



New Year's Resolutions for Michigan's New Legislature

by Lawrence W. Reed

Summary

The start of the new year finds Michigan in a situation that seemed impossible barely a decade ago: record low unemployment, a thriving economy, and a position of national leadership in economic growth. Here are seven things the new Legislature can do to keep the momentum going toward greater prosperity and opportunity for all citizens.

Main text word count: 720

The start of the new year finds Michigan in a situation that seemed impossible barely a decade ago: record low unemployment, a thriving economy, and a position of national leadership in economic growth. But that's no reason for our 91st Legislature or the governor to rest on their laurels. Much can be done to put positive, long-term policies in place and to extend the gains of recent years.

Here's a partial list of New Year's resolutions I hope our leaders will make:

Strengthen protection of property rights. While both the U.S. and Michigan constitutions provide for "just compensation" whenever government takes a citizen's property for public use, various laws and court decisions have undermined that principle. Michigan is one of the few states in the union where property owners are owed compensation only if *all* the uses and value of their property are taken by government action. If a state regulation has the effect of depriving a citizen of, say, two-thirds of the value of his property, he may receive no compensation at all. That's wrong, and the Legislature should correct it.

"Prevailing Wages" Unnecessarily Inflate the Cost of Construction Labor

Difference between Free (Market) Wages and Prevailing Wages, Wayne County, 1992

Profession	Free Wage	Prevailing Wage	Difference
Bricklayers	\$23.60	\$26.37	- 10.5%
Carpenters	\$14.64	\$21.42	- 31.6%
Cement Masons	\$13.83	\$24.37	- 43.3%
Electricians	\$16.39	\$18.93	- 13.4%
Ironworkers	\$13.72	\$28.95	- 52.6%
Painters	\$11.03	\$21.31	- 48.3%
Plumbers	\$18.76	\$23.94	- 21.6%
Roofers	\$13.97	\$25.91	- 46.1%

Source: Michigan Housing Council

Qualified, nonunion contractors willing and able to do the job for less are frozen out of the school construction market by special-interest legislation that mandates all state projects pay union-scale wages. The result is that less money is available for education and other priorities.

Enforce the "Beck" rights of Michigan workers. Under a 1988 ruling of the U.S. Supreme Court, workers are entitled to a refund of any union dues that are used for purposes not related to collective bargaining activities, contract administration, or grievance processing. These "Beck" rights have gone largely unrealized because state and local governments have shown no desire to enforce them. The result is that labor unions routinely spend half or more of their members' dues on causes and candidates that many of those members personally oppose. To fix the problem, the Legislature should enact "paycheck protection"—requiring unions to secure written permission from their members before spending their money on politics.

Repeal the Prevailing Wage Act of 1965. This antiquated piece of special-interest legislation requires that workers on all state-funded construction projects in effect be paid union-scale wages and benefits. This ignores the competitive compensation packages established by the two-thirds of Michigan's construction workforce that is nonunion, and it hikes the costs of construction by tens of millions of dollars every year. Why should schools, for example, pay more than is necessary for construction when they could put a substantial savings to work in the classroom? The Legislature should get rid of this turkey once and for all.

Remove the cap on charter schools. The growth of charter schools in Michigan has afforded new opportunities to nearly 60,000 students, but that's still less than 5 percent of the state's school-age children. The Legislature fell a few votes short last year when a measure was proposed to raise the cap on how many charter schools could be authorized by public universities. It's time to try again. More charter schools mean more choice and competition—two factors that improve almost any good or service, including education.

Abolish county road commissions. Michigan is the only state in the union with county road commissions. While there are many exceptions, the commissioner positions and the commission itself often operate to serve purposes of political patronage. The Legislature should consider simply giving the money it now provides to road commissions directly to county commissions and county executives.

Accelerate Single Business Tax reduction. The last Legislature passed Gov. Engler's proposed 23-year phase-out of the state's onerous Single Business Tax. With the state's coffers flush and with total tax revenues close to the limit prescribed by the 1978 "Headlee Amendment," the Legislature should consider speeding up the SBT's demise as one way to further improve Michigan's competitiveness with other states.

End discriminatory economic development policy. State programs that bestow on certain businesses selective tax abatements and subsidies for job training are unfair and counterproductive. With record low unemployment, such programs do little more than shift jobs from one business to another, forcing the firms who do not get special treatment to foot the bill for finding and hiring replacement workers. "A fair field and no favor" is a far better approach to economic development than the state trying to pick winners and losers.

Michigan policy-makers ultimately will be judged according to what they accomplish for the long-run good of the state. These seven proposals would go far in sending the message that Michigan is a state that values enterprise, opportunity, competition, and sound public policy.

#####

(Lawrence W. Reed is president of the Mackinac Center for Public Policy, a research and educational institute headquartered in Midland, Michigan. More information on economic development is available at www.mackinac.org. Permission to reprint in whole or in part is hereby granted, provided the author and his affiliation are cited.)

Michigan policy-makers ultimately will be judged according to what they accomplish for the long-run good of the state.

Attention Editors and Producers

Viewpoint commentaries are provided for reprint in newspapers and other publications. Authors are available for print or broadcast interviews. Electronic text is available at www.mackinac.org or on disk. Please contact:

Michael D. LaFaive
Research Project Manager
140 West Main Street
P.O. Box 568
Midland, MI 48640

Phone: (517) 631-0900
Fax: (517) 631-0964

www.mackinac.org
LaFaive@mackinac.org