

# P E N N S Y L V A N I A L I B E R T Y

APRIL 1985

VOLUME I, NUMBER 1

"But I don't have anything that's Caesar's!" --Ray Ransberger

## Why Pay Taxes?

Jorge E. Amador

This year, Americans will pay well over a trillion dollars in taxes to the federal, state and local governments. That's over five thousand dollars a year per person, including children. The average burden, in direct and hidden taxes, on those who work will approach ten thousand dollars.

The Federal Income Tax is the largest single tax on the average American. It accounts for the majority of the federal government's yearly receipts, and thus for most of the funding for federal programs --from "welfare" to "defense" to studies of the mating habits of rhesus monkeys.

The government agency that collects this tax on Americans is the Internal Revenue Service. Each April 15, tens of millions of taxpayers are forced--under threat of punishment--to confess their incomes to the IRS. In order to try to legally keep some more of his money from the tax collector's hands, the taxpayer has to beg for mercy from the IRS: if he uses his own money the way the government wants, the IRS will look with favor and, like a lord granting a privilege to a good servant, will forgive the taxpayer some of his taxes (a tax "credit" or "deduction"). Sometimes the IRS decides to snoop even deeper into the lives of its victims, demanding an audit to determine whether the beleaguered taxpayer has obeyed all of its complex commands found in the tax code.

Not surprisingly, the income tax with its related features (IRS snooping, harassment and threats by tax collectors) is the most hated tax in the United States. A 1980 poll by Opinion Research showed that 36 percent of Americans judge the income tax to be the most unfair tax of all. The IRS is the government agency seen by the most people as the most threatening, even more so than the CIA and the FBI (1979 Harris poll). When Senator John Heinz, early in March, held hearings on the Philadelphia IRS regional center's treatment of taxpayers, only six people agreed to testify. The rest refused because they feared retribution from the IRS, i.e. a surprise tax audit.

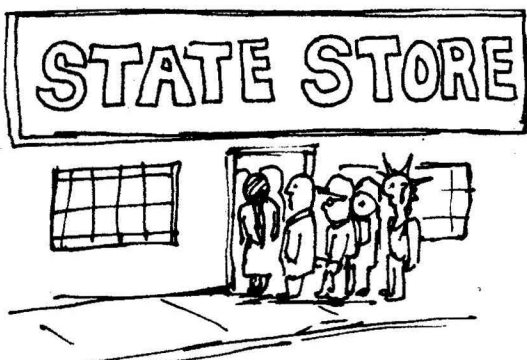
### Is Taxation Voluntary?

The IRS claims that nearly all the taxes it collects are paid "voluntarily," because it didn't have to go to court to actually force victims to pay up. But the mere threat of sending someone to jail or imposing a fine and "interest penalties" on him is enough to frighten millions of people into submission. The IRS collects its loot "voluntarily" in the same way that a thug on a dark street gets his loot "voluntarily": he didn't actually have to shoot. The threat is enough.

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## Psst! Comrade... I Want Some Capitalist Liquor

David A. Dorn



I've never been to Russia, but I've certainly heard enough to know that I would not want to live there. In my opinion, one of the least desirable aspects of living there is that the Russian people do not even have the freedom to buy or sell what they want or need. We in the United States cannot always buy or sell what we please--especially on Sunday--but, relatively speaking, they are much worse off than we.

We've all read about the great

shortage of consumer goods behind the Iron Curtain, and how the people clamor for blue jeans, video recorders and other contraband. Yet the people still often manage to circumvent the tentacles of the beast and smuggle in what they need and want, despite the severe risks of getting caught.

Like the Russians, many people in Pennsylvania have chosen to go to a

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## The Hidden Costs of Taxes And Other Government Activities

Ralph Mullinger

It's extremely easy to gripe about taxes. After all, it's April 15 and you've just noticed that your wallet has become a lot lighter. If you're getting a refund, then you have just found out how much money you've lost in interest payments while Uncle Sam used your money interest-free.

But that's not all. Whatever you paid in Federal Income Tax last year was only the beginning. Add to that your Social Security taxes, real estate taxes, sales taxes, school taxes, state income tax, city income tax, business taxes, estate taxes, foreign goods taxes, air travel taxes, entertainment taxes, etc. etc. When you add it all up, on average almost 40 percent of your income goes in taxes. More than a third of all your work in any year goes to pay for Government.

So sure, it's easy to gripe, because it hurts you badly. And you've heard about the \$9000 coffee makers, no-bid contracts, Medicare fraud, welfare fraud, etc. etc. But the bottom line is that The System has never been and could never be any other way, and it's good for the country and its economy. Right?

Wrong. Actually, the government's taxing and spending ways are not just a disaster for you and for hundreds of millions of Americans like you. Not surprisingly, they are a disaster for our economy, too, since "the economy" is simply a name for you and those other people working and trying to make a living.

### Taxes Drive Up Interest Rates

Why are they such a disaster? To start with, taxes drive up interest rates. If you put money in your savings account, you expect to get interest paid on that money. If you have to pay taxes on that interest, you will either demand more interest to make up for the taxes, or you will spend the money instead of saving it, else you simply end up with less in the bank. So as taxes go higher, banks have less money to lend and have to pay higher interest rates to savers in order to get the money they need to lend out. And since rich people save the most, their high tax rates--due to our progressive income tax--really increase interest rates. And when interest rates rise, businesses go out of business; new businesses never get started, homes don't get built or bought, and many young people don't go to college.

Now, your taxes may be awfully high. But that isn't nearly enough for the federal government, which this year will take in about \$800 billion in taxes. It will spend that, plus about \$200 billion more. Where will that extra \$200 billion come from? The federal government will borrow it.



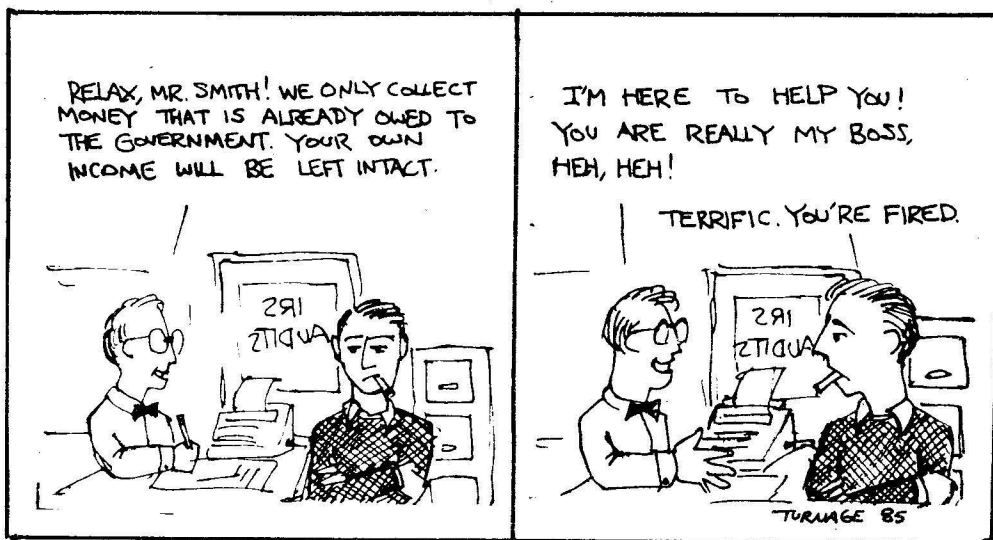
When all borrowers try to borrow more money than all savers have saved, interest rates go up. At higher interest rates, fewer borrowers will want to borrow, and savers will want to save more. The total of all "net" savings (money that people put in savings accounts and certificates, plus business profits) will be less than \$300 billion this year. So the federal government will borrow more than two thirds of all money available for starting new businesses, educating children, buying or improving homes, and creating new jobs. Once again, interest rates will have to go up and/or stay high in order to force enough businesses, homes and children out of the market. (Then government will try to look sweet and benevolent by handing out some subsidized loans to some members of these groups--at additional, bureaucratic expense to the taxpayer!)

The government has a magic money machine known as the Federal Reserve. The "Fed" has the job of printing money and putting it into banks to try to keep interest rates down when government taxes and deficits push them up. But any good dictionary will tell you what this game of continuously increasing the supply of money and credit is called. It's called inflation. And the same dictionary will also tell you that it causes prices to rise continuously, as people and businesses with ever more money in hand compete with each other to purchase whatever goods and services are available.

When savers see that prices are rising, they realize that the interest they are getting will be worth less in the future, so they once again demand even higher interest rates. If they don't get higher rates, they take their money and put it into gold, land and other "hard" (unproductive) assets.

When prices start rising very quickly, the Fed is faced with a choice of either keeping the game going until the dollar becomes totally worthless, or putting a lot less money into the system and slowing the game down drastically. When it slows the game down, it catches by surprise businesses charging

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## Why Pay Taxes? (continued from front page)

If paying taxes were really voluntary, the IRS wouldn't publicize tax cases in January, February and March—shortly before the April 15 filing deadline, reminding taxpayers of what can happen to us if we don't do as we're told. If paying taxes were voluntary, the government wouldn't threaten prison terms and fines against everyone who doesn't obey the tax collector. Whoever refuses to meet the government's demands gets his car stolen (taken from him by force), his house invaded and "sold" at sheriffs' auctions, his furniture carted off, his bank account seized. And the law and the judges, who get their salaries through taxes, are on the side of the perpetrators, not of the victims of this violence. The underworld itself never had it so good. Taxation is truly organized crime on a massive scale.

### Excuses for Taxation

If taxation is so burdensome, and the tax collector is so hated, then why should we put up with them?

Because, we are told, the services that the government provides to us couldn't continue without taxes. We'd have to do without welfare for the poor, defense for the nation, and studies of why auto drivers get frustrated in traffic jams. We'd have to do without all the wonderful services that our friendly government offers to us so cheaply. We "need" taxes for society to go on. This is the propaganda with which many taxpayers are coaxed into reluctantly forking over ever-increasing amounts of their hard-earned money. Some people are led to believe even that civilization as we know it would collapse, and that injustice and inequality would reign rampant, were it not for taxation and the income tax in particular. Thus, these people might even pay taxes gladly, thinking that they are doing their "duty" to society and performing a service to themselves and to everyone else.

Another approach often used to get people to pay "voluntarily," is to claim that taxation is a sort of "fee" for the services received from government. This is used to induce guilt for not "paying one's fair share," and to get neighbors outraged at those who get a "free ride" by avoiding taxes.

Let's deal with each of these arguments. First, the idea that taxation is a "fee" for services rendered.

Because the government first takes your money without asking what you want, and decides separately what "services" to offer with it, the notion that you are merely paying to get a service is absurd. You are forced to pay for everything the government decides to produce, whether or not you want it or have any use for it: workers are forced to pay idle people on welfare. Pacifists are forced to pay for ever more terrible weapons.

I'M HERE TO HELP YOU!  
YOU ARE REALLY MY BOSS,  
HEH, HEH!

TERRIFIC. YOU'RE FIRED.

### Taxes Foster Social Discord

The list goes on and on: People who are against abortion are forced to pay for government-funded abortions. Where the anti-abortionists have their way, those who support abortion are forced to pay taxes to subsidize anti-abortion messages at abortion clinics. Since the government finances public education, fundamentalist Christians are forced to pay taxes to support the teaching of evolution in the schools. And where they succeed in banning the teaching of evolution or in adding their religious theories to science classes, then it's non-religious parents who are forced to pay to spread ideas they disagree with. Is it any wonder that the battles over "what should be done" go on endlessly in the courts and legislatures? Far from promoting social harmony and peace, government and taxes aggravate divisions within society and encourage endemic conflict. This is because government forces everyone to pay for everything it offers, whether or not they want it.

Those who enjoy recreational drugs are forced to pay the salaries of the agents who confiscate (steal) their drugs. And, not long ago, in one of countless such cases, taxes paid for a \$6000 project to prepare a 17-page paper on how to buy Worcestershire sauce.

The government offers so many unwanted, useless "services" that it is little wonder that so many people go to considerable personal risk to evade its taxes, and that so many others wish they could too. The problem is not that many people don't pay for what they get—it is that the government, by financing its programs through taxation, forces people to pay for what they want and for everything else that they do not want. People simply see that they're getting little value out of the thousands of dollars they pay to the government. Indeed, as we've seen, often their money goes to pay for things they are absolutely opposed to. With "services" like these, who wants to pay for them?

### Government: A Monopolist's Dream

Even other things the government offers, like roads and police and mass transit, are more expensive and inefficient precisely because they're paid for with taxes. Americans, as consumers, have no choice but to pay for the particular services offered by government. Consequently, the road crews, policemen and transit operators have guaranteed incomes and don't have to worry much about providing good-quality service at a reasonable cost. That rude bus driver doesn't need to be courteous or helpful. He doesn't depend on your fare for his living—he gets it from the tax subsidies the public transit authority squeezes out of you. And, under the tax system, there is little you can do about it.

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### EVEN THE POST OFFICE AGREES WITH US!

"Governmental organizations will normally not be eligible [for special bulk-rate mailing permits], since their income is generally not derived primarily from voluntary contributions or donations."

—U.S. Postal Service manual for bulk mailings

## Capitalist Liquor (continued from front page)

foreign land to obtain what they need or want. This foreign land is known as New Jersey and the commodity is booze.

I admit that I've "smuggled" in the stuff. Once I even took a whole case across the river! I feel safe in publicizing this now, since the evidence has already been consumed. In Pennsylvania, as in a few other states, we are forced to go to a State Store to purchase wine or liquor. Just the name "State" Store is enough to keep me away, since on principle I try to avoid having any contact with anything that the government has its hand in. Of course, I could go to New Jersey, which has a more free-enterprise approach, or to Ohio, where one can buy wine in the local pharmacy or convenience store, as I did there last spring.

But sometimes I can't get to New Jersey in time for dinner when that right bottle of wine will be the perfect complement to our meal. And going to Ohio is certainly not practical for one living in Philadelphia. Then, and only then, do I venture to my local State Store. Mine happens to be at 25th and Girard. (I guess it's mine, since my taxes are supporting it.) For those not familiar with the area, let it be known that "urban blight" was discovered here. Maybe I'm strange, but having people hassle me for change is not my idea of fun—especially when they guy begging for money is the security guard inside the State Store.

What makes my State Store worse is that it's not even self-service, which means that I have to deal with the comrade behind the counter. Of course, he does not smile to welcome a potential customer, but only wants to know the number of my selection when my turn comes in the long line. After I leaf through the catalog and find the number, the comrade goes to the back to do his search. Invariably, that's just the one they're out of. Then I leaf through the catalog again, and hopefully within a few tries I get an alternate selection. Unfortunately for me, the place has a tremendous stock of 1/2 pints of gin, but a very poor supply of Nouveau Beaujolais.

I don't drink a great deal, but on occasion I have wanted to buy a whole case of wine to give as gifts and to consume personally. In a free liquor country, such as New Jersey, the proprietor will not only give you a 10 percent discount and let you use Visa or Master Charge, he will even carry the case to your car. He'll also advise you on a selection; if you wish, or point you in the direction of various sale items.

But in a socialist liquor country, such as Pennsylvania, if you want to buy a whole case, the experience is not quite the same. First of all, the comrade at the counter must write out the code number of the bottle in one column. Then he lists the price in another column of their special carbon form. I imagine one copy goes to the liquor control board, and one copy to the appropriate state agency which keeps records of who drinks what (the Department of Morals?). Then he will total it on an adding machine and apply a 5 percent discount. After waiting for about five minutes, the comrade will give the list of your purchase to the commissar (manager) behind the counter. If the commissar should agree with the addition of the original comrade, then and only then will you be allowed to pay cash to lug the case to your car yourself. Hopefully, you are not in a hurry, because the clerks behind the counter certainly aren't.

It's not just the poor service, the lack of selection, the ignorance of the clerks, or the obstacles to quick, efficient shopping that make me use the State Store only as a last resort. What really turns me off is the fact that the system is another example of government encroaching on our freedom to consume what we want, when we want, where we wish, and how. Do you need someone controlling your life? I don't. I have enough government infringement on my liberties as it is. Are you concerned about the members of the Retail Clerks Union having to go out and get a real job? I'm not.

If you feel like me, the obvious answer is to totally open up the liquor business in Pennsylvania to competition. If we did that, we may be able even to buy liquor on Sunday. Or we could buy our own store (Libertarian Liquor Locale?) and be open 24 hours a day.

We in Pennsylvania have a little bit of Russia right in our own backyards. Join me and other libertarians in taking a stand against this State Store system, and every other facet of government involvement in our lives.

Now I have to go. We're having a Libertarian Party meeting in my house tonight, and I need to buy a bottle of wine. I can't make it to New Jersey in time... uh-oh, here I go again.

David Dorn, the Membership Chairperson of the Libertarian Party of Pennsylvania, is a financial consultant. He ran for U.S. Congress in Philadelphia in 1981.

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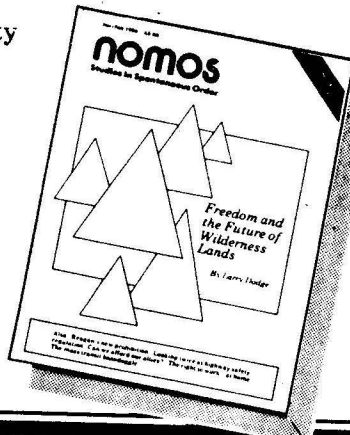
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# The Hidden Costs of Taxes

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higher prices and workers earning higher wages.

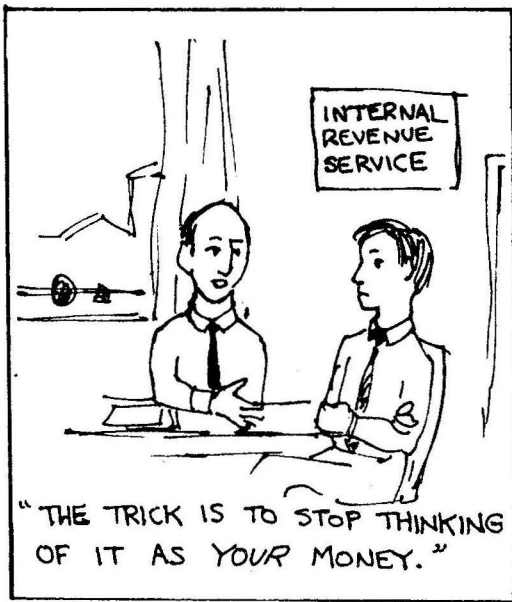
When it slows money and credit growth, the money to pay the climbing prices and wages is no longer there. Prices then rise more slowly because a recession hits us. This is the root cause of the boom-and-bust cycle of our economy. It is also exactly what happened since 1979, when the Fed slowed the growth of the money supply. We have now gone through the Great Recession, and have moderate inflation. But right now, the money supply is growing quickly once again....

The damage done by the high interest rates brought on by government's tax and spend policies is enormous. Thousands of giant businesses have large numbers of projects that they would carry out if interest rates came down to 8 percent. Many, many more small businesses could start, or avoid going under, if interest rates came down to 8 percent. More people would be employed, a great deal of new goods and services would be created, and our standard of living would be much higher if interest rates came down. But if interest rates stay at 12 percent, this will not happen. And if they rise....

High interest rates also make it attractive for foreigners to put their money in America. Since foreigners have to buy dollars to put their money here, they drive up the "price" of the dollar in terms of their own currencies. That makes anything priced in dollars more expensive in other countries and anything priced in marks, yen or pounds (for instance) cheaper in this country. And that means U.S. manufacturers sell less overseas, while foreign manufacturers sell more of their goods here. That, in turn, means more unemployed American workers.

Of course, if interest rates came down to 6 percent, or better yet 4 percent, the growth in jobs, businesses and our standard of living would be enormous. But rates that are that low are unimaginable, of course.

"Of course"??? Well, once upon a time, America had almost no taxes, and no income tax of any kind. The Federal Reserve did not exist, and money was based (mostly) on gold. Government budgets were very small and in balance--more often in surplus! There was no long-run inflation. In fact, prices were falling on average. And interest rates were about 3 to 5 percent!!!



## It's Happened Before!

Business at this time was usually booming (though, even then, government could not resist playing games with the money supply, which led to an occasional boom and bust). Economic growth averaged 5 percent a year. The country normally had low unemployment and rising wages in purchasing power, even with millions of wretchedly poor immigrants pouring in, and even with a very high birth rate and population growth rate. And in one generation, America turned itself from a sleepy agricultural backwater into the world's biggest, richest industrialized country.

The time was 1866 to 1891. With a flood of impoverished immigrants coming in, wages rose while prices dropped, making workers far better off. (In the last 25 years we have seen almost no improvement, thanks to taxes and inflation.) At the same time, a flood of new goods and services made life dramatically easier, safer and more convenient and enjoyable. (And public schools somehow leave us with the impression that it was a terrible time, when Robber Barons oppressed everyone! It wasn't. It was a time of great improvement; from a very poor start, for everyone.) We can have this again.

The greatest tragedy of our present economic mess is that almost all government spending, which is at the root of it, is either unnecessary, harmful or dangerous.

## Taxes Fund War

For instance, about \$300 billion dollars will be spent on defense this year. Of that, about \$200 billion will be spent to defend (or to be ready to defend) Western Europe, Japan and East Asia, and the Middle East (from which we now get very little of our oil). Just imagine that. Two thirds of our defense budget is spent to risk getting America into a nuclear war in order to defend foreigners--especially the poverty-stricken Japanese, Germans and Saudi Arabians. Only one third is actually spent on defending the U.S. But that \$100 billion is probably more than enough, since an invasion of the U.S. is impossible. The Canadians and Mexicans, with their tiny armies, are no threat, while any other invader would have to come over thousands of miles of ocean--and a few good missiles could destroy any serious invasion force in mid-ocean.

The argument is sometimes made that "the Communists" (who usually fight among themselves nowadays) would take over the world and cut off important trade with us unless we stop them. That argument could not be more wrong. The Soviet Union does a flourishing trade with Western Europe, as China does with Japan. Communist Angola welcomes American oil companies and sells the West hundreds of thousands of barrels of oil daily, while protecting American oil workers in Angola from U.S. government-backed guerrillas who are trying to overthrow Communist Angola!

Cuba is dying to resume trade with the U.S., which the U.S. cut off in the early 1960s. Furthermore, since Communists usually make lousy manufactured goods, what they almost always want to sell to us are the

raw materials we need, while they look to buy the manufactured goods which we wish to sell.

Besides, the idea of the Communists taking over the world is very far-fetched, since Western Europe has more people, production and money than we do; Japan is very wealthy and technologically advanced (perhaps more so than the Russians); China, with one fourth of the world's population, is opposed to the Soviet Union; and Saudi Arabia is very wealthy, while the Moslem world has a large population and a few good armies. It is very unlikely that the Soviets could simply walk in and take over.

Some defense for us against Soviet missiles is certainly necessary. But any additional military provision is either unnecessary or downright dangerous for American security.

## Taxes Foster Poverty

Another example of wasteful government spending is poverty programs, which altogether spend over \$15,000 per year for each poor family of four. Since the poverty level for a family of four is about \$12,000, this spending should make poor people fairly comfortable. But, as anyone can see, it doesn't get to the poor. Inner city (and some rural areas) youth and minority unemployment stays disgustingly high, generations of families stay dependent on welfare, and grinding poverty still traps over 30 million Americans.

What the poor need are jobs. Opportunities are needed. And that means that people need to keep the money they make away from taxes, so that they can start new businesses or enable present ones to grow faster. This will also push interest rates down, increasing economic growth. These effects will result in far more jobs and business opportunities for people who now are poor and/or unemployed.

Welfare and poverty programs obviously help the bureaucrats who run them a great deal, but help the poor very little, and often hurt them by making them dependent. Hence, they must go. The idea should be to eliminate poverty, not to subsidize it. To aid the people who really need a helping hand, the large number of truly generous people, who would pay far less money in taxes, could devote a good deal more money to the most efficient and effective charities.

Business subsidies of a great variety also account for the expenditure of tens of billions of dollars every year. These include everything from payments to Amtrak to programs that purchase food from farmers and store it in order to keep prices high--and then pay farmers not to grow more.

Such subsidies consist of taking money from you and me, and giving it to organizations that either do not need it or, worse yet, to those that do need it because they are not efficiently serving customers. Such subsidies set up their own rewards for failure, for bad forecasting, and for political gamesmanship--as opposed to rewarding innovation, production, and service to the consumer. And all of us are penalized, not only by the taxes and higher interest rates we pay to support the subsidies, but also by the lower standard of living that we get by having businesspeople profit from failure and from political skills.

These are just some examples of unnecessary and harmful government expenditures--some of the biggest. Many more can be found: from foreign-aid payments to friendly, murderous Third World dictators to the hysterical examples of welfare for scientists. But a common thread runs through them all. With the exceptions of defense of the United

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# WHY

# I AM A LIBERTARIAN

Leo Alman

I can remember the exact moment I became a Libertarian. The year was 1945 and I was 14 years old.

But I wasn't interested in politics then. I wasn't interested in political economy or elections or the theory of government. My life was baseball. Every day after school, I'd grab my glove, hop on the bike and head for the sandlot field.

Third base was my property and although I lacked power at the plate, my batting eye was deadly as I poked soft drives past the second baseman into short right field. When the Pittsburgh Pirates were in town, I'd be out there in the bleachers at old (long gone) Forbes Field.

Doubleheaders were the greatest invention in the world. Just imagine: two games for the price of one! Five hours of hot sun and baseball--heaven on earth for a 14-year-old.

And then it happened. It was the seventh inning of the second game, with the score tied at 2-2. The action suddenly stopped. What was going on?

There were no clouds in sight, but the players were leaving the field. The spectators were packing up their belongings. I had heard a brief announcement over the P.A. system and the words: "Sunday Blue Law," but I didn't know what they meant. Certainly it couldn't have any relationship to what was happening.

The red-faced man in the next seat explained it to me: "In Pennsylvania, no inning of a Sunday baseball game can start after 7:00 PM. It's the law."

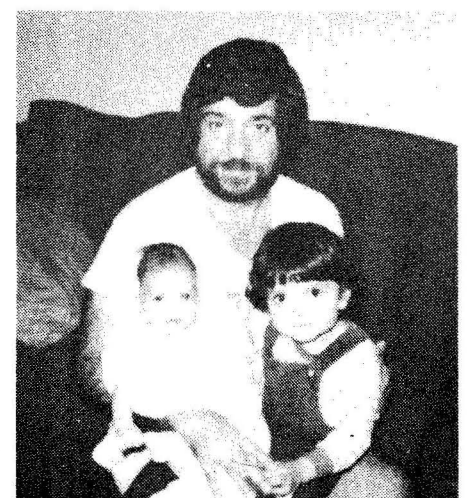
I was shattered. It made no sense. How could they do this? At age 14 I couldn't express my feelings in words but something down deep in my guts sent a message to my brain that could be loosely translated as:

SOMEBODY OUT THERE IS NUTS!

Forty years have passed since that Sunday afternoon. I am now greatly interested in politics. I read books on political economy. I actively support candidates in the various elections and have been known to write letters and articles on the theory of government.

I could easily put my feelings of 1945 into words today. I could easily

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# Why I'm a Libertarian

Leo Alman

(continued from page 3)

ly express my feelings on the Sunday Blue Laws (which still exist today in many states). I could discuss the men and women in Harrisburg and other state capitals who pass such laws.

And I could discuss my feelings about the citizens of Pennsylvania and the U.S. who permit the men and women in Harrisburg and Washington to pass such laws. It is very easy to do so. Very easy at age 54.

But today I no longer own a baseball glove, nor do I own a bike. I don't go to the sandlot field any more. Third base is no longer my property. The last time I played ball was at an office picnic (where I struck out with runners on second and third).

But that "something down deep in my guts" from age 14 is still there, and when I read about the latest outrage from Harrisburg and Washington I know that I was right all the time:

**SOMEBODY OUT THERE IS NUTS!**

Leo Alman is Chairperson of the Western Pennsylvania Libertarian Party Policy Committee. He is a computer systems analyst and a noted pianist in the Pittsburgh area. In 1982, at age 51, he was investigated by the FBI for failing to register with the Selective Service.

## Taxes (continued from page 2)

You can't turn to a competitor, because in many cases the government prohibits competition with its "services," most notably letter delivery, courts and national defense. You are forced not only to pay for these services through taxes, you're also forced to pay the particular agencies that the government sets up to provide the services. The post office, judges and army all have a government monopoly on the services they offer. Having no competitors, they have even less incentive to serve consumers by cutting fat, reducing costs and improve quality. No wonder that the cost of sending a letter has nearly tripled, outpacing inflation, in less than twelve years --while the time it takes for the letter to get to its destination has actually increased!

The costs to all of us of government agencies having a guaranteed income are no small thing. The Pentagon's \$500-dollar hammers and thousand-dollar toilets are just the beginning of the waste. Without a guaranteed \$300 billion a year to spend on new toys and current ones, defense agencies in an open market would compete with each other to devise innovative ways of offering security at lower cost. New tactics requiring less personnel; tighter cost controls over weapon development; and streamlining of command bureaucracies are among the many possibilities that a cost-conscious general-turned-businessman would have to consider, else he would risk losing his customers to more inventive competitors. Anyone dissatisfied with his performance could go to somebody else, or prepare for his self-defense, or even abstain from paying for defense altogether.

### Government Costs 3 to 7 Times More

Imagine a businessman who enjoyed a government-given monopoly, and could force his customers to pay for his products whether or not we wanted to buy from him. Why bother to serve our needs, if the money keeps rolling in almost automatically?

In Josephine County, Oregon, the Valley Fire Service, a rural private fire company that faces competition and must depend on subscribers for its income, charges one third to one seventh the rates for fire protection that a tax-supported monopoly fire department charges for

comparable property in nearby rural Jackson County. Although the private company's service area is four times as large, the quality of its service is measured roughly the same.

At these savings, even the "free ride" complaint gets cast aside by the overwhelming benefits of the open market. Even if only a third of the people were to actually pay for a "public good," they would end up paying at most the same they are now paying! Everyone else, of course, would be saving money for other purposes, including investments; so even those who are left to pay for the "public good" end up benefiting indirectly.

To serve the consumer--you and me--let us work to end taxation and let people choose the services they desire! In this way, we could all save on the services we do want, and we wouldn't have to pay for those we don't want. Nobody would have to feel guilty for not paying for what they get, since they would be paying exactly for what they wanted. Nobody would have to be annoyed at paying for things they don't want, because they'd pay only for what they do wish to have.

### A Moral Trap

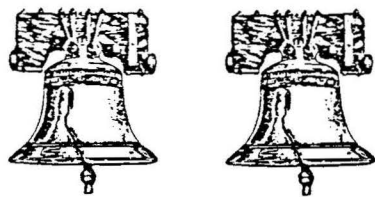
"But, what about the poor? Won't they starve if taxation ends and welfare disappears? Where's your compassion for the unfortunate? Don't you have a heart?"

This is another moral trap that's often used to attempt to justify taxes. To begin with, it's interesting that many of those who use this argument to claim that they "have a heart," are so compassionate that they're willing to use somebody else's money (taken in taxes) to help the poor.

But that isn't the end of it.

One of the cruellest hoaxes perpetrated upon poor people is that welfare--which is financed with taxes--helps them at all. In reality, welfare programs benefit nobody. However, it does employ the bureaucrats who administer these programs and the politicians who build careers out of "standing for the poor."

If each poor person in the U.S. received an equal share of all the money that goes into programs devised to aid the underprivileged, they would receive more than \$10,000 a year. A poor family of four would get more than \$40,000 a year! Obviously, though, this is not the case: no poor person receives remotely the amount that is supposedly spent on him. Where does all the money go? To fund welfare bureaucracies, in great part; some is lost in outright welfare fraud. Much of it, like Social Security--which was supposedly created to prevent elderly people from falling into destitution--goes instead to wealthy, home-owning retirees. But only a small fraction ever reaches the supposed intended beneficiaries, poor people.



FOR MORE INFORMATION

## CONTACT

If you wish to learn more about the Libertarian Party now, there are a few places you can contact for more information. If you live in eastern Pennsylvania, write or call **Ralph Mullinger**, LPP Chair, 2135 Walnut St, Philadelphia PA 19103; (215) 963-0127.

If you're closer to the western end of the state, write **Henry Halter**, Vice-chair, 217 S. Homewood Ave., Pittsburgh PA 15208; or call him at (412) 241-5828.

In or near Centre County, you can contact **Ray Caravan**, 1101 E. West Aaron Drive, State College PA 16801.

The National Libertarian Party is headquartered at 7887 Katy Freeway, Suite 385, Houston TX 77024. The telephone is (713) 686-1776.

They don't benefit from having multimillion-dollar office buildings erected for the bureaucrats at the Department of Human "Services."

Meanwhile, billions of welfare dollars are sucked out of the economy, preventing the creation of productive jobs. This limits the opportunity of poor people to find work and to save and improve their lot by their own efforts. Thus the poor are thrown into the hands of the "welfare" professionals who are responsible for the poor's not being able to escape poverty in the first place!

The income tax is no tool of justice that soaks the rich to help the poor, either. In fact, it helps to keep the poor in poverty. The income tax constantly takes away from the money that a poor working person can save to invest, or to otherwise improve his quality of life. Should this poor person manage to increase his yearly income, the IRS will quickly swoop down upon him and gobble up his newly-acquired money, preventing him from accumulating wealth. Should he nevertheless succeed in starting a small business, the local governments will descend upon him to collect license taxes, business taxes and occupation taxes.

Taxation prevents the creation of new wealth, it does not foster equality. Since it is only the poor and middle classes who can become wealthy (the rich already are rich), by preventing the accumulation of new wealth, taxation effectively obstructs the chances of a poor person to attain a more comfortable life. Taxes accomplish the opposite of what we're told they are supposed to do. They promote inequality, rather than eliminating it.

### A Free, Progressive Civilization

No, society would not collapse without taxes; it would prosper. The services desired by people can be supplied in the free, open market without need for taxation to finance them. Because these services could be offered for a profit, and because the businesspeople who would provide them would be subject to competition from others and wouldn't have a guaranteed income, the services now manhandled by government would be available at much lower cost and in greater variety to suit the different needs and tastes of consumers. The money saved from the reduced costs and from not having to pay for unwanted services would become available to create new jobs elsewhere in the economy, to make new products and improve old ones, raising the standard of living and the quality of life for all Americans.

No, civilization would not disappear without taxes. (Civilization is in danger of disappearing now because the government doesn't defend us from nuclear attack, it only offers a greater retribution... to rational enemies.) Civilization would progress without taxes. No, the poor would not starve without taxes. Without taxes to keep them down, the poor would have a chance to break out of their bondage. No, taxes are not a "fee" for services. They are a tool of theft to finance unwanted and wasteful bureaucracies. The income tax gives rise to a snooping, busybody band of robbers in the IRS.

So, what do we need taxation for? Not for essential services. Not to help the poor. Not for making our lives easier or more comfortable. Not for anything we can possibly want. Taxes subsidize waste, inefficiency, inequality and oppression. They serve no useful purpose for Americans of any class.

# Hidden Costs

(continued from page 3)

States against foreign attack and enforcement of laws against murder, physical abuse, theft and fraud, all government activities are either (1) better left to private companies to undertake; (2) totally unnecessary; or (3) positively harmful, the remaining, legitimate functions of government are such a small part of spending as to make it realistic to contemplate funding them on a purely voluntary basis--that is, totally without taxes.

For taxes are, in the final analysis, money that you turn over to the government in response to a threat of serious physical harm (seizure of property and/or imprisonment). Therefore, taxation is the same thing as armed robbery. It would be worth doing away with taxation (or coming as close as possible) on moral grounds alone, even if the economic advantages of doing so were not as overwhelming as they are.

(Ralph Mullinger is a business economist and Chair of the Libertarian Party of Pennsylvania)

## Who We Are

The Libertarian Party of Pennsylvania (LPP) is no latecomer to political discussion in the commonwealth. Founded in July, 1972, during its early years the LPP focused its efforts on identifying sympathizers and coalescing liberty-supporting Pennsylvanians into a cogent political entity.

By 1978 the LPP was ready to run candidates for office, and ran its first Congressional campaign in Philadelphia. The next year, the first serious third-party effort for local office took place as a team of Libertarians ran for Bucks County Commissioners.

In 1980 the LPP ran 19 candidates, including a full slate of candidates for statewide office. Libertarian candidate Ed Clark collected more than 30,000 votes from Pennsylvanians in the first Libertarian showing in a presidential election in this state.

The LPP had 31 candidates for Congressional, statewide, and local races--and tasted its first election victories as two LPPers won local offices.

Our political activism continued through 1983-84, as membership grew by more than a third.

Now we have launched **Pennsylvania Liberty** to present our freedom-oriented solutions to thorny economic and social problems to people like you.

Whether you like or dislike what you see, we hope that you will be curious to find out more about the Libertarian Party and the alternatives that we can only hint at in a small newspaper such as this. If you wish, you can make sure you'll receive your own copy of **Pennsylvania Liberty** every time it is published. Just send \$10 for a one-year subscription to LPP, Box 1984, Warminster PA 18974.

What do we need taxes for? Nothing. Taxes are unnecessary. What's more, taxes are harmful. Let's invest a little bit of our time and money to save billions by getting rid of taxation!

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