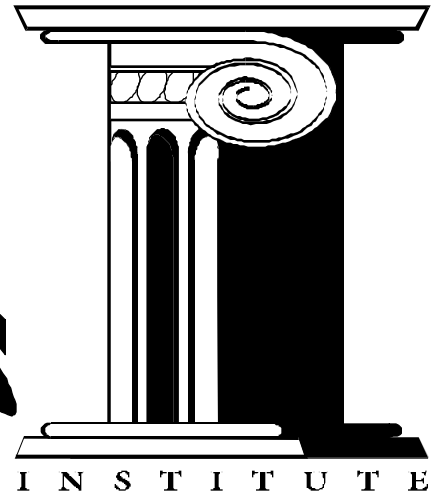


# LIMIT



*On Power and the Use of Power*

## Far From Original Intent

by Stephen L. Hayes and Charles Adams

*Thomas Jefferson might be sadly disappointed in the financial gyrations demanded by democratic government each April.*

What if Thomas Jefferson were to revisit America today? Jefferson was born on April 13, 1743, 255 years ago. Imagine if on this April 13, just after dinner there is a knock on your door. When you open the door, you see a tall slender man with red hair. He introduces himself as Thomas Jefferson. You don't automatically slam the door and call the police but, almost against your will, you invite him in your home. Somehow you accept that this man is not an escapee from an asylum but that he really is Thomas Jefferson.

Jefferson is curious about everything and has a number of questions for you. He marvels at all the new technology in your home. He insists on a

lengthy explanation and demonstration of all the appliances and machines in your home.

Amazed at how quickly he understands the new technologies, you suddenly remember the statement made by President John F. Kennedy when he hosted a gathering of Nobel Prize winners at the White House: "This is the most extraordinary collection of talent, of human knowledge, that has ever been gathered together at the White House with the possible exception of when Thomas Jefferson dined alone."

His attention is drawn to the dining room table and the numerous complicated-looking forms with numbers "1040" or "W-2" or "1099" on them. He politely asks, "What are you doing?"

You feel uncomfortable, almost as if you have a guilty conscience, but you aren't sure why. You answer, "Each year

on April 15, Americans are required to file an income tax return with the Internal Revenue Service, a branch of the Treasury Department. On this return, we are required to list the source and amount of all our income. The amount of income determines the percent of tax that we pay. The higher the income, the higher the rate of tax."

Then you continue, "However, the government has tried to make it simple. All Americans who work for others are required to have an estimate of their tax deducted from their earnings before they receive their pay. We call this withholding.

"Also, the law requires us to place our social security number on all our bank accounts. All banks where we deposit our money and people who sell stocks for us report the amount of money we earned in

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each account and on each transaction to the Internal Revenue Service. These actions are necessary because the government wants to ensure that all of the income taxes are collected. You see, they really don't trust the people to pay."

Jefferson is visibly stunned. "You mean Americans are required to tell an agency of the government how much money they made and where they earned it?"

"Yes," you answer. Puzzled, Jefferson says to you, "The government must have had a great financial emergency which made such a despotic tax system necessary to pay off a great deficit."

You sadly explain that there really was no emergency. You explain how the admitted national debt is in excess of \$5 trillion and increasing each year.

Jefferson, mostly to himself, says, "In my second Inaugural Address I warned that we must meet all the expenses of each year without encroaching on the rights of future generations by burdening them with the debts of the past. All of us had seen the devastating effects of a national debt."

Then Jefferson asks you if you really said that the more money you earned, the higher the rate of tax you had to pay. You slowly confirm this simple fact. Strangely, it no longer seems harmless.

In a sad voice, Jefferson says, "When we wrote the

Constitution, all of us knew history. We knew that great civilizations began to decline when they introduced direct taxation. In the Constitution, we restricted direct taxation because we knew it would yield the same result experienced by other nations using direct taxation — erosion of individual rights and the oppression of the minority by the majority because it could use its political power to use the government to steal from the minority."

Then Jefferson says to himself, "How can this be? Have Americans forgotten history?" You look at this man who, together with a few others, so eloquently gave birth to the idea of freedom that has pervaded the United States for most of its experience and is being echoed around the world today by countries throwing off despotism. Now embarrassed and truly ashamed, you explain that Americans, like sheep to the slaughter, meekly went along with each new law that stripped away more of their freedom.

In World War II, Americans agreed to income tax withholding as a "temporary measure" to help win the war. Of course, withholding was never ended and has become a permanent fixture. Then came the plausible rule that our social security number should be on all accounts. In this way, the government ensures that no one evades reporting the income earned in their accounts. Of

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# Initiative and Referendum Update

by Amy K. Frantz

It's a new year, and initiative sponsors in many states are already hard at work putting initiatives on the ballots of the primary elections in June and November's general election.

## CALIFORNIA

Voters in California's June 2 primary will be considering the California Campaign Reform Initiative. This initiative, also known as Paycheck Protection, requires employers to receive annual, written permission from employees to deduct union dues from the employees' paychecks to be used for political purposes, and requires labor unions to receive annual, written permission from their members to use any portion of those dues for political purposes.

It also prohibits contributions or expenditures by foreign entities for political campaigns in California. California Governor Pete Wilson is honorary chairman of the Campaign Reform Initiative. (See related article on page 5.)

Union officials in California have made the defeat of Paycheck Protection their number one priority for the primary election, and may spend \$25 million in a campaign against this initiative. That the unions will be able to spend such high amounts of union dues to try to defeat this initiative emphasizes the need

for Paycheck Protection for employees. Unions can use dues collected automatically to campaign against a proposal many of their members may support.

If successful, the initiative will go into effect on July 1, 1998, and will have a dramatic effect on the November 1998 election and future campaigns in California.

## COLORADO

Signatures will be collected soon on a petition to put a term limits initiative on the 1998 ballot in Colorado. The initiative provides for a voluntary "self term limit." A candidate could voluntarily sign a term limit pledge.

Candidates who sign the term limit pledge would have that fact noted next to their name on the election ballot. Those who don't would not have any negative indication on the ballot. Candidates who later run for re-election beyond their self-imposed limit would be noted on the ballot as having broken their term limit pledge.

## FLORIDA

Supporters of at least ten initiatives are working to put them on Florida ballots this year.

Opponents of judicial activism have three initiatives which are receiving broad-

based support and showing strong numbers in polling.

Other initiatives Florida voters may consider this year include school choice, voter approval for new taxes, strengthening the initiative process, and a civil rights initiative. Supporters of these and other initiatives are collecting signatures and raising funds to put these measures on the ballot in Florida.

## NEVADA

Supporters in Nevada are collecting signatures now to put a paycheck protection initiative on the ballot in November. This initiative would prohibit the collection of funds to be used for political purposes from government employees, and would require permission from other union members for the collection of dues for political purposes, similar to the California Paycheck Protection initiative. Supporters need to collect 47,000 valid signatures to put this initiative on the ballot this fall.

## TEXAS

Supporters of Houston's affirmative action initiative are taking their fight to end quotas to the courts. The initiative to end the requirement that city contractors must give 20 percent of their work to

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# Taxpayers' Rights Amendment

by Amy K. Frantz

Initiative and Referendum  
Update  
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The Taxpayers' Rights Amendment (TRA) is a proposed amendment to the Iowa Constitution that will limit the growth rate of state government taxes and spending. The Amendment, if adopted, limits growth of taxes and spending to the rate of inflation plus any population growth, unless the limit is raised by the voters or by two-thirds of the Legislature.

Limiting the growth rate of spending and taxes is not a cut in government spending, as many opponents have claimed. Government spending will continue to grow, but at a lower rate. Contrary to the arguments of TRA opponents, an annual increase in government spending of 2 percent rather than 4 percent is not a cut in spending.

This responsible, limited growth of spending forces the government to live within its income. Iowa families cannot demand unlimited raises from their employers; they have to live within their means, and so should government.

The Taxpayers' Rights Amendment gives the people more control over the level of taxes they pay. If a majority of the people decide they want the government to spend more of their incomes, they can vote to increase the taxing and spending limits for up to five years. And in an emergency, such as the floods of 1993, two-thirds

of the Legislature can vote to increase the limits for one year.

The Taxpayers' Rights Amendment is a human rights issue. The Constitution protects our freedom of speech and other freedoms. The Constitution should also protect our income and property.

Adding this Amendment to the Iowa Constitution offers Iowans permanent protection. Laws limiting taxing and spending are too easily changed, repealed, or just ignored. The people have the right to limit how much the government can take from us.

Opponents of the Taxpayers' Rights Amendment like to use scare tactics, claiming that adoption of the TRA would wipe out the ability of state government to provide even basic services or provide a basic education for Iowa students. The Taxpayers' Rights Amendment gives the taxpayers a voice in tax and spending decisions. If a majority of the taxpayers want to increase spending for education or other programs, they can vote to increase the limits.

Shouldn't taxpayers have a say in how much of their incomes are taken by taxes? ○

*Amy K. Frantz is a Research Analyst with Public Interest Institute.*

minority-owned or women-owned businesses was defeated in November 1997 after the mayor and city council changed the wording of the initiative on the ballot. The sponsor of the original initiative language, Ed Blum, has asked the State District Court to nullify the November 1997 vote on the initiative and hold a new election using the language of his original initiative.

## WASHINGTON

Washington Civil Rights Initiative supporters collected 239,000 signatures in support of the initiative by the January 10 deadline, the most signatures ever collected for an initiative in the state of Washington. Due to the overwhelming support of this initiative by the citizens of Washington, it may be adopted by the State Legislature. In Washington, a legislative initiative may be adopted by the State Legislature, but does not have to be approved by the Governor. If the Civil Rights Initiative is adopted by the Legislature, it will not need to go before the voters. The Washington Civil Rights Initiative is similar to California's Proposition 209. ○

*Amy K. Frantz is a Research Analyst with Public Interest Institute.*

# Pete Wilson's Moment

by Grover G. Norquist

Governor Pete Wilson of California has decided to change the world: In September he put his personal and political prestige on the line by agreeing to serve as Chairman of the California Campaign Reform Initiative. If approved by voters on June 2, this latest California initiative will outlaw political contributions by foreigners; prohibit employers from making automatic deductions from an employee's pay for political contributions without annual, written authorization from the employee; and also require labor unions to obtain "annual, written, authorization" before using any portion of a member's dues for political purposes.

It is the last prohibition that would change American politics forever. At present, workers in the 29 states without right-to-work laws can be required to join a union, or at least pay dues, as a condition of employment. Unions collect some \$8 billion in dues each year — an average of \$500 from each of 16 million union members. According to Rutgers economist Leo Troy, it is from this \$8 billion pot that unions spend an estimated \$300 to \$500 million on politics each election cycle. The puny \$35 million they spent last time around on televised ads attacking Republicans was just the tip of the iceberg. Most union political spending goes unre-

ported and, to the establishment press, unseen. In the recent election to replace Rep. Susan Molinari, pro-Democrat unions sent an estimated 5,000 campaign "volunteers" into her district — all of them union-paid. As modern unions have come to devote less time to organizing workers and more to politics, it's probably more realistic to estimate that 10 percent of union dues go to politics. Ten percent of union officials' time, 10 percent of the phone bill, 10 percent of travel...adds up to \$800 million each year, or \$1.6 billion each election cycle.

Democrats know the irreplaceable value of Big Labor money: When Senator Fred Thompson's committee subpoenaed the Democratic National Committee and the White House, they merely complained. But when Thompson asked to look into the files of the AFL-CIO, the investigation was shut down. The unions refused to cooperate and the Democrats on Thompson's committee suddenly lost interest in looking at outside groups.

While striking at the Democratic Party's use of compulsory dues for politics, CRI will allow unions to ask members for money to play politics, just as the National Rifle Association sends out solicitation letters. But as any direct-mail expert will tell you, the response rate to such requests is not the 100

percent that compulsory union dues bring in.

To qualify for the June 2, 1998 primary ballot CRI needed 433,000 signatures by last November 13. When the initial signature gathering effort appeared to lag thanks to union leaders' use of "Street Heat" thugs to harass signature collectors and intimidate potential signers, Wilson sent out letters to 1.4 million Republican households in time to turn in 740,000 "raw" signatures, enough to guarantee placement on the June ballot.

California union bosses promise to spend \$20-\$30 million to defeat CRI. They're not bluffing. The teachers' unions alone spent more than \$20 million to defeat Proposition 174, a school-choice initiative that lost by 60 to 40 in November 1994. Wilson believes CRI supporters will raise more than \$12 million; as long as the unions outspend proponents by 3 to 1 rather than 10 to 1, he says, the initiative should pass.

Wilson's optimism is supported by polling data. A March 1997 survey of 800 California voters selected to match a June 1998 primary electorate — and informed of union attacks on the initiative — found better than 4-1 support for CRI (72.9 percent support, 17.5 percent opposed). Among Republicans it won by

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10-1 — and by 2-1 among Democrats and 3-1 among union households. A *Washington Post*-ABC News poll last October found 82 percent support nationally for the requirement that “unions need to get permission from individual union members to use dues for political purposes.”

How many union members would stop funding Big Labor’s political machine if donations became voluntary? We don’t have to guess. In November 1992, Washington state passed Initiative 134, which outlawed collection or use of union dues for political purposes without a member’s prior written permission (which must be annually renewed). The measure also prohibited political paycheck deductions from state employees. The initiative passed with 71 percent of the vote. The result? The number of state public employee union members making political contributions fell from more than 40,000 to 82. The Washington state teachers’ union (WEA), with a \$42 million annual budget (as opposed to \$8 million combined for the state’s Democratic and Republican parties), saw an 80 percent drop in members willing to contribute to WEA politics, from approximately 45,000 to 8,000.

Two years after Initiative 134 passed the GOP picked up six House seats in Washington, including that of then Speaker Thomas Foley, and won both houses of the State Legislature.

In April 1994, Michigan Governor John Engler took advantage of a temporary three-seat majority in the State House of Representatives to pass Frank Fitzgerald’s (R-Grand Ledge) PA117, which added unions to an existing ban on corporate contributions and outlawed the “negative check-off” that leaves members with the unpleasant and risky task of having to ask their union to return the money it took from them. (Republicans also used this opportunity to ban bingo as a fundraising tool.)

### *Paycheck Protection will “change American politics forever.”*

The result? In July 1993, the five United Auto Workers PACs had a combined \$630,136 on hand. Four years later the five — now folded into one PAC — had only \$15,452. The Michigan Education Association PAC fell from \$851,866 to \$356,974 during this same period. For Michigan’s five largest unions, total cash on hand fell from \$1.7 million to \$397,000 — a 75 percent drop.

California’s Campaign Reform Initiative — now increasingly known as Paycheck Protection — is just the beginning of the bad news for organized labor. Petitions are now circulating in Oregon for an initiative to prohibit the use of public funds in collecting “political funds.” Government

employee unions would not be allowed to withhold dues for political purposes. The drive is being led by Oregon Taxpayers United president Bill Sizemore, a likely candidate for governor this year. Sizemore has won five of the last six initiatives he has organized.

Similar efforts are underway in Nevada, led by the GOP, and in Arizona where tax activist Sydney Hoff-Hay is doing the organizing. In Colorado, State Senate President Tom Norton and House Speaker Chuck Berry are both running for governor but will cooperate to use the Republican majorities in their respective chambers to put a paycheck protection measure on the November 1998 ballot. It will appear as a referred question, and thus not require the signature of Democrat Governor Roy Romer. In Florida, Rep. Bill McCollum is leading an effort to get a similar initiative on the November ballot.

Conservatives such as new GOPAC head Shelly Kamins are focusing on the “Republican Eleven” — states with Republican governors and GOP control of both houses of the state legislature — as the most likely to pass paycheck protection legislation. Former Golden Rule Insurance Company CEO Pat Rooney has been traveling from state capital to state capital promoting this legislation. The American Legislative Exchange Council, a group of 3,000 conservative State Legislators, has drafted

sample legislation and unanimously endorsed paycheck protection.

At a meeting of the Republican Governors' Association in Miami last November 20, Pete Wilson won unanimous support for a resolution endorsing paycheck protection.

Mindful of the attention and respect this cause has brought Wilson, a number of governors are likely to compete to have their states pass paycheck protection first. Texas Gov. George W. Bush and South Carolina Gov. David Beasley may work with conservative Democrats to pass paycheck protection. Montana Gov. Marc Racicot, who's been speaking at GOP meetings around the nation, knows that enacting paycheck protection would further raise his visibility in the party.

This isn't the first time Pete Wilson has shaped the agenda for the Republican Party and its would-be leaders. In 1996, his support and fundraising prowess propelled the California Civil Rights Initiative to victory and onto the national scene. In 1994, his defense of Proposition 187 to forbid welfare spending on behalf of illegal aliens helped ensure that national welfare reform, which passed in 1996, would end welfare for illegal immigrants.

At the federal level the "Paycheck Protection Act" is being sponsored by Oklahoma Sen. Don Nickles and Colorado Rep. Bob Schaffer. Legislation will be introduced in all fifty

states by January 21 and supporters plan a nationwide press conference with press events in all fifty state capitals and Washington as well.

On the Democratic side, the growing power of labor unions was demonstrated last fall when only 41 of 205 House Democrats voted to grant the president fast-track negotiating authority. The rest were more loyal to — or afraid of — the labor bosses than their own President and Vice President. On December 9, union honchos met in Chicago to plot their response to paycheck protection. To date they've been reduced to bragging that a few liberal Republican Congressmen may vote with them against it.

Paycheck protection can only be described as a Republican winner: It permits GOP Congressmen, State Legislators, and Governors not only to stand on principle on behalf of citizens who don't want to have their money taken away and spent against their interests, but also to side with union members against union bosses. Incidentally, there's an added bonus: it also defunds the GOP's best-financed and most implacable opponents — labor union bosses who've taken over the Democratic Party. ○

*Grover G. Norquist is President of Americans for Tax Reform. This article appeared in the February 1998 issue of The American Spectator. Reprinted with permission from the author.*

## Far From Original Intent continued from page 2

course, then came the rule that all bank accounts should file information returns and that most transactions should be reported to the government.

You state that the income tax rules are incomprehensible, that no one understands them, but that the taxpayer is still responsible for compliance. You tell him that in tax matters, Americans are guilty until proved innocent.

You explain how an agent of the government can come into your home and inspect all of your checks and papers and ask you to explain the purpose of each check. If the agent decides that you have not fully complied with the incomprehensible income tax code, he can arbitrarily decide that you owe more tax. If your taxes are not paid, your bank account can be seized and your home and other properties auctioned.

"Our people fought a revolution because of government intrusion far less than this," Jefferson says. "It is inconceivable that any of us would have tolerated this type of government tyranny. A government that has to enforce a tax its people will not willingly pay is a government that should be immediately overthrown. In a letter to James Madison in 1787 I said, 'I hold it that a little rebellion, now and then, is a good thing, and as necessary in the political world

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as storms in the physical. It is a medicine necessary for the sound health of government.’ Are you sure that I am in the right country? There must have been a revolution. Real Americans would never have given up their rights without a fight.”

Seeing your bowed head, he knows the answer. There was no revolution. Now deeply ashamed, you try to excuse yourself by explaining to him that people who refuse to obey the tax laws are often sent to prison, sometimes for 25 to 30 years.

Jefferson just stares at you. In a low anguished voice he says, “Is this what we risked our lives for? We thought we were giving future generations a free country ruled by the

people for the people. What you have done is taken our idea and twisted it. You have freely submitted to despotism much worse than we faced. You may think that you are free, but that is because you choose not to see your chains or the walls that imprison you.

“No, my friend, you live in a prison. You work for the government, not for yourselves. Your ancestors would not know you. I am sorry for my country and I am sorry for you.”

Without another word, Jefferson walks out the door. As you see his tall figure disappear into the mist, you are sadder than you can remember ever being. You now must admit to yourself what you have been trying to explain away. What Jefferson said is

true. What has happened to us is what Thomas Paine predicted would happen if Americans lost their freedom. Our freedoms have not been taken away, not all at once but a little at a time.

Jefferson could see it. If you really look, you can see it too. ○

*Stephen L. Hayes is a Los Angeles attorney and President of Citizens for an Alternative Tax System, which advocates replacement of income taxation by a national retail sales tax. Charles Adams is author of For Good and Evil, The Impact of Taxes on the Course of Civilization, published by Madison Books. Reprinted with permission from Citizens for an Alternative Tax System.*