Clearing Out Outmoded Laws
Michigan policymakers are updating old criminal laws, decriminalizing such activities as cursing in public. Page 3

Kentucky Park Privatization
Candidates running for governor in Kentucky agree running state parks as public-private partnerships helps taxpayers and consumers. Page 7

Choking ‘Choke Point’
A bill cracking down on ‘Operation Choke Point’ passed a critical vote in Congress, but some argue it doesn’t go far enough. Page 11

Keystone State Standoff
Pennsylvania lawmakers are locked in a fight against Gov. Tom Wolf’s request for higher taxes, and neither side seems willing to back down. Page 16

America, Ascendant
A fascinating new book analyzing geopolitical and demographic trends suggests big trouble ahead for many nations, but abundant natural advantages suggest the United States might successfully weather global instability. Page 18

Pa. Lawmakers Stand Firm Against Tax Hikes
By Mark Ramsey
Pennsylvania lawmakers and Gov. Tom Wolf (D) are battling over the state’s budget as legislators refuse to accept the governor’s demand for higher taxes and more spending.

Nathan Benefield, vice president of policy analysis for the Commonwealth Foundation, says Wolf’s proposed tax and spending increases are the largest proposed in the state in four decades.

“Wolf proposed a general fund spending increase—about $2.5 billion—representing a 9 percent increase,” Benefield said. “His total operating budget increase, including all other funds and federal funds, also represents a 9 percent increase. When including additional tax revenue that would not be spent but retained for the Commonwealth Foundation, says Wolf’s proposed tax and spending increases are the largest proposed in the state in four decades.

The Heartland Institute
The Heartland Institute

By Tony Corvo
In the wake of revelations Internal Revenue Service (IRS) agents unfairly targeted certain non-profit organizations for enhanced compliance scrutiny, the U.S. Government Accountability Office (GAO) has released a new report detailing IRS’s failure to enact safeguards preventing future instances of unequal scrutiny.

Beginning in 2010, employees of the IRS’s Exempt Organizations division, under the supervision of division director Lois Lerner, violated IRS policies by singling out organizations for special examination based on a group’s name or policy positions with the aim of slowing or preventing the ability of conservative organizations to receive tax-exempt donations in the run-up to the 2012 elections.

Despite prior GAO documenta-

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Mich. Lawmaker: Drop Outdated Laws

By Warner Todd Huston

A Michigan lawmaker is spearheading an effort to remove outdated or useless laws from the state’s books.

House Bill 4248, sponsored by state Rep. Chris Afendoulis (R-Grand Rapids), removes criminal penalties for activities such as dueling, using foul language when women are present, or playing the national anthem “as a part or selection of a medley of any kind” in a “theatre, motion picture hall, restaurant or café.”

‘Low-Hanging Fruit’

Afendoulis says his bill is the first step in the process of examining and reforming Michigan’s entire criminal justice system. “We just had a list of old laws, and we wondered, ‘What can we look at to pare back? What can we start with?'” Afendoulis said. “We really wanted to do things that were relatively non-controversial, ... the low-hanging fruit, ... to get things started.”

Extreme (In)Justice

Afendoulis wants he says he wants to push back against the criminal justice system’s expanding role in Americans’ lives.

“There is a national trend across the political spectrum to get a handle on over-criminalization of behavior across the country,” Afendoulis said. “I mean, the pendulum has swung a little bit too far toward criminalizing everything. Some of these rules might be governing things that people think are inappropriate or they might be unacceptable to certain people, but the standard should be, ‘Is this really a crime?’”

Afendoulis says criminal justice reform includes focusing on intentions.

“There is this whole concept of mens rea, the concept of intent,” Afendoulis said. “In Michigan, for instance, we had one where you can't transport a Christmas tree without a bill of sale. Well, who knows that [is illegal]? And if someone did that and was pulled over, with a police officer demanding a bill of sale from the Christmas tree lot, the driver might be unaware of the law.”

Criminal Thoughts

Michael J. Reitz, executive vice president of the Mackinac Center for Public Policy, says lawmakers should be more careful when crafting laws.

“If lawmakers were thinking more carefully about whether or not a new crime needed to be created, [I] think that would result in fewer new crimes being created and would help alleviate the problem of over-criminalization,” Reitz said.

Reitz says he hopes lawmakers will repeal unnecessary existing laws and stop proposing new unnecessary laws.

“When it comes to deleting outdated or unnecessary criminal laws, hopefully, there’s an end to this work,” Reitz said.

Wyoming Lawmakers Try Again for Civil Asset Forfeiture Reform

By Matt Hurley

Wyoming Gov. Matt Mead (R) vetoed a bill reforming the state’s civil asset forfeiture laws and protecting citizens’ rights to due process, but lawmakers are trying again with a second bill to reform the process through which local and state law enforcement authorities may seize private assets and property believed to have been used for criminal activities.

State Rep. Kendell Kroeker (R-Evansville), who sits on the state’s Joint Judiciary Committee, says too little is done to protect citizens’ constitutional rights in Wyoming.

“The Fifth Amendment states, among other things, that no person shall be deprived of life, liberty, or property without due process,” Kroeker said. “I don’t see anything resembling due process when it comes to our forfeiture laws in Wyoming.”

“Because of the Fifth Amendment, states, and other governments, that no person shall be deprived of life, liberty, or property without due process,” Kroeker said. “I don’t see anything resembling due process when it comes to our forfeiture laws in Wyoming.”

Kroeker says reforms to Wyoming’s civil asset forfeiture laws are long overdue.

“All the state is required to show is that there is an appearance of being tied to drugs for the state to win a forfeiture case,” Kroeker said. “That is really no standard at all.”

The game is rigged in favor of the government, Kroeker says.

“Around two-thirds of the cases are default judgments in favor of the state,” Kroeker said. “That means the individual had their property taken from them and forfeited to the state without even getting to appear in court.”

Kroeker says asset forfeiture after a criminal conviction strikes the proper balance between law enforcement agencies’ goals and individuals’ rights.

“I think the most critical area of reform is to require that someone is convicted of a crime before the state can [demand that they] forfeit their possessions,” Kroeker said. “That would respect the Fifth Amendment. It would allow someone to be [presumed] innocent until proven guilty, not the other way around.”

Kroeker says crime shouldn’t be profitable, but neither should law enforcement.

“I think it is completely appropriate to say that crime shouldn’t pay, and therefore allow the state to [force people to] forfeit profits from illegal activity,” Kroeker said. “But the key is crime shouldn’t pay, so the state should have the burden of proof to convict someone of a crime first.”

Jeff Holcomb, an associate professor at Appalachian State University’s Department of Government and Justice Studies, says states should move toward a criminal asset forfeiture system.

“Personally, I believe that a criminal conviction should probably be a requirement for the government to forfeit individual assets, but that is obviously not a well-shared vision under most state laws,” Holcomb said.

Holcomb says lawmakers should pass reforms to protect citizens’ rights.

“States need to reconsider the standard of proof necessary to forfeit assets, who has the burden in innocent-owner claims, and make sure these provide adequate protection to property owners,” Holcomb said.

Matt Hurley (wmtdtvnat@yahoo.com) writes from Cincinnati, Ohio.
Ohio Lawmaker Offers Prevailing Wage Repeal Bill

By Matt Hurley

An Ohio lawmaker is proposing a bill to repeal the state’s prevailing wage laws, allowing municipal governments to pay market value for public works projects.

State Rep. Kristina Roegner (R-Hudson) is sponsoring House Bill 280, a bill proposing to revise the state’s laws regarding the cost of government contracting for construction and infrastructure projects.

Prevailing wage laws require governments to pay an artificially calculated hourly rate determined using formulas and surveys, instead of market competition, for publicly funded projects.

Successful Track Record

Roegner says partial reforms to the state’s prevailing wage rules have already paid off.

“In 1997, to help Ohio’s schools, the Ohio General Assembly exempted school construction and renovation projects from the state’s prevailing wage law,” Roegner said. “The Legislative Service Commission studied the impact of the exemption of school construction and renovation projects and found that Ohio schools saved $487.9 million over a four-year period.”

Mandatory Waste

Roegner says the current rules force local governments to waste taxpayers’ money.

“If you look at the median wage of construction workers in the Columbus [Ohio] area and compare [it] to the total prevailing wage rate for a worker doing the exact same job [elsewhere], you will find astronomical differences in the wages,” Roegner said. “The median wage for an electrician in the Columbus Metropolitan Area is $19.31 per hour. That is over double the median hourly rate for workers doing the same job in the same market.”

Cites Unfairness to Workers

Roegner says the current prevailing wage rules are unfair to workers as well as taxpayers.

“Labor costs should not be one level for private construction and another for public construction projects,” Roegner said. “Contractors should be given the ability to negotiate fair wages that are representative of the work done, not represented by an artificially high union wage. Construction workers of companies receiving state contracts should not be receiving special treatment on the backs of taxpayers.”

Price Floors

Frank Conte, communications director of the Beacon Hill Institute, says prevailing-wage laws don’t help workers.

“Prevailing wage laws are, essentially, a price floor on the price of labor when they call for a bid. [It’s] the minimum mandated by a state or federal government on particular projects.”

FRANK CONTE, COMMUNICATIONS DIRECTOR, BEACON HILL INSTITUTE

“Prevailing wage laws are, essentially, a price floor on the price of labor when they call for a bid. [It’s] the minimum mandated by a state or federal government on particular projects.”

Frank Conte, communications director of the Beacon Hill Institute, says prevailing-wage laws don’t help workers.

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“In Ohio, the prevailing wage is the union-negotiated wage. If there’s no collective bargaining agreement [CBA] in a certain jurisdiction, the jurisdiction must use the rates set by the closest CBA, geographically.

“The prevailing wage also includes certain benefits—such as vacations, health insurance and pensions—and requires certain work rules—ratio of apprentice to jour neyman, for example.

“The law applies to certain public construction projects but exempts some that are under specific monetary thresholds.”

Criminal Justice Reformers Urge Obama: ‘Ban the Box’

By Ashley Herzog

Criminal justice reform activists are urging President Barack Obama to mandate removing “the box” on federal contract applications.

On many application forms for public- and private-sector jobs, applicants are asked about prior criminal histories. Lauren Galik, director of criminal justice reform at the Reason Foundation, says the difficulty of finding a job after serving time in prison encourages a return to crime, known as recidivism.

“Most people in prison today will eventually be released back into society,” Galik said. “Do we really want to make it harder for convicted felons, who are already at a huge disadvantage economically, to gain meaningful employment and become productive members of society upon release? By removing that section of the application, it allows employers to evaluate a candidate based upon their merits and qualifications alone.”

A ‘Foot in the Door’

Galik says removing “the box” does not prevent potential employers from checking an interviewee’s background later in the hiring process.

“This doesn’t prevent employers from finding out about a person’s criminal history at all,” Galik said. “There are other ways they may learn that information: Either by asking about it at the interview stage or through a background check, which I think an employer has every right to do and should do. ‘Ban the box’ doesn’t prevent employers from ever learning about a person’s criminal history. It merely allows the candidate to get his or her foot in the door.”

Doesn’t Want Government Mandate

Derek Cohen, deputy director of the Texas Public Policy Foundation’s Right on Crime and Center for Effective Justice programs, says individual companies, not the government, should determine how they choose to screen applicants.

“That’s the proper application of ‘ban the box,’” Cohen said. “You know what, this isn’t really relevant for our hiring needs, so we’re just not going to do it anymore,” Cohen said. “When private industry does it, that’s when it’s best applied. When the government forces everybody to do it, that’s where the government oversteps. It merely allows the candidate to get his or her foot in the door.”

Gov. Bentley Patches Ala. Budget Hole with Cigarette Taxes

By Elizabeth BeShears

Alabama Gov. Robert Bentley (R) signed into law the state’s budget bill for fiscal year 2016, raising the state’s tax on cigarettes by 25 cents per pack, from 42.5 cents to 67.5 cents, about 59 percent.

Bentley’s budget also includes new taxes on pharmacies and nursing homes that he says will fund increased entitlement spending.

‘Doesn’t Seem Like the Answer’

State Rep. Mike Holmes (R-Wetumpka), a member of the Alabama House Ways and Means General Fund Committee, told Budget & Tax News higher taxes are not the way to solve the state’s budget problems.

Holmes voted “present” on the budget bill.

“I ran on a basis of no new taxes and more fiscally responsible state government,” Holmes said. “The whole idea of increasing taxes at all or adding new taxes at a time like this doesn’t seem like the answer.

“We don’t have a revenue problem, we have a spending problem, and I solidly believe that,” Holmes said.

Holmes says lawmakers should cut waste and reduce spending in state agencies.

“It’s [waste] scattered throughout our state [that’s the problem], from the governor’s office to the various agencies,” Holmes said.

“They’re waste in all of them; there’s fraud in all of them; there’s corruption in all of them; there’s a lot of cronyism in all of them; and it’s costing taxpayers a lot of money.”

Feeding the Beast

Holmes says throwing money at the budget problem is not working: “The more we come up with new taxes or increase old taxes, we’re just feeding this beast that our state government has become,” Holmes said. “The more you feed it, the more it’s going to grow.”

‘Just a Talking Point’

Katherine G. Robertson, vice president of the Alabama Policy Institute, says sin tax proposals are often little more than politically expedient cash grabs.

“You hear a lot of talking points about how we should tax things that are bad for people, because then not only does the state get new revenue, people are actually healthier,” Robertson said. “That’s just a talking point.”

Robertson says Bentley’s sin tax proposal is more about budgetary health than public health.

“This is a governor and a situation where this has nothing to do with improving health,” Robertson said. “This is really about what we can tax without hearing a whole lot of public outcry.”

“Most people in prison today will eventually be released back into society. Do we really want to make it harder for convicted felons ... to gain meaningful employment and become productive members of society upon release?”

LAUREN GALIK, DIRECTOR OF CRIMINAL JUSTICE REFORM, REASON FOUNDATION

Elizabeth BeShears (etb@yellowhammernews.com) writes from Trussville, Alabama.
4th Amendment Ruling on Cell Phone Data Upheld

By Elizabeth BeShears

In July, U.S. District Court Lucy Koh upheld a lower court’s ruling requiring law enforcement investigators to obtain a warrant before seeking location data from mobile phone companies. Obama administration lawyers have filed an appeal of Koh’s order in the U.S. Court of Appeals for the Ninth Circuit.

Historical cell site location information (CSLI), a log of the cell phone towers to which a mobile phone has connected, can be used to track individuals’ location and movements. Federal law enforcement agencies say they should not be required to obtain a warrant before asking mobile phone companies to turn over this information during an investigation.

Someone’s Watching

Nathan Wessler, a staff attorney with the American Civil Liberties Union’s Project on Speech, Privacy, and Technology, says government investigators should be required to obtain warrants before tracking people’s activities.

“Every time we make or receive a cell phone call or send or receive a text message, or increasingly, every time our cell phone updates its data connection, our service provider … is logging and retaining a record of our location at each of those points in time,” Wessler said.

‘Details of Our Lives’

Wessler says government agents can use CSLI to violate constitutional rights.

“It’s our position, and courts are now agreeing, that the Fourth Amendment requires a warrant for this extraordinarily sensitive information—information that can show some of the most private parts of our lives, [including] … where we go to the doctor, the psychologist, … if a person goes to a gun store or a [National Rifle Association] rally or a political convention, who they spent time with, and so many more details of our lives,” Wessler said.

Settling the Question?

Julian Sanchez, a senior fellow with the Cato Institute, says this issue will eventually be decided by the U.S. Supreme Court.

“Judge Koh’s ruling sets up a circumstance where this is going to have to make its way eventually to the Supreme Court, because courts are absolutely all over the map when it comes to cell phone tracking,” Sanchez said. “There are courts that say, ‘You need a warrant to do it in the real time, but not [for] looking through historical records like phone bills,’ and now you have some courts saying, ‘No, even if it’s historical records, you need a warrant to get huge amounts of information that amounts to a map of someone’s movements over weeks or maybe months.’”

Sanchez says technological advancements are making the Fourth Amendment more important to Americans’ daily lives.

“We’re approaching a time where if you don’t live like Henry David Thoreau, almost everything you do is going to leave some kind of data trace somewhere,” Sanchez said. “If lots of that data is aggregated, the government will have an almost complete picture of your activities and your life. The bigger picture here is how is the Fourth Amendment … going to adapt to that new reality?”

Elizabeth BeShears (etb@yellowhammernews.com) writes from Trussville, Alabama.

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IN OTHER WORDS . . .

“Judge Koh notes that this ruling isn’t rejecting the ruling in Smith—rightly noting that only the Supreme Court can determine that it’s no longer good law—but notes that the ruling there is different enough from this one that it does not apply. Ideally, the Supreme Court will get around to rejecting the ridiculous third party doctrine altogether, but if it must stand, a ruling like this is helpful in returning just a bit of 4th Amendment protected privacy to the American public.”

Kentucky Guy Candidates Call for Park Private-Public Partnerships

By Amelia Hamilton

Both major party candidates running for governor of Kentucky are calling for the state to explore entering into public-private partnerships (P3s) to improve the quality of the state’s 49 parks and help close a looming $14 billion gap between state spending and revenue.

Speaking at the annual Kentucky Chamber of Commerce Candidates forum, Matt Bevin (R) and Jack Conway (D) said the idea of using P3s to reduce the burden on taxpayers has merit.

“There are ways we could engage in public-private partnerships with the hospitality industry to do more in and around tourism and state parks,” Conway said.

Changing the Status Quo

Jim Waters, president of the Bluegrass Institute for Public Policy Solutions, says the candidates’ willingness to explore P3s as an option is encouraging.

“Just because government has always done this doesn’t mean it should always continue to do it,” Waters said. “Legislators or policymakers must be willing to look at every area of spending and be willing to try new and innovative ideas.”

Waters says if a policy isn’t working, lawmakers should not be afraid to change it in favor of new ideas.

“Government here has always run the state parks, but that doesn’t mean that’s the best way or that we have to remain stuck with a system that loses money and doesn’t work,” Waters said. “If something doesn’t work in the private sector, [and] if there aren’t changes made, companies go out of business. Unfortunately, with government they just go back to the taxpayers for more money, but that’s not going to be a solution now with our budget situation.”

Holly Fretwell, a research fellow with the Property and Environment Research Center and adjunct economics instructor at Montana State University, says parks operated as P3s have a better incentive to satisfy visitors.

Changing Incentives

“We need to actually change the incentives to get better management, and that, in most cases, means decentralizing the management and giving park managers better incentives, giving them more flexibility, and making sure they’re accountable,” Fretwell said.

“That is what we see when we look at the private sector: accountability.”

Privatized parks have more incentives to respond to what visitors actually want, Fretwell says.

“I think private parks have better incentives to manage financially and to be sure that they are meeting the desires of the visiting public,” Fretwell said. “You go out of business if you aren’t accountable to your consumers.”

Amelia Hamilton (mail@amelia hamilton.com) writes from Traverse City, Michigan.

Federal Court to Hear Lawsuit Challenging FCC Power Grab

By D. Brady Nelson

The United States Telecom Association (USTA) will present oral arguments in December in support of its lawsuit against the Federal Communications Commission’s (FCC) decision to regulate Internet service providers as utility companies under the authority of Title II of the Communications Act of 1934.

USTA alleges the regulators violated federal laws and regulations when claiming the new powers for themselves.

Information Superhighway ‘U-Turn’

Grover Norquist, president of Americans for Tax Reform, says the power grab was a significant deviation from established federal telecommunication policies.

“For years, and even before the U.S. Supreme Court, the FCC has refused to classify broadband as a highly regulated Title II service,” Norquist said. “The utility Title II reclassification is a major policy U-turn with a precarious legal foothold.”

An unbiased judge would recognize the danger of FCC’s net neutrality flip-flop, Norquist says.

‘Arbitrary and Capricious’

“Courts are increasingly playing the activist, when their job is to be politically unbiased,” Norquist said. “The court should easily see that the FCC’s flip-flop is arbitrary and capricious, [and] therefore invalid.”

Ryan Radia, an associate director of technology studies with the Competitive Enterprise Institute, says the Telecommunications Act of 1996 says the opposite of what FCC claims it says.

“The U.S. Court of Appeals should invalidate the FCC’s 2015 net neutrality rules because they exceed the agency’s statutory authority,” Radia said. “Congress has never authorized the FCC to treat Internet providers as ‘common carriers,’ yet the FCC now insists it can do so based on a deeply flawed reading of the Telecommunications Act.”

FCC Missing the Point

Radia says FCC deliberately missed the Telecommunications Act’s purpose.

“This law actually embodies Congress’s deregulatory approach to the Internet, a bipartisan policy decision made by lawmakers in 1996, when President [Bill] Clinton signed the Telecommunications Act into law,” Radia said. “The market for Internet access has served consumers quite well without extensive bureaucratic meddling, as the steady and consistent increase in broadband speeds illustrates.

“If the Appeals Court lets the FCC get away with rewriting the law to expand its authority over the Internet, consumers will ultimately suffer from reduced infrastructure investment and, consequently, less innovation throughout the Internet ecosystem,” Radia said.

D. Brady Nelson (d.brady.nelson@me.com) writes from Washington, DC.

INTERNET INFO


GAO: IRS Still Lacks Safeguards to Prevent Political Targeting

Continued from page 1

tion of IRS internal policy violations, IRS policies still do little to prevent unfairness in the agency’s operations.

‘We Are Watching Them’

Rep. Peter Roskam (R-IL), chairman of the U.S. House Ways and Means Subcommittee on Oversight, says lawmakers must continue to pressure IRS to change its ways.

“It’s an old IRS ploy where they come in and say, ‘We agree with the findings, and we agree to make these changes,’ but then they never ... make the changes,” Roskam said. “So, we are going to continue to do the oversight necessary to keep this in the minds of the American public, and to make sure the IRS knows we are watching them.”

Roskam says Lerner, who resigned with a full federal pension after refusing to testify before Congress about her division’s actions, may yet be prosecuted for her role in the scandal.

“It’s obvious that this administration has no intention of pursuing Lois Lerner, and that’s very unfortunate,” Roskam said. “However, the statute of limitations does not lapse on her activities until well into the next administration. So if there is a different president and a different Justice Department, they may choose to pursue Lois Lerner.”

Follow the Money

Bruce Yandle, dean emeritus of Clemson University’s College of Business and Behavioral Science, says public choice theory explains IRS’s failure to correct its policies.

“Basically, public choice theory states that elements of political behavior are predictable when viewed through the lens of economics,” Yandle said. “The old adage ‘Keep your eye on the money’—where it comes from, and where it goes, will help you understand the different actions that take place politically.”

‘The Behavior Is the Same’

Yandle says government agencies pursue their own preservation, regardless of politics.

“That makes it all the more interesting, particularly from a public choice standpoint, because the findings say it doesn’t matter whether they are Republicans or Democrats,” Yandle said. “The behavior is the same.”

Weaponized Enforcement

Yandle says government agencies can be expected to protect those it perceives as friends and attack those it considers to be enemies.

“A Federal Trade Commission investigation of anti-trust complaints found, systematically, that the FTC was less likely to bring action against a firm located in a district or state of the chairman of their oversight committee,” Yandle said. “In 1999, a study was done on political influences in the IRS by examining rates at which the IRS engages in audits. Examining the data during the [President Bill] Clinton period, the investigators found, systematically, that the IRS frequently had audits in those places where people did not behave well toward Bill Clinton.”

“It’s an old IRS ploy where they come in and say, ‘We agree with the findings, and we agree to make these changes,’ but then they never ... make the changes. So, we are going to continue to do the oversight necessary to keep this in the minds of the American public, and to make sure the IRS knows we are watching them.”

PETER ROSKAM
U.S. REPRESENTATIVE, ILLINOIS

Illinois Lawmakers’ Budget Standoff Hits Lottery Winners

By Elizabeth BeShears

Illinois lawmakers’ continued refusal to propose a balanced state budget is preventing the state’s lottery agency, administered by a private company through a private-public partnership, from disbursing winnings of $600 or more.

Lottery winners can make their claims at state lottery centers, but those claims will not be paid until lawmakers submit to Gov. Bruce Rauner (R) a budget without deficit spending.

Hilary Gowins, managing editor for the Illinois Policy Institute, says lawmakers’ failure to compromise with Rauner is wreaking havoc with government services.

‘Crazy Effects’ of Impasse

“How we’ve gotten to where we can’t even pay people who have won the lottery is that instead of working with the governor, legislators have chosen to combat him,” Gowins said. “Lawmakers being unwilling to do the right thing and pass a balanced budget is having all kinds of crazy effects, and Illinoisans are the ones who are suffering.

“Unfortunately, lottery winners are in a long line right now, with [Department of] Human Services and other spending items that have no funding,” Gowins said. “They’re going to be in line with everybody else, waiting to see how this plays out.”

Probabilities and Payouts

Kent Grote, an assistant professor of economics and business at Lake Forest College, says the state’s inability to pay out its promises will have real consequences.

“They’re going to lose lottery revenues,” Grote said. “There are already very low odds of winning the lottery in the first place. Now, on top of that, you have to add the probability that you may not get money from the State of Illinois for several months, until the state approves a budget. There will absolutely be consequences.”

Elizabeth BeShears (ets@yellowhammernews.com) writes from Trussville, Alabama.

“Lawmakers being unwilling to do the right thing and pass a balanced budget is having all kinds of crazy effects.”

HILARY GOWINS
MANAGING EDITOR
ILLINOIS POLICY INSTITUTE

INTERNET INFO


Tony Corvo (tcorvo54@gmail.com) writes from Beavercreek, Ohio.
Philadelphia Regulators Seek Uber Ban, Legal Fees

By David Adams

In addition to its current practice of impounding vehicles being used as “unauthorized service providers,” Philadelphia regulators filed a lawsuit against Uber, a popular transportation network connecting drivers and riders directly, seeking $300,000 in fines and a complete ban on the company’s UberX basic level of service.

Uber Black, Uber’s luxury-level ride-sharing program, had already been barred from the city until the company agreed to comply with the Philadelphia Parking Authority’s (PPA) licensing and supply restrictions. Unlike Uber Black, a popular option for already licensed cabbies, UberX drivers use their personal vehicles.

Protection Racket

James Paul, a senior policy advisor with the Commonwealth Foundation, says government regulators are promoting the interests of taxi cab companies, not Philadelphia residents.

“In no way does banning Uber serve the needs of the public or encourage economic development,” Paul said. “Consumers in Philadelphia seek more affordable, convenient transportation options—exactly what Uber provides.”

‘Brass-Knuckle Tactics’

Paul says PPA is more interested in exercising regulatory power than helping consumers.

“The existing taxicab monopoly stands to gain from PPA’s brass-knuckle tactics against Uber, which serve only to perpetuate PPA’s own power at the expense of consumers,” Paul said. “If regulators and lawmakers were truly interested in improving quality options for consumers, they would open up the marketplace to new competition and deregulate the current monopoly.”

Market Networks

Adam Smith, an assistant professor of economics at Johnson & Wales University, says the sharing economy’s nature benefits consumers more than traditional, centrally planned models.

“The sharing economy is a series of platform markets in which buyers and sellers can find one another and then transact more or less with just themselves,” Smith said. “Companies like Uber facilitate this dynamic by providing the platform for drivers and riders to connect.

“The sharing economy is much more than a buzzword,” Smith said. “It does represent putting to use what was previously dead capital; that is, capital that was not being employed in a beneficial sense to the owner. The key here is to facilitate all this, and this is what the sharing economy has really accelerated.”

Smith says the sharing economy’s nature replaces the need for many regulations.

“Except in extreme cases, banning services altogether is never in the consumer’s best interest,” Smith said. “Figuring out whether you had a good cab ride is not that daunting of a task, and so it’s not clear why regulators need to intervene at all.”

David Adams (kyprogress@yahoo.com) writes from Nicholasville, Kentucky.
Memphis Lawmakers Propose Tourism Tax Hike to Fund Construction, Sports Subsidy

By Michael Bates

Memphis, Tennessee lawmakers approved a plan hiking the city’s tourism taxes on hotel rooms to help fund a $900 million renovation of the city’s downtown area, including the city’s convention center.

The proposed 15-year project includes servicing municipal bonds issued in 2002 to build the FedEx Forum, a privately owned National Basketball Association arena housing the Memphis Grizzlies.

Bad Deal for Taxpayers

Adam Millsap, a research fellow with the Mercatus Center’s State and Local Policy Project, says governments’ downtown revitalization projects are a losing proposition for taxpayers.

“If you take all of the costs into account, including the opportunity cost of the land, construction materials, tax dollars, as well as the crowd-out effect that a government-funded convention center has on privately developed convention space, I don’t think there would be a positive return on the investment,” Millsap said.

Lack of Demand

Millsap says the government should get out of the construction and tourism business.

“The private sector has no problem providing hotels and convention space in places where there is a demand for it,” Millsap said. “If a place is an attractive destination for conventions, developers can make a profit building and operating places to hold conventions. If a government builds a convention center because [it] can’t find a private developer willing to risk their own money on one, then there probably shouldn’t be a convention center there.”

Vicious Circle of Spending

Building a convention center with taxpayer money leads to spending more money to lure conventions to the center, Millsap says.

“Furthermore, once a government builds a convention center, they have a strong incentive to spend additional taxpayer money subsidizing conventions in order to make sure it gets used,” Millsap said. “Convincing taxpayers to hand over millions of dollars for a convention center that later sits empty doesn’t help the local politicians’ popularity.”

Braden Boucek, general counsel for the Beacon Center of Tennessee, says the numbers just don’t add up.

“Undoubtedly, conventions do bring in revenue for cities, but it would take an awful lot of conventions coming here, that otherwise would not without a state-of-the-art convention center, to make up for $900 million,” Boucek said.

‘Not the Role of Government’

Spending public money to benefit private companies is not fair to the taxpayers, Boucek says.

“It’s not the role of government to attract tourists and generate profits for private entities,” Boucek said. “Those entities, … the hotels, have a strong interest in attracting visitors, and it’s more appropriate for them to spend their money doing it than forcing taxpayers to foot the bill.”

Michael Bates (blog@matesline.com) writes from Tulsa, Oklahoma.

‘Regressive’ Cigarette Tax Hike Proposed in Calif.

By Andrea Dillon

Lawmakers in California are proposing increasing the tax on cigarettes by $2 per pack to fund proposed increases in entitlement spending.

The proposed tax hike would also affect sales of e-cigarettes. Lawmakers project the tax hike will bring in $1.5 billion in additional revenue.

Michael LaFaive, director of the Mackinac Center for Public Policy’s Morey Fiscal Policy Initiative, says the tax hike may reduce cigarette sales in the state, but not for the reasons lawmakers think.

‘Evasion and Avoidance’

“There is no question in my mind that legal sales will drop,” LaFaive said. “So the question is, by what degree will it drop as a result of people quitting, which is a positive, and [by] what percent will it drop because of illicit activities: the evasion and avoidance?”

“From what we’ve seen earlier, … up to 85 percent of the change in legal paid sales after an excise tax increase [is] the result of tax avoidance and not of quitting,” LaFaive said.

All Downside

William Shughart II, research director at the Independent Institute, says the tax hike is bad news for California taxpayers.

“The type of revenue that is raised will be raised on the backs of the lowest-income households in California. It’s worth emphasizing that in this particular case the typical taxpayer is going to be from a low-income household.”

WILLIAM SHUGHART II
RESEARCH DIRECTOR
INDEPENDENT INSTITUTE

Politics, Not Public Health

Shughart says sin tax revenues are often used for purposes other than promoting public health.

“[People] might think, falsely, that money is going to be used for a good purpose,” Shughart said. “But it turns out that all these taxes and kinds of excise taxes on cigarettes and lots of earmarked tax revenues, just like the highway trust fund, … public politicians raid them all the time. Because they don’t want to spend the money on something else, so they pull the money out of trust funds, put in a bond or take a federal bond, and then transfer the money to something that buys them more votes than the original purpose for which the tax was created.”

Andrea Dillon (thell1885@gmail.com) writes from Holly Springs, North Carolina.

INTERNET INFO

Jerry G. Thursby and Marie C. Thursby,
House Committee OKs Crackdown on Justice’s ‘Operation Choke Point’

By Andrea Dillon

The U.S. House of Representatives Financial Services Committee approved a bill to prevent government agencies from using regulatory powers to force businesses in disfavored industries, such as adult entertainment or firearm sales, to stop doing business.

The Financial Institution Customer Protection Act of 2015, sponsored by Rep. Blain Luetkemeyer (R-MO), “prohibits a federal banking agency from formally or informally suggesting, requesting, or ordering a depository institution to terminate … [a] specific customer account” without good reason, and it excludes “reputation risk” as a reason.

Operation Choke Point (OCP) is a U.S. Department of Justice (DOJ) initiative, first disclosed in 2013, to investigate banks doing business with merchants selling products such as firearms or tobacco. OCP was a U.S. Department of Justice (DOJ) initiative, first disclosed in 2013, to investigate banks doing business with merchants selling products such as firearms or tobacco. OCP was initialed to prevent government agencies using regulatory procedures.

“Here’s the interesting thing about Operation Choke Point: It’s a bastardization of something that is arguably okay or all right,” Zywicki said. “If a bank is … knowingly participating in a scheme of fraud or money laundering or something like that, the authorities have [customarily] basically said to the bank, ‘Look, you can’t do that.’”

Andrea Dillon (thell1885@gmail.com) writes from Holly Springs, North Carolina.

Georgia Gas Tax Hike Drives Shoppers Across Border

By Gabrielle Cintorino

On July 1, Georgia replaced its 4 percent gas sales tax with a new flat-rate gas tax, increasing the excise by about 12 cents per gallon.

The effective increase in gas taxes is prompting Georgians residents to cross state lines to buy gas in South Carolina.

Adding federal and state gas taxes, Georgians pay about 51 cents per gallon in excise taxes, and South Carolinians pay only about 35 cents per gallon in excise taxes.

Leaky Gas Tax

Scott Drenkard, director of state projects with the Tax Foundation, says Georgia’s leaking gas tax problem was predictable.

“In regard to cross-border shopping, we know that it happens,” Drenkard said. “Everybody shops competitively when they’re shopping for gas. It’s all about balance, and I think Georgia is trying to strike that. You have to pay for roads, but you can’t set the gas tax too high. … Otherwise, you get this gas tax leakage.”

User Pays

Drenkard says shifting toward a strategy that creates more toll roads in the state and moves away from costly gas taxes would help solve Georgia’s lost transportation revenue problem.

“The revenue that [Georgia] gets from tolling only accounts for 1 percent of transportation,” Drenkard said. “Leaning on tolls would be good, because it would reduce the leakage issue. If you want to drive on the road, you have to pay the toll.”

Avoiding Taxes

Baruch Feigenbaum, a transportation policy analyst with the Reason Foundation, says Georgia’s gas tax change will affect consumer behavior in other unpredictable ways.

“I am sure some folks are crossing state lines, [but] I think this is a very small percentage, and it is not going to make economic sense for most of these folks to do so on a regular basis,” Feigenbaum said. “I am more concerned with the tax increase leading to more tax cheating… folks arranging to buy gasoline without paying the tax or declaring a vehicle exempt due to being classified as a farm vehicle when it is not.”

‘Slowly Dying’

Feigenbaum says advances in technology are making the gas tax unworkable.

“The problem with the gas tax is that it is slowly dying,” Feigenbaum said. “The combination of more fuel-efficient vehicles and electric vehicles will require a change in funding methods. Georgia also included a fee for electric vehicles, and a special fee for trucks. Both special-interest groups were underpaying for infrastructure, causing everyone else to have to pay more than their proportional share.”

Feigenbaum says a better long-term solution will need to be found, as gas taxes are only a temporary fix.

“Georgia’s solution stretches the gas tax as far as it can be stretched, providing a good short-term and medium-term solution, but not a long-term solution.”

Gabrielle Cintorino (gcintorino4@gmail.com) writes from Nashville, Tennessee.
A bipartisan group of lawmakers is demanding the return of money seized by the Internal Revenue Service (IRS) from a Maryland dairy farmer as part of a criminal investigation into his alleged violations of federal banking laws.

Randy and Karen Sowers, owners of the South Mountain Creamery, were accused of evading federal rules prohibiting “structuring,” or depositing money in bank deposits in relatively small amounts to avoid reporting rules intended to alert investigators to potential cases of money laundering.

In 2012, federal agents seized $29,500 from South Mountain Creamery. ‘Right the Wrong’

Reps. Peter Roskam (R-IL), John Lewis (D-GA), Charles Rangel (D-NY), and other members of the U.S. House Committee on Ways and Means’ Subcommittee on Oversight sent a letter to Treasury Secretary Jack Lew urging him to “right the wrong done to these small business owners” and “return the seized funds to their rightful owners.”

Walter Olson, a Cato Institute senior fellow, says Congress made it easier to prosecute structuring cases at the insistence of federal prosecutors. “Because structuring enforcement has seized the assets of criminals, but also a large number of innocent citizens, the Supreme Court ruled in the January 1994 Ratzlaf v. United States case that the government must prove a defendant ‘willfully violated’ the law,” Olson said. ‘The Supreme Court decision was a good ruling, but unfortunately prosecutors went to Congress and successfully got Congress that same year to change the law to remove the ‘willfulness’ clause.”

Promises Kept or Broken?

In April 2015, IRS and the Department of Justice (DOJ) promised to stop using structuring laws to prosecute individuals who are not suspected of other criminal activity. Jacob Sullum, a senior editor at Reason magazine, says it’s important to hold the government to that promise.

“It is fair to hold the IRS and the DOJ to those new policies, even if Congress did deliberately make it easier to complete forfeitures and win convictions in structuring cases by eliminating the requirement of willfulness,” Sullum said.

Tony Corvo (tcorvo54@gmail.com) writes from Beavercreek, Ohio.
Missouri Legislators Fail to Overturn Governor’s Right-to-Work Veto

By Amelia Hamilton

After Missouri Gov. Jay Nixon (D) vetoed legislation banning compulsory union membership and involuntary donations to labor unions as a condition of employment in the state’s workplaces, a vote to override the veto fell 13 votes short of the necessary supermajority needed to enact the bill into law.

Uphill Battle

The bill’s sponsor, state Rep. Eric Burlison (R-Springfield), says each attempt to preserve workers’ paychecks and freedom of association has come closer to succeeding.

“When I first filed the bill four years ago, no one had ever filed it in Missouri, and it was kind of a taboo issue,” Burlison said. “So then I filed it again, and the first year I filed it, the speaker would not even give it a hearing.

“Then, the next year, I filed it and had convinced the speaker at the time to give it a hearing,” Burlison said. “It was an absolute circus.

“So then the third year we filed [a bill that would make Missouri a right-to-work state], we got it debated on the House floor, but we didn’t get it voted out of the House and to the Senate,” Burlison said. “This last year, we filed it again, had it voted out again, got it out of committee, out of the House, and over to the Senate by February.”

‘Freedom to Associate’

Burlison says preserving workers’ freedom of association is important to him.

“If an individual finds that being a member of a union is in their best interests, then they should have the right and the freedom to associate with [people] they wish to associate with. If you’re being compelled to associate, then that’s not freedom.”

Eric Burlison
State Representative
Springfield, Missouri

More Freedom, More Jobs

Richard Vedder, a professor of economics at Ohio University, says right-to-work laws benefit workers.

“Where you have a right-to-work law, workers are given greater freedom,” Vedder said. “They’re not constrained. They’re not forced to do something they don’t want to, such as join a union or pay dues to the union.”

Right-to-work laws also promote economic growth, Vedder says.

“If you look at the states bordering Missouri, and you look at their economic growth since 2010—just per-capita income growth—and you compare Missouri with other states, correct for inflation, and [make] the appropriate adjustments, Missouri ranks dead last,” Vedder said.

Amelia Hamilton (mail@ameliahamilton.com) writes from Traverse City, Michigan.
The Lemon Grove, California City Council has expanded an existing ban on tobacco use in private businesses and public parks to include e-cigarettes.

Beginning October 1, using e-cigarettes in privately owned businesses, such as bars and restaurants, or public restrooms in privately owned businesses, is prohibited. Council members in Lemon Grove should concern themselves with more important public health matters.

“Given the complete lack of evidence that e-cigs, their vapor, or anything about them poses a health risk, this measure is merely an attempt by big government to suppress an adult activity for no valid reason whatsoever,” Ross said.

“We can safely say that millions of smokers have quit thanks to e-cigs,” Ross said. “There is zero evidence to support that seeing someone smoking or vaping in a park is going to encourage a youngster to start smoking.”

Dr. Gilbert Ross, senior director of medicine and public health at the American Council on Science and Health, says e-cigarette bans aren’t based on scientific facts.

Free-Market Groups Urge Congress to Reaffirm ‘Internet Independence’

By Rudy Takala

A coalition of free-market organizations created the Declaration of Internet Independence, an online campaign calling on Congress to reclaim regulatory powers assumed by the Federal Communications Commission (FCC) earlier in 2015.

In February, FCC claimed new oversight powers over the operation of the nation’s Internet networks, using Title II of the Communications Act of 1934 to justify new rules for regulating how Internet service providers (ISPs) may manage and operate the infrastructure they built.

Snowball Effect

Tom Struble, a legal fellow at TechFreedom, a nonpartisan public policy think tank focusing on digital issues, said FCC’s February power grab, officially known as the Open Internet Order, makes it easier for bureaucrats to claim even more power over consumers in the future.

“For using Title II as the basis for net neutrality rules, the FCC has opened the door to much broader regulation of the Internet than ever before,” Struble said. “ISPs will be hampered in their efforts to develop new and innovative service offerings, and edge services may feel the wrath of the FCC in other areas, like privacy and data security.”

‘Regulatory Certainty’

Struble says Congress, not unelected bureaucrats, should make the decisions on issues significantly affecting consumers.

“The greatest driver for investment in broadband and the Internet ecosystem is regulatory certainty, and only Congress can provide that, since regulation at the FCC may change dramatically from one administration to another,” Struble said. “Congress needs to take Title II off the table permanently.”

‘Illegal, Unwarranted, and Unnecessary’

Scott Cleland, former deputy U.S. coordinator for communications and information policy under President George H.W. Bush, says Congress should pass laws to return the Internet to the free-market principles on which it was founded.

“For 20 years ... Internet policy was one of Internet independence from government control,” Cleland said. “It ended this February when the FCC, in a very partisan vote, asserted Title II telephone regulation authority over the Internet, subjecting it to tight FCC control. Congress should do everything in its constitutional power to reverse this illegal, unwarranted, and unnecessary power grab,” Cleland said.

By Elizabeth BeShears

With the City of Chicago’s Finance Department having approved an expansion of the city’s “amusement tax,” a 9 percent excise tax on any “exhibition, performance, presentation or show for entertainment purposes,” Chicago taxpayers are suing city lawmakers, claiming the new tax on streaming audio and services such as Netflix exceeds the Finance Department’s legal authority.

“The lawsuit, filed in September by six Chicago residents and Netflix subscribers, also claims the tax violates federal law by taxing digital goods and services. The Internet Tax Freedom Act (ITFA), passed as part of the national government’s budget, prohibits multiple or discriminatory taxes on electronic commerce and online access.

Bypassing Voters

Clark Packard, a policy and government affairs manager at the National Taxpayers Union, says Chicago lawmakers bypassed voters when approving the tax.

“The case presents two foundational questions with far-ranging implications,” Packard said. “The first question is, what type of governmental system do we live in, or do residents of the City of Chicago live in? The important thing to know is the City Council didn’t vote on the tax; it was just an administrative ruling. This highlights the lack of democratic accountability.”

‘Discriminatory’ Tax

Packard says the Netflix tax may also violate federal law.

“Congress passed what’s known as the Internet Tax Freedom Act in 1998, on a wide bipartisan basis, and it was reauthorized in 2014 and signed by President [Barack] Obama,” Packard said. “One of the things ITFA did was keep state and local governments from enacting discriminatory, Internet-only taxes.

“In the example of Netflix, Netflix can be streamed through the Internet to your TV, or you can also get content in DVD form delivered in the mail,” Packard said. “Because the tax only applies to content delivered through the Internet, as opposed to through the mail, plaintiffs are saying that violates ITFA.”

‘Fiddling with the Rules’

Ted Lafferty, a tax and fiscal policy analyst for the American Legislative Exchange Council, says new taxes of any kind should not be created by unelected bureaucrats.

“If this is going to happen, it should really be done by the City Council of Chicago through the legislative process, not through the bureaucracy fiddling with the rules,” Lafferty said. “From a rule-of-law perspective, whenever you have a major change in tax policy—which this does amount to—[I] think it’s very important that goes through the proper channels and it is done through the proper legislative process.”

Elizabeth BeShears (etb@yellowhammernews.com) writes from Trussville, Alabama.
Regulators Hit Brakes on ‘Permissionless Innovation’

By Tony Corvo

Technology companies such as Google are experimenting with self-driving cars, using sensors and software to drive an automobile more accurately and safely than human drivers do.

Responding to the potential new technology, some states, including California and Nevada, are rolling out new regulations governing autonomous vehicles.

Getting Out of the Way

Other states, such as Texas and Virginia, are allowing self-driving cars on the roads, taking a default position of “permissionless innovation.”

Permissionless innovation is the idea people and companies should not have to receive regulatory permission before experimenting with or inventing new technologies or products.

Marc Scribner, a research fellow with the Competitive Enterprise Institute, says Google’s experiences with California regulators drove it to test its self-driving car technology in Texas.

In 2010, Google demonstrated a prototype autonomous car technology, showing how a legally blind volunteer could use the car to travel around Morgan Hill, California.

“Google asked the California Highway Patrol if what they did was legal, and the CHP came back and said there is nothing on the books that prohibits this,” Scribner said. “So, fast-forward a couple of years, after they enact this statute. The operation they did in 2010 with the legally blind man would be outlawed today. That is why you now see Google be very critical of similar state efforts.”

Regulators in the Slow Lane

Scribner says state governments are shaping the future landscape of automated-vehicle regulations, making federal regulators obsolete.

“The states are looking at automated vehicle technologies as the future, but at the federal government, and [among] some of the traditional automakers, you have this 1990s mindset,” Scribner said. “We have an environment where these old motor vehicle codes never contemplated the notion that you would have a vehicle operate without a driver.”

Bottlenecking Progress

Ryan Hagemann, a policy analyst on technology and civil liberties for the Niskanen Center, says outdated regulations are restricting technological progress.

“The one thing most people do agree on is the biggest hurdle is regulatory,” Hagemann said. “So it’s not the technology, but [the question is] how do we get these autonomous vehicles on the road while there are still people driving their car?”

Tony Corvo (tcorvo54@gmail.com) writes from Beavercreek, Ohio.

Pennsylvania Lawmakers Stand Firm Against Governor’s Tax Hike Plans

Continued from page 1

future spending and property tax rebates, Wolf's budget increase of $4.6 billion represents a 16 percent increase, ... the largest increase since 1974–75.

Worst in the Nation

Benefield says Wolf is calling for some of the biggest tax hikes in the entire nation.

“[Wolf’s] $4.6 billion tax increase is larger than proposals in any other state—indeed larger than every other governor’s tax [increase] proposal combined, according to the National Association of State Budget Officers,” Benefield said.

“Wolf wants higher taxes—about $4.6 billion next year and $8 billion in 2016–17, the first full year of implementation,” Benefield said. “This includes raising the income tax, raising the sales tax, imposing the sales tax on 45 categories of goods and services currently untaxed. These include diapers and personal care items, day care, nursing home care, home health care, college meal plans, textbooks, prescription drugs, and funeral services.”

Natural Gas Implosion

Jay Ostrich, spokesman for state Rep. Mike Turzai (R-Allegheny), says Wolf’s proposed tax hikes, including a new 5 percent tax on the value of natural gas extracted and other excise taxes, would drive energy companies out of the state.

“He has also demanded an unprecedented, unique third tier of taxation upon natural gas drillers, who have been the only consistent industry creating jobs here in Pennsylvania,” Ostrich said. “This punitive tax would make Pennsylvania the most unfriendly and onerous [state toward] the industry, and thus act as a de facto moratorium.”

Mark Ramsey (m15@ramseyweb.com) writes from Houston, Texas.
Wisconsin businesses are moving to Illinois and other states to avoid outdated Prohibition-Era regulations on who may operate or own restaurants and pubs.

Justin Aprahamian, chef of Sanford Restaurant in Milwaukee, and owners of other restaurants are opening brewing companies in Chicago in response to Wisconsin’s prohibition against brewery or pub owners holding liquor licenses for other businesses.

Legislated Morality
Competitive Enterprise Institute Fellow Michelle Minton says the problem is caused by regulations crafted almost a century ago, when lawmakers intended to enforce their personal beliefs on the rest of the state.

“People believed that the reason for excessive drinking was the fact that breweries owned taverns and would push the bartenders to sell as much of their product as possible,” Minton said. “There’s no evidence this actually occurred, but when prohibition was repealed, all of the states passed laws to separate the producers of alcohol from consumers.

“They created distributors, also called wholesalers, who were the only ones legally able to buy beer from brewers or to sell beer to retailers,” Minton said. “This is what we call the three-tier system.”

Minton says Wisconsin’s beer laws are relics of a bygone era.

“These laws serve little purpose other than preserving an outdated separation between brewer and beer drinker and protecting certain entities from competition,” Minton said. “Brewpubs are a great way to have a steady income, while people get to know and, hopefully, like your beer, while you prove to potential investors that there’s a market for what you’re selling.

“By preventing this type of branching out,” Minton said, “Wisconsin is slowing down what is one of the most vibrant markets around today: craft beer.”

‘Kind of Embarrassing’
Wisconsin state Rep. Dale Kooyenga (R-Brookfield) says something is very wrong when businesses are moving to Illinois to escape big government.

“It’s kind of embarrassing,” Kooyenga said. “Wisconsin is historically a place that’s known for brewing beer.”

Kooyenga says established players in the beer industry use the state’s regulations to protect themselves against competition.

“Essentially, what you have in this particular case is the established taverns are opposed to any changes in the law that may [allow] someone else to serve drinks, which is kind of silly because I don’t think it’s a threat to their business model.”

DALE KOOYENGA
STATE REPRESENTATIVE
BROOKFIELD, WISCONSIN

Elizabeth BeShears (etb@yellow hammernews.com) writes from Trussville, Alabama.
The Case for American Optimism in an Increasingly Unstable World

By Jay Lehr

On an increasingly complex geopolitical stage featuring numerous influential players, understanding how and why geographical happy accidents fueled America’s rise to power over the centuries is key to grasping the role our nation plays in the future of this new world.

Peter Zeihan, author of *The Accidental Superpower: The Next Generation of American Preeminence and the Coming Global Disorder*, explains how demography, geography, and geology give the United States an advantage over rival nations seeking to leave their marks on the course of history.

New World Orders
Zeihan, a geopolitical strategist and former global intelligence consultant, sees increasing global instability on the way.

“Impersonal factors beyond our control are not only tearing down the world we think we know, but also haphazardly putting a new one in its place,” Zeihan wrote.

Tracing the history of the world in about 50 pages, Zeihan explains how the United States saved the world and helped put it together, a feat he says no other country could have accomplished. At the Bretton Woods conference of nations, the United States crafted a new order for Europe, acting in benevolence to assist the defeated countries in their recovery. Zeihan says it is not a coincidence that 730 delegates from 44 allied countries met in New Hampshire to knit a war-torn world back together with cooperative organizations such as the International Monetary Fund.

Natural Advantage
Countering the “conventional contemporary wisdom that the United States’ best days are behind it,” Zeihan says such pessimism “isn’t simply wrong, it’s laughably so.”

Starting from first principles of how geography shapes nations’ relations with one another and building from that foundation, his book explains why some countries are more powerful than others and why the United States is uniquely positioned to weather the coming international storm that other countries may not survive.

One advantage held by the U.S. is our large swaths of farmable land. America’s Midwest is the largest contiguous area of farmable land in the world, spanning 333 million acres. And with more land area usable for port traffic than the rest of the world combined, the United States can literally ship anything from anywhere to anywhere.

China Not Ascendant
For example, many pundits claim China will be an ascendant power and supplant the United States’ role in geopolitics, but Zeihan explains why China just does not have the resources or geography to take on the role of global superpower. Over the past 10 years, labor costs in China have increased by a factor of six, driving away manufacturers who used to see China as an economic promised land. China’s workforce will also shrink, because the Chinese government’s oppressive family planning policies have caused the nation’s birth rate to fall below replacement level. Chinese factories may soon be left idle, simply because not enough workers are being born to work in them.

America on the Rebound
Zeihan’s book is a refreshingly level-headed departure from the doomsday predictions made about the United States by so many scholars and pundits today.

Ultimately, Zeihan’s analysis of geography and foreign relations indicates the United States will likely return to a role the nation played before World War II, one as a global power without designs on world domination but equipped with a long-range military capability to project force if provoked.

Throughout this impressive book, it is clear U.S. shale oil deposits and the nation’s many other abundant natural resources, including the American people themselves, give the United States an inherent advantage and a cause for optimism in the face of coming geopolitical adversity.

Jay Lehr, Ph.D. (jlehr@heartland.org) is science director of The Heartland Institute.
Defend Mobility & Homeownership

The Obama administration has joined many state and regional governments in making war on the automobile and suburbs. This makes housing and transportation less affordable and puts extra burdens on low-income families.

The American Dream Coalition’s 2015 conference on the Future of Affordability will help you defend your right to live and travel the way you want. The 2015 conference will take place in Austin, Texas, on November 6–8.

Defending the Suburbs

Portland, Oregon, metro-area planners have set a target of reducing the share of households living in single-family homes from 65 percent to 41 percent by 2040. HUD has approved rules requiring suburbs of single-family homes to subsidize apartment construction for low-income families. The Cato Institute’s Randal O’Toole and other speakers will show how you can defend your neighborhood from plans such as these.

Fighting Wasteful Transit

In the past year, American Dream Coalition members helped defeat expensive light-rail and streetcar proposals in six cities. Representatives of these groups will show how you can fight obsolete transportation plans in your city.

Defending the Automobile

The Washington legislature has set a target of reducing per capita driving by 50 percent by 2050. President Obama supports a plan to require that all new cars be fitted with “vehicle-to-infrastructure” devices that will allow government to remotely turn off your car if you drive “too much.” The Reason Foundation’s Baruch Feigenbaum, Competitive Enterprise Institute’s Marc Scribner and Marlo Lewis, and other speakers will show how you can respond to such plans.

American Dream Conference
Austin, Texas
November 6–8, 2015

Confident Agenda

The conference begins with a tour of Austin transportation and land-use projects. If you don’t plan to attend the tour, the conference begins at 5:30 pm Friday and ends after lunch on Sunday.
- Friday, November 6: Optional tour, including Austin’s failed commuter train
- Friday evening: Welcome dinner and debate
- Saturday AM, Nov. 7: Transportation
- Saturday PM: Land-use issues
- Sunday AM, Nov. 8: Grassroots organizing
- Sunday PM: Optional membership meeting

“Defending the Suburbs”

“Attending the Preserving the American Dream conference provided me and my association many tools and helped us have our most successful legislative year to date.”
—Mark Nix, South Carolina Home Builders

Partial List of Speakers
The conference will feature more than two dozen expert speakers including:
- Scott Beyer, Market Urbanism
- Robert Bradley, Institute for Energy Research
- Wendell Cox, Demographia.com
- Leonard Gilroy, Reason Foundation
- Barbara Haselden, No Tax for Tracks
- Jesse Hathaway, Heartland Institute
- Jeff Judson, Heartland Institute
- Ed Kilduff, Common Sense Alliance
- Marlo Lewis, Competitive Enterprise Institute
- James Quintero, Texas Public Policy Foundation
- Jim Skaggs, Coalition on Sustainable Transport
- Ron Utt, Maryland Public Policy Institute
- Joseph Warren, Arlington Transit Advisory Committee

For More Information
The 2015 American Dream conference on The Future of Affordability will take place at the Crowne Plaza Austin, 6121 North IH-35, Austin, Texas 78752. To register for the conference, go to americandreamcoalition.org or send $229 (by October 15; $249 after) to ADC 2015 Conference, P. O. Box 76, Camp Sherman, Oregon 97730. Add $50 if you wish to go on the optional tour.

The Crowne Plaza Austin offers a conference rate of $119 per night good any nights from November 2 through 10 if you make reservations by October 16th subject to room availability. Make reservations by calling 512-323-5466 and say you are attending the Preserving the American Dream conference or reserve online using the link at our conference registration page or entering “adc” in the group code on Crowne Plaza’s reservation page.

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