

The "Higher Taxes Are Better" Myth

Written by Dr. John E. Russell Sr - Last Updated Monday, 29 January 2018 21:59

It is a paradoxical truth that tax rates are too high today and tax revenues are too low and the soundest way to raise revenues in the long run is to cut rates now. The experience of a number of European countries has borne this out. This country's own experience with tax reduction has borne this out. The reason is that only full employment can balance the budget and tax reduction can pave the way to full employment. The purpose of cutting taxes is not to incur a budget deficit, but to achieve the more prosperous, expanding economy which will bring a budget surplus.

—President John F. Kennedy, December 1962

(President Ronald Reagan also agreed with this policy.)

The Maze

Government Sources of Income

According to Dr. Larry Bates, a former bank owner and state legislator, there are three sources of income for the Federal Government [Larry Bates, *The New Economic Disorder*, (Orlando: Creation House, 1994), 116]:

1. Taxes. They should be moderate. The first step is to gain a moderate need. How? *Get back under the United States*

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Constitution!

2. Borrowing. This is a practice which leads to disaster. We must not borrow, period. This applies to individuals as well as our nation.

3. Printing Federal Reserve Notes. Unprincipled people set up the federal banking system in 1913. In 1913, 2 cents had the buying power of 1 dollar today. This is a stealth tax designed by the federal government. It is "legal" stealing! If a US citizen were to print federal notes, he would be counterfeiting. If the United States government prints federal notes without gold or some valuable metal to back up the note, it is *counterfeiting*, which citizens apparently do not recognize.

There are three main categories of taxes:

1. Property Taxes. These are annual taxes after paying sales taxes initially.

2. Income Taxes. These are taxes paid on one's income.

3. Taxes on Transactions.

The first two categories are unethical and may be unconstitutional.

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Income taxes include personal income taxes on city, state and federal levels. There are corporate income taxes, sometimes called shifted taxes, because corporations pass these on to consumers. These, along with other devious taxes make up the vast kingdom of hidden taxes. In 1982 there were 47 hidden taxes on a loaf of bread! [Alfred W. Munzert, PhD. *Poor Richard's Economic Survival Manual* (Franklinville, NY: Hemisphere Publications, Inc., 1982), 39].

Taxes on transactions include

1. General sales taxes.

2. Excise taxes.

3. Tariffs.

Sales taxes are on the city, county/parish and state level in the United States. Excise taxes include the taxes on tobacco, alcohol, marijuana and gasoline taxes. Also included in excise taxes are license taxes (liquor, marriage, hunting and fishing taxes). Excise taxes also include franchise taxes (the right to carry on certain kinds of businesses). Excise taxes also include the severance tax (tax levied on the processing of natural resources such as timber, natural gas, and petroleum).

Other taxes include

1. Estate tax (property taxed before the heirs receive it);

2. Inheritance tax (property taxed after the heirs receive it); and

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3. Gift tax (property taxed on property given during the lifetime of the donor).

Gotcha covered! (*The World Book Encyclopedia*, 1987 ed., S.v. "Taxation").

Former President Clinton, bless his heart—I know he feels our pain—was planning on raising tax rates and adding the value-added tax. The value-added tax is a hidden tax that should be banned by Congress. The VAT has a bad track record in Europe and has enabled the growth of socialism and big government. He would like to have added an energy tax! The socialist element of our government has betrayed us through exorbitant taxes.

President Obama was a Bill Clinton on steroids. Bill Clinton was impeached—Obama must also be impeached!

Now the Federal Government is taxing our patience!

Sources of Federal Income for fiscal year 2013:

Social security, Medicare, unemployment and other retirement taxes 27%, Personal income taxes 38%, Borrowing to cover debit 20%, Corporate income taxes 8%, Excise, customs, estate, gift, and miscellaneous taxes 7% (IRS Form 1040, fiscal year 2013, Department of the Treasury Internal Revenue Service, Printed 26 January 2015, 100).

Our Sinful Tax Rate

Dr. Munzert says that our combined tax rate in 1982 was 51 percent! (Munzert 1982, 28). The Roman Empire collapsed when taxation reached 52 percent! (Munzert 1982, 27).

One reason for the American Revolution was the high tax rate of 21 percent! Now, the American

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government is trying to raise taxes again!

How stupid does the government think we are? Stupid enough to believe that tax money will be "reinvested in government-generated jobs" and will be used to reduce the deficit? USA citizens need to be informed, but we are not stupid.

A Spending Problem

"Our government does not have a revenue problem. It has a spending problem!" So says Dr. Larry Bates, an economic expert who is a former banker and state legislator (Bates 1994, 119).

Unconventional Taxes

To the tax rate of 51 percent must be added at least three more taxes:

1. Lotteries. The government lotteries are the so-called "painless taxes," but are they? They create another parasitic bureaucracy that takes a large percentage of the billions of dollars that they exact from weak Americans who are looking for something for nothing. There is a greater chance of being struck by lightning than of winning a lottery! (See the chapter, "No Product, No Service, No Way!")

2. Inflation. Also, the 1982 tax rate of 51 percent did not include inflation. When the Federal Reserve was created 23 December 1913, 2 cents had the purchasing power of 1 Dollar today! The Federal Reserve raises this tax simply by printing more money at its own whim. If we as citizens were to print money to pay our bills, we would go to prison for counterfeiting. This raises the question, "Why did we go off the gold standard?" Could it have been to enable our government to devalue our money by printing Federal Reserve Notes, thus introducing inflation, a very hidden "stealth tax"?

3. Regulations. Concerning regulations, former presidential candidate Lamar Alexander said,

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Sometimes I believe regulations take as much money out of our pockets as taxes do. [Lamar Alexander, *We Know What To Do: A Political Maverick Talks With America* (New York: William Morrow and Company, 1995), 185].

The cost of unneeded regulations by the federal government is passed on to the consumer. Fines go directly to the federal government like a sales tax. The cost of businesses to implement regulations is passed on to consumers like a sales tax. The cost of supporting the EPA and other bureaucracies come from taxpayers. Since there are 300,000 federal regulations, Uncle "Boss Hogg" Sam can really soak us good. "Hazzard County" has been widened to include "Hazzard Nation"! For examples of government misuse of federal regulations, see Randy Fitzgerald, "Mugged by the Law," *Reader's Digest*, April 1996, 165-176.

A socialist government plunders its citizens. Read the booklet, *The Law*, by Frederic Bastiat. If you haven't read this 1850 old classic, I urge you to do so.

A Solution

Abolish All Income and Property Taxes

Jay Sekulow, Herman Cain, Michelle Bachmann, Ted Cruz and many others agree that the IRS should be abolished. The confiscatory taxation that we are experiencing will soon eliminate the middle class if it is not removed.

Establish a Ten Percent Retail Tax

Joseph taxed Egypt at the rate of 20 percent for seven years and was able to bring Egypt through seven years of famine on that 20 percent! The LORD designed a 10 percent tax called the *tithe*. Why couldn't our government do its job on a flat 10 percent retail tax? Even criminals would have to pay tax! A 10 percent retail sales tax should be sufficient! It could be divided like this:

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2 percent city

2 percent county/parish

2 percent state

4 percent federal.

The organization is mostly in place for sales taxes. The IRS must be abolished, with the states sending the federal share of sales taxes directly to the Treasury Department. Jay Sekulow, Herman Cain, Michelle Bachmann, Ted Cruz and many others agree that the IRS should be abolished because it is used to manipulate citizens.

The proper way to raise revenue is not to raise the tax rate, but to stimulate the economy. For instance: at a retail tax rate of 10 percent, 100 percent of a dollar will be returned to the government when it is spent ten times. Tax payers will have more money to spend, speeding up the economy. Otherwise, the federal government may be in violation of the Fifth and Fourteenth Amendments—taking away property of citizens.

However, if the tax rate is raised much more, people will not have a dollar to spend! Then, most will end up poor and the government will end up printing worthless Federal Reserve Notes! This has happened in other countries and we must insure that it does not happen here.

For more facts about government stealing through taxes, read Martin L. Gross, *The Tax Racket: Government Extortion From A To Z* (New York: Ballentine Books, 1995).

See also *The Law*, written back in the 1800s by French economist and statesman Frederick

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Bastiat

Conclusion

Lowering taxes worked for President John Kennedy and President Ronald Reagan, because it is a principle of economics. President Barack Obama has increased our debt exponentially. We should also abolish personal property, real property, income taxes and many other taxes. *By uncontrolled taxation, our government is plundering us*

Citizens need more of their money and then they would have the much-deserved freedom to use it as they decide.

The United States is worth fighting for and we must defeat all oppressive enemies, both foreign and domestic.

Essay 43, from my ebook, *Essays Exposing the Myths of Political Correctness*.

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In Essentials: Unity; In non-essentials: Liberty; In all things: Charity

—Peter Meiderlin 1626.

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