



Making Congress Accountable

BY RICHARD W. RAHN

CANDIDATES SHOULD PLEDGE IN WRITING TO SCALE BACK GOVERNMENT OVERREACH

Have you noticed that many political candidates, when running for office, claim they are going to make government less corrupt, irrational, incompetent and burdensome? Yet after they are elected, it only gets more so.

Politicians like to speak in broad, general terms rather than lay out specific things that they can and will do. If voters demand more specifics, though, they will get them.

The following are a few specific measures that most members of Congress should be able to support because, once explained, the benefits are obvious.

Do you think you should be able rely on Internal Revenue Service guidance when preparing your taxes? This would seem to be a no-brainer — an obvious "yes."

However, on April 15, Judge Joseph W. Nega wrote an order that stated, "Taxpayers rely on IRS guidance at their own peril." He also wrote that IRS guidance isn't "binding precedent" or "substantial authority." Thus, the taxpayer can be fined for following IRS guidance if a court subsequently decides the tax agency was wrong in its interpretation.

In sum, if a law is not clearly understandable, there is no longer the rule of law, but only the rule of men, which is part of the definition of a totalitarian society. Congress should pass a law stating that those who rely on IRS guidance cannot be subsequently fined for relying on such guidance.

Under current civil laws and regulations, totally innocent people can have, and frequently do have, their assets seized by many government agencies, including the IRS, even though they have not been judged guilty of a crime in a court of law.

There are far too many documented cases of abuse (a number of which I have previously written about) by many government law enforcement agencies. Congress needs to pass legislation prohibiting civil asset forfeiture before any person has been properly convicted of a specific crime.

The IRS recently ruled that bitcoin is not "money," but a commodity — meaning that all gains and losses in using bitcoin are taxable events. Trading commodities is a zero-sum gain, unlike stocks, and thus trading gains and losses net out over time. However, the government continues to tax capital gains and losses from commodities trading, including the trading of gold coins, resulting in a huge paperwork burden, but no real revenue gain for government.

The government does this in order to try to prevent people from protecting themselves from dollar-based inflation through the development of commodity-based monies. Congress needs to prohibit the IRS from applying the capital-gains tax on commodities trading, to prevent both the real loss in revenue and to give the people the liberty to develop private alternatives to the dollar.

Government regulations have been growing at such a rapid rate that they are having a serious negative effect on economic growth, job creation and living standards. Government agencies are supposed to do cost-benefit analysis before issuing regulations, but they routinely ignore or low-ball the cost or overstate the benefits.

Regulatory agencies are supposed to police themselves, even though they have every incentive not to. A new approach is needed. Congress should pass legislation allowing individuals and businesses who are hurt by regulations to sue

in a federal court if they can prove that the costs of regulations exceed the benefits.

Successful plaintiffs should be allowed to recover lawyer and court fees and the costs of preparing the cost-benefit study. These costs should be charged against the agency's budget that promulgated the unjustified regulation.

Despite the obvious political and sound public-policy reasons for these suggested laws, nothing will happen until citizens organize, through new or existing groups such as the Tea Parties, and draw up specific proposed pieces of legislation, and then ask the candidates for written pledges of support. There is a well-known success model — that of Grover Norquist and his Americans for Tax Reform — who have focused on keeping members of Congress from voting for tax increases by getting written pledges from them when they are running for office.

This effort has served the republic well, by keeping government smaller — with all the benefits for economic growth and liberty. Candidates, of course, hate pledges because they want to avoid making commitments.

Ask yourself, if you were running for office, would you prefer to be the one who has promised to support a measure to get rid of civil asset forfeiture before conviction, or to be the person who, in essence, is arguing, "Oh yeah, I think it is fine for the IRS and other government agencies to grab a person's bank accounts before he has been convicted (and in many cases even charged) with any wrongdoing"?

Citizens can make government less abusive and less costly by demanding that candidates sign specific pledges (not just general, feel-good statements) for constructive change and then hold them strictly accountable.

Richard W. Rahn is a senior fellow at the Cato Institute and chairman of the Institute for Global Economic Growth.

<http://www.washingtontimes.com/news/2014/apr/28/rahn-making-congress-accountable/>