

LIBERTY TREE

Vol. 13, No. 5 — May 2011



On March 10, 2011, the Government Accountability Office (GAO) assisted Congress in launching the latest salvo in the war on your most valuable property: Liberty. Senators Max Baucus and Chuck Grassley — longstanding enemies of wage-earning Americans — had asked the GAO to investigate and report to the Senate finance and judiciary committees on ways Congress could deny Americans entitlement to passports if the IRS alleges they owe federal taxes.

Naturally, that's not how the GAO described its "work": its report title is a bit more sophisticated: "FEDERAL TAX COLLECTION: Potential for Using Passport Issuance to Increase Collection of Unpaid Taxes."¹

According to the GAO, the State department issued passports to more than 224,000 people who owed over \$5.8 billion in "known" unpaid taxes in 2008, the subject year of its study. This is just 1.4 percent of the approximately 16 million

"[A]ll men are ... endowed by their Creator with certain unalienable Rights, .. among these are .. Liberty .. [To] secure these rights, Governments are instituted among Men ..."

— Declaration of Independence

Owe the IRS?



passports issued that year. That same year, the IRS reported collecting over \$1.93 trillion in individual income and 'employment' taxes.² Thus, 1.4 percent of the people issued passports in 2008 *collectively owed* less than one-third of one percent (0.3%) of all the federal income taxes collected that same year.

No doubt the IRS is insane with glee at the prospect of trading not only citizens' Liberty, but years of congressionally mandated safeguards on the privacy of taxpayer records, for the mere *chance* it could collect this microscopic sliver of ad-

(Continued on page 4)

1. GAO-11-272.

2. Tax statistics for 2008 can be found at <http://www.irs.gov/taxstats/article/0,,id=171960,00.html>

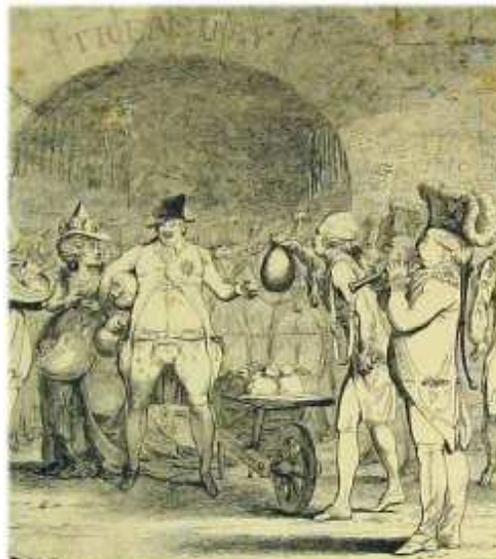
Paying the piper ...

Editorial by Dick Greb

In no profession is the saying 'He who pays the piper, calls the tune' more apt than government.

— attributed to 2002 *Times* 2 Jan. 14

In last month's Liberty Tree, I left off talking about one of the problems facing the Founding Fathers — that is, how should the operations of government be funded? Since every type of tax infringes on some right or another, then how can its expenses be legitimately covered? In thinking about this issue, it would be wise to remember the old proverb: "He who pays the piper, calls the tune." Wherever government obtains its funding, there will its loyalties tend to lie.



"A New Way to Pay the NATIONAL-DEBT," circa 1804.

So there is a danger in funding government through means which remove you from the equation. If it doesn't need to depend on you for money, then it also doesn't need to worry about your objections over what it does with that money. Just as importantly, the flip side is that if you aren't paying for government, then you have less incentive to be concerned about what it does and the prices it pays to do it. That wouldn't be a problem if the government didn't constantly overstep the authorities granted to it by the Constitution, but it does.

(Continued on page 2)

... calling the tune

(Continued from page 1)

And this is really the heart of the whole affair. As long as the government *can* spend more than it collects in taxes, it *will* spend more, and will keep spending more until forced to stop, either by political action or bankruptcy. (“Spending” is just another way of saying “doing,” since everything the government *does* is accomplished through its authority to appropriate money to the task.) Any limits on taxing powers need to be coupled with enforceable spending limits as well, or they’ll be of little practical use. And that naturally must include enforceable prohibitions on endless borrowing and printing of money, as well as on the constant overstepping of its legitimate powers (*i.e.*, those specifically delegated). Ultimately, for the Constitution to last, ways must be found which align everyone’s various incentives in such a way that they benefit by keeping government within its proper bounds.

But of course, things are the way they are at present because those in power *have* aligned the incentives to accomplish *their* plans, said plans largely centering around the distribution among the masses of the ill-gotten gains obtained from others, in a huge vote-buying scheme designed to keep the elites in power. And with too few exceptions, it seems to be working pretty well for them.

As I mentioned last month, the taxing powers granted to the government — which is nothing more nor less than our *collective agent* — is in essence our agreement to pay the legitimate expenses incurred in fulfilling its assigned duties. As discussed more fully in my “*Government? Agents!*” article,¹ a collective agent, who must act with equal fiduciary duty to the interests of each of his principals, is inherently limited by those simultaneous duties to a very small sphere of action — those listed in Article 1, § 8 of the U.S. Constitution. Whenever the government steps beyond those specific authorities, it is acting illegally, of course, but it also begins to trample on some (or many) person’s rights, in favor of someone else’s. Ideally then, since our collective agent can legitimately act only in ways that benefit each and every one of us equally, the cost of such actions should be borne equally, too. Forcing people to face (and pay) the actual cost of government, instead of pushing the bill onto future generations, or simply others of the present generation, would hopefully make some care a little more about the cost and effectiveness of government programs (of which there should be few, if any).

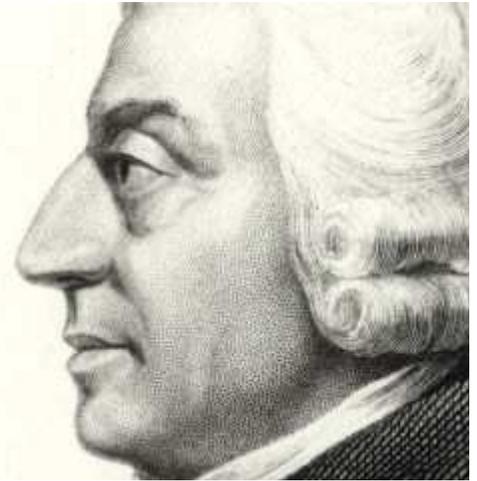
Capitations (or “head taxes”) of this sort are recognized in the Constitution as direct taxes, and so must be apportioned among the states according to the latest census. Since the census counts “heads,” one advantage of a “head tax” is that it is apportioned to the census numbers automatically. Yet, throughout the years, capitations have been decried as oppressive to the poor:

Sir, a capitation is an oppressive species of tax. This may be laid by a general government. Where an equality in property exists, it is a just and good tax; it is a tax easy to assess, and on this account eligible; but, where a great disparity of fortune exists, as in this state, I insist upon it, that it is a most unjust, unequal, and ruinous tax. It is heaping all the support of the government upon the poor; it is making them beasts of burden to the rich; and it is probable it will be laid, if not stifled in the womb; because I think it almost morally certain that this new government will be administered by the wealthy. Will they not be interested in the establishment of a tax that will cause them to pay no more, for the defraying the public expenditures, than the poorest man in America?

The great Montesquieu says, that a poll tax upon the person is indicative of despotism, and that a tax upon property is congenial with the spirit of a free government. (Delegate *Williams*, in New York’s Constitution ratification convention; from *Eliot’s Debates*.)

Such claims are really the idea behind progressive taxation, which is rooted in the same communistic principle as: “from each according to his ability, to each according to his need.” Some should pay more just because they have more. Surely, it’s only fair that one man should be forced to pay hundreds or even thousands of times more for the services of their common agent — that is, government — as another man who enjoys the equal benefits of those services. It might be argued instead that the rich (wherever you want to draw that line) benefit more from government than do the poor, so that’s the reason they should pay more, not merely because they have more.²

And yet, if we stay true to the principle of the equal protection of laws, then the solution would be to restrain the



Adam Smith, economist and author of *The Wealth of Nations*, published 1776, opined of capitation taxes: “... so far as they are levied upon the lower ranks of people, [they] are direct taxes upon the wages of labour, and are attended by all the inconveniences of such taxes. ... in countries where the case, comfort, and security of the inferior ranks of people are little attended to, capitation taxes are very common.”

(Continued on page 3)

1. See Page 3 of issue #248, *Reasonable Action*.

2. See “*To secure these rights...*” in the April 2009 *Liberty Tree* for more on this subject.

3. This subject is covered in more depth in *Government? Agents!*; see issue #248, *Reasonable Action*.

LIBERTY WORKS

back on the air

Chattanooga, Tenn. — **Beginning Monday, April 25th, Liberty Works Radio Network began broadcasting over Freedom 1240 (AM) in the Chattanooga and Cleveland area of southeastern Tennessee.**

“This is in the heart of the Bible Belt, which is very receptive to LWRN’s message. We are praying that the Lord will bless this effort, and that it will give us the financial stimulus that is needed to spread the message of Liberty all over these States united,” said John Kotmair, fiduciary.

(Continued from page 2)

government from its usurpation of undelegated powers, through which such inequalities can be manifested. When it sticks to the enumerated powers, government has considerably fewer opportunities to benefit one individual or group over any other, since those powers are especially suited for collective action with equal benefit to all.³ Making the rich pay more for the services of government simply encourages them in their demands for greater benefits, and enables corruptible politicians to deliver the goods for them. At the same time, the poor, paying little or nothing for the services of government, simply can’t get enough of it, and power-hungry politicians are happy to deliver an ever-expanding bureaucracy to bring it to them. On the other hand, the poor paying their equal proportion of the expenses of government would impress on their minds, as nothing else would, the fact that *everything the government gives to anyone, must first be taken from someone*, and making it even more personal, the fact that it’s not going to be taken from someone *else*. It would likely be a real spur for small, limited government if the entire mass of people felt the pinch of every dollar spent by the reckless spendthrifts in Congress.

To recap, I don’t doubt there were times throughout history where head taxes were used as a tool of oppression (as were every other type at some time, I imagine). But, as Jesus said in Luke 10:7, “the laborer is worthy of his hire.” So, if the poor are not getting their money’s worth out of their agent, it is an indication that government is acting in ways that do not protect their interests — for example, in ways that benefit the rich at the expense of the poor. The answer to this misfeasance is not to make those who are benefiting illegally from the coercive power of government *pay more*, but to stop them and prevent them from benefiting thereby in the first place. Kept within its proper limits, the federal government would need so little operating capital that even the poor should feel like they were getting a good deal for the price.

Poll taxes are another species of tax that are generally considered to be oppressive, as shown in the Montesquieu quote above, and I have no doubt that they could be easily made so. If a tax on voting was made high enough, then only the rich could afford to vote, and would naturally work towards subverting the government to their own purposes. I have wondered for some time though, if poll taxes might not be workable within a framework that allowed for no other funding, and for no operational author-

ity over anyone not taxed. A true example of “No taxation without representation,” as well as its converse, “No representation without taxation.” In other words, if you pay no poll tax, you don’t get to vote, and therefore, you have no representation in the government. At the same time, the government, not being your representative, has no authority to obligate you in any way through its actions — that is, it can’t collect taxes from you, and it can’t regulate you. In short, it would have no jurisdiction over you. In such a setup, people would soon see that giving others decision-making powers over themselves, for which they

must not only bear the full price, but the added administrative costs as well, is just not that good a deal in most circumstances.

Ultimately however, a balance would be struck, whereby for cer-



Death and taxes and childbirth! There's never any convenient time for any of them!
—from *Gone with the Wind*

tain specific circumstances, equal benefit to all participants could be obtained, with an increase in effectiveness that’s greater than the cost of administration. Only in such specific circumstances would logical people be willing to chip in equal shares of the cost of obtaining the benefit. I suspect a list of those circumstances would closely mirror the powers specifically enumerated in Article 1, § 8 of the Constitution. The voluntary aspect of paying, through a poll tax in this case, necessarily coupled with limiting jurisdiction to those who volunteer, helps align the incentives to keep government small.⁴

But as long as you have people who reap the benefits without having to foot the bills, you will always have a clamor for bigger and more intrusive government, and corrupt politicians willing to give it to them, on your tab. Only when government stops being free to such “beneficiaries” will it stop being so popular, and only then will we have the opportunity for meaningful change. Perhaps that time is not too far off; with governments at all levels getting more and more strapped for cash, they’ll be finding all sorts of new ways to collect fees and taxes from more and more people. And as each new wave of people starts feeling the pinch of paying the piper, they should be ever more receptive to joining in the call for a much smaller government.



4. Since voting is a political right only, and not a natural right, a poll tax would be one of the only types of tax that doesn’t infringe on a natural right.

(Continued from page 1)

ditional taxes. But — even assuming IRS’ claims of taxes due are correct³ — is this a trade-off that makes sense to anyone else?

The inconvenient fact that a ‘tax gap’ of 0.3 percent a year is scarcely worth mentioning doesn’t deter the GAO from labeling it “a significant amount” and babbling on about the “likely substantial” — albeit completely *unknown* by the IRS or the GAO or anyone else — taxes owed by people who *may* have ‘understated’ their incomes⁴ or not filed returns. The GAO fails, too, to flesh out its Kafkaesque vision of collecting federal taxes for these types of ‘gaps’⁵ — could one be denied a passport on the *suspicion* that one might owe taxes?

All of the ‘gaps’ in the GAO’s thought experiment, *aka* report, aside, Congressional interest in tying passports to filing returns or paying taxes should alarm all patriots. If legislation along these lines is passed, it will transform the entire country into a 21st-century version of debtors’ prison.

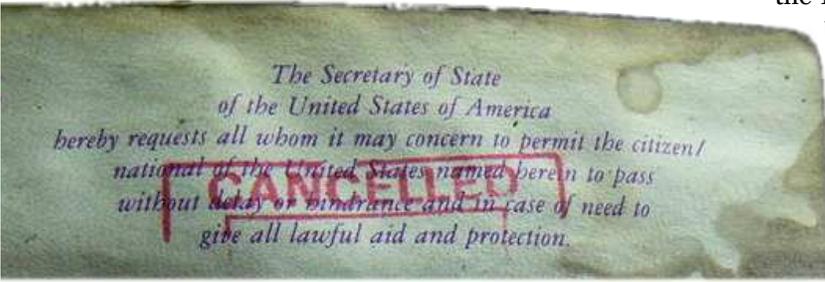
Globalists’ continuous efforts (and wars) from the 1920s’ League of Nations to today, have transformed the passport from a document “purporting only to be a request, that the bearer of it may pass safely and freely,” that is, a “desirable incident to travel, not a necessity”⁶ — to a near-compulsory *permit* for entry and travel in almost every country in the world today. Accordingly, as the D.C. Circuit court put it in 1955: “The denial of a passport ... causes a deprivation of liberty that a citizen otherwise would have.”⁷

Our Liberty, then, has already largely been lost, with the federal government converting an alleged “benefit” into *de facto* “permission” to enter the U.S. With the advent of the REAL ID act, this permission will soon be needed even to enter U.S. buildings *within* the country.

Unfortunately for the feds, some remnants of freedom are yet left to the suffering citizens, and so the GAO report notes that new laws must be passed to authorize the State department to deny Americans passports for alleged failures to pay or file federal taxes.

As Liberty Tree has previously documented,⁸ the State department cannot deny an American a passport if he or she refuses to provide a social security number (SSN). As we reported, so GAO confirms: “according to State officials, State

The future for “tax defiers”?



3. A deeply erroneous assumption already, as those in the ‘tax honesty’ movement are well aware.
4. Potentially the entire population of the U.S., one might presume.
5. The so-called “underreporting” and “nonfiling” gaps.
6. *Shachtman v. Dulles*, 225 F.2d 938, 940 (D.C. Cir. 1955)
7. *Id.*, at 941.
8. See the August 2010 edition.
9. GAO-11-272, “Highlights” page and p. 8.
10. Pub. L. 93-579, codified at 5 U.S.C. 522a
11. 122 Cong. Rep. S. 24012-13 (July 27, 1976)
12. The State department can deny passports in delinquent child support cases.
13. GAO-11-272, p. 16.

cannot compel a passport applicant to provide a Social Security Number,” and “having a SSN is not a prerequisite to obtaining a passport.”⁹

One of the reasons for this is section 7(a)(1) of the Privacy Act:¹⁰

(a)(1) It shall be unlawful for any Federal, State or local government agency to deny to any individual any **right, benefit, or privilege provided by law because of such individual’s refusal to disclose his social security account number.** (emphasis added)

An exception, however, is found at 7(a)(2), which states that the provisions of paragraph (1), above, “shall not apply with respect to ... any disclosure which is required by Federal statute.” Such legislation is now needed, say State officials, to make the SSN a virtual ‘get out of jail’ card, *i.e.*: “to compel passport applicants to provide a SSN and withhold passport issuance or deny the application for failure to do so.”⁹

If the congressional requestors of the GAO report pass such a law, it will still come into conflict with the lack of federal power to require citizens to obtain SSNs. While 42 U.S.C. § 405 allows the Commissioner of Social Security to issue SSNs to employed aliens and to anyone “who is an applicant for or recipient of benefits under any program financed in whole or in part from Federal funds,” no law yet requires an American to *apply* for such numbers (if SSNs were mandatory, the feds would no doubt be registering every live birth, something not yet done even by the states).

Congress would also need to repeal or change 26 U.S.C. § 6103, the law limiting IRS disclosure of taxpayer information. This section was enacted in response to Watergate scandal abuses of tax return information for political purposes,¹¹ and allows narrow disclosure for state tax administration purposes (but only when a specific request is made), for child support enforcement,¹² and to verify eligibility for public assistance programs.

The corrupt outcome urged by the GAO will become most evident, however, when citizens are denied passports for the sole reason that some intractable IRS flunky has erroneously ‘assessed’ a tax. As most patriots are aware, due to the unconstitutional anti-injunction statute, 26 U.S.C. § 7421 (“no suit for the purpose of restraining the assessment or collection of any tax shall be maintained in any court by any person ...”), the IRS often feels free to allege amounts due and owing, or that returns are required, without supporting evidence or lawful authority.

All this is a natural outcome of the moral degradation and bankster predation rotting America from within. Since there is no will among ‘our’ pathetic federal ‘representatives’ to stop their spending sprees — trillions in debt that will never be repaid — they must steal as much as they can from you and yours before it all collapses. Indeed, this is *admitted* by the GAO report:

As federal **deficits continue to mount**, the federal government has a vital interest in efficiently and effectively collecting the billions of dollars of taxes owed under current law. ... legislation [linking passport issuance to IRS databases] could have the potential to help generate substantial collections of known unpaid federal taxes and increase tax compliance for tens of millions of Americans holding passports.¹³

Federal imprisonment for debt was abolished in 1833; perhaps it will now be reinstated in new, ‘improved’ form. Welcome to the U.S.A., the world’s largest debtors’ prison.

