

Leviathan's Tap-Root Is Fed Entirely Through A 75-Year-Old Subterfuge

or

How The Beast Gets Its Dinner

A fascinating little snippet of modern American history.

PRIOR TO 1940, for all of the by-then-78-year history of the income tax fewer than 9% of American households filed a tax return, averaged across all years in which the tax was actively collected. (The most common percentages were much lower than 9%¹, but high rates of civilian war-bond participation and dramatic increases in federally-connected workers and industries during the early 1860s and from 1918 - 1924 raised the figures as high as 17% for some years, skewing the average upward.)

By 1943, however, the number had jumped to 74.9%, and continued to climb from there until settling permanently in the 90% neighborhood. No significant changes in the exemption rate had occurred, the laws concerning what is taxed and how hadn't changed (except for the revival of withholding after a 27-year hiatus) and there had been no intervening Constitutional amendment. Here's why that dramatic change took place by which the vast majority of the American people who do nothing which is subject to the tax began having it taken from them anyway.

IN THE EARLY 1940s, Americans were immersed in the tumult and bizarre domestic atmosphere of World War II ("Save your bacon fat for the war effort!" "Taxes to beat the Axis!"). We were in our 14th year of the Great Depression. We were in our 11th years of FDR and the engineering of consent for his version of national socialism, bolstered in its effectiveness by the advent of radio as a mass domestic propaganda tool.

The previous 35 years had seen an intense progressivist campaign to mischaracterize the purpose, meaning and effect of the 16th Amendment. The hope was that the amendment would come to be popularly-misunderstood as authorizing the all-inclusive income tax called-for as the second measure necessary for accomplishing the goals of Karl Marx's 1848 Communist Manifesto. During that same period these progressive intellectuals had wormed their way deeply into academe and into government.

It was at that point that an audacious experiment taught FDR's revenue- and power-hungry statist what to them was a very gratifying lesson. These folks learned that deployment of easily-misunderstood terms in the law and exploitation of well-tuned incentives in the business and professional communities could induce many Americans to make their untaxable earnings appear to be taxable. With the support of various business, professional, academic and governmental interests who found themselves to benefit from the scheme, these misled Americans could be kept oblivious to the fact that it is only their own mistaken treatment of their earnings on tax forms that gives the federal and state governments a legal pretext for demanding income tax payments from them.

Within a very few years from the inception of this exploitive "ignorance tax" scheme the quirks of the law on which it is based were hedged about from ready view and easy deciphering by a mass of increasingly confused and opaque jurisprudence. This mare's nest of "case law" was engendered by difficulties of both litigants and judges in parsing out the nuances of the multiple-million-word body of tax law and the tricks deployed in the scheme. In 1954, all of this accelerated when a new "tax code" was introduced and what had been a relatively clear and transparent rendering of the law in the 1939 version was replaced by a version seemingly designed to obscure the truth and entrench the scheme.

AND SO THINGS WENT ON. By the mid-1960s an entire generation was coming of age having never known a time when virtually every penny earned from every kind of endeavor wasn't treated as taxable, seemingly

¹ For example: "[O]nly a small proportion of the population of the United States is covered by the income tax. For 1936, taxable income tax returns filed represented only 3.9% of the population." Staff memo titled 'Collection at Source of the Individual Normal Income Tax', Division of Tax Research, Treasury Department, 9 January, 1941.

without a blip of friction from any quarter. It wasn't until the early 2000s, after the tax law had finally been digitized and could be studied, searched and analyzed with modern computing power that the by-then 60-year-old scheme could be unraveled by Peter E. Hendrickson and laid bare in his 2003 book, '[Cracking the Code- The Fascinating Truth About Taxation In America](#)'.

Since the publication of 'Cracking the Code...' (aka, CtC), tens of thousands of Americans have learned the truth and put it to use. These tens of thousands have ceased the misled practices which allowed their actually-untaxable earnings to be treated as subject to the tax, and have invoked provisions of the law by which amounts improperly-withheld and paid-in in keeping with the scheme can be recovered. In the aggregate, these educated men and women have recovered or kept from being taken in the first place \$billions that otherwise would have been captured by the schemers as nominal income taxes, Social security taxes and Medicare taxes.

During every one of those same years, the federal government has mounted a vigorous and sometimes vicious campaign to suppress the spread of Hendrickson's revelations about the real nature of the income tax and the scheme by which so many Americans have been victimized for so many years. Sadly, that suppression effort has been very successful, so far.

However, you can help overcome that outrageous suppression by sharing this document as widely as possible. PLEASE DO! You can get a .pdf at <http://losthorizons.com/A/FeedingLeviathan.pdf> to make that easy.

Learn the actual purpose and effect of the 16th Amendment-- and what happened in the 1940s-- at <http://losthorizons.com/The16th.htm>.

See documentation of the the recoveries and retentions of educated Americans at <http://losthorizons.com/BulletinBoard.htm>.

See a discussion of what we have lost by being victimized with the "ignorance tax" at <http://losthorizons.com/Documents/CtCLife.htm>.

See documentation of the suppression campaign by which all of this is meant to be kept from your knowledge at <http://losthorizons.com/A/CrimeOfTheCentury.htm>.

Real Per Capita Federal Expenditures: 1792-2004



Source: 'On the Size and Growth of Government' by Thomas A. Garrett & Russell M. Rhine, copyright 2006, Federal Reserve Bank of St. Louis.