

## AGAINST A NATIONAL RETAIL SALES TAX

This comes from one of the finest organizations in the country, *The National Commodity and Barter Association*, headed up by two really great people: Sharon and John Voss. We thank them for their homework. [NCBA: P.O. Box 2255, Longmont, Colorado 80502 / (303) 833- 3333/www.earthnet.net/ncba

### April 1999 NCBA Report

The following article against the National Sales Tax is distributed by The Legislative *Exchange Assoc.*, Drafting, Edition and Research Service, P.O. Box 3245, Frederick MD 21705/301-293-0001

There is an important distinction to be made concerning a "national sales tax" as proposed to replace the current income tax, and the method of taxing consumption as intended by the Founding Fathers. A national sales tax would give Congress an across the board percentage of our economy by laying an internal tax, whether such revenue is needed or not. The Founder's method of taxing consumption began with an external tax on imports at our water's edge, and was extended to reach internal consumption only if external taxation were found insufficient.

It is important to study our nation's first revenue raising Act to understand the wisdom of the Framers. The Act was "...in a certain sense a second Declaration of Independence; and by a coincidence which could not have been more striking or significant, it was approved by President Washington on the fourth day of July, 1789." [See, *Twenty Years of Congress*, James G. Blaine, 1884, Vol 1, page 185] Madison, in discussing this Act before Congress, clearly pointed out a very important principle of America's original tax reform package:

"...a national revenue must be obtained; but the system must be such a one, that, while it secures the object of revenue it shall not be oppressive to our constituents."

The Act imposed taxes not on American constituents, but on "goods, wares and merchandise" imported into our country by foreign nations and not one dime was raised under the Act by an internal taxes.

Internal taxes were frowned upon by the founders, especially when a national revenue could be had by requiring foreign nations to pay for the privilege of doing business on American soil! Jefferson, in his Second Annual Message (December 15, 1802) states:

"In the department of finance it is with pleasure I inform you that the receipts of external duties for the last twelve months have exceeded those of any former year, and that the ratio of increase has been also greater than usual. This has enabled us to answer all the regular exigencies of government, to pay from the treasury in one year upward of eight millions of dollars, principal and interest, of the public debt, exclusive of upward of one million paid by the sale of bank stock, and making in the whole a reduction of nearly five

millions and a half principle; and to have now in the treasury four millions and a half of dollars, which are in a course of application to a further discharge of debt and current demands."

Imagine....all this in consequence of "external duties!" In Jefferson's Second Inaugural Address (March 4, 1805), he points out:

"At home, fellow citizens, you best know whether we have done well or ill. The suppression of unnecessary offices, of useless establishments and expenses, enabled us to discontinue our internal taxes. These covering our doors to their intrusions, had already begun that process of domiciliary vexation which, once entered, is scarcely to be restrained from reaching successively every article of produce and property. If among these taxes some minor ones fell which had not been inconvenient, it was because their amount would not have paid the officers who collected them, and because, if they had merit, the state authorities might adopt them, instead of others less approved.

The remaining revenue on the consumption of foreign articles, is paid cheerfully by those who can afford to add foreign luxuries to domestic comforts. Being collected on our seaboards and frontiers only, and incorporated with the transactions of our mercantile citizens, it may be the pleasure and pride of an American to ask, 'what farmer, what mechanic, what laborer, ever sees a tax-gatherer of the United States?'"

The national sales tax idea would do ill to our nation as it is an internal system of taxation which ultimately increases the cost of goods manufactured on American soil; burdens the American Citizen in its collection; and, is to be paid by the farmer, mechanic, laborer, etc., who will continue to see the intrusion of the "tax gatherer of the United States" is such a system is adopted!

It is also important to note how imposts and duties (external taxation) were successfully used to encourage domestic manufacturing and assist in building a strong industrial base. The first revenue raising Act imposed an across-the-board tax on imports which was higher for imports shipped in foreign-owned and foreign-built vessels, and discounted the tax for imports arriving in American- owned American-built ships "A discount of ten percent on all duties imposed by this Act shall be allowed on such goods, wares, and merchandise as shall be imported in vessels built in the United States, and wholly the property of a citizen or citizens thereof."

This skillful use of external taxation gave American ship builders a hometown advantage and predictably resulted in America's merchant marine becoming the most powerful on the face of the planet. In addition, our national treasury was filled by foreigners paying for the privilege of doing business on American soil. But this was when members of Congress, and those running for Office, put American interests first and would have considered NAFTA, GATT and the WTO as acts of sedition, and would have tarred and feathered those promoting such a surrender of America's sovereignty.

A national sales tax plan which omits external taxation as a principal source to fill our national treasury, is in fact a surrender of national sovereignty to the advantage of foreign interests! It is quite obvious the American people are fed up with the manner in which Congress now raises its revenue, and the system will be changed...one way or the other. But if income taxation is abandoned and the Founders original tax plan is returned to, including the use of impost and duties at our water's edge as a principle means to fill our national treasury, a powerful group of international financiers and investors will have their gravy train shut off. Perhaps that's why a flat tax along with a national sales tax has been offered as "tax reform" by the establishment...each proposal cleverly perpetuates a burdensome system of internal taxation as the principle means to raise revenue, and leaves the international gravy train intact by not resorting to external taxation to meet the expenses of Congress as was intended by the Founders!

In closing, many of the same people who promoted the NAFTA, GATT and WTO (the free trade crowd) are now promoting various forms of tax reform...each proposal cleverly maintaining internal taxation as a principle means to raise a national revenue. Let us continually keep in mind the important distinction between internal and external taxation while working toward the elimination of income taxation and strive to return to the Founding Father's original tax reform package which provided the means of making America the economic envy of the world. \*End\*

All of these so-called "tax reform" bills by people like Tauzin, Traficant and the rest, are just more smokescreens to pacify the desperate. They solve nothing but what they will do as pointed out in the above piece - you and I will continue to fund the international global elitists as they strip this country blind and reduce you and I to penury under this tax burden going to rent this fiat currency from the privately owned "Federal" Reserve Banking System.

Proponents of this taxing scheme like to point out that it will lower taxes. This is an illusion. As long as the "Federal" Reserve system is in place, it will continue to gobble up this tax revenue like a dry sponge because Congress will continue to spend, spend, spend.

By the way, if you hear a conservative talk show host beating the bandwagon for these various taxing schemes, please e-mail this short evaluation or call in and talk about it. I have heard so many of these people who command a microphone and audiences that reach tens of thousands who are as ignorant as those in the U.S. Congress. Call them up and set them straight - otherwise, the truth has little chance of getting to the ears of Americans who are looking for it. Thank you!