

from

Was Grandpa Really a Moron?
Critical Inquiries for a New American Century

by

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Was Grandpa Really A Moron?
or have you just been lied to, as usual...



Suppose that you were a member of a state legislature which had been presented with a proposed Constitutional amendment of great significance. This proposed amendment would undo one of the most fundamental elements of the then 120-year-old Constitution-- the existing limitation on federal authority to seize revenue from the citizenry at its pleasure.

Authority of this sort had been entirely denied to the federal government under the Articles of Confederation. During the reforming of the Articles which resulted in our current Constitution only an extremely restricted relaxation of this total denial had been adopted, and with such reluctance, and such recognition of the significance of the issue, that the Framers duplicated the restrictive clause imposed on the exercise of this limited authority-- making it the only prohibition incorporated into the Constitution twice.

The particular and explicit effect of this draconian amendment would be to authorize the federal government to seize an undefined (and therefore unlimited) portion of any payment made to anybody-- including you, other than the

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insignificant portion of your overall earnings being paid by the state government (one government can't impose a tax on the activities of another). This power would threaten the receipts of all of your constituents, as well.

Even while this dramatic transformation was being proposed, Congress already had an unlimited ability to raise revenue through the imposition of apportioned direct taxes. This sort of tax, although deliberately encumbered with a degree of political accountability inconvenient to federal politicians, had long-since proven itself both capable of raising enormous amounts of revenue and of being selective in its application to the various economic strata through the choices of objects of the tax and the provision of exemptions. In other words, apportioned direct taxes were fully capable of being laid exclusively on "the rich", if political considerations prompted such a preference.

On the other hand, the proposed amendment by which the existing Constitutional structure is meant to be undone contains no language limiting its application to the rich, or limiting it in any fashion whatever. The amendment offers no benefit or increased authority to the state government of which you were a part-- indeed, your state government is already subject to no limit on its ability to impose taxes, other than being unable to tax federal government activities taking place within its borders (something this amendment doesn't purport to change).

Furthermore, by the time this extraordinary amendment is presented to you, your colleagues and your constituents, the long-standing existing structure has already allowed America to become the most prosperous country on the planet.

SO,

- This proposed amendment offers no benefit to you personally, your state or your constituents. Quite the contrary, in fact-- it would convey a massive

new power to another political entity which is, however congenially, in competition with you and your state for influence and resources nonetheless.

- The amendment would hang a new, unpredictable and inherently unlimited threat over the control you and every single one of your constituents currently enjoy over your own wealth and well-being, and have always jealously guarded.
- There is no demonstrable need for this fundamental and self-evidently dangerous transfer of power from you and your constituents to the federal government. Instead, the status quo is performing phenomenally well.
- The Founders, still revered and respected by an American population equipped with a high-grade 98% literacy rate*, had broadly warned (and taken pains to provide) against any such transfer.

What would you do, if this were really the choice you faced? Ratify? You, your colleagues and your constituents would have to be morons to do so. And yet, our grandparents DID ratify the Sixteenth Amendment (albeit, sloppily).

So, were they really all morons? Those who want you to believe that the Sixteenth Amendment accomplished the dire and dramatic transformation I've described here expect you to buy into that unlikely proposition (in lieu of suspecting that they themselves completely misunderstand-- or are lying about-- the amendment).

They also want you to overlook the repeated and explicit words of the United States Supreme Court and myriad other authorities to the contrary:

"We are of opinion, however, that the confusion is not inherent, but rather arises from the conclusion that the 16th

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Amendment provides for a hitherto unknown power of taxation; that is, a power to levy an income tax which, although direct, should not be subject to the regulation of apportionment applicable to all other direct taxes. And the far-reaching effect of this erroneous assumption will be made clear by generalizing the many contentions advanced in argument to support it...

...

"[Taxation of "income" is] in its nature an excise entitled to be enforced as such unless and until it was concluded that to enforce it would amount to accomplishing the result which the requirement as to apportionment of direct taxation was adopted to prevent, in which case the duty would arise to disregard form and consider substance alone, and hence subject the tax to the regulation as to apportionment which otherwise as an excise would not apply to it." (That is, if the "income" tax ever comes to be administered as something other than an excise, or on something unsuited to an excise, the rule of apportionment must be applied.)

United States Supreme Court, *Brushaber v. Union Pacific R. Co.*, 240 U.S. 1 (1916)

"The provisions of the Sixteenth Amendment conferred no new power of taxation . . ."

United States Supreme Court, *Stanton v. Baltic Mining Co.*, 240 U.S. 103 (1916)

"The Sixteenth Amendment, although referred to in argument, has no real bearing and may be put out of view. As pointed out in recent decisions, it does not extend the taxing power to new or excepted subjects..."

United States Supreme Court, *Peck v. Lowe*, 247 U.S. 165 (1918)

"The Revised Statutes of the United States and the Statutes at Large of the United States are the sources of the law codified. The Revised Statutes cover the period ended December 1, 1873. The Statutes at Large codified cover the period following December 1, 1873, and are published in the 35 volumes numbered 18 to 52, inclusive. The separate

enactments carried into the internal revenue title, wholly or in part, from the Statutes at Large are 143 in number, exclusive of 93 statutes involving express amendment, reenactment, or repeal. The 277 Revised Statutes sections codified were derived from 21 basic statutes. The whole body of internal revenue law in effect on January 2, 1939, therefore, has its ultimate origin in 164 separate enactments of Congress. The earliest of these was approved July 1, 1862; the latest, June 16, 1938."

Preamble to the 1939 Internal Revenue Code

"The Supreme Court, in a decision written by Chief Justice White, first noted that the Sixteenth Amendment did not authorize any new type of tax, nor did it repeal or revoke the tax clauses of Article I of the Constitution, quoted above. Direct taxes were, notwithstanding the advent of the Sixteenth Amendment, still subject to the rule of apportionment and indirect taxes were still subject to the rule of uniformity."

Howard M. Zaritsky, Legislative Attorney, American Law Division of the Library of Congress, Report No. 80-19A, entitled "Some Constitutional Questions Regarding The Federal Income Tax Laws", page CRS-5 (1979)

"[T]he amendment made it possible to bring investment income within the scope of the general income-tax law, but did not change the character of the tax."

F. Morse Hubbard, legislative draftsman for the United States Treasury Department, testifying before Congress on March 27, 1943

"The legislative history merely shows... ..that the sole purpose of the Sixteenth Amendment was to remove the apportionment requirement for whichever incomes were otherwise taxable. 45 Cong. Rec. 2245-2246 (1910); id., at 2539; see also Brushaber v. Union Pacific R. Co., 240 U.S. 1, 17 -18 (1916)."

United States Supreme Court, South Carolina v. Baker, 485 U.S. 505 (1988)

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Of course, our grandparents WEREN'T all morons, because the Sixteenth Amendment WASN'T a transformational event at all, as they understood full well.

Instead, the Sixteenth Amendment accomplished nothing more dramatic than closing a minor loophole "discovered" by the Supreme Court in the case of *Pollock v. Farmer's Loan & Trust* which prevented the application of the already 51-year-old "income" tax to dividends otherwise qualifying as taxable, due to their being derived from personally-owned stock. We'll look at the details of this ruling and the narrow effect of the amendment in the next few chapters.

*As recently as 1920, fewer than a third of American children were subjected to mis-education in government schools for more than a few years. Unfortunately, this didn't last. Compulsory attendance requirements, and tax extractions causing unsuspecting parents to favor the government schools they were being made to pay for whether they used them or not, steadily increased over the years. The combination caused a corresponding increase in both the portion of American children in those schools and the average term of attendance. Consequently, by 1952, only 81% of the adult American population could read at a nominal fourth-grade level; by 1973, the percentage had dropped to 73% (according to U.S. Army inductee testing data). It has only gotten worse since then. The Educational Testing Service reports in its analysis of its 1993 National Adult Literacy Survey that:

1. *Forty-two million Americans over the age of sixteen can't read. Some of this group can write their names on Social Security cards and fill in height, weight, and birth spaces on application forms.*
2. *Fifty million can recognize printed words on a fourth- and fifth-grade level. They cannot write simple messages or letters.*

3. *Fifty-five to sixty million are limited to sixth-, seventh-, and eighth-grade reading. A majority of this group could not figure out the price per ounce of peanut butter in a 20-ounce jar costing \$1.99 when told they could round the answer off to a whole number.*
4. *Thirty million have ninth- and tenth-grade reading proficiency. This group (and all preceding) cannot understand a simplified written explanation of the procedures used by attorneys and judges in selecting juries.*
5. *About 3.5 percent of the 26,000-member sample demonstrated literacy skills adequate to do traditional college study, a level 30 percent of all U.S. high school students reached in 1940, and which 30 percent of secondary students in other developed countries can reach today. This last fact alone should warn you how misleading comparisons drawn from international student competitions really are, since the samples each country sends are small elite ones, unrepresentative of the entire student population. But behind the bogus superiority a real one is concealed.*
6. *Ninety-six and a half percent of the American population is mediocre to illiterate where deciphering print is concerned. This is no commentary on their intelligence, but without ability to take in primary information from print and to interpret it they are at the mercy of commentators who tell them what things mean. A working definition of immaturity might include an excessive need for other people to interpret information for us.*

(Army statistics and summary of the NALS analysis as presented by John Taylor Gatto in 'The Underground History of American Education')

By the way, don't let me hear anything about these schools just needing more money in order to do a better job! Even while the level of educational output was plummeting, expenditures in government schools were skyrocketing. Measured in constant

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1992 dollars, per pupil spending in government schools leapt from \$867 in 1930 to a whopping \$6,043 by 1993!