

## Show Michigan the Money

Thomas Jefferson wrote that the finances of government should be “as clear and intelligible as a merchant’s books” allowing “any man of any mind” the ability to “comprehend them, to investigate abuses and consequently to control them.”

This vision of government transparency took a leap forward in Michigan on April 23 when Secretary of State Terri Lynn Land, in response to a request from the Mackinac Center, posted online the Department of State’s first detailed quarterly expenditure report.

The 84-page report covers spending for fiscal year 2007 and details the department’s payments to the penny for everything from pizza to office supplies. Spending lines for travel and building



Michigan Secretary of State Terri Lynn Land responded to a Mackinac Center request to post her department’s expenditures online.



leases even come with notations for the names of the employees and landlords receiving the payments.

“The Mackinac Center is performing a valuable service by working to empower taxpayers with useful knowledge about their government,” Land said of her decision to comply with the Center’s request. “I’m proud of the Department of State’s ongoing commitment to stretch every dollar while offering high-quality, efficient customer service. We hope this initiative can serve as a model of government openness.”

The announcement of this success led to drive-time radio interviews with Kenneth M. Braun, director of the Center’s Michigan Transparency Project, on WJR in Detroit and WMKT in

see “Michigan Money” Page 5

## Regulations That Lead to Ruin

One of the biggest deterrents to economic growth in Michigan often escapes the attention of the media and policymakers. Taxes, energy policy, education funding and other issues generate legislative debates and consume vats of newspaper ink. Not as much public attention is given to a regulatory climate that harms existing property owners, prevents business expansion and discourages investment in the state.

Russ Harding hears these stories every day. As the director

of the Mackinac Center’s Property Rights Network, he is in daily contact with home and business owners who lost the value of their property, endured bureaucratic nightmares, faced prolonged legal action or suffered other indignities at the hands of state and local regulators.

In order to raise the profile of this critical issue and bring some of these injustices to light, the Property Rights Network on June 4 held a Lansing Issues & Ideas panel discussion on property rights. Three of the panelists were Michiganders



Charlie Curtis, left, and Alan Taylor shared their regulatory ordeals at a forum sponsored by the Center’s Property Rights Network.

who found their livelihoods, businesses, employees and personal liberty jeopardized

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## Reaching Tomorrow's Leaders



Lawrence W. Reed  
President

Twenty years ago when there were only two Mackinac Center employees, we asked ourselves, "How can we reach young people with our message?" We knew we didn't want to focus only on media or legislators. We wanted to shape the future by identifying tomorrow's leaders today. We also knew that it would be hugely inefficient to simply provide a speaker to an occasional friendly high school without an obvious incentive for the students to listen, learn and stay in touch.

The outgrowth of that thought process is our annual high school debate program, through which about 9,000 students have passed since 1988. Last year we branched out to college audiences with a very successful, new program called Students for a Free Economy, which you can read about on Page 9.

Sometimes I watch what we older folks say and do in places like Lansing, and it makes me want to invest in youth all the more. How many times have you also been frustrated that old dogs just can't seem to learn new tricks?

We never give up on anybody so we won't quit working on anyone of any age. But we increasingly believe at the Mackinac Center that more emphasis must be placed on the younger generations. They have inquiring minds, more open to new ideas and especially ideas they weren't exposed to in the classroom. Reaching 60-year-old legislators is still important, but putting too much focus there can be like locking the proverbial barn door after the horse has already gone. (First dogs, now horses. You're probably wondering what's next.)

Among the very good reasons for appealing to youth is this: Their character is still being formed, and how it shakes out will likely define them for the rest of their lives. If the Mackinac Center can help young people understand the direct connection between character, liberty and sound policy, we will provide a profoundly important service to our state and nation.

Chief among the elements that define strong character are these: *honesty, humility, responsibility, self-discipline, self-reliance, optimism, a long-term focus and a lust for learning.* A free society is impossible without them. For example: A *dishonest* people will lie and cheat, and they'll become even bigger liars and cheaters in elected office; people who *lack humility* become arrogant, condescending, know-it-all central planner-types; *irresponsible* citizens blame others for the consequences of their own poor judgment; people who will not *discipline* themselves invite the intrusive control of others; those who eschew *self-reliance* are easily manipulated and demagogued by those on whom they are dependent; *pessimists* dismiss what individuals can accomplish when given the freedom to try; *myopic* citizens will mortgage their future for the sake of a short-term "solution"; and *close-minded, politically-correct or head-in-the-sand* types will never learn from the lessons of history and human action.

Young people are the future. The time to engage them is now. **I**

*Lawrence W. Reed*



Some 9,000 Michigan high school students have participated in Debate Workshops, the Mackinac Center's longest-running program.

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## Powering the Electricity Debate



Diane S. Katz



Dr. Theodore Bolema

At a time when energy costs are on the rise and Michigan's economy is in a slump, it's not surprising that the Legislature would visit the issue of electricity service. What is surprising — and ultimately troubling — is that legislative packages in the House and Senate would decrease competition among electricity suppliers, increase regulation and mandate the use of “renewable energies” according to a policy brief by Mackinac Center adjunct scholars Diane S. Katz and Theodore Bolema, Ph.D.

“Proposals to Further Regulate Michigan's Electricity Market: An Assessment,” published on May 16, concluded that new regulations and restrictions on competition would raise prices for consumers and businesses without improving services or benefitting the environment. The brief can be found at [www.mackinac.org/9467](http://www.mackinac.org/9467).

Tracing the history of electricity legislation, Katz and Bolema documented how the partial deregulation of electricity generation in 2000 led to increased competition and lower prices. They noted that a better approach than the legislation under consideration would be the removal of all obstacles to a fully competitive electricity market.

Among other things, the authors recommended: encouraging competition in energy supplies; eliminating subsidies of one customer class by another; rejecting purchase quotas for renewable energy, such as solar, wind and hydroelectric power; and amending state law to allow yard waste in landfills for conversion to electricity-generating methane.

Following the release of the brief, Katz and Bolema heard from both state and local officials who said they appreciated the detailed analysis. The Customer Choice Coalition, an alliance of schools, small businesses, manufacturers, associations and other groups, requested 150 copies of the brief for distribution to state legislators.

Members of the media also expressed interest in the findings. Katz appeared on Michigan Public Radio, The Frank Beckmann Show on WJR 760 AM, the Morning Show with Greg Marshall and Bob White on WMKT and the Ron Jolly Show on WTCM. Bolema was interviewed on WKLA in Ludington, quoted in Central Michigan University's CM-Life and had an Op-Ed in the June 15 Lansing State Journal. **I**

## Essay Contest Winners Take Home \$1,000 Scholarships

A record number of Michigan high school debate team students participated in the Mackinac Center's 2007 High School Debate Workshop essay contest. The winning authors were announced in late May, with each one receiving a \$1,000 college scholarship. Students who attended one of four workshops in the fall of 2007 were invited to write a commentary on the 2007-2008 national debate topic, “Resolved: The United States federal government should substantially increase its public health assistance to sub-Saharan Africa.”

The contest was highlighted by its first ever two-time winner, senior Jessica Wilson from Grand Rapids Forest Hills Central. Wilson, who plans to attend Denison University and study pre-med, also won as a junior with an essay on the 2006 topic, mandatory public service.

Wilson said she recommends debate for all high school students, regardless of what career path they plan on pursuing.

“It teaches you to think things out and organize

your thoughts,” she said.

Nikhil Chivali, a sophomore at Saginaw Heritage, was that school's second consecutive winner. His post-graduation plans include attending the Massachusetts Institute of Technology.

Nathan Kemper, a junior at Lenawee Christian School, wrote that microfinancing would be a more effective way to assist sub-Saharan Africa than federal aid.

All three students focused on the need to increase free trade in order to improve the public health and overall economic well-being of the region.

About 450 students from 30 Michigan high schools attended the 2007 workshops in Livonia, Adrian, Grand Rapids and Traverse City. Some 9,000 high school debaters have honed their skills over the 20 years the Center has been holding workshops. **I**



Nathan Kemper, one of three winners of the Debate Workshop essay contest, receives a scholarship from workshop coordinator Kendra Shrode. Kemper's debate coach, Colleen Averill, is at right.

**Michigan Money** from Page One

Petoskey. Other governmental units took notice.

“By putting our financial records online, our citizens now can examine our budget and spending anonymously from the comfort of their home,” said Caledonia Township Supervisor Bryan Harrison, announcing that he would put that local government’s spending data online. “When the idea was brought to my attention by the Mackinac Center, the question wasn’t whether we should do it, the question was, ‘Why haven’t we been doing this all along?’”

The Michigan Transparency Project, established in March, seeks to persuade state agencies, municipal governments, school districts and other units of government to place detailed reports of their expenditures and other activities on the Internet for public viewing.

Promoting government transparency is nothing new for the Mackinac Center. In 2002, the Center launched MichiganVotes.org, where every action of a legislative session and every vote of every legislator is described in plain English and recorded in a searchable database (see accompanying article). Revenue and expenditure reports, categorical grant reports and collective bargaining agreements for Michigan’s school districts were also compiled by the Center and published online.

When the Center announced the posting of the school union contract database in April, the story was picked up by the Associated Press and featured in USA Today, the Chicago Tribune, the Detroit Free Press and other newspapers, as well as on numerous television and radio stations around the state. Within days, the database had more than 13,000 page views and was accessed by local and intermediate school districts, news outlets, companies that provide support services to school districts, the Michigan Education Association and the Michigan Education Special Services Association (the MEA’s third-party insurance administrator).

When the Michigan Transparency Project announced in March an initiative aimed at opening the check registers of Michigan’s public school districts and placing them on the Internet, a Royal Oak Daily Tribune editorial said the Center “should be praised for its efforts.” An editorial in The Saginaw News said the Center is “on to something good.” One state representative prominently posted a link to the Michigan School Databases on her legislative Web page.

All the databases and resources are posted at [www.michigantransparency.org](http://www.michigantransparency.org), which will serve as a general clearinghouse for new transparency initiatives as they become available.

The Department of State’s degree of openness should now become the minimum standard for all state agencies. If a department diverse enough to mint

## MichiganVotes: Spreading Sunshine Across the Land

Thanks to a happy confluence of events, the Mackinac Center’s pioneering MichiganVotes.org Web site is being replicated in a growing number of states by our sister free-market think tanks. Currently, Votes.org sites are live in Kansas, Kentucky, Maine, New Mexico and Washington. By the start of the 2009 legislative calendars, sites will be up in Hawaii, Illinois, Iowa, Pennsylvania, Rhode Island and most likely several other states.

The expansion is being led by the Mackinac Center’s senior legislative analyst Jack McHugh. Over the past several months, McHugh has traveled to Maine, New Mexico and Kansas to train site managers and erect the basic architecture. That travel schedule will accelerate in the second half of this year.

MichiganVotes.org is a free, searchable, sortable database containing objective, concise, plain-English descriptions of every vote by every state legislator, plus all the bills and amendments introduced in the Legislature. It enables residents to quickly and easily uncover the *real* voting record of any legislator on any issue. It’s been said that sunshine is the best disinfectant, and Votes.org sites can shed light on this critical branch of government.

In setting up the sites, McHugh is getting a fascinating overview of diverse political and legislative cultures. “Every state is different,” he observes, “but the tendency of legislators to dodge accountability and obfuscate their record remains a constant. Without a Votes.org site, ordinary residents don’t have a chance to penetrate the smokescreens; with it, it’s easy.”

license plates and run elections can readily provide a detailed expenditure report, then it is reasonable for the Center’s Transparency Project to ask the same of every other agency. The Department of Corrections, the Department of State Police and the Department of Human Services are next on our list. Each revealed in late 2006 that they had unconstitutionally overspent their budgets for the preceding fiscal year. While the directors of these departments insist that this was an isolated incident, putting their expenditures on the Internet for public scrutiny would be a more concrete source of reassurance.

Using technology to tear away the filters between residents and their government is the objective of the Michigan Transparency Project. Long gone are the days when a handful of news outlets were the sole watchdogs over the public purse and the policymakers. Very soon, millions of Michigan residents may be able to monitor the actions of their public servants from the comfort of their homes. **I**

## Scholars Promote Transparency, Expose Fallacy

The Mackinac Center's comprehensive and continuing efforts to make government more transparent received state and national media coverage. In March, the Center announced it would seek to post on the Web the checkbook registers of every public school district in Michigan, drawing coverage in the March 11 **Macomb Daily**, March 20 **Zee-land Record**, March 21 **Saginaw Press**, March 24 **Dowagiac Daily News**, March 21 **Port Huron Times-Herald** and March 26 **Saginaw News**.

The Transparency Project expanded its scope in April with the Web posting of every collective bargaining contract for every public school district in Michigan. This story received coverage in the April 17 **Chicago Tribune** and the April 19 **USA Today**, as well as the April 16 **Battle Creek Enquirer**, April 17 on **WSGW News Radio 790 AM**, April 17 on **WJRT-TV**, April 18 on **WEYI-NBC 25**, **WLAJ-TV** and **WZZM-13**, April 22 in the **MIRS Capitol Capsule**, April 23 in the **Romeo Observer** and April 24 in the **Detroit Free Press** and **Saginaw News**.

In late April, Michigan Secretary of State Terri Lynn Land agreed to a request from the Mackinac Center to post online a detailed account of the Department of State's spending. This transparency victory was noted on **WDIV-NBC 4** on April 23 and in the **Detroit Legal News** on April 25, in the **Midland Daily News** on April 26 and in **Gongwer News Service** on May 14. In the May 28 **Grand Rapids Press**, Caledonia Township Supervisor Bryan Harrison said he was "inspired" by the Center's call for transparency and decided to post the township's budget and monthly financial reports on the Web.

Claims by legislators and the governor that targeted subsidies and tax breaks to the

film industry will produce economic benefits for the state were debunked in a commentary co-written by **JACK MCHUGH**, senior legislative analyst, and **JAMES M. HOHMAN**, fiscal policy research assistant. Their commentary ran in the March 31 **Lansing State Journal**, April 9 **Lansing City Pulse** and April 17 **Oakland Business Review**, and was cited on March 31 by the **Associated Press** and **Crain's Detroit Business**, and on April 1 by the **Detroit Free Press**.

A bill that would force home-school families to register with local school districts was addressed in a commentary by Mackinac Center adjunct scholar **MARC HOLLEY** and ran in the April 20 **Lapeer County Press**. Holley also discussed the issue on April 11 on "The Frank Beckmann Show" on **WJR 760 AM**, and was cited in the April 10 **Grand Rapids Press**. The Center was cited in a story about school enrollment figures in the April 21 **Detroit News** and May 1 **Ann Arbor News**, and in stories about high school graduation requirements (April 2, **Port Huron Times-Herald**) and school board elections (May 9, **Flint Journal**).

Senior Economist **DAVID LITTMANN**'s Op-Ed on knowledge-based industries ran in the March 25 **Oakland Press**, March 26 **Dearborn Times-Herald** and March 30 **Utica Advisor**. Littmann discussed the issue on radio station **WSJM** on April 2. He was also quoted in stories regarding Michigan's future energy needs in the March 19 **Petoskey News-Review**, the March 20 **Detroit Legal News** and the March 22 **Bay City Times**.

**MICHAEL D. LAFAIVE**, director of the Center's Morey Fiscal Policy Initiative, was quoted on three consecutive days — April 1 in **National Review Online** and April 2 and 3 in **The Detroit News** — about the myriad economic problems facing the city of Detroit. LaFaive wrote an Op-Ed about job creation that ran in the **Niles Daily Star** on

April 21 and he was quoted in the April 16 **Detroit News** regarding the Northwest-Delta airline merger.

**PAUL KERSEY**, director of labor policy, wrote an Op-Ed on union accountability that appeared in the April 17 **Detroit News** and the April 24 **Grosse Pointe News**. Kersey was cited in a May 15 **Lansing State Journal** story about union strikes.

The relationship (or lack thereof) between spending on higher education, job creation and economic growth was the topic of a Viewpoint commentary written by McHugh and Hohman that ran in the April 12 **Niles Daily Star**, the April 24 **Straitsland Resorter** and the April 27 **Ann Arbor News**. McHugh was also quoted on the state of Michigan's economy in the March 26 **Grand Blanc News**.

**RUSS HARDING**, director of the Center's Property Rights Network, wrote an Op-Ed for the March 31 **Grand Rapids Press** about how smog regulations will negatively impact the economies of west Michigan counties. Harding also was quoted in a May 29 **Detroit News** story about climate change legislation pending in Congress.

**DIANE S. KATZ**, adjunct scholar, was interviewed on "The Frank Beckmann Show" on **WJR** May 19 and **WTCM 1270 AM** May 22 about an electricity brief she co-authored with another adjunct scholar, Dr. Theodore Bolema. *For more details, see related story on Page 3.*

**PAUL CHESSE**, an adjunct scholar with the Center and director of Climate Strategies Watch, wrote an Op-Ed about the out-of-state groups funding the Michigan Climate Action Council that ran in **The Detroit News** on May 14. Chesser also spoke on the matter at an Issues and Ideas Forum that was covered in the May 5 **Gongwer News Service**. *For more details, see related story on back page. I*



## The Best and the Brightest

Few things in life are as rewarding as shaping the minds and character of young people. As the Mackinac Center celebrates its 20th anniversary, one of the more enjoyable walks down memory lane has involved the myriad of first-rate interns who have passed through our doors. Many have gone on to labor for the freedom movement directly or indirectly.

Since 1987, the Center has employed more than 80 interns in various capacities. One summer alone saw a brigade of 15 students serving internships in our Midland headquarters. While most have been from Michigan, the Center has hosted interns from far-flung places like Ireland, the Czech Republic and Texas. Most assisted on specific, finite research projects, but some worked as editors, graphic designers and Web programmers. A consistent trait among the interns is that they seem to have enjoyed their time at the Center and look back on their experience as useful and positive.

The Mackinac Center does too. As much as we gave to these interns in terms of job and life experience, we received back in top-flight assistance that resulted in real impact. For instance, David L. DiGiuseppe, the very first research intern ever employed by the Center, contributed to a privatization profile of Ann Arbor that prompted real privatization efforts in the city.

Below is a sampling of the successes Mackinac Center interns have gone on to achieve.



Peter Leeson

**Peter Leeson** of Midland served four consecutive internships at the Mackinac Center beginning in 1997. The Center discovered Leeson after our president, Lawrence W. Reed, read a letter to the editor Leeson had written to the Midland Daily News critiquing a writer's economic analysis. Leeson went on to receive an undergraduate degree in economics from Hillsdale College and a Ph.D. from George Mason University in Virginia.

Leeson is now a professor for the study of capitalism in the Department of Economics at GMU and is widely published in academic journals. His first book, "The Invisible Hook," examines the economics of piracy and is scheduled for release in 2009. "Interning at the Mackinac Center was one of the most enjoyable and intellectually stimulating times of my life," said Leeson. "I learned tremendously from the Center's superlative employees and recommend Center internships to anyone interested in learning about liberty and advancing its cause."

**Daniel Smith**, also of Midland, served two internships at the Center. Smith went to GMU to study economics in its graduate program last fall. He is a graduate of Northwood University and, in a small twist of fate, an assistant to Peter Leeson.

At the Center, Daniel was responsible for conducting two different summer surveys of school support service privatization. With these findings he co-authored the "Michigan School Privatization Survey 2007." In the five different summers in which the Center conducted surveys of the more than 550 Michigan public school districts, only twice did we achieve a 100 percent response rate. Smith was at the helm both times.

This bull-dog tenacity helped him achieve an "A" in microeconomic theory from famous professor, author and radio host Walter Williams. Williams is reputedly parsimonious with high grades, but Smith's exceptional ability put him over the top. After receiving his Ph.D., Smith hopes to return to Midland to work as a professor at Northwood University and an adjunct scholar with the Mackinac Center.

**Shawn Miller**, a two-time intern with the Mackinac Center, earned an undergraduate degree in mechanical engineering and a law degree from Notre Dame. After practicing law in southern California, Miller decided to pursue a Ph.D. in economics at GMU. Miller says he wants to dedicate the remainder of his working life to advancing sound policy using a marriage of law and economics. Ultimately, Miller sees himself litigating for liberty as part of a public interest law firm or market-friendly think tank. He plans to write, debate and teach about the importance of free markets and free people.



Tara Velting

**Tara (Thelen) Velting** came to us in a less-than-traditional manner. In 2000, Center Fiscal Policy Director Michael LaFaive received a call from a Michigan resident who admired our work and advanced Tara's name as an intern prospect — without actually having discussed it with Tara.

Impressed by the caller's description, LaFaive contacted her and asked her to apply. She did and became a significant contributor to Center work. After earning her law degree from GMU, she returned to Michigan and has twice performed pro bono legal work for the Center: an analysis of statutory changes involving the Michigan Economic Growth Authority program and a Viewpoint commentary on Medicaid.



Nathan Russell

**Nathan Russell** served two internships with the Mackinac Center (2004 and 2005) before beginning a Ph.D. program in economics at GMU. He earned a master's degree there in 2006 and is set to receive his doctorate in 2009. He currently works as an adjunct professor of economics at Patrick Henry College in Virginia. He intends to continue teaching and working with think tanks.



Ryan Oprea

**Ryan Oprea** served an internship in 2000 along with Peter Leeson and together they pursued doctorates in economics at GMU. Oprea is now an associate professor at the University of California Santa Cruz. His areas of research include experimental economics and industrial organization.

Of course, there are many other former interns of whom we are extremely proud. Sean Lewis and Laura Davis went on to earn law degrees from the University of Michigan. While working for the Center, Lewis began the necessary but arduous task of describing Michigan laws in plain language for the Center's popular MichiganVotes.org Web site. He is considering a position at the U.S. Justice Department. Davis worked in the fiscal policy department and has authored several articles on privatization during and after

her internship. Davis went on to co-author a student housing privatization study for the Los Angeles-based Reason Foundation. She is currently working in Turkey.

Two of our interns went on to Harvard and Yale Law. Another, Erin De Pree, earned a Ph.D. in theoretical particle physics in June. A few years ago she told us that she took lessons she learned at the Mackinac Center back to school with her. She said the practice of debriefing every "performance" helped her avoid repeating errors that may have cropped up in her work or that of colleagues. Her sister Joann, also a former intern, works as a prosecutor in Washington state. Matt Wilczek, now an executive with Mitsubishi Caterpillar in Texas, also credits Mackinac training for some of his success. "The Mackinac Center rounded out my education; it was the perfect finishing school," he said. "I can't think of a better way to transition from an academic environment to the business environment. Even after 10 years I still draw from the leadership examples I experienced at the Mackinac Center."

Unfortunately, space prevents us from highlighting every intern success story. Fortunately, every summer brings to the Center a new crop of students, along with their energy, passion, character and scholarship. We delight in their successes, especially when we see so many of them involved in the freedom movement. **I**



*Another former intern, Valerie Crain, is a student at Delta College. Crain works part time in the Mackinac Center Graphics Arts Department and contributed to the design of this newsletter.*



**FUTURE HALL OF FAMERS**  
The Mackinac Center's 2008 summer interns, from left to right: Kahryn Rombach, Wesley Reynolds, Joshua Rule, Lauren Ruhland, Jim Vote, Hannah Mead, Kurt Bouwhuis and Will Freeland. Not pictured: Sara Grether.

## Bernard Baltic: A Humble Influence

In April we learned that Bernard Baltic, a cherished friend, had passed away at the age of 71. He was a quiet man with a bullhorn for liberty. He was an alumnus of the Case School of Engineering, a managing partner in Baltic-Gustafson and Associates, and though a native of Ohio, he was one of Michigan's greatest champions of freedom.

Bernie founded the Center's biannual Leadership Conference. The three-day program provides think tank executives with intensive instruction in management practices, strategic planning, fundraising, financial management and media relations. With his help, the Mackinac Center has trained more than 500 people from 43 countries and nearly every state.

Bernie would travel to the Mackinac Center for each conference and make a presentation, "Correcting Donor Faux Pas." Bernie was never comfortable being in the spotlight and his presentation always caused him considerable stress. Yet his passion for ideas overrode his anxiety and his quiet charm consistently won over each audience.

Bernie's compassion and generous spirit

influenced numerous organizations and individuals. His devotion to urban youth and his belief in the principles of free enterprise led him to help organize the Granville Academy of Cleveland at John Carroll University. During a memorial resolution presented by the Granville Academy, Bernie was recognized as a loyal board member, faithful volunteer and mentor to students.

Most importantly, Bernie was a great friend and individual. Kendra Shrode, Mackinac Center assistant to the president, said: "He was fun — I treasure pictures of him walking the Great Wall. My first trip to China and Mongolia was made all the more special because of his delight in the trip. He was thoughtful — my car still carries the road flares he gave me because he was worried about all the driving I do myself. He was humble — never did a man do so much for others without wanting to be thanked."

The Mackinac Center, like everyone who knew him, will miss Bernard Baltic, a selfless promoter of liberty and a dear friend. **I**



Bernard Baltic, center, with Mackinac Center President Lawrence W. Reed and Assistant to the President Kendra Shrode at the Great Wall of China in 2005.

## Policy Lessons ... from Mutants?

What a time to be a Michigan sports fan. The Red Wings went all the way, returning the Stanley Cup to Hockeytown. The Pistons made it again to the Eastern Conference Finals despite facing teams with higher-profile stars. And the Mutants — the youth soccer team I coached this spring — won its season-ending game 5-1.

Yet they didn't always win. My Mutants lost very early in the season. The players were upset about their first loss, and I had to adjust our efforts. At our next practice I pointed out areas

where we could improve. To be more competitive, we had to pass more, be more aggressive toward the ball and take advantage of our speed.

Not a single player could complain about the referees — they understood the rules and that they applied equally to everyone. They didn't argue for an offside exemption or a player subsidy, nor did they encourage the recreational league to provide Mutants with special favors. This may

be the politician's answer, but even the children understand it is a losing strategy.

While politicians, lobbyists and me-first special interests squabble over the biggest slice of the pie in Lansing, the Mackinac Center for 20 years has highlighted the plays that produce success. At times — like on the right-to-work issue — we have been a voice in the wilderness. But this steadfast commitment to core fundamentals, like freedom and civil society, allows us to score key victories when others' playbooks have failed.

Mackinac Center ideas shape debates, inspire the heart, challenge proponents of big government, encourage entrepreneurship and create opportunity for liberty to take root. These ideas are based on economic principles that have never been compromised.

On Nov. 11, 2008, the Mackinac Center for Public Policy will celebrate its 20th anniversary (see ad on Page 10). Details are forthcoming, but please save the date now and join us at the Kellogg Hotel & Conference Center in East Lansing to recognize the importance that principles, not politics, will play in Michigan's future. **I**

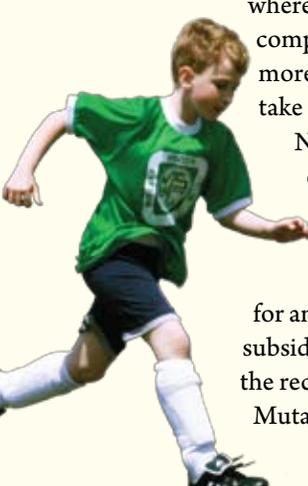


Justin W. Marshall, Director of Advancement



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## Atlas Foundation Honors SFE Innovations

The innovative, multimedia campaign that has attracted college students from around the state to Students for a Free Economy has also garnered accolades from the leading institute devoted to developing free-market think tanks around the world.

In late April, the Atlas Economic Research Foundation recognized the Mackinac Center's campus outreach program for its unique efforts in promoting the principles of individual liberty to young people. Noting SFE's "thoroughly modern approach to the task of enticing Michigan college students to learn about free market ideas," Atlas awarded the Mackinac Center its 2008 Sir Antony Fisher International Memorial Award in the "Innovative Projects" category. The Fisher Awards "honor think tank publications that have made the greatest contributions to the public

understanding of the free society." Atlas received about 60 submissions from dozens of countries. For a state-based think tank to win this prestigious international prize is rare, according to Fisher Award coordinator Yiqiao Xu.

Working with Mackinac Center award-winning graphics designer Daniel Montgomery, SFE Director Isaac Morehouse employs a wide range of media — from videos to T-shirts — to succinctly and persuasively promote the principles of economic freedom. Taking free-market ideas beyond the realm of textbooks, Morehouse presents these concepts in new, exciting ways.

SFE's basic message is set forth in the booklet "Economic Freedom



The Mackinac Center won an Atlas Foundation 2008 Sir Antony Fisher Award in the Innovative Projects category for its Students for a Free Economy campus program. Pictured is SFE director Isaac Morehouse.

and Human Prosperity." As one Fisher Award judge commented, "the nicely designed booklet... provides brief, reliable summaries of the core principles and values of a free society." Thousands of these booklets have reached the hands of Michigan college students, who, as the judge emphasized, are "an absolutely crucial group."

Mackinac Center President Lawrence W. Reed considers the honor

well-deserved:

"In barely a year, Isaac Morehouse has created a lively forum for free market ideas across Michigan campuses and generated more excitement among students than we had thought possible in such a short time." **I**

### *Property Rights Network* from Page One

because of decisions they made about the use of their own property.

One of the panel members, Alan Taylor, owns the very type of business that Michigan needs in order to diversify its economy. Hart Enterprises Inc. is a high-tech medical device manufacturer headquartered in Sparta. The business provides good-paying jobs for more than 100 Michigan residents and continues to grow. More than 90 percent of its revenues come from out of state. But when Taylor wanted to expand his parking lot to accommodate this growth, he ran up against the Michigan Department of Environmental Quality, which said the lot would impact a one-acre wetland on his property. Taylor pointed out that the land was rarely wet, was not adjacent to any body of water and was contained within an industrial park. Yet he faces civil and criminal charges and is considering moving his business out of state. (For more information on the Hart Enterprises case and to learn about legal and regulatory reforms that would strengthen the rights of property owners, visit [www.mackinac.org/9504](http://www.mackinac.org/9504)).

"If the state of Michigan prevents me from expanding my business, I will be forced to relocate," he told the audience. "I thought I was alone when I first had this problem two years ago, but I find out that it's pandemic across the state of Michigan."

Another panelist, Charlie Curtis, said he is being unfairly prohibited from developing a 1.1 acre parcel of commercially zoned property he owns in Lakeview due to the DEQ continually moving the bureaucratic goal posts. The expenses incurred by bringing the property into compliance with DEQ requirements would likely exceed the value of the property, he said.

"They (DEQ regulators) create the condition where the costs to fight them are greater than the project that you're doing," Curtis said. "And they know that you'll quit. .... Anybody that owns property in this state and runs against these people has a big, big problem. What the Mackinac Center is doing with their property rights division is absolutely critical to restoring property rights."

Dolores Michaels, owner of King of

the Wind Farms in Macomb Township, told the audience about the difficulties that she and her family experienced with local government and DEQ officials over the construction of an equestrian facility and a composting operation.

"These people make this stuff up as they go along," Michaels said about the inspectors and regulators who visited her property more than 100 times, issued stop-work orders and brought criminal charges against her. "I wasn't going to let them run over the top of me."

The final panelist was state Rep. Jack Hoogendyk, Vice Chair of the House Government Operations Committee, who brought a legislative perspective on protecting private property rights.

More than 70 people attended the forum, including several legislators, DEQ representatives, legislative staffers, reporters, local elected officials and concerned property owners, many of whom had firsthand experience with regulatory abuses similar to those discussed by the panel. **I**

# Character, Liberty and Economics *By Lawrence W. Reed*

*Following is an edited version of a commentary that will appear in an upcoming issue of The Freeman, published by the Foundation for Economic Education.*

Over four decades, I've written scores of articles, essays and columns on economics, taught the subject at the university level, and given hundreds of speeches on it. In recent years, the nexus between the economics of a free society and individual character has increasingly worked its way into my writing, speaking and thinking. I believe that nexus is the central issue we must address if our liberties and free economy are to be restored and preserved.

Activists in the free-market movement over the past 25 years have stressed the need for sound public policy research and basic economic education. Think tanks and new media have sprung up to provide both. Though important, they are proving to be insufficient to overcome statist trends that are eroding our liberties.

Economic education is certainly needed because young minds are not typically getting it in conventional schools. But even if economic education were dramatically improved, a free society wouldn't necessarily follow. Just like public policy research, it can be undone by harmful themes in popular culture (movies, music, literature and even sports) and in the standards of conduct and behavior people practice as adults.

Even among the most ardent supporters of free-market causes are people who "leak" when it comes to their own bottom lines. A recent example was the corn farmer who berated me

for opposing ethanol subsidies. Does he not understand basic economics? I've known him for years, and I believe he does. But that understanding melted away with the corrupting lure of a handout. His extensive economics knowledge was not enough to keep him from the public trough. We are losing the sense of shame that once accompanied the act of theft, private or public.

The missing ingredient here is character. In America's first century, we possessed it in abundance and even though there were no think tanks, very little economic education and even less policy research, it kept our liberties substantially intact. People generally opposed the expansion of government power because they placed a high priority on character. Using government to get something at somebody else's expense, or mortgaging the future for near-term gain, seemed dishonest and cynical to them, if not downright sinful and immoral.

Within government, character is what differentiates a politician from a statesman. Statesmen don't seek public office for personal gain or attention. They often are people who take time out from productive careers to temporarily serve the public. They don't have to work for government because that's all they know how to do. They stand for a principled vision, not for what they think citizens will fall for. When a statesman gets elected, he doesn't forget the public-spirited citizens who sent him to office and become a mouthpiece for the permanent bureaucracy or some special interest that greased his campaign.

Because they seek the truth, statesmen are more likely to do what's right than what may be politically popular at the moment. They do not engage in class warfare, race-baiting or other divisive or partisan tactics. They do not buy votes with tax dollars. They don't make promises they can't keep or intend to break. They take responsibility for their actions. A statesman doesn't try to pull himself up by dragging somebody else down, and he doesn't try to convince people they're victims just so he can posture as their savior.

When it comes to managing public finances, statesmen prioritize. They don't behave as though government deserves an endlessly larger share of people's money. They exhibit the courage to cut less important expenses to make way for more pressing ones. They keep government within its proper bounds and trust in what free and enterprising people can accomplish. Politicians think that they're smart enough to plan other people's lives; statesmen are wise enough to understand what utter folly such arrogant attitudes really are. Statesmen, in other words, possess a level of character that an ordinary politician does not.

By almost any measure, the standards we as citizens keep and expect of those we elect

have slipped badly in recent years. Though everybody complains about politicians who pander, perhaps they do it because we are increasingly a panderable people. Too many are willing to look the other way when politicians misbehave, as long as they are of the right party or deliver the goods we personally want.

Our celebrity-drenched culture focuses incessantly on the vapid and the irresponsible. Our role models would make our grandparents cringe. To many, insisting on sterling character seems straight-laced and old-fashioned. We cut corners and sacrifice character all the time for power, money, attention or other ephemeral gratifications.

Yet character is ultimately more important than all the college degrees, public offices or even all the knowledge that one might accumulate in a lifetime. It puts both a concrete floor under one's future and an iron ceiling over it. Who in their right mind would want to live in a world without it?

Bad character leads to bad economics, which is bad for liberty. Ultimately, whether we live free and in harmony with the laws of economics or stumble in the dark thrall of serfdom is a character issue. **I**

SAVE THE DATE

Mackinac Center for Public Policy

20TH ANNIVERSARY GALA

with John Stossel

→ November 11, 2008 ←

Kellogg Hotel and Conference Center  
East Lansing, Michigan

VIEWPOINTS

**State Should Adopt Health Savings Accounts**

April 2008 V2008-10  
Michigan could save millions of dollars by adopting increasingly popular health savings accounts for state employees.

**Putting the University's Cart before the Economy's Horse**

April 2008 V2008-11  
Reforming Michigan's tax, labor and regulatory climate, rather than spending more on higher education, is the key to restoring the state's economy.

**My Union Dues Paid for That?**

April 2008 V2008-12  
Union members who feel ill-served or cheated by union leaders are forced by law to pay dues anyway. A right-to-work law would introduce greater union accountability and transparency, improving the standing of the workers they represent.

**As Time Goes By**

May 2008 V2008-13  
Michigan would be better served by a part-time legislature that focuses on just the necessities of state government.

**MEDC Rejects Development Bird-in-the-Hand**

May 2008 V2008-14  
The Michigan Economic Development Corporation should support a right-to-work law for Michigan if it is serious about wanting to increase employment.

**Free Trade a Boon to Michigan's Ailing Economy**

May 2008 V2008-15  
High taxes, an unfriendly labor climate and burdensome regulations — rather than free-trade agreements — are what is wrong with Michigan's economy.

**The Worst Legislature in Michigan History?**

June 2008 V2008-16  
Higher taxes, more regulation and overspent budgets could lead observers to view the current Michigan Legislature as the state's worst ever.

**Greenhouse Gas Accord Will Further Damage Michigan's Economy**

June 2008 V2008-17  
A carbon dioxide cap-and-trade regime contained in the Midwestern Greenhouse

Gas Accord would drive up state government spending, increase energy prices and result in the loss of Michigan jobs, all without producing much in the way of environmental benefits.

**Privatization Rolls on Despite Rhetorical Opposition**

June 2008 V2008-18  
Mackinac Center research and writing on school support service privatization appears to have opponents spooked. But privatization remains a popular management technique statewide.

JOURNALS



**Capitol Confidential**

MCC2008-02  
Key stories: Fees on businesses, legislative recalls, automotive production, tourism taxes.



**Capitol Confidential**

MCC2008-03  
Key stories: Wetland regulations, Wage Fairness Commission, bus fares, state spending.

STUDIES & REPORTS



**Mackinac Center Amicus Curiae Brief in Michigan Department of Transportation vs. Tomkins**

S2008-02  
On November 16, 2007, the Mackinac Center for Public Policy filed a brief of amicus curiae with the Michigan Supreme Court in the case of Michigan Department of Transportation v. Tomkins. The legal dispute involves the amount of compensation a property owner should receive from state government when the state uses eminent domain to take part of the owner's property.



**Proposals to Further Regulate Michigan's Electricity Market: An Assessment**

S2008-03  
More than a dozen bills are pending in the Michigan Legislature to expand regulation of the electricity industry and to impose new environmental requirements on energy production and sales. As a group, these legislative proposals assume the necessity of government intervention in the production and distribution of

energy. This report details the drawbacks for consumers and the economy of substituting political forces for market forces in electricity service.



**Hart Enterprises: A Wetland Case Study**

S2008-04  
This study analyzes a property dispute between Hart Enterprises Inc., a medical device manufacturer headquartered in Michigan, and the Michigan Department of Environmental Quality. Author Russ Harding summarizes the conflict and proposes several reforms to that law to ensure that personal property rights are respected and that homeowners and businesses can plan for the future without fearing a surprise discovery of a wetland on their property.



**A Teacher Quality Primer**

S2008-05  
The fourth book in the Mackinac Center School Management Series, this primer examines the most important input into the educational system that schools can control — teachers. To improve teacher quality in Michigan, the primer evaluates market-based reforms such as merit pay, differential pay and alternative certification.

SPECIAL PROJECTS



**Why Bureaucracy Grows**

SP2008-03  
Why does bureaucracy, which causes harm, wastes resources and generates widespread derision, seem to inevitably grow and grow? The insightful answer is revealed in this 15-page monograph, excerpted from the book "America by the Throat."

*How to order*

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For telephone orders, please call the Mackinac Center at 989-631-0900. The Center accepts Visa, MasterCard and Discover/NOVUS for your convenience. Please have your card and item titles handy when calling.

## Cooler Heads

At the international and national levels, the politics of global warming alarmism usually produce policy measures that stifle economic growth and expand government control. With Michigan lawmakers setting the stage for similar policies at the state level, the Mackinac Center decided it was time to shine some sunlight onto a little-noticed government entity known as the Michigan Climate Action Council.



Climate Studies Watch Director Paul Chesser exposes the agenda of the Michigan Climate Action Council at an Issues & Ideas Forum in Lansing.

When Gov. Jennifer Granholm signed the executive order creating the Climate Action Council last November, few details were provided about the genesis of the organization or how it would be funded. So we invited Paul Chesser, director of Climate Strategies Watch, to an April 29 Issues & Ideas Forum in Lansing, where he could inform legislators, reporters and residents about the council’s origins. For more than a year, Chesser had investigated the history, agenda and backing of similar councils established in other states.

Michigan’s council will issue a comprehensive “climate change plan” for the state by the end of the

year, according to the governor’s executive order. The council’s recommendations are to include suggested legislation for reducing greenhouse gas emissions in the state. Chesser pointed out that identical processes by councils in other states indicate that Michigan can expect a predetermined outcome.

The Michigan Climate Action Council is supported by a Harrisburg, Pa.-based group called the Center for Climate Strategies, according to Chesser. The CCS is funded by well-heeled global warming alarmist foundations and advances state policies that increase consumers’ energy costs while diminishing property rights.

Chesser explained to the audience that the Climate Action Council is far from an objective commission engaged in a deliberative process. While the council’s message is that everyone is invited to the table, the reality is that the Center for Climate Strategies runs the meetings, keeps the minutes, determines the voting procedures, selects the options that will be considered and writes the reports, Chesser said.

The Issues & Ideas Forum was attended by several legislators, many of whom stayed to speak with Chesser after the event. One state representative encouraged him to “get the message out everywhere.”

Chesser worked with the Center to do just that. Over the next 24 hours, he and Mackinac Center Director of Communications Michael D. Jahr shared the same message with a number of active Michigan bloggers and addressed the Center-Right Coalition, a loose-knit Lansing group that includes several state legislators.

Chesser also discussed the Climate Action Council with WJR radio talk host Frank Beckmann and wrote an Op-Ed that appeared in The Detroit News on May 14. [I](#)

