

The National Independent Report

Why We Must Form a Second Political Party in America

Nelson Hultberg



“This is brilliant and galvanizing; it can change history.” – **James T. Bennett**,
Professor of Economics, George Mason University.

“Hultberg's arguments are well reasoned and merit our most serious consideration.”
– **George W. Carey**, *Professor of Government, Georgetown University.*

“The impossible happens quite often in politics. Nobody expected the fall of the Soviet Union or the Crash of 2008. And no-one expects the current partisan oligopoly, the Demopublicans, to break up. But Nelson Hultberg explains how we can make it happen and why it should happen. He also integrates immigration and national identity into a powerful critique of today's open border policies.” – **Peter Brimelow**,
Founder of VDARE, author of *Alien Nation*.

“This is wonderful. Nelson Hultberg is right on the mark when he points to the need for an alternative political party, which can unite conservatives and libertarians in a common political front.” – **Paul Gottfried**, Professor of History, Elizabethtown College, Pennsylvania. Author of *Conservatism in America*.

“The vision of Mr. Hultberg is breathtaking. He shows us a way to reverse the historical tide of collectivism.” – **Antal E. Fekete**, *Professor Emeritus, Memorial University, Newfoundland, Canada.*

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Pervasive statism dominates us today because Democrats and Republicans possess a monopoly over the political process and preach only one message – “bigger and bigger government” every year. The Democrats and Republicans control the ideas conveyed to the electorate every election; and their monopoly is enthusiastically supported by the educational and media institutions of the country. Only Demopublican statism is discussed during election season in the major arenas where it matters. Freedom is never adequately presented to the people.

To restore choice, this monopoly must be broken. This doesn't mean creating a *three-party* political system. America needs a *two-party* system, but we no longer have one. We have, in America, only the Demopublican Party comprised of a Democrat wing and a Republican wing. As Patrick Buchanan says, “Two wings of the same bird of prey.” Both wings preach and implement big, monstrous government.

To break this monopoly and give the people a choice again, Americans for a Free Republic www.AFR.org in Dallas, Texas has formed the National Independent Party. Our purpose is to recruit a prominent “free-market conservative” (Ted Cruz, Rand Paul, Scott Walker, Mike Lee, etc.) to run in 2016 on the NIP's **Four Pillars Strategy** of tax, monetary, immigration, and foreign policy reform.

This will create three basic groups vying for power – Democrats, Republicans, and National Independents. But this triad *will not be permanent* because once a genuine choice exists between big and small government visions, the natural instincts of the voters will drive all small-government supporters away from the Democrats and Republicans to the National Independent Party. The big-government Democrats and Republicans remaining (liberals and neocons) will, by necessity, have to merge with one another in order to remain politically viable at the polls. We will then have two official parties: the National Independent “freedom” Party and the Democrat-Republican “statist” Party.

Voila! The Demopublican monopoly will be broken. America will no longer be a one-party state. We will now have an “open forum” of ideas where two visions of government will be presented to the people at election time rather than the one statist vision we have at present.

To bring this about, we must mount our independent challenge with a well-known conservative patriot who is strong enough to garner the needed 15% to qualify for entrance into the 2016 national TV Presidential debates. By doing so, he can contest the big-government insanity of the Demopublicans in front of 70 million voters. With the support of big league pundits like Pat Buchanan, Glenn Beck, and others, along with several billionaire conservatives for pac advertising, such a

campaign would attract hundreds of millions of dollars in contributions from tens of millions of patriotic Americans. Half the country's voters would eagerly support our **Four Pillars of Reform** and sweep our candidate to victory in 2016. In the words of Victor Hugo, this is "an idea whose time has come."

Imagine our freedom candidate giving 30-minute lectures on prime time TV the night before each of his three debates as Ross Perot did so effectively in 1992. Imagine him explaining to 70 million voters how their rights, their freedom, and their money are being taken from them by the Darth Vaders of the Democrat-Republican establishment, how their culture is being wrecked by swarms of illegal immigrants promoted by these same Democrat-Republicans. This kind of "truth-telling" has never been done before in the 50-year history of the debates. Such an ideological challenge would be electrifying. It would radically shake up the system and launch a profound paradigm shift in American politics. This essay will explain how it can be done.

The Source of Our Destruction

To begin our cause, we must first demonstrate to Americans that the Federal Government is not a saviour. It is a beast. Like a modern-day Cyclops with one eye and a stunted brain, grunting and belching, taxing and spending, it has, over this past century, transformed a once productive marvel and manufacturing leader of the world into a decadent debtor nation hell-bent to follow Rome into the dustbin of history.

The majority of Americans, of course, know that Washington is the source of our destruction; but many are unaware of the real origins behind this monster, and thus they don't understand what must be done to restore government's proper role.

The levers of power that have allowed Gargantua to grow into such a corrupted beast were given to it in 1913 with enactment of the Federal Reserve and the progressive income tax. These two institutions ushered in the two major evils of modern day politics: 1) **fiat money**, and 2) **confiscatory taxation**. In doing so, they destroyed the idea of "limited government" that the Founders had given us in 1787.

Thus if we are to stop the tyrannization of America, we must challenge the two institutions that give Gargantua its power to grow unabated – *fiat money inflation* and *progressive taxation*. The merging of Big Government and Big Banking has, for 100 years, crucified us on a cross of paper and progressivity.

In the following, we will discuss two themes: 1) how the growth of the Federal Government can be stopped cold and then actually reversed through what we call the "**Four Pillars Strategy**," comprised of revolutionary monetary and tax reform, a genuine crackdown on illegal immigration, and a restoration of a mind-our-own-business foreign policy. And 2) we will discuss how a nationally-known conservative candidate can challenge the Demopublican power structure in 2016 and win a substantial victory at the polls. Our Four Pillars of Reform are "cornerstones of sanity" that will bring about a dramatically refurbished America. They will generate fervent support from a majority of the voters. A free-market conservative running on them will change American politics in a monumental way and restore hope to a dispirited people.

Why the Republican Party Cannot Be Reformed

Many Republicans will be appalled at what is being said here. They have devoted much of their lives to the cause of reducing government through the GOP. The fact that such reduction has not come about merely means that we must try harder, recruit smarter, and raise more money for the campaign trail. It is only with the strength of the party that we can gain the necessary power to change the nation's politics.

On the contrary, just the opposite is the case. Efforts to use the Republican Party to bring reduction of government and freedom to America are doomed to fail because the GOP hierarchy is controlled by Washington's dominant neoconservative intellectuals who are ex-liberals, collectivists in favor of massive welfare-statism, open borders, and a militaristic "nation-building foreign policy."

Newly elected Republicans to Congress soon see who has the power and realize that going against the neoconservative elites would jeopardize their easy path to re-election. To run on the Four Pillars of Reform advocated here would ostracize them from the fund raisers of the Republican welfare-state establishment. Thus they choose to pander to Hispanics with amnesty for illegals, to play ball with hegemonic foreign policy mavens, and to join with government expansionists. Very few Republicans will ever go up against the system's collectivist structure to tell the voters the truth.

Moreover it is very naïve to think we can take over the Republican Party merely by voting to send true conservative candidates to Washington. To get control of the GOP, we would first have to root out the powerful neocon intellectuals who control the party, its candidates, and its platform planks via organizations such as the Council on Foreign Relations, the Hudson Institute, the Foreign Policy Initiative, and other highly influential institutions that have been built to dominance in Washington and New York over many decades. Such a take-over would require at least 50 years to accomplish. America doesn't have this kind of time. We need to challenge the tyrannical control that liberals and neocons have over America now!

In other words, only by replacing the vast body of big league "neoconservative scholars" that dominate the GOP, can we change what the GOP stands for. These neocon intellectuals control Washington and Wall Street ideologically and financially. Expecting incoming conservative *legislators* to seriously challenge them is like expecting school girls to go up against Mafia lords. Ninety percent of incoming conservative congressmen soon capitulate to the neocon agenda in order to attract the funding and ideological support that come from its network of scholars, institute heads, and corporate/banking moguls. Almost all conservative newcomers to Washington learn to play ball and support the neocon vision of inflation, open borders, and a police-the-world foreign policy. If not, they are abandoned by the party.

Thus trying to take over the Republican Party by voting in more true conservatives will never stop America's dictatorial drift. We have been attempting to do this for four decades now, and the freedom advocates we send to Washington continue to be bought off by the GOP's neoconservative corruption as fast as we can send them.

This corruption cannot be defeated from within; it can only be defeated from without. Only an Independent candidate, who is not beholden to neocon intellectual and financial power and runs on the **Four Pillars of Reform**, can do this. Only an Independent candidate and Party can show the American people what the truth is.

1) Ending the arbitrary power of the Federal Reserve, 2) establishing a fair (flat) tax system, 3) cracking down vigorously on illegal immigration, and 4) ending our present foreign policy of “militaristic global hegemony” are the paramount reforms in this truth exposure. These four reforms would launch an irreversible process toward ending the unwarranted power that Washington and today’s corporate-banking oligarchs have over the American people. Let’s examine why they are so important, and then discuss how an Independent patriot candidate can sell them to 100 million voters.

Pillar # 1 – An Honest Monetary System

As all reputable economists know, central bank expansion of the money supply at a faster rate than the economy’s production of goods and services always results in price inflation, i.e., *stealing of the people’s wealth*. If not checked, it brings about the chaos of runaway inflation.

History clearly teaches us that no stable, prosperous country can remain so very long if it leaves control of its money supply up to the machinations of corruptible men in power at the government’s central bank. The temptation is simply too great for such men to promote excessive expansion of the money supply in order to create an illusion of prosperity so that the electorate will continue to reward them with more power.

Such temptation began in America in 1913 the minute the ink was dry on Congress’ legal authorization of the Federal Reserve banking system. It was then greatly expanded with Roosevelt’s confiscation of gold from Americans in 1933, along with his initiation of J.M Keynes’ “new economics.” This led to the disastrous spending policies and inflation-deflation cycles that we now endure. Ever since World War II ended, Fed currency expansion has resulted in our economy suffering from annual price inflations of 1%-13%, all under the Keynesian “necessity” of massive government spending and intervention into the economy.

The Keynesian monetary philosophy of trying to increase demand with increases of fiat money in excess of the growth of goods and services is what led to the runaway inflation of the 1970s and to the hallucinatory bubble economy of the 1990s. We are now in the initial stages of a long curative unwinding of the extreme economic dislocations and malinvestments that were brought about by such fallacious policy.

Unless this unwinding is accompanied by genuine monetary reform, we as a country are doomed, like Sisyphus rolling his stone up the hill and down again for all of eternity, to merely repeating the Keynesian fallacies. This means constant boom-and-bust cycles with relentless theft of the people’s money forever into the future. The only way to eliminate such instability and corruption is to establish a monetary standard other than the whims of federal bankers. Throughout history that standard has always been gold.

Restoration of such a standard, however, will require revolutionary thinking in the field of money and monetary theory. The original gold standard's flaws have to be avoided. A plan must be devised that can be phased in over time, a plan that allows the public to become acclimated to the use of gold as money again. Fortunately we have the works of several scholars and a politician with which to accomplish this – men such as Lewis E. Lehrman, Edwin Vieira Jr., Antal Fekete, and Ron Paul have offered notable insights on the necessity and restoration of gold as money.¹

The question we have to ask, however, is this: Could a 51% majority of voters be motivated to accept gold as money and pass its implementation into law? No, not at this time in history. But our reform pillar of “honest money” can be structured to bypass gold temporarily so as to make the reform salable to a majority of the people and be passed into law. The Fed will not be *eliminated*, but it will be *stopped* from debasing the currency and creating annual price inflation.

The all important theme that needs to be impressed upon the public is that we can no longer allow money to be *arbitrarily created* by a cartel of political bankers in Washington. The money supply and its growth must be divorced from the dictates of federal bureaucrats, which will bring the problem of price inflation and its ruinous consequences under control.

Limiting the Fed

Thus as a first step to restoration of an honest money system, our Independent candidate should advocate putting strict limitations on the rate of monetary growth by the Fed. The way to do this is through Milton Friedman's 4% auto-expansion plan for the money supply. His plan would computerize the Fed's increase of money in the economy at 4% annually – in other words, remove monetary growth from the arbitrary whims of Federal Reserve bureaucrats and make it automatic.

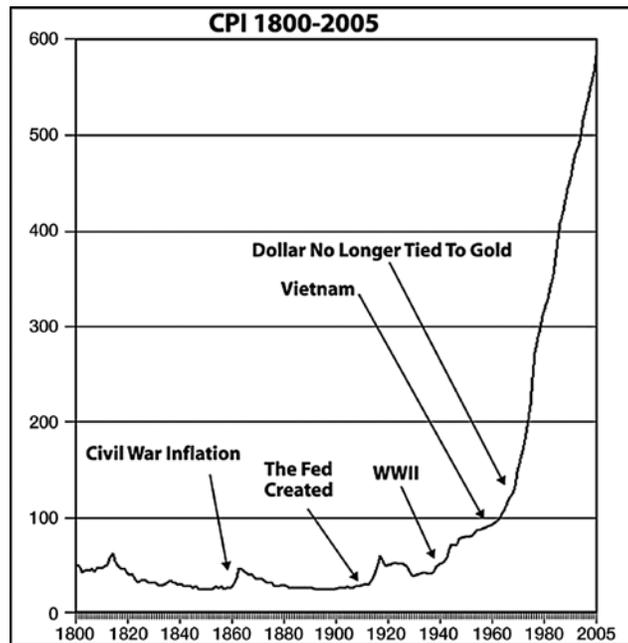
Why 4%? That figure would balance monetary growth with goods and services growth, which averages around 4% in a healthy free-market economy. Since it is only when money growth exceeds goods and services growth that a rising general price level occurs, there would then be *zero price inflation*. This would allow us to check the irresponsible power of the Fed until the American people can be educated as to the necessity of restoring gold as money.

The Friedman plan suffers from some flaws (e.g., the money supply is difficult to define precisely – do we use M1, M2, M3? And the Fed cannot control “velocity” of money, which is just as important as “quantity” in determining price rises). So the Friedman plan would be only a *temporary measure*, implemented to temper the inordinate power of the Fed until the people could be persuaded to enact a true restoration plan for gold money.

The Friedman plan is important because it would circumvent the media's wall of resistance regarding gold. By approaching monetary reform with this first step, we can get the issue of inflation control into public discussion without being smeared by the statisticians as being “worshippers of a barbarous relic wishing to go back to the

nineteenth century.” Actual restoration of a gold standard would come later when the people show they are ready for it.

Establishment economists will naturally attempt to deny the need of any kind of automatic expansion of money. They will go to great lengths to convince their audiences that the economy’s money supply must be fiat money and must be continually inflated via the discretion of the Fed in order to *produce adequate economic growth*. But this is totally erroneous. America’s economic growth during the nineteenth century was spectacular, and there was no Federal Reserve pumping fiat money into the system at all. For example, the chart below shows us the CPI from 1800 to 2005.



The index of consumer prices **decreased by 40%**, from 51 to 30, between 1800 and 1913 (about 1/3 % per year). This was because the money supply was tied to gold and couldn’t be expanded arbitrarily in excess of the growth of goods and services by the nation’s bankers. The reason is that gold must be manufactured slowly and steadily, while paper can be printed easily and instantly – hundreds of billions overnight. As a result, there was no upward pressure on prices.

In contrast, today we no longer use gold as money, but paper printed by the Federal Reserve as it sees fit. As a result, the Consumer Price Index literally exploded, **increasing by 1,850%**, from 30 to 585, in the years 1913-2005. This was because the money supply was created by Fed bureaucrats at a far faster rate than the production of goods and services – all of which should tell us clearly that government money managers are not reliable and never will be, and that a fiat money system that can be expanded at the discretion of government bankers will never be stable.²

When the above figures are combined with other nineteenth century statistics, we readily see that the Keynesian claim of “growth needing inflation” is a fallacy. During

the nineteenth century due to the dollar being backed by gold, we enjoyed gently deflationary prices (the beneficial kind of deflation due to technological improvement), yet also rapid economic growth of all goods and services. America's GDP increased over 500% in just the years 1870 to 1913, averaging **4.3% annual growth**, and real wages for the workingman tripled between the years 1849 and 1915. In comparison, we average about **2.0% annual growth** today, real wages are totally stagnant, and we are plagued by inflationary prices brought on by the Federal Reserve's relentless monetary expansion.³

The Keynesians' claim of massive monetary inflation being a requisite for healthy economic growth is thus totally in error. So also is their claim that only with government control over the currency and banking system can we have "stability" in our economy. Growth will take place very nicely without government control of the money supply; and what's more, it will be *real* growth, not the frenzied, speculative, boom-bust kind of growth our Great Society dreamers have given us.

There will, of course, be objections from Keynesians about any kind of auto-expansion plan. They will claim that to limit the Fed to a 4% auto-expansion of the money supply would bring about a depression. Seeing that the money supply is now being expanded at annual rates in excess of 4%, such a "limiting" of monetary growth would bring deflation to the country. This is true; but the debt liquidation crisis from which we are presently suffering (caused by the Keynesian boom / bust cycle) is bringing deflation to the country anyway.

Thus implementation of the 4% auto-expansion plan would need to wait until after we have reached culmination of the deflation crisis presently engulfing us – i.e., until after we have sufficiently crashed. The auto-expansion plan could then be initiated as we begin to climb out of the crisis, and thus it would not be deflationary.

If somehow there is a resurrection of the economy from the present crisis without going through the necessary crash / debt liquidation period to heal it, the auto-expansion plan for the Fed could be phased in a little bit each year until we have reached a steady rate of 4% annually. Thus either way, the plan can be implemented – quickly as a means to climb out of a vicious recessionary crash, or slowly as a means to ease off of inflation into a more stable monetary system.

The Legacy of Keynes

In his classic, *Economics In One Lesson*, Henry Hazlitt, sums up Keynes' inflation philosophy very well: "Like every other tax, inflation acts to determine the individual and business policies we are all forced to follow. It discourages all prudence and thrift. It encourages squandering, gambling, reckless waste of all kinds. It often makes it more profitable to speculate than to produce. It tears apart the whole fabric of stable economic relationships. Its inexcusable injustices drive men toward desperate remedies. It plants the seeds of fascism and communism. It leads men to demand totalitarian controls. It ends invariably in bitter disillusion and collapse."⁴

The salvation of America lies in ending this inflation-deflation cycle of wealth confiscation via currency debasement. This will require genuine reform of our monetary system. The answer to so many of our problems would come if we would just end the injurious monetary inflation of the Fed. Prices of goods and services would stop relentlessly rising. Excessive labor union demands would subside. Capital formation would increase. True prosperity would result. Poverty would shrink at a faster pace. Yet life would churn at a more moderate and predictable pace. The elderly would be able to keep the security they worked for. Jobs would stop leaving America for third-world countries. And we could all get off this infuriating treadmill of never quite catching up with our bills. In general, life would again be stable, productive, and free rather than the speculative, frenzied, Washington-managed economy that has evolved under the whip of collectivist-liberal ideology.

The fate of a free country lies in the integrity of its money. The integrity of a country's money lies in the independence it has from government control. The independence that a money system has from government control depends upon the rationality and will of the people. The upcoming years are going to severely test the rationality and the will of the American people.

“There is a tide in the affairs of men,” wrote Shakespeare, “which taken at the flood, leads on to fortune; omitted, all the voyage of their life is bound in shallows and in miseries.”⁵

A perilous tide is upon us today that is going to bring great tumult to our lives during the next 10-15 years, but also great opportunity to the freedom movement. It is an opportunity that we need to capitalize upon and build upon now. Such building, however, cannot be based upon the conventional statist brand of Demopublican politics we see today. We need a powerful and rational approach that is capable of reaching millions of voters with the truth. The first pillar of that approach should be a plan to enact an “honest monetary system” for our country that prohibits the Federal Reserve's bureaucrats from expanding the money supply at will.

Pillar # 2 – A Flat “Equal-Rate” Income Tax

Abolishing the income tax from America is our ultimate goal, but the only way to do this is to first end “progressive rates” and require citizens to pay proportionally for their government services. Under our progressive system, 50% of the voters do not pay income taxes; they get their federal government services free (IRS figures). Thus the tax remains popular. But ending this massive exemption will destroy its popularity because all citizens will then have to pay it. To bring this about, we must challenge the tax both philosophically and practically. Let's analyze why and how.

The fundamental principle of the Declaration of Independence, which undergirds our political and legal systems in this country, is that all citizens are to possess “equality under the law.” Our whole concept of rights is based on their being equal for all citizens of the Republic. This was the guiding star of justice that spawned America and which sustained her through the first 125 years of her existence. In

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1913, however, there took place a most shameful default on this concept of “equal rights under the law” when our Supreme Court justices allowed an income tax with *unequal* (i.e., progressive) rates to be enacted by Congress.

This default by the Supreme Court was challenged at the time by numerous outraged legal minds, but due to the prevailing socialist sentiment taking over the culture at the turn of the century, their challenge did not prevail. Too many powerful voices had gotten swept up in the egalitarian vision of Marx, and they decided that government’s purpose was to coercively implement such a vision. Tax policy became one of the tools with which to bring about such a leveling of society. Collectivist irrationality won the day, and it has lasted for 100 years, despite the fact that a *progressive rate* tax is clearly unconstitutional.

The reason why a progressive rate tax is unconstitutional in America is because *different classes* of society are assessed *different rates* under such a system, which denies American citizens an equal right to the disposal of their property (i.e., their income) and thus denies them equal protection under the laws of the land.

America is based upon each citizen’s equal and inalienable right to life, liberty, and property. How else does one preserve his life, enjoy his liberty, and maintain his property than through the production and the consumption of his own income? If the State can take an arbitrary and unequal percentage of our income because 51% of the voters deem it desirable, then we don’t have much of a *right* to the use and disposal of our property, do we? We have only the *permission* for that use and disposal, and then only so long as we dutifully serve the reigning political powers.

If we are to uphold the idea of all men possessing equal rights under the law, there can certainly be no justification for our present progressive tax system. It is dictatorial and contrary to everything for which America stands.

As the great Scottish economist J.R. McCulloch stated over 150 years ago, “The moment you abandon the cardinal principle of extracting from all individuals the **same proportion** of their income or of their property, you are at sea without a rudder or compass, and there is no amount of injustice or folly you may not commit.”⁶

Our own Thomas Jefferson astutely summed up such reasoning when he wrote, “The true foundation of republican government is the **equal right** of every citizen, in his person and property, and in their management.”⁷

Under our present system, the blindfolded Goddess of Justice has been allowed to peek. “Tell me first who you are and what you earn,” she says, “then I will tell you how the tax laws apply to you.” This is privilege and arbitrary law, the harbingers of every tyranny in history.

Liberals protest at this point and defend progressive tax rates with the following: “Equal-rate taxation is unjust to the poorer members of society because the marginal value of income declines with the amount of income. For example, the last \$100 of income of a man living near poverty is more valuable to him than the last \$100 of

income of a millionaire. Thus taxing that \$100 at the same rate for each is unfair. A 15% tax to a low income person is not the same as a 15% tax to a rich person.”

The last sentence is true. The concept of **equal rights under the law**, which our nation is based upon, will never be felt the same by all members of society. Nor can freedom ever be felt the same. Nor can life itself ever be felt the same. Free life does not bring about equal results in people’s life experience and feelings. For government to try and bring about “equal results” in life requires that it violate the “equal rights” of its citizens to their property. This is the goal of all collectivist dictatorships today – an egalitarian society. In the collectivist mind, society can ignore its citizens’ rights in order to lower productive people down to the level of the less productive.

But fairness can never be achieved by the violation of rights! Because the “majority will” votes for the violation does not justify it. Our rights to equality under the law and the disposal of our property can never be put up for vote. All a just government can do is assure that its implementation of the law is *impersonal* to all its citizens. This means the law must be the same (i.e., objective) for everyone. This is why the goddess of justice wears a blindfold. To violate this basic foundation of our civilization so cavalierly as today’s politicians and bureaucrats do is the great sin of modernity.

When government violates its citizens’ rights, it is partaking in an act of criminality. A criminal government can never create “fairness.” The idea that we can get away with criminality against one class of citizens and not have it spread to all of society is now being shown up for the travesty it is. Such illogic has brought us the bankruptcy of America. This then is the moral and philosophical case for abolishing the income tax. It is simply unjust, unconstitutional, illegal, and dictatorial.

The Practical Case

In addition to the moral-philosophical case, there are also powerful practical reasons why ending progressive tax rates is so important. First of all, it will make life so much simpler for everyone because all of the convoluted favors, deductions, and regulations of our present nightmare system will be ended. Second, this simplification, when combined with the 4% auto-expansion plan for the Fed, will create an explosion in economic productivity that will **raise everyone’s standard of living by 9%-14%**. Let’s examine how.

To achieve the needed simplicity and still be revenue neutral, our flat tax will be 15% with the standard personal deduction of \$5,500 per person. This means that for a family of four, the first \$22,000 of their income will not be taxed. No expensive accounting computation will be necessary. Whatever one earns above \$22,000 will be taxed at 15%. The mortgage deduction will also be allowed, which we will get to shortly. This kind of flat tax can be figured in 10 minutes every April 15th.

Revenue neutrality will be achieved by cutting indefensible welfare-state programs. Countless studies over the past several decades have ably demonstrated that hundreds of billions in welfare spending can be axed without harming the dependent, needy, and helpless.

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Here is how such a flat-rate tax will benefit us all practically: 1) It will stop what economists call “infinite demand” for government services. And 2) its simplicity will save American industry billions of dollars annually in compliance costs that will be passed on to all citizens.

1) First benefit is that with progressive tax rates ended, there would no longer be any incentive for voters to gain their life’s status by relentlessly increasing government spending, i.e., by redistributing wealth from the pockets of their neighbors.

Most Americans do not understand it, but the major cause of explosive government spending is our use of progressive tax rates to redistribute wealth. This is because the progressive income tax permits large constituencies of voters to pay zero federal income taxes every year.

According to the Joint Committee on Taxation in Congress, April 29, 2011, the figures show that **51% of Americans pay zero income taxes** for support of federal government programs.⁸ This is due to the highly progressive rates and the briar patch of favors, exemptions, and tax credits that have been extended over the past 60 years by our politicians to win votes. Thus our system has spawned a “something for nothing” voter mindset that dominates all elections.

When large groups of voters are allowed the privilege of paying nothing in taxes, an irresponsible electorate will inevitably evolve to demand a steady expansion of government services. This is basic human nature and one of the cardinal laws of economics. **If government benefits are free, demand for them will be infinite.** Consequently, in every election there is an automatic 50% base of voters who always favor those politicians who propose increased federal spending.

Overcoming this infinite demand for government spending will be impossible until we genuinely reform the tax system and eliminate its “something for nothing” aspect. This means ending all special privilege deductions and rate progressivity. This will necessitate the adoption of a simple *equal rate income tax*.

Since voters would then have to pay for all federal subsidies and programs proportionately out of their own pockets, they would lose their overwhelming desire for such subsidies and programs. They would begin to favor politicians who advocate reduction of the Federal Government instead of its constant expansion because this is the only way they could get their own taxes reduced and more freedom into their lives. But as long as 50% of the voters pay ZERO federal taxes, they will continue to favor politicians who offer more and more federal spending, pork, and bailouts at election time. An “equal-rate tax” is the only way to end this dreadful prodigality. All voters must pay the same rates. Period.

In other words, all citizens must contribute to the system rather than leeching from the system. Under a 15% flat tax, a man earning \$100,000 annually, would pay \$14,175 to fund the government ($\$100,000 - \$5,500 \text{ personal deduction} = \$94,500 \times .15 = \$14,175$). If he earns \$10,000 annually, he would pay \$675 to fund the government.

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This also means the man who earns a million dollars annually will have to write a check for \$149,175. He will not be able to hire expensive accountants and lobbyists to get his tax bill reduced to zero through legal gimmickry and special privileges.

This way everyone has a stake in being a responsible citizen and voting for the common good instead of trying to get something for nothing by taking money from his neighbor. This would drop the number of “zero payers” drastically, to about 30% from its present 51%. *Infinite demand for government growth* would be ended.

Unfortunately, the country is not ready just yet for a total flat tax with no “special privilege deductions” at all. Thus the mortgage deduction for home owners will have to be retained for the time being in order to be salable to the majority of Americans (there are 87 million home owners in America).

Such a flat tax would still bring about a steady reduction of government every year, and as a result the 15% rate could be lowered accordingly and bring us a 10% rate within a decade or two because no one will continue to vote for all the pork and privileges if they have to pay proportionally for them out of their own pockets.

2) The second practical benefit of a flat tax is that its simplicity will save American industry billions of dollars annually in *compliance costs* that go toward record keeping, accountants, tax lawyers, economists, lobbyists, audits, appeals, litigation, collection, disincentives, lost opportunities, avoidance, etc.

Major corporations devote entire floors in their headquarters to armies of economists, statisticians, accountants, tax specialists, and lawyers working around the clock, 52 weeks a year, to keep them compliant with the monstrous and convoluted burden of our present 17,000 page income tax code.

Many economic studies, such as James L. Payne’s *Costly Returns*, have been done on this burden of compliance costs to society, and the results in the Payne study are 65% of tax revenue generated.⁹ This “overhead” cost was \$923 billion in 2008.

The portion of this \$923 billion that is paid by businesses and corporations is naturally passed on to consumers in higher costs of goods and services. It adds 4% extra every year to the prices of goods and services.¹⁰ Our simplified 15% flat tax will eliminate the great bulk of this burden and pass on a **minimum savings of 3% in the cost of goods and services** to American consumers.

In addition, because this compliance cost savings to businesses will be combined with an elimination of the inflation burden via the Friedman auto-expansion plan for the Fed, there will take place a tremendous unleashing of the “entrepreneurial function” in the economy. Capital investment will increase substantially. This will restore our presently stagnant real wage growth to the historical average of 3%.

Here’s why. According to the U.S. Department of Commerce and the *Wall Street Journal*, for the past 40 years (1973-2013), real wages have been totally stagnant in America. They grew less than 1% total during this time. Yet between the years 1955-1972, real wages increased 63%, or 3% compounded annually.¹¹

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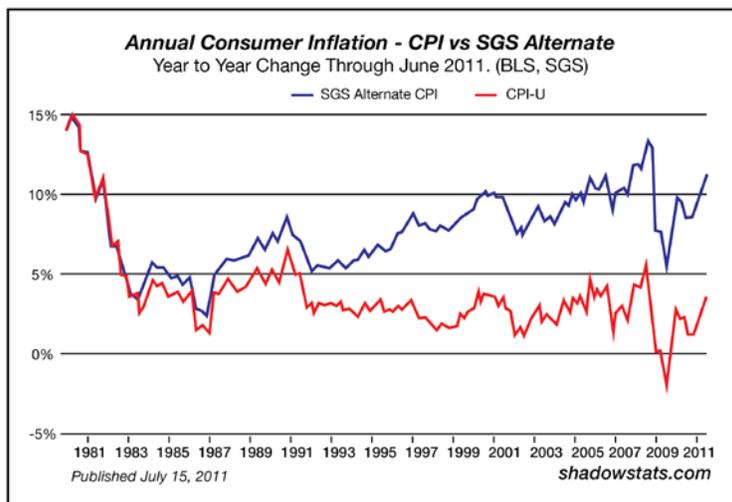
The reason for this stagnation is that the year 1972 brought us a quantum leap in the Great Inflationary Welfare Society because Nixon took us off of what was left of the gold standard in 1971. This allowed the Fed to create money as fast as it wished, which brought us relentless price inflation. This inflation, combined with progressive taxation, has wiped out the growth of “real wages” for workers. As the state’s onerous tax and inflation policies grow, robust capital accumulation and business expansion decrease. And it is only capital accumulation and entrepreneurial expansion, accompanied by stable prices, that can lead to a steady annual rise in real wages.

With enactment of our tax and monetary reform plans, capital accumulation and entrepreneurial expansion will take off again in a big way. Thus we will be able to restore our **annual growth in real wages of 3%**, which we had prior to 1972.

Moreover, the simplified “flat tax” will bring many of our corporations back to America from offshore. This will accelerate job creation even faster, which will assure a continuation of real wage growth for low income earners.

Keep in mind also that our enactment of Friedman’s “auto-expansion plan” for the Fed will eliminate the inflationary burden that robs, not just workers, but all of us of our earnings at the rate of 3%-8% annually. The 3% figure is what the Bureau of Labor Statistics reports as average annual price inflation over the past 30 years, while the 8% figure is what economist John Williams says is the *true inflation rate* over this period if we were to use the more honest accounting method to figure the CPI that was used prior to 1983, which is the SGS Alternate Consumer Price Measure.

Below is a graph plotting the CPI figures over the past 30 years taken from John Williams’ website, www.shadowstats.com. The bottom red line represents the CPI annual rates as figured by the BLS using its new “hedonic calculation” methodology initiated in 1983. The top blue line represents what the CPI annual rates would be if we had continued to use the traditional SGS Alternate Consumer Price Measure. As the reader can see, there is a big difference. Price inflation is not 3% on average as Big Brother tells us; it is actually running at an average of 8% every year.



Thus by eliminating the compliance burden of our income tax and the inflation burden of the Fed, there will take place a vibrant explosion of economic growth in America. This will produce a minimum 9% increase in everyone's standard of living.

Here is how the increase is calculated. Our tax and monetary reform plans will reduce the tax compliance costs of goods and services by 3%, plus increase real wages by 3%, plus decrease price inflation by 3% for a total 9% increase in everyone's standard of living. If the real 8% inflation rate is used, then the increased standard of living becomes 14%.

Thus when combined with the reform plan for the Fed, a simplified "flat tax" **will not be an added burden** on low income earners of America because it will bring about a demonstrable increase in their standard of living of 14%. So any bump they get in their taxes will be easily made up by their higher standard of living.

These figures validating an increased standard of living for everyone are just briefly presented here. Before launch of any political campaign, they and other figures will be presented in a formal Statistical Study with a more sophisticated format. Major think tanks, such as Cato Institute www.cato.org, or a prominent economist like Laurence Kotlikoff www.kotlikoff.net of Boston University (who did the Fair Tax statistical study), will be solicited for this type of work.

Could an equal-rate "flat tax" win the support of a majority of Americans? Yes, if it is properly explained to them. They would support such a tax because it would dramatically revolutionize America in three beneficial ways:

1) It would greatly simplify everyone's lives by reducing the compliance burden of our present income tax. 2) Combined with monetary reform, it would increase the living standards of all classes substantially – upper, middle, and lower. 3) It would increase the *justice* of our political system because we would begin the process of restoring "equality of rights under the law" to our tax system.

Therefore, our second pillar of reform must be to end the policy of progressive taxation and its convoluted briar patch of arbitrary rules that is stultifying our nation. A flat "equal-rate income tax" is the way to do this.

Pillar # 3 – Cracking Down on Illegal Immigration

For over four decades, the Demopublican mega-state with its liberal permissiveness has been hard at work creating an ethnic transformation in America that threatens to splinter our nation into a Tower of Babel culture. We are being overwhelmed with uneducated aliens who have no idea of what it means to be an American, no fluency in our language, and no intense drive to excel like the earlier immigrants at the turn of the last century.

We can't say we weren't warned. In 1995, Peter Brimelow told us in *Alien Nation* that we were facing a looming immigration disaster of monumental proportions. Libertarian philosopher, John Hospers, followed shortly thereafter with a riveting

analysis of immigration in the *Journal of Libertarian Studies*. And Patrick Buchanan has penned a searing indictment of our immigration policies in *State of Emergency*.¹²

But unfortunately the proverbial sowing is now being reaped. Aliens are swarming into America like fire ants into a backyard picnic. The welfare state magnet has turned immigration into a destructive curse for America. Yet we are reassured by establishment authorities that there is no problem with such a state of affairs. We have always been a nation of immigrants and can assimilate today's millions, even the illegals.

The problem with this reasoning is that today's political environment is nothing like what early 20th century immigrants were drawn to. That era was the golden age of freedom in the West. There was no monstrous welfare state to turn immigrants into leeches on the lives of the American middle class. Our once self-reliant America has degenerated into a pusillanimous nanny state that encourages all manner of slovenliness, illiterateness, and anti-Americanism. It goes out of its way to do this, instituting policies and ideologies that dumb the populace down to the lowest common denominator. So, of course, our legislators have no problem with a runaway immigration system. Democrats favor open borders because it gives them new constituents. Republicans favor open borders because it gives corporations cheap labor. Jefferson's vision of a free and ordered Republic is not for Demopublicans. They wish only to appease the corporate-statists with their "come on in" exhortations to Latin America.

But "[w]hen the new immigrants become a majority of the American population," writes philosopher, John Hospers, "will there be more, or less, devotion than there is now to the ideals of individual rights and limited government? Will the bureaucracy that is so corrupt in Mexico be any less so when it has migrated north of the border? Will there be less of a tendency than now to 'live off the government'? Will the new immigrants help to stem the tide of taxes and regulations that now bid fair to bring the American republic to its knees? Shall the future of America rest on so slender a reed as this?"¹³

A recent report from Colorado school teacher and author, Frosty Wooldridge, gives us a stark view as to how Dr. Hospers' concerns will be answered in the future:

"In a five year study starting in 1999 in Denver Public Schools, 5,663 students started the eighth grade. Five years later, only 1,884 graduated from high school. That's a 65 percent drop out/flunk out rate! That's pathetic, if not frightening....

"What was the cause? First of all, 30,000 illegal aliens, speaking 40 different languages, attended Denver schools. Our classrooms suffered thousands of kids functionally illiterate in English with parents functionally illiterate in English and Spanish. The classrooms featured so much incompatible diversity that it created horrific tension, stabbings and death.

"Last week, the *Denver Post* announced that 30 percent of teachers in Denver schools were not coming back next year. This is a nationwide travesty. Why? As a teacher, I taught in the inner city in the 1970s. It's exasperating beyond understanding to walk into a classroom where children suffer learning disabilities, broken homes, teen pregnancies at 14, 15, 16, multiple languages and violent confrontations with other

ethnic groups. But, today, teachers can't escape because over 1.5 million illegal alien students with more than 100 languages attend our kids' schools nationwide....

"We're being colonized with [over 20 million illegals to date and climbing] crashing our schools, medical systems, language, culture, parks, tax and welfare systems."¹⁴

According to ImmigrationCounters.com, the true number of illegals in the U.S. is in excess of 20 million, not 12 million.¹⁵ Just as the Federal Government is lying to us about price inflation, it is also lying about the number of illegals in the country.

To bring about a solution to this harrowing problem, both "legal" and "illegal" streams of aliens must be confronted. The first step is to restore the pre-1965 immigration accords and return to a vastly reduced quantity of authorized immigrants allowed to enter the country (about 250,000 annually). To handle the far more serious illegal overflow, there is a need for radical measures. Following are three reform policies that, if implemented, would bring the illegal immigration problem under control without the need of Orwellian deportation measures:

1. Mandate English as the official language for America. If Spanish is offered as a public language (as it presently is), then it is all the easier for illegals to live and thrive in the U.S. In the early part of the twentieth century, legal immigrants had to learn English in order to become citizens. This is one of the first requisites in order to maintain a stable culture. A nation needs a common language.

2. Eliminate all welfare benefits to illegals. Giving basic welfare services to illegals is nonsensical and greatly increases their desire to infiltrate our country. This must be ended, and with it the anchor baby loophole must be closed. Such an approach will sound harsh to sensitive souls, but we are going to incur extremely harsh consequences without such a termination.

3. Enforce the criminal laws on the books. Harboring a criminal is a crime in any rational society. Thus the hiring of illegal immigrants becomes a crime; it is aiding and abetting. This is why it is punishable under the law. But in order to justly do this, employers have to be given a means to check citizenship status. Therefore, E-Verify must be enacted. Does this threaten us with a national ID? No more than we already have with our Social Security number. E-Verify merely opens up the data base to all private employers so they can easily verify an applicant's citizenship.

The Founders realized that entrance into a country is not a "right." It is a "privilege" granted by the citizens of the country involved. If those citizens decide their country would be better off with a small, selective stream of immigrants instead of a large and indiscriminate stream, then it is their right to bring about such a border policy. There is no such thing as a right to enter any country one chooses, no more than there is a right to trespass on the personal property of one's neighbor, or enter his house uninvited.

Our problem today is that Republicans and Democrats are obsessed with the illusions of multiculturalism. Both are poisoned with altruistic guilt concerning the

poverty of the Third World. Both are blind to the balkanization morass into which they are driving America. Thus we are cursed with pygmy politicians pandering for votes and wishing to ease amnesty in under euphemistic guise. If we allow this, the next wave of illegals rushing to America will be double the present 20 million.

Fifty years hence, our children will not be thinking kindly about the polyglot of third-world cultures and disparate languages that we have bequeathed to them. It won't be "America the beautiful" that we have passed on to the future. This should be chilling and galvanizing to Americans upon contemplation. If we are to save our country, the irrationality of multiculturalism and open borders must be overcome. Any form of amnesty must be rejected, and substantive immigration reform must be swiftly enacted.

Pillar # 4 – A Mind Our Own Business Foreign Policy

When the Founding Fathers launched their Republic in 1787, the role of national defense was paramount in their thinking. They were very cognizant of the need to be militarily strong so as to protect the country from outside threats. Thus the role of foreign policy was not to solve other nation's problems; it was to *defend our country's security and survival*.

In light of this, we must examine today's foreign policy that the Demopublicans in Washington have initiated. Is it a policy that has our true security at heart? Or is it a policy that is driven by the irrational goals of neo-conservative factions? Is it America First? Or is it world hegemony dominated? It should be pretty obvious that it is the latter. Our foreign policy today is gravely misguided and is bringing America nothing but oppressive debt, economic decay, and moral vitiation.

Radical Islamism is certainly a threat to our nation, but it does not require that we engage it as a hegemon fighting guerilla wars in the Mideast. Military occupation of Arab lands, along with the attempt to sledgehammer Western culture and democratic political institutions into thousand-year-old theocracies, is neither rational nor legitimate for America to be attempting.

But there is a division in the country on the issue. What causes the division is a difference of opinion on how to confront radical Islamism's danger to the West.

Neo-conservatives see Islamism as a powerful force intending to rule the world via terrorism, immigrant invasion, and religious proselytization. Because of this, Islamism is a formidable threat to America that requires the militarization of our society along with "Patriot" acts and centralized bureaucratism.

Free-market conservatives see the radical Islamic sects as a complex of tribal theocrats who are primitives economically and militarily and, though poisoned by "deranged philosophy," pose no threat to America if we simply have the common sense to quit thrusting our troops and bureaucrats into their lands, close our own borders to them, and maintain our population growth at replacement level. Europe's problem with Islam at present is that its countries allow millions of Muslim immigrants yearly

and are not maintaining their own populations at replacement levels. In face of Islam's exploding population, this portends badly for the future.

Thus we do not need to be invading Mideast countries; we need to be avoiding them. Spending trillions of dollars and the blood of our youth to fight Islamic guerrillas in their territory (while kowtowing to multiculturalism at home) is not what military paragons like Douglas MacArthur and George Washington would advocate regarding defense against the Islamist threat. Both these generals understood the danger of attempting to fight a guerrilla war in the enemy's home territory. And both knew the importance of defending that most crucial of perimeters – one's own national borders.

This does not mean isolationism! America needs the strongest military in the world, and there are plenty of crisis areas that need our presence to protect our security and survival. But our fight against Islamic radicalism must be concentrated on defending our nation's borders. If this means shutting large numbers of Muslims out as immigrants, so be it. Return to the pre-1965 immigration accords. Then set an example to the world by building a free country here at home. Eventually *modernist* Muslims would follow our lead and emulate us economically over the decades. The *fundamentalist* Muslims would be left to stagnate in their own ignorance.

Islam's evil is that it rejects reason and condones violence against unbelievers, but like all religions, it is not monolithic. It is comprised of various sects – Sunnis, Shias, Sufis, Wahhabists, Quranists, etc. Many of the members of these sects are capable of accommodation with modernity. The majority of Muslims do not hate America. And the majority of Muslims do not condone violence against unbelievers.

Thus we do not need to be browbeating Islamic primitives with the butt ends of our rifles. America needs to return to the sage advice of Washington's Farewell Address as guidance here. We must end the policy of nation building and the role of policeman for the world. We need to carry a big stick, but walk softly. "America first" and the "defense of our borders" must be our benchmarks.

Formation of a Second Party

These then are the Four Pillars. To those objectors who say that Americans can't understand the complexity of political reform as outlined here, that such policies could never be communicated to an electorate that thinks in simple sound bites, I offer Ross Perot's use of charts and TV to educate the voters in the 1992 election. Such a technique was brilliant. He scared the daylights out of the establishment.

Here is the significance of the Four Pillars of Reform approach: By keeping his radicalness to a minimum (honest money, equal tax rates, illegal immigration crackdown, and a mind-our-own-business foreign policy), a prominent patriot conservative candidate would be in a powerful position to form a second party opposition to the Demopublicans from his performance in the debates. He would be able to use the grassroots support of millions to form the National Independent Party and give it big league status to challenge the Demopublicans.

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As stated previously, all the small-government supporters of America (45% of the voters) would leave the Democrat and Republican parties and join the National Independent Party, while the remaining big government Democrats and Republicans would have to merge into one party to remain politically viable.

The National Independent Party would then be established, and America would have a genuine two-party system again. The NIP's constituencies would be the true conservatives of the Republican Party, the libertarians, the vast body of patriotic independents throughout America, and the blue-collar Democrats. These four groups of voters comprise *at least 45% of the electorate*, maybe 50-55%. They are sick to death with the corruption and collectivism of the Democrat-Republican monolith.

The Democrat-Republican Party would then be consolidated out of the big-government supporters that are left over from the exodus to the NIP. These would be the supporters of Harry Reid and Nancy Pelosi, the statist black limousine crowd and all its collaborators, the academic cheerleaders for social welfarism, the liberal media apparatchiks, the mobs of unthinking Americans who wish to vote for a living instead of work for a living, all of whom are selling the greatest country in history down the river for an illusion of security and wealth via government pork and privilege.

So the most important thing an Independent candidate has to do is gain entrance into the national TV Presidential debates. Once this is done, American politics would be *dramatically opened up* to the ideas of freedom and limited government. The debates are televised to 70 million viewers and then spread to as many as 100 million voters in the ensuing weeks. It is important to understand that this means the "national" debates, not the "primary" debates to nominate a candidate. The primary debates, are viewed by only 10-15 million viewers on cable TV and are minor league affairs. The nationals, with 70-100 million viewers, are vital.

Further Strategy

Once in the "national" debates, our candidate and cause would advance decisively. The Demopublican candidates would have to defend on nationwide TV their policies of egregious monetary inflation, unconstitutional progressive taxation, amnesty for illegal immigrants, a world-policeman foreign policy, Wall Street subsidies, nationalized health care – all of which 50% of Americans presently reject (or will once the truth is explained to them regarding tax policy).

With persistence and clear explanations, our Four Pillars of Reform could be sold to the electorate. Here's an example of how such an explanation process could take place. Thirty days prior to the national election, purchase a series of three half hour TV spots like Ross Perot did in 1992. Use these spots the night before each debate to outline the necessity of restoring honest money to our country and the necessity of enacting equal tax rates so as to restore productivity and real wage growth to the land. Explain why the immense problems of the country can never be solved until these two policies are enacted. Simplify the explanation with non-technical language so that the layman can understand the crucial importance involved.

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Imagine also an articulate Presidential candidate explaining to 100 million Americans how the Demopublicans' irrational guilt and greed is driving them to tolerate an open border sieve that lures millions of illegal immigrants into our land with the rewards of free welfare services, anchor baby citizenship, and jobs that should be going to deserving Americans.

Imagine him explaining how neoconservative chicken-hawks are bankrupting our nation, not only financially, but morally with their "militarized global hegemony" masquerading as Americanism.

An articulate conservative candidate armed with the "Four Pillars Strategy" would be putting the salvation of America in front of 100 million voters clearly, dramatically, and persuasively. Such a campaign would raise hundreds of millions of dollars and change the nation's politics dramatically for the good.

It is in times of great crisis that men and women are most open to radical new policies as answers to their problems. America's existence as a free nation is going to depend on getting a prominent free-market conservative into the TV Presidential debates to tell the truth to the voters. If this does not happen, the Demopublicans will exploit our economic / debt crisis to further entrench their policies of government centralization, which means dictatorship looms over the horizon.

Restructuring and Unification

To sum this up, we need a grand unification of all those throughout America who support free-enterprise and traditional values. Conservatives, libertarians, independents, and blue-collar Democrats need to come together behind one candidate who espouses the Four Pillars of honest money, equal tax rates, cracking down on illegal immigration, and a mind-our-own-business foreign policy. These four cornerstones will define his campaign and its difference from the Demopublicans.

This is crucial to understand. To be successful our Independent candidate cannot threaten the people with the dissolution of the welfare state. He cannot sound like a Libertarian Party candidate. If he is to get into the national TV Presidential debates, he cannot use language such as "abolishing the Fed and repealing the income tax" even though these are our ultimate goals. His message must be that we have to "check the explosive growth of government" in order to bring back sanity to our country. And the way to do this is to rein in the irresponsibility of the Fed and apply the justice of equal rights to our tax system.

Ending the Fed and the income tax are certainly laudable goals, which we will eventually accomplish. But to do this the citizenry must first be convinced to accept gold money and free-market banking as replacements for the Fed. This will take many decades. In the meantime, we must end the Fed's corruption of our currency. The income tax remains popular because 50% of the citizens are exempt. But with the NIP flat tax, exemptions and favors will be eliminated. This will bring large amounts of zero-payers into the system, which will end their "infinite demand" for

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spending programs, which will reduce the income tax's popularity to the point where it can then be abolished. This will lower spending every year to where we can replace the income tax with a 6%-7% sales tax. At present, replacement requires a 15%-23% sales tax, and the people won't accept a national sales tax of this level. So ending the Fed and the income tax are longer term goals. Today we must restore sanity.

Thus we must build our cause upon a *4% auto-expansion plan* for the Fed and a *15% flat tax* for all citizens. This will increase everyone's standard of living immensely. Our economy will explode with productivity. Inflation's madness will subside. The Orwellian nature of Washington will be tamed. Life will be worth living again.

Such a cause, accompanied by a true *crackdown on illegal immigration* and a *mind-our-own-business foreign policy*, would have a huge, galvanizing appeal that would allow it to bring in major money and provide a genuine political choice for Americans. The fear that would rise up in the establishment crowd would be heart pounding. Their corrupt game of buying votes through debasement of the currency and confiscatory taxation would be over. Immigrant overload and policing the world would end. The authoritarian state would crumble like the Berlin Wall.

Millions of voters would rally around such a cause. The American people are thoroughly fed up. They want a prudent, rational program that will offer them freedom, order, and justice in their lives. They want a candidate and a party that will end Gargantua's relentless expansion and domination of our society.

The time has come to break the grip that Democrat-Republican statism has over our country. We could inject the four greatest issues of our day – monetary, tax, immigration, and foreign policy reform – into the living rooms of 100 million Americans every election year. This would be big time, TV-oriented, major league politics. It would rock the nation, it would make history, and most importantly, it would stop the tyrannical growth of the Leviathan cold.

----- About the Author -----

Nelson Hultberg is a freelance scholar/writer in Dallas, Texas, a graduate of Beloit College in Wisconsin, and the Director of Americans for a Free Republic www.afr.org. His articles have appeared over the past 20 years in such publications as *The Dallas Morning News*, *The American Conservative*, *Insight*, *The Freeman*, *Liberty*, and *The Social Critic* as well as on numerous Internet sites such as Capitol Hill Outsider, Conservative Action Alerts, Canada Free Press, Daily Paul, and The Daily Bell. He is the author of [*The Golden Mean: Libertarian Politics, Conservative Values*](#).

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