

On Shrinking Leviathan

The power is in your hands

Let's start with how the beast gets its dinner:

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.

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.

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 without a blip of friction from any quarter.

However...

By the early 2000s, the tax law had finally been digitized and could be studied, searched and analyzed with modern computing power. At that point the by-then 60-year-old scheme was 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 serious-minded grown-ups have ceased the misled practices which allowed their actually-untaxable earnings to be treated as subject to the tax. They have instead invoked provisions of the law by which amounts improperly-withheld and paid-in under the scheme can be recovered.

In the aggregate, these educated men and women have recovered and retained \$billions that previously had been feeding (and swelling) Leviathan. Yes, \$billions with a "b"...

You can do the same. Only a small percentage of Americans actually owe any income tax in a given year. Every person that learns the truth can stop contributing to Leviathan's growth and instead start shrinking the beast back down to Constitutionally-harmonious dimensions.

And with every dollar that no longer feeds the beast, a dollar-- and the power it represents-- is restored to the People, where it belongs. More particularly, to the individual person who created it-- which is to say, you.

BTW, since CtC first revealed the truth about the tax, the federal government has mounted a vigorous and sometimes vicious campaign to suppress its information. If you "google" the book, or the author's name (or ask your favorite "tax professional"), you're likely to see the products of these deeply-corrupt suppression efforts, all of which are meant to discourage you from looking at the information for yourself.

Don't be fooled. Follow the links below and get the truth.

Learn how the income tax has come to be systematically misapplied by reading the simple little model at <http://losthorizons.com/BobsBicycles.pdf>.

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 tax recoveries and retentions by educated Americans at <http://losthorizons.com/BulletinBoard.htm>.

See a discussion of what we have lost by being victimized with the "ignorance tax" (and can now regain) at <http://losthorizons.com/CtCLife.htm>.

See why CtC's revelations are the only real solution to Leviathan, and an unstoppable solution, at <http://losthorizons.com/N/41.htm#Remedy>

See documentation of the suppression campaign meant to keep all this 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.

