

American Minute with Bill Federer

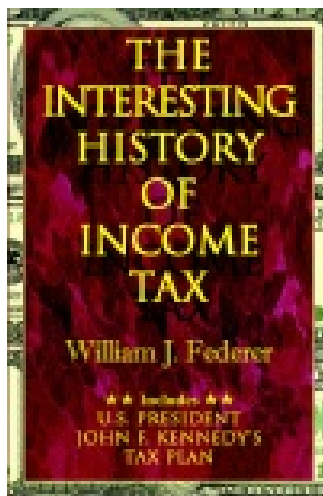
Income Tax: Civil War Emergency, Supreme Court declared unconstitutional "Class legislation...leads inevitably to oppression and abuses"; Woodrow Wilson made permanent; FDR expanded

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On APRIL 15, 1865, President **Lincoln** died. He was shot the night before in Ford's Theater ... [continue reading ...](#)



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[The Interesting History of Income Tax](#)

On APRIL 15, 1912, the **Titanic** sank. It struck an iceberg the night before.

Among the 1,514 lives that were lost were millionaires **John Jacob Astor IV,**

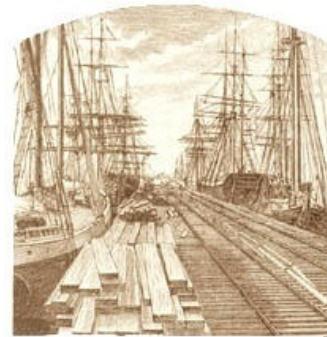


Benjamin Guggenheim and Isa Strauss, all of whom **opposed the creation of the Federal Reserve Bank**.

In 1954, **APRIL 15** became the **deadline** for filing **Income Tax returns**.



Originally, the **U.S. Constitution prohibited** a direct **Federal Income Tax** on American citizens (Article I, Section 9):



"No capitation or other **direct tax** shall be laid, unless in proportion to the census or enumeration hereinbefore directed to be taken."

Tariffs

The **Federal Government's revenue** was derived from **Excise Taxes** on specific items like salt, tea, tobacco, etc., and **Tariff Taxes** on imports.

Prior to the Civil War, most **tariff taxes** were collected at **Southern ports**, like Charleston, South Carolina.

Tariffs made **foreign goods** more expensive so people would **buy domestically** produced goods, **made mostly in Northern factories**.



The South had **few factories**, as its economy was based on **agricultural crops**, mostly **cotton and rice**, which unfortunately relied heavily on **slave**

labor.

Thus, the **tariff taxes** that **helped the North, hurt the South.**

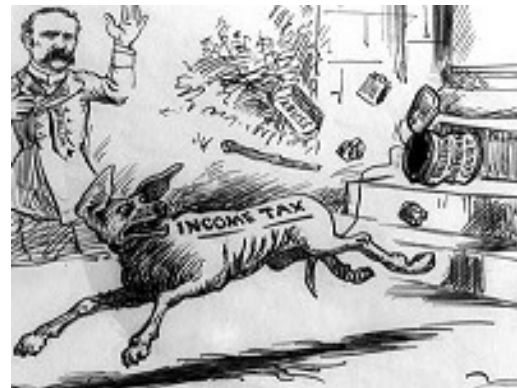
During the **Civil War**, Republican President **Abraham Lincoln** passed an **emergency "Revenue" Tax** on **personal incomes**



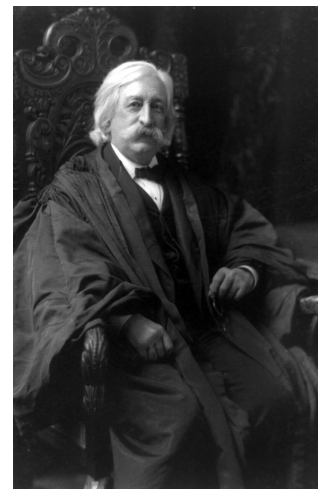
which raised \$750 million to help **fund the Union.**

It was **repealed** in 1873 after the emergency of the Civil War was over.

The first non-emergency **"peacetime" Income Tax** was attempted in 1894, but the **Supreme Court** declared it **unconstitutional** in *Pollock v Farmers' Loan*.



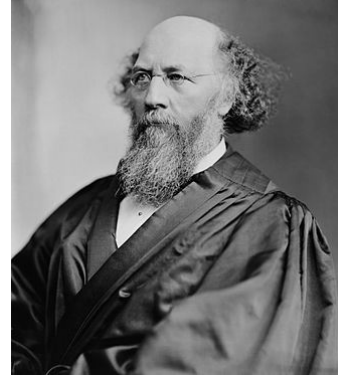
Chief Justice Melville W. Fuller understood **income tax** to exist only during the **emergency of wartime:**



"The original expectation was that the **power of direct taxation** would be exercised only in **extraordinary exigencies**, and down to August 15, 1894, this expectation has been realized."

Justice Stephen J. Field concurred:

"The **income tax** law under consideration ... is **class legislation**.



Whenever a **distinction** is made in the **burdens** a law imposes or in the **benefits** it confers **on any citizens** by reason of their **birth, or wealth, or religion**, it is **class legislation**, and leads inevitably to oppression and abuses ..."

Justice Field continued:



"It is the same in essential character as that of the **English income statute of 1691**, which **taxed Protestants** at a certain rate, **Catholics**, as a class, at double the rate of Protestants, and **Jews** at another and separate rate."

Industrialists helped bring about the greatest rise in the standard of living for the average person, with more goods at cheaper prices, than ever before in world history.



Industrialists then began to create **monopolies**, buy politicians, control political parties, and **plot to gain control** of the **national banking system**.

Republican President Theodore Roosevelt attempted to **limit their**

power with an inheritance tax.



Republican President **William Taft** yielded to mounting public pressure to **tax the rich industrialists** by placing a **2 percent tax on corporate profits**, as only the wealthiest owned corporate stock.



With the **emergency** of World War I threatening, Democrat President **Woodrow Wilson** naively thought there would be **world peace if tariff taxes between countries were eliminated**.

Wilson proposed replacing the lost **tariff revenue** with an **income tax on the wealthy**.

This was passed in 1913 with the **16th Amendment**.

Originally, the **Income Tax Rate** started as a **one percent tax** on the **top one percent richest people**.

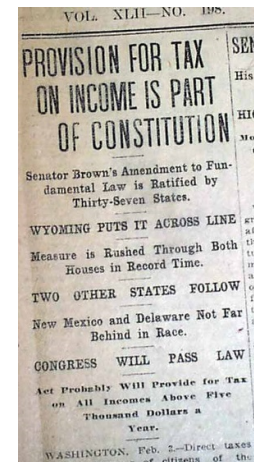
1%

It maxed out with a seven percent rate on those making over \$500,000 a year (equivalent to \$15 million a year in 2022 dollars).

It was a "**soak-the-rich**" tax, only intended for **industrialists** such as:

- **Rockefeller,**
- **Carnegie,**
- **Vanderbilt,**
- **Fisk,**
- **Flagler,**
- **Gould,**
- **Harriman,**
- **Mellon,**
- **J.P. Morgan, and**
- **Schwab.**

Industrialists strategically avoided paying the **Income Tax** by transferring their assets into **tax-exempt charitable and educational foundations**, such as the Rockefeller Foundation and Carnegie Foundation.



This **tax-exempt category** had previously been created for **churches**, which historically were the **providers of social welfare** through their:

- hospitals,
- medical clinics,
- orphanages,
- schools,

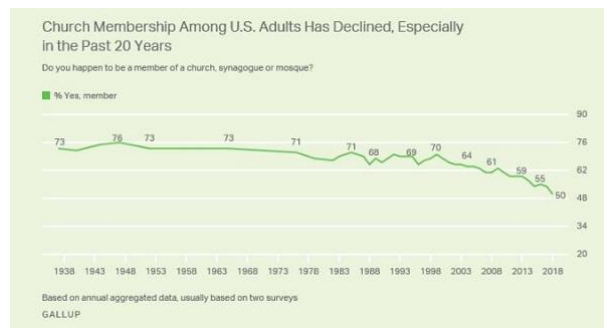


- soup kitchens, and
- care for orphans, widows, maimed soldiers, prisoners, unwed mothers, widows, shut-ins, homeless, juvenile delinquents, and immigrants.

Churches also provided a significant **social service** by starting **schools** and **Sunday schools**, being involved in **education** which instilled **morals and virtues** into **students** and the **nation's population** at large.



From the 1930s to the 1970s, regular **church attendance** in the United States was **over 70 percent**.



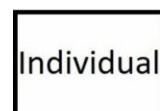
This helped **strengthen marriages and families**, meet **community benevolence needs**, and encourage **youth** to become **responsible and caring adults**.

Commands in **Scripture** are given to five groups:



- **Individuals;**
- **Families;**
- **Business;**
- **Church;**
- **Government.**

Among other things, **individuals** are commanded to **take care of the sick, poor**



and strangers.

There are **no** commands for the **family** to do that. **Family** commands are mostly **relational**, such as husbands love your wives, and children submit to your parents.

FAMILY

There are **no** commands for **business** to take care of the poor. Commands to **business** are: **employees** -- give an honest day's work; and **employer** -- do not hold back wages.

BUSINESS

There **are** commands for the **church** to take care of the sick, poor and strangers, and for 2,000 years the **church has been faithful to fulfill these responsibilities**, by feeding orphans and widows, founding hospitals, caring for shut-ins and elderly, visiting prisoners, etc.

CHURCH

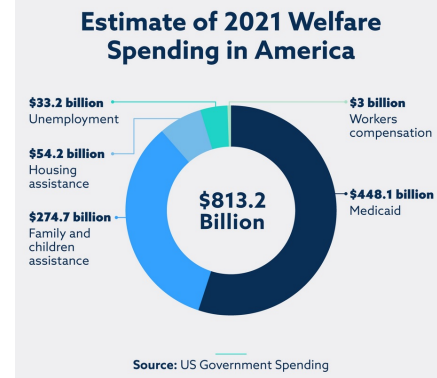
There are **NO** commands for the **government** to take care of the poor, provide education, or take care of sick. The commands to the **government** are the shortest: **protect the innocent and punish the guilty.**

GOVT.

What has happened, especially since **Franklin Roosevelt's New Deal** and **Lyndon Johnson's Great Society Welfare State**, is that the **government** has **usurped the responsibilities** of the **Church**.

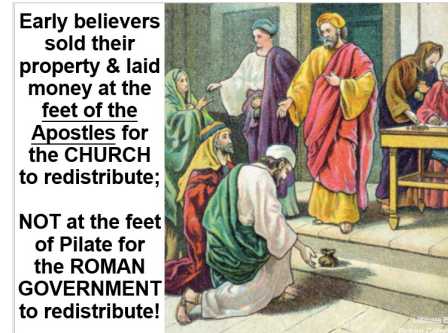
Where **churches** ministered to the poor for free out of religious motivations and generous voluntary charitable donations, **government social welfare programs** are an

immense financial burden, in many cases the largest items on state budgets, which taxpayers have no choice but to involuntarily pay.



It is **not charity** when it is **involuntary**.

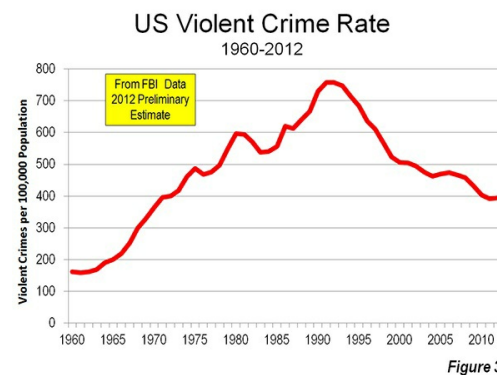
Early Christian believers sold their property and laid the **money** at the feet of the **APOSTLES** for the **CHURCH** to redistribute;



NOT at the feet of **PILATE** for the **ROMAN GOVERNMENT** to redistribute.

Just because **something needs to be done** does **not mean** it is the **government's job** to do it.

Over time, as **church attendance declined**, and **media, the entertainment industry, and government-run public schools** have **replaced the church's traditional morality**, there appears to be a **corresponding increase** in **social ills, domestic instability, crime, drug abuse, homelessness, sex-trafficking, divorce, broken homes, child abuse and sexual promiscuity,**

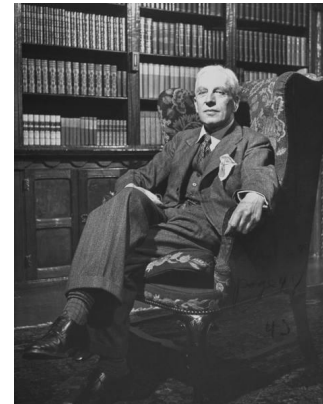


Oxford anthropologist **J.D. Unwin**, in his 1934 book *Sex and Culture*, confirmed that after studying 80

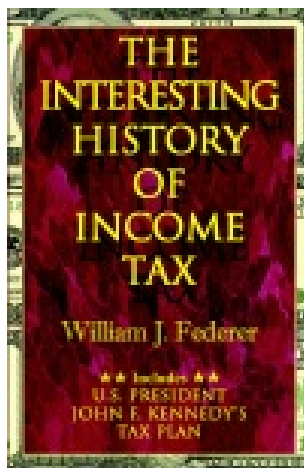
civilizations over 5,000 years, that **monogamous heterosexual marriage** precedes **cultural advancement**, and **sexual promiscuity** always precedes **civilizational collapse**.



British historian **Arnold Toynbee** examined the development of 22 major world civilizations and found that they **start to decay** when they **lose their moral fiber** and deep-state cultural elites turn parasitic:



"Of the twenty-two civilizations that have appeared in history, nineteen of them collapsed when they reached the **moral state** the United States is in now."



[The Interesting History of Income Tax](#)

In 1942, during World War II, Democrat President **Franklin Roosevelt** expanded the **Federal Income**



Tax with **"the greatest tax bill in American history,"** even instituting paycheck withholding.

Billboards displayed: **"Smash the Axis, Pay Your Taxes."**

John F. Kennedy explained April 20, 1961:

"In meeting the demands of war finance, the individual income tax moved from a selective tax imposed on the wealthy to the means by which the great majority of our citizens participate in paying."



Beardsley Ruml, chairman of **Macy's Department Store**, became **director of the New York Federal Reserve Bank** where he promoted the idea of **withholding taxes from people's paychecks**.



Kennedy explained, April 20, 1961:

"Withholding ... on wages and salaries (was) ... introduced during the war when the income tax was extended to millions of new taxpayers."



Businesses gradually became subject to:

- **Higher Taxes;**
- **Higher Wages & Benefits;**
- **More Lawsuits;**
- **More Governmental Bureaucracy;**
- **More Environmental Restrictions; and**
- **Political Favoritism or "cronyism" toward some companies who hired expensive lobbyists and were politically connected, while others companies were not.**



After decades of hostile business conditions, those companies not receiving favoritism were faced with a choice:

go out of business;

or

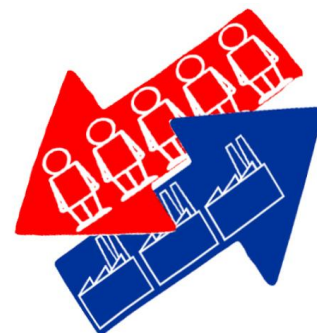
go out of the country to reduce costs.



As **companies outsourced jobs to stay competitive globally**, patriotic attachments diminished, giving rise to **financial globalists.**

John F. Kennedy noticed this, February 6, 1961:

"I have asked the secretary of the treasury to report on whether **present tax laws** may be **stimulating** in undue amounts the **flow of American capital** to the **industrial countries abroad.**"

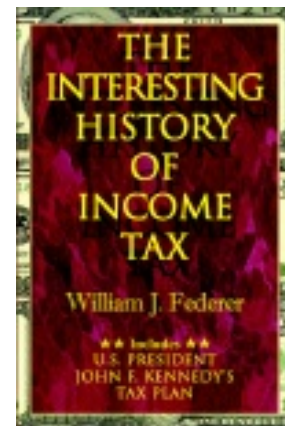


Kennedy told Congress, April 20, 1961:

"In those **countries** where **income taxes** are lower than in the United States,

the ability to defer the payment of U.S. **tax** by **retaining income in the subsidiary companies** provides a **tax advantage** for **companies operating through overseas subsidiaries** that is not available to companies operating solely in the United States."

[The Interesting History of Income Tax](#)



To remedy this, **Democrat President John F. Kennedy** proposed a **stimulus plan** of **lowering taxes across-the-board**, as he stated September 18, 1963:

"A **tax cut** means **higher family income** and **higher business profits** and a **balanced Federal budget**.

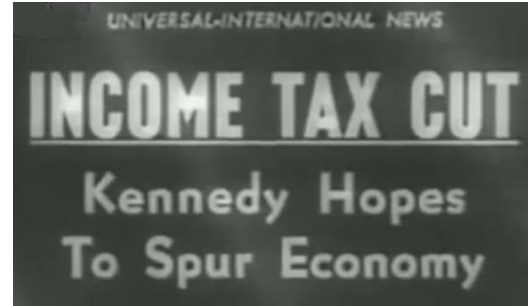
Every taxpayer and his family will have **more money left over after taxes** for a **new car**, a **new home**, **new conveniences**, **education**, and **investment**.

Every businessman can **keep a higher percentage of his profits** in his cash register or put it to work **expanding or improving his business**,

and as the national income grows, the Federal Government will ultimately end up with more revenues."

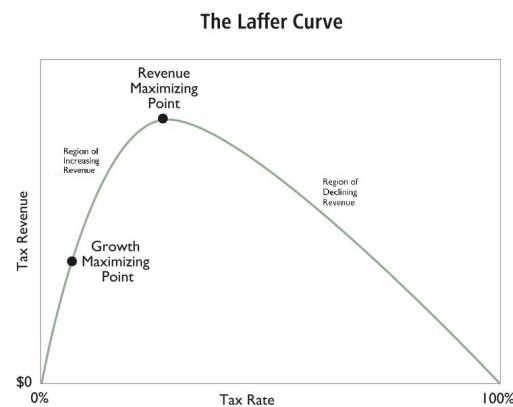
Kennedy stated January 17, 1963:

"**Lower rates of taxation will stimulate economic activity and so raise the levels of personal and corporate income** as to yield within a few years an increased - not a reduced - flow of revenues to the federal government."



Kennedy stated, November 20, 1962:

"It is a paradoxical truth that **tax rates are too high and tax revenues are too low** and the soundest way to **raise the revenues in the long run is to cut the rates now ...**



Cutting taxes now is not to incur a budget deficit, but to achieve the **more prosperous, expanding economy** which can bring a budget surplus."

He stated in his Annual Message, January 21, 1963:

"In today's economy, fiscal prudence and responsibility call for **tax reduction** even if it temporarily enlarges the Federal deficit - why **reducing taxes** is the best way open to us to **increase revenues ...**

It is no contradiction - the most important single thing we can do to **stimulate investment** in today's **economy** is to raise consumption by **major reduction of individual income tax rates.**"

JFK mentioned in his Message to Congress on **Tax Reduction**, January 24, 1963:

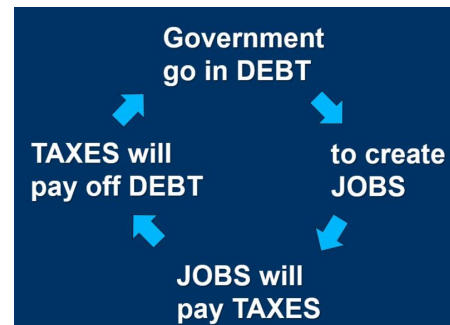
"Our tax system still **siphons out of the private economy too large a share of personal and business purchasing power** and **reduces the incentive for risk, investment and effort** -- thereby aborting our recoveries and **stifling our national growth rate.**"

Where **Kennedy** wanted to **reduce taxes to stimulate the economy**, economist **John Maynard Keynes** had proposed stimulating the economy by **going in debt.**



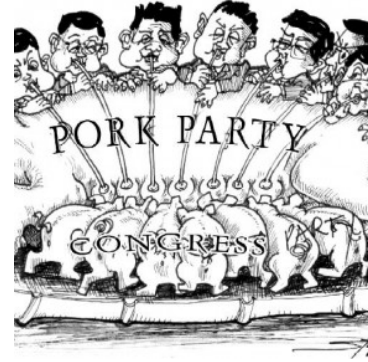
John Maynard Keynes reasoned that:

- if the government went in **debt**
- spending money in the private sector to **create jobs**,
- those **jobs would pay taxes** and
- **pay off the debt.**



Unfortunately, **politicians** were always tempted to **continually increase debt** in order to **funnel money to constituencies**,

supporters, and pork projects in their districts so as to help them get reelected, leaving the next Congress with the responsibility to pay off the debt, which, unfortunately, they never do.



James Buchanan, Jr., observed this phenomenon.



He received the **Nobel Prize in Economics** in 1986, for his examination of how **politicians** make **economic policy decisions**.

He discovered **politicians** tend to **vote to increase debt** so they can **direct money to their districts**, as this will help their **reelection** -- but they will **not vote for corresponding tax increases to pay for it** -- as this will **hurt their reelection**.

Buchanan indicated that, rather than being disinterested public servants, **a large percentage of career bureaucrats** are primarily interested in **getting re-elected**.

Self-preservation is a powerful motivator.

It is natural for people to **want to keep their jobs**.



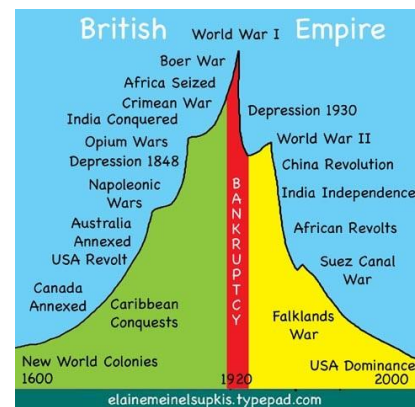
But when millions of people **work for the government** this results in them **wanting the government to get bigger and**

bigger as job security.

This grows into an enormous **"deep-state" bureaucracy** of individuals who are tempted to **use their positions to perpetuate their jobs**, while **harassing, auditing, leaking, investigating, and prosecuting** those threatening to eliminate their government jobs.

The Keynesian debt-stimulated economy model has resulted in an unsustainable **\$30 trillion U.S. National Debt**, which makes the **United States the most in debt nation in world history.**

Many civilizations, empires and republics throughout history **accumulated enormous amounts of debt** right before their **decline**:



- **Roman Empire under Diocletian;**
- **Mongolian Empire under Yuan ruler Toghan Temür;**
- **Florence under Italian Medici banking family;**
- **Spanish Empire under Philip III;**
- **Holy Roman Empire during Thirty Year War;**
- **French Empire after Seven Years War, and finally under Louis XVI;**
- **The Confederacy during Civil War;**
- **Ottoman Empire under Abdül Hamid II;**

- **Russian Empire under Tsar Nicholas II during World War I;**
- **British Empire after World War I & II.**

Union of Soviet Socialist Republics tried to keep up with Reagan's U.S. military spending during the Cold War "arms race."

The **Soviet economy** was overwhelmed with **debt** and **collapsed**, resulting in the Berlin Wall coming down.

In an ironic twist, in the decades since the fall of the **Soviet Union**, the **United States** has followed in instituting upon itself similar **debt spending policies**.



Regarding this **socialist tendency** of the **government increasing spending**, President **Gerald Ford** stated in Rock Hill, SC, October 19, 1974:

"What they don't tell us when **they propose all these benefits that they are going to give you from our Government ...**

that a government big enough to give us everything we want is a government big enough to take from us everything we have."

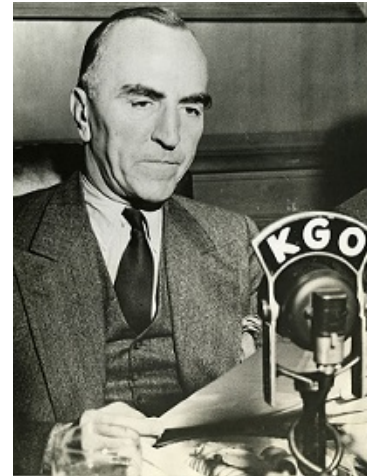
Similarly, President **Donald J. Trump** stated February 18, 2019:

"The **more power** they get, the more they crave.

They want to run **healthcare, transportation, finance, energy, education ...**

Socialism is not about justice, it's not about equality, it's not about lifting up the poor ... it's about one thing only: **power for the ruling class."**

World War I fighter Ace Eddie Rickenbacker, who owned the Indianapolis Speedway and Eastern Airlines, wanted to **repeal Woodrow Wilson's 16th Amendment Income Tax**, stating:



"When **Woodrow Wilson** told us of the **evils of concentrated power**, less than 9% of our entire national income was enough to keep all of the federal and local governments going ...

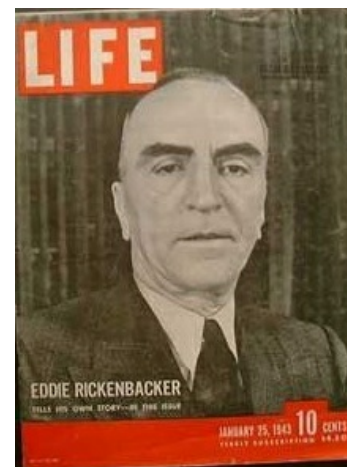
(By 1960, **taxes** took) one third of all our earnings, and the Federal Government ... spent 70% of that ...

The entire gross **income of every American** is subject to complete **Federal confiscation ..."**

Rickenbacker continued:

"Every time the liberals discover a brand new misinterpretation of the Constitution,

every time they invent a new way to **circumvent the constitutional**



limits of the Federal power,

they pile up more power in Washington at the expense of individual liberty across the land ...

Instead of advocating freedom, modern liberals were striving to **pile up the power of government in Washington.**"

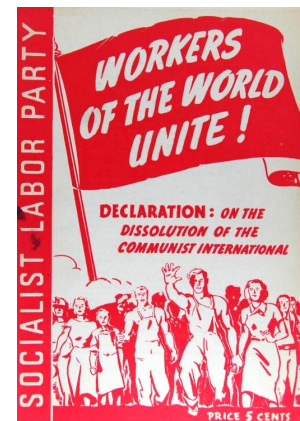
On the other side of the world, **Vladimir Lenin's** plan to institute **socialism** included **eliminating business owners** who could challenge his power.



He is credited with saying:

"The way to **crush the bourgeoisie** (middle class) is to grind them between the **millstones of taxation and inflation.**"

After the 1917 **Bolshevik Revolution** in Russia, Communist labor organizers, community organizers, agitators, and agent provocateurs (provoking agents) began infiltrating other countries, including the **United States.**



Lenin considered **socialism** an international **transition phase** from **capitalism to communism**, stating:

"The goal of **socialism** is **communism.**"

Ayn Rand wrote in "Foreign Policy Drains U.S. of Main Weapon" (*The Los Angeles*

Times, Sept. 9, 1962):

"There is no difference between **communism** and **socialism**, except in the means of achieving the same ultimate end: **communism** proposes to enslave men **by force**, **socialism** — **by vote**.



It is merely the difference between **murder** and **suicide**."

In order to overthrow governments, **socialists** utilized tactics of stirring up **class-struggle** and **psychological projection** or "**blame-shifting**" where the **attacker blames the victim**.

Sigmund Freud wrote in *Case Histories II* (PFL 9, p. 132) of "psychological projection" where humans resort to the defensive mechanism of **denying in themselves the existence of unpleasant behavior** while **attributing that exact behavior to others**.

A rude person constantly accuses others of being rude.

A phrase attributed to Marx is: "**Accuse the victim of what you do**" or "**Accuse your opponent of what you are guilty of**."

In an NPR interview, April 19, 2010, political advisor **David Axelrod** verbalized this tactic:

"In Chicago, there was an old tradition of **throwing a brick through your own campaign office window**, and then calling a press conference to say

that **you've been attacked.**"

Fox News contributor **Charlie Hurt** stated (*Hannity*, May 23, 2019):

"This whole thing is like this game of **projection** ...

Whatever they accuse President Trump of doing we then find out not only did President Trump not do it, **but they did it.**"

Politically groups formed **tax-exempt educational foundations** to **fundamentally change the government** by instigating a workers' revolution.



Individuals naively recruited to join their ranks were referred by the Leninist term "**useful idiots.**"

Those accused of being **communist agitators** were defended by **Roger Baldwin**, who founded a **tax-exempt organization** in 1917, to defend those who were draft dodgers during World War I.

It was renamed the ACLU.

In 1921, **Margaret Sanger** founded the **tax-exempt organization** to eliminate "human weeds" and promote racial "purification."

It was renamed Planned Parenthood.

The growth of **tax-exempt organizations** advocating change resulted in the Congress limiting what **tax-exempt organizations** could do **politically.**

Commenting on the **tax burden** of a growing government, **President Ronald Reagan** remarked at the National Space Club Luncheon, March 29, 1985:

"Personally, I like space. The higher you go, the smaller the Federal Government looks."

Albert Einstein's accountant, Leo Mattersdorf of New York, wrote (*TIME Magazine*, 1963):

"One year while I was **at his Princeton home** preparing his return, Mrs. Einstein, who was then still living, asked me to stay for lunch.

During the course of the meal, **the professor (Einstein)** turned to me and with his inimitable chuckle said: 'The **hardest thing** in the world to **understand is income taxes.**'"

Reagan stated in 1988:

"I believe **God** did give mankind **unlimited gifts to invent, produce and create.**

And for that reason it would be **wrong** for **governments** to devise a **tax structure** that **suppresses those gifts.**"

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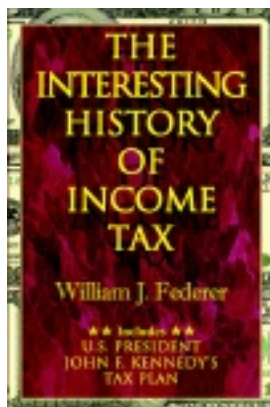
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