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PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

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Commission on Taxation:

Acknowledging that support of federal government should be extracted from the national economy, we face the question: should we tax the producer or the consumer side of the economy. The founders of our nation, seeking individual freedom, chose taxing the consumer side, and in their constitution prohibited the taxing of the producer side. In 1913, the majority in Congress, who had experienced unparalleled growth and prosperity, illegally adopted the 16th amendment, implementing the taxation of the producer side, which gained them unlimited first access to the product of America and unlimited discretion as to which Americans would bear the greater burden. Since 1913, the Congress has added more than 7 million words to the code, granting privilege to their contributors.

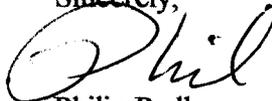
Producers do not pay taxes. Taxes are part of the cost of producing their product or service. All business survival is dependent on after-tax revenue.

All taxes, whether levied on the producer side or consumer side of the economy are ultimately paid by the consumer of the product or service. It is this fact that drives manufacturers, jobs, and labor out of America.

All prepaid producer taxes, beginning with taxes on resource discovery through each stage of refinement and manufacture, plus the interest thereon, are included in the ultimate consumer price, putting American products at a 20% to 30% disadvantage when competing with foreign products.

America's largest labor-intensive activity, government and private, is required to implement the income tax code, costing America \$2.2 trillion annually, consuming the lives of millions of America's most talented people for nothing of value. Repealing the 16th and adopting the Fair Tax (HR25/S25) is essential for America's future prosperity.

Sincerely,



Philip Pedley
Col. Military Intelligence Ret.

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PS If there is any evidence that refutes any statement I have made, please bring it to my attention. Truth is paramount.