

American Free Labor Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

Definitions:

WAGES. A compensation given to a hired person for his or her services. Compensation of employees based on time worked or output of production.

SALARY. A reward or recompense for services performed. In a more limited sense, fixed periodical compensation paid for services rendered. A stated compensation paid periodically as by the year, month, or other fixed period, in contrast to wages which are normally based on an hourly rate.

COMPENSATION. Indemnification; payment of damages; making amends; making whole; giving an equivalent or substitute of equal value. That which is necessary to restore an injured party to his former position. Remuneration for services rendered, whether in salary, fees, or commissions.

FOR. In behalf of, in place of, in lieu of, instead of, representing, as being which, or equivalent to which.... ---Medler v. Henry, 44 N.M. 63, 97 P.2d 661, 662.
In consideration for; as an equivalent for; in exchange for; in place of; as where property is agreed to be given “for” other property or “for” services.

SERVICE. “Service” as used in contracts: Duty or labor to be rendered by one person to another, the former being bound to submit his will to the direction and control of the latter. The act of serving the labor performed or the duties required.

LIVELIHOOD. Means of support or subsistence.

MEANS. That through which, or by the help of which, an end is attained.

SUPPORT. That which furnishes a livelihood; a source or means of living; subsistence, sustenance, or living.

SUBSISTENCE. Support. Means of support, provisions, or that which procures provisions or livelihood. See Necessaries.

NECESSARIES. An article which a party actually needs. Things indispensable, or things proper and useful, for the sustenance of human life. Necessaries consist of food, drink, clothing, medical attention, and a suitable place of residence, and they are regarded as necessities in the absolute sense of the word.

LABOR. Work; toil; service; mental or physical exertion. Term normally refers to work for wages as opposed to work for profits, though the word is sometimes construed to mean service rendered or part played in production of wealth.

GAIN. Profits; winnings; increment of value. Difference between cost and sale price.

PROFIT. Most commonly, the gross proceeds of a business transaction less the cost of the transaction (i.e., net proceeds). Excess of revenues over expenses for a transaction; sometimes used synonymously with net income for a period. Gain realized from business or investment over and above expenditures.

SLAVERY. The condition of a slave; that civil relation in which one man has absolute power over the life, fortune, and liberty of another.¹

INCOME. “Income may be defined as the gain derived from capital, from labor, or from both combined, provided it be understood to include profit gained through the sale or conversion of capital assets.”

—Eisner v. Macomber, 252 U.S. 189 (1920); Bowers v. Kerbaugh-Emire Co., 271 U.S. 170 (1926)

WHEREAS, according to truth and substance, without regard to form:

- (1) INCOME IS GAIN OR PROFIT.
- (2) LABOR FOR WAGES² IS A VALUE-FOR-VALUE EXCHANGE.
- (3) WAGES ARE LABOR, NOT INCOME.

WHEREAS, the Sixteenth Amendment of the United States Constitution states:

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several states, and without regard to any census or enumeration.

WHEREAS, concerning the meaning of “income,” as used in the Sixteenth Amendment, the Eisner Court³ stated:

In order, therefore, that the clauses cited from Article 1 of the Constitution may have proper effect, save only as modified by the Amendment, and that the latter also may have proper effect, it becomes essential to distinguish between what is and what is not “income,” as the term is there used; and to apply the distinction,

¹ Source for above definitions: *Black’s Law Dictionary*, 5th ed. (Saint Paul, Minn.: West Publishing Company, 1979).

² For brevity, as used herein, *wages* means “wages, salaries, and/or compensation for services.”

³ Eisner v. Macomber, 252 U. S. 189 [1920].

as cases arise, according to truth and substance, without regard to form. Congress cannot by any definition it may adopt conclude the matter, since it cannot by legislation alter the Constitution, from which alone it derives its power to legislate, and within whose limitations alone that power can be lawfully exercised.

The fundamental relation of “capital” to “income” has been much discussed by economists, the former being likened to the tree or the land, the latter to the fruit or the crop. After examining dictionaries in common use (*Bouv. L. ED.*; *Standard Dict.*; *Webster’s International Dict.*; *Century Dict.*) we find little to add to the succinct definition adopted in two cases arising under the Corporation Tax Act of 1909 (*Stratton’s Independence v. Howbert*, 231 U.S. 399, 415; *Doyle v. Mitchell Bros. Co.*, 247 U.S. 179, 185)—“Income” may be defined as the gain derived from capital, from labor, or both combined, provided it be understood to include profit gained through a sale or conversion of capital assets...Brief as it is, it indicates the characteristic and distinguishing attribute essential for a correct solution of the present controversy.

WHEREAS, concerning government’s interruption of “income,” the Eisner Court stated:

The Government, although basing its argument upon the definition as quoted, placed chief emphasis upon the word “gain,” which was extended to include a variety of meanings; while the significance of the next three words was either overlooked or misconceived. “DERIVED FROM CAPITAL”; “THE GAIN DERIVED FROM CAPITAL,” etc. Here we have the essential matter; not a gain accruing to capital, not a growth or increment of value in the investment; but a gain, a profit, something of exchangeable value proceeding from the property, severed from the capital however invested or employed, and coming in, being “derived,” that is, received or drawn by the recipient (the taxpayer) for his separate use, benefit and disposal; that is income derived from property. Nothing else answers the description.

WHEREAS, the first income-tax legislation after passage of the Sixteenth Amendment (Underwood Tariff Bill) states at Chapter 16, Section II (B): “That, subject only to such exemptions and deductions as are hereinafter allowed, the net income of a taxable person shall include gains, profits, and INCOME DERIVED FROM [emphasis added] salaries, wages, compensation for personal service” INCOME (GAIN) DERIVED FROM salaries, wages, compensation for services, NOT salaries, wages, compensation for services. The disparity is the difference between the crop and the land, the fruit and the tree. It is the difference between freedom and slavery.

WHEREAS, “The property which every man has in his own labor, as it is the original foundation of all other property, it is the most sacred and inviolable. The patrimony of the poor man lies in the strength and dexterity of his own hands, and to hinder his employing this strength and dexterity in what manner he thinks proper, without injury to his neighbor, is a plain violation of this most sacred property.”

—Butchers Union v. Crescent City Co., 111 U.S. 764 (1883)

WHEREAS, “this most sacred property” has been violated. Wages are not a “GAIN derived from capital, from labor, or both combined,” any more than the land is the crop or the tree is the fruit. Wages are “something of exchangeable value,” but not “PROCEEDING FROM the property” or “SEVERED FROM THE CAPITAL.” Wages *are* the property, *the* capital, but more specifically, **Wages are Labor**. No gain is realized in the exchange of labor for wages, there is merely a change in FORM. **WAGES ARE LABOR**, *the* property and capital of the laborer, transformed into a medium-of-exchange, something of value, for which labor of equal value was given.

WHEREAS, American wage-earners have been misled and coerced into “voluntarily” filing tax returns and thereon erroneously claim their wages as taxable income, with mandatory payments deducted from their paychecks. American wage-earners have therefore long endured the pains and expense of an infamous, complicated, “voluntary” process in order to figure and pay a tax they do not owe.

WHEREAS, according to substance, without regard to form, **wages are labor**, *the* livelihood, *the* means of support, *the* subsistence, *and the* necessities for life. Every individual has an inalienable right to exchange labor *for* life, to work *for* a living, to use his or her labor to provide *for* self and family the necessities and pleasures of life and liberty.

WHEREAS, government’s denial and suppression of each individual’s inalienable right to freely exchange labor for life is tantamount to slavery.

THEREFORE, without regard to form, wages, salaries, and compensation for services are not income, and cannot be taxed as income by *any* government body; all such taxation and collection of said tax will cease immediately.