



JEFFERSONIAN GROUP

CHAMPIONS OF FREEDOM AND SELF RELIANCE

Who Benefits From The Income Tax?

April 13, 2015

The income tax started out as a tax only on the wealthy. Unfortunately, there are not enough wealthy individuals to support the whims of the power-elites in government; therefore, hard-working middle-class Americans and many retirees are also required to pay income taxes. The progressive nature of the income tax theoretically forces wealthier Americans to pay more in taxes because of the higher tax rates applied to their greater amount of income. The more common argument in support of the progressive income tax is that the wealthy obtained their financial success because they enjoyed a greater share of government benefits; therefore, they ought to pay more in taxes.

But, did the government really create the wealth of the financially successful, the one-percenters? “If so,” as explained by Frank Chodorov, “then the government is at fault; the only way the government can enrich a citizen is by giving him a special advantage over other citizens, and in that case the government violates its trust.”

Government is not a producer or creator of wealth. If government grants an advantage or special privilege for one citizen or group, there is an automatic disadvantage for all remaining citizens. When someone receives a special privilege in the form of a financial subsidy from government (e.g., rents, green energy loans, grants and tax credits, farm subsidies, research and education grants, ad infinitum) it enriches them at the expense of the rest of us. According to Chodorov:

It is obvious that in handing out special privileges the government is doing what it ought not to do; it is using its power not for the purpose of dispensing justice, but for the purpose of creating injustice. This is in violation of the principle of equality, and the violation is not corrected by taxing some of the proceeds of privilege; the privileges should be abolished. If I have acquired wealth by way of a special privilege granted me by government, then when it lays a tax on my ill-gotten wealth it is sharing my unfair advantage; it is, so to say, a partner in my loot.

In spite of what you may have heard from Hillary Clinton or President Barack Obama, **individuals, through business endeavors, create wealth, “government can only take it.”**

So, who then really benefits from the income tax? Frank Chodorov answered:

The only beneficiaries of income taxation are the politicians, for it not only gives them the means by which they can increase their emoluments but it also enables them to improve their importance. The have-nots who support the politicians in the demand for income taxation do so only because they hate the haves; although they delude themselves with the thought that they might get some of the pelt, the fact is that the taxing of incomes cannot in any way improve their economic condition.

Since the income tax is really a tax on capital for investment, it is the middle-class and poor who suffer the most; and, the greater the tax, the less capital available for investment. This results in a reduction in bonuses and pay increases for workers; fewer jobs; and inevitably, increases in the price of goods and services which are needed by the poor and middle-class. Even though the poor may pay a lesser income tax or no income tax at all, they indirectly end up paying the income tax because the tax is ultimately included in the cost of the goods and services that everyone uses, including the poor. At the same time, hard-working middle-class Americans not only directly pay an income tax, they also end up paying the taxes that are built into the cost of the products and services that they use.

The federal income tax only benefits politicians by giving them more power to grow government and enslave the American people. Regardless of the progressive nature of the tax, i.e., taxing the so-called wealthy at higher rates, **the inescapable losers are poor and middle-class Americans.** This is because the poor and middle-class, unlike wealthy Americans, have very few options, if any, when it comes to the income tax.

The freedoms won by Americans in 1776 have been trampled due to the passage of the 16th Amendment in 1913, resulting in a permanent income tax. The only way the American people can rid themselves of this fraud and regain their freedom from an interventionist government is to repeal the 16th Amendment. This would eliminate the income tax and abolish the IRS; or, at the very least, eliminate the ability of the IRS to impose their *Gestapo Tactics* to harass and terrify American citizens.

Dum Spiro, spero—While I breathe I hope.

Slainte mhath,

Robert G. Beard Jr., C.P.A., C.G.M.A., J.D., LL.M.