



OUR
INTRODUCTION
TO THE

LIBERTY AMENDMENT

by

The LIBERTY AMENDMENT COMMITTEE of the U.S.A.

6413 FRANKLIN AVENUE

LOS ANGELES 28, CALIFORNIA

QUESTION: What is the Liberty Amendment?

ANSWER: Here is the full text—exactly as it is pending in Congress as H. J. Res. 23, and already approved by several states:

THE LIBERTY AMENDMENT

“Sec. 1. The Government of the United States shall not engage in any business, professional, commercial, financial or industrial enterprise except as specified in the Constitution.

“Sec. 2. The constitution or laws of any State, or the laws of the United States shall not be subject to the terms of any foreign or domestic agreement which would abrogate this amendment.

“Sec. 3. The activities of the United States Government which violate the intent and purposes of this amendment shall, within a period of three years from the date of the ratification of this amendment, be liquidated and the properties and facilities affected shall be sold.

“Sec. 4. Three years after the ratification of this amendment the sixteenth article of amendments to the Constitution of the United States shall stand repealed and thereafter Congress shall not levy taxes on personal incomes, estates, and/or gifts.”

QUESTION: What does this mean in plain language?

ANSWER: Briefly, it stipulates:
1. Federal business activities that are not authorized by the Constitution shall be sold back to the public within a three-year period; and that
2. At the end of the three-year period, the federal personal income tax (the 16th Amendment to the Constitution) shall be repealed. This includes estate and gift taxes which will be repealed at the same time.

QUESTION: Is the Amendment's only purpose to repeal the income tax?

ANSWER: No. It is designed to reinforce the concept of constitutional government, as created by our Founding Fathers. They created a *limited* government—limited to the specific powers and functions authorized in the Constitution. By giving new force and effect to the original Constitution, those activities in which the government has overstepped its constitu-

tional authority will be restored to private enterprise and state jurisdiction. The federal budget will thereby be reduced enough to provide for repeal of the personal income tax.

QUESTION: What activities are you referring to?

ANSWER: Over 700 federal agencies today compete with private enterprise without constitutional authority for doing so. They're involved in insurance, electric generation and transmission, railroads, warehouses, welfare programs, transportation, etc. These programs are not authorized in the Constitution. They consume enormous quantities of our tax dollars and upset the natural factors at work in the various industries involved.

QUESTION: Aren't these programs all self-supporting?

ANSWER: No. They operate on a rent-free, interest-free and tax-free basis (they pay no corporate taxes—local, state or federal).

Yet despite all of these aristocratic budgetary advantages, these programs still lose more money every year than is collected by the federal personal income tax.

QUESTION: Can you prove that?

ANSWER: Yes. On the facing page, there are two separate tables. Each approaches the question from a different direction. Both arrive at the same conclusion.

TABLE I, on the left, utilizes the 1959 Budget, showing expenses by general operational categories. TABLE II, on the right, itemizes the 1962 Budget. It compares it with the 1948 Budget (adjusted to 1962 dollar values). It also compares it with a "Liberty Budget"—showing what the 1962 receipts and expenditures would have been, had the Liberty Amendment been in effect.

Both tables demonstrate that the federal government can conduct all its necessary constitutional functions without resort to the personal income tax.

OPERATIONAL BREAKDOWN SUMMARY

TABLE I

(1959 Budget—all figures in millions of dollars)

RECEIPTS		
1959 Budget Receipts ¹		\$68,000
Less Personal Income Tax	\$ (36,900)	
Less Estate & Gift Taxes	(1,393)	(38,293)
Net Receipts		<u>\$29,707</u>
Plus increased revenue from excise & corporate taxes:		
By addition of \$38 billion to nation's take-home pay	5,100	
By removing 20% of industrial capacity from tax-exempt status	3,825	8,925
Total Liberty Amendment Receipts		\$38,632

EXPENDITURES		
1959 Expenditures ¹		\$80,871
Minus Costs Saved by Amendment:		
Losses of govt. activities	\$(19,000)	
Payroll for these activities	(4,300)	
Facilities to serve them	(12,900)	
Reduced interest on debt	(1,950)	
Reduced amortization on debt	(1,625)	
Foreign Aid	(5,000)	
Total Liberty Amendment Savings		(44,775)
Liberty Amendment Expenditures		\$36,096

SUMMARIES		
1959 Budget Receipts		\$68,000
1959 Expenditures		(80,871)
1959 Deficit¹		\$(12,871)
Liberty Amendment Receipts		\$38,632
Liberty Amendment Expenditures		(36,096)
Liberty Amendment Surplus		\$ 2,536

¹1959 estimates shown in *The Budget of the United States Government, 1960*.

COMPARATIVE BUDGETS BY FUNCTIONS

TABLE II

(all figures in millions of dollars)

EXPENDITURES	1948 ¹ BUDGET	1962 ² BUDGET	LIBERTY ³ BUDGET
Agriculture	\$ 655	5,101	166
Natural Resources	728	2,138	38
Commerce & Housing	1,604	3,371	769
Labor & Welfare	1,507	4,759	468
National Defense	13,420	47,392	22,924
International	5,205	2,711	186
Veterans' Benefits	7,586	5,296	4,913
General Government	1,457	2,071	1,274
Interest	5,984	8,593	6,427
Miscellaneous	(442)	(567)	(567)
Total Expenditures	\$37,704	80,865	36,598

TAX RECEIPTS	1948 ¹ BUDGET	1962 ² BUDGET	LIBERTY ³ BUDGET
Personal Income	\$23,937	45,500	- 0 -
Corporate	11,598	20,900	25,080
Excise	8,438	9,725	11,670
Employment	2,731	- 0 -	- 0 -
Estate & Gift	1,025	1,953	- 0 -
Customs	481	1,115	1,115
Miscellaneous	4,342	3,807	3,807
Adjustments	(5,257)	(667)	(667)
Total Receipts	\$47,295	82,333	41,005
Total Expenditures	(37,704)	(80,865)	(36,598)
Budget Surplus	\$ 9,591	1,468²	4,407

¹Adjusted to 1962 dollar values.

²Bureau of the Budget estimate as originally offered. Actual year-end result was a \$6.3 billion deficit.

³1962 Budget — minus expenditures not constitutionally authorized; and minus income, estate, and gift tax receipts.

For more detailed information and explanation of these tables, send for the book, "Action for Americans — The Liberty Amendment" by Herbstreith and King. Send \$1. to Operation America, 6414 Dix St., Los Angeles 28, Calif.

FREQUENTLY-ASKED QUESTIONS

Q. If the personal income tax is repealed, what will the government do for money?

A. Other federal taxes (corporate, excise, imposts, etc.) are sufficient to pay for all constitutionally-authorized functions of our federal government. The loss of personal income tax revenue will be less than the cost savings and revenue increases that will result from eliminating all economic activities not specified in the Constitution. By getting us "back to the Constitution," the Liberty Amendment provides for sufficient cuts in federal spending—unlike many tax reform plans that provide no cuts in the cost of government.

FEDERAL PROGRAMS

Q. Haven't TVA, federal housing and other programs done a great deal of good for many people?

A. Close scrutiny of any federal program usually reveals that it has done a much *less* efficient job than would have been accomplished by a private enterprise—one that is controlled by law and required to serve its customers well in order to survive.

But even if a particular federal agency had done a great deal of good, it still should *not* operate without Constitutional authority. To violate the Constitution once, *even for a good reason*, opens the door to repeated violations for *bad* reasons.

If the American people really believe that any activity must be operated by the federal government, the people can amend the Constitution, and thereby legally empower the government to undertake that activity.

Q. What will happen to our defense program?

A. It will be strengthened considerably. Industrial activities within the Defense Department, operated without constitutional authority and wasting precious defense funds, will be returned to the people. By staying within the provisions of Article 1, Section 8 of the Constitution, Congress will be able to provide more national defense for less money.

Q. Shouldn't the good parts of our foreign aid program be continued?

A. They will be—but on a voluntary basis. The current practice of giving foreign governments our tax dollars to sustain their domination over their people will be ended. The traditional American, person-to-person type of assistance will be reinstated on a voluntary, non-governmental basis. The generosity

of the American people is well known, but has been diminished during recent years as government encroached upon us—attempting to decide for us in what way we can be generous.

Q. Who will buy the Post Office?

A. No one. It is a constitutionally-authorized function.

Q. What will happen to our national parks?

A. Article 1, Section 8, Paragraph 17 of the Constitution gives Congress certain specific powers relating to lands: "To exercise exclusive legislation . . . over all places purchased by the *consent of the Legislature of the state* in which same shall be, for the erection of Forts, Magazines, Arsenals, Dock-Yards, and other needful buildings . . ." (emphasis added).

This constitutional provision is very clear and specific. It applies to *all* land in *every* state. The lands not properly held—or properly acquired—by the federal government will revert to private ownership and/or State jurisdiction. The federal government will still have the authority to acquire land in accordance with the provision shown above.

Q. How could private enterprise handle a project like *Telstar*?

A. *Telstar* was developed by private enterprise—as other federal projects *should* have been. It was a speculative venture, undertaken at great cost by private citizens. In hopes of earning a profit, they provided a spectacular achievement, of real benefit to the American people. The only government involvement was the use of its launching facilities—for which the government was paid.

Most of the large government undertakings of the last thirty years could have been developed by private enterprise, without tax dollars. In many cases, private enterprise attempted to do so, but was prohibited by the establishment of a government monopoly.

POWERS

Q. Who are you to decide what is right and what is wrong for the federal government to do?

A. No individual or group is attempting to claim that wisdom. The Liberty Amendment merely re-establishes the Constitution as the standard by which to decide "what is right and what is wrong."

Q. Doesn't the Constitution have many implied powers?

S about the LIBERTY AMENDMENT

A. Yes—and they are all reserved to the *States* and to the *people*. The federal government has *no* implied powers. (See the tenth amendment).

Q. Doesn't the Constitution empower the government to engage in these activities to "promote the general welfare"?

A. Article 1, Section 8 empowers Congress "to lay and collect taxes . . . to . . . provide for the common defense and general welfare of the United States." That same section goes on to list various other duties of Congress—what it may spend money for, pass laws for, etc. There is no authority shown for Congress to evaluate legislation on the basis of "general welfare." Even the taxing provision indicates that "common defense and general welfare" are the *purposes* of taxation, not the specific authority for a particular tax. This misunderstanding can usually be cleared up simply by reading the Constitution.

Since the founding fathers specifically enumerated the many powers granted to Congress, it is inconceivable that it was intended for the government to have unlimited "general welfare" powers. If such an intention existed, there would have been no need for a Constitution.

CORPORATION TAXES

Q. Are corporation taxes effected by the Liberty Amendment?

A. No. The Liberty Amendment will restore the immunity of *people* to federal taxation (Article 1, Section 9, Paragraph 4 of the Constitution), but will not change the power to tax things (Article 1, Section 8, Paragraph 1). Corporations are legally regarded as "things."

Q. Why don't you do something about corporate taxes, too?

A. That is a separate matter. Before *any* taxes can be reduced or eliminated, the Constitutional limitations upon governmental growth must be re-established. The first section of the Liberty Amendment does that—so should therefore take precedence over any other tax reform effort or plan.

Q. If the personal income tax is repealed, what's to prevent the government from raising corporation taxes?

A. The government will be constitutionally prohibited from spending money on anything but those activities specified in the Constitution. With spend-

ing cut, there would be no need for higher taxes—of any kind.

Q. If the income tax is repealed, won't many corporations convert to proprietorships or partnerships to avoid paying corporation taxes?

A. That is possible, of course. But large corporations, with hundreds or thousands of stockholders, would find it impossible to do so. The corporations that could convert would be mostly single ownerships and partnerships. Most of them should not have been corporations in the first place. They became corporations to avoid taxes under the present confiscatory income tax laws. Their corporation tax payments presently account for 10% or less of the total collected.

The slight loss of their taxes will be more than offset by adding to the tax rolls 20% of the nation's industrial capacity—that is, the presently tax-exempt federal activities that will revert back to private enterprise and begin paying taxes.

SUPPORT

Q. What organizations support the Liberty Amendment?

A. Over 6,000 organizations have passed resolutions of support. These include service clubs, patriotic organizations, political clubs, labor unions, trade associations, medical associations, and others.

Q. Which political party is promoting the Liberty Amendment?

A. Neither and both. Neither party is promoting it—but numerous members of both parties are supporting it. In Nevada, for example, the Amendment was approved in the State Senate (dominated by Republicans) 10-7; and then in the House (controlled by Democrats) by 33-14. The Liberty Amendment is non-partisan, rather than by-partisan, as its sole function is to give the Constitution new force and effect—a purpose in which all parties and all persons should participate.

Q. How can you tell how a particular federal program will be affected by the Liberty Amendment?

A. By referring to the Constitution. If a particular enterprise is authorized in the Constitution, the Liberty Amendment will not effect it. If it is not authorized, it will be transferred to the States and/or private enterprise.

AMENDING THE CONSTITUTION

QUESTION: What is the procedure for amending the Constitution?

ANSWER: Article V of the Constitution provides two methods of proposing amendments:

1. If both houses of Congress approve a proposed amendment by a $\frac{2}{3}$ vote, the amendment goes directly to the states for ratification.
2. If $\frac{2}{3}$ of the states (34) apply to Congress for a Constitutional Convention, for the purpose of proposing amendments, Congress must call the convention. The convention then sends any new amendments to the States for ratification. In either case, $\frac{3}{4}$ of the states (38) must then ratify any proposed amendments.

The Liberty Amendment is pursuing both routes. It is currently pending in Congress as H. J. Res. 23—introduced by Representative James B. Utt (California). It is also appearing before various State Legislatures. Six States approved it before 1963. When 28 more States approve it, Congress will be compelled to call a Constitutional Convention.

It is doubtful, however, that Congress will wait until forced to call a convention—which would take the question out of its hands entirely. It is generally assumed that sometime before 34 states have formally petitioned Congress through Liberty Amendment Resolutions, Congress will itself initiate the Amendment and send it to the States for ratification. They will thereby avoid calling a Constitutional Convention.

QUESTION: Does this mean that the States will decide this question?

ANSWER: Yes. In the final analysis, it is the people in the states, *through their legislatures*, that will decide this question of public policy.

QUESTION: What is the plan of action?

ANSWER: Right now people in every State that has not yet acted are urging their legislatures to pass the Liberty Amendment resolution. A simple majority of both houses is all that is required in any State.

QUESTION: Have any States approved the Amendment yet?

ANSWER: Yes. As of April 30, 1964, SEVEN STATES had already approved the Liberty Amendment. They are Wyoming, Texas, Nevada, Louisiana, Georgia, South Carolina and Mississippi.

QUESTION: What are the prospects for more States?

ANSWER: *Excellent!* The Liberty Amendment is gaining widespread public recognition and understanding — in large measure due to its being the issue in many 1964 election campaigns. In 1965, a number of States are scheduled to consider the Amendment during their legislative sessions.

Q.
A.
cur
tax
peo,
son-
a vo

WHAT YOU CAN DO

QUESTION: What can I do to help?

ANSWER: Plenty! At this time, everything you do should be directed toward one goal—to obtain approval of the Liberty Amendment by your State Legislature.

QUESTION: What specifically would you suggest?

ANSWER: Here are some suggestions. Once you get started, you will undoubtedly see many opportunities to help gain the approval of your State Legislature.

ACTIVITIES

1. Write letters to members of the legislature, soliciting their support. Contact your state committee for the names of key legislators.
2. Write letters-to-the-editors, calling attention to the Amendment. If possible, be sure to call attention to the specific resolution number in your state; and encourage readers to write to their legislators.
3. Write to commentators and columnists, local and national, asking them to speak out on behalf of the Amendment.
4. Seek resolutions of support from organizations to which you belong. The National Committee will send you a sample resolution, free of charge.
5. Encourage everyone you know who is sympathetic to the purpose of the Amendment to get busy and join you in these activities.
6. If you are a capable speaker, develop a talk on the Liberty Amendment and deliver it before service, patriotic and civic clubs. Be sure always to tell your listeners how they can help get your State's approval.
7. Form a small group—two, three or four people who understand the Amendment thoroughly—to make personal calls on your state representative and state senator; to explain the Amendment in a friendly way, and answer questions about it.

FINANCIAL

1. Join the Liberty Amendment Committee of the U.S.A., 6413 Franklin Ave., Los Angeles 28, Calif. It is the organization that supplies the data, tools and programming to coordinate the nationwide movement. It is supported entirely by voluntary memberships.
2. Join your state committee and contribute to it. It coordinates all activities within your state, contacts legislators personally, and engineers state-wide programs of education and support for the Amendment.
3. Join the local committee in your area. If none exists, form one. Local committees are designed to secure the approval of one or more members of the legislature from your area. They help arrange public programs and other activities.
4. Purchase materials on the Liberty Amendment and distribute them where they'll do the most good. A variety of tools are available nationally. In addition, most state committees have produced additional items. The National Committee can supply you with a list of available materials and put you in touch with your state chairman.
5. Place advertising in your local newspapers—calling attention to the Liberty Amendment and the fact that it is before your State Legislature. Time such ads to appear when they'll do the most good—at the time the bill is before the legislature. Be sure to call for specific action in your ad. Mats are available from the National Committee.

EDUCATIONAL

1. Study the materials published by the National Committee. Learn everything you can about the Amendment, and how it works; so you can explain it to others, with confidence in your knowledge.
2. Broaden your education by reading books that deal with the economics of the free market and the philosophy of limited government. Study the content of the U.S. Constitution and the power-limiting Bill of Rights.
3. Subscribe to *Freedom Magazine*, for valuable ideas and suggestions for successful promotion of the Liberty Amendment.

A.

SUPPORT BY ORGANIZATIONS

QUESTION: What can organizations do to help?

ANSWER: There are several ways organizations can act. First, they can invite guest speakers to appear at meetings, to inform members about the Amendment. Secondly, they can set up a study group to educate members in depth on the principles underlying the Amendment.

State approval of the Amendment should be an organizational project. All possible individual and collective influence should be brought to bear on the State Legislature.

Write to the National Committee for free copies of the resolution form, reproduced in miniature below. Have your organization pass the resolution, and then publicize its action.

RESOLUTION	
WHEREAS: America's greatness is the product of rigid Constitutional law that provides freedom from arbitrary governmental interference, and	WHEREAS: The purpose of the Ninth and Tenth Amendments to the Constitution was to limit the government to the specific activities delegated to it by the Constitution, and
WHEREAS: Violations of this principle have produced hundreds of federal corporate activities now competing with the private enterprises of the American people, and	WHEREAS: The Fifth Article of the Constitution provides that the people can exercise their rights to a redress of grievances through an amendment requiring concurrence of $\frac{2}{3}$ of the members of both Houses of Congress, or by the application of the Legislatures of $\frac{2}{3}$ of the several states, and in either case, ratification by $\frac{3}{4}$ of the States;
WHEREAS: These federal corporate activities have taken over 40% of the land area and 20% of the industrial capacity of the nation, and require more than half the federal revenue to pay their losses and hidden costs, and	
THEREFORE, BE IT RESOLVED, that we, the members of _____	
in session assembled this _____ day of _____, 19____, exercise our constitutional power to petition the Congress of the United States and the Legislature of the State of _____	
_____ to preserve and fortify the intent and purposes of the Constitution by submitting to the people for ratification the LIBERTY AMENDMENT to the Constitution, now pending in Congress as H.J. Res. 23, and already approved by Wyoming, Texas, Nevada, Louisiana, Georgia, South Carolina and Mississippi, which provides that:	
"Sec. 1. The Government of the United States shall not engage in any business, professional, commercial, financial or industrial enterprise except as specified in the Constitution:	purposes of this amendment shall, within a period of three years from the date of the ratification of this amendment, be liquidated and the properties and facilities affected shall be sold.
"Sec. 2. The constitution or laws of any State, or the laws of the United States shall not be subject to the terms of any foreign or domestic agreement which would abrogate this amendment.	"Sec. 4. Three years after the ratification of this amendment the sixteenth article of amendments to the Constitution of the United States shall stand repealed and thereafter Congress shall not levy taxes on personal incomes, estates, and/or gifts."
"Sec. 3. The activities of the United States Government which violate the intent and	
BE IT FURTHER RESOLVED, that a copy of this Resolution be included in the minutes of this meeting, and that certified copies of it be sent to (1) the members of both Houses of Congress from this State, (2) the members of the Legislature of this State, (3) to newspapers and other media that others may know of this action and may emulate it, and (4) to the Liberty Amendment Committee of the U.S.A., 6413 Franklin Avenue, Los Angeles 28, California.	
CERTIFICATION	
I hereby certify that the above is a true and correct copy of the Resolution adopted by _____	

at its meeting held at _____	
on the _____ day of _____, 19____.	
Signed _____	
Title _____	
Address _____	
City and State _____	
<small>Additional copies of this RESOLUTION and other data relating to the LIBERTY AMENDMENT are available on request from the LIBERTY AMENDMENT COMMITTEE of the U.S.A., 6413 Franklin Ave., Los Angeles 28, California.</small>	

ORDER THIS BOOKLET IN QUANTITY FOR WIDEST POSSIBLE DISTRIBUTION
25¢ each — 6 for \$1.00 — 15 for \$2.00 — 50 for \$5.00 — 100 for \$8.00 — 1,000 for \$60.