



11350 Random Hills Road, Suite 800, Fairfax, Virginia 22030 Phone (703) 934-6101 Fax (703) 352-3678

fff@fff.org www.fff.org

The Root of All Evil, Part 1

by Gregory Bresiger

He [King George III] has erected a Multitude of new Offices, and sent hither Swarms of Officers to harass our People, and eat out their Substance.

— The Declaration of Independence

You may think you're safe from the taxing authorities, but you're not safe. Whether you're one of the high and mighty or just a person of modest means, you're not safe.

No one is safe from the prying eyes of the Internal Revenue Service. Not the politically powerful. Not small business people who run afoul of the IRS. Certainly not the members of Congress, who oversee the IRS and yet are also intimidated by it. Not even former cabinet secretaries are safe.

That's because the IRS is a critical arm of Leviathan. As such, it is often above the law. It burns many of its records, an action that, if the average taxpayer were to carry it out, could result in his incarceration.

The IRS guards its history, shrouding it in secrecy. Its one historian, Shelley Davis, was fired. She wrote a book entitled *Unbridled Power*, warning of the IRS's power. The IRS "remains one of the most understudied of all government agencies," wrote John A. Andrew III in *The Power to Destroy: The Political Uses of the IRS from Kennedy to Nixon*.

Above the law

There are many reasons that lawmakers, presidents, and others have looked the other way while the IRS destroyed people such as Joe Louis and Abbott and Costello. Louis, who raised countless dollars for the war effort during World War II, was hounded to death by the government. Abbott and Costello, who also raised money for the government during the war, basically saw their careers ended by the IRS's relentless demands for money.

One reason the lawmakers have not stopped these injustices is that the IRS is a partisan weapon that can be used by shameless politicians. It can be used to destroy a political opponent.

“Presidents have used the IRS to settle old scores with rivals,” Andrew writes. He also says that presidents have used the IRS by using “questionable or illegal means.” For example, John Kennedy used the IRS to investigate right-wing groups that criticized him. Richard Nixon used the IRS to harass real or perceived political enemies.

Another reason to give free reign to the IRS is bipartisan: The IRS is charged with finding money and more money to fund the endless spending schemes of the welfare/warfare state. Almost everyone agrees that the government spends too much and therefore constantly needs more money. So Congress has implicitly or tacitly conceded unequalled power to the IRS.

“A revenue officer legally doing his or her job of collecting taxes cannot be stopped by anyone in this country, including the U.S. Supreme Court,” writes Robert Schriebman, a tax attorney with many years of practice and who has written myriad books on tax law. Schriebman says that it is also very difficult to stop “a lawless” revenue officer.

There are many others who will confirm this view. It was also the opinion of a number of ex-government officials, including Sen. William V. Roth Jr. and former IRS Commissioner T. Coleman Andrews. Even IRS officials have been frightened. Margaret Richardson, who once headed the IRS, said she feared what was going to happen when she received a letter from her employer.

“I had to stop and shake a minute before I opened the envelope,” she conceded. It was her paycheck. Why does the IRS, and the arcane income-tax system it enforces, inspire such dread?

Andrews and others have warned that Congress, in passing the income tax, took a signal step. Prior to its enactment, money was raised primarily through excises, tariffs, and other indirect taxes. The government was smaller. It needed much less money. There were effective spending limitations. Therefore, an income-tax system was not needed.

With the monetary curb of a gold-backed dollar, the government was limited in how much money it could spend. Here, as the Founders intended, was a natural brake on runaway government. And without an income tax, the government was limited in its ability to pry into the personal and business affairs of the average citizen.

“Inquisitorial scrutiny”

With the triumph of the income tax — which was passed in 1913 to ensure that the rich paid their “fair share,” but within a few decades was reaching into the pockets of people of middle incomes — the government had a new weapon for butting into everyone’s life. The income tax enabled the U.S. government to create prying administrative agencies, agencies with little or no accountability.

Yet the dangers of the income tax and the administrative system needed to carry it out had been apparent to several British statesmen in the 19th century. Sir Robert Peel imposed what he hoped would be a temporary income tax in 1842. Yet Prime Minister Peel, in a masterpiece of

understatement, conceded, “A certain degree of inquisitorial scrutiny is, therefore, inseparable from an income tax.”

William Gladstone was a follower of Peel. In the later part of the 19th century, he was several times chancellor of the Exchequer and prime minister. He also warned of the dangers of an income tax.

“The public feeling of its inequality is a fact most important in itself,” 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.”

Four times prime minister, Gladstone was one of the most popular leaders in British history. Nevertheless, “the People’s Billy” lost his battle to abolish the income tax. Those who wanted bigger government viewed this direct tax as a boon.

It is no different today. Even calls just to lower the income tax are usually followed by cries in the mainstream media that the government will collapse if it gets less money. (The irony, of course, is that lower income-tax rates often produce greater revenues, as proven by multiple administrations and as detailed in Jude Wanniski’s book *The Way the World Works*.) People opposed to lower income taxes or ending the system are usually people who favor big government.

By the way, Gladstone blamed his income-tax defeat on excessive public spending and the abandonment of “the spirit of thrift,” writes Charles Adams in *For Good and Evil*. It is significant that Gladstone resigned from his last ministry in 1894 when he clashed with his cabinet on defense spending. He thought it was reaching insane levels. The income tax is linked to huge increases in military spending.

Of empire and publicans

The same income-tax battle was fought and lost in the early 20th century on the other side of the Atlantic. America, at the turn of the 20th century and in the wake of the repulsive, superfluous Spanish-American War, was coming of age as a great power. It was turning away from traditions of nonintervention in Europe’s wars and a disdain for militarism. Now, in the wake of the war, America became a “great power.”

Great powers need armies and big navies. Great powers also need money and tax-collecting agencies. It is relevant that Theodore Roosevelt, a man who loved big navies and celebrated wars, called for an income tax in his annual message to Congress in 1908.

But the income tax and the army of publicans needed to enforce it do more than generate new sources of money for the government. This new taxation system endangers basic liberties. It gives the IRS the power to pry into how and where citizens receive and spend money.

Congressman Robert Adams, back in the 1890s, had this brilliant insight:

The imposition of the [income] tax will corrupt the people. It will bring in its train the spy and the informer. It will necessitate a swarm of officials with inquisitorial powers.

America, two decades later, would adopt the income tax. And it would become a “great power,” but there was a price to pay — the existence of an army of tax agents who must find the money to pay for the evil wars that still plague us more than a century later.

Give me your bootstraps

Americans would have to shell out more. That’s because empires are expensive. But empires also require that citizens lose many of the liberties they had enjoyed under a decentralized republican government, which needed few taxes and few tax collectors.

Indeed, former IRS Commissioner Andrews argued that the income tax and the creation of the IRS weakened individual civil liberties. It effectively repealed or at least weakened the Fourth Amendment of the U.S. Bill of Rights, according to Andrews.

Congress empowered “the tax collector to do the very things from which that article says we were to be secure. It opened up our homes, our papers, and our effects to the prying eyes of government agents and set the stage for searches of our books and vaults and for inquiries into our private affairs wherever the tax men might decide, even though there might not be any justification beyond mere cynical suspicion.”

Andrews, writing about a half century ago, warned that the income tax and IRS might also some day destroy our system of private property.

“As matters now stand,” he wrote in the 1950s, “if our children make the most of their capabilities and training, they will have to give most of it to the tax collector and so become slaves of the government. People cannot pull themselves up by their bootstraps anymore because the tax collector gets the boots and straps as well.”

But surely Congress wouldn’t allow this to go on. Yes, it would, as we will see in part two.

Gregory Bresiger is managing editor of Traders Magazine and also writes for the New York Post Sunday business section.

This article was originally published in the April 2008 edition of *Freedom Daily*.