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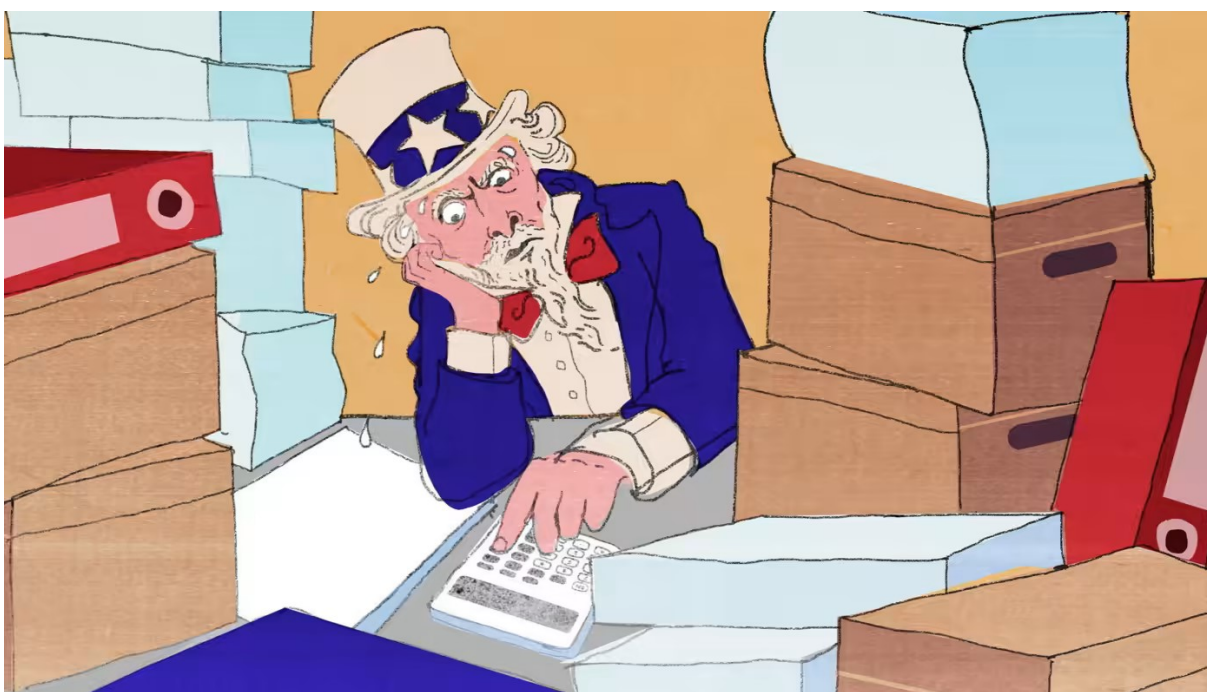
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Opinion **US politics & policy**

The battle to keep an American state

Millions of voters buy the Republican lie that the authorities in Washington are dangerous and out to get them

EDWARD LUCE



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Edward Luce YESTERDAY

It is no surprise that Grover Norquist, the single-minded head of Americans for Tax Reform, Washington's main anti-tax group, is behind the latest US political drama. Norquist, whose group gets Republican Congress members to pledge never to vote for tax increases, said his goal was to shrink America's state to the point that it can be drowned in a bathtub. Starving the Internal Revenue Service of funds is a key way of realising his ambition.

Alas, Joe Biden has just upset Norquist's plans. Last week, the US president signed a law that will add \$8bn annually over the next decade to [the IRS budget](#), which will undo years of Norquist's work. Though the law only restores the agency's funding to pre-2013 levels, when Tea Party Republicans imposed steep cuts, Republicans are depicting it as an armed assault on US freedom.

"How long until Democrats send the IRS 'SWAT team' after your kids' lemonade stand?" [tweeted](#) Ronna McDaniel, head of the Republican National Committee. Chuck Grassley, the Republican senator who oversees the IRS, [suggested](#) on a Fox News show that an IRS strike force will be storming family-owned businesses. A Fox News commentator [said](#) the agency would "hunt down and kill middle-class taxpayers that don't pay enough".

In which case, Washington's power grab would be deserving of another Boston Tea Party — America's original rebellion that helped spark the revolution against the

party — America's original rebellion that helped spark the revolution against the British. Biden would be King George III and Ted Cruz, the Texas senator, who last week [called](#) for the IRS to be abolished, would be George Washington.

Like many political uprisings before it, this carries Norquist's fingerprints. Republicans are using a number he gleaned from an obscure US Treasury paper which said that the IRS's new money could be used to [hire](#) 87,000 new agents. Somehow, this turned into an army of federal officers primed to break into middle-class homes.

Propaganda on this scale is tougher to fight than the smaller stuff, and that is part of its effectiveness. In politics, as the saying goes, if you are explaining you are losing. Moreover, the IRS-as-globalist-autocracy is only one of many disinformation campaigns directed at Biden.

The same Republican figures are claiming the FBI's raid on Donald Trump's Mar-a-Lago residence earlier this month was a Gestapo-type operation to eliminate Biden's chief rival. Many in the traditional party of law and order are now calling for the FBI to be abolished. Add to that list the US Federal Reserve and the departments of Energy and Education, and Norquist's bathtub starts to look fit for purpose. The broader goal is to cripple the US federal government.

Disabling the non-military side of America's state is not a recent priority of the Republicans. But their anti-state record is decidedly mixed. On the one hand, day-to-day US administration has become ever harder. The restrictions placed on federal agencies, including the IRS, have grown more onerous over the years. People's interface with the US government can be a painful experience. The Democratic habit of micro-regulation — which acts like a full employment charter for lawyers — has also added to DC's slow-movingness. That, in turn, makes voters more receptive to anti-government rhetoric.

On the other hand, [US federal spending](#) as a share of the economy has not fallen over the past two decades. Nor has the size of the government workforce. The net result is a progressively less effective state that remains as bloated, or shrunken (depending on your politics), as before. Bill Clinton used to talk of creating smarter government. In reality, and by design, US government is losing its collective IQ.

The IRS is a prime victim of this. As the number of its agents has fallen, its ability to audit big companies and wealthy taxpayers has also dropped, which means it mostly leaves the rich alone. Wealthy Americans were 80 per cent less likely to be audited in [2018 than in 2011](#). There are years where some of America's super-wealthy, including

Tesla's Elon Musk, have paid zero taxes.

By contrast, the share of middle-class Americans subjected to IRS audits has risen sharply because they are cheap and easy to do. Mostly, the investigations are into alleged fraud on the Earned Income Tax Credit, for which only the poorest Americans are eligible. IRS agents are little match for the wealthy whose advisers can choose from a labyrinthine menu of tax-avoidance vehicles.

The upshot is that US government revenues have been steadily falling. Those uncollected tens of billions of dollars have been masked by the era of zero US interest rates, which is now coming to an end. Financing the US government is about to get much costlier. Biden's new law, the [Inflation Reduction Act](#), will go some way towards levelling the playing field between underpaid IRS agents and overpaid corporate lawyers.

But if Republicans regain control of Congress in November's midterm elections, it could prove a short-term victory. They can simply block the IRS budget. The societal cost of this latest disinformation campaign is hard to count. Millions of Americans now think the US government is armed, dangerous and out to get them. It is a whopper of a lie but lies have a way of taking root.

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