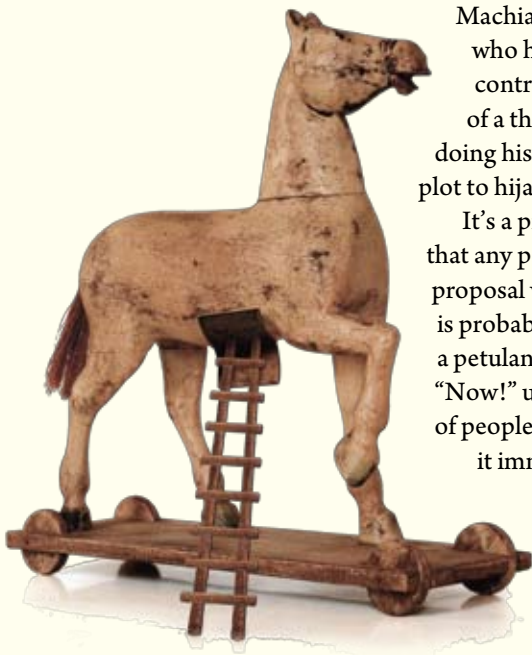


Exposing a Trojan Horse



When historians review the short and sordid life of a ballot proposal titled “Reform Michigan Government Now!” they will find a Machiavellian tale of power seekers who hold the people in contempt contrasted with the inspiring story of a think tank intern who was just doing his job when he uncovered a plot to hijack the state Constitution.

It’s a pretty good rule of thumb that any political movement, group or proposal whose name ends in “Now!” is probably advocating a bad idea. Like a petulant child stamping his foot, “Now!” usually indicates that a group of people wants something, they want it immediately, they’re thinking about themselves and they aren’t considering the long-term impact on civil society.

So it was with Reform Michigan Government Now, a lengthy and complicated set of changes to the state constitution that gained support quickly and fell apart even more quickly, in no small part thanks to the efforts of the Mackinac Center for Public Policy.

At first blush, RMGN appeared to reduce the scope and burden of state government. It would have reduced the number of seats in both houses of the Legislature, cut judgeships at the appellate level and at the State Supreme Court, lowered the number of state departments and commissions, and reduced salaries for state officials. RMGN also would have created a bipartisan commission to create legislative districts, in an attempt to end the practice of gerrymandering districts.

For Michiganders eager for relief from the burden of an expensive and expansive government, and weary of pointless political squabbling, the promise of a smaller government was extremely

see “RMGN” Page 6

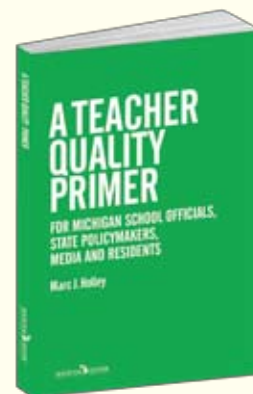
Promoting Teacher Quality in Michigan

The release of the Mackinac Center’s “Teacher Quality Primer” in June was ideally timed as superintendents, lawmakers, school boards and others began to engage in serious discussions and fledgling programs designed to strengthen and reward teacher performance.

The 148-page book was authored by Marc J. Holley, an adjunct fellow with the Mackinac Center and a doctoral academy fellow in public policy at the University of Arkansas. Holley’s research showed that “of all the factors schools can control,

teachers matter most.” The key to improving student achievement is to redefine what’s meant by a “highly qualified” teacher, Holley wrote. Instead of focusing on years of experience or levels of training, schools should seek and retain teachers who improve student learning.

To that end, Holley offered several suggestions for



improving teacher quality. Among them were incentives like a merit-based pay structure to motivate and attract high-quality teachers. He discussed the primer and its findings at a Mackinac Center Issues & Ideas Forum in Lansing on June 18.

The response to the primer indicated a widespread, previously latent interest in the

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PRESIDENT'S MESSAGE

Indispensable Leadership



Joseph G. Lehman
Executive
Vice President

My whip-cracking editor assigned me a President's Message devoted to the history of the Mackinac Center and the legacy of Larry Reed, my predecessor and our new president emeritus. That's a tall order for a short column. It would take big book to say all I want you to know about Larry and the course he charted for us.

While praising Larry, I'll avoid sounding a funeral tone as if I'm saying goodbye. I'm not, because he's not leaving. Although he is the new president of the New York-based Foundation for Economic Education, he has a special commitment to keep an active hand in the Mackinac Center.

Larry will maintain his residence in Michigan, a new office in our building and a seat on our board. He'll assume a reduced schedule of Mackinac Center writing and speaking in Michigan, which is precisely the way thousands of people reading this column first encountered the Mackinac Center.

As I've written in this space before, I was introduced to Larry 20 years ago as he became the Mackinac Center's first president. Six years later I quit a perfectly good engineering job to join his team. We developed an almost magical partnership to build what became the nation's largest and most effective state-based policy research institute.

No one does that alone, but Larry's contributions were indispensable. Foremost, he assembled a superb staff. It would have been easy to hire people who weren't as good as Larry, but he searched until he found people who were better than him at something, and he hired them. That takes humility.

In our early days he also had to be a pretty good salesman to bring those good employees on board. Our office smelled like the pizza parlor we rented it from, the threadbare carpet felt like the concrete it hardly covered, the shelves sagged under the weight of files we didn't have room to properly store, the '60s-era desks looked like they came from the surplus auction where we found them, the plastic sheets stuck behind the desks were used to cover our computers when it rained and the money in the bank seldom covered the next month's expenses.

Come to think of it, Larry was a really, really good salesman.

Most entrepreneurs are good salesman, but Larry is not your run-of-the-mill entrepreneur. The classic entrepreneur's trap is getting stuck in the startup phase, where the organization is really just an extension of the founder. Such an institution can really grow no larger than the founder. The Mackinac Center transitioned from that stage long ago, and Larry's humility and flexibility were essential reasons why.

Such transitions always have defining moments, and I remember one of ours after I'd been on the job a few months. As our new communications director, I had edited our quarterly privatization journal. Later I caught Larry editing my edits. I explained to Larry that he had hired me to do that, but that if he still wanted to do the editing, I thought they would welcome me



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Daniel E. Montgomery
Graphic Designer

Joseph G. Lehman
Associate Editor

back at Dow Chemical. I proposed that he review the journal when it came back from the printer. If he didn't like the results then, he could fire me.

He might have fired me on the spot, but he didn't. Instead he tolerated my audacity, and we ended up with another division of labor that allowed the Center to grow. I remember later when I, ever so painfully, had to relinquish those same duties to the whip-cracking editor I eventually hired to help me. Larry had turned out to be a teacher as well.

Which was no surprise. Larry had been head of the economics department at Northwood University. Professors are not always known for their intense drive and management ability, but Larry proved to be that rare professor who was also an energetic, practical and decisive CEO. More than once Larry would drive halfway across the state, deliver a speech on economic philosophy, visit a supporter, come back to the office with a check, answer dozens of e-mails, resolve a bevy of management mini-crises, grant a half-hour live radio interview, then start and finish a column that was due the next day.

Which is all to say that our board did not replace Larry Reed when it named me president. The board changed the mix of our partnership, and then gave me the greatest gift a board can give to the successor of a brilliant founding president. They made it clear they do not want me to merely steward the Mackinac Center, stand in Larry's shadow and coast on our 20-year track record. Rather, they challenged me to make 2008 our new starting point.

The board knows they hit a home run with Larry as president. But they're not satisfied to rest on that, and I'm glad. As much as we've done, our state is still, quite frankly, a fiscal mess that is getting worse. Yes, we can confidently speculate on how much worse Michigan would be had it not been for the Mackinac Center. But many of our biggest and most promising ideas haven't become policy yet. Now is the time to redouble our efforts. We will certainly build on our accomplishments, but we'll also find ways to achieve even greater public policy success.

We'll have more to say about those plans in future issues of Impact and at our 20th anniversary gala with John Stossel on Nov. 11. I expect to be telling stories about the Mackinac Center's impact and Larry Reed right on through our 30th, 40th and 50th anniversary galas. **I**



“WHAT OTHERS ARE SAYING”

I have had the pleasure of knowing, working with and learning from Larry Reed since the mid-1990s. He is one of the most dedicated and focused think-tank leaders in the free-market movement. He has a rare capacity to explain complex economic concepts in startlingly simple and often humorous ways. His boundless optimism is infectious. Also, despite his extensive commitments, he spares the time to meet with and encourage young intellectual entrepreneurs to establish think tanks and other institutions that advance human freedom. If every American state had a Larry Reed to monitor and advise its legislature, governor and officials, this would be a far freer and more prosperous nation. Until then, Michigan has Larry and the Mackinac Center to itself. Its leaders would be wise to heed his wisdom.

Deroy Murdock, syndicated columnist, Scripps Howard News Service and senior fellow, Atlas Economic Research Foundation

Teacher Quality from Page One

subject. On June 17, the Michigan Association of Public School Academies sent a notification of the event to its membership. On the morning of the release, Holley was invited to discuss teacher quality and merit pay with talk show host Frank Beckmann on WJR 760 AM and with WJIM talk host Michael Patrick Shiels, whose program is carried on nine stations from Petoskey to Lansing.

The forum itself drew a diverse crowd, including several legislators, some of whom are members of education-related committees. Afterward, Holley spoke with several reporters, legislators and other interested attendees. A number of people requested copies of his presentation and the primer.

Over the next several days, Holley conducted several interviews and the primer was covered in newspapers, news services, radio and television. On June 22, the Lansing State Journal cited Holley and his findings in an article on Lansing school district leaders who were researching the idea of linking teacher pay and student achievement.

The primer also generated interest and discussion at a Michigan Chamber of Commerce “Leadership Michigan” panel that Holley participated in on June 19. Dozens of business and community leaders listened intently as Holley discussed his findings and they exceeded the allotted time asking questions and offering comments.

Over the next few months, the Center received calls from superintendents, school board members and other school officials requesting the primer and Holley’s Issues & Ideas presentation. A few indicated they were in the early stages of researching merit pay and that the primer would be immensely helpful.



Author Marc Holley discusses the Teacher Quality Primer at a Mackinac Center Issues & Ideas Forum in Lansing. The primer is the fourth book in the Center’s School Management Series.

The primer was lauded by other scholars as well. “Marc Holley has written an excellent primer on the teacher quality debate,” wrote Michael Podgursky, professor of economics at the University of Missouri-Columbia and co-author of “Teacher Pay and Teacher Quality.”

“He provides a nontechnical, but thorough and balanced survey of the research literature from an economic perspective and distills lessons for policy,” Podgursky added. “Although he wrote it for Michigan policymakers, his analysis has much to offer interested readers in other states.”

The Teacher Quality Primer and related resources can be found at www.mackinac.org/9632. [I](#)

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# Bogus Reform Initiative Exposed, Union Spending Revealed

When the Reform Michigan Government Now ballot proposal surfaced in July, most media coverage was focused on the populist appearance of the measure. That changed, however, on July 17 when Labor Policy Director **Paul Kersey** and Senior Legal Analyst **Patrick J. Wright** appeared on “The Frank Beckmann Show” on **WJR 760AM** to announce that the Center had uncovered a PowerPoint presentation on a UAW Web site that clearly exposed the partisan nature of the ballot measure (see related article on Page 1). In the weeks that followed, the Center was cited dozens and dozens of times by state and national print, broadcast and electronic media.

The Associated Press carried the story statewide. Television and radio stations in every major market across Michigan reported the Center’s revelation, including **WWMT** in Kalamazoo, **WBRN** in Big Rapids, **WLNS** in Lansing, **WEYI** in Saginaw, **WHTC** in Holland, **WBCK** in Battle Creek, **WKZO** in Kalamazoo and **XM Radio** channel 158. Newspapers as varied as the **Battle Creek Enquirer**, **Detroit News**, **Holland Sentinel**, **Oakland Press**, and **Ironwood Daily Globe** carried the story, as did **The Wall Street Journal**, **National Review Online**, **Human Events** and the **Milwaukee Journal-Sentinel**. Both of Lansing’s

daily political newsletters, **Gongwer** and **Michigan Information & Research Service**, cited the Center multiple times as the RMGN drama unfolded. Coverage also extended to countless mentions throughout the “blogosphere.”

Then-President **Lawrence W. Reed** kicked off RMGN coverage with an Op-Ed in the **Lansing State Journal** and a mention in John Fund’s **Wall Street Journal** column, in which Reed described the proposal as a “Trojan Horse dressed up as My Friend Flicka.”

Reed received extensive coverage when the Center announced that he would assume the title of president emeritus on Sept. 1, while taking over as president of the Foundation for Economic Education. The change, as well as the Center board of directors’ unanimous decision to name Executive Vice President **Joseph G. Lehman** as his successor, was announced on July 21 in the **Midland Daily News**, **MIRS Capitol Capsule** and on Frank Beckmann’s show on **WJR**, as well as the July 22 **Tri-Cities Business Review** and July 23 **Kalamazoo Gazette**. Reed also was mentioned in an Aug. 9 **Wall Street Journal** column about the benefits of state-based think tanks. He and Senior Fellow **Burton Folsom** authored an Op-Ed on labor’s impact on automotive manufacturers in the Sept. 16 **Washington Times**.

A Viewpoint by **Russ Harding**, senior environmental analyst and director of the Center’s Property Rights Network, on lifting the ban against directional drilling for oil and natural gas under the Great Lakes was the focus of radio interviews on Aug. 12 on “**The Frank Beckmann Show**” on **WJR** and Aug. 27 on “**The Ron Jolly Show**” on **WTCM**. It also drew mentions in the June 30 **Lansing State Journal**, July 21 **Traverse City Record-Eagle**, Aug. 13 **National Review Online**, Aug. 28 **Detroit Free Press** and Aug. 28 **Oakland Press** and was reprinted on

Sept. 4 in **The Detroit News**. The efforts of the Property Rights Network were mentioned in the June 10 and 13 **Grand Rapids Press** and on July 21 on **Fox 2 News** in Detroit.

**Michael D. LaFaive**, director of the Center’s Morey Fiscal Policy Initiative, was cited in numerous publications on issues as wide-ranging as Michigan’s economy, the state’s population loss and the benefits of free trade, including the June 11 **Detroit News**, June 27 **Detroit Business Review**, July 28 **Crain’s Detroit Business**, Aug. 7 **Chicago Tribune**, Aug. 13 **Detroit News** and Sept. 1 **Saginaw News**. LaFaive was quoted in a July 23 **Wall Street Journal** Op-Ed on subsidies for moviemakers.

A Viewpoint by **Jack McHugh**, senior legislative analyst, on the failure of the current Michigan Legislature was reprinted in the June 16 **Dowagiac Daily News**, June 12 **Cedar Springs Post**, June 16 **Niles Daily Star** and June 26 **Grosse Pointe News**. McHugh was cited July 1 in the **Battle Creek Enquirer** and July 2 by **Forbes** on college tuition increases. Another Viewpoint on free trade, co-authored by McHugh and **James M. Hohman**, fiscal

policy research assistant, ran in the June 5 **Grosse Pointe News** and June 6 **Oakland County Legal News**.

The Center’s Transparency Project continued to garner media attention and praise, including an Aug. 28 editorial in **The Oakland Press** that said the Center’s call for school districts to post checkbook registers online “merits attention and positive responses from all public school districts.” Another part of the Transparency Project, “Show Michigan the Money,” was highlighted in the **MIRS Capitol Capsule** on July 3. Transparency also received mentions in the June 9 **Grand Rapids Press**, the July 1 **Budget & Tax News**, the July 25 **Riverside (Calif.) Press-Enterprise** and the Aug. 4 **Holland Sentinel**.



Kersey’s newest study, “Union Spending in Michigan: A Review of Union Financial Disclosure Reports,” was the topic of discussion on Aug. 31 on **Fox 2 News** in Detroit, Sept. 1 on **WDET** radio’s “Back Story” and Sept. 4 on **WMKT**, as well as cited in a Sept. 1 **Detroit News** editorial. Kersey’s research on the economies of right-to-work states was cited in an editorial in the Aug. 27 **Wall Street Journal**. **I**

## *RMGN* from Page One

appealing. In spite of the measure's complexity, the stealthy RMGN committee quickly secured the signatures necessary to get the measure on the ballot.

But all was not as it seemed; RMGN's reforms seemed oddly tilted to benefit one party. RMGN removed two spots on the state Supreme Court, both of which were held by justices appointed by Republican former Gov. John Engler. The measure used a different mechanism to remove six conservative judges from the Court of Appeals. Then Gov. Jennifer Granholm was empowered to add judges at the district court level.

The proposal also did less than it seemed to protect taxpayers: there was nothing to prevent the salaries of government officials from increasing in the future. And while the measure would have limited the number of state departments and commissions, there was nothing in the proposal that eliminated any existing laws or programs no matter how expensive. RMGN's requirements could be satisfied by shuffling the existing bureaucracy around to create fewer, but larger, departments.

The Mackinac Center was among the first to publicly raise flags about the proposal. In mid-July, then-President Lawrence W. Reed and Communications Director Michael D. Jahr both analyzed RMGN. Reed, in an Op-Ed in the *Lansing State Journal*, described RMGN as "weeding the garden with a B-52" and called attention to the proposal's partisan biases and minimal spending cuts. Jahr analyzed the sheer complexity of RMGN — a 19,000-word petition that exceeded the length of the Declaration of Independence, U.S. Constitution and Bill of Rights combined.

But RMGN's fate was likely sealed when James Vote, a Wayne State University graduate student interning for the Center's Labor Policy Initiative, discovered the smoking gun. Vote was doing background research for a union spending study when he found a PowerPoint presentation dealing with RMGN on the Web site of a UAW local. It was to be a presentation that RMGN backers probably wish they had never created.

The PowerPoint presentation, intended as a visual aid for promoting RMGN to potential allies, carried a blunt title: "Government Reform Proposal: Changing the rules of politics in Michigan to help Democrats." With 34 slides, the presentation described a grim future for the party that currently controls the governorship and the state House of Representatives. It noted that Democrats had not controlled the entirety of state government in 25 years and predicted that this would

not change for the foreseeable future without significant changes to the redistricting process, the key to which is the makeup of the state courts. It warned that without such changes, another "Engler era" was possible.

### The path to change the political rules: Streamline state government

- In 2008, use the public's very negative mood and high level of discouragement about state government (the worst in 25 years) to enact a ballot proposal which comprehensively reforms state government, including changing the structural obstacles to Democratic control of state government in 2012-2021

A slide from the PowerPoint presentation drafted by Reform Michigan Government Now backers and exposed by the Mackinac Center.

The PowerPoint presentation prescribed a significant overhaul of the state Constitution. It suggested taking advantage of "[t]he bleak mood of Michigan" to pass broad ranging reforms, and then described RMGN in precise detail. The cynicism of the presentation was astonishing: nearly every aspect of RMGN was justified in terms of either partisan advantage or popularity in polls and focus groups. The efficient and fair administration of government simply did not appear to enter into the calculations of RMGN's backers.

The Mackinac Center went public with this discovery on July 17, with Senior Legal Analyst Patrick J. Wright and Labor Policy Director Paul Kersey revealing the presentation on WJR's Frank Beckmann Show. The Associated Press quickly picked up the story and by day's end it was being reported throughout the state. The *Detroit Free Press* headline proclaimed "Democrats' strategy for state control revealed." For days, Wright and Kersey did interviews with newspapers, radio stations and television stations throughout the state. (For more about the media coverage, see page 5.)

The Center also created a Web page that carried the surreptitious PowerPoint presentation and RMGN analysis. These pages would receive nearly 15,000 hits in the weeks that followed.

Initially, RMGN's backers tried to dodge or dismiss the controversy. On July 22, they attempted to change the subject, holding a Lansing press conference to discuss a poll they had conducted. The feint was unsuccessful, as demonstrated by the headline in *Crain's Detroit Business*: "Reform group won't talk about PowerPoint presentation."

By the end of July, many newspapers in the state had commented on the presentation and its implications. Detroit Free Press editorial page Editor Ron Dzwonkowski wrote about the Center's exposé and summed up what many editorial pages were saying: "So now you know. The Reform Michigan Government Now! proposal should really be called Hand It to the Democrats Later."

The issue even caught the attention of the national media. In a July 24 editorial, The Wall Street Journal wrote: "[I]t turns out that these populist measures are included to disguise a deeply partisan agenda being pursued by Reform Michigan's Democratic backers. That agenda was laid bare last week when the Mackinac Center, a Michigan think tank, discovered a PowerPoint presentation of the proposal posted on a United Auto Workers regional Web site." The editorial concluded: "By exposing this partisan power grab, the think tank has performed a public service to Michigan voters."

In an article titled "How to Steal a State Supreme Court," law professor Jonathan H. Adler wrote in National Review Online that the Mackinac Center's discovery "revealed a breathtakingly cynical stealth campaign to rewrite the state constitution."

"PowerPoint-gate," as some began to call it, had unexpected ramifications. According to Lansing State Journal columnist Tim Skubick, Oakland County attorney Marietta Robinson decided not to run against Supreme Court Chief Justice Cliff Taylor in part because of the controversy surrounding Reform Michigan Government Now. On July 23, The Detroit News reported that congressional Democrats from Michigan cancelled a fundraiser for the state party over concerns about the state party's role in the initiative. And according to Gongwer News Service, state Sen. Tupac Hunter, D-Detroit, told WJR, "We see a stealth campaign that is starting to unravel and we see what the agenda is. For the first time in my life, I'm ashamed to be a member of my party for this reason."

The day after the Mackinac Center revealed the true motivations behind RMGN, the Michigan Chamber of Commerce and other parties filed suit to prevent the measure from appearing on the November ballot. By Aug. 20, the Detroit Free Press pronounced RMGN dead at the hands of the Court of Appeals, noting again that the plot was exposed by the Mackinac Center. In early September, the Michigan Supreme Court issued the do-not-resuscitate order. The federal courts refused to exhume the body and

RMGN was relegated to the ash heap of political blunders.

"The disclosure of the PowerPoint presentation by the Mackinac Center was the turning point in our effort to keep the RMGN proposal off the 2008 ballot," said Bob LaBrant, senior vice president and general counsel for the Chamber.

"With your disclosure, the credibility of RMGN was destroyed. [RMGN promoter] Dianne Byrum and [Michigan Democratic Party Chairman] Mark Brewer could no longer spin this proposal as reform. Almost every daily newspaper in the state published an editorial attacking RMGN. The disclosure was picked up by the national media. [The Center] exposed the proposal for what it was, a secretive manipulation of the process for partisan gain."

But the Center was not content at having stopped something bad. President Joseph G. Lehman came up with eight ballot measures — including a right-to-work law, a state spending limitation, a universal tuition tax credit

and compensation for the regulatory takings of property — that would truly benefit the state. The Detroit Free Press published the commentary online on Sept. 11.

AFL-CIO president Mark Gaffney discussed the initiative's demise on the Sept. 19 edition of WKAR's "Off the Record." He denied that the \$1.5 million spent on the initiative was a waste of money. Gaffney acknowledged that RMGN was aimed at legislative redistricting and altering the makeup of the state's courts.

The rapid rise and fall of RMGN shows that Michigan residents desire genuine reform, but that by itself is not enough. The knowledge and investigative energy provided by the Mackinac Center will be critical if that desire is to be translated into meaningful and positive reforms in Michigan. **I**

## **Detroit Free Press** **Democrats' strategy for state control revealed** **Government reform drive cast in new light**

By Dawson Bell  
Free Press Staff Writer

LANSING — Documents revealed Thursday make the case for how a \$4.9-million campaign, funded partly with in-kind contributions from the Michigan Democratic Party, could accomplish in one bold gesture what for decades has eluded state Democrats: total control of the three branches of state government.

Backers of the Reform Michigan Government Now! petition drive, which last week turned in more than 470,000 signatures to put the issue before voters in November, had said their idea to radically change Michigan's Constitution was a nonpartisan effort to reform government by making the bureaucracy more efficient with a smaller Legislature and judiciary and lowering pay for elected officials.

But the documents that surfaced Thursday suggest there was truth to the charge of a Democratic conspiracy for the campaign that -- to date -- no one has claimed credit for organizing or underwriting.

What is perhaps most striking about the massive political maneuver is mentioned in the pro-



Documents revealed Thursday make the case for how a \$4.9-million campaign, funded partly with in-kind contributions from the Michigan Democratic Party, could accomplish in one bold gesture what for decades has eluded state Democrats: total control of the three branches of state government.

## **“WHAT OTHERS ARE SAYING”**

The Heritage Foundation is proud to salute the Mackinac Center on its 20th Anniversary! Your talented staff, high quality work, and commitment to best business practices have made you a leader in the state think tank movement. Because of your steadfast commitment to principle you have become a leader in the battle of ideas.

Your many Heritage friends look forward to working with you in the decades ahead!"

*Edwin J. Feulner, Ph.D., President of The Heritage Foundation*



## The Center's Earliest Days

It was a hot August day in 1982 in Mt. Pleasant, Mich., when Senate Minority Leader John Engler and Lawrence W. Reed, then a professor at Northwood University and a candidate for Congress, shared a platform and took a few minutes to speak privately. "Michigan needs a think tank like the Heritage Foundation," Engler confided to Reed. "Market-friendly ideas don't get much of a hearing in Lansing or in the state's media." Reed agreed, but the idea simmered for another five years.

In 1987, Engler prodded some friends to make the idea a reality — most notably Brighton insurance executive D. Joseph Olson and Lansing attorney Richard McLellan. Olson and McLellan invited philanthropist Margaret "Ranny" Riecker of Midland and two people from Ann Arbor, business executive Bill Rosenberg and pollster Bob Teeter, to join them on the board of the new think tank, dubbed "The Michigan Research Institute." The Cornerstone Foundation, which had been founded in 1967, authorized its executive director to sign the articles of incorporation for The Michigan Research Institute.

During the first months, the Cornerstone Foundation's tax exempt status provided a vehicle for the first financial support for the Mackinac Center.

Under that banner, but without a president or a staff, the five-member board commissioned the organization's first two major studies. One dealt with the Single Business Tax (authored by economist Patrick Anderson) and the other (authored by economist Bradley Smith) called for the privatization of the state's worker compensation insurer, the Accident Fund.

Olson was not only the first board member to serve as chairman, he has served in that capacity for all but three of the Center's 20 years. (Dick Antonini of Grand Rapids served as chair for the other three). Olson and McLellan still serve on the board today and are among the Center's "Champions of Freedom" awardees. They, along with the other founders, believed strongly that ideas matter and that even a small organization of committed professionals can make a difference. Early supporters who helped them get the Center off the ground included Sid Smith, Kimbal Smith and Gail Torreano, then executive director of the Cornerstone Foundation.

With the first studies underway, the board commenced a search for the Center's first president. Engler suggested Reed, who met with the board and passed the test. Reed was hired in December 1987 on condition that he be permitted to put the headquarters in Midland, where he had taught college economics

and had deep roots. A Midland site, rather than the state's capital, would ensure that the Center's principles would not be under constant pressure from the Lansing maelstrom to "accommodate" the politicians. The name was changed to "Mackinac Center" ("for Public Policy" was added years later at Senior Vice President Joe Overton's suggestion) because "Mackinac" was a name readily associated with Michigan and one of the early meetings of the board was held on the island that bears that name.



The Mackinac Center had its humble beginnings in an office adjacent to a pizzeria.

Center staff occupied its present building in 1997.



Reed and his first hire, receptionist Dana Peringer, found two adjacent rooms for rent in the hallway behind Pizza Sam's restaurant, papered and painted the walls and worked on a concrete floor until they could afford carpeting.

That first full year, 1988, was full of hope but the Center operated on a shoestring budget of \$80,000. With little to show and many dreams to offer, Reed sought like-minded friends willing to take a risk. The Center met budget, started a commentary series called "Viewpoint on Public Issues," commissioned more studies and Reed hit the road to meet with editors and reporters all over the state. Little could the founders have known that within a decade, the Mackinac Center would grow into the largest of its kind in the 50 states, earn an international reputation and own an impressive headquarters (without the scent and clamor of a pizzeria). None of it could have happened without





the support of hundreds of individuals, businesses and foundations from all over Michigan and beyond.

Reed admits it was not always easy in that first decade. The Center never had a “sugar daddy” on whom it could count for a big check; its funding base has always been broad. “We had to earn our support by proving we knew what we were doing,” said Reed. “We never sought, nor would we ever accept, a penny of government funding; I think it’s a sign we’ve stuck to our principles that none has ever been offered, either. We had plenty of ups and downs and there were more than a few payless paydays. Tough times not only test your character, they *build* it, believe me.”

Looking back on those early years, Reed can identify several attitudes and decisions that were crucial to the Center’s success: Perseverance, optimism, imagination and commitment to quality; getting well-organized and planning long-term; combining present-day policy work with future-focused programs for youth; hiring the best, even if it meant waiting a while to find them; and never taking supporters for granted. These are just of a few ingredients in the Mackinac Center’s recipe for achievement.

Reed said he is immensely proud of the Mackinac Center’s exemplary board, advisors, scholars, staff and contributors. “They proved that this institution is not a passing fancy or a flash in the pan,” he said. “Though some ideological opponents were hoping we’d disappear as quickly as we arrived on the scene, the fact is that the Mackinac Center is a permanent, solid fixture of the public policy landscape. Twenty years have proven that, but I am confident that ‘you ain’t seen nothin’ yet!’” **I**

## “WHAT OTHERS ARE SAYING”

In an era when life seems to move at the speed of light, we need to take more time to think about the problems and issues facing our great state and country. The Mackinac Center provides a place to go to find free-market opinions and extraordinary solutions that make us think; and think deeply. Happy 20th anniversary!

*Chuck Gaidica, television anchor-Detroit*

# Changing the World

By Kendra L. Shrode

When the editors of IMPACT asked me to take pen to paper, I was honored to do something I love doing — singing the praises of Lawrence W. Reed, president emeritus of the Mackinac Center for Public Policy.

I have spent more than 16 years working for a man who regularly inspired me. I want to be as well read, well traveled, articulate, supportive of my colleagues, eager to take on varied interests, passionate about all of God's creatures, determined to change the world and, perhaps most importantly, true to my beliefs.

I could mention the many accomplishments listed on Larry's official biography, the reams of papers he has written, the hundreds of radio and television interviews he has given, the extensive travel adventures he has had or the many stories from former students and think tank personnel who have told me what a difference he made in their lives and careers. The list is long and impressive. However, since many of you are already aware of his accomplishments, I would like to discuss the man who seemingly, effortlessly, makes all these great things happen.

Together we have shared great joy in the growth of the Mackinac Center and we have endured great tragedy with the loss of a most loved co-worker. We traveled to China, the Middle East, Kenya, Mongolia, New Zealand, to countries throughout Europe and to many states of this great nation. We have met famous and accomplished people such as Lady Margaret Thatcher, Sir Nicholas Winton, Milton and Rose Friedman, the great-grandson of Prime Minister Gladstone, the prime minister of Mongolia and others who, like all of us who have toiled for liberty, are making a difference.

Perhaps most revealing about Larry's character, however, are the many less-famous people we have met on our travels. For example, he loves to try to identify a cab driver's native land based on the driver's accent — and he's rarely wrong! Needless to say, he makes their day when he tells them he visited their country and they begin to discuss the places of interest in that land. Be they knights of the realm or cabbies, Larry makes each person feel important — because to him, they most definitely are.

I have often heard people say that being at the right place at the right time makes things happen. I have come to believe that there are a few folks who make sure they are at the right place at the right time. These are the people who go out of their way to assist fellow travelers in this journey of life. I have seen this time and again with Larry Reed's endless outreach to people across the globe. Those in the movement know of his sharing ways — lending a hand to help another group



Lawrence Reed and Kendra Shrode at Deer Parks Heights, Queenstown, South Island, New Zealand



Reed and Shrode dine with Sir Nicholas Winton, who rescued 600 Jewish children from the Nazis, and Vera Gissing, one of the children he saved.

gain ground against the enemies of liberty and freedom. He befriended a young school teacher in rural Kenya to whom he sent books and encouragement. James Shikwati is now the president of the first think tank in Kenya and is known worldwide for speaking and writing on topics important to his countrymen. Assisting one young man has generated changes for countless others.

Larry's adventures circling the globe to promote liberty led our local media to nickname him "the Indiana Jones of Michigan." However, I'm convinced that if Larry's travels took him no further than the borders of Michigan, he would still impact the world. The one thing I have learned in all my experiences with Larry is that you can always depend on him to go the extra mile for change. His code of integrity and decency requires no less of him.

I have been truly blessed to work with Larry these many years, watching and learning as he moved our organization from a four-man shop (actually three men and one woman!) to a staff of more than 30. For 20 years we have been inspired by Larry's example of total devotion to freedom. His hard work and determination brought us to this point. Similarly, it is his vision for a successful succession plan that placed Joe Lehman at the helm of the Mackinac Center — with unanimous support from the board of directors, no less.

It is bittersweet for us old-timers to say a heartfelt "goodbye" to President Reed. But we say a loving hello to President Emeritus Reed and wish him all of God's blessings in his new role at the Foundation for Economic Education. **I**

*Kendra L. Shrode joined the Mackinac Center in 1992, serving as office manager, director of operations and vice president of operations before assuming her current role as assistant to the president in 2000.*

## ***Victories*** from back page

When the Michigan Supreme Court heard the case, however, Patrick J. Wright, the Center's senior legal analyst, argued in a friend-of-the-court brief that under the Michigan Constitution and Michigan court precedents, the decisions of state agencies should not receive any deference from state courts. In a landmark ruling, the justices ultimately agreed that in cases where a state agency is adjudicating a dispute, the agency's reading of the law need not guide a state court's rulings.

Although the decision received little attention outside of state offices in Lansing, it is a fundamental victory. Prior to the *Rovas* ruling, state agencies could confidently arraign and punish a defendant based on their own interpretation of a law, serving as both prosecutor and judge and setting regulatory precedents that residents and businesses were compelled to follow. Moreover, these agencies, such as the MPSC and the Michigan Department of Environmental Quality, often interpreted statutes in ways that increased their own powers (see, for instance, "Twice More Unto the Breach," *Impact*, Summer 2006, and "Regulations That Lead to Ruin," *Impact*, Summer 2008).

Such actions will now be subject to full judicial scrutiny, with state courts undertaking their constitutional duty to interpret the law and providing a substantial check on bureaucratic power. The decision is in keeping with the Michigan Constitution and the nation's founding principles — and it is a significant departure from the federal courts' subservience to the vast federal bureaucracy.

A second ruling has hit home, too. In *Michigan Education Association v. Secretary of State*, the Michigan Court of Appeals held that school districts were prohibited from administering payroll deductions for the Michigan Education Association's political action committee. The MEA had argued that government administration of a payroll deduction plan for contributions to the PAC was proper so long as the MEA "reimbursed" the school districts for the use of their time. But as the Center argued in this case, state law indicates that state goods and services cannot be rented for political purposes. The Center's view was discussed at oral argument and in the dissenting opinion, and the Center was acknowledged in the controlling opinion as well.

It is not clear whether the MEA will appeal, but for now, this ruling essentially prevents school districts from providing administrative assistance to partisan political activity. Unionized teachers who wish to contribute to their union's PAC may continue to do so (most likely by sending a check), but the government will not participate in that process.



To consider the scope of this victory, consider that a contrary ruling could have led to state workers' abetting the cheapest partisanship on government time. Using the MEA's logic in this case, the Secretary of State could place solicitations for his or her campaign in every driver's license renewal letter, so long as he or she reimbursed the state for the cost. Alternatively, as Wright argued in the Center's brief, "Under the MEA's view of [the law], the members of this Court could send a [personal] fundraising solicitation with the opinion in this matter, so long as the administrative costs to the Michigan court system were prepaid."

Wright, who has run the Center's Legal Studies Project since the project's inception more than three years ago, commented: "These are tremendous victories. Reining in agency powers was a goal that I had optimistically hoped to see accomplished after the first 10 years of our work. To participate in a case like *Rovas* and achieve that goal just 40 months into the project was exhilarating. And the court of appeals' decision to remove government from partisan politics is correct as a matter of law and policy. Real progress has been made through these decisions at a time when the state desperately needs it." **I**

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### “WHAT OTHERS ARE SAYING”

The Mackinac Center for Public Policy is helping to move the world to a freer, more responsible and more just society. The Mackinac Center not only has great talent in leadership positions, it has a great depth of talent throughout the institution. Mackinac not only has the right ideas, it effectively and tirelessly markets them to the public and legislators showing — with good will and intelligence — that freedom should not only be preserved, it must be expanded.

*John Kramer, Institute for Justice, Vice President for Communications*

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### “WHAT OTHERS ARE SAYING”

Congratulations to the Mackinac Center on 20 years of influencing the public policy debate in Michigan. The Mackinac Center for Public Policy has set the standard for free-market thought. At a time when the State of Michigan is in need of a fresh review of its policies, Mackinac Center is more relevant than ever.

*State Attorney General Mike Cox*



## Honoring a Tireless Contributor

Normally, I would reserve this section of Impact for my Director of Advancement Message and a short piece highlighting a Mackinac Center friend for his or her contribution to liberty. The latter acknowledges those who write a check, volunteer their time, make in-kind gifts or offer counsel and encouraging words when they are needed. But in this issue I want to focus on Larry Reed, one of those rare few who provides everything he can to the cause of freedom — charitable donations, time, expertise and inspiration.

Larry has been more than just the president of the Mackinac Center for the past 20 years. He is a member of the 1851 Society, which recognizes those who give \$10,000 or more, and he has written the Center into his estate plan. Since our doors opened, Larry has been a chief architect of meaningful policy reforms that were once considered politically impossible. His ability to inspire is evident in the stories he tells, the people who hold him in high regard and the network of individuals who started their own free-market think tanks after meeting him.

At our biannual Leadership Conference we train executives from around the world on how to build, manage and operate a free-market think tank. We open the event by asking attendees to share what first fueled their devotion to freedom.

### “WHAT OTHERS ARE SAYING”

Over the past 20 years, the Mackinac Center for Public Policy has been a steadfast proponent of free-market public policy that has been a guiding light for state and local government. The research and analysis by their scholars and topical reform positions have continually demonstrated a depth of understanding of issues, policies and change for Michigan.

*Oakland County Executive L. Brooks Patterson*

### “WHAT OTHERS ARE SAYING”

The Mackinac Center’s research and policy analysis during the last two decades has been critical to the policy debates in Michigan and across America. In an era of term limits and short term fixes, it is vital that there be a clear voice for the “permanent things” that form the bedrock of a free society.

*Former Gov. John Engler, President and CEO,  
National Association of Manufacturers*

Many people will cite their parents, a book or a professor, but Larry is the only one I know who credits Julie Andrews and “The Sound of Music.” His introduction to the ideas of liberty at a young age led him to become a freelance journalist who has traveled to 69 countries and six continents to personally observe and document how a country’s economic affairs impact quality of life.

Larry’s global passion for freedom is what sparked his friendship with the late Dr. Haing Ngor, who won an Academy Award for his role in the movie “The Killing Fields.” Larry has interviewed presidents and cabinet officials in half a dozen nations; spent time with the Contra rebels during the Nicaraguan civil war; and lived for two weeks with the rebels of Mozambique at their bush headquarters in 1991, during the height of that country’s devastating civil war. His imprint is present in all corners of the world, and everywhere he visits benefits from his passion for freedom.

These experiences shaped Larry’s life forever and have made him ever more grateful for living in a country founded on individual freedom, limited government, personal responsibility and respect for private property. The abuses of freedom he witnessed animated his work as president of the Mackinac Center.

As of Sept. 1, his passion for freedom led him to accept the position of president of the Foundation for Economic Education, as well as president emeritus of the Mackinac Center. Larry will still speak at our programs, produce his inspirational writings and remain in Michigan to help revive our troubled economy.

I first met Larry while he was walking his two dogs in a field behind a home I rented. Neither Larry, nor his dogs, hesitated to introduce themselves. With a smile and a handshake he invited me to visit the Center, where I have now worked for more than five years. Each day he is the example of the character that he so often talks about — he’s honest, loyal and sincerely interested in the happiness of those around him.

It is difficult to imagine what Michigan may be like today if Larry had not been present to advance school choice, less regulation, lower taxes and sensible government. As friends of liberty, we should take the time to congratulate Larry on a job well done, and wish him luck with his new responsibilities. But beware. If you take the time to shake his hand and say thank you, he’ll be genuinely grateful — and then offer you the opportunity to learn more about freedom and the Mackinac Center. **I**



Justin W. Marshall,  
Director of  
Advancement



**Your estate plans reflect the values  
you hold dear and hope to perpetuate.**

Join the Mackinac Center’s Legacy Society  
by calling Justin W. Marshall at 989-631-0900  
and including the Center in your bequest today.

## VIEWPOINTS

### Latest Economic Numbers Confirm Failure of Status Quo

July 2008

V2008-19

The latest economic indicators should convince the Legislature to stop exacerbating Michigan's poor economic performance and to adopt reforms that will once again make Michigan an inviting place to do business.

### Changing Direction. Are We There Yet?

July 2008

V2008-20

Michigan needs a new direction as it faces another budget overspending crisis and higher unemployment in the wake of last year's massive tax hikes. Will the Legislature pursue a new direction or stick with the failed policies that got us here?

### Keep Michigan's Successful Electricity Competition Law

July 2008

V2008-21

The Michigan Legislature should abandon plans to end electricity deregulation and to mandate that power companies use a certain percentage of "renewable energy." The result would be fewer choices and higher prices for consumers.

### Great Lakes Directional Drilling Ban Should Be Lifted

August 2008

V2008-22

A ban on directional drilling under the Great Lakes prevents access to oil and natural gas reserves that could help to lessen dependence on foreign energy sources and boost Michigan's flailing economy.

### Amending the State Constitution for Partisan Advantage?

August 2008

V2008-23

The partisan nature of a PowerPoint presentation discovered on a UAW Web site exposes the real motivation behind efforts to amend the Michigan Constitution.

### Do Unions Really Need the Money?

August 2008

V2008-24

Union financial reports show that the mandatory dues employees are forced to pay aren't always used for collective bargaining purposes.

### New UVL Data, Migration Study Underscore Michigan Troubles

September 2008

V2008-25

A forthcoming migration study shows Michigan residents leave the state to seek lower taxes, fewer regulations and better opportunities.

### Survey 2008: School Service Privatization Grows Again

September 2008

V2008-26

The Mackinac Center's sixth school service privatization survey shows a nearly 5 percent rate of increase among public school districts taking advantage of contracting out to save money.

### Eight Ballot Measures We Would Like to See

September 2008

V2008-27

The Reform Michigan Government Now ballot initiative was rejected by the Court of Appeals, but there are ballot issues that taxpayers should consider pursuing, given the Legislature's unwillingness to do so.

## JOURNALS



### Michigan Science No. 7

Key stories: Biomonitoring, politics in scientific studies, Great Lakes shark tooth discovery, climate alarmism.



### Capitol Confidential

MCC2008-04

Key stories: Budget overspending crisis, public health, ethanol, directional drilling.



### Michigan Privatization Report

MPR2008-01

Key stories: Government-owned golf courses, private-public partnerships on campus, right-to-work laws and city government, tax increment financing.

## STUDIES & REPORTS



### In re Complaint of Rovas Against SBC Michigan

S2008-06

This study reproduces a "friend of the court" brief filed by the Mackinac Center with the Michigan Supreme

Court in a case involving the ability of state agencies to interpret the laws that oversee those agencies. The brief argued that the power of the bureaucratic state should be limited by checks from the other branches of government. The court agreed.

### A Merit-Pay Pilot Program for Michigan Public Schools

S2008-07

This study outlines the feasibility of a privately funded merit-pay program for public school teachers, using two districts — on urban and one rural — as examples of how teachers can be rewarded not for longevity but for measurable student success.



### Union Spending in Michigan: A Review of Union Financial Disclosure Reports

S2008-09

Administrative and overhead costs for unions

are unusually high, and spending on workers' representation — the core task of labor unions — is correspondingly low, according to the findings in "Union Spending in Michigan: A Review of Union Financial Disclosure Reports." The study examined national, state and local data from federal LM-2 reports for six prominent unions and used the information to create estimated budgets. Director of Labor Policy Paul Kersey's review revealed that less than half of a typical union member's dues go into representation, which is nearly matched by the cost of overhead and administration.

### Mackinac Center Amicus Curiae Brief in Michigan Education Association v. Michigan Secretary of State

S2008-10

This study reproduces a "friend of the court" brief filed by the Mackinac Center in a case involving the Michigan Campaign Finance Act and its ban on the expenditure of public money for partisan pursuits. The Michigan Court of Appeals agreed with the brief in ruling that school districts cannot administer payroll deductions for political action committees, even if the Michigan Education Association agrees to reimburse districts beforehand.

## How to order

All publications are available at [www.mackinac.org](http://www.mackinac.org).

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.



## Where Would Michigan Be? *By Michael D. LaFaive*

As the Mackinac Center for Public Policy celebrates 20 years of life in Michigan, it is easy to look back on our salad days and wonder how we got to where we are today. I often think about what the public policy debate would be like without the Center or if there would be any debate at all. The Mackinac Center has not only served as a catalyst for new ideas; it has worked to educate the public, lawmakers and other decision makers in the hope of advancing sound policy while thwarting the bad.

I first learned of the Mackinac Center in 1991 when a neighbor in Mount Pleasant gave me a little book entitled "Michigan: An Agenda for the 90's," authored by then-President Lawrence W. Reed and then-Vice President Greg Kaza. I was electrified by its contents and thought, "It's about time someone said these things." I kept that little book and read it several times over the next year.

In the fall of 1992, I stumbled into a Center event in Lansing and afterward spoke to then-Vice President Joe Overton about doing some volunteer work for the Center. A career was born.

After working as an adjunct scholar for the Center, I was hired in 1995 as the full-time editor of Michigan Privatization Report, a publication covering state privatization initiatives. Those were lean times, and shortly after I started, several of my colleagues displayed their leadership by accepting payless paydays to make ends meet. Mackinac Center senior staff made personal sacrifices to insulate others from occasional fundraising difficulties.

We shared cramped quarters in those days, cobbling together a series of individual offices that were never meant to be part of the same business. My office was permeated by a parmesan cheese odor that wafted from the adjacent pizzeria.

That all changed in 1997. With the help of local foundations and significant contributions from around the state, in three short months the Center was able to raise most of the \$2.4 million it needed for a new headquarters. We broke ground in May 1997 and staff relocated the week before Thanksgiving later that year.

My earliest memories of the Mackinac Center's policy work involved a series of welfare reform recommendations made by the Center and adopted by Gov. John Engler during his first term. Another victory came when the Michigan Accident Fund of Michigan was privatized. This had been one of the first Mackinac Center policy recommendations and it generated more than \$250 million for the state.

During his first term, Gov. Engler shared many of the views promulgated by the Mackinac Center. In fact, at the Center's five-year anniversary dinner, he cited several examples of the Center's impact, noting:

"When the Mackinac Center was first created, it served notice that the terms of the debate here in Michigan would be dramatically and permanently changed. It served notice that an articulate, informed case could be made for lower taxes and less government; the case for more freedom and greater opportunity; it has served notice wherever there are government barriers to individual initiatives it would help lead the fight to remove them."

But at other times the Mackinac Center and governor did not see eye-to-eye. In 1995 he advanced the Michigan Economic Growth Authority, a tax credit program that was designed to give certain corporations tax advantages. Just days before a legislative vote to approve (or not) MEGA, I personally hand-delivered to the office of every Michigan legislator a Mackinac





Center study explaining why MEGA was an ineffective program. To the surprise of many observers, the governor initially lost the MEGA battle in the Legislature, and the Center was credited in part with the bill's defeat. Unfortunately, the governor got the legislation through on a subsequent attempt and the MEGA program remains in use today.

But the Mackinac Center hasn't spent 20 years simply opposing bad ideas. We also champion new and highly creative ones too. Consider the Universal Tuition Tax Credit, which is designed to advance school choice across the state by allowing for credits against state taxes. This program is unique in that it is universal, so companies like Meijer or Kellogg's can decide whether or not they want to establish a school choice giving program in the form of private scholarships. This education reform idea has gained a lot of attention around the nation in recent years.

No recap of the Center's history would be complete without a mention of the Michigan Education Association. The Mackinac Center has been a thorn in this old-fashioned industrial union's side since we opened our doors. While our disagreements are too numerous to detail here, two deserve mention.

First, in 1993 the MEA declared in an internal document obtained by the Center that it would oppose "privatization of any public school functions." This aroused my curiosity and with the help of colleagues I discovered that the MEA actually contracted out at its massive headquarters for such things as food, janitorial, mailing and security services — and in three out of four cases with *nonunion* labor. We issued a press release praising the MEA for its cutting-edge management techniques and encouraged the union to let school districts adopt them as well.

Second, in 2001 the MEA effectively created an "alter ego" for itself called the Great Lakes Center for Education Research and Practice. Ostensibly, the Great Lakes Center's objective was to monitor the scholarship of other research institutes such as the Mackinac Center. During the press conference then-MEA President Luigi Battaglieri said of the Mackinac Center, "Quite frankly, I admire what they have done." The Mackinac Center quoted Battaglieri in a fundraising letter.

In December 2001, the MEA ordered the Mackinac Center to refrain from using Battaglieri's or the union's name in solicitations and had the temerity to demand the names and addresses of Center supporters who had received the mailing. The Mackinac Center rejected these demands and in March 2002 the union and Battaglieri sued us.

A year later, the suit was dismissed by a three-judge panel of the Appeals Court that ruled in favor of the Center. The humorous irony of the story is that while the case wound its way through the courts, the very quote that the MEA tried to repress was repeated over and over in newspapers throughout the state.

The Mackinac Center faces this type of opposition because it is effective, because it has impact. That success is a function of the Fortune 100-style leadership at the Mackinac Center married to a hard-working policy and support staff that has a genuine passion for individual liberty. Our excellence has routinely trumped the deep pockets of unions and others who disagree with Mackinac Center policy recommendations.

The Mackinac Center has played such an influential role in important public policy discussions over the years that it is difficult to imagine where the state would be today if it did not exist. Rest assured it will continue to do so as the Center enters its second 20 years. **I**

*Michael D. LaFaive, director of the Morey Fiscal Policy Initiative, is the longest-serving policy director at the Mackinac Center.*



#### Center Snapshot



The career and philosophy of Mackinac Center Senior Economist David Littmann were featured in the July/August 2008 issue of Detroit business journal "DBusiness."



# “Exhilarating” Victories Over the Fourth Branch of Government

Perhaps the most relentless manifestation of the growth of government in the 20th century has been the rise of the Administrative State: agencies, departments and bureaucracies of unelected government officials who interpret and enforce laws passed by legislators. Unfortunately, U.S. Supreme Court rulings have granted tremendous power to these agencies’ decisions at the federal level; think of the U.S. Army Corps of Engineers’ strong-arming of developer John Rapanos (see “Supreme Court Levee,” Impact Winter/Spring 2006).

In Michigan, however, the tide has begun to turn. In two recent decisions, state courts, aided by cogent Mackinac Center friend-of-the-court briefs, have delivered significant victories for personal freedom, holding that state agencies are neither sovereign nor for rent.

The biggest victory came in the Michigan Supreme Court case *In re Complaint of Rovas Against SBC Michigan*. The Michigan Public Service Commission had fined SBC Michigan \$15,000 in 2002 when the commission adjudicated a dispute between the company and the Rovas household. SBC subsequently appealed the decision to the Michigan Court of Appeals, arguing the MPSC had misinterpreted the state’s telecommunication statute. Upon reviewing the case, the court of appeals wrote that while it would have interpreted the statute differently than the MPSC had, the

MPSC ruling should stand, since, “[W]e must not substitute our judgment for that of the PSC,” and, “We are charged with giving great deference to the PSC’s construction of a statute.” In other words, the court of appeals believed it should yield to an agency’s reading of a law in the same way a federal court would yield to a federal bureaucracy.

see “Victories,” Page 11

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## “WHAT OTHERS ARE SAYING”

The Mackinac Center is an influential voice regarding public policy in Michigan. Its comprehensive view of Michigan’s challenges leads to a better understanding of the innovative solutions that exist. The Center’s work to promote openness and accountability in government is especially noteworthy. For example, its ‘Show Michigan the Money’ project sets new standards for transparency in government spending through the online posting of detailed financial information. When the Mackinac Center speaks, policymakers, opinion writers and advocacy groups from across the nation listen.

*Secretary of State Terri Lynn Land*



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