CBO Predicts More Debt
The Congressional Budget Office forecasts increases in entitlement spending will drive up the federal government’s total liabilities, jeopardizing economic prosperity.

New Mexico Right to Work
Otero County, New Mexico commissioners approved an ordinance bringing freedom from compulsory union membership.

Reconsidering Quill
The U.S. Supreme Court heard arguments in a case that could allow states to levy taxes on businesses outside their borders.

Bump in the Road
President Trump says politics is holding up his plan for revitalizing U.S. roads and bridges.

Defending Enlightenment
Despite what newspaper headlines and talking heads say, a new book states the world is improving as time goes on.

Kentucky Attorney General Sues to Block Pension Reform Law
By Brandi Wielgopolski
Kentucky Attorney General Andy Beshear is asking a state Circuit Court judge to block a new law reforming funding of state employees’ pension accounts.

Gov. Matt Bevin signed Senate Bill 151 into law on April 10. The law will place new government teachers in a hybrid cash-balance retirement plan that includes features of both a defined-benefit pension plan and a defined-contribution plan, which is similar to 401(k) plans enjoyed by many individuals in the private sector, beginning on July 14.

UNEMPLOYMENT RATE, p. 8

More Americans have been getting back to work and staying employed in 2018, the U.S. Department of Labor’s Bureau of Labor Statistics (BLS) reports.

In April, the national unemployment rate fell to 3.9 percent, matching rates last seen in December 2000. For the week ending May 5, approximately 211,000 individuals filed for unemployment benefits for the first time, according to BLS data. There were 215,040 initial claims in the comparable week in 2017.

The positive trends have been occurring since President Donald Trump signed the Tax Cuts and Jobs Act (TCJA) into law in

UNEMPLOYMENT RATE, p. 8

65% of legislators read Budget & Tax News

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The Heartland Institute is pleased to announce the release of the fourth edition of *The Patriot's Toolbox*, coauthored and edited by Dr. Herbert Walberg and Joseph Bast, with contributions from 18 other distinguished policy experts.

More than 100,000 copies of the first three editions of *The Patriot's Toolbox* were distributed since 2010, making it one of the most widely circulated and influential books on public policy in the United States. This edition is completely rewritten and thoroughly updated to reflect the events of 2016 and so far in 2017.

As the coauthors write in the preface, *The Patriot’s Toolbox* “offers an agenda for incumbent office holders, a platform for candidates for public office, and a report card for civic and business leaders and journalists following the policy moves of the Trump administration, Congress, and state lawmakers.”

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New Jersey Pols Press for Tax Hikes

By Zachary Williams

New Jersey’s governor and Senate president are calling for new tax hikes.

At an April 25 Rutgers University speech celebrating his first 100 days in office, Gov. Phil Murphy said he was committed to increasing taxes.

“We know the people of New Jersey are with us,” Murphy said. “We know they support ensuring that millionaires pay their fair share. We know they understand that investing in our state will take new revenues.

“Yes, the millionaire’s tax is the right thing to do so we can invest directly in our middle-class and working families and in our students,” Murphy said. “Yes, closing loopholes that help only the biggest companies and the billionaire hedge fund managers is the right thing to do to ensure tax fairness for our small businesses. Yes, undoing the costly gimmicks of the past and freezing the sales tax at 7 percent is the right thing to do.”

Dueling Proposals

Murphy is proposing a 10.75 percent surcharge on individual and household annual incomes above $1 million. Murphy also proposes increasing the state’s sales tax from 6.62 percent to 7 percent.

In March, state Senate President Steve Sweeney (D-Gloucester) called for increasing the levy on business owners earning more than $1 million annually to 12 percent.

No state lawmakers have introduced a bill incorporating either proposal. Sweeney’s suggested changes would have to be introduced by a member of the state’s Assembly, because tax legislation must originate in the lower chamber.

Murphy’s proposals can be included in the state’s budget bill, which has not yet been formally introduced.

Changing Tax Tune

Regina Egea, president of the Garden State Initiative, a nonprofit, free-market research organization, says Murphy’s proposed tax hikes are not what he promised the voters.

“His campaign was popular because the perception was that it was going to tax everybody but the middle class, but that isn’t how it turned out,” Egea said. “He does deliver on his promise of the millionaire’s tax, but the number-two generator of revenue in his plan is the sales tax increase. Returning it to 7 percent ties us for the second-highest sales tax in the country.”

Movin’ Out

New Jersey state Sen. Tom Kean Jr. (R-Union) says the proposed tax hikes would significantly increase the cost of government in the state, chasing out productive people.

“When you increase taxes by $2.7 billion, one year to the next, and increase spending by 8 percent, many people will say New Jersey will become even more unaffordable,” Kean said. “The Bergen Record said it best when they said the state budget proposal would increase taxes on everybody, every single citizen. More people may want to leave New Jersey because they’re finding it more and more unaffordable.”

Egea says the taxes would discourage people from relocating their businesses to the state and bringing new jobs. “They’re going to hurt the economy of New Jersey,” Egea said. “Businesses are consciously investing in other states and moving operations there.”

Decades of Effects

Kean says his fellow lawmakers should start thinking about how to make New Jersey friendlier to business owners and other taxpayers.

“Before we start to propose increasing taxes by $2.7 billion, we should at first see where we can create some more efficiencies in spending,” Kean said. “We need to turn the corner where New Jersey’s focus is 10 years or 20 years into the future. Moving our corporate tax to the highest in the country sends a signal that ripples not only for this year but over the course of the next 20 years, when people are saying where they want to locate their headquarters.”

Zachary Williams (zramon.williams@gmail.com) writes from Cincinnati, Ohio.
Airbnb Ban Proposed in Cleveland, Ohio

By Madeline Fry

The City of Cleveland’s Department of Law is reviewing a proposed ordinance that would temporarily prohibit residents from sharing their homes with guests through peer-to-peer short-term rental services.

Citing an anecdote of a property suspected by a constituent to be using Airbnb, city Councilman Anthony Brancatelli (D-Ward 12) proposed an ordinance that would prohibit all rental contracts lasting 30 or fewer days in the city until December 31.

“We need the companies to ban hosts who break the city law, so this is a way to get the limited lodging companies to the table, and this is the most effective way to get them here,” Brancatelli told ClevelandScene.com reporter Sam Allard on March 19.

In 2016, Cleveland redefined city tax laws to allow the collection of excise taxes from individuals using their homes to provide short-term rental services.

No hearings on Brancatelli’s proposed ordinance have been scheduled.

Questioning Assumptions

Baylor University economics professor Peter Klein says Brancatelli’s proposal falsely assumes peer-to-peer short-term rentals cause net harm to communities.

“What a lot of people who oppose rentals have in mind is, ‘Here’s the house on the street currently listed on Airbnb, and therefore there are some people living in it that we don’t know, there are too many cars parked out front, and it bothers me,’” Klein said.

“When people complain about that, usually what they have in mind is, ‘If we ban short-term rentals, then that house will be occupied by a nice family with two parents, three beautiful children, and a nice, quiet dog. They’ll keep the house pristine and have tea parties out back, and everything will be just like a fairy tale.’ How do you know that’s the alternative?”

“What if the person who currently owns the house cannot afford to maintain it, and without the income they get from Airbnb, they’re just going to let it run down?” Klein said. “By banning rentals, you’re taking away from some property owners the right to an income stream that could be used to improve the quality of the neighborhood and the property.”

Says Current Laws Suffice

Klein says problems caused by Airbnb guests can be addressed under existing laws instead of by creating new regulations.

“If the issue is people and noise, then deal with it as people and noise,” Klein said. “The fact that there’s a commercial transaction taking place doesn’t really change anything. In other words, a rule that forbids any commercial payment for person A to stay in person B’s house—that’s what these ordinances are—that’s a solution that doesn’t address the problem, if there is a problem.”

Madeline Fry (mfry@hillsdale.edu) writes from Hillsdale, Michigan.
Calif. Coffee Shops Must Display Cancer Warnings, Judge Rules

By Madeline Fry

Stores and restaurants in California must warn customers of cancer risks the state has declared coffee poses, a state Superior Court judge ruled.

State Superior Court Judge Elihu Berle issued the March 30 decision in a lawsuit filed in 2010 by the Council for Education and Research on Toxics (CERT).

Represented by California attorney Raphael Metzger, CERT sued Starbucks and several other companies, arguing coffee roasting produces acrylamide, a chemical by-product about which California regulations require businesses to display warning labels in prominent places.

More than three decades ago, California voters approved the Safe Drinking Water and Toxic Enforcement Act of 1986, known as Proposition 65. The law requires businesses operating in the state to notify customers of products that contain potentially carcinogenic or toxic chemicals.

Berle held a status conference on May 24 to consider several motions filed by the plaintiff.

Calls Ruling Ridiculous

Jeff Stier, a senior fellow at the Consumer Choice Center and a policy advisor for The Heartland Institute, which publishes Health Care News, says the Starbucks decision is an unnecessary government interference.

“There is zero evidence that Proposition 65 is promoting public health,” Stier said. “Certainly people can make their own decisions about whether to drink coffee, but the suggestion that any consumption of acrylamide by drinking coffee could lead to cancer is ridiculous.”

‘No Evidence’ of Cancer Risk

Charles Dinerstein, M.D., a senior medical fellow at the American Council on Science and Health, says the lawsuit demonstrates the gap between science and government decision-making.

“There’s no evidence that acrylamide will cause cancer in the quantities that people are drinking in a cup of coffee,” Dinerstein said. “Acrylamide develops when you roast the coffee, so it’s a product of making the food palatable, which is the reason the companies thought it was not going to be a problem. Science is no longer in here at all. It’s all about law now.”

‘A Transfer of Wealth’

Stier says government regulations often translate into big paydays for attorneys.

“Proposition 65 should be repealed,” Stier said. “There is a long history of it causing problems. If the government doesn’t do its job of enforcement, private individuals can sue the manufacturer or store owner, and it becomes a transfer of wealth to a bunch of plaintiffs who are just seeking to game the system. There have been lots of abuses of Proposition 65, and this is only the latest and most high-profile.”

Dinerstein says the ruling isn’t about protecting people’s health.

“It’s going to do nothing for consumers,” Dinerstein said. “It’s one of the vagaries of Proposition 65: In California, there are going to be signs put up in all these stores, and they will be routinely ignored.”

Madeline Fry (mfry@hillsdale.edu) writes from Hillsdale, Michigan. An earlier version of this article was published in Health Care News.

CBO Projects Continued Expansion of Federal Debt, Deficit

By Sarah Quinlan

A new report by the Congressional Budget Office (CBO) forecasts the federal government’s debt and deficit will continue to expand over the next 10 years.

Budget and Economic Outlook: 2018 to 2028 projects the total amount of debt owed by the U.S. government will exceed $29 trillion, or 96 percent of the country’s gross domestic product, in 2028.

The federal deficit will top $1.526 trillion by 2028, CBO projects, because of a forecasted 7.96 percent annual increase in mandatory outlays, including entitlement programs, over the next 10 years.

Here Today, Taxed Tomorrow

Jonathan Bydlak, president of the Coalition to Reduce Spending and a policy advisor for The Heartland Institute, which publishes Budget & Tax News, says chronic budget deficits lead to tax hikes.

“Having a deficit during a fiscal year is one thing, running consistent deficits is quite another,” Bydlak said. “They ultimately have to be paid back. When governments spend more than they take in, future taxpayers will have to pay for that difference. In essence, running deficits today makes the cost of government goods and services more expensive tomorrow.”

Expecting a Financial Collapse

Barry Poulsou, an emeritus professor of economics at the University of Colorado and a policy advisor to The Heartland Institute, says continued deficit spending is endangering the country’s future economic well-being.

“The longer the U.S. fails to address this debt crisis, the more difficult it will be to close the fiscal gap,” Poulsou said. “Failure to escape this debt trap would be catastrophic for the United States. We should expect a flight of capital as investors sell off dollars and U.S. securities.”

“Failure to escape this debt trap would be catastrophic for the United States We should expect a flight of capital as investors sell off dollars and U.S. securities.”

BARRY POULSON
EMERITUS PROFESSOR OF ECONOMICS
UNIVERSITY OF COLORADO

Spending Problem

Bydlak says government debt and deficits are symptoms of a more fundamental illness.

“It’s not just deficits that are the problem, but spending itself,” Bydlak said. “Just because there isn’t an economic meltdown happening at the moment doesn’t mean that we aren’t dealing with the consequences of high spending and that we aren’t paving the way for economic difficulty in the future.

“Just because we can pay for government programs doesn’t mean we should, if government isn’t the best entity for providing a particular good or service,” Bydlak said.

Sarah Quinlan (smquinlan8@gmail.com) writes from New York City, New York.
Kentucky AG Sues to Block Pension Reform Law

Continued from page 1

Beshear is asking Franklin Circuit Court Judge Phillip Shepherd to invalidate the law, claiming the legislative process violated state constitutional provisions regarding how long a bill must be debated before approval.

Response to Fiscal Concerns
State Sen. Joe Bowen (R-Owensboro), S.B. 151’s sponsor, says the law uses tried-and-true reforms to help put the state’s finances back on track.

“We were looking at a $43 billion—at minimum—pension liability in the state of Kentucky and could no longer afford to kick the can down the road,” Bowen said. “History tells us that the structure of the defined-benefit plan is fragile. Private enterprise realized this years ago.”

Jordan Harris, founder and co-executive director of the Pegasus Institute, says pension debt is consuming taxpayer resources needed for core government functions.

“There’s been a massive crowding out of basic services and programs, and this was the first session in which legislators really had to deal with that massive crowding-out effect,” Harris said. “Kentucky has an annual budget of $11 billion, which isn’t a ton of money, when you talk about state government. We are a relatively poor state that has a pretty small overall annual budget, and a gigantic chunk of that is being dedicated to pension liability.”

‘We Had to Act’
Bowen says delaying action on pension reform was no longer an option.

“In order to address this huge pension liability, arguably the greatest fiscal challenge the state of Kentucky has ever faced, we had to act,” Bowen said. “Part of what we had to do was change the pension structure. It was tough and necessary to change the structure of the systems in order to stop the digging and get us on the path of solvency.”

The status quo was unsustainable because the state’s budget was in crisis, Harris says. “We saw a lot of things cut and a lot of programs that were not funded during this legislative session, which was a budget session, because of this,” Harris said. “That’s one of the things that made this legislative session so challenging and reform so necessary.”

‘A Much Better Deal’
Bowen says the new pension system will be better for government employees.

“New teachers will be going into a hybrid cash-balance plan,” Bowen said. “The beauty of this plan is that there will never be a year that their funds lose money. There have been calculations, even by some of the groups in the education community, that said this plan will provide for a better pension benefit after a 30-year career than the current defined-benefit plan would. It’s a much better deal than anyone gets in the private sector.”

Brandi Wielgopolski (brandi.wielgopolski@gmail.com) writes from Columbus, Ohio.

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Pence: Recovering Economy Will Benefit College Graduates

By Jesse Hathaway

Addressing new graduates at a Hillsdale College commencement speech, Vice President Mike Pence said economic reforms are creating a unique opportunity for those currently leaving college and beginning their adult careers.

Trends put in motion by tax relief and other economic reforms enacted by President Donald Trump have led to an opportune time for those currently leaving college, Pence told graduates.

According to the U.S. Department of Labor, 164,000 new jobs were created between March and April, and the unemployment rate fell to 3.9 percent.

“Before I go further, I’d like to take a moment to talk about what good timing you have,” Pence said on May 10. “You’ll be glad to know the America that awaits your energies and ambitions is experiencing a new era of opportunity and optimism. You are beginning your careers at a time of a growing American economy and restored American stature at home and abroad.”

Jesse Hathaway (jhathaway@heartland.org) is managing editor of Budget & Tax News.
New Hampshire Senate Rejects Occupational Licensing Bill

By Ashley Herzog

The New Hampshire Senate Executive Departments and Administration Committee rejected a bill that would have created a state commission for reviewing occupational licensing rules.

The committee voted to reject House Bill 1685 on April 5. The state House of Representatives had approved the bill in March.

Opportunities Squashed

H.B. 1685’s sponsor, state Rep. Bill Ohm (R-Nashua), says his bill could have helped people get jobs and lift themselves out of poverty and drug addiction.

“New Hampshire has an interesting dichotomy,” Ohm said. “We have extremely low unemployment but high levels of opioid addiction. We have perhaps 15,000 recovering opioid addicts sidelined from our workforce and a need for able-bodied working adults. One part of the bill was to make New Hampshire ‘recovery friendly’ by requiring licensing boards to determine, in advance, whether an individual’s criminal record would disqualify that individual from obtaining the appropriate license.”

Ohm says H.B. 1685 would have created opportunities for those seeking to better themselves.

“The intention of the bill was to increase employment opportunities for those who wish to work,” Ohm said. “It does that by starting a process to review all occupational licensing over a five-year period to see if the current laws are appropriate.”

Hoped to Cut Cronyism

Ohm says many occupational licensing rules reflect obvious cronyism.

“Some professions, such as cosmetology, require more than 1,000 hours of training to get an appropriate license,” Ohm said. “The expense of that training serves to discourage job seekers who wish to enter that profession, and seems to primarily benefit those who wish to restrict additional competition. If an EMT can qualify for a license with 40 hours of training, is cosmetology that much more dangerous to public health and safety?”

Little Public Purpose

David Harrington, an economics professor at Kenyon College, says his research has led him to conclude occupational licensing needlessly increases the prices of goods and services.

“Most of my studies of occupational licensing involve the funeral industry,” Harrington said. “I have found evidence that more stringent requirements to become a funeral service worker increase funeral prices paid by consumers and reduce the likelihood that they choose cremation, because funeral directors persuade many of them to purchase a more expensive, traditional earth burial.”

Ohm says many government occupational restrictions have little real benefit for the general public.

“Licensing is certainly appropriate for occupations that put the health and safety of the public at risk, such as medical professionals, but other licensed professions, such as an athletic trainer or an auctioneer, seem to involve little public risk,” Ohm said. “Requiring a state license to enter certain professions seems to create a high barrier to entry with little public purpose.”

Disparate Impacts

The burden of government permission slips is especially heavy for women and ethnic minorities, Harrington says.

“Women are less likely to be funeral directors in states that require all funeral directors to be embalmers,” Harrington said. “I also think that these laws make it difficult for immigrants to enter funeral directing to serve their communities.”

Free-Market Alternatives

Ohm says the public can ensure the safety and quality of goods and services without government control.

“Proessions should be open to job-seekers who meet appropriate standards of training and proficiency,” Ohm said. “Industry or government certifications, proof of insurance and bonding, and even social media reports are less restrictive ways to protect consumers than licensing.”

Ashley Herzog (aebristow85@gmail.com) writes from Avon Lake, Ohio.

U.S. Senate Approves Measure Preserving Net Neutrality

By Jesse Hathaway

The U.S. Senate approved a measure to override the Federal Communications Commission’s January vote to enact the Restoring Internet Freedom Order, a move that would effectively reinstate government regulation of the internet as a public utility.

FCC voted in January to reverse a 2015 decision expanding the agency’s authority to regulate internet service providers (ISPs) networking traffic decisions, a policy known as ‘net neutrality.”

Senate Joint Resolution 52, introduced by U.S. Sen. Ed Markey (D-MA) in February, would use Congress’ power under the Congressional Review Act to block major regulations by passing a resolution of disapproval. If approved by the House and signed into law by President Trump, the measure would reverse the January FCC order and reinstate Wheeler’s net neutrality regulation.

The House version of SJR 52, House Joint Resolution 131, was introduced in March and assigned to the chamber’s Committee on Energy and Commerce.

Jesse Hathaway (jhathaway@heartland.org) is managing editor of Budget & Tax News.

Putting Constitutional Limits Back on The Federal Government

The new book Limiting Federal Regulation, provides historical background for the apparently simple patent clause of the Constitution. The clause allows Congress to guarantee to authors and inventors limited exclusive power to their creations.

But that simplicity was coupled to the founding fathers, at the same time, explicitly precluding nearly all other federal powers on commerce. The federal government today ignores nearly all of those preclusions.

The author explains how the federal government avoided acknowledging their imposed limits, and then proposes solutions to correct the course.

by Paul A. Ballonoff

This Book is Available on Amazon.com

($14.99 for Paperback and $9.99 on Kindle)
National Unemployment Rate Hits Historic Low

Continued from page 1

December 2017.

The tax reform legislation reduced most individuals’ income tax rates, permanently cut the corporate income tax from 35 percent to 21 percent, ended the taxation of U.S.-based businesses’ profits earned in other countries, and reduced the overall tax burden by about $1.5 trillion.

Improved Environment for Growth

John Tatom, a policy advisor for The Heartland Institute, which publishes Budget & Tax News, says the employment picture has finally returned to pre-recession conditions.

“We have reached high-employment conditions over the past year, achieving an unemployment rate that was last seen over a decade ago,” Tatom said. “In December 2006, prior to the Great Recession, the unemployment rate had fallen to 4.4 percent. Over the past year, the unemployment rate has been the same or lower than this.”

Poor economic policies were inhibiting growth in the past, Tatom says, but Trump and congressional Republicans have lifted those anchors, speeding the recovery process.

“The recovery and expansion in the economy have been the slowest in 70 years, because of unfavorable economic policies, but even a slow expansion of employment will eventually restore high-employment conditions, if it exceeds the labor force growth rate and it lasts long enough.”

Win-Win Situation

David Barnes, policy director at Generation Opportunity, says the new tax law is benefitting business owners and workers alike.

“It’s great when the economy is roaring and growing,” Barnes said. “People are pursued by other employers, and they are looking to leave because there is a better opportunity for them to move into a role where they will create benefits for society and customers so they can be paid more. As unemployment decreases, job creation increases and jobless claims decrease. These are good signs that there are fewer businesses closing.”

Tatom says people are becoming incentivized to work hard again.

“Deregulation and tax cuts reverse some of the disincentives for work built up over the over the past nine years,” Tatom said. “Lower personal income tax rates raise the after-tax wage for potential workers, providing an increased incentive for individuals to enter the labor force.”

Investment Effects Explained

Barnes says TCJA’s corporate tax reforms are responsible for much of the good news.

“Trump’s tax package included big reductions in the corporate tax rate, because the United States had the highest corporate tax rate in the developed world,” Barnes said. “Now we are on the lower end. Businesses won’t grow if most of those profits are eaten away by taxes. Having a lower, competitive rate means fewer [U.S.] businesses are incorporating in other countries.”

“Shipping production activities, intellectual property, and capital overseas is a thing we’ll see less of, moving forward,” Barnes said. “Businesses are looking at the long term. They will see these permanent rates to reinvest in, and spend more money on people. That is great news for workers.”

Paige Anderson (panders3@wellesley.edu) writes from Wellesley, Massachusetts. Ashley Herzog (aubris tow85@gmail.com) writes from Avon Lake, Ohio.

NYC Uber Drivers Protest Proposed Ridesharing Regs

By Samantha Fillmore

An estimated 200 Lyft and Uber drivers demonstrated outside New York’s City Hall to voice their opposition to proposed new licensing fees and restrictions on peer-to-peer ridesharing services.

Members of the Independent Drivers Guild, an affiliate of the International Association of Machinists & Aerospace Workers union that represent ride-share drivers, held a rally opposing an ordinance proposed by city Councilman Ruben Diaz Sr. (D-Bronx).

Diaz proposes imposing a $2,000 annual licensing fee on each driver and prohibiting drivers from using more than one app to connect with people seeking rides.

Many ridesharing drivers operate through more than one app, to increase the number of fares they can collect.

‘Micromanaging the Market’

Sean Mulholland, a professor of economics at Western Carolina University and a policy advisor for The Heartland Institute, which publishes Budget & Tax News, says Diaz’s proposal would harm the people he represents.

“The big issue is that this package is trying to regulate growth, and it’s the same workers that these members of the City Council are representing,” Mulholland said.

Faster economic growth in the city has been driving demand for ridesharing, Mulholland says.

“New York City, in the last five years, has experienced more job growth than they had in the thirty years before then, while tourism in the city is up 20 percent,” Mulholland said. “These factors combined, on top of the fact that in 2010 a handful of bus routes were cut, inevitably leads to an increase in consumer demand for car services.”

‘Money Grab’

Doug Kellogg, state project director at Americans for Tax Reform, says the proposed ordinance is all about taking more money from the public.

“This package makes things so much more difficult for the market as a whole, but overall, it is a big money grab from the drivers themselves,” Kellogg said. “This will affect consumer demand. It is going to become increasingly harder to quickly get a ride, as well as inflating costs. Ultimately, this regulatory package is meddling with the market.”

Samantha Fillmore (samantha.heartland.org@gmail.com) writes from Chicago, Illinois.
Sunday Alcohol Sales Legalized in Indiana

By Zachary Williams

Indiana residents are now able to beat the summer heat by legally purchasing a beer on Sundays, for the first time since 1816. Individuals may purchase uncooled beer, wine, and liquor between the hours of noon and 8 p.m. on Sunday. The new law does not affect the state’s “warm-beer law,” a regulation prohibiting grocery stores from selling cold beer.

With Indiana’s reform having taken effect on March 1, only nine states now have blue laws preventing businesses from selling alcohol on certain days.

‘What Remains of Prohibition’

Antony Davies, an associate professor of economics at Duquesne University and a policy advisor for The Heartland Institute, which publishes Budget & Tax News, says blue laws are an unwelcome remnant of a bygone era.

“These are the dregs of what remains of Prohibition,” Davies said. “Americans have this love-hate relationship with alcohol. We go to the extent of adding a constitutional amendment to outlaw it, and within a generation, another constitutional amendment to repeal the first.”

Big-Government Booze Blues

C. Jarrett Dieterle, director of commercial freedom policy at the R Street Institute, says blue laws and other regulations on consumer alcohol sales are a legacy of twentieth-century government paternalism.

“These are all, by and large, outdated laws,” Dieterle said. “A lot of these retailing laws that restrict how people can buy alcohol are holdovers from the immediate post-Prohibition era. The federal government got out of the booze-regulating business, and states rushed in to regulate and started enacting a lot of these laws to control people’s access to alcohol in different ways.”

Sees No Benefits

Addressing one common argument made for blue laws, Davies says there’s no causal relationship between alcohol control laws and traffic safety.

“When you compare alcohol-related traffic fatalities to the level of state control, you find no relationship,” Davies said. “The evidence suggests that it doesn’t happen.

“People want to make the argument that blue laws are important, that restricting alcohol on Sunday somehow is the key to reducing drunk-driving fatalities,” Dieterle said. “Most states allow some form of alcohol purchases on Sunday, and from what I’ve seen, there’s no rash of greater drunk-driver instances in those states, compared to states that have blue laws.”

Blue-law repeals have little effect on alcohol consumption rates or overall public health, Dieterle says.

“I don’t think it has much of an impact on people’s consumption of alcohol,” Dieterle said. “I think that it really ends up inconveniencing people more than anything.”

Warmed-Over Cronyism

Now that Indiana has stopped telling people on which days they can buy beer, state lawmakers should stop telling people where they can buy it, Dieterle says.

“If I were them, the thing I’d be prioritizing is the warm-beer law, which only allows gas stations and convenience stores to sell warm beer,” Dieterle said. “It’s absurd. Indiana residents hate it.

“Crony capitalism is pretty much rampant throughout the alcohol industry,” Dieterle said. “There are definitely a lot of enconced special interests trying to stop that reform movement.”

Zachary Williams (zramon.williams@gmail.com) writes from Columbus, Ohio.

Cracking Big Green is a stunning expose of Big Green — the modern environmental movement and its hidden financial masters.

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INTERNET INFO

Wis. Enacts Entitlement Reforms

By Ashley Herzog

Wisconsin Gov. Scott Walker signed a series of bills reforming the state’s entitlement programs by establishing work requirements for welfare recipients, prohibiting individuals owning homes worth more than $321,000 from receiving food stamps or Medicaid, and other changes to requirements for welfare recipients, promoting self-reliance among recipients.

Walker signed Special Session Assembly Bills 1–9, collectively known as the Wisconsin Works for Everyone package, on April 10.

‘Doing People a Service’

Gary MacDougal, coauthor of the 2015 Welfare Reform Report Card by The Heartland Institute, which publishes Budget & Tax News, says tying work requirements to benefits is good for the recipients.

“You are doing people a service by requiring able-bodied adults to work in exchange for benefits,” MacDougal said. “This belief is supported by my experience and research and the experience of the 1996 welfare reform.”

Encouraging Success

The sponsor of the bills, Wisconsin state Sen. Chris Kapenga (R-Delafield), says truly fighting poverty means helping people help themselves.

“If you really care about people, just throwing a check in the mailbox doesn’t help anyone up and out of poverty,” Kapenga said. “If you talk to people on welfare, most of them will tell you, ‘Yes, I would love to get a better job. I would love to make a lot more money.’ For the most part, people want to get out there and work.”

Kapenga says being dependent on the government has hurt people emotionally and spiritually.

“We believe that the current welfare system robbed people of their purpose,” Kapenga said. “Everyone is born with a purpose; everyone has a skill set they can use. The way we’ve been doing things incentivizes people to not work.”

White House Advisors Forecast Further Economic Growth

By Brandy Wielgopolski

The Council of Economic Advisers predicts U.S. gross domestic product will increase by at least 3 percent annually through 2028.

Economic activity in the United States will increase over the next few years, the group forecasts in its annual report, because of “a nontrivial trend shift” in economic factors caused by enactment of the Tax Cuts and Jobs Act (TCJA).

The new law, signed by President Donald Trump on December 22, 2017, reduced most individuals’ tax burdens, permanently reduced business owners’ tax rates from 35 percent to 21 percent, and ceased the double taxation of American businesses’ profits earned overseas.

The report projects strong economic growth to continue through 2028, after which regulatory reform and infrastructure spending will become the primary causes of economic growth, as the effects of tax reform gradually fade.

“Confidence in President Trump’s business-friendly agenda incentivized the investment needed to create growth. We will see more investment and growth throughout President Trump’s term.”

JONATHAN DECKER, EXECUTIVE DIRECTOR, COMMITTEE TO UNLEASH PROSPERITY

Predicts Benefits for Workers

Richard Cebula, a professor of finance at Jacksonville University, says TCJA’s reduction of taxes on business owners will continue to spark wage increases and economic prosperity.

“Investing in new plants and equipment is the ultimate way to increase productivity and real wages for workers,” Cebula said. “Economic growth has been slow because we have had almost negligible investment in these areas. One of the factors that have contributed to our abysmal performance on investment in new plants and equipment is the fact that personal and corporate taxes were way too high.”

Ripple Effects

Jonathan Decker, executive director of the Committee to Unleash Prosperity, says the economic reforms enacted by Congress and Trump will lead to continued prosperity.

“President Trump has been in office for a year, and he’s started to enact his economic agenda,” Decker said. “He’s done things like repeal the Obamacare individual mandate, kept his promise to repeal two regulations for every one enacted, and passed enormous tax cuts. Now he is talking about doing a ‘phase two’ and continuing to cut taxes further.

“Confidence in President Trump’s business-friendly agenda incentivized the investment needed to create growth,” Decker said. “We will see more investment and growth throughout President Trump’s term.”

Cebula says TCJA will continue to raise workers’ wages.

“The personal income tax cuts will be beneficial and promote growth as people start to spend more money on goods and services,” Cebula said. “By cutting the corporate tax, in a world where we have a lot of capital mobility, we suddenly become competitive. A competitive tax environment will keep companies in this country, which means our economic growth has sustainability. It will also attract companies to the United States, and that will result in job increases and investment increases. When this occurs, productivity increases, and when productivity increases we not only see more jobs but we also see higher wages.”

As time goes on, more people will experience the benefits of the tax reform law, Decker says.

“It is important to note that President Trump’s economic policies, especially the tax cuts, mean a lot to the average American family,” Decker said. “Families will see more money in their take-home pay. This extra money might allow for an extra day off of work, or an additional day of vacation. It may also be used to upgrade an appliance or purchase a new car.

“The tax cuts and economic prosperity mean more jobs, higher wages, and in some cases bonuses,” Decker said.


By Ashley Herzog (aebristow85@gmail.com)

writes from Avon Lake, Ohio.

Official Connections:

Wisconsin state Sen. Chris Kapenga (R-Delafield):
http://legis.wisconsin.gov/senate/33/kapenga

White House Advisors Forecast Further Economic Growth

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By Brandy Wielgopolski (brandi.wielgopolski@gmail.com) writes from Columbus, Ohio.

INTERNET INFO

U.S. House to Vote on Dodd-Frank Reform Bill

By Brandi Wielgopolski

The U.S. House of Representatives will vote on a Senate-approved bill to ease federal restrictions on banks and reduce the cost of regulatory compliance.

“We’ve got an agreement on moving different pieces of legislation, so we will be moving the Dodd-Frank bill,” House Speaker Paul Ryan (R-WI) said at a May 8 press conference.

The Senate approved Senate Bill 2155, the Economic Growth, Regulatory Relief, and Consumer Protection Act, in March. House consideration of the bill was delayed by disagreements between the two chambers. No vote on S.B. 2155 has been scheduled in the U.S. House.

Congress and President Barack Obama imposed strict restrictions on banks and other financial institutions in 2010 in response to the 2008 economic crisis, including enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly referred to as Dodd-Frank.

Increasing Risks

Jay Richards, an assistant research professor at Catholic University’s Busch School of Business and Economics and a policy advisor for The Heartland Institute, which publishes Budget & Tax News, says Dodd-Frank worsened the problems it was supposed to solve.

“The Dodd-Frank Act solidified some of the causes that led to the financial crisis,” Richards said. “Rather than dealing with the root cause of the crisis, Congress actually turned the privately held, too-big-to-fail attitude into official policy.

“One of the factors that led to the financial crisis was that very large banks, especially government-sponsored enterprises like Fannie Mae and Freddie Mac, felt an implicit protection from the government,” Richards said. “After Dodd-Frank, we name institutions as systemically important. That is like a stamp by the U.S. government that says ‘too big to fail.’ It increases the incentives for banks to get larger and more protected.”

Exploding Compliance Costs

James Barth, a finance scholar at Auburn University, says Dodd-Frank has increased businesses’ operating costs without providing benefits to the public.

“Dodd-Frank increased the regulatory compliance costs for banks of all sizes,” said Barth. “For example, the CEO of Zions Bank testified before a congressional committee and told them he had to hire about 27 new employees to deal with the new regulations. The new employees were basically compliance people. Those people contribute to costs, but they don’t contribute to revenue, because they do not do anything with respect to serving customers. They are in the back offices trying to figure out how to comply with regulations.”

Hitting the Customers

Barth says customers, not the banks, pay the costs of Dodd-Frank.

“Banks of all sizes had to hire more compliance people,” Barth said. “This is an additional cost imposed on the banks. Of course, banks are in business to make a profit, so they pass the costs on to the customers, through higher interest rates on loans, lower interest rates on deposits, or additional fees imposed on customers.

“By and large, customers were adversely affected by all of the new regulations banks had to comply with,” Barth said.

Cutting Competition

Richards says the Dodd-Frank compliance costs are forcing small financial institutions out of business, effectively promoting the interests of the biggest banks.

“Since the bill passed, a lot of smaller community banks have gone belly-up or sold out to larger banks,” Richards said.

Trump Sends Spending Rescission Request to Congress

By Savannah Edgens

President Donald Trump is asking Congress to cancel approximately $15 billion in previously authorized spending, using a process known as rescission.

As provided for in Section 1012 of the Congressional Budget and Impoundment Control Act of 1974, Congress has 45 working days to approve with a simple majority, alter, or ignore the request to rescind funds previously authorized. The president submitted the request on May 8.

Spending vs. Freedom

Charles Baird, a former economics professor at California State University at East Bay and a policy advisor for The Heartland Institute, which publishes Budget & Tax News, says spending cuts are usually good because government spending directly reduces people’s freedom.

“A large amount of government spending is used to tell the private sector people what they should do and force them to do so,” Baird said. “People become less free, less able to use their own means, and means they acquire through voluntary exchange, to pursue their own ends.”

Congress Dispose

Romina Boccia, deputy director of The Heritage Foundation’s Thomas A. Roe Institute for Economic Policy Studies, says final authority remains with Congress once spending is authorized.

“The president submits the request to Congress, then Congress has 45 days to respond or ignore the president’s proposal,” Boccia said. “Congress can alter the proposal, or Congress can pass the president’s proposal in both the House and the Senate, with a simple majority vote.”

Boccia says Trump’s proposal would simply return unused resources to taxpayers.

“This rescissions package specifically targets unspent funds that can either no longer be spent because the authority to spend them has expired, but they are still on the books, or funds that have gone unspent for several years and are no longer planned to be spent because priorities have changed,” Boccia said.

Savannah Edgens (savannah.edgens@gmail.com) writes from Gainesville, Florida.
Empowering Americans with the Freedom to Choose

Dragoonian rules imposed by the Food and Drug Administration have made life-saving prescription drugs more expensive and harder to get access to. This travesty has resulted in needless suffering, and it must end immediately.

It’s time to empower Americans with the FREEDOM to choose their own medicine!

In the third edition of Free to Choose Medicine, author Bartley Madden presents an important reform agenda that would make life-saving drugs readily available and affordable.

Order your copy of Free to Choose Medicine (Third Edition) on Heartland’s website today! store.heartland.org

By Ashley Herzog

Most Michigan voters support calling a convention to propose a constitutional amendment limiting federal spending and power, a new poll finds.

Sixty-four percent of respondents said they believe Michigan should enter into a convention of states for the purpose of proposing a constitutional amendment.

Of respondents indicating their support for a convention, 71 percent said Michigan should participate in an amendment convention to create term limits on members of Congress and federal judges, and 54 percent said the state should participate in a convention for drafting constitutional limits on federal government spending.

The survey was conducted by Moore Information, Inc., with a statistically representative sample of 400 likely Michigan voters, using online interviews conducted on March 20–21, with a margin of error of ± 5 percentage points.

“Large retailers already have to collect taxes in every state because they have storefronts, warehouses, or employees in states across the country,” Moylan said. “The people who would be negatively impacted by this are those small- and medium-sized businesses, and particularly people who utilize so-called marketplaces—think of websites like eBay or Etsy or even Amazon Marketplace.”

Moylan says undoing Quill would cause many business owners to stop selling to out-of-state consumers.

“They’d see huge compliance costs and major complexity to the point where they would most likely just not sell across state lines,” Moylan said. “If businesses find it too complicated to engage in interstate commerce, they will simply stop.”

U.S. Supreme Court Reconsiders Online Sales Tax Rule

By Madeline Fry

The U.S. Supreme Court is reconsidering a longstanding decision preventing states from requiring out-of-state businesses to collect and remit sales taxes on purchases made by residents of their states.

Oral arguments in South Dakota v. Wayfair, Inc. began on April 17.

In the 1992 case Quill v. North Dakota, the Court established the “nexus” standard for business taxation, declaring a business need not remit sales taxes unless it maintains a physical location, or nexus, in the taxing jurisdiction. Consumers are supposed to pay the tax directly to governments, but compliance is rare.

Lawyers representing 41 states, including South Dakota, are asking the court to overturn the Quill decision.

Matter of Jurisdiction

Tim Huelskamp, president and CEO of The Heartland Institute, which publishes Budget & Tax News, says state governments lack the constitutional authority to tax people outside their borders.

“The United States is essentially 50 free markets,” Huelskamp said. “The Quill decision made it clear that, for example, New York has no authority to tax folks in Kansas if the business doesn’t have a presence there, which matches all kinds of constitutional standards. We’re going to let the state of California reach into every state in the Union? It’s certainly scary to proponents of limited government.”

More Taxes, More Problems

Andrew Moylan, director of the National Taxpayers Union’s Interstate Commerce Initiative, says reversing the Quill decision would hit small business owners with more taxes and complex paperwork.

“Large retailers already have to collect taxes in every state because they have storefronts, warehouses, or employees in states across the country,” Moylan said. “The people who would be negatively impacted by this are those small- and medium-sized businesses, and particularly people who utilize so-called marketplaces—think of websites like eBay or Etsy or even Amazon Marketplace.”

Huelskamp says states should reduce spending and enforce existing laws instead of trying to tax outsiders.

“I think we have a spending problem in most of these states, not a revenue problem,” Huelskamp said. “There are a number of other options. Eighty percent of this revenue is already collectible under current law.”

Interstate Commerce Slowdown

Moylan says undoing Quill would cause
Poll: Americans Divided on Tax Money for Tech-Replaced Workers

By Paige Anderson

A new poll reports nearly half the American public thinks the government should give financial assistance to individuals put out of work by artificial intelligence (AI) or other technological advances.

In the poll conducted by Gallup, Inc. and Northeastern University, released in February, 48 percent of respondents said they would support new government payments to people forced out of jobs by technological advances.

The researchers interviewed a random nationwide sample of 3,297 U.S. adults, contacted by mail between September 15 and October 10, 2017. The survey's results had a margin of error of 2 percentage points.

Tech ‘Trade Adjustment’

Edward Hudgins, research director for The Heartland Institute, which publishes Budget & Tax News, says providing entitlements for workers temporarily displaced by technology is not a new policy idea, nor a good one.

“Traditionally, there were people knitting socks, and then people built machines that did the socks. There was a serious fear that these people knitting the socks would be out of work. In fact, Queen Elizabeth I denied a patent on the sock-knitting machine because she was worried that if the work of sock machines was encouraged, people would be out of work. In fact, Queen Elizabeth I denied a patent on the sock-knitting machine because she was worried that if the work of sock machines was encouraged, people would be out of work. In fact, Queen Elizabeth I denied a patent on the sock-knitting machine because she was worried that if the work of sock machines was encouraged, people would be out of work.”

Charles Duan, senior fellow and associate director of technology and innovation at the R Street Institute, says human history shows robots are unlikely to displace humans from the workplace.

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Hudgins said the proposed technology displacement compensation policy would be unnecessary and unfair.

“There are a lot of objections to that sort of an arrangement,” Hudgins said. “It’s preferential: Why should people get some sort of assistance because they lose to their job to trade, as opposed to losing the job due to the business being mismanaged or that supply and demand changed? How do you know that someone really lost their job because of free trade or robots and AI?”

“We already have a welfare system that supposedly targets people who lose their health care and jobs,” Hudgins said. “We already have systems in place that spend billions and billions of dollars.”

Politics of Progress

Charles Duan, senior fellow and associate director of technology and innovation at the R Street Institute, says human history shows robots are unlikely to displace humans from the workplace.

“The fear of AI that relates to politics is that AI will automate jobs and therefore people will be put out of work and it’ll be the end of work,” Duan said. “Actually, according to history, that doesn’t happen. Originally, there were people knitting socks, and then people built machines that did the socks. There was a serious fear that these people knitting the socks would be out of work.”

Duan says technological progress didn’t destroy jobs but instead changed the kind of work people do.

“In fact, Queen Elizabeth I denied a patent on the sock-knitting machine because she was worried that if the work of sock machines was encouraged, people would be out of work,” Duan said. “People were very worried about this issue, but it turned out that the machines needed a lot of maintenance, metal casters, and engineering. There was a shift of jobs.”

‘A Fundamental Error’

Conservatives and liberals alike today are vulnerable to the same mistake in developing labor policy, Hudgins says.

“There is a fundamental error that goes back to Karl Marx that people left and right are still making today,” Hudgins said. “Two hundred years ago, there were Luddites that believed machines would put people out of work and instead of having people working at handlooms, there would be machines in a factory making 1,000 shirts a day. All the people sewing clothes would be thrown out of work.

“Marx had the notion that machines would be efficient and make the rich owners richer, and then the rich owners would fire half their workers and cut the wages of the others due to the robots produce if everyone is out of work?

“What happened historically was as machines were introduced in factories, you didn’t need as many workers, but they were less expensive, and people could afford more shirts or other items,” Hudgins said. “Then, the capitalists produced furniture or steel or automobiles or airplanes, once the factories were producing enough machines.”

Sees Bright Future

Instead of putting people out of work, AI will help humans work better and do more, Duan says.

“One can imagine a computer with a vast database of knowledge providing better information that answers questions for people,” Duan said. “Doctors can also work with automated systems like diagnoses. There will be a lot of research in that field. There won’t be an automated systems replacing doctors, but they will help doctors be more accurate.

“I don’t think computers can replace humans, because robots can’t judge on a human level,” Duan said. “Robots probably will be a supplement to a lot of industries.”

Paige Anderson (panders3@wellesley.edu) writes from Wellesley, Massachusetts.
Kentucky Supreme Court Will Hear Right-to-Work Lawsuit

By Brandi Wielgopolski

The Kentucky Supreme Court will hear a lawsuit challenging the constitutionality of a state law prohibiting labor unions from requiring all employees to pay dues in unionized workplaces.

Lawyers representing the American Federation of Labor and Congress of Industrial Organizations and other unions are fighting to overturn Franklin County, Kentucky Circuit Court Judge Thomas Wingate’s February 14 ruling.

The unions are asking the state Supreme Court to overturn Wingate’s decision dismissing the case. The state Court of Appeals granted an April 18 motion filed by the union lawyers sending the case directly to the Supreme Court.

Oral arguments are scheduled to begin on August 10.

In 2017, Gov. Matt Bevin signed into law a bill allowing workers to opt out of union membership, thus prohibiting labor unions from requiring all employees to pay dues in unionized workplaces.

“Companies in right-to-work states invest more,” Marcinkaityte said. “When companies invest more, they grow and eventually hire more employees. Even if a firm is unionized but it is in a state that has right-to-work laws, its capital investment will be higher. If capital investment is higher, there will be more jobs eventually.”

History of Success

Timothy Gilliam, deputy state director of the Kentucky chapter of Americans for Prosperity, says RTW policies already have a track record of creating jobs in the state.

“We are now the 27th RTW state in the country, but preceding that, we were the first state in the country to pass local RTW ordinances, at the county level,” Gilliam said. “Warren County was the first county to pass a local right-to-work ordinance, in December of 2014. Since that time, they’ve seen over $1.5 billion in investment.

“Another 13 counties passed right-to-work ordinances from late 2014 to early 2015,” Gilliam said. “The vast majority of these counties are situated along the Kentucky-Tennessee border. Their local officials, whether it was in the county government or in the local chambers, are business leaders who recognized how much of a disadvantage Kentucky was at compared to Tennessee, a right-to-work state.”

‘Culture Shift’

Marcinkaityte says people are starting to realize unions exist to help themselves instead of serving workers.

“We’re seeing a potential culture shift because the majority of workers simply do not believe unions are helping them,” Marcinkaityte said. “If they did, unionization would be growing, but it is actually declining.

“All the evidence we are seeing indicates that unions are not good for workers in the long run,” Marcinkaityte said. “Based on the numbers, it is obvious most workers know this.”

‘Huge Investments Announced’

Gilliam says a growing number of businesses are moving to Kentucky because of its worker-freedom law.

“Economic development officials always talk about the value of RTW and how it’s a huge consideration for their selection process,” Gilliam said. “In April of last year, Brady Industries, an aluminum mill, chose to locate in eastern Kentucky. During the press conference announcing the company was building a $1.3 billion aluminum mill and creating 550 jobs, the CEO said if Kentucky wasn’t a right-to-work state, it wouldn’t have been on the list.”

Gilliam says Kentucky’s RTW law benefits the overall state economy.

“We’ve also had huge investments announced by Amazon and Toyota since becoming a right-to-work state, so it is clear that it is having a tremendous impact on our economy,” Gilliam said.

Brandi Wielgopolski (brandi.wielgopolski@gmail.com) writes from Columbus, Ohio.
Pelosi Vows to Undo Federal Tax Reform

By Jeff Reynolds

U.S. House Minority Leader Nancy Pelosi (D-CA) says she will work to undo the federal tax reforms enacted in December 2017 if the Democratic Party achieves a majority in the U.S. House of Representatives in this November’s elections and she is chosen to lead the party’s caucus.

In a May 8 interview with Politico.com, Pelosi said a recent National Republican Congressional Committee advertisement accurately described her plans for tax hikes.

“I do think we should revisit tax legislation in the way that we always have, in a bipartisan, transparent way, that the result is unifying for the country,” Pelosi said. “I do object to what they did in the dark of night, at the speed of light, to put forth something that gives 83 percent of the benefits to the top 1 percent. Eighty-six million middle-income families will pay more taxes in the life of this bill, even though they call it a middle-class bill. It gives $1.5 trillion worth of tax cuts to corporate America, adding over $2 trillion to the national debt, because of the interest on that money.”

Win-Win Situation

Roy Cordato, vice president for research at the John Locke Foundation and a policy advisor for The Heartland Institute, which publishes *Budget & Tax News*, says the tax reforms benefit everyone.

“I really don’t see a downside to the individual tax cut or the business tax cut,” Cordato said. “Across the board, people are going to see more in their paycheck, but I don’t think that’s the most important part of this legislation. I think the bigger point of the legislation, from an economic perspective, is to change incentives for employers to put more into savings and investments and that sort of thing.”

Already Seeing Benefits

Adam Michel, a policy analyst with The Heritage Foundation, says many people are already enjoying tangible benefits from the tax reforms.

“About 80 percent of people will see an actual tax cut as a result of the Tax Cuts and Jobs Act,” Michel said. “The average family will see a $2,000 to $3,000 reduction in the amount of money they’re sending to Washington. That’s already materialized. The new withholding tables have been put out by the IRS, and that’s telling employers to stop withholding as much money. So paychecks have actually increased for a majority of Americans. That’s the tangible effect that most Americans will see.”

Cordato says there are less visible benefits to tax reform, too.

“People having more in their paychecks is a short-term benefit, but there is a longer-term incentive in the business tax that really grows the economic tax reform, too.”

Cordato says there are less visible benefits to tax reform, too.

“People having more in their paychecks is a short-term benefit, but there is a longer-term incentive in the business tax that really grows the economy,” Cordato said.

Lower Taxes, More Money

Michel says companies are passing the benefits of business tax reductions along to employees, in the form of higher wages.

“I think it’s something like 430 companies have announced plans to give bonuses, increase investments, or increase wages as a result of tax reform,” Michel said. “That’s $4 billion that is directly going to workers, and that’s just the short-term effects.”

Michel says employees, not business owners, ultimately pay the costs of corporate taxes.

“When you actually look at the long-run incidence of corporate tax cuts, who actually bears the burden of the tax in the economic sense, around 75 percent of the corporate tax is passed on to workers in the form of lower wages,” Michel said. “When the corporate tax goes down, workers’ wages go up. That’s obviously not something that happens tomorrow or within a couple of months, but after everything re-finds its equilibrium, workers’ wages will go up.”

Competing for Employees

Michel says Republicans’ tax reform has created a positive feedback loop, spurring increased demand for workers.

“More investment means a need for more workers, which means you have to pay your workers more so that your competitor doesn’t hire them away,” Michel said. “The real power behind tax reform comes from the investments that businesses are making, which will then create additional demand for workers. Then, when demand for workers increases, that’s what requires businesses to bid up wages.”

How to Save a Life Without Spending a Dime

Thanks to lawmakers across the country patients with terminal illnesses have new hope— and it’s not costing states a dime. State Right to Try Acts are sweeping the country and are passing with overwhelming bipartisan support. And it’s working. In Texas, for example, almost 100 terminal cancer patients have access to a life-saving treatment that they wouldn’t otherwise. Good ideas can’t become good policy without lawmakers who are willing to do the right thing. So thank you. We thank you and the millions of American families with a loved one facing a terminal illness thank you.
Trump: Politics Are Delaying Infrastructure Plan

By Ben Dietderich

Speaking at the International Union of Operating Engineers Local 18 training facility in Richwood, Ohio, President Donald Trump promoted his plan to use a mix of taxpayer-funded debt financing, public-private partnerships, and direct taxpayer funding to spur infrastructure construction.

Addressing the labor union on March 29, Trump said political games were delaying implementation of his infrastructure plan.

“I have asked Republicans and Democrats in Congress to come together and deliver the biggest and boldest infrastructure plan in the last half-century,” Trump said. “I don’t think you’re going to get Democrat support very much, and you’ll probably have to wait until after the election, which isn’t so long down the road, but we’re going to get this infrastructure going.”

The White House released a 55-page memorandum outlining Trump’s priorities for government infrastructure spending in February. No legislation implementing the plan has been proposed in Congress.

Trump signed a $1.3 trillion omnibus spending bill in March that increases federal infrastructure outlays by $21 billion, far short of the $200 billion increase requested in his 2019 budget proposal.

‘It’s a Mixed Bag’

Michael Sargent, a transportation policy analyst with The Heritage Foundation, says the reforms in the president’s infrastructure proposal are more encouraging than the conventional elements.

“It’s a mixed bag overall,” Sargent said. “You have the funding part, which dictates how they’re going to spend the $200 billion, then you have the reform aspect to it, which I think has a lot more notable and encouraging policy.”

Trump’s plan includes reviewing how federal laws hamstring local and state public-works projects, Sargent says.

“I basically looks at the laundry list of the different laws which govern our infrastructure at the federal level,” Sargent said. “Because the federal government owns relatively little civilian infrastructure, these laws are what they use to control state and local governments when it comes to the operation of our infrastructure. A lot of these laws are in drastic need of reform.”

Skeptical Toward Politicians

Randal O’Toole, a senior fellow at the Cato Institute, says politics and road-building don’t mix.

“The thing that’s curious to me is that the whole infrastructure debate was raised because people have been complaining about crumbling infrastructure,” O’Toole said. “The reason we have crumbling infrastructure is because we let politicians decide how some of our infrastructure money is spent.

“When politicians make the decisions, the decisions end up being bad,” O’Toole said. “The problem with Trump’s plan is he doesn’t delegate any of the money for rehabilitation. All the money can be used on either new projects or rehabilitation, and who gets to decide? Politicians.”

Benjamin Dietderich (bdietderich@hillsdale.edu) writes from Hillsdale, Michigan.
A Full-Throated Defense of Western Enlightenment Values

Review by Jay Lehr

The headlines in the newspaper and blared on television news often tell of ways in which the world may be getting worse, but the importance of seeing the world as it really is cannot be overstated.

In his new book, *Enlightenment Now: The Case for Reason, Science, Humanism, and Progress*, Steven Pinker, the Johnstone Family Professor in the Department of Psychology at Harvard University, urges readers to set aside these lurid headlines and prophecies of impending doom and consider the facts underlying the reality of a happy and prosperous world.

Appreciating Modernity

Pinker provides an unapologetic defense of Enlightenment ideals—such as the belief in progress, the primacy of science, and self-determination—explaining just how the world has become better over the centuries.

“More than ever, the ideals of science, reason, humanism, and progress need a wholehearted defense,” Pinker writes. “We take its gifts for granted: newborns who will live more than eight decades, markets overflowing with food, clean water that appears with a flick of a finger and waste that disappears with another, pills that erase a painless infection, sons who are not sent to war, daughters who can walk the streets in safety, critics of the powerful who are not jailed or shot, the world’s knowledge and culture available in a shirt pocket.”

Taking the greatness of modernity for granted risks losing those gifts, Pinker notes.

“But these are human accomplishments, not cosmic birthrights,” Pinker writes. “In the memories of many readers of this book—and in the experience of those in less fortunate parts of the world—war, scarcity, disease, ignorance, and lethal menace are a natural part of existence. We know that countries can slide back into these primitive conditions, and so we ignore the achievements of the Enlightenment at our peril.”

**Specific Examples Cited**

Using historical descriptions backed by more than 1,000 references and 1,200 footnotes, Pinker recounts how technology has lifted humanity out of the mud, contrary to the fatalistic forecasts of a world made worse by technology. Indeed, Pinker writes, lower-income individuals in developed countries such as the United States are quite well-off.

The tide of technology, he notes, lifts all boats, including those occupied by the neediest people.

“Together, technology and globalization have transformed what it means to be a poor person, at least in developed countries,” Pinker writes. “The old stereotype of poverty was an emaciated pauper in rags. Today, the poor are likely to be as overweight as their employers, and dressed in the same fleece, sneakers, and jeans. The poor used to be called the have-nots. In 2011, more than 95 percent of American households below the poverty line had electricity, running water, flush toilets, a refrigerator, a stove, and a color TV.”

“Taking the greatness of modernity for granted risks losing those gifts, Pinker notes.

“More than ever, the ideals of science, reason, humanism, and progress need a wholehearted defense,” Pinker writes. “We take its gifts for granted: newborns who will live more than eight decades, markets overflowing with food, clean water that appears with a flick of a finger and waste that disappears with another, pills that erase a painless infection, sons who are not sent to war, daughters who can walk the streets in safety, critics of the powerful who are not jailed or shot, the world’s knowledge and culture available in a shirt pocket.”

Apocalypse When?

As *Enlightenment Now* moves from the concrete to the abstract, Pinker engagingly notes many people continue to predict the decline of modern life and decay of order into chaos despite the obvious facts contradicting such prognostications.

If the world is getting worse and civilization is slouching toward ruin, Pinker writes, it’s taking its sweet time about it.

“For almost two centuries, a diverse array of writers has proclaimed that modern civilization, far from enjoying progress, is in steady decline and on the verge of collapse,” Pinker writes. “In *The Idea of Decline in Western Civilization*, the historian Arthur Herman recounts two centuries of doomsayers who have sounded the alarm of racial, cultural, political, or ecological degeneration. Apparently the world has been coming to an end for a long time indeed.”

Pinker identifies the various strains of this genre of doom-and-gloom prophecy he calls declinism, expertly explaining why being bearish on humanity’s chances is a bad bet. Instead of being happy about Armageddon failing to occur, adherents of declinism simply find another end-of-the-world scenario to fear, Pinker explains.

“One form of declinism bemoans our Prometheus dabbling with technology,” Pinker writes. “By wrestling fire from the gods, we have only given our species the means to end its own existence, if not by poisoning our environment, then by loosing nuclear weapons, nanotechnology, cyber-terror, bioterror, artificial intelligence, and other existential threats upon the world. And even if our technological civilization manages to escape outright annihilation, it is spiraling into a dystopia of violence and injustice: a brave new world of terrorism, drones, sweatshops, gangs, trafficking, refugees, inequality, cyberbullying, sexual assault, and hate crimes.”

Predicting a Bright Future

Readers will delight, as I did, in Pinker’s challenging defiance of common declinist wisdom as he takes us on a tour of a promising future, appreciating the greatness of the world as it is.

Make no mistake: the future will not be perfect, and Pinker’s *Enlightenment Now* makes no such claims.

However, readers will close the book with a renewed hope that humanity can rise to whatever challenges life may bring, unafraid to scale the heights of which we are capable.

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"Using historical descriptions backed by more than 1,000 references and 1,200 footnotes, Pinker recounts how technology has lifted humanity out of the mud, contrary to the fatalistic forecasts of a world made worse by technology."

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