



Lawless and Dangerous

by Richard W. Rahn

WHY PUBLIC OFFICIALS MUST BE HELD ACCOUNTABLE

Without the rule of law, a civil and prosperous society cannot long endure. The annual reports of “The Economic Freedom of the World” and the “Index of Economic Freedom” show very large declines in the international ranking of the United States in the rule of law over the past decade. The rule of law is dependent on the laws being perceived as reasonable, few enough in number and clearly written so that citizens can understand what is expected — and on the laws being fairly and impartially enforced by those in all branches of government.

The Obama administration is becoming increasingly arbitrary concerning what laws it chooses to enforce or not enforce, while, at the same time, through executive orders and administrative decisions, just making up “law” outside of the constitutional process. Perhaps the clearest examples of this abuse can be found at the IRS, which increasingly acts as a rogue agency with the support of its masters at the Treasury and Justice Departments.

This past week, the Justice Department and the FBI announced that they were ceasing their “investigation” of IRS wrongdoing

in harassing Tea Party and other conservative 501(c)(4) organizations, and, in fact, were going to be establishing new and highly restrictive rules for such organizations — in a clear attempt to limit free speech.

Nonprofit groups, such as labor unions, veterans groups, social clubs, education groups, business groups and others, have the right to lobby for and against legislation and regulations without being taxed on those activities. They also have a right to support or oppose candidates for public office (with some limitations, depending on the type of organization), including grass-roots operations and advertising, and to put legislative voting records on their websites without being taxed. Moreover, they have the right to meet with and hold events for candidates for public office and hold candidate forums without being taxed. All of this is proper and part of the democratic process.

Citizens who wish to come together and organize for the purpose of holding public officials accountable, if they do not fall under one of the aforementioned categories, have traditionally been considered tax exempt — IRS code Section 501(c)(4) organizations. The IRS now wants to tax their grass-roots activities, tax their presentation of information about candidates in TV and radio ads, tax their cost of publicizing legislative voting records and tax the cost of candidate forums and meetings with candidates. Such activities by citizen groups have been tax exempt since the founding of the American republic. Those who donate to such organizations do so with dollars that have already been taxed when earned — hence, the IRS has no more business saying how the money should be spent than it has in telling you at which restaurant you can spend your money. Tax-deductible organizations such as medical charities are different from tax-exempt organizations and have traditionally been restricted in their political activities.

Can you imagine how the American Founders would have reacted to a requirement that you had to pay taxes on your rights to peacefully assemble and speak your mind about elected officials or candidates, without first getting the

permission of the tax authorities and then paying a tax on those activities?

Unfortunately, the IRS has a long record of ignoring the Constitution and the rule of law. The Fourth Amendment to the Constitution reads: “The rights of the people to be secure in their persons, houses, and effects, against unreasonable search and seizures shall not be violated,” and yet the IRS engages in asset seizures, such as bank accounts, prior to the proof of any wrongdoing. The Fifth Amendment reads in part: “No person shall be compelled in any criminal case to be a witness against himself” — yet the IRS forces taxpayers to turn over personal documents that may be used against the taxpayer. Some judges who owe their allegiance more to the predatory political class than to the Constitution, or who are weak-kneed, have let the IRS get away with this thuggery.

The IRS also routinely taxes the portion of capital gains that are a result of inflation rather than an increase in real value of the asset being sold. The 16th Amendment gave Congress the authority to tax “incomes,” not the change in value of asset owing to inflation. When the IRS imposes a tax on inflation, it is imposing an un-Constitutional wealth tax.

If you think the above discussion is an overstatement, try to set up a tax-exempt organization whose clearly constitutional goal is to increase liberty and prosperity by abolishing the IRS, including working for the election of like-minded public officials. The IRS will almost certainly say that such an organization is not in the “public interest,” as they define it, and hence will not give you tax-exempt status. What would America’s Founding Fathers have done? What are you going to do?

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