

Ron Paul's FREEDOM REPORT

A publication of the Foundation for Rational Economics and Education.

VOLUME 16, NO.5 – MAY 2013

Ron Paul's Texas Straight Talk, 4/29/13

Liberty Was Also Attacked In Boston

Forced lockdown of a city. Militarized police riding tanks in the streets. Door-to-door armed searches without warrant. Families thrown out of their homes at gunpoint to be searched without probable cause. Businesses forced to close. Transport shut down.

These were not the scenes from a military coup in a far off banana republic, but rather the scenes just over a week ago in Boston as the United States got a taste of martial law. The ostensible reason for the military-style takeover of parts of Boston was that the accused perpetrator of a horrific crime was on the loose. The Boston bombing provided the opportunity for the government to turn what should have been a police investigation into a military-style occupation of an American city. This unprecedented move should frighten us as much or more than the attack itself.

What has been sadly forgotten in all the celebration of the capture of one suspect and the killing of his older brother is that the police state tactics in Boston did absolutely nothing to catch them. While the media crowed that the apprehension of the suspects was a triumph of the new surveillance state – and, predictably, many talking heads and Members of Congress called for even more government cameras pointed at the rest of us – the fact is none of this caught the suspect. Actually, it very nearly gave the suspect a chance to make a getaway.

The “shelter in place” command imposed by the governor of Massachusetts was lifted before the suspect was caught. Only after this police state move was

ended did the owner of the boat go outside to check on his property, and in so doing discover the suspect.

No, the suspect was not discovered by the paramilitary troops terrorizing the public. He was discovered by a private citizen, who then placed a call to the police. And he was identified not by government surveillance cameras, but by private citizens who willingly shared their photographs with the police.

As journalist Tim Carney wrote last week:

“Law enforcement in Boston used cameras to ID the bombing suspects, but not police cameras. Instead, authorities asked the public to submit all photos and videos of the finish-line area to the FBI, just in case any of them had relevant images. The surveillance videos the FBI posted online of the suspects came from private businesses that use surveillance to punish and deter crime on their property.”

Sadly, we have been conditioned to believe that the job of the government is to keep us safe, but in reality the job of the government is to protect our liberties. Once the government decides that its role is to keep us safe, whether economically or physically, they can only do so by taking away our liberties. That is what happened in Boston.

Three people were killed in Boston and that is tragic. But what of the fact that over 40 persons are killed in the United States each day, and sometimes ten persons can be killed in one city on any given weekend? These cities are not locked-down by paramilitary police riding in tanks and pointing automatic weapons at innocent citizens.

This is unprecedented and is very dangerous. We must educate ourselves and others about our precious civil liberties to ensure that we never accept demands that we give up our Constitution so that the government can pretend to protect us.

What No One Wants To Hear About Benghazi

Congressional hearings, White House damage control, endless op-eds, accusations, and defensive denials. Controversy over the events in Benghazi last September took center stage in Washington and elsewhere last week. However, the whole discussion is again more of a sideshow. Each side seeks to score political points instead of asking the real questions about the attack on the US facility, which resulted in the death of US Ambassador Chris Stevens and three other Americans.

Republicans smell a political opportunity over evidence that the Administration heavily edited initial intelligence community talking points about the attack to remove or soften anything that might reflect badly on the president or the State Department.

Are we supposed to be shocked by such behavior? Are we supposed to forget that this kind of whitewashing of facts is standard operating procedure when it comes to the US government?

Democrats in Congress have offered the even less convincing explanation for Benghazi, that somehow the attack occurred due to Republican sponsored cuts in the security budget at facilities overseas. With a one trillion dollar military budget, it is hard to take this seriously.

It appears that the Administration scrubbed initial intelligence reports of references to extremist Islamist involvement in the attacks, preferring to craft a lie that the demonstrations were a spontaneous response to an anti-Islamic video that developed into a full-out attack on the US outpost.

Who can blame the administration for wanting to shift the focus? The Islamic radicals who attacked Benghazi were the same people let loose by the US-led attack on Libya. They were the rebels on whose behalf the US overthrew the Libyan government. Ambassador Stevens was slain by the same Islamic radicals he personally assisted just over one year earlier.

But the Republicans in Congress also want to shift the blame. They supported the Obama Administration's policy of bombing Libya and overthrowing its government. They also repeated the same manufactured claims that Gaddafi was "killing his own people" and was

about to commit mass genocide if he were not stopped. Republicans want to draw attention to the President's editing talking points in hopes no one will notice that if the attack on Libya they supported had not taken place, Ambassador Stevens would be alive today.

Neither side wants to talk about the real lesson of Benghazi: interventionism always carries with it unintended consequences. The US attack on Libya led to the unleashing of Islamist radicals in Libya. These radicals have destroyed the country, murdered thousands, and killed the US ambassador. Some of these then turned their attention to Mali which required another intervention by the US and France.

Previously secure weapons in Libya flooded the region after the US attack, with many of them going to Islamist radicals who make up the majority of those fighting to overthrow the government in Syria. The US government has intervened in the Syrian conflict on behalf of the same rebels it assisted in the Libya conflict, likely helping with the weapons transfers. With word out that these rebels are mostly affiliated with al Qaeda, the US is now intervening to persuade some factions of the Syrian rebels to kill other factions before completing the task of ousting the Syrian government. It is the dizzying cycle of interventionism.

The real lesson of Benghazi will not be learned because neither Republicans nor Democrats want to hear it. But it is our interventionist foreign policy and its unintended consequences that have created these problems, including the attack and murder of Ambassador Stevens. The disputed talking points and White House whitewashing are just a sideshow.

Federal Reserve Blows More Bubbles

Last week at its regular policy-setting meeting, the Federal Reserve announced it would double down on the policies that have failed to produce anything but a stagnant economy. It was a disappointing, but not surprising, move.

The Fed affirmed that it is prepared to increase its monthly purchases of Treasuries and mortgage-backed securities if things don't start looking up. But actual-

ly the Fed has already been buying more than the announced \$85 billion per month. Between February and March, the Fed's securities holdings increased \$95 billion. From March to April, they increased \$100 billion. In all, the Fed has pumped more than a half trillion dollars into the economy since announcing its latest round of "quantitative easing" (QE3) in September 2012.

Although many were up in arms when the Fed said it would buy \$600 billion in government debt outright for the previous round, QE2, all seems quiet about the magnitude of QE3 because it doesn't come with huge up-front total price tag. But by year's end the Fed's balance sheet could hit \$4 trillion.

With no recovery in sight, where's all this money going? It is creating bubbles. Bubbles in the housing sector, the stock market, and government debt. The national debt is fast approaching \$17 trillion, with the Fed monetizing most of the newly issued debt. The stock market has been hitting record highs for the past two months as investors seek to capitalize on the Fed's easy money. After all, as long as the Fed keeps the spigot open, nominal profits are there for the taking. But this is a house of cards. Eventually, just like in 2008-2009, the market will discipline the bad actions of the Fed and seek to find the real normal.

In the meantime, real families are suffering. While Wall Street and the government take advantage of access to the Fed's new "free" money, the Fed claims there is no inflation. But who hasn't paid higher prices at the grocery store, the gas pump, for tuition, for insurance? It's bad enough that household incomes have stagnated, but real purchasing power has declined so much that one in seven Americans, 47.3 million people, are on food stamps. Five million are collecting unemployment insurance with 21.5 million afflicted by unemployment according to the government's own figures. That's 13.9

percent -- close to double the 7.5 percent unemployment number reported last week.

We are certainly not in a recovery. We don't see the long unemployment and soup kitchen lines like in the Great Depression, but that's just because the lines are electronic now.

It is not surprising the Fed has decided to hand the American people more of the same failed policies. But it is disappointing. We know what the real solution is: allow the marketplace to work. Allow entrepreneurs the chance to create instead of stifling innovation with arbitrary regulations. Allow interest rates to rise to equal the risks in the economy. Allow bad debts to be liquidated so we can build on a firm foundation. Stop printing money to benefit the government and big banks. Restore sound money to the economy and the American people. Sound money is the bedrock for prosperity and the best check on big government and crony capitalism.

“

People in Washington say we need to sacrifice. I say abolish the IRS. That's not a sacrifice, it's a gift!

— Ron Paul
speaking in Santiago, Chile. April, 2013

”

Help Ron Paul Continue to Promote Peace and Prosperity



Ron Paul Institute
FOR PEACE AND PROSPERITY

www.ronpaulinstitute.org

- thought-provoking analysis and opinion
- student writing and scholarship awards
- peace and prosperity summer school
- seminars and symposia

RPI is a special project of Ron Paul's FREE Foundation

The Internal Revenue Service has been in the news these past few weeks, with revelations that it abused its authority to grant tax-exempt status by denying those organizations with whom agents disagreed politically. Organizations who sought to educate on the Constitution or the 2nd Amendment were targeted for extra scrutiny and in many cases their applications were never approved. As Ron Paul reminds us in a Texas Straight Talk column 12 years ago, however, it is the 16th Amendment itself which is the most abusive. Abolish the income tax and the IRS will be eliminated as well.

-Editors

The Case Against The Income Tax

May 7, 2001

Could America exist without an income tax?

The idea seems radical, yet in truth America did just fine without a federal income tax for the first 126 years of its history. Prior to 1913, the government operated with revenues raised through tariffs, excise taxes, and property taxes, without ever touching a worker's paycheck. In the late 1800s, when Congress first attempted to impose an income tax, the notion of taxing a citizen's hard work was considered radical! Public outcry ensued; more importantly, the Supreme Court ruled the income tax unconstitutional. Only with passage of the 16th Amendment did Congress gain the ability to tax the productive endeavors of its citizens.

Yet don't we need an income tax to fund the important functions of the federal government?

You may be surprised to know that the income tax accounts for only approximately one-third of federal revenue. Only 10 years ago, the federal budget was roughly one-third less than it is today. Surely we could find ways to cut spending back to 1990 levels, especially when the Treasury has single year tax surpluses for the past several years. So perhaps the idea of an America without an income tax is not so radical after all.

The harmful effects of the income tax are obvious. First and foremost, it has enabled government to expand far beyond its proper constitutional limits, regulating virtually every aspect of our lives. It has given government a claim on our lives and work, destroying our privacy in the process. It takes billions of dollars out of the legitimate private economy, with most Americans

giving more than a third of everything they make to the federal government. This economic drain destroys jobs and penalizes productive behavior. The ridiculous complexity of the tax laws makes compliance a nightmare for both individuals and businesses. All things considered, our Founders would be dismayed by the income tax mess and the tragic loss of liberty which results.

America without an income tax would be far more prosperous and far more free, but we must be prepared to fight to regain the liberty we have lost incrementally over the past century. I recently introduced "The Liberty Amendment," legislation which would repeal the 16th Amendment and effectively abolish the income tax. I truly believe that real tax reform, reform that so many frustrated Americans desperately want, requires bold legislation that challenges the Washington mind set. Congress talks about reform, but the current tax debate really involves nothing of substance. Both parties are content to continue tinkering with the edges of the tax code to please various special interests. The Liberty Amendment is an attempt to eliminate the system altogether, forcing Congress to find a simple and fair way to collect limited federal revenues. Most of all, the Liberty Amendment is an initiative aimed at reducing the size and scope of the federal government.

Is it impossible to end the income tax? I don't believe so. In fact, I believe a serious groundswell movement of disaffected taxpayers is growing in this country. Millions of Americans are fed up with the current tax system, and they will bring pressure on Congress. Some sidestep Congress completely, bringing legal challenges questioning the validity of the tax code and the 16th Amendment itself. Ultimately, the Liberty Amendment could serve as a flashpoint for these millions of voices.

Nothing in this publication is intended to aid or hinder the passage of legislation before Congress.

About the F.R.E.E. Foundation

The Foundation for Rational Economics and Education, Inc. is a 501(c)(3) tax-exempt public foundation dedicated to individual liberty and free-market economics. It was founded by Congressman Ron Paul of Texas and publishes his Freedom Report. For more information, or to make a tax-deductible donation write: F.R.E.E., Inc., P.O. Box 1776, Lake Jackson, Texas 77566, or call 979-265-3034.