

## THE IRS AND THE FEDERAL RESERVE; FRATERNAL TWINS

by G. Edward Griffin, 2008 January 9

Although it would seem that the Internal Revenue Service and the Federal Reserve System are unrelated, appearances can be misleading. It is true that they are separate creatures—one that **collects** money and one that **creates** money—but upon examination, we find they are fraternal twins with common parentage and instinct. They both have grown to gargantuan proportions since their birth in 1913 and have become insatiable predators, dining on the productivity of the common man. In the case of the IRS, the perpetual feast is consumed as taxes, taken directly from our earnings and savings. In the case of the Fed, it is taken indirectly as inflation, but the net effect is exactly the same.

Consider the following facts:

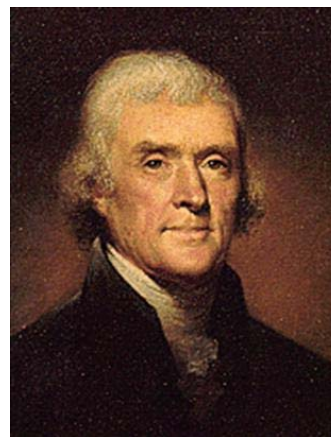
1. Both were enacted into law in the same year.
2. Both laws were drafted and sponsored by the same politicians clustered around the Morgan and Rockefeller banking dynasties.
3. Both were sold to the public as measures to benefit the common man and restrict the power of the super wealthy; the same people who, incidentally, created the legislation.
4. Both provide sophisticated mechanisms whereby the super wealthy can protect and expand their wealth; but these mechanisms are denied to the common man.
5. Both are essential to the expansion of government power and the establishment of control over the masses, which is the ultimate goal of the elitists who anticipate being the hidden rulers of such a system.
6. Both are protected by leaders of the two major political parties who are amply funded by these elitists and their institutions. Politicians may speak critically of the income tax and the Federal Reserve during campaigns for election but never seriously challenge them once in office. (Congressman Ron Paul is an exemplary exception to this rule.)
7. Both creatures will continue to grow until they devour every last vestige of our personal wealth and freedom – unless they are slain. They are intrinsically deadly, and our nation cannot survive in freedom unless they we replace the puppets now in Congress with real Americans who will place our nation ahead of personal gain. *The IRS and the Fed must be abolished.*

Mr. Griffin is the author of the book *"The Creature from Jekyll Island: A Second Look at the Federal Reserve"*.

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### Concerning the Gold Standard

- Governments have destroyed the gold standard because they regarded it as too inflexible. Without the gold standard, government is free to work with the Fed to inflate the currency without limit. Even in our own times, we've seen government do just that.
- However, monetary inflexibility is the friend of free markets. Without the ability to create money out of nothing, governments tend to budget more effectively. Banks are more careful about the lending when they can't rely on a lender of last resort such as the Federal Reserve. When government is forced to raise its revenue through taxation, not inflation, it generally will keep its house in order.
- We don't have that system now for the country or the world, but individuals are showing their preferences once again. By driving up the price of gold, prompting gold producers to become profitable again, the people are expressing their lack of confidence in their leaders. They have decided to protect themselves and not trust the state.



"I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a monied aristocracy that has set the government at defiance.

The issuing power of money should be taken away from the banks and restored to the people to whom it properly belongs."

~Thomas Jefferson

"It is well that the people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning."

~Henry Ford



# COMPREHENSIVE ECONOMIC REVITALIZATION PLAN

America became the greatest, most prosperous nation in human history through low taxes, constitutionally limited government, personal freedom and a belief in sound money. We need to return to these principles so our economy can thrive again. **When enacted, my plan will provide both short-term stimulus and lay the groundwork for long-term prosperity.**

Other candidates talk a lot about stimulus packages, but my record stands alone. I have fought for these measures for years as a member of Congress and will make them a top priority as president.

**Ron Paul**, a 10-term Republican Congressman from Texas's 14th District, is currently the ranking member of the House Financial Services Committee's Subcommittee on Domestic and International Monetary Policy, Trade, and Technology. He has been named "Taxpayers' Best Friend" for 10 consecutive years by the National Taxpayers' Union. Ron Paul is also the author of several books on monetary policy and economics.

## THE FOUR-POINT PLAN

1. **TAX REFORM:** Reduce the tax burden and eliminate taxes that punish investment and savings, including job-killing corporate taxes.
2. **SPENDING REFORM:** Eliminate wasteful spending. Reduce overseas commitments. Freeze all non-defense, non-entitlement spending at current levels.
3. **MONETARY POLICY REFORM:** Expand openness at the Federal Reserve and require the Fed to televise its meetings. Return value to our money.
4. **REGULATORY REFORM:** Repeal Sarbanes/Oxley regulations that push companies to seek capital outside of US markets. Stop restricting community banks from fostering local economic growth.

### 1. TAX REFORM

**ELIMINATE TAXES ON DIVIDENDS AND SAVINGS.** *The basis of capitalism is savings, and Americans who do so should be rewarded.*

Pass HJ Res. 23 to encourage savings over consumption.

**REPEAL THE DEATH TAX.** *Attacking small businesses and breaking up family farms smothers growth and kills jobs.*

Pass H.R. 2734 to make the Bush tax cuts permanent.

**CUT TAXES FOR WORKING SENIORS.** *Grandmothers and grandfathers working to make ends meet should keep all the fruits of their labor.*

Pass H.R. 191 to amend the Internal Revenue Code of 1986 to repeal the inclusion in gross income of Social Security benefits.

**ELIMINATE TAXES ON SOCIAL SECURITY BENEFITS.** *That money belongs to seniors, not the government. They paid into the system for a lifetime, and they should be free to spend every penny as they see fit.*

Pass H.R. 192 to amend the Internal Revenue Code of 1986 to repeal the 1993 increase in taxes on Social Security benefits.

**ACCELERATE DEPRECIATION ON INVESTMENT.** *We need to help companies grow and create jobs.*

Pass H.R. 4995 to amend the Internal Revenue Code of 1986 to reduce corporate marginal income tax rates.

**ELIMINATE TAXES ON CAPITAL GAINS.** *Investment should be embraced and rewarded.*

Pass H.J. Res 23 (The "Liberty Amendment"), proposing an amendment to the Constitution of the United States relative to abolishing personal income, estate, and gift taxes and prohibiting the United States Government from engaging in business in competition with its citizens.

**ELIMINATE TAXES ON TIPS.** *The single parents and working students who earn their income chiefly through tips deserve to keep all of their money. This tax on "estimated income" is unfair and should be ended.*

Pass H.R. 3664 to amend the Internal Revenue Code of 1986 to provide that tips shall not be subject to income or employment taxes.

**SUPPORT THE MORTGAGE CANCELLATION RELIEF ACT.** *Working families who lost their homes should not be punished a second time with a big IRS bill.*

Pass H.R. 1876 to amend the Internal Revenue Code of 1986 to exclude from the gross income of individual taxpayers discharges of indebtedness attributable to certain forgiven residential mortgage obligations.

### 2. SPENDING REFORM

**REDUCE OVERSEAS MILITARY COMMITMENTS.** *Our bases and troops should be on our soil.*

It's time to stop subsidizing our trading partners in Europe, Japan and South Korea.

**FREEZE NON-DEFENSE, NON-ENTITLEMENT SPENDING AT CURRENT LEVELS.**

I vote against all bloated, pork laden spending bills and will veto them as president.

### 3. MONETARY POLICY REFORM

**TELEVISE FEDERAL OPEN MARKET COMMITTEE MEETINGS.** *An institution as powerful as the Federal Reserve deserves full public scrutiny.*

**EXPAND TRANSPARENCY AND ACCOUNTABILITY AT THE FEDERAL RESERVE.**

Pass H.R. 2754 to require the Board of Governors of the Federal Reserve System to continue to make available to the public on a weekly basis information on the measure of the M3 monetary aggregate and its components.

**RETURN VALUE TO OUR MONEY.** *Legalize gold and silver as a competing currency.*

Level the long-term boom and bust business cycle by passing H.R. 4683, which would repeal provisions of the federal criminal code relating to issuing coins of gold, silver, or other metal for use as current money and making or possessing likenesses of such coins.

### 4. REGULATORY REFORM

**REPEAL SARBANES/OXLEY.** *It has seriously wounded our capital markets and helped make the UK a financial center at our expense.*

Ending these misguided regulations would bring jobs flooding back to the United States.

Pass H.R. 1049 to reform Sarbanes-Oxley and reduce the burden it places on small businesses.

**REPEAL OR REMOVE COSTLY AND UNNECESSARY FEDERAL REGULATIONS.** *Neighbors know best how to help their neighbors.*

We need to make it easier for community banks, credit unions, and other financial institutions to better serve their communities and to help people in these communities get access to credit and capital.

Pass H.R. 1869 to enhance the ability of community banks to foster economic growth and serve their communities, boost small businesses, increase individual savings, and for other purposes.