they don't have to compete with unqualified quacks in a free market. Guess what this will do to medical costs - and the license fees and campaign contributions we'll be able to collect!

BUT WHAT ABOUT NATIONAL DEFENSE, POLICE, COURTS, AND PRISONS?

In our present world of violent limitation we are very restricted in the range of solutions we are stuck with. In a free market an infinite number of potential solutions become available. We would be free to experiment with a wide variety of solutions. There would be competition between solutions. People who operate in the economic mode tend to solve problems.

David Friedman, son of Nobel economics laureate Milton Friedman, has written a superb book, *The Machinery of Freedom: Guide to a Radical Capitalism*, which includes a chapter, "National Defense: The Hard Problem." There are basically two classes of functions the people called "government" perform - those we can eliminate today, and those we can eliminate tomorrow. National defense is in the latter class. David Friedman provides several suggestions for how national defense might be handled in a free society.

The following possibility is based on a suggestion from my friend Neil Steyskal: Often, when people think about national defense, they think in terms of defending against an invading army or against nuclear attack. Imagine that instead we think in terms of "defending against" the top political and military chiefs of any nation with a threatening military force. The theme of such a defense system is, "Anything military you do that threatens our security may result in personal destruction and/or death of your top banking, political, and military chiefs, their families, and their homes." The defense system is totally aimed at the banking, political, and military bosses. I'm sure someone

with military, technological, and intelligence savvy could figure out how such a defense system could be set up for less than one percent of the current U.S. military budget. Of course, in a world of governments such a defense system is unthinkable - the first people to get killed would be the organizers of war.

Let me repeat the fundamental I have expounded: "government" is people; what they do is being done by people; these people don't have magical powers; other people can also do what "government" people do. Once you grasp this fundamental, you can open your mind to an unlimited range of possibilities. We already have private police in the form of security companies, because government police protection is insufficient. Common law courts developed without the "help" of government. And people don't have to call themselves "government" in order to build and operate prisons.

Robert Axelrod, Professor of Political Science and Public Policy at the University of Michigan, has written a groundbreaking book, *The Evolution of Cooperation*. On the dust cover is written:

"This pathbreaking and provocative work provides a bold answer to one of the oldest and most important questions human beings face: How can cooperation emerge among self-seeking individuals when there is no central authority to police their actions? It is a question that has troubled philosophers and statesmen for hundreds of years; its importance has never been greater than in today's world of nuclear weapons."

SPONTANEOUS LAW AND ORDER

Common law is an example of a legal system, including courts, that developed spontaneously. In *Law, Legislation and Liberty*, Nobel laureate Friedrich A. Hayek makes the distinction between "cosmos" and "taxis." Cosmos is a spontaneous order like language. Nobody sat down and designed English; it developed spontaneously over the centuries. A language can be regarded as an example of Cosmos. A crystal is another.

A skyscraper is a designed order or taxis. So are an automobile, a football team, and the U.S. Constitution. These are all orders designed by humans. For certain purposes we need designed orders; for others, spontaneous. Government is an attempt to impose a designed order through violence.

A society can be an example of cosmos. Common sense customs develop spontaneously - as did common law. A clever observer notices that certain behaviors work and others don't. So he formulates "Ten Commandments," which say, "don't do this and don't do that, because it doesn't work." Nobody needs to design a punishment system, because "nature automatically punishes" transgressors in the form of poor or negative results.

In *Government Anarchy and the POGONOGO Alternative*, Theodore Becker, professor of political science at the University of Hawaii, wrote:

"What anarchists admire is the antithesis of "government of law and not of men." They seek self-rule of men without externally imposed law and its cumbersome equipment of promulgation and execution. They entertain different assumptions about the political

nature of man, whether in the state of nature or in the state of Vermont. They believe that if men were left alone to make up their own rules as they went along, according to their own ideas of what's right, society would be better off.

I was particularly intrigued by a comment of an American chief of police after his experience as an observer at the Woodstock Rock Festival in the summer of 1969. Chief Joseph Kimble, who has since been banished from the Beverley Hills Police Department, was astonished that over four hundred thousand young people could overpopulate a small area under terribly adverse weather and space conditions and get along so well, producing negligible violence and minor friction.

At Woodstock nearly half a million persons managed to simulate an urban slum, yet perform all animal functions happily - despite the near-absence of visible police power. As a matter of fact, the uniform of the token police force there was a red blazer, with no badge of authority except the Woodstock symbol: a dove and a guitar. Kimble emerged with some fresh ideas on the possibility that multitudes of people could police themselves with little structure akin to that we call police departments.

Was the Woodstock Nation a group of people living in anarchy [without having a ruler]? Yes. It was a gathering of people in large numbers who were determined to act in concert without regard to stone tablets, yellowed parchments, or rigid rulebooks."

At this point the "basic argument" is worth repeating:

- If you examine anything being "done by government," you will find human beings doing whatever is being done. They may also use equipment and machinery, but the most important work is being done by individual human beings. If you go to a school to examine it, you will not find any "government" that runs the school. You will find a principal, a number of administrative people, and several teachers - all individual human beings. No matter what government monopoly you examine, for example a police station, you will find that the important work is being done by individual human beings. If you visit a military installation, or a court, or a jail, or a veterans hospital, or a road being built, you will find individual human beings doing the work.
- The fact that these human beings call themselves "government," does not imbue them with magical powers to do their jobs better than those individuals who do not call themselves "government."
- Furthermore, the fact that certain individuals organize themselves into an institution called "government," does not imbue them with magical powers to do their jobs better than those individuals who do not organize themselves into an institution called "government."
- In general, people who don't call themselves "government," can do anything humans can do, at least as well as people who call themselves "government."

Is there any evidence that just because people call themselves "government," or they organize themselves into an institution called "government," they can do

their jobs better? P.J. O'Rourke concludes his book *Parliament of Whores* as follows:

"... Authority has always attracted the lowest elements in the human race. All through history mankind has been bullied by scum. Those who lord it over their fellows and toss commands in every direction and would boss the grass in the meadow about which way to bend in the wind are the most depraved kind of prostitutes. They will submit to any indignity, perform any vile act, do anything to achieve power. ... Every government is a parliament of whores. [We pay them to get screwed?]

The trouble is, in a democracy the whores are us."

The Economic Rape of America - Chapter Nine

GOVERNMENT RAPE, ANARCHY, AND MURDER

So Samuel reported all the words of the Lord to the people who were asking him for a king. He said, "These will be the ways of the king who will reign over you: he will take your sons and appoint them to his chariots and to be his horsemen, and to run before his chariots; and he will appoint for himself commanders of thousands and commanders of fifties, and some to plow his ground and to reap his harvest, and to make his implements of war and the equipment of his chariots. He will take your daughters to be perfumers and cooks and bakers. He will take the best of your fields and vineyards and olive orchards and give them to his courtiers. He will take one-tenth of your grain and give it to his officers and his courtiers. He will take your male and female slaves, and the best of your cattle and donkeys, and put them to his work. He will take one-tenth of your flocks, and you shall be his slaves. And in that day you will cry out because of your king, whom you have chosen for yourselves; but the Lord will not answer you in that day."

1 Samuel 8, verses 10-18

"There are still peoples and herds somewhere, but not with us, my brothers: here there are states.

The state? What is that? Well then! Now open your ears, for now I shall speak to you of the death of peoples.

The state is the coldest of all cold monsters. Coldly it lies, too; and this lie creeps from its mouth; 'I, the state, am the people.'

It is a lie! It was creators who created peoples and hung a faith and a love over them: thus they served life.

It is destroyers who set snares for many and call it the state: they hang a sword and a hundred desires over them.

Where a people still exists, there the people do not understand the state and hate it as the evil eye and sin against custom and law.

I offer you this sign: every people speaks its own language of good and evil: its neighbor does not understand this language. It invented this language for itself in custom and law. But the state lies in all languages of good and evil; and whatever it says, it lies - and whatever it has, it has stolen.

Everything about it is false; it bites with stolen teeth. Even its belly is false.

Confusion of the language of good and evil; I offer you this sign of the state. Truly, this sign indicates the will to death! Truly, it beckons to the preachers of death!

Many too many are born: the state was invented for the superfluous!

Just see how it lures them, the many-too-many! How it devours them, and chews them, and re-chews them!

... It would like to range heroes and honorable men about it, this new idol! It likes to sun itself in the sunshine of good consciences - this cold monster!

It will give **you** everything if **you** worship it, this new idol: thus it buys for itself the luster of your virtues and the glance of your proud eyes.

It wants to use you to lure the many-too-many. Yes, a cunning device of Hell has here been devised, a horse of death jingling with the trappings of divine honors!

Yes, a death for many has here been devised that glorifies itself as life: truly a heart-felt service to all preachers of death!

I call it the state where everyone, good and bad, is a poison-drinker: the state where everyone, good and bad, loses himself: the state where universal slow suicide is called - life.

Friedrich Nietzsche, 1884

The people who masquerade as "government" operate in the mode I call economic rape - the political means of obtaining sustenance - "greed armed with a gun." The justification is "the public good." The reality is self-interest and easy rewards for no results or negative results. Sometimes we suspect the motives include vicious, destructive vindictiveness. Consider the story recounted by George Roche in *America by the Throat: The Stranglehold of Federal Bureaucracy*:

"The Occupational Safety and Health Administration (OSHA) today ordered the University of Illinois to tear down the handrails alongside walkways on campus, and to install new handrails exactly 42 inches high. According to OSHA, the old handrails are several inches too low to comply with regulations."

It is a true story - and it cost \$500,000 to change the handrails. It is bureaucratic economic rape that has been growing geometrically or logarithmically. The growth of this rape over a ten-year period was encapsulated by Dr. Ravi Batra in his book *The Great Depression of 1990*:

"Many believe that the 1970s experienced an unprecedented growth in federal regulation. Between 1970 and 1980 twenty-one new regulatory agencies, with extensive powers to intervene in business decision-making of numerous industries, were established. The budget of the regulatory bodies expanded approximately 600 percent during this period, while their staffing level grew by over 300 percent."

In his book *The Squeeze*, James Dale Davidson has a chapter, "The Bureaucratic Squeeze," which starts with a quote by Ringo Starr: "Everything government touches turns to crap." Government is a faecal alchemist. And, of course, politicians and bureaucrats touch themselves and each other. Davidson said:

"Since 1972 there have been more bureaucrats drawing salaries in America than all the people at work in "all the durable goods manufacturing industries, including such giants as autos, electronics, steel, and heavy machinery." ["The Real Productivity Crisis Is In Government" by Richard S. Rosenbloom, Harvard Business Review, Sep-Oct 1973.] Each business day, the number of bureaucrats increases by about 1,300. And each new bureaucrat contributes an additional overhead cost to everything you buy: he makes your groceries more expensive - by imposing 4,100 regulations on a pound of plain hamburger; when you buy a new car you are paying more for the accumulated efforts of the bureaucrats than you are for all four wheels - General Motors alone must employ 23,000 persons simply to fill out government forms. If the estimates of experts are correct, then the total effect of all regulatory exactions is to impose an annual cost of more than \$130 billion upon the economy. That is about \$2,500 per family." [1980.]

And the growth of bureaucratic economic rape during the fifty years from 1935 to 1985 is described by George Roche:

"The problem is bureaucracy, and bureaucracy has become a national epidemic. The federal bureaucracy has more than **tripled** in size in the last ten years. It is **ten times** as large and powerful as it was twenty years ago, at the beginning of the Kennedy-Johnson years. It has swollen a **thousand-fold** in power in the last half century. This titanic expansion of bureaucratic power is shattering the foundations of a free society and menacing the well-being of every citizen. The federal government, designed and intended to be the Servant of the people, now bids to become our Master."

The extent of the bureaucratic economic rape today and its continuing growth were encapsulated in an editorial - based on a study by the Heritage Foundation - in the *Arizona Republic*, dated July 14, 1992:

"... [T]he federal regulatory burden is strangling the U.S. economy. The explosive growth of burdensome rules during the Bush administration... has pushed the tab for the government's oversight of Americans' lives and livelihoods to a level at or above the cost imposed by even federal taxes.

Though economists differ slightly on their precise calculations, the cost of all the federal dos and don'ts ranges from \$8,338 and \$17,134 per U.S. household [per year]. The average federal tax take, in comparison, is about \$11,000 per household [per year]. This "hidden tax" affects the economy in a number of counterproductive ways - from higher prices for consumer goods to additional unemployment... lower wages... overhead costs that businesses must absorb for processing paperwork... expenses of attorneys, accountants and others needed to comply with the bureaucracy's complex requirements... incalculable toll on business investment from the prospect of even more rules being passed at Washington's whim...

During George Bush's White House tenure alone more than 14,000 pages of new regulations have been added to the Federal Register, which now totals 67,716 pages... The number of federal employees required to police these federal dictates also has risen enormously - from fewer than 105,000 during Ronald Reagan's last year in office to nearly 125,000 today. Funding for Washington's regulatory army has increased, over and above inflation, by nearly 18 percent during the same period.

All told, regulation is estimated to cost Americans from \$881 billion to \$1.65 trillion. In contrast, federal taxes this year are expected to total a "mere" \$1.05 trillion."

In 1974 William E. Simon was appointed Secretary of the Treasury. I have in my hands the paperback edition of his book *A Time For Truth*. He wrote, "I had resolved to fight for the free enterprise system. And shout, "Stop!" to bigger and bigger government." On the front cover of the book it says, "Over 200,000 sold in hardcover!" and "30 weeks a national bestseller!" Simon wrote:

"The redistribution of wealth from the productive citizen to the nonproductive citizen had become the principal government activity. This process - carried out through a vast array of "social programs" - had roared out of control in the sixties and had continued to proliferate. In 1960 federal, state, and local governments spent a total of \$52 billion on assorted social welfare programs. After Congress passed the Economic Opportunity Act in 1965, expenditures soared, rising over the next decade from \$77.2 billion to a staggering total of \$286 billion in 1975...

The actual number of federal programs for transferring producer's income to nonproducer's pockets had proliferated. In 1960, at the end of the Eisenhower years, there were approximately 100 federal programs. By 1963 there were 160 such programs. By 1976 there were more than 1000."

Fourteen years after Simon wrote his book, what conclusions can we draw; what is the moral of the story? Might he as well have whispered into the wind, "Stop!" to bigger and bigger government? What can stop the cancerous growth of government? Simon quotes Frederic Bastiat, who about 150 years ago said:

"The government offers to cure all the ills of mankind. It promises to restore commerce, make agriculture prosperous, expand industry, encourage arts and letters, wipe out poverty, etc., etc. All that is needed is to create some new government agencies and to pay a few more bureaucrats."

Today presidential candidate Bill Clinton is making the same promises. One poll gives him a 63% to 33% lead over George Bush. I'm afraid the moral of the story is that the cancer is terminal. Remember the first principle of taxation from the previous chapter: "Tax is terminal. Any civilization that introduces taxation will eventually tax itself to death."

The famous futurist Buckminster Fuller calculated that - given the resources we have on earth and the technology to utilize these resources - every man, woman, and child should be a millionaire many times over. If it were not for the colossal economic rape of our territorial gangsters, who can tell the riches we would enjoy? There would be no poverty, no famine, no homelessness, no unemployment problem.

Federal agricultural policy is economic rape on a vast and grandiose scale. According to an editorial in *The Arizona Republic* of July 20, 1992:

"For 60 years the U.S. Department of Agriculture has waged war against increased farm production and lower food prices. Since the adoption of the Agriculture Adjustment Act in 1933, the intent of the government's farm policy has been to organize scarcity.

It is now apparent that this policy has failed. The government should declare a cease-fire in its war on agriculture and let the free market assume control of the nation's food supply.

... [T]he vast edifice of agriculture subsidies exists mainly for the benefit of a few millionaires and some behemoth agribusinesses. These are serviced by 108,000 USDA bureaucrats, or one for every three recipients.

"What does this system of socialized farming mean for the average American consumer? Higher prices, of course... Total subsidies run between \$10 billion and \$20 billion... A free agricultural market would work if it were given a chance."

Of course, it weren't for the 108,000 USDA bureaucrats, the oranges, apples, clover, corn, cotton, oranges, strawberries, and wheat wouldn't grow, and the chicken, cattle, pigs, and sheep would starve to death, and famine would wrack the land.

The Federal Reserve System with its consequent currency debasement and inflation is monetary and economic rape. The IRS is economic rape. Congressional spending is economic rape. The ballooning budget deficits are economic rape squared. And the national debt is economic rape times ten. In *The Biggest Con: How The Government is Fleecing You*, Irwin A. Schiff calculated that in 1975 the national debt was in reality over \$5 trillion; whereas the government reported it as \$538.5 billion. In a 54-page chapter Schiff provides extensive facts and figures, all obtained from the government. The discrepancy is due to the government not including in the national debt the "unfunded and contingent government debts and obligations." Remember what Harry Figgie said in Chapter Four about the government raiding trust funds?

"The government is doing that to nine trust funds, including Social Security, military pensions, railway pensions, and postal pensions. Uncle Sam is taking \$120 billion in trust fund surpluses and replacing that with IOUs. Instead of funding them with cash, they're funding them with federal deficit. They don't count those IOUs or the interest on them. And when those IOUs start coming due, the government is going to owe trillions to Social Security, which will be supporting more retirees with fewer workers." [Emphasis added]

This corroborates Schiff's contention. The federal government has huge future obligations that are not included in the published national debt. Meanwhile most of the cash in the trust funds has been embezzled. Schiff describes Social Security as "The World's biggest Chain Letter." In 1976 he wrote that, "there are **no monetary reserves** available to the Social Security System out of which future benefits can be paid." In 1990 Harry Figgie said essentially the same thing. The Social Security System is economic rape with a vengeance. In *The Squeeze*, James Dale Davidson made these points:

- In 1979 the cost of Social Security cost per average working family was \$1,400 in direct deductions, \$1,400 in "employer contributions," and \$2,000 in lost income. "Social Security taxes reduced the income of a middle-class family making \$25,000 by almost \$5,000 in 1979."
- In 1971 Social Security taxes caused a decline in personal savings of \$61 billion. "Social Security has reduced total private savings by 38%."
- If it had not been for Social Security, GNP would be 11 percent higher and wages would be 15 percent higher.
- Given the 1979 rate, Social Security costs the typical worker about \$750,000 (1977 dollars) during his lifetime.
- "Courts have ruled that the government is under no obligation to ever pay anyone anything."
- "... [L]arge numbers of Social Security participants die without receiving anything. ... The effect is that of a 100-percent inheritance tax."

This is what Congressman George Hansen wrote in 1980 about federal spending and waste:

"... [O]nly utter contempt for the plight of the taxpayer could produce the incredible waste of many of the federal agencies created by the government. Recently, HEW, the biggest money burner on the scene, admitted that more than \$6 billion **annually** was thrown away in multiple payments, frauds, and bureaucratic errors... It was explained in self-defense that \$6 billion is really not so significant in view of the fact that it represented less than 4 percent of the more than \$160 billion annual budget of HEW prior to its division into two departments.

HUD was empowered a few years ago by Congress to guarantee construction projects for low-income housing recipients. The estimated budgetary cost to the taxpayer was \$4 billion. As of this writing, HUD has committed **\$140 billion** to this one project. The same geometric explosion occurred in the Agriculture Department's Food Stamp Program.

In forty-eight years, the national debt has gone from \$2 billion to over \$1 trillion, an increase of 500 times the original debt. The annual interest on the national debt is now more than \$90 billion, forty-five times the total debt of 1932. No amount of idiot logic about owing it to ourselves or it being only a small percentage of the Gross National Product can jolly the beleaguered taxpayer out of his fear and anger that he personally and individually, is being pauperized by insane spending policies over which he has little or no control."

Since then the "national debt" the feds tell us about has ballooned beyond \$4 trillion and the annual interest to over \$250 billion per year - the Federal Reserve bankers must love it! And if the "Schiff ratio" still applies, then the real national debt is now over \$40 trillion! Remember the words of John Danforth, Republican senator from Missouri, as reported in the *Arizona Republic* of April 21, 1992:

"I have never seen more senators express discontent with their jobs. ... I think the major cause is that, deep down in our hearts, we have been accomplices to doing something terrible and unforgivable to this wonderful country. Deep down in our hearts, we know that we have bankrupted America and that we have given our children a legacy of bankruptcy. ... We have defrauded our country to get ourselves elected."

GOVERNMENT ANARCHY

Although the word "anarchy," based on its roots means "having no ruler," I shall use it in the popular sense of "lawlessness, chaos, and disorder." In a state of anarchy people form armed bands and shoot each other in the street. There is no respect for the law. In school, students learn violence rather than reason. Jails overflow. All kinds of systems break down - lawlessness, chaos, and disorder.

Theodore Becker, professor of political science at the University of Hawaii wrote a most interesting book in 1972, called *Government Anarchy and the POGONOGO Alternative*. He says:

"... [G]overnment has a great deal of anarchy, more trouble with anarchy in its own ranks than with anarchy outside it.

... Government anarchy has been, continues to be, and forebodes to be a worse subversion and perversion of much of our established legal order than any other anarchies, fancied or practiced. We don't need to destroy our system. We need to resurrect and salvage it, yes, even "liberate" it, from our own government officials.

... [G]overnment has become one of the most dangerous single factions in our society. Many high and low officials are drunk with delusions of superiority to us in the rank-and-file citizenry.

... [B]eing a government official gives a sense of being above the law and a sense of being more important as a person, a sense that rarely exists among those out of government."

Becker's book has a chapter on police anarchy. It analyses police riots, such as the 1968 Chicago police riot, similar riots in People's Park and Isla Vista, and the 1969 Jackson State police riot. Based on certain studies he estimated that one million Americans a year are arrested for no good reason and that 30,000 are physically abused for no good reason. In some studies, while police were being observed by independent observers, and the police knew they were being observed, the false arrests and physical abuse continued nevertheless.

Becker has this to say about government conspiracy:

"For those who might be appalled at calling *government* acts conspiracy, there is expert opinion to substantiate the fact that the first conspiracy statutes in English law were directed against government itself. Conspiracy, from the beginning, was a crime among officials to deprive individuals of their personal rights. One could only bring a conspiracy charge, though, upon being absolved of a criminal charge in a court of law; then one could sue the officers for conspiring to do him in. So a charge of conspiracy among government officials is in the best of tradition."

If you watch TV programs such as *60 minutes*, *20/20*, *Inside Edition*, etc. - not to speak of films like *JFK* and *Incident at Oglala* - you may begin to suspect that government conspiracy is not that uncommon. According to Robert Payne (*The Corrupt Society: From Ancient Greece to Present-Day America*):

"By its very nature, every bureaucracy tends to become a conspiratorial organization. Every bureaucracy becomes a closed society demanding implicit loyalty from its members. Implanted in all members is the need to serve the bureaucracy first and the public second. The bureaucracy's mistakes must be covered up, its black sheep removed as silently as possible. At all costs it is necessary to maintain the fiction that the bureaucracy works only for the public interest and is not in the least concerned with the perpetuation and increase of its own powers."

On police corruption, Payne writes:

"When the Knapp Commission met to enquire into police corruption in New York, it learned that there were two types of corrupt policemen - the meat-eaters" and the "grass-eaters." The "meat-eaters" were those who devoted their working lives to corruption, extracting huge payoffs and using all the weapons at their disposal for enforcing their demands, while the "grass-eaters" simply accepted the comparatively small payoffs that came to them whenever there was a sharing of the proceeds from gambling, drug traffic, and prostitution. In the five police districts they studied they learned that the monthly share per plainclothesman ranged from \$300 or \$400 in midtown Manhattan to \$1,500 in Harlem. The pattern of corruption was strikingly standardized and institutionalized. Books were kept, and each plainclothesman signed a receipt for his "nut." Newly assigned plainclothesmen received nothing during their first two months of service while their reliability and trustworthiness were being investigated, and it was made clear to them that on no account must they reveal the existence of the "pad." Some of the "meat-eaters" became millionaires, but the Knapp Commission wisely pointed out that the "grass-eaters" were at the heart of the problem, because their great numbers tended to make corruption respectable."

This police anarchy is of course financed by we the victims. Other chapters in Becker's book covers military anarchy, bureaucratic anarchy, judicial anarchy, and local official anarchy. The most striking example of government anarchy I have come across, the Hsin dynasty during the reign of Wang Mang (9-23 AD), is described by Robert Payne in *The Corrupt Society: From Ancient Greece to Present-Day America*:

"Under Wang Mang a new kind of state emerged: everything was owned by the new emperor. All the gold of the empire found its way into the imperial treasury. He established monopolies of salt, wine, and iron tools. He devalued the currency, levied heavy taxes on hunters, fishermen, silk-workers, artisans, and professional men, and he acquired enormous revenues through his "equalization offices," which were designed in theory to buy cheap goods in times of plenty for resale at the original price in times of scarcity, thus preventing excessive price fluctuations and safeguarding the poor. In fact the "equalization offices" bought cheaply and sold dearly to the consternation of the peasants who thought they were being protected. In an imperial edict announced the year he founded his new dynasty, Wang Mang decreed that "all the land belongs to the nation, all slaves whether male or female are attached to the land, and neither land nor slaves may be sold." By "the nation" he meant "the emperor." With this decree he became the sole possessor of all the land and all the slaves

The historian Pan Ku... says that China lost half its population during Wang Mang's short reign. Presumably they died of starvation and of mass executions, and many must have fled across the borders."

You might feel relieved by thinking it could never get this bad in "the land of the brave and the home of the free." Don't get lulled into a false sense of security. On January 10, 1961 the Secretary of the Treasury issued the "Emergency Banking Regulation No. 1," described by Hans F. Senholz (*Age of Inflation*):

"Emergency Banking Regulation No. 1 is just one of a number of emergency measures that would impose government control over rents, prices, salaries, and wages, and introduce rationing. The Regulation orders the instant seizure of most bank deposits "in the event of an attack on the United States."

Right now, the President of the U.S. can at any time declare a "state of emergency" and "martial law" - and assume the kind of powers Wang Mang decreed for himself nearly 2,000 years ago. As Robert Ringer wrote in *How You Can Find Happiness During the Collapse of Western Civilization*:

"Unbeknownst to all but a handful of Americans, the machinery to implement a police state is already in place in the United States. It exists in the form of an unpublicized little piece of "legislation" called Executive Order 11490. It gives the president the right to invoke emergency powers in "any national emergency-type situation." Of course, it is the president himself who decides what constitutes an emergency. Once he has activated 11490, the president can do virtually anything he deems "necessary," including confiscating gold, silver, and firearms, nationalizing businesses, controlling the media, freezing bank accounts, censoring mail, forcing you to "share" your possessions with others, and preventing citizens from leaving the country."

Executive Order 11490 combines earlier Executive Orders, which give the federal government widespread powers to take over:

- All communications media (Executive Order 109950).
- All electric power, petroleum, gas, fuel, and minerals (10997).
- All food resources and farms (10998).
- All means of transportation (10999).
- All citizens to be drafted into work forces (11000).
- All health, welfare, and educational functions (11001).
- All housing and finance authorities (11004).

In addition Executive Order 11002 empowers the Postmaster General to register all citizens. 11004 subjects citizens to forcible relocation by the federal government. The time has come for Americans to wake up to the fact that a conquest has taken place. Congressman George Hansen thought in 1980 that we were on the brink of totalitarianism - since then we have moved even closer to the brink:

"But our return from the brink of totalitarianism will not be as easy as our journey there has been. Other federal agencies have followed the IRS through the cracks opened in civil and constitutional law by the excesses of bureaucratic regulation. We are now fighting on more than one front and stand in danger of being outflanked. OSHA, EPA, CPA, ICC, and hosts of other acronymic monsters, along with IRS, are busily regulating America into another "gulag.""

AMERICA - CAPITALIST OR COMMUNIST?

By "capitalism" I mean an economic system characterized by private property and voluntary exchange. By "communism" I mean an economic system characterized by public property and compulsory exchange. The myth that the America is a "capitalist country" is widespread. According to the *Communist Manifesto* by Marx and Engels (first published in 1848), the following ten steps are necessary for a communist takeover:

1. "Abolition of property in land and application of all rents of land to public purposes.
2. A heavy progressive or graduated income tax.
3. Abolition of all right of inheritance.
4. Confiscation of the property of all emigrants and rebels.
5. Centralization of credit in the hands of the state, by means of a national bank with state capital and an exclusive monopoly.
6. Centralization of the means of communication and transport in the hands of the state.
7. Extension of factories and instruments of production owned by the state; the bringing into cultivation of wastelands, and the improvement of the the soil generally in accordance with a common plan.
8. Equal liability of all to labor. Establishment of industrial armies, especially for agriculture.
9. Combination of agriculture with manufacturing industries, gradual abolition of the distinction between town and country, by a more equitable distribution of the populace over the country.

10. Free education for all children in public schools. Abolition of children's factory labor in its present form."

For each of these ten planks I now give the measures that could be interpreted as implementing the plank, as well as my "communist percentage," determined by the extent to which I think the plank has been implemented:

1. Abolition of Property Rights.

- U.S. Constitution, Article 1, Section 8: The Congress shall have the power to lay and collect taxes, duties, imposts and excises. (Taxes on things, including property.)
- Zoning laws and regulations - the Supreme Court ruled zoning constitutional in 1921.
- Federal ownership of land; Bureau of Land Management - in Nevada 87% of land is federally owned.
- Federal Emergency Management Agency (FEMA) - broad powers to seize any private property during "emergency."

Communist percentage: 25%.

2. Heavy Progressive Income Tax

- U.S. Constitution, Article 1, Section 8: The Congress shall have the power to lay and collect taxes, duties, imposts and excises. (Taxes on things, including income.) The Sixteenth Amendment classifies income tax as an indirect tax, or tax on a thing, as opposed to tax on a person.
- Corporate Tax Act of 1909.
- Revenue Act of 1913.
- Social Security Act of 1936.

Communist percentage: 85%. (Maybe 15% of the population don't pay the taxes.)

3. Abolition of Rights of Inheritance

- U.S. Constitution, Article 1, Section 8: The Congress shall have the power to lay and collect taxes, duties, imposts and excises. (Taxes on things, including inheritances.)
- Estate Tax Act of 1916.
- Social Security Act of 1936.

Communist percentage: 30%.

4. Confiscation of Property of Emigrants and Rebels

- Confiscation of property of American Indians.
- IRS confiscation of property without due process.
- Internment of Japanese-Americans during WW II; confiscation of their property.
- Confiscation of drug-merchant property.
- RICO Act of 1970 (Racketeering Influenced & Corrupt Organizations) - used as a basis to confiscate property.

Communist percentage: 20%.

5. Monopoly National Bank

- U.S. Constitution, Article 1, Section 8: The Congress shall have the power to coin money, regulate the power thereof.
- National Bank Act of 1863 - established federal monopoly.
- Federal Reserve Act of 1913.
- Federal Deposit Insurance Corporation (FDIC), 1933.

Communist percentage: 90%. (Maybe 10% of transactions are done by barter or private currency.)

6. Centralization by the State of Communication and Transportation

- U.S. Constitution, Article 1, Section 8: The Congress shall have the power to establish post offices and post roads.
- U.S. Constitution, Article 1, Section 8: The Congress shall have the power to regulate commerce with foreign nations, and among the several States.
- Interstate Commerce Act of 1887 - placed railways under federal regulation; created Interstate Commerce Commission (ICC).
- Federal Highway Act of 1916.
- Air Commerce Act of 1926.
- Federal Radio Commission, 1927.
- Federal Communications Commission, 1934.
- Civil Aeronautics Act of 1938.
- Interstate Highway System, 1944.
- Federal Aviation Agency, 1958.
- Department of Transportation, 1966.

Communist percentage: 80%.

7. Extension of factories and instruments of production owned by the state; the bringing into cultivation of wastelands, and the improvement of the the soil generally

- Department of the Interior, 1849 - now includes: Bureau of Land Management, Forest Service, Bureau of Reclamation, Bureau of Mines, National Park Service, Fish and Wildlife Service.

- Department of Agriculture, 1862.
- Anti-trust Acts, 1902.
- Department of Commerce and Labor, 1903.
- Tennessee Valley Authority, 1933 - Hoover Dam, Muscle Shoals Project.

Communist percentage: 40%.

8. Equal liability of all to labor; Establishment of industrial armies, especially for agriculture

- First labor unions, then called federations, 1820.
- National Labor Union, 1866.
- American Federation of Labor, 1886.
- International Workers of the World, 1905.
- Department of Labor, 1913.
- Railway Labor Act of 1926.
- Civil Works Administration, 1933.
- Agriculture Adjustment Act of 1933 - farmers receive government aid only if they relinquish control of farming activities.
- National Labor Relations Act of 1935.
- Works Progress Administration, 1935.
- Fair Labor Standards Act of 1938 - set minimum wages.
- Civil Rights Act of 1964 - effectively the equal liability of all to labor.
- Davis-Bacon and Walsh-Healy Acts - require government contractors to pay "prevailing wages."
- U.S. Unemployment Service.

Communist percentage: 60%.

9. Combination of agriculture with manufacturing industries, gradual abolition of the distinction between town and country, by a more equitable distribution of the populace over the country

- Farmers Home Administration (FHA).
- Zoning.
- Government subsidies favor large agribusinesses.

Communist percentage: 10%.

10. Free education for all children in public schools; Abolition of children's factory labor in its present form

- Gradual shift from private education to state funded education began in the New England States in the early 1800s.
- Smith-Lever Act of 1914.
- Smith-Hughes Act of 1917.

- Federal school lunch program, 1935.
- Fair Labor Standards Act, 1938 - children work only with government approval.
- National School Lunch Act of 1946.
- National Defense Education Act of 1958.
- Federal School Aid Act of 1965.

Communist percentage: 95%.

The average for my "communist percentages" is 53.5%, that is, according to these criteria America is halfway between capitalism and communism. Note that for four of the most important criteria - education, communication, banking/currency, and taxation - my "communist percentages" are very high.

Note that the U.S. Constitution specifically empowers Congress to implement five of the communist planks. In practice, Congress has demonstrated its power to implement, at least to some extent, all the communist planks.

Also note that the two essential distinguishing characteristics of capitalism are private property and voluntary exchange. The U.S. Constitution gave Congress wide powers to violate private property and voluntary exchange. In practice, this is exactly what Congress has been doing. The Bill of Rights has slowed down Congress's march towards communism. But gradually the Supreme Court has been effectively dismantling the Bill of Rights. Today many courts rule defense based on the Bill of Rights inadmissible, particularly regarding tax matters.

As quoted By Robert J. Ringer in *Restoring the American Dream*, British historian Thomas Macaulay predicted in 1857:

"The day will come when [in the United States] a multitude of people will choose the legislature. Is it possible to doubt what sort of a legislature will be chosen? On the one side is a statesman preaching patience, respect for rights, strict observance of public faith. On the other is a demagogue ranting about the tyranny of capitalism and usurers and asking why anybody should be permitted to drink champagne and to ride in a carriage while thousands of honest people are in want of necessaries. Which of the candidates is likely to be preferred by a workman? ... When Society has entered on this downward progress, either civilization or liberty must perish. Either some Caesar or Napoleon will seize the reigns of government with a strong hand, or your Republic will be as fearfully plundered and laid to waste by barbarians in the twentieth century as the Roman Empire in the fifth; with this difference, that the Huns and vandals who ravaged the Roman Empire came from without, and that your Huns and vandals will have been engendered within your country, by your own institutions."

The Los Angeles riots of April 1992 could be seen as a case in point. Whether these are a harbinger of things to come remains to be seen.

GOVERNMENT MURDER

Norman Cousins - best known for his book *Anatomy of an Illness* - also wrote *The Pathology of Power*:

"The attachment to total power in our time not only has not served the purposes of national security but threatens to bring about a basic change in the kind of balanced relationship between government and people that is the central feature in the political architecture of the American Constitution-makers. No aspect of this threat is more apparent than the way genuine national security requirements have been allowed to serve as the occasion for an assault on the wealth of the American people. The chapters that follow summarize the reports of public and private investigators - reports documenting the loss amounting to hundreds of billions of dollars, through waste, bribery, kickbacks, circumvention of competitive bidding, flawed weapons systems, and sheer incompetence in the military program."

Cousins tells the story of "the M-16: a rifle that couldn't." He describes how the Vietcong, after winning a firefight, would strip the dead American bodies of "everything useful - boots, canteens, knives, grenades, rations, and so on. Even relatively outmoded rifles of World War II were eagerly snatched up. Yet the Vietcong disdained the M-16s, leaving them behind on the ground." Cousins then quotes from an article on the M-16 by James Fallows in the June 1981 issue of *The Atlantic Monthly*. The article includes quotes from various letters from American infantry soldiers in Vietnam:

"Our M-16s aren't worth much... Out of 40 rounds I've fired, my rifle jammed about 10 times... These rifles are getting a lot of guys killed because they jam so easily... " "The weapon has failed us at crucial moments... as many as 50 percent of the rifles fail to work." "During this fight... I lost some of my best buddies. I personally checked their weapons. Close to 70 percent had a round stuck in the chamber, and take my word it was not their fault."

Cousins then describes the development of the M-16, which started with the M-14 rifle. The M-14 had a major drawback in that its recoil during automatic fire was so violent that it bucked and jolted, and was difficult to aim. Weapons designer Eugene Stoner invented the AR-15 rifle as a solution. It was manufactured by the Armelite Corporation. It fired high-impact .22-caliber bullets, and was much lighter than the M-14 which used .30-caliber bullets. As a result a soldier with an AR-15 could carry three times as much ammunition as one with an M-14. The AR-15 was virtually jam-proof. It was a dream weapon. The Green Berets and the paratroopers requested and got them.

But in the early 1960s the Army Material Command falsified tests to "prove" that the M-14 was superior to the AR-15. They blocked the general issuance of the AR-15. The top brass considered Armelite an "outside" company. The Army ordinance "experts" decided to redesign the AR-15. Among other "bells and whistles," they introduced a new pattern of spiral grooving in the barrel. They changed the gunpowder in the ammunition. The end-result was a disaster, called the M-16 rifle. It overheated and jammed, both in tests and on the battlefield. In 1967 the House Armed Services Committee investigated the M-16. Their verdict included that "The failure... of officials with authority in the Army to... correct the deficiencies... borders on criminal negligence."

Cousins also writes:

"In 1966, [Rear Admiral Gene] La Rocque was asked by the secretary of the Navy, Paul Nitze, to head a task force of ten senior officers to study the Vietnam War and make recommendations for action. The question put to them: "What should the U.S. do?"

The team went to Vietnam. "We looked at all the options for completing the war, "La Rocque recalled. "It became obvious that we were wasting kids without really knowing why. There were no real goals. And that was what I told General [William] Westmoreland, 'You're spending \$90,000 a day... and you don't really know why.'" After nine months of research, the group concluded that there was no way they could win the war in Vietnam, and advised Secretary of Defense Robert McNamara accordingly."

These are just two samples from three pages of Cousins's book. Before we look at more examples, let us examine why governments love war. Murray N. Rothbard, professor of Economics at the University of Nevada, Las Vegas, wrote in *For a New Liberty: The Libertarian Manifesto*:

"... [W]ar, in the words of the libertarian Randolph Bourne, "is the health of the State." War has always been the occasion of a great - and usually permanent - acceleration and intensification of State power over society. War is the great excuse for mobilizing all the energies and resources of the nation, in the name of patriotic rhetoric, under the aegis and dictation of the State apparatus. It is in war that the State really comes into its own: swelling in power, in number, in pride, in absolute dominion over the economy and the society. Society becomes a herd, seeking to kill its alleged enemies, rooting out and suppressing all dissent from the official war effort, happily betraying truth, for the supposed public interest. Society becomes an armed camp, with the values and the morals - as the libertarian Albert Jay Mock once phrased it - of an "army on the march.""

The modern state has not shaken off its origins. It is still a murdering plunder-party, albeit more sophisticated. Some of the nations of the world are the modern versions of the ancient gangs of nomad-warriors raiding, murdering, and looting each other. The invasion of Kuwait by Iraq in 1991 was an example.

War is of course one of the quickest ways for the Federal Reserve bankers to run up the "national debt," so they can print and issue lots of currency which must be repaid plus interest. One person who understood the connection between political power, money, and war was Lysander Spooner. In 1869, soon after the Civil War, he wrote *No Treason: The Constitution of No Authority*:

"**All political power**, as it is called, **rests practically upon** this matter of **money**. Any number of scoundrels, having money enough to start with, can establish themselves as a "government"; because, with money, they can hire soldiers, and with soldiers extort more money; and also compel general obedience to their will. It is with government, as Caesar said it was in war, that money and soldiers mutually supported each other; that with money he could hire soldiers, and with soldiers extort more money. So these villains, who call themselves governments, well understand that their power rests primarily upon money. With money they can hire soldiers, and with soldiers extort money. And, when

their authority or is denied, the first use they always make of money, is to hire soldiers to kill or subdue all who refuse them more money. For this reason, whoever desires liberty, should understand these vital facts, viz.:

1. That every man who puts money into the hands of a "government" (so-called), puts into their hands a sword which will be used against himself, to extort more money from him, and also to keep him in subjection to its arbitrary will.
2. That those who will take his money, without his consent, in the first place, will use it for his further robbery and enslavement, if he presumes to resist their demands in the future.
3. That it is a perfect absurdity to suppose that any body of men would ever take a man's money without his consent, for any such object as they profess to take it for, viz., that of protecting him; for why should they wish to protect him, if he does not wish them to do so?...
4. If a man wants "protection," he is competent to make his own bargains for it; and nobody has any occasion to rob him, in order to "protect" him against his will.
5. That the only security men can have for their political liberty, consists in their keeping their money in their own pockets, until they have assurances, perfectly satisfactory to themselves, that it will be used as they wish it to be used, for their benefit, and not for their injury.
6. That no government, so-called, can reasonably be trusted for a moment, or reasonably be supposed to have honest purposes in view, any longer than it depends wholly upon voluntary support...

The whole affair, on the part of those who furnished the money, has been, and now is, a deliberate scheme of robbery and murder; not merely to monopolize the markets of the South, but also to **monopolize the currency**, and thus control the industry and trade, and thus plunder and enslave the laborers, of both North and South. And **Congress and the president are today the merest tools** for these purposes. They are obliged to be, for they know that their own power, as rulers, so-called, is at an end, the moment their credit with the **blood-money loan-mongers** fails. They are like a bankrupt in the hands of an extortioner. They dare not say nay to any demand made upon them. And to hide at once, if possible, both their servility and their crimes, they attempt to divert public attention, by crying out that they have "Abolished Slavery!" That they have "Saved the Country!" That they have "Preserved our Glorious Union!" and that, in now paying the "National Debt" as they call it (as if the people themselves, **all of them who are to be taxed for its payment**, had really and voluntarily joined in contracting it), they are simply "Maintaining the National Honor!"

By "maintaining the national honor," they mean simply that they themselves, tyrants, robbers, and murderers, assume to be the nation, and will keep faith with those who lend them the money necessary to enable them to crush the great body of the people under their feet; and will faithfully appropriate, from the proceeds of their future robberies and murders, enough to pay all their loans, principal and interest.

The pretense that the "abolition of slavery" was either a motive or justification for the war, is a fraud of the same character with that of "maintaining the national honor." Who, but such usurpers, robbers, and murderers as they, ever established slavery? ... And why did these men abolish slavery? Not from any love of liberty in general - not as an act of justice to the black man himself, but only "as a war measure," and because they wanted his assistance, and that of his friends, in carrying on the war they had undertaken for maintaining and intensifying that political, commercial, and industrial slavery, to which they have subjected the great body of the people, both white and black. And yet these imposters now cry out that they have abolished the chattel slavery of the black man - although that was not the motive of the war - as if they thought they could thereby conceal, atone for, or justify that other slavery which they were fighting to perpetuate, and to render more rigorous and inexorable than it ever was before. There was no difference of principle - but only of degree - between the slavery they boast they have abolished, and the slavery they were fighting to preserve; for all restraints upon men's natural liberty, not necessary for the simple maintenance of justice, are of the nature of slavery, and differ from each other only in degree...

The lesson taught by all these facts is this: As long as mankind continues to pay "national debts," so-called - that is, so long as they are such dupes and cowards as to pay for being cheated, plundered, enslaved, and murdered - so long there will be enough to lend the money for those purposes; and with that money a plenty of tools, called soldiers, can be hired to keep them in subjection. But **when they refuse any longer to pay for being thus cheated, plundered, enslaved, and murdered, they will cease to have cheats, and usurpers, and robbers, and murderers, and blood-money loan-mongers for masters.**" [Some emphases added]

In 1937 Philip Noel-Baker, who later won the Nobel Peace Prize, wrote *The Private Manufacture of Arms*. He quoted from a message sent in 1934 by President Franklin D. Roosevelt to Congress:

"The peoples of many countries are being taxed to the point of poverty and starvation... to enable governments to engage in a mad race in armaments... This grave menace to the peace of the world is due in no small measure to the uncontrolled activities of the manufacturers and merchants of engines of destruction, and it must be met by the concerted actions of the peoples of all nations."

From the other side of the Atlantic, Noel-Baker quoted Lord Welby, Britain's principal Permanent Secretary to the Treasury:

"We are in the hands of an organization of crooks. They are generals, politicians, manufacturers of armaments and journalists. All of them are anxious for unlimited expenditure, and go on inventing war scares to terrify the public and to terrify the Ministers of the Crown"

Noel-Baker also wrote, "The British government has, it is probably true to say, given more knighthoods to Directors of Armaments firms than to representatives of all the rest of British industry put together." ("War is the health of the state.")

The *Arizona Republic* of November 12, 1991 reported as follows, under the headline, "**Bush says gulf war healed 'nation's soul'**":

"Leading the nation's Veterans Day observances, President Bush placed a wreath at the Tomb of the Unknowns on Monday and said victory in the Persian Gulf war has kindled overdue respect for Vietnam veterans that was "good for the nation's soul." ["War is the health of the state."] Bush pledged that the United States will "always be a force for peace in the world" as he paid special tribute to veterans of the nation's two most recent wars. ["War is peace."]

... Bush... said again at the annual ceremony in Arlington National Cemetery that veterans of Operation Desert Storm "freed a captive nation and set America free by renewing our faith in ourselves.""

War is government murder. In the Civil War it was government murder of over 300,000 Americans. In dropping atomic bombs on Hiroshima and Nagasaki, it was government murder of more than 200,000 people, mostly civilians. In *The Pathology of Power* Norman Cousins provides convincing evidence that Japan was already on the verge of capitulation, and few if any American lives were saved by the atomic bombs. General Dwight D. Eisenhower wrote in *Mandate for Change* about, "my belief that Japan was already defeated and that dropping the bomb was completely unnecessary." Most of the other American military leaders were also opposed to dropping the atom bomb. General Douglas MacArthur was never consulted.

President Harry S. Truman ordered the bombs to be dropped. In 1979 the diary Truman kept in 1945, when the atom bombs were dropped, was discovered - it had been misfiled. According to the diary, Truman had originally ordered Secretary of War Henry L. Stimson not to use the atom bomb against civilians. He also ordered that a warning be issued, "asking the Japs to surrender and save lives." Later he changed his mind and ordered the atom bombs dropped without warning. The reason was given by Secretary of State James F. Byrnes in an interview with *U.S. News and World Report* on August 15, 1960, "We wanted to get through the Japanese phase of the war before the Russians came in." The Russians were scheduled to enter the war against Japan on August 15, 1945. (Germany had collapsed in May 1945,) The atom bombs were dropped on August 6, 1945. The "powers that be" wanted the "spoils of war" for themselves - they did not want to share with the Russians. When Truman told the American public on August 6, 1945 that thousands of American lives were saved by dropping the atom bombs, was he lying through his teeth?

World War II was the first war, in recent times, during which civilians became cannon-fodder by the millions. Germany started the "trend" in 1939 with its V-2 bombing of London. Other notable examples are the saturation bombings of Dresden on February 13, 1945 (135,000 killed, practically all civilian) and Tokyo on March 9, 1945 (83,000 killed, mostly civilian). "Saturation bombing" involves high concentration bombing with incendiary and high explosive bombs to the point that an entire area becomes a burning fire-storm, consuming all the oxygen, and anyone who doesn't burn to death suffocates.

General MacArthur said in a talk to the American Legion in Los Angeles on January 26, 1955:

"The great question is: can war be outlawed? If so, it would mark the greatest advance in civilization since the Sermon on the Mount. It would lift at one stroke the darkest shadow which has engulfed mankind from the beginning. It would not only remove fear and bring security - it would not only create new moral and spiritual values - it would produce an economic wave of prosperity that would raise the world's standard of living beyond anything ever dreamed of by man. The hundreds of billions of dollars now spent on mutual preparedness could conceivably abolish poverty from the face of the globe... "

President Eisenhower, during his Farewell Address on January 17, 1961, said:

"In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist. We must never let the weight of this combination endanger our liberties or democratic processes. We should take nothing for granted. Only an alert and knowledgeable citizenry can compel the proper meshing of the huge industrial and military machinery of defense with our peaceful methods and goals, so that security and liberty may prosper together.

Today, the solitary inventor, tinkering in his shop, has been overshadowed by task forces of scientists in laboratories and testing fields. In the same fashion, the free university, historically the fountainhead of free ideas and scientific discovery, has experienced a revolution in the conduct of research. Partly because of the huge costs involved, a government contract becomes virtually a substitute for intellectual curiosity...

The prospect of domination of the nation's scholars by federal employment, project allocations, and the power of money is ever present - and is gravely to be regarded.

Yet, in holding scientific research and discovery in respect, as we should, we must also be alert to the equal and opposite danger that public policy could itself become the captive of a scientific-technological elite."

Preparation for war is an excuse to rape the economy of America to the tune of hundreds of billions of dollars every year. Examples from *The Pathology of Power* by Norman Cousins:

- Fifteen-cent nuts and bolts for costing the taxpayer \$25 each, \$8 hammers costing \$435, \$8 pliers costing \$745, a \$125 coffee brewer costing \$7,600, and a \$700 sofa costing \$15,000 - many such items in bulk, resulting in billions wasted fraudulently.
- General Dynamics charged the government \$1.4 million for executive trips in its company planes, \$320,000 for its company chairman to fly to his country home, \$1.2 million to maintain a lobbying office in Washington, \$22 million to transport its executives to ski resorts, and \$10,713 for losses at its own barber shop.
- Sperry Rand billed the government \$177,222 for labor relations expenses, \$160,480 for European expenses, and \$899,982 for "traffic department" expenses.

- Military contractors billed the government \$7,900,000 for their own exhibits at a Paris air show.
- Boeing charged the government \$11,750 for its sponsorship of the World Paper Airplane Championship; and \$2,485 for golf fees, cart rentals, and liquor.
- Rockwell billed the government \$1,040,588 for its own executive dining room and cafeteria.
- McDonnell Aircraft claimed \$1,558,377 for "rearrangement expenses."
- The U.S. has 30,000 nuclear bombs - probably enough to wipe out all human life twenty times over.
- The AH-64A Apache attack helicopter, costing \$17 million each, was an "airborne dinosaur" in Vietnam - nearly 10,000 were shot down, mostly by simple rifle and machine-gun fire.
- The Air Force bought thirty-five AWACS planes at a cost of \$9 billion. During a 1975 test, the radar images received by an AWAC were jammed by a navy plane 350 miles away. Two test "enemy" planes were able to get within fifty yard of the AWAC without being spotted.
- The Army spent \$13,7 billion on the "Bradley Fighting Vehicle," which was a complete dud.
- The Stealth Bomber, supposedly invisible to radar, can probably be detected by heat-sensitive tracking devices, and is almost certainly a multi-billion dollar dud and boondoggle.
- At best, the Star Wars system can only prevent a fraction of missiles from reaching their targets in a concerted nuclear attack. And the Star Wars lasers can be used to create the kind of fire-storms that occurred in Dresden and Tokyo. Star Wars is largely a boondoggle.

Cousins gives many more examples, but I think the above is sufficient to make the point: military spending is largely economic rape. I will let Lysander Spooner have the last word:

"The lesson taught by all these facts is this: As long as mankind continues to pay "national debts," so-called - that is, so long as they are such dupes and cowards as to pay for being cheated, plundered, enslaved, and murdered - so long there will be enough to lend the money for those purposes; and with that money a plenty of tools, called soldiers, can be hired to keep them in subjection. But **when they refuse any longer to pay for being thus cheated, plundered, enslaved, and murdered, they will cease to have cheats, and usurpers, and robbers, and murderers, and blood-money loan-mongers for masters.**" [Some emphases added]

The Economic Rape of America - Chapter Ten

THE WORST PROFESSIONAL SCREWMASTERS

*Woe to you lawyers!
For you have taken away the key of knowledge.
Luke 11, verse 52*

"A lawyer is a person who profits by creating **confusion**. Or when that is impossible, he profits by the **confusion** created by others. In either case, **confusion is his stock in trade**. The greater the division between form and substance, between legal technicality and the attainment of justice, between gobbledygook and common intelligibility, the more the lawyer profits. The wider the gap a lawyer can create between the person who ostensibly owns property and he who claims its economic worth, the more money winds up in his pocket.

The lawyer's lucrative **monopoly** gives him an incentive to create obstacles to the smooth functioning of the life of ordinary people. Through their **dominance of politics, the bureaucracy, and their monopoly over litigation**, lawyers have insinuated themselves into every human relationship." [Emphasis added]
James Dale Davidson

A DISEASE CALLED "LAWYERITIS"

"Jokes aren't funny; they're sick. A joke is no less sick when it is aimed at lawyers, as in the Short Takes section of the July 8 *Republic*.

Throughout history there have been groups of people who have been expendable. During the first half of the 19th century it was African-American slaves. During the second half of that century it was Native Americans. And in Nazi Germany it was Jews. "Jokes" like those that appeared in *The Republic* were told about Jews in Nazi Germany prior to the Holocaust and helped establish the moral climate that led to the death of 6 million human beings.

It is morally inappropriate and unacceptable for *The Republic* to suggest that any group of people should be killed. I call upon *The Republic* to withdraw its lawyer jokes and to apologize for them."

"Name Withheld," Attorney at Law

(What does a lawyer use for a contraceptive? His sense of humor.) The above letter appeared in *The Arizona Republic* on July 13, 1992. So, Mr. Lawyer says jokes are not funny; they are sick - all jokes? Maybe Mr. Lawyer is sick. But Mr. Lawyer's letter set me thinking. Why have Jews been slaughtered in so many pogroms and holocausts throughout recorded history? Is it because Jews tend to be more intelligent and better at making money than most of us - so they are regarded as "screwmasters?" Or is it because Jews - as recorded in the Old Testament - engaged in a great deal of slaughtering, that had to be "avenged?"

I have read quite a few "conspiracy" books in my time. Usually, the "evil conspirators" responsible for all the world's problems are "the Jews," or "the Zionists," or "the

Illuminati," or "the International Bankers," or "the Bilderbergers," or "the Council for Foreign Relations," or "the Trilateral Commission," or "Yale's Skull and Bones Society." But I have never come across a "conspiracy" book that blames everything on lawyers. Upon reflection, I think the case against lawyers is much stronger than the cases against any other scapegoats. Maybe that is why Shakespeare had a character say in *Henry IV*, "**The first thing we do, let's kill all the lawyers.**" So why have there been no "lawyercausts" or "lawyergroms?"

Yale law professor Fred Rodell, author of *Woe Unto You, Lawyers!* did suggest in 1939 that lawyers be abolished. In *The Screwing of the Average Man*, David Hapgood quotes Rodell:

"For every age, a group of bright boys, learned in their trade and jealous of their learning, who blend technical competence with plain and fancy hocus-pocus to make themselves masters of their fellow men. For every age a pseudo-intellectual autocracy, guarding the tricks of its trade from the uninitiated, and running, after its own pattern, the civilization of its day. It is the lawyers who run our civilization for us - our governments, our business, our private lives..."

It is through the medium of their weird and wordy mental gymnastics that the lawyers lay down the rules under which we live. And it is only because the average man cannot play their game, and so cannot see for himself how intrinsically empty of meaning their play things are, that the lawyers continue to get away with it... And perhaps if the ordinary man could see in black and white how silly and irrelevant and unnecessary it all is, he might be persuaded, in a peaceful way, **to take control of his civilization out of the hands of these modern purveyors of streamlined voodoo and chromium-plated theology, the lawyers.**" [Emphasis added]

America, as I shall show, suffers from a deadly, rapidly spreading infection of lawyers. I call this disease "lawyeritis." Chapter Nine indicated the explosion of federal strangulation. There has been a concomitant explosion of lawyeritis. According to a recent George Will article in *The Washington Post*, in 1960 America had 260,000 lawyers; in 1970, 355,000; in 1980, 541,000; in 1990, 756,000.

The word "attorney" comes from the old French *torner*, which essentially means "to turn or to twist." Attorneys tend to operate by creating and spreading confusion - like the tax code. Their stock in trade is confusion. This was already so in biblical times - "Woe to you lawyers! For you have taken away the key of knowledge." (Luke 11, verse 52.) They tend to turn or twist the truth. Through the laws they write, they destroy - as Nietzsche would have said - "the knowledge of good and evil."

LAWYERS: WORKERS OR THIEVES?

Remember Chapter Eight: "The first imperative of human behavior is: **Survival or self-preservation.** The second imperative is: **Obtain the means for survival through the least effort.** There are two basic ways to obtain the means for survival: **Working** and **Stealing.** Working is called the **economic means.** Stealing is the **political means.** The

private sector or free market utilizes the economic means; the public sector or government, the political means." Do lawyers obtain the wherewithal for survival through working or stealing?

- "The lawyer has learned how to flatter his master in word and indulge him in deed; but his soul is small and unrighteous... from the first he has practiced deception and retaliation, and has become stunted and warped. And so he has passed out of youth into manhood, having no soundness in him..." - Plato, 321 B.C.
- "They have no lawyers among them for they consider them as a sort of people whose profession it is to disguise matters." - Sir Thomas Moore, 1516.
- "God works wonders now and then; Behold! a lawyer, an honest Man." - Benjamin Franklin, 1733.
- "It is the trade of lawyers to question everything, yield nothing, and talk by the hour." - Thomas Jefferson.
- "One useless man is called a disgrace. Two or more are called a law firm." - John Adams, 1776.
- "The mere title of lawyer is sufficient to deprive a man of public confidence... The most innocent and irreproachable life cannot guard a lawyer against the hatred of his fellow citizens." - John Quincy Adams, 1787.
- "When the president does it, that means it is not illegal." - Richard M. Nixon, Attorney.
- "I don't give a shit what happens. I want you to stonewall it, let them plead the Fifth Amendment, cover up, or anything else..." - Richard M. Nixon, Attorney.
- Which of these Watergate thugs were lawyers: Richard Nixon, John Mitchell, Spiro Agnew, G. Gordon Liddy, John Dean, Charles Colson, Robert Mardian, Herbert Kalmbach, John Ehrlichman, Donald Segretti? All of them.
- "The Holocaust was an obscene period in our nation's history. I mean this century's history. But we all lived in this century. I didn't live in this century." - Dan Quayle, Attorney.
- More than half of the presidents of the U.S. have been lawyers.
- Two-thirds of the world's lawyers are in the U.S.
- "A man who never graduated from school might steal from a freight car. But a man who attends college and graduates as a lawyer might steal the whole railroad." - Theodore Roosevelt.
- How can you tell when times are really hard? Lawyers walk around with their hands in their own pockets.
- "The law is a sort of hocus-pocus science that smiles in your face while it picks your pocket." - H.L. Mencken.
- One-third of the \$25 billion awarded each year in liability lawsuits goes to the lawyers.
- "When there's a rift in the lute, the business of the lawyer is to widen the rift and gather the loot." - Arthur Garfield Hays.
- What's the difference between a leech and a lawyer? A leech let's you go after you're dead.
- What's the difference between a callgirl and a lawyer? A callgirl returns calls.

- What's the difference between a vulture and a lawyer? Frequent-flier points.
- What's the difference between a catfish and a lawyer? One is a garbage-eating bottom-dweller and the other is a fish.
- What's the difference between a porcupine and a Porsche with two lawyers in it? A porcupine's pricks are on the outside.
- Why does a lawyer wear a necktie? To stop his foreskin from slipping over his head.
- How do you know when a lawyer lies? His lips move.
- What does a lawyer do after he dies? He lies still.
- "As we watched Judge Clarence Thomas's Supreme Court confirmation hearings, all of the commentators said the same thing: 'One of these people in the room is lying.' Do you believe that? You've got two lawyers and 14 senators in the room, and only **one** of them is lying?" - Jay Leno.
- "The problem is not that you can buy a congressman for \$10,000 but that you can buy a Washington lawyer for \$100,000." - Nicholas Johnson, former FCC Commissioner.
- Why do they bury lawyers twelve feet deep? Because deep down they are good people.
- A lawyer in San Diego changed professions to become a used-car salesman. He was trying to improve his professional image.
- A pickpocket, a prostitute, and a lawyer are in a boat that has run out of gas near an island. The pickpocket gets into the water to swim ashore for help. Immediately several sharks head straight at him. He gets back into the boat in a hurry. The same thing happens to the prostitute. So the lawyer jumps into the water and swims ashore. Afterwards they ask him how come the sharks didn't attack him? "Professional courtesy," he replies.
- Did you know that laboratories are replacing rats with lawyers? There are three reasons: There are more lawyers than rats, rats are cuter, and lab workers don't get so attached to lawyers.
- Why do doctors like operating on lawyers? Because there's no guts, no heart, and their blood runs cold.
- A lawyer got a girl pregnant and offered to marry her. But her parents refused. Why? "Because it's better to have a bastard in the family rather than a lawyer."
- In a cemetery, a guy sees a tombstone that reads, "Here lies a lawyer and a Christian." "Wow," he thinks, "Why did they bury two guys in the same grave?"
- One day, the gate between heaven and hell breaks. St. Peter calls the devil. "What do you want?" growls the devil. "It's your turn to fix the gate, according to our agreement," St. Peter says. The devil replies that he won't fix the gate. St. Peter says, "I'll sue you for breaking our agreement." The devil replies, "Oh yeah? Where will you get a lawyer?"
- How do you know that God is a lawyer? He made chaos and darkness first.
- There was a man who was going to die, and he wanted to take his money with him. So he gave his minister, his doctor, and his lawyer each \$1 million to put in his casket when he died. The man died, and the preacher put the million dollars in the casket. The doctor put in \$500,000, saying the man would never know. The lawyer said, "I put the whole million in the casket." It was a check for \$1 million.

- Two farmers each claimed to own a certain cow. While one pulled on its head and the other pulled on its tail, the lawyer milked it. - Jewish parable.
- How many lawyers does it take to screw in a lightbulb? Lawyers don't screw in lightbulbs; they screw their clients.
- Why was the lawyer buried up to his head in sand? Because they ran out of sand.
- Why don't lawyers go to the beach? Because cats keep trying to cover them up.
- What happened when a lawyer stepped into some cowdung? He thought he was melting.
- What's brown and black and looks good on a well-dressed lawyer? Two doberman pinschers.
- What do you get when you cross a goat and a lawyer? Nothing; there are some things even a goat won't do.
- How do you keep a lawyer from drowning? You take your foot off his head.
- Where's the best place to find a lawyer? At the bottom of a river.
- What do you call a hundred lawyers chained together on the bottom of the ocean? A good start.
- What do you call a vintage Rolls-Royce limo with lawyers in every seat but one going over a cliff? A crying shame.
- What's the difference between a dead skunk and a dead lawyer on the road? There are skid marks in front of the skunk.
- What's the difference between a trampoline and a lawyer? You take your boots off to jump on a trampoline.
- How do you get a lawyer out of a tree? Cut the rope.
- How come San Quentin has all the criminals and Washington all the lawyers? San Quentin got first choice.
- What do you do if you find yourself in a room with Hitler, Mussolini, and a lawyer, and you have a gun with only two bullets? Shoot the lawyer twice.
- What do you call an attorney with an IQ of less than fifty? Your honor.
- "If all the lawyers were hanged tomorrow, and their bones sold to a mahjongg factory, we'd be freer and safer, and our taxes would be reduced by almost half." - H.L. Mencken.
- "During the mid-1980s the dairy industry had its own plan to limit production, the "whole herd buyout." Dairy farmers decided there was too much cheap milk at the supermarket. Hell, even homeless welfare babies were drinking moo juice. So the government bought and slaughtered 1.6 million dairy cows. How come the government never does anything like this this with lawyers?" - P.J. O'Rourke, 1991.

Why do people tell all these jokes about lawyers? Most of them came from *The Arizona Republic* issues of July 8 and July 18, 1992, and a book, *Lawyers and Other Reptiles* by Jess M. Brallier. Mr. Sick Lawyer's letter quoted earlier, did not prevent publication of a second article with lawyer jokes - with a picture of a lawyer sitting on a branch next to a vulture. The July 8 article had a picture of a lawyer with a snake-head. Why did they print these jokes? Would they print similar jokes about Jews, blacks, Poles, Japs, Mexicans, or the Irish?

So, do lawyers get the wherewithal for survival through working or stealing? Maybe we can use this criterion to judge: When a lawyer abuses the law to his own benefit, at the expense of his client or victim, he is stealing. The law is a political instrument. It is the foundation of politics. And the Constitution ("Constifusion?") is our basic law. The U.S. Constitution was drawn up mainly by lawyers. Article I, Section 8 states, "Congress shall have the power to make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the government of the United States, or in any department or officer thereof." Our lawmakers, Congress, are mostly lawyers. Our judges are lawyers clothed (or is disguised better?) in black robes.

In Chapter Six I wrote about territorial gangsters, the Constitution as a shield, and the law as a sword. One of the possibilities I suggested is that the Constitution is a hoax and a fraud. This would mean that the law is also a hoax and a fraud. This is how I described territorial gangsters: ""Territorial" gangsters are individuals who who use fraud, violence, and threat of violence to claim "jurisdiction" (so-called) over an area and the people who happen to be there. Territorial gangsters use fraud, violence, and threat of violence to impose their will upon others and to live like parasites or cannibals off the values produced by others. The term "territorial gangsters" could be used to describe both mafiosi, and the people who masquerade as "government.""

Do lawyers fit the definition of territorial gangster? Well, they have their bar associations. In order to practice law you have to be a member of the local bar association. Lawyers in effect say, "When it comes to practicing law, we have exclusive jurisdiction. If you try to muscle in on our territory, we'll take care of you." A case in point was Norman Dacey, who wrote the book *How to Avoid Probate*. Probate is probably the lawyers' most lucrative swindle. It is so much easier to steal from the dead than from the living. Anyway, when Dacey's book was first published, lawyers succeeded in getting it banned from New York bookstores. The New York State Bar Association also prosecuted Dacey for practicing law without a licence. Dacey ultimately won in the Supreme Court on First Amendment freedom of speech grounds, because he promoted ideas.

Ralph Nader (himself a lawyer) described probate as "the screwing of the average corpse." Probate is a system that is supposed to ensure that a dead person's debts and taxes are paid, that his will is valid, and that his estate will go to the people named in his will. Lawyers have a legal monopoly on performing probate. They typically earn over \$1,000 per hour for this "service." Says David Hapgood in *The Screwing of the Average Man*:

"Most of the money spent on probate goes, by widespread agreement, to support expert make-work. Judge William Haworth of Oklahoma, interviewed on the CBS television program "Sixty Minutes," estimated that 90 percent of probate legal work is unnecessary; he added that what work had to be done could usually be done better as well as more cheaply by a legal secretary."

Another criterion we can apply to determine whether a lawyer is stealing or not, is to establish what **value** is being produced, if any. In my opinion, when Donald MacPherson successfully defends a non-taxpayer against the IRS, he is creating value - at least, preventing the destruction of value. When a lawyer successfully resolves a dispute between parties in an efficient manner, with minimum cost and maximum satisfaction to the parties, he or she is creating value. There are a few good lawyers. And even the most rapacious lawyer sometimes performs an act of value. But like all of us, lawyers are driven by the first two imperatives of human behavior: 1. **Survival or self-preservation**; 2. **Obtain the means for survival through the least effort**. And if dishonesty is the least effort, that is the route most people and most lawyers will choose.

LAWYERS: THE PRIMARY ECONOMIC RAPISTS

Congress is mostly lawyers. Judges are mostly lawyers. Federal Reserve bankers would have no power to counterfeit currency, without lawyers' laws to protect their lucrative racket. The IRS would have no power to plunder, pillage, and rape, were it not for the protection of corrupt lawyer-judges. The federal bureaucracy runs on the laws of congressional lawyers. The military-industrial complex also runs on the laws of congressional lawyers. The Social Security Ponzi-fraud is a creature created by congressional lawyers. The doctors and drug companies, with their AMA and FDA (the medical mafia?), would lose their rapacious monopolies overnight, were it not for congressional lawyer support. Similarly, the insurance industry. Originally, this chapter was going to include sections on the different kinds of economic rapists and how they do it: lawyers, judges, doctors, accountants, insurance peddlers - until I realized that **the lawyer is at the bottom of it all**. The economic rape of America is made possible by lawyers. We suffer from the deadly disease, **lawyeritis**. In *The Arizona Republic* (how could I have written this report without it?) of November 4, 1991, there was an editorial under the heading "**Death by litigation**":

"... [A] case could be made that excesses of the U.S. legal system pose a significant threat to the economic health of our nation and consequently to the well-being of an untold number of Americans. As Edwin Feulner, president of the Washington-based Heritage Foundation, put it recently: "The nation simply cannot afford the legal profession's brand of justice any more."

The numbers speak for themselves. With 5 percent of the world's population, America has 70 percent of its lawyers. That figure, as Mr. Feulner notes, adds up "to one lawyer for every 300 normal people - more than twice the number in Britain and 25 times that in Japan." The number of lawyers in Washington alone exceeds that in all of Japan.

The results of this overpopulation are apparent. "**The nation is awash in laws that are barely understandable and frivolous court cases that benefit no one but the lawyers**," Mr. Feulner says. The annual cost of litigation is estimated to be as much as \$100 billion, with more than a quarter of that going for attorney's fees.

While it could be argued that a few people, besides the lawyers, do in fact benefit from multimillion-dollar awards, the rest of society ends up footing the bill through higher prices and increased taxes imposed by all levels of government being forced to hire regiments of legal experts to handle expensive litigation.

The indirect price of litigation is sizable, too. A recent study found that fear of lawsuits has prompted 47 percent of U.S. manufacturers to withdraw products from the market. Others have been driven out of business altogether.

The counterproductive economic impact of the **litigation explosion** is especially apparent in the health-care industry. Arizona Rep. Jon Kyl recently told a House subcommittee that the cost of medical malpractice litigation "adds billions of dollars needlessly each year to the cost of physician care." This effectively deprives millions of Americans, particularly those who lack adequate health insurance, of needed treatment.

The cost of malpractice protection for physicians and hospitals, Mr. Kyl said, added nearly \$6 billion to the cost of health care in 1989. Indirect costs, such as redundant testing and other defensive medicine practices, added another \$15.1 billion to the bill. Altogether litigation accounts for 17 percent of total U.S. spending on health care. "In my home state of Arizona, for example," Mr. Kyl said, "every hour spent with a patient costs the average obstetrician \$30 for medical malpractice insurance."

Rep. Kyl has drawn up legislation to provide relief for the litigation-battered health-care industry. The Kyl plan would place a \$250,000 cap on the amount of non-economic damages that could be awarded in medical malpractice suits, a proposal similar to one suggested in the litigation reform program developed by Vice President Quayle's Council on Competitiveness.

America's lawyers, including the nearly 300 in Congress, are hardly thrilled by the idea of litigation reform, but the alternative for the nation is **death by a thousand lawsuits.**" [Emphasis added]

HOW THE LAWYERS HAVE BEEN DESTROYING THE MIDDLE CLASS

Karl Marx, the "great" communist theorist, saw the *bourgeoisie* or middle class as the enemy of communism. In order to achieve communism, the *bourgeoisie* must be stripped of their wealth. The ten planks of the *Communist Manifesto* were designed to do this. By accident or design, our congressional lawyers have taken America much closer to communism by largely destroying America's middle class. In November 1991 *The Arizona Republic* published an 8-part series called "The Endangered Middle Class," taken largely from the *Philadelphia Enquirer* series, which "examines the economic dismantling of America" - economic rape on an unprecedented scale. The first article of the series covers how the American economic rules were changed:

"Because those people in Washington who write the complex tangle of rules by which the economy operates have, during the past 20 years, rigged the game - by design and default

- to favor the privileged, the powerful and the influential. They did this at the expense of everyone else.

Seizing on that opportunity, an army of business buccaneers began buying, selling and trading companies the way most Americans buy, sell and trade knickknacks at a yard sale.

The buccaneers borrowed money to destroy, not to build. They constructed financial houses of cards, then vanished before they collapsed.

Caught between the lawmakers in Washington and the dealmakers on Wall Street have been millions of American workers forced to move from jobs that once paid \$15 an hour into jobs that pay \$7. If, that is, they aren't already the victims of mass layoffs, production halts, shuttered factories and owners who enrich themselves by doing that damage and then walking away.

As a result, the already rich are richer than ever; there has been an explosion in overnight new rich; life for the working class is deteriorating; and those at the bottom are trapped."

During the 1980s the salaries of people earning less than \$20,000 a year went up by 1.4%. For the people earning \$20,000 - \$50,000, the increase was 44%, or 4% per year. For the people earning \$200,000 - \$1 million, the increase was 697%. And for the people earning over \$1 million the increase was 2,184%. According to *The Arizona Republic*: "... [T]he growth of the middle class... has been reversed by government action. Taken as a whole, the rules that govern the game have:

- Created a tax system firmly weighted against the middle class.
- Enabled companies to cancel health-care and pension benefits for employees.
- Granted subsidies to businesses that create low-wage jobs that, in turn, erode living standards.
- Undermined longtime stable businesses and communities.
- Rewarded companies that transfer jobs abroad and eliminate jobs in this country.
- Placed home ownership out of reach of a growing number of Americans and made the financing of a college education impossible without incurring a hefty debt.

Look upon it as the dismantling of the middle class... For all of this, you can thank a succession of Congresses and presidents who set the rules for the American economy.

Taken together, the myriad laws and regulations - from antitrust to taxes, from regulatory oversight to bankruptcy, from foreign trade to pensions, from health care to investment practices - form a rule book that governs the way business operates, that determines your place in the overall economy.

Think of it as the "U.S. government rule book." It is a system of rewards and penalties that influences business behavior.

This business behavior, in turn, has a wide ranging impact on your daily life, from the price you pay for a gallon of gasoline or a quart of milk to the closing of a manufacturing plant or the elimination of your job.

In addition to influencing prices of goods and services and the creation and elimination of jobs, the government rule book also determines who, among the principal players in the economy, is most favored, who is simply ignored and who is penalized. These players include management, employees, customers, stockholders and the community where a business is located.

... But those who establish the rules of the game long ago ceased to represent the middle-class players. As a result, the middle-class casualties of the government rule book already can be counted in the millions."

The second article on "The Endangered Middle Class" deals with the bankruptcy business. It describes how profitable this business is for the people I call professional screwmasters. Bankruptcy lawyers and accountants charge their "clients" up to \$300 an hour for flying time, and \$225 an hour to pack and unpack boxes. During the 1970s and 1980s, Congress, presidents, and the heads of regulatory agents rewrote the rules of the tax and bankruptcy systems, making the bankruptcy business very profitable, paying select professionals - lawyers, accountants, bankers, investment advisers, brokers, and management specialists - up to \$500 an hour.

During the 1960s there were on average 15,800 bankruptcies per year nationwide. During the 1970s it was 24,900. During the 1980s, 63,500. According to the most recent Dun & Bradstreet report (August 1992), the bankruptcies during January to June 1992 numbered 50,582. That is an annual rate of more than 100,000. In 1991 there were 87,266 bankruptcies. The bankruptcy business is a phenomenal growth industry!

In the bankruptcy of America West Airlines, a number of firms working on the case racked up bills of at least \$3.6 million for services, travel, and other expenses between June 27 and September 30, 1991:

- Law firm Streich Lang: \$899,738; June 27 - September 30.
- Law firm Faegre & Bensen: \$696,892; June 27 - September 30.
- KPMG Peat Marwick (accounting and consulting): \$396,725; July 18 - September 30.
- Price Waterhouse (accounting): \$397,214; June 27 - September 30.
- The Blackstone Group (financial advisor): \$125,000 per month.
- Law firm Murphy, Weir and Butler: \$350,000 for three months.
- Law firm Ryley, Carlock and Applewhite: \$149,000.
- Law firm Lord, Bissell and Brook: \$105,162; August 28 - September 30.

Many bankruptcies of major companies result from takeover battles, made highly profitable for "corporate raiders" - like Carl Icahn, John Brooks Fuqua, Victor Posner,

Graham Ferguson Lacey, Charles E. Hurwitz, Bruce Wasserstein, Joseph Perella, Andrew G. Galef, and Nelson Peltz - by the "government rule book."

The third article on "The Endangered Middle Class" describes the "net operating loss deduction" - a method whereby a corporation can create a "net operating loss" and use the NOL to reduce or eliminate tax. In the 1950s, corporate tax eliminated through the NOL, was a small fraction of corporate tax actually paid. In the 1980s corporations paid an annual average of \$67 billion in taxes, while they escaped an annual average of \$92 billion in taxes by using NOL. The result is that the tax burden has shifted greatly from corporations to individuals. *The Arizona Republic* calls it, "NOL, the magic wand that makes taxes disappear."

The fourth article on "The Endangered Middle Class" deals with tax breaks for foreigners - foreign investors and corporations. Congress, through its "government rule book," steals less from foreigners than from Americans.

The fifth article on "The Endangered Middle Class" deals with how the "government rule book" has resulted in corporations greatly reducing their health-care benefits. There is also an article on airline "deregulation" and how "it didn't work." Of course, airlines were not deregulated. The regulations were changed; the rule book was rewritten, it wasn't thrown away.

The sixth article on "The Endangered Middle Class" describes the saga of Simplicity Pattern Co., once the world's largest pattern maker. In 1979 Simplicity had \$100 million in the form of cash and investments. During the following decade Simplicity was repeatedly "economically raped" by corporate raiders, and taken to the edge of bankruptcy. According to *The Arizona Republic*:

"In that decade, the moneymen:

- Bought and sold the company four times and made tens of millions of dollars running up the price of Simplicity stock in threatened and actual takeovers.
- Drained \$100 million that Simplicity had in its bank account and investment portfolio.
- Raided the company's pension funds... taking out \$10.7 million.
- Issued bonds and borrowed from banks, sending the company's debt soaring from near zero to \$100 million.
- Sold off properties to raise badly needed cash after they had depleted the \$100 million cushion.
- Created so much debt that Simplicity no longer could generate enough cash to make the interest payments.
- Defaulted on the interest payments on bonds and bank loans."

In addition, employees were laid off, and wages and benefits were reduced. The seventh article on "The Endangered Middle Class" describes how corporate pension funds have been raided and pension funds reduced. Here are some examples of the extent to which some pension funds were reduced between 1980 and 1987: Butler International - 86%;

Exxon - 81%; Gino's Inc. - 76%; Dan River Inc. - 75%; Household Merchandise - 74%; American Greetings - 74%; Gulf + Western Corp. - 70%.

While Congressional lawyers changed the rules, so that corporations could raid their pension funds and reduce pension benefits, they have voted themselves and their bureaucrat colleagues huge pension increases. In 1974 they passed the "Employee Retirement Income Security Act" (ERISA), which also created a new federal bureaucracy called the "Pension Benefit Guaranty Corp.," ostensibly to guarantee pensions. According to *The Arizona Republic*:

"... Many companies pulled out of the guaranteed-pension program when the premiums that the federal agency charged them soared...

But while tens of millions of workers have fared poorly under the existing system, corporate managers and takeover artists have profited handsomely from it.

They have done so by raiding pension funds - a practice made possible by the way the federal government wrote the rule book.

During the 1980s, more than 2,000 businesses dipped into their pension funds and removed \$21 billion...

The \$21 billion does not count the billions that businesses diverted to other uses after substituting inferior pension plans that had been in place for decades."

The ancient marauding nomads of Chapter Eight have their modern, sophisticated counterparts. The "government rule book" has made it very profitable for corporate raiders to loot cash-rich companies. Based on the eighth article on "The Endangered Middle Class" and my interpretation, it works like this:

- In Washington there are 11,000 "lobby organizations." Their function is to bribe Congress to change the rules in order to create special favors for special interests, or to keep the rules the same to maintain special favors. Imagine, **11,000 bribery organizations in Washington!**
- These bribery organizations consist mostly of "politically well-connected lawyers."
- From 1980 to 1990, Representative Dan Rostenkowski, chairman of the House Ways and Means Committee, one of the two principal authors of the 1986 Tax Reform Act, received at least \$1.7 million in bribes called "honoraria" or "speaking fees."
- Congress has since ostensibly banned "honorariums." Now special interests pay their bribes to tax-exempt foundations like the Dole Foundation of Senator Robert Dole, or to the Derrymore Foundation of Senator Daniel Patrick Moynihan, or to the Garn Institute of Finance of Senator Jake Garn.
- In return for these bribes, Congress makes, changes, or maintains the "government rule book" in order to grant favors to special interests at the expense of everyone else.

Contrast this to the integrity of Thomas Jefferson, who returned a gift to a Baltimore merchant, writing:

"It is a law, sacred to me while in public character, to receive nothing which bears a

pecuniary value. This is necessary to the confidence of my country, it is necessary as an example for its benefit, and necessary to the tranquility of my own mind."

CONGRESS

In 1968 Drew Pearson and Jack Anderson wrote a monumental 500-page book, *The Case Against Congress: A compelling indictment of corruption on Capital Hill*:

"Congressmen, no matter how lofty their motives, have been flattered into believing that they are different from the rest of us, as if the process of election has somehow lifted them above other Americans and made them more knowing, more worthy and less subject to reproach than the people who elect them... Wherever Congressmen go, they are treated with adulation. Many ordinary men among them are lulled into believing they receive this treatment because they deserve it, and even those who resist the narcotic of flattery are not entirely immune to the heady atmosphere on Capitol Hill."

Pearson and Anderson's fourth chapter is titled "Crossing the Bar: Lawyers in Congress." They make these points:

- More than 300 of the 535 members of Congress are lawyers (1968).
- Many lawyers run for public office as a form of advertising to build their practices.
- On investigating 50 law firms with partners serving in Congress, it was found that 40 represented banks, 31 represented insurance companies, 11 represented gas and oil companies, and 10 represented real-estate firms.
- Vested interests have systematically engaged the services of lawyer Congressmen.

Pearson and Anderson devoted 125 pages to describing domestic and foreign lobbying. Their book bristles with example after example of corruption. The recent Congressional check-kiting scandal, where it was revealed that most members of Congress wrote numerous checks for funds they didn't have, is a miniature microcosm of corruption compared to what Congress does nationally to the tune of billions. The following editorial appeared in *The Arizona Republic* of July 29, 1992:

"It is probably more than mere coincidence that Congress, which has proven itself utterly incapable of handling the nation's fiscal affairs, also has badly bungled its own. In any case, it is obvious that Americans hardly are getting a bargain from the 535 public servants they have sent to the U.S. House and Senate.

As *Money* magazine reports, Washington's lawmakers are paid double what their counterparts in Canada and Great Britain earn, at \$129,500 a year, they make more than 98 percent of the hard-working taxpayers they allegedly represent.

In addition, *Money* calculates that seven key perks that members of Congress allow themselves effectively boost their pay by another \$38,702 a year. The "crème de la perk," as *Money* calls it, is a generous taxpayer-subsidized pension plan that allows lawmakers

to draw retirement pay equal to and in some cases exceeding their current salaries. And they can begin drawing pensions as early as age 50.

But congressional salaries alone, *Money* found in a two-month probe, represent barely the tip of the iceberg. "No matter how extravagant and inefficient you now believe Congress is with your money, the reality is worse," the magazine says.

For example, **the cost of operating Congress has increased by a staggering 705 percent over the past two decades - from \$343 million in 1973 to \$2.8 billion this year.** Congressional salaries and benefits, which are purposely not included in Congress's operating budget, add \$87.3 million more to the tab.

A good portion of the soaring costs can be attributed to the **legions of staffers employed by representatives and senators to work primarily on re-election efforts.** The total congressional staff, including the House, Senate and support agencies, stands at **38,500, nine times larger than any other legislative body in the world.**

Altogether, Money figures that U.S. taxpayers this year will spend \$5.2 million per member to support the free-wheeling lifestyle to which representatives and senators have become accustomed. This will include automatic cost-of-living pay increases, free postage, discount haircuts, subsidized gymnasiums and much more. Meanwhile, the federal budget deficit continues to mount, as does each taxpayer's share of the national debt...

As Winston Churchill might have put it, never before have so many owed so much because of the irresponsibility of so few." [Emphasis added]

If we extend the meaning of the word "lawyer" ("law-yer") to include all the parasites (or cannibals?) involved in lawmaking, law administration, and law enforcement, we may get an insight of the colossal fraud and hoax that is destroying America, who is behind it, and their methodology. Ana Marie Pamintuan wrote this article in *The Philippine Star* of April 20, 1992 under the headline, "**Cory Signs Law Banning Gov't Hiring in Next Five Years**":

"President Aquina signed into law last week Republic Act 7430, the National Attrition Law, prohibiting the appointment of personnel to fill vacated posts in all national government offices for the next five years.

The President said the new law, which takes effect next month, is in line with the national policy of giving priority to measures "that will promote morale, efficiency, integrity, responsiveness and progressiveness" in the civil service.

Attrition for the next five years would ensure optimum utilization of personnel in all agencies including government owned or controlled corporations and their subsidiaries, according to the new law.

Exemptions from the new law need approval of the Civil Service Commission.

Positions exempted from the new law are those in Congress and the judiciary, division chiefs, teachers, local government personnel, presidential appointees, and those in

understaffed offices.

Also exempted are lone positions in an organizational unit, with a particular expertise intrinsic to the functions of the unit; basic positions for the initial operations of new agencies; those vital to the continued and efficient operation of the agencies; and positions which are difficult to fill because of the qualifications required such as those of **lawyers** and physicians.

Violators of the new law can be jailed from three to six months, fined from P3,000 to P5,000, or both fined and imprisoned. The appointing official must also pay the salary of the new employee during the latter's service.

The Civil Service Commission was tasked to submit an **annual report** to the President and Congress regarding compliance with the new law.

A **personnel effectiveness audit** will also be conducted by the commission along with a **work study** which will contain, among others, the evaluation of the program's effectiveness and the recommendation on whether or not it should be extended beyond five years. The audit and work study will also be submitted to the President and Congress.

Implementing rules and guidelines for the new law will be issued by the commission. RA 7430 is a consolidation, of Senate Bill 1770 and House Bill 31034, passed last Feb. 7." [Emphasis added]

Let us analyze this "law":

- They call it the "National Attrition Law." Considering all the exemptions, it should be called the "Government Bureaucracy Expansion and Make-Work Law."
- Lawyers and physicians are exempted because their positions are difficult to fill!
- It calls for an "annual report," a "personnel effectiveness audit," a "work study," and "implementing rules and guidelines" - make-work upon make-work.
- The bill itself is a consolidation of two previous bills - pure make-work.

U.S. Congress and their hangers-on consist of 38,500 lawyers (using the term in its widest sense). The 11,000 Washington bribery organizations cannot keep the 38,500 lawyers fully occupied in passing laws to favor special interests. So the lawyers draft "consolidations" of existing laws. These laws are so voluminous that it is unlikely that any member of Congress reads even 10 percent of the laws passed. And the attitude of the lawyers is that the taxpayer is fair game, as illustrated by an interview published in *Reason Magazine* in March 1991:

"[Virginia] POSTREL: If you like democracy in Zaire, what gives you the right to decide that Joe Jones in Kansas ought to pay for your fomenting of democracy in Zaire, even assuming that you could be successful at it? [Joshua] MURAVCHIK: The right seems to me perfectly clear: We are a nation, we have an agreement that there are such things as common purposes, and we have a system of government which is predicated on the idea that if a majority, through our processes of government, decides that certain purposes are in the common interest, such as giving welfare to poor people, or - [Charles] KRAUTHAMMER: Going to the moon. MURAVCHIK: Or going to the moon, or whatever in foreign policy, and **as long as these common purposes don't involve**

curtailing the rights of our own citizens, but involve only taxing them, making them contribute some money, it is fundamental to our way of government that we have the right to do that." [Emphasis added]

Contrast this attitude to that expressed by the U.S. Supreme court 86 years ago:
"The individual may stand upon his constitutional rights as a citizen. He is entitled to carry on his private business in his own way. His power to contract is unlimited. He owes no such duty [to submit his books and papers for an examination] to the State, since he receives nothing therefrom, beyond the protection of his life and property. His rights are such as existed by the law of the land [Common Law] long antecedent to the organization of the State, and can only be taken from him by due process of law, and in accordance with the Constitution. Among his rights are a refusal to incriminate himself, and the immunity of himself and his property from arrest or seizure except under a warrant of the law. He owes nothing to the public so long as he does not trespass upon their rights."
Hale v. Henkel, 201 U.S. 43 at 47 (1906).

Over the years, our "lawyers" - particularly Supreme Court judges - have steadily, little by little, virtually destroyed the constitutional protection of our individual rights - following a path the Supreme Court itself warned against, 106 years ago:

"And any compulsory discovery by extorting the party's oath, or compelling the production of his private books and papers, to convict him of a crime, or to forfeit his property, is contrary to principles of a free government. It is abhorrent to the instincts of an Englishman; it is abhorrent to the instincts of an American. It may suit the purposes of despotic power; but it cannot abide the pure atmosphere of political liberty and personal freedom.

... [B]ut illegitimate and unconstitutional practices get their first footing in that way, namely by silent approaches and slight deviations from legal modes of procedure. This can only be obviated by adhering to the rule that constitutional provisions for the security of person and property should be liberally construed. A close and literal construction deprives them of half their efficacy, and leads to gradual depreciation of the right, as if it consisted of more in sound than in substance. It is the duty of courts to be watchful for the constitutional rights of the citizens, and against any stealthy encroachments thereon."
Boyd v. U.S., 116 U.S. 616 (1886).

Go into a law library and you will find tens of thousands of volumes supposedly telling us what we must do and what we must not do. Are the principles of harmonious human behavior so complex that we need millions of pages of laws to tell us what to do and what not? Are we not conscious beings with brains and the ability to reason? Contrast our millions of pages of laws to the Ten Commandments. And these are the basic principles I propose for human civilization:

- (1) Individuals own their own lives and bodies, and may do with them anything that doesn't violate the equal rights of others.
- (2) Individuals have the right to own property.

- (3) No individual or group has the right to initiate fraud, force, or violence against another or his/her property.
- (4) Individuals have a right to communicate and to not communicate (freedom of speech and right to privacy).
- (5) Individuals have the right to associate and to enter into agreements and contracts. For a contract to be valid it needs to be entered into knowingly, voluntarily, and intentionally.
- (6) Individuals have the right to produce and exchange, and own the products of their labor. No individual or group has a right to another's production, or property, or any part thereof.
- (7) For a crime to occur there has to be a damaged party (*corpus delecti*); there are no so-called "victimless crimes."
- (8) In criminal trials, the accused has a right to trial by jury.
- (9) Juries have the right and the duty to judge both the facts and the law (jury nullification).
- (10) In the absence of coercion, order and cooperation develop spontaneously. Leadership by example is more beneficial than leadership by force, violence, compulsion, or fear.
- (11) These principles apply, irrespective of age, race, birthplace, gender, or sexual preference.
- (12) For a right to be valid its exercise may not impose a positive obligation on another. A valid right does not depend on anyone else doing anything; it only depends on others not taking certain actions. Any supposed "right" that would impose a positive obligation on another or others is null and void.

"The reason that positive thinkers fail is that their philosophical processes start with a false premise. They believe that goodness is something to be achieved and, therefore, that one must devise some means of achieving it.

Negative thinking presupposes that goodness is nothing more than the absence of badness and that life, the world, the energies already flowing around us are essentially good. Without disruption there is harmony; without noise there is quietness; without disagreement there is agreement; without drunkenness there is sobriety; without sickness there is health; without impedance there is flow. Without unhappiness, discord, failure, and frustration we can look forward to happy, fruitful, and productive lives. In that happiness is not a commodity, we do not therefore require the services of a mystic to help us find it... "

So wrote Dr. Laurence J. Peter in *Peter's People*. Nor do we need a lawyer-government to tell us what to do... Least of all, do we need a lawyer-government to tell us what to do.

Our lawyer-government bases its power on a Constitution written by lawyers for lawyers. I have been talking about the Constitution being a shield and the law a sword. Well, the "killer" who hides behind the shield and wields the sword is the lawyer - the worst professional screwmaster of all - the most insatiable rapist of the American economy.

"Lawyers are plants that will grow in any soil that is cultivated by the hands of others, and when once they have taken root they will extinguish every vegetable that grows

around them. The most ignorant, the most bungling member of that profession will, if placed in the most obscure part of the country, promote litigiousness and amass more wealth than the most opulent farmer with all his toil... What a pity that our forefathers, who happily extinguished so many fatal customs and expunged from their government so many errors and abuses both religious and civil, did not prevent the introduction of a set of men so dangerous."

H. St. John Crevecoeur, 1787

"I have always thought, from my earliest youth 'til now, that the greatest scourge an angry Heaven ever inflicted upon an ungrateful and a sinning people was an ignorant, a corrupt, or a dependent judiciary."

Chief Justice John Marshall

The Economic Rape of America - Chapter Eleven

DISCOVER AND DEVELOP YOUR FREEDOM

I desire that ye should stand fast in this liberty wherewith ye have been made free, and that ye trust no man to be a king over you.

Mosiah 23, verse 13 (The Book of Mormon)

"If Americans ever forget that American Government is not permitted to restrain or coerce any peaceful individual without his free consent, if Americans ever regard their use of their natural liberty as granted to them by the men in Washington or in the capitals of the States, then this third attempt [the American Revolution] to establish the exercise of human rights on earth is ended..."

Everything that an American values, his property, his home, his life, his children's future, depends upon his keeping clear in his mind the revolutionary basis of this Republic.

This revolutionary basis is recognition of the fact that human rights are natural rights, born in every human being with his life, and inseparable from his life; **not rights and freedoms that can be granted by any power on earth...**

American Government is not an Authority; it has no control over individuals and no responsibility for their affairs. American Government is a permission which free individuals grant to certain men to use force in certain and strictly limited ways; a permission which Americans can always withdraw from American Government."

Rose Wilder Lane

DISCOVER THAT YOU ARE FREE

One of the most important books ever written on the subject of freedom is *The Discovery of Freedom: Man's Struggle Against Authority* by Rose Wilder Lane. She said, "Very few

men have ever known that men are free. Among this earth's population now, few know that fact." In order to discover that we are free, we need to understand the nature of human energy.

We live on planet earth. The physical matter that makes up our planet can be regarded as more or less solidified energy. Rocks are very solidified; water is less solidified; and air is even less solidified. Our planet could be regarded as a giant rock, with water on parts of its surface, and surrounded by an envelope of air. Rocks are relatively fixed - they don't move around a lot. Water is relatively mobile - it moves around considerably. Air is very mobile - it moves around a great deal.

Energy in the form of sunlight pours onto our planet, its water, and air. There are living creatures on earth: plants, animals, and humans. Plants have roots and their position is relatively fixed - they don't move around much. Animals are mobile - they roam about. Humans are much more mobile - through the use of machines we can travel very far very quickly; we can even leave our planet.

Life can be regarded as organized energy; living creatures as energy organizers. What are the differences between plant energy, animal energy, and human energy? How do they organize their energy differently? Plants receive energy from the sun. They use that energy to extract carbon from the air. They also sink roots into the ground, enabling them to extract moisture and minerals from the soil. They combine carbon, moisture, and minerals to grow and operate their "bodies." Who or what controls and directs this process? Does a plant have a "self," "ego," "spirit," or "soul" that organizes its energy? Or is there a "plant god" that controls and directs plants? Or is there a "plant government" that "legislates" the "laws" that "govern" plant behavior?

What about animals? Animals essentially receive their energy from the air they breathe, the water they drink, and from the plants and other animals they eat. They use oxygen from the air, water from rivers, lakes, and ponds, and plant and animal substance, to grow and operate their bodies. Who or what controls and directs these processes? Does an animal have a "self," "ego," "spirit," or "soul" that organizes its energy? Or is there an "animal god" that controls and directs animals? Or is there an "animal government" that "legislates" the "laws" that "govern" animal behavior?

And what about humans? How do we differ from animals? We could say that we are much more **conscious** than animals, we have a well-developed ability to **reason**, and we use **tools and machines** to a vastly greater degree than animals do. We could further say that - judging by the degree to which we control and direct ourselves and our environment, including plants and animals - we humans are the "master animals" of planet earth. We don't know for sure to what extent plants and animals might be conscious and have the ability to reason. But because we control and eat them to a far greater degree than they can control and eat us, we can assume that we are indeed the "master animal."

There are other differences. A plant has few options, if any, available to it. If it doesn't like the place where it lives, it can't pull up its roots and move somewhere else. It simply has to passively receive the energy and substances that are "given" to it by its environment, and use these to grow itself. We could say that a plant has practically no **volition**. But does a plant have any volition at all? Can a plant "change its mind" and do something different? Does a plant have any "choices?" We know that a sunflower can turn its flower so that it always faces the sun. Can a sunflower "decide" on a particular day that it has had enough sun, and the sun is too hot anyway, and turn its flower away from the sun? Who or what controls and directs the behavior of a sunflower?

Suppose a human were to give the command, "Sunflower, turn your flower away from the sun!" - would the sunflower "obey?" Who or what, if anything, controls and directs the energy that animates a sunflower? Does a plant control itself, or is it controlled by "external forces" like the wind and the sun?

An animal has many more choices available to it than a plant has. It has more **volition** than a plant. It can walk around to find plants to eat. With a few exceptions, its plant victims can only stand passively, rooted to the ground, while being devoured partially or wholly. An animal can chase another animal, catch it, kill it, and eat it. Of course, a feed animal can stay out of the range of predators... Who or what, if anything, controls and directs the energy that animates an animal? Can an animal "change its mind" and do something different? Does an animal really have any "choices?"

Suppose a human were to give the command, "Horse, turn around and run away!" - would the horse "obey?" Clearly, a horse that has been "broken in" and "trained" (enslaved?) will "obey" - sometimes... But what about a wild - free? - horse? It might simply carry on doing whatever it is doing - or run away from fright... Who or what, if anything, controls and directs the energy that animates a horse? Does a horse control itself, or is it controlled by "external forces" like the human voice or a bit and bridle? What is the nature of animal energy?

Consider the range of options available to a typical animal at any given time: hunting, eating, drinking, building its nest, fleeing danger, playing, sleeping, fighting, sex, and migrating. Because of factors like consciousness, reasoning, using tools and machines, accumulated knowledge, agriculture, food distribution systems, etc., most humans spend far less time and effort on "survival options" (eating, drinking, fleeing danger, etc) than animals do. Humans can be regarded as more efficient energy organizers than animals. So humans have additional options available to them: working (a practically unlimited variety of options), talking, reading, writing, watching TV, going to the movies, walking dogs, riding horses, driving cars, flying planes, etc. Who or what decides which of these options a human will exercise at any given time? Who or what, if anything, controls and directs the energy that animates a human? Do humans control themselves, or are they controlled by "external forces" like "gods," "governments," or "laws" (so-called)? What is the nature of human energy?

You are reading this report. Who decides whether to continue reading or not? Who is in control? When you get to the end of the page you turn to the next. Who decides to turn the page? Who or what controls and directs the energy that makes your finger turn the page?

If someone points a gun at you and says, "Turn the page, or I'll shoot you!", who decides whether to turn the page or not? And if the page is turned, who or what controls and directs the energy that makes your finger turn the page?

This is how Rose Wilder Lane explains it:

"A human being is a dynamo, generating energy. You are reading a book; you want to turn a page. You generate the energy that moves the muscles of your arm and hand, and turns the page.

Each living person is a source of this energy. There is no other source. Only an individual human being can generate human energy."

Non-living energy operates consistently. Whether it be the energy of an electron, a hurricane, or the sun, energy behaves consistently. This fact makes scientific knowledge possible. Non-living energy - electricity, for example - always operates in the same way in the same conditions. No one knows what makes it consistent, but because it is consistent, those who have observed how it acts can predict, with sufficient accuracy, how it always will act. Rose Wilder Lane continues:

"Living energy is different; it is creative, and variable. It changes, and it changes the conditions in which it acts. It is unpredictable, because it never acts twice in precisely the same way. Not even two blades of grass in a lawn are identical. No two children of the same parents are alike; not even two quintuplets.

Yet living energy is controlled. Everyone knows what controls human energy. Your desire to turn a page generates the energy that turns the page; you control that energy. No one else, and nothing else, can control it.

Many forces can kill you. Many, perhaps, can frighten you. But no force outside yourself can **compel** you to turn that page. Nothing but your desire, your will, can generate and control your energy. You alone are responsible for your every act; no one else can be.

This is the nature of human energy; individuals generate it, and control it. Each person is self-controlling, and therefore responsible for his acts. Every human being, **by his nature**, is free."

A person who has discovered that he or she is free, I shall call a "Freeperson." At this time there may be more than a million Freepersons on earth.

Those who were desirous that Pahoran should remain chief judge over the land took

upon them the name of freemen... And it came to pass that the voice of the people came in favor of the freemen, and Pahoran retained the judgment-seat, which caused much rejoicing among... the people of liberty, who also put the king-men to silence, that they durst not oppose but were obliged to maintain the cause of freedom.

**Alma 51, verses 6-7
(The Book of Mormon)**

OVERCOME YOUR WIMP

Some may find the implications of being naturally free frightening. There may be an overpowering psychological "wimp" in our mind that blinds us to our freedom. If so, the next step is to overcome that wimp.

Deep within the psyche of practically every human there resides a pernicious wimp. Your wimp is like gravity. It is invisible. It is powerful. It pervades your life. It pulls you down. It affects your every thought, your every action... It usurps your power.

The wimp within you makes it possible for people to manipulate you. The reason politicians, lawyers, bureaucrats, and IRS agents get away so easily with their fraudulent bloodsucking is that practically all their victims are afflicted with virulent wimps that inhabit the core of their psyches. In general it is easy to dupe wimps and separate them from their consciousness and their money.

Once you begin to understand your own personal wimp and recognize when it exerts its influence over you, you can begin to overcome it. You do it little by little. An understanding of the evolution of human consciousness will help you identify the nature of your personal wimp. Consider the bicameral model of the mind below.

THE BICAMERAL MODEL OF THE MIND:

1. Pre-conscious; Bicameral stage 1:	Automatic visions and voices tell you what to do. You automatically obey the "voices of authority." You think and speak like a slave. Obedience is paramount.
2. Proto-conscious; Bicameral stage 2:	Automatic feelings and thoughts tell you what to do. You behave like: (a) A true believer (sometimes a fanatic fighter for a "great cause"); or (b) A helpless wimp (languishing in apathy, sometimes complaining); or (c) A self-righteous preacher (making self "right" and others "wrong"); or (d) A macho rebel (compulsively fighting "the system," "the IRS," "the government"). Being "right" is paramount.

**3. Conscious;
Conscious
stage:**

You have largely mastered your feelings and emotions.
You have the ability to critically examine every concept, every thought, every action.
You strive to increase your competence in every aspect of your life.
You carefully observe the results you produce, using that as feedback to improve your concepts, thoughts, communications, and actions.
You live free and creatively - you are a Freeperson.
Producing results is paramount.

According to Dr. Julian Jaynes (*The Origin of Consciousness in the Breakdown of the Bicameral Mind*), up to about 3,000 years ago humans were not conscious as we know consciousness today. Their minds worked like this: Situations triggered mental voices and/or visions that were automatically generated in the right brain, from where they were communicated via the anterior commissure to the left brain, where the visions were "seen" and the voices "heard." The mental voices and visions "told" people what to do. Today, some people still manifest this form of mentation - sometimes called schizophrenia. I call this stage in the evolution of consciousness, **bicameral stage one** - the pre-conscious human. In this stage **obedience** is paramount.

Many people are aware of an automatic, apparently uncontrollable "stream of thoughts" going on in their heads. Sometimes a situation will trigger an automatic thought like "she doesn't love me," followed by automatic feelings and emotions - apparently not under control. When I watch and listen to a TV talk show like "Good Morning America" or "Morton Downey, Jr.," it seems to me that most of the participants, including the host and the specially invited speakers, merely regurgitate their automatic thoughts - their emphasis being on trying to prove self "right" and others "wrong." I call this **bicameral stage two** - the proto-conscious human. In this stage **being "right"** is paramount.

A rapidly growing number of people have started questioning and critically examining concepts, beliefs, and behaviors, held sacred by their elders and most of their contemporaries. These people want to produce better results in their lives: their health, their relationships, their careers. In any area where they think their results are below expectations they seek to improve their knowledge, their skills, their competence. They also realize that some of their difficulties stem from destructive thoughts and behavior patterns acquired or developed during childhood. Their emphasis is on **producing results**. I call this the **conscious stage**.

Many humans are in transition from bicameral stage 2 to the conscious stage. Some are still in transition from bicameral stage 1 to bicameral stage 2. Some show signs of all three stages.

Where does your wimp fit into all this? If you believe in total obedience to something outside yourself (an external "authority"), your wimp may have total control over your life. If you're a bicameral stage two proto-conscious human, your wimp will probably make you a true believer, a somewhat helpless apathetic, or a compulsive rebel. These

three types compare to three of the life-orientations identified by Dr. Eric Byrne in Transactional Analysis: "I'm not OK - you're OK" (true believer); "I'm not OK - you're not OK" (helpless apathetic); and "I'm OK - you're not OK" (compulsive rebel). As you evolve into the conscious stage you move towards "I'm OK - you're OK."

The way you recognize your wimp is to identify any area of your life where the results you produce don't meet your expectations. If you are inclined to lose your cool in certain situations, or in the presence of certain kinds of people, you have another pointer to your wimp. If you consistently blame things or people outside yourself for your lack of success or your lot in life, you have another indication that your wimp is at work. If you're involved in any activity where it is claimed that "X is the only truth, philosophy, politics, etc.," your wimp is of the true believer kind. Similarly, your wimp may be the helpless apathetic or compulsive rebel type. If there are things you want to do but somehow you don't think you can do them, or you just never get around to doing them, that's another pointer to your wimp. If you're stuck in some destructive habit - you want to drop it but don't seem able to - that's your wimp at work. If you often get victimized - for example, provoke violence or coercion against yourself - that's a definite wimp pointer.

If you believe you can't escape the clutches of the IRS, then your wimp has got you - there are probably at least ten million people in the USA who are largely free from the IRS and the government. You can join them whenever you want to.

The steps for overcoming your wimp:

1. Recognize that there is a wimp within you.
2. Identify the areas in your life where the wimp seems to get the upper hand - areas where your results are below expectation.
3. Ask, "What knowledge, skills, or methods (competence) do I need to improve in that area?"
4. Replace the incompetence with competence. For many this is a life-long process. We simply stick to it year after year.
5. Read and apply *Mind Traps: Change Your Mind Change Your Life* by Tom Rusk, M.D. Rusk identifies self-doubt as the root of all evil:

"The effects of self-doubt go far deeper than an inability to accept one's talents and attributes. Self-doubt is a mental abscess which can penetrate to the very essence of your being. Like a slow-growing but highly adaptable fungus, self-doubt is a creeping rot which eats away at your sense of worth. It can be so insidious you may be unaware of its damaging effect on your life. And self-doubt is extremely durable; it is resistant to all but the most sophisticated and determined efforts at eradicating it.

Introduced by painful experiences in childhood, self-doubt weaves itself into the fabric of your identity. There, disguised as the truth, utilizing the self-defeating attitudes (Mind Traps) it generates, self-doubt asserts its poisonous influence over

every aspect of life, from work to relationships. Self-doubts and Mind Traps are hardy enough to withstand overwhelming conflicting evidence. They are even resistant to good common sense - no matter how much some people may love and respect you, you may still doubt yourself. And you may find yourself sabotaging your own welfare."

6. Read and apply *Learned Optimism* by Martin E.P. Seligman, Ph.D. The opposite of "learned optimism" is "learned helplessness." With helplessness goes depression. During the past 60 years the incidence of helplessness and depression in America has increased about tenfold. The extent of the economic rape of America has probably increased by a similar magnitude since the "New Deal" of the 30s. Seligman writes:

"The optimists and the pessimists: I have been studying them for the past twenty-five years. The defining characteristic of pessimists is that they tend to believe bad events will last a long time, will undermine everything they do, and are their own fault. The optimists, who are confronted with the same hard knocks of this world, think about misfortune in the opposite way. They tend to believe defeat is just a temporary setback, that its causes are confined to this one case. The optimists believe defeat is not their fault: Circumstances, bad luck, or other people brought it about. Such people are unfazed by defeat. Confronted by a bad situation, they perceive it as a challenge and try harder.

These two habits of thinking about causes have consequences. Literally hundreds of studies show that pessimists give up more easily and get depressed more often. These experiments also show that optimists do much better in school and college, at work and on the playing field. They regularly exceed the predictions of aptitude tests. When optimists run for office, they are more apt to be elected than pessimists are. Their health is unusually good. They age well, much freer than most of us from the usual physical ills of middle age. Evidence suggests they may even live longer."

The wimp is a pessimist. Optimism is a methodology or technology that can be learned. Doing so will eventually defeat the wimp. (Though, sometimes over-optimism needs to be tempered with realism.)

7. Become a Freeperson.

BECOME A FREEPERSON

The idea of a Freeperson and what you have to do to become free, may also serve as a guideline to overcome your wimp. In some very important aspects a Freeperson is a special breed of human. Below is an example of the kind of basic assumptions, assertions, or affirmations that a Freeperson lives by:

1. I am free;

2. I am sovereign;
3. I am responsible;
4. I choose the values by which I live;
5. I live my life the way I want to;
6. I practice association by consent;
7. I want others to enjoy the same freedom.

Each Freeperson has his or her own set of basic assumptions, whether explicitly formulated or not. Some of the implications of the above assumptions follow:

1. I am free

You can't become free by merely asserting that you are free. I also suspect that it is very difficult for people who haven't lived free to discover that they are free. But people can discover that they control the energy that animates their bodies, and that - ultimately - every action they take follows from a decision in their brain. Reading *The Discovery of Freedom* by Rose Wilder Lane may assist this discovery.

My mind and my body are in my power... Whatever beliefs I might have about not being free are beliefs in my mind. I chose those beliefs. I can change those beliefs.

2. I am sovereign

The discovery that you are sovereign follows from the realization that you are free and that all coercive political systems on planet earth today are fraudulent hoaxes. Reading *No Treason - The Constitution of no Authority* by Lysander Spooner may assist this discovery. I do not rule others, nor am I ruled by others. I am sovereign over my mind and body.

3. I am responsible

The realization that you are responsible follows from an increasing awareness of the links between your actions (and non-actions) and their consequences. Your choices have consequences. The kind of life you now lead, your degree of freedom, and the state of your health are consequences of your choices. You have created your life. You are responsible, whether you know it or not.

To a very large extent, I cause my actions, I produce my own outcomes, and I determine what happens to me. Though I realize that while I am free to choose my actions, I am not free to choose the consequences of my actions.

Being responsible also means that I keep the agreements I make.

4. I choose the values by which I live

Whatever moral code you live by you chose it - even if by default. If you decide to live by the "laws of a country" (so-called), that is your choice. A Freeperson knows that there can be as many moral codes as there are conscious individuals.

5. I live my life the way I want to

For the most part, this is really an obvious statement of fact. To think otherwise is to

deceive yourself. If you wanted your life to be different you would have created it differently through your choices. Of course, we do realize that "chance events" have considerable influence - but it is the victim or slave mentality who blames external factors and feigns helplessness.

6. I practise association by consent

Force or coercion by human against human is a remnant of the practice of slavery. I believe in voluntary association. I do not force or coerce others. I organize my life so as to reduce coercion from others against me to a minimum.

7. I want others to enjoy the same freedom

Other Freepersons enrich my life. Social contact with them tends to be rewarding, business mutually profitable. In general, life is more fun and rewarding among a circle of Freepersons. Benefits result from my successful attempts to assist others to increase their freedom.

Parallel: A rational person seeks associations with other rational individuals, and profits from their existence through voluntary exchange in which all parties gain value.

SEIZE YOUR FREEDOM

(This section is based on a flier written by the mysterious author "J.E.T.") So you want to be free? Then become free! All the freedom is yours which you are able to seize! How do you seize freedom? By avoiding, evading, escaping, discouraging, overpowering, destroying, or otherwise frustrating anyone who initiates force or the threat of force against you.

Do you beg for freedom? - "But the oppressors ignore my pleas for freedom," you complain. Do you expect them to set you free? (Graffiti in a Las Vegas shopping mall: SLAVES NEED MASTERS.) As you yourself point out, your oppressors have the morals which would shame a beast of the forests. As long as you obey their rules, no matter how onerous, and pay their taxes, no matter how burdensome - why should they set you free? - why should they relinquish the easy life of a parasite?

"And the oppressors dupe my neighbors who are confused, unaware, and apathetic," you protest. Do you expect them not to deceive? - not to tame their flocks? The herdsman can milk only tame cows; the shearer can shear only submissive sheep; the tyrant can drive only obedient slaves...

"We must overturn the oppressors," some of you proclaim, "and rule wisely and justly in their place." Then go do it - if you can! But don't be surprised when the oppressors stampede their bewildered subjects against you.

"We must educate - teach increasing numbers our values and ideas," others shout, "And some day truth will prevail and evil will be banished from the earth." But as even you admit in your more reflective moments, this will take time - much time. So how shall you

live the only life you will ever have? And how many followers can you attract and hold if you offer only visions of a paradise for their great grandchildren?

"I do want freedom," you cry, "But there is no way to get it now - no chance to elect, no means to revolt, and no place to go." I reply: If you want freedom, seize it.

"But my oppressors are organized into a powerful government, an omnipotent state - their laws shackle me," you object, "And they have thousands of agents and millions of police." I reply: However, each of their minions has only the same two eyes, the same two hands, and usually not as much brains as you or I. They are individuals. They cannot be everywhere. They cannot see everything. They cannot understand everything. They cannot do everything. You do not have to obey them.

"But they collect a tax on my earnings before I even see it," you protest. Only if you are so craven as to hand it over. Discover ways to avoid their extortions: Get your earnings under your own control; trade with those who practise freedom; or be a Gypsy who sells - and flees!

"But they will confiscate my property," you quaver. Only if you are so foolish as to lead them to it. Convert your wealth into forms you can conceal. Put it where they can't get at it. And rent your shops and homes - or mortgage them to the hilt.

"But they will throw me in jail," you object. Only if you are so careless as to stumble over them - they who have trouble apprehending morons and psychopaths. Make yourself difficult to find.

"But that is too much trouble," you complain, "I would rather follow their rules and pay their taxes - lick their boots and hone their axes - do everything they demand - and maybe, oh maybe, they will leave me alone just a little." Then tag along with the sheep to slaughter, you who expect freedom on a silver platter. For how long can you appease the tyrant who will demand more and more, until he owns you completely?

And what do we know of this libertarian utopia that some of you dream of? In every land of which we hear, there are some who covet the lives and creations of others - predators who rob and enslave the weak, the foolish, and the cowardly. And when have they failed to recruit millions to vote for them, finance them, and work for them as humble agents and police?

Some predators prowl alone or in small gangs, slinking about as criminals. So the Freepersons go about like tigers - armed and ready for self-defense.

Some predators join together, masquerading and strutting about as "rulers." So the Freepersons go about like foxes - inconspicuous and ready to hide.

(Occasionally some "Freepersons" form an alliance to put down the predators - only to become slavers and looters in turn.)

However, in almost every land, those with the courage to assert their freedom seldom need to fight or hide - for the predators live off the easy prey.

Now, at last, I have the key -
The elixir of liberty -
For the first time in history -
And once sufficient numbers see...

Well, maybe... but in the meantime, all the freedom is yours which you are able to seize.

WHAT IF YOU DON'T HAVE A JOB?

Recently in the *National Enquirer*, Dr. Robert H. Schuller wrote his "**10 tips to beat the recession**":

"Well, you can be an optimist. Or you can be a pessimist. Optimism produces health, healing, energy and power. Pessimism produces just the opposite. But how can we be optimistic in 1992 when things look so dark and gloomy? By remembering and practicing the following:

1. Optimism is a choice - not an inheritance. Tell yourself: I have the freedom to look at any negative situation and take either a negative or a positive attitude...
2. I am a human being. That means I can learn. I can establish a plan. I can set goals. And if I set a goal, I will achieve at least part of it - if not all of it.
3. Change is inevitable. If I'm unemployed right now, I can still be grateful and optimistic - because things will not be the same a year from now. Tough times never last, but tough people do.
4. I will look at what I have left - not at what I have lost. I will regroup the assets I have to create a smaller, but more solid emotional and financial base.
The husband of one of my employees, for example, lost his job. Without his income, they can no longer afford the mortgage payments on their home. They've decided to rent it out and move into less spacious quarters - lifting an emotional and financial burden.
5. I will keep my optimism growing by tapping into positive memories. We all have positive memories stored within us that we've forgotten. Recall them - especially your past successes and times you overcame pressing problems. Tap into them. Learn from them. They will bring power into your life.
6. Calm down. Relax. Think. My advice to thousands of people over the years has been: Never make an irreversible decision at a low point in your life...
In the Air Force, young men training to become pilots are taught: "If something terrible happens, what do you do? Nothing! Just think!" Quick decisions are impulsive and reactionary. They will only accelerate the problem.
7. Practice reacting positively. Believe that every scar can be turned into a star! Positive thoughts produce positive results. Negative thoughts always produce negative results.

8. Believe that anything is possible! You can improve your future if you set clear goals. Devote more time to achieving those goals. Work harder than you've worked before.
9. Start small. Think tall. Look over the wall! Don't try to achieve your goals overnight. Take small steps at first but never lose sight of the end result you want. You can shape your future - until eventually, the outcome will be terrific.
10. Make an irreversible, irrevocable and irretrievable commitment to keep a "PMA" toward setbacks, problems, failures, and losses. What's a "PMA?" As multimillionaire W. Clement Stone says, it's a "Positive Mental Attitude!"

I often sit with Gene Autry when his baseball team the California Angels plays in Anaheim, Calif. I was sitting right next to him when the Angels lost the game that put them in the cellar. He turned, looked at me and said, "Well, we're still in the major league!" With that positive attitude, he won't stop at anything to rebuild his team.

Expect difficulties, problems and low times. But, like Gene Autry, tilt your mental attitude toward the positive! ... Remember, you too, can have that winning optimistic attitude. It's your choice!

I have three further suggestions:

- Get *The Work-at-Home Sourcebook* by Lynie Arden. This book will provide you with a wide range of ways to earn a living from you home.
- Get *Wishcraft: How to Get What You Really Want* by Barbara Sher. This is a superb book on how to acquire the know-how and create the support system to greatly increase your chances of success.
- Find ways to sell *The Economic Rape of America: What You Can Do About It*. Make up to \$12 for every book sold. If you can sell one book every hour, you earn \$12 per hour. You could also become a Marketing Agent, recruit other Marketing Agents and earn a commission on everything they sell - see Chapter Twelve.

The Economic Rape of America - Chapter Twelve

WHAT YOU CAN DO ABOUT IT

But those who look into the perfect law, the law of liberty, and persevere, being not hearers who forget but doers who act - they will be blessed in their doing.

James 1, verse 25

"As a corollary to the proposition that all institutions must be subordinated to the law of equal freedom, we cannot choose but admit the right of the citizen to adopt a condition of voluntary outlawry. If every man has freedom to do all that he wills, provided he infringes not the equal freedom of any other man, then he is free to drop connection with the state - to relinquish its protection, and to refuse paying toward its support. It is self-

evident that in so behaving he in no way trenches [encroaches] upon the liberty of others; for his position is a passive one; and whilst passive he cannot become an aggressor. It is equally self-evident that he cannot be compelled to continue [to be a member] of a political corporation, without a breach of moral law, seeing that citizenship involves a payment of taxes; and the taking away of a man's property against his will, is an infringement of his rights. Government being simply an agent employed in common by a number of individuals to secure to them certain advantages, the very nature of the connection implies that it is for each to say whether he will employ such an agent or not. If any one of them determines to ignore this mutual-safety confederation, nothing can be said except that he loses all claim to its good offices, and exposes himself to the danger of maltreatment - a thing he is quite at liberty to do if he likes. He cannot be coerced into political combination without a breach of the law of equal freedom; he can withdraw from it without committing any such breach; and he has therefore a right so to withdraw."

Herbert Spencer, 1844

1. Discover That You Are Free

Some people naturally realize or discover that they are free. They are a very small minority; less than one percent of humans. Two books may be particularly useful in this respect:

- *The Discovery of Freedom: Man's Struggle Against Authority* by Rose Wilder Lane.
- *How I Found Freedom In An Unfree World* by Harry Browne.

And you, O mortal, do not be afraid of their words, though briars and thorns surround you and you live among scorpions; do not be afraid of their words, and do not be dismayed at their looks.

Ezekiel 2, verse 6

2. Overcome Your Fear Of The IRS

Since the days we lived in caves we have feared strangers. The IRS is a mean, vicious, terrifying stranger - until you get to know it a little better. Knowledge is power. Once you discover its soft belly, the IRS becomes a paper tiger. The following books are highly recommended:

- *Tax Fraud & Evasion: The War Stories* by Donald W. MacPherson.
- *Taxscam: How the IRS Swindles You and What You Can Do About It* by Alan Stang.
- *Do Unto the IRS as They Would Do Unto You!* by M.J. "Red" Beckman.
- *To Harass Our People: The IRS and Government Abuse of Power* by Congressman George Hansen.

- *Tax Revolt: The Battle for the Constitution* by Martin A. Larson.
- *How Anyone Can Stop Paying Income Taxes* by Irwin A. Schiff.
- *The Best Kept Secret: "Taxpayer" v. Nontaxpayer* by Otto Skinner.
- *If You Are The Defendant: Supplement to the Best Kept Secret* by Otto Skinner.

For a comprehensive approach to beating the IRS, contact Free America! Institute - see last page.

For years and years our government has used
 As a method collecting - the rack and screws
 They say you'll go to jail, if you don't confess
 We say "Cut the thievin' hands off the IRS."

Chorus:

We're gonna get rid of the IRS
 We got no use for the rack and the screws
 Or their inquisitorial abuse
 Cut the thievin' hands off the IRS...

Ajay Lowery, 1981

The clever see danger and hide; but the simple go on, and suffer for it.
Proverbs 22, verse 3

3. Safeguard Your Income And Assets Against Economic Rape

The best way I know of for doing this is to use an instrument called the "Pure Trust." Article I, Section 10 of the U.S. Constitution states, "**No State shall pass any law impairing the obligation of contracts.**" The Pure Trust is a contract under the Constitution and Common Law that creates a trust. The first Pure Trust of record in North America was established in 1765 by Patrick Henry for Governor Robert Morris of the Virginia Colony, who was a prominent financier of the American Revolution. Called the North American Land Company, it is still in operation today. It is the kind of Trust that the super-rich have been using for centuries to maximize their privacy, safeguard their assets, and minimize their taxes. The Kennedys, Astors, Rockefellers, Hunts, and Mellons have all been using Pure Trusts for many years. The Pure Trust has these features:

- It is a "legal person" or identity, in the same way that a corporation is a legal person.
- It is lawful and all its aspects are guaranteed by the U.S. Constitution.
- It can own assets and engage in business - like a corporation, but with none of the disadvantages of a corporation - you can use it instead of a corporation to operate any lawful business.
- It is not subject to statutory regulation.

- It is very private; it has no reporting requirements to anyone; its bank accounts are private.
- No social security numbers or tax identification numbers are associated with it or its bank accounts.
- It safeguards assets; its user becomes virtually judgment-proof - makes it almost impossible for the IRS or anyone else to seize your assets.
- It enjoys enormous income tax advantages - you can control your personal income, assess yourself, and pay income tax accordingly, if you want to.
- It eliminates capital gains taxes.
- It eliminates probate and estate taxes.

To find out more, request information on *The Pure Trust Package* from Free America! Institute - see last page.

Take my instruction instead of silver, and knowledge rather than choice gold; for wisdom is better than jewels, and all that you may desire cannot compare with her.
Proverbs 8, verses 10-11

4. Gold And Silver

A civilization cannot survive and prosper very long without sound money. If the U.S. banks and financial system collapses through hyperinflation or pervasive bankruptcies, we will need to turn to something else for money. Since biblical times and before, gold and silver have always performed best as money. The Old Testament Hebrew word "keceph" means both silver and money. Pre-1965 U.S. silver coins will be used for money if the current U.S. currency system collapses; so will other coins, and silver and gold in other forms. But how do you get the gold and silver you need, how do you store it, and how do you prevent the government from finding out about it and confiscating it - like they did in 1934.

The Gold and Silver Manual by Frederick Mann is now under preparation. It covers the following:

- Why you must have silver and gold.
- Why you should buy silver and gold before government regulation makes it very difficult.
- Which forms of silver and gold should you buy.
- How to shop around for the best prices and lowest commissions.
- What are the pitfalls and how to avoid them.
- How to store silver and gold without fear of exposure and confiscation.
- How to maintain privacy, particularly when selling gold.

To find out more, ask for information about *The Gold and Silver Manual* by Frederick Mann from Free America! Institute - see last page.

This is the offering that you shall receive from them: gold, silver, and bronze.
Exodus 25, verse 3

5. Private Banking

In California a very private "non-bank" has been operating successfully for fifteen years. It caters for accounts in gold or Federal Reserve Notes. It is completely private and doesn't report to anyone. It pays interest on both gold and Federal Reserve Note balances. In Chapter Three Harry Figgie indicated the likelihood of hyperinflation by 1995. The dollar may be wiped out, and the government-regulated banking system may collapse completely. To protect our monetary assets, we need to use alternative private banks where possible. Ideally, we need to establish a network of private banks throughout the country, and eventually throughout the rest of the world.

Inquire about *The Private Banking Package* from Free America! Institute.

6. Physical Survival

It is conceivable that American civilization is gradually and inexorably collapsing. A complete breakdown of the financial system is possible. Our food distribution systems may suffer. In some cities food may become scarce. There may be extensive rioting - much worse than the Los Angeles riots of May, 1992. In some cities physical survival may become a problem. If you are interested in perusing this area, I suggest you read *How You can Find Happiness During the Collapse of Western Civilization* by Robert J. Ringer.

7. Jury Nullification

Every member of a jury has the right and the duty to judge both the facts and the law. A jury member may find an accused not guilty for reasons of conscience or because he or she regards the law as bad. This is called jury nullification. It is one of the checks and balances in the American system of government. Thomas Jefferson called it the most important check. The American judicial system has been subverted and corrupted by judges who don't inform juries of their right of jury nullification. However, in some parts of the country people know they have this right and duty. I have been told that the IRS has hardly won a case against a tax protestor in Montana in 20 years, because of jury nullification.

In my opinion, our best hope for "changing the system" is through jury nullification. Imagine what would happen if a significant percentage of the population knew they had the right and duty of jury nullification. The bad laws would be effectively nullified. And, heaven forbid, should you ever end up in court, it would help a great deal if at least one of the jury members knew about jury nullification. It just takes one jury member out of twelve to prevent you from being convicted when you have been accused of contravening

a bad or unconstitutional law, or if the judge refuses to let you use the Constitution in your defense.

So it may be worth your while to spread the jury nullification message. Contact the Fully Informed Jury Association, PO Box 59, Helmville, MT 59843 - 1-800-TEL-JURY.

You shall not follow a majority in wrongdoing: when you bear witness in a lawsuit, you shall not side with the majority so as to pervert justice.

Exodus 23, verse 2

8. Market Freedom and Make a Fortune.

The principals of Free America! Institute have been working very hard at developing the means whereby almost anyone - without any special skills or training - can promote freedom while making a personal fortune. If you are interested in these thrilling developments, please contact us - see last page.

And that day about three thousand persons were added.

Acts 2, verse 41

9. Subscribe To The Newsletter *Wake Up America!*

A monthly newsletter to keep you informed of:

- Latest developments on the IRS front.
- Using the Pure Trust to best advantage.
- Private banking news and developments.
- Diversifying offshore and overseas.
- Gold and silver.
- Jury nullification news.
- Link up quietly and unobtrusively with other Freepersons.
- Business opportunities in the true free market.
- Survival hints.
- Private education.
- Explains basic principles for civilization
- Guest editorials
- Book reviews
- Readers' letters
- Like-minded organizations and publications
- Lots more for the freedom-oriented.

Contact Free America! Institute for details - see last page.

10. Creating A Free America

For many years people have attempted to change the system by aiming their grievances and suggestions at politicians in power. I believe such efforts should continue - once in a while, people in power do make beneficial changes. But I also believe that a nation is made up of individuals. America will be free, healthy, and prosperous when its individuals are free, healthy, and prosperous. By increasing our freedom, health, and prosperity as individuals, we can eventually create a free, healthy, prosperous America. So we start with ourselves, individual by individual.

There is a principle of action and reaction, force and counter-force - first formulated by Isaac Newton. This also applies to political systems. If you push against a system to change it, that system may very well push back at you. Paradoxically, the state usually gets stronger when people push against it. It says, "All these evil people are trying to destroy the state, therefore we need more police, more soldiers, more money."

So we use a different strategy. We withdraw from the state. We build our individual defenses, so the government raiders can't loot our wealth. We create our own free and private institutions. And should the politicians, bureaucrats, and their handmaiden-lawyers attack us, we shall beat them back more often than not. We shall use their energy and effort to strengthen ourselves and to persuade many more people to join our ranks. This way, I believe, we will create a free, healthy, wealthy America.

"It is therefore the inhabitants themselves who permit, or, rather, bring about, their own subjection, since by ceasing to submit they would put an end to their servitude. A people enslaves itself, cuts its own throat, when, having a choice between being vassals and being free men, it deserts its liberties and takes on the yoke, gives consent to its own misery, or, rather, apparently welcomes it..."

Everyone knows that the fire from a little spark will increase and blaze ever higher as long as it finds wood to burn; yet without being quenched by water, but merely by finding no more fuel to feed on, it consumes itself, dies down, and is no longer a flame. Similarly, the more tyrants pillage, the more they crave, the more they ruin and destroy; **the more one yields to them, and obeys them, by that much do they become mightier and more formidable, the readier to annihilate and destroy. But if not one thing is yielded to them, if, without any violence they are simply not obeyed, they become naked and undone and as nothing, just as, when the root receives no nourishment, the branch withers and dies...**

I do not know how it happens that nature fails to place within the hearts of men a burning desire for liberty, a blessing so great and so desirable that when it is lost all evils follow thereafter, and even the blessings that remain lose taste and savor because of their corruption by servitude. Liberty is the only joy upon which men do not seem to insist; for surely if they really wanted it they would claim it. Apparently they refuse this wonderful privilege because it is so easily acquired...

He who thus domineers over you has only two eyes, only two hands, only one body, no more than is possessed by the least man among the infinite numbers dwelling in your cities; he has indeed nothing more than the power that you confer upon him to destroy you. Where has he acquired enough eyes to spy upon you, if you do not provide them yourselves? How can he have so many arms to beat you with, if he does not borrow them from you? The feet that trample down your cities, where does he get them if they are not your own? How does he have any power over you except through you? How would he dare assail you if he had no cooperation from you? What could he do to you if you yourselves did not connive with the thief who plunders you, if you were not accomplices of the murderer who kills you, if you were not traitors to yourselves? You sow your crops in order that he may ravage them, you install and furnish your homes to give him goods to pillage; you rear your daughters that he may gratify his lust; you bring up your children in order that he may confer upon them the greatest privilege he knows - to be led into his battles, to be delivered to butchery, to be made the servants of his greed and the instruments of his vengeance; you yield your bodies unto hard labor in order that he may indulge in his delights and wallow in his filthy pleasures; you weaken yourselves in order to make him the stronger and the mightier to hold you in check. From all these indignities, such as the very beasts of the field would not endure, you can deliver yourselves if you try, not by taking action, but merely by willing to be free. **Resolve to serve no more, and you are at once freed. I do not ask that you place hands upon the tyrant to topple him over, but simply that you support him no longer; then you will behold him, like a great Colossus whose pedestal has been pulled away, fall of his own weight and break into pieces.** [Emphasis added]

Étienne de la Boétie, 1562