



Legal and Illegal Political Corruption

BY RICHARD W. RAHN

BEWARE OF GOVERNMENT'S POWER TO INTRUDE AND DO HARM

If a politician or government official takes a direct monetary bribe for granting a favor or sweetheart contract, do you think he should be sent to prison? Such an activity is despicable, but it is usually far less costly to society than the legal forms of corruption, which undermine the integrity and respect for government that is necessary for a civil and prosperous society. Most legal corruption is all about increasing power for those in government.

This past Friday, the following amendment offered by Sen. Ted Cruz, Texas Republican, was defeated in the Senate Judiciary Committee:

Intentional discrimination by employee of the Internal Revenue Service

"(a) Offense. — It shall be unlawful for any officer of the Internal Revenue Service to, regardless of whether the officer or employee is acting under the color of law, willfully act with the intent to injure, oppress, threaten, intimidate or single out and subject to undue scrutiny for purposes of harassment any person or organization in any State —

(1) based solely or primarily on the political, economic, or social positions held or expressed by the person or organization; or

(2) because the person or organization has expressed a particular political, economic, or social position using any words or writing allowed by law."

It is hard to imagine anyone interested in good government being against such an amendment, because it is clearly designed to help prevent those in the IRS from abusing their power — which many have done. Yet 10 senators, all Democrats, voted against it. They were: Sens. Patrick J. Leahy of Vermont, Dianne Feinstein of California, Charles E. Schumer of New York, Richard J. Durbin of Illinois, Sheldon Whitehouse of Rhode Island, Amy Klobuchar and Al Franken of Minnesota, Chris Coons of Delaware, Richard Blumenthal of Connecticut and Mazie Hirono of Hawaii.

Earlier, Mr. Schumer, along with Sen. Carl Levin, Michigan Democrat, wrote letters to the IRS urging the agency to go after groups that the senators did not like. Using government agencies to go after one's political opponents and attempting to deny them the right of free speech is a classic action of corrupt and authoritarian regimes.

The most pervasive form of legal corruption is for politicians to spend taxpayer money on unnecessary or inflated programs in order to, in effect, "buy votes." President Obama has just released his proposed budget, which continues funding for many programs that he himself has said are wasteful and duplicative. Many of these programs and activities do not come close to meeting the basic standard whereby the benefits exceed the costs.

Finally, much of what Mr. Obama and Congress (both parties) wish to fund is not authorized by the Constitution and should be left to the states and the people. The courts are indirectly responsible for much of this excess spending because they have allowed the Constitutional prohibitions and restraints to erode over the past two centuries. Many judges, like elected politicians and government bureaucrats, are more interested in power and popularity among their fellow members of the political class than they are in protecting the republic and the people.

Political policy corruption is evident in the enactment of policies that the elected officials know, or most certainly should know, will hurt the people unnecessarily, in order to seek rewards from special interests. The government officials who knowingly granted pension benefits to public-employee unions that could not be paid are examples of this kind of corruption (e.g., Detroit).

Mr. Obama's new budget adds to the long-term problem of "entitlement" funding. Competent economists and actuaries (including those in government) who have looked at the problem correctly say that the current course is unsustainable. A responsible Congress and administration would not continue on this course — but most members of both parties will vote to continue toward disaster because they are making a bet that they will benefit politically in the short run, by not making the necessary cutbacks — and the disaster will occur on someone else's watch.

Those who can think logically (including most, but not all, economists) understand that it is possible to make a few (the politically favored) better off by raising the minimum wage, but most others (particularly the least skilled) will be worse off. Joseph Sabia, an expert on the minimum wage, wrote in the March edition of the Cato Tax and Budget Bulletin: "The minimum wage fails to reduce net poverty because of its adverse effects on employment and poor ability to target workers living in households below the poverty threshold."

Only corrupt and uncaring members of the government class would make it illegal for a person to accept a job that they want (particularly if there are no other jobs available), because it does not meet some politically decided arbitrary "minimum wage." There is at least a 2,000-year history of politicians imposing various forms of wage and price controls in attempt to deny market reality — almost all of them ending badly. The minimum wage is also a denial of a basic human right — that is, the liberty to sell one's labor in order to survive, and better one's self, or learn a new craft.

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