

IRS police-state gestapo: Clinton should clean it out

by Edward Spannaus

To hear Newt Gingrich, Richard Armey, and other Congressional Republicans talk these days, one would think that the Internal Revenue Service had only been invented in 1993, at the point that the Clinton administration took office.

For example, while speaking at the National Press Club on Sept. 30, Gingrich said he was sending a letter to the President which stated: "For five years, the administration officials in charge of the IRS have fiddled while the agency has burned the hopes and dreams of thousands of innocent taxpayers. . . ." House Majority leader Armey, appearing on Fox TV, even raised the possibility — unheard of in U.S. history — that the Clinton administration had used the IRS to attack its political opponents.

Unfortunately, the Clinton administration has reacted as if what Gingrich, Armey, et al. are saying, were valid, by circling the wagons and defending the IRS.

Would it not be preferable that President Clinton would simply come and say to the Republicans: "We'll be glad to clean out the IRS. After all, you guys built it, but I'll help you clean it up. It's long overdue."

Just one statistic illustrates the fraud involved. In 1981, when the Reagan-Bush administration took office, the annual budget of the IRS was \$2.5 billion. By the time George Bush left office, in 1993, the IRS budget was \$7.1 billion. While the IRS's budget almost tripled during 1981-93, the amount of revenue collected only increased from \$606 billion to \$1.176 billion — not even doubling.

This is similar to what happened to the Justice Department — whose budget more than tripled, from \$2.3 billion to \$9.8 billion during the Reagan-Bush years. Both agencies — the IRS and the Justice Department — constitute a gigantic permanent bureaucracy in the Federal government which goes on from one administration to another, Democrat and Republican, and which poses one of the greatest threats to our constitutional rights and protections.

A long history of corruption

Even before this vast expansion of the IRS took place during the Reagan-Bush years, the IRS was devoting vastly disproportionate resources to targetting and harassing U.S. citizens. According to a 1981 study: "Direct enforcement accounts for less than 3% of total tax revenues, but fully two-thirds of IRS's money and staffing are devoted to enforcement."

Over the past year, various Republican spokesmen have claimed that the IRS has been targetting so-called "conservative" organizations for audits, and they professed to be "shocked, shocked" that such a thing could happen. Of course, when most middle-aged or older Americans hear of IRS targetting of political opponents, they immediately think of President Richard Nixon. But this corruption within the permanent bureaucracy goes back still further: An internal IRS Memorandum to Regional Commissioners, dated Aug. 27, 1963, and captioned "Audit of Ideological Exempt Organizations," stated: "At the forthcoming Regional Commissioner's Conference the agenda calls for a discussion of our special study on ideological exempt organizations. These organizations, often referred to by the press as right or left wing, have become a formidable force in society today. . . ."

"The present program, relating to the political or ideological type of exempt organization, is part of the step-up in enforcement activities within the exempt organization area as a whole."

That memo detailed how the project was initiated in November 1961 with a test audit of 22 "extremist groups" on both sides of "center," to determine if the IRS could put them out of business. But, the memo lamented, "by and large, however, the true purpose of the test audit program was not satisfactorily accomplished" because IRS agents in the field were not yet steeled to function as political hit-men. "The difficulties experienced by the field," stated the memo, "are certainly

understandable. These examinations require reorientation of the agent's thinking and place him into areas fraught with interpretative difficulties. In undertaking such tax audits, agents must look into various means used by these organizations to express and communicate their philosophies. Not only does this involve an analysis of books and pamphlets published by the organization, but it also means the monitoring of telecasts and broadcasts and the examination of hundreds and in some cases thousands of speeches. . . ."

"In the light of the results reached in the test audit program, it was determined to expand the examination program to include a larger number of political action organizations," the memo continued. By the end of 1963, hundreds of political groups were under scrutiny.

By 1965, the structure for a political "thought police" at IRS was well in place. A Dec. 31, 1965 assessment of the "Ideological Organizations" project, praised the program for having started a project to "purge from the rolls of exemption alleged propagandists, extremists, and such other movements whose ideals and opinions did not conform to those in America's mainstream."

From 1969 until 1973, the IRS established the Special Service Staff. During its four-year official life, the SSS compiled files on more than 2,873 organizations and 8,585 individuals. These were targets of that intelligence-gathering gestapo, not because of known or even suspected tax violations, but rather because of their "extremist" political activities. The SSS was officially disbanded in 1973, but its functions were transferred to other units within the IRS. It never ended.

A 1989 book, *A Law Unto Itself: Power, Politics and the IRS*, by investigative reporter David Burnham, declared that, "with the possible exception of a handful of agencies in the Soviet Union and China, there is little question that the IRS today is the single most powerful bureaucracy in the world. As a corollary to this astonishing ranking in the Olympics of organizational authority, I believe that the IRS has become the single most powerful instrument of social control in the United States."

Burnham also noted that the Congress and the courts had granted to the IRS extraordinary powers which are otherwise specifically denied to law enforcement agencies, including the authority to seize summarily the assets of any taxpayer it believes might be contemplating flight, and to make a "jeopardy assessment" without the prior approval of a court.

IRS targets LaRouche

A case study which shows some of the most outrageous abuses of IRS powers is that involving Lyndon LaRouche and his associates (see next article). Not only did the IRS illegally conspire with private organizations against LaRouche, and then play a key role in the prosecution task force which railroaded LaRouche and many associates to prison, but it didn't stop there. After LaRouche—whom the prosecutors knew at all times to be innocent of the charges against him—was

convicted and sentenced to 15 years in prison, the IRS then fabricated a claim that LaRouche, who had no income during the period in question, owed over \$5 million in taxes and penalties. This preposterous claim is *still* being fought in court.

The IRS also went after businesses operated by associates of LaRouche for millions of dollars in claims and penalties, even targetting the three companies which were shut down in an illegally government-initiated involuntary bankruptcy in 1987. A management company and a printing company operated by associates of LaRouche, were also subjected to massive harassment and penalties.

GOP seizes upon anti-IRS anger

All of this has been going on for years and years, and clearly pre-dates the Clinton administration. So why, all of the sudden, are Republicans, many of whom have been the most fervent defenders of government police powers, now leading the fight against Federal agencies?

There are a number of reasons. Sensing themselves in trouble politically, and attempting to appeal to the 51% of the voting population which sat out the last election because of apathy, alienation, and disenchantment with politics, many Republicans are trying to jump in front of the anti-government bandwagon.

A 222-page strategy memorandum prepared by GOP pollster Frank Luntz, one of the architects of the 1994 "Contract on America," sheds some light on this. Luntz told Republican campaigners: "Nothing guarantees more applause and more support than the call to abolish the Internal Revenue Service. I urge you in the strongest possible terms to allocate significant time and attention to this political 'winner.'" Luntz said that he had found enormous support for tax reform, but warned that the public doesn't trust politicians who promise tax cuts. Instead, he urged Republicans to talk about tax relief instead of cuts, and to campaign against the IRS.

More opportunistic Republicans have also exploited the national anger against the IRS for fundraising purposes. A letter sent out by Sen. Mitch McConnell (R-Ky.) for the National Republican Senatorial Committee, told potential contributors that "if you will just give today, you will help to virtually abolish the IRS as we know it." A letter sent out by the Republican National Committee was signed by Trent Lott: "Yours to *end* the IRS as we know it." Lott also described the GOP goal as "letting *you* spend *your* money as *you* see fit"—more in line with various quack schemes being promoted by Republicans, such as the flat tax or a national sales tax.

Not the least of the ironies of the current campaign against the IRS, is that many of the same Congressmen who passed law after law giving the IRS more power, and requiring "performance standards" (e.g., collection quotas) from the IRS, are now leading the charge against IRS abuses. Better late than never.