Mackinac Center

The Newsletter of the Mackinac Center for Public Policy www.mackinac.org SUMMER 2009

Putting Pressure on Profligate Public Spending

In the spring of 2009 Michigan taxpayers' frustrations with politicians' fiscal irresponsibility reached a tipping point. On April 15, Michiganders and citizens across the nation gathered by the thousands at local "Tea Party" rallies to protest unprecedented rates of government borrowing and taxpayer-funded bailouts of failed enterprises.

The Mackinac Center seized upon multiple high-profile opportunities to help these energized citizen-patriots make a powerful impact and get their voices heard. On the party day and in the following weeks, the Center provided protesters with the facts on what they were battling against and who was causing those problems, as well as giving them the tools to fight back.

Mackinac Center President Joe Lehman spoke at a Tea Party crowd of 500 in Midland. Stating that the Center's mission is

see "Government Spending," Page 6



Mackinac Center President Joe Lehman addressed 500 participants at the Midland Tea Party on April 15.

Lights, Action, Transparency!

The curtains are starting to rise on the Michigan Film Incentive, thanks in part to the unrelenting efforts of Kathy Hoekstra and her investigative video series "The Scene and

the Unseen." These four brief but hard-hitting videos resulted in state Senate committee appearances, produced an attorney general decision and spawned extensive media coverage.

Hoekstra followed her first two installments with two more videos that effectively called out the Michigan Film Office for its lack of transparency and questioned the film incentive program itself for allowing

the state to subsidize Hollywood through a refundable tax credit of up to 42 percent of their spending in Michigan.

Hoekstra released "The Scene and the

Unseen: Act III" on March 19 during Sunshine Week, when government transparency is encouraged and lauded. The video focused on a continuing pattern of equivocal behavior



Senior Legal Analyst Patrick Wright and Communications Specialist Kathy Hoekstra testify before the state Senate Finance Committee.

by the Film Office and its working partner, the Michigan Economic Development Corp. Including an interview with Patrick Wright, see "Lights, Action, Transparency!," Page 4



CONTENTS

2 President's Message

8 Stability Leads to Ability

9 Charting New Territory

Campus Successes

Free-Market Fundamentals

3 Ahead of the Curve

3 Show and Tell

5 Media Impact

8 Horse Sense

12 Payne Cartoon

PRESIDENT'S MESSAGE

A Legislator's Model Apology



Joseph G. I ehman President

There is precious little to praise in the legislative world these days. So it's my particular delight to publicly commend one lawmaker for mustering the backbone to admit a mistake, pledge to correct it and model a genuine apology.

The lawmaker is State Rep. Tom McMillin of Rochester Hills, and his mistake was supporting the "Michigan Legislative Funeral Act." That bill, introduced in February, would require state police

officers to escort funeral processions of former or current lawmakers at the request of families of the deceased. Taxpayers would also pick up the tab for official state flags requested by families.

We described the Funeral Act at our MichiganVotes.org Web site and sent a brief analysis to 17,000 recipients of Michigan Capitol Confidential, our free legislative newspaper. We named the bill's 18 cosponsors, which include 13 Democrats and McMillin among the five Republicans. That's when citizens' complaints started reaching lawmakers.

Jim Reb of Auburn Hills wrote McMillin, expressing concern over wasteful spending and describing the bill as an "embarrassing piece of self aggrandizement." To Reb, the bill "conjure[d] up certain words such as: entitlement, ego, mental acuity, economic disconnect, lack of empathy and reality check."

McMillin heard other complaints. Some echoed the Michigan Taxpayers Alliance, whose leader earlier had questioned "whether these politicians will also require military aircraft to perform the missing man formation as an aerial flyover salute at their funerals." Around the same time, Gov. Granholm proposed laying off 100 state troopers to help correct the state's overspending.

McMillin felt pangs of regret and asked the Mackinac Center to publish the following mea culpa in the next issue of Capitol Confidential. We obliged.

I'd like to apologize for co-sponsoring HB 4229, the state police funeral escort for legislators bill. I don't think it would be helpful to try to speculate what I was thinking in co-sponsoring the bill, because it might seem to try to give excuse for something inexcusable. If this bill comes to the floor for a vote, I will vote against it, encourage my colleagues to vote against it and remove my name as a co-sponsor (which can only be done after passage). I'm very glad there are watchdogs informing citizens what is going on in Lansing. Sincerely, Rep. Tom McMillin

There you have a succinct, explicit, no-excuses apology from a politician, a phenomenon rarer than hens' teeth. His sin was pretty minor, but his apology contrasts no less favorably to the rambling non-apologies or outright denials we hear from politicians caught in greater transgressions. We don't hitch our wagon to McMillin's star or that of any elected official; however, we will praise those who exhibit courage and humility in pursuit of sound policy.

Everybody makes mistakes, but not everybody acknowledges them and even fewer apologize for them. Tom McMillin should be admired for having the guts to admit he was wrong and the decency to say he was sorry to the people he was elected to serve. I

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Ahead of the Curve



Russ Harding is director of the Mackinac Center's Property Rights Network.

ov. Jennifer Granholm recently directed the Department of Environmental Quality to halt the issuance of any environmental permits for new coal plants unless it determines there is a "reasonable electricity generation need" and no "feasible and prudent alternative" exists. Such an action presents a perfect example of why one-third of U.S. states have adopted laws preventing state regulators from exceeding federal standards without some sort of additional review, a common-sense approach that the Mackinac Center — with Russ Harding leading the charge — has been advocating for Michigan since 2005.

Lawmakers in the states that have adopted "nomore-stringent-than-federal standards" policies have learned that environmental regulations exceeding federal standards are often unrealistic and unjustifiable, and that such regulations make it very difficult for their state to compete with other states in attracting new businesses.

The U.S. Environmental Protection Agency performs a better job of finalizing environmental standards and providing a uniform framework for large regions than state agencies. For example, the Great Lakes Initiative, in which water quality standards have been made consistent throughout the Great Lakes Basin, and the establishment of

federal technology standards for sources of toxic air emissions have removed the need for states to create their own rules.

"No-more-stringent" laws passed in South Dakota and Idaho prohibit rules that go beyond federal requirements. Florida, Pennsylvania, Wisconsin, Ohio, Indiana, Maine and Utah require more extensive reviews and justification for proposed regulations that are more stringent than federal requirements. Montana requires public hearings and a peer-reviewed scientific justification before more stringent environmental requirements can be considered. In 1994, then-New Jersey Gov. Christine Todd Whitman (later head of the EPA) signed an executive order that prohibited state agencies from exceeding federal requirements.

Adoption of a "no-more-stringent" law sends the right message to current and prospective job providers about Michigan, telling them that the state is serious about creating a more predictable regulatory process and exploring more flexible arrangements for protecting the environment. Legislation to this effect has been introduced in the Michigan Senate, a sign that policymakers are catching up to the very same idea Harding proposed in early 2005. I

Show and Tell

Hardly a week goes by without a school district, local government or state elected official complying with a transparency request from Ken Braun, director of the "Show Michigan the Money" project.

On June 22, the city of Novi announced that it would post its check register online, citing the Center's transparency initiative as an inspiration. In a memo to the mayor and City Council, City Councilman Andrew Mutch wrote: "At the state level, the Mackinac Center has been leading the effort to have the state government and school districts make their financial reports available to the public."

Individual lawmakers embraced transparency as well. In February, first-term state Reps. Tom McMillin, R-Rochester Hills, and Justin Amash, R-Grand Rapids, became the first lawmakers in Michigan history to post the names and salaries of their office staff on the Internet. The Mackinac Center had been pressing state officials to take this step since 2008, with little cooperation from Lansing (an appeal to Gov. Jennifer Granholm was met with a response declaring that such information would be of "little value" to the taxpayer).

Using the backdrop of "Sunshine Week" (March 15-21), Braun challenged self-proclaimed "pro-transparency" politicians to follow the example set by Reps. McMillin and Amash. Within days, Rep. Marty Knollenberg, R-Troy, and House Minority Leader Kevin Elsenheimer, R-Bellaire, each contacted Braun and accepted the challenge. With a taxpayer-financed payroll of more than \$400,000 for eight state employees, Elsenheimer is the highest-ranking elected official in Michigan history to provide this level of transparency with staffing details.

Braun has also worked tirelessly to convince public school districts of the benefits of displaying their monthly check registers on their Web pages. The first months of 2009 saw rapid growth in the number of districts providing this information. Today, one in six public school students attends a district providing this service, and Braun predicts a majority of students will be on this list by the end of 2009. A list of participating districts, including nine of the 20 largest in the state, is compiled at www.showmichiganthemoney.org/9329. I



Michigan residents can find a growing collection of government transparency resources at www.ShowMichiganTheMoney.com.



LIGHTS, ACTION, TRANSPARENCY! from Page One



Jerry Grubb, owner of a day care facility in Waterford, contrasted his Michigan Business Tax burden to subsidies offered by the Michigan Film Incentive in "The Scene and the Unseen: Part IV.

Mackinac Center senior legal analyst, the video "Act III" pointed out inadequate figures in the Film Office report and illustrated discrepancies between the Film Office log of movie jobs and spending figures and those listed in an economic impact analysis done by Michigan State University researchers.

The release of "Act III" coincided with a meeting of the Michigan Film Office Advisory Council in Saginaw. Armed with TV cameras and a Mackinac Center news release that stated: "Michigan Film Office Report Violates Michigan Law and the Spirit of Sunshine Week," reporters from WJRT ABC 12 of Flint and WNEM TV 5 of Saginaw attended the meeting and asked tough questions of several prime-time players in the film incentive program.



Hoekstra. Jahr and LaFaive discuss film incentives with Annette Rummel, CEO of the Saginaw County Convention and Visitors Bureau, and morning talk host Johnny Burke on WHNN 96.1.

The Livingston Daily Press & Argus continued its intrepid coverage of the Film Office with several articles and editorials citing the Center's work. In fact, the Press & Argus used movie refund information unearthed by Hoekstra for an April 8 article and an April 12 editorial.

Hoekstra, along with Center Communications Director Michael Jahr and Center Fiscal Policy Director Michael LaFaive, participated in a live, hour-long, in-studio debate about the film incentive on Saginaw station WHNN 96.1 with morning show host Johnny Burke.

The fourth video featured Jerry Grubb, who owns a day care center in Waterford, and Bill Grubb, who owns an ambulance company in Pontiac. In "Act IV," they question why the state is subsidizing filmmakers from out of state who create temporary jobs while they, as lifelong Michigan residents and businessmen, are subject to burdensome tax increases that fund those subsidies. "Act IV" poignantly illustrates their plight, seemingly "unseen" in the glow of Hollywood.

Hoekstra's series caught the attention of state Sen. Nancy Cassis, who chairs the Senate Finance Committee. Sen. Cassis invited Hoekstra, Wright and LaFaive to testify at a committee hearing about the film incentive program. Hoekstra detailed her arduous effort to get even basic facts about Film Office spending. She told the committee, "When the Film Office is reluctant to release detailed spending and refund information about each production, it is impossible to make a fair assessment of this program. Since the taxpayers of Michigan are footing a \$48 million tab in 2008 alone, an amount that may double this year, they deserve to know exactly how this money is being spent."

Wright explained how transparency applies to lawmakers: "That information ... is important for you all to do your job and make a determination, particularly in a budget crunch, as to whether or not this makes any sense."

LaFaive submitted written testimony which included a scathing review of the MSU economic impact study, saying of the jobs and spending figures, "These numbers are grossly overstated because the paper's authors deliberately excluded the costs associated with the program." LaFaive's analysis and testimony were turned into a Mackinac Center policy brief, which was cited in the Press & Argus and a Detroit News editorial.

On the same day as the hearing, Michigan Attorney General Mike Cox issued a letter confirming Wright's assertion that the report submitted by the Film Office violated the law by failing to disclose required film spending information.

As the impact of the film incentive series continues to reverberate, Hoekstra, aided by the Mackinac Center policy team, is embarking on further investigations, shining the bright lights on murky practices and questionable spending by public entities. I

Assessing Bankruptcies and Advancing Transparency

The uncertainty created by the bankruptcies of Chrysler and GM left state, national and international media looking for answers. Not surprisingly, they found Mackinac Center scholars who were prepared to provide them.

Communications Specialist KATHY HOEKSTRA conducted video interviews with Senior Economist DAVID LITTMANN and ROBERT DADDOW, Mackinac Center adjunct scholar and Oakland County deputy executive, that were widely cited in outlets including The Detroit News (April 2, April 3, May 24 and May 29), Detroit Free Press (April 6, May 15), **DBusiness** magazine (April 23), Reuters (April 28), WKZO AM590 (May 12), Workforce Management magazine (May 13), WWJ Newsradio 950 (May 13), WSJM AM1400 (May 13), Livingston Daily Press & Argus (May 13, May 26), Lansing State Journal (June 4) and in The Oakland Press, which on June 7 ran the entire transcript of the Daddow interview on its editorial page. MI-CHAEL LAFAIVE, director of the Morey Fiscal Policy Initiative, was cited May 1 by the London-based Guardian, May 18 by WWMT-TV3 and June 11 by the **Detroit Free Press**. An Op-Ed on why the Chrysler bailout will fail, written by Labor Policy Director PAUL KERSEY, appeared in the June 5 Detroit News. Littmann was praised in the June 11 Livingston Daily editorial, which cited his many years of expertise at economic forecasting and said those who do not listen to him "do so that their own peril."

Kersey's work on labor policy, including issues such as binding arbitration, card check and right-towork laws, drew mentions in the April 13 and May 6 National Review Online, the April 11 Jackson Citizen Patriot, the April 21 Pittsburgh Tribune-Review and the May 28 Wall Street Journal.







The Center's ongoing focus on government transparency continued to draw media attention, with mentions in the April 9 Flint Journal, April 10 on WEYI-TV25, April 15 on WJRT-TV12, April 18 in The Washington Times, April 28 and May 15 in the Cadillac News, May 18 on WNEM-TV5, June 9 in the Midland Daily News and June 11 in the **Grand Blanc News**. The "Show Michigan the Money" project, in which Director KEN BRAUN is working to convince all 551 public school districts in Michigan to post their checkbook registers online, was praised in editorials in the April 28 **Clare Sentinel**, the May 19 Oakland Press and Macomb Daily and the May 20 Royal Oak Daily Tribune.

The Oakland Press on April 15 reprinted a word-for-word transcript of Hoekstra's video about the short-comings of Michigan's film subsidies. The Center was cited in stories about the money give-away to Hollywood movie moguls in the Liv-









ingston Daily on April 8, 12 and 13 and again May 10. LaFaive was cited on the issue in the June 4 Detroit News. A policy brief by Senior Legislative Analyst Jack McHugh detailing eight budget cuts on which the Center and Gov. Jennifer Granholm agree was cited by "The Frank Beckmann Show" on WJR AM760, June 9 by MIRS Capitol Capsule and June 11 in a Detroit News editorial.

Russ Harding, director of the Property Rights Network and the Center's senior environmental analyst, was cited on issues ranging from coal plants to carbon emissions to so-called green jobs in the April 7 Gongwer political newsletter, April 15 Detroit News, April 20 Detroit Free Press and June 11 Washington Times. I



GOVERNMENT SPENDING from Page One

to be "for limited government even when free markets aren't fashionable," he gave the gathered attendees tips on how they could bring about meaningful change and how the Center could help them do it.

"One thing we try to do is make it easy for citizens to monitor their elected officials," said Lehman, "and see if their deeds match their words. The best way I know to do that is through our free newspaper, Michigan Capitol Confidential. We make no distinction at all between Republicans and Democrats. And neither should anyone when it comes to defending our freedom and limited government. You can subscribe to Capitol Confidential free by going to our Web site."

EIGHT IS A START: This policy brief examines Gov. Granholm's proposals that were previously suggested by Mackinac Center scholars and explains that they are just a start, rather than an end, to the work needed to fix Michigan



- Eliminate supplemental financial support for the horse racing industry.
- Eliminate state fair subsidies End state support to the Michigan Council for Arts and Cultural Affairs
- Eliminate the Department of History, Arts and Libraries
- Return enforcement of state wetlands protection to the federal government
- Cut state subsidies for university operations.
- Eliminate the Office of Drug Control Policy and downsize the Office of Services to the Aging.
- Cut funding in half for the Michigan State University Agricultural Experiment Station and Cooperative Extension Program

Several Mackinac Center employees and their families attended the Midland event and circulated through the crowd with armloads of Michigan Capitol Confidential and other Center publications. Communications Director Michael Jahr reported that "people were grabbing them out of our hands."

A crowd estimated at 5,000 gathered at the state capitol that same day. Jack McHugh, the Mackinac Center's senior legislative analyst, manned a table at the event and also reported many hundreds of eager attendees snapping up Center information. He returned with the names and addresses for more than 100 new Michigan Capitol Confidential subscribers.

Ken Braun, the senior managing editor of Michigan Capitol Confidential, attended two Tea Party rallies that day. Braun addressed a crowd of 1,000 in Hudsonville, where he quoted Samuel Adams, instigator of the original Boston Tea Party: "If ever a time should come, when vain and aspiring men shall possess the highest seats in Government, our country will stand in need of its experienced patriots to prevent its ruin."

When the crowd cheered this quote, Braun cautioned that most of them were not ready for that





fight because they did not know "who those vain and aspiring men" are. Most lawmakers, he pointed out, speak of "smaller government" at home yet vote otherwise in Lansing. The antidote to ignorance, Braun advised, was for voters to monitor their lawmakers more carefully with tools such as Capitol Confidential.

Following Braun's remarks, people quickly formed a line waiting to pick up copies of the newspaper and sign up for free subscriptions. Two enterprising women - unaffiliated with the Mackinac Center and unknown to Braun — grabbed armloads of the papers and helped distribute them throughout the crowd. A supply of more than 200 was gone in minutes.

Both the unsolicited assistance of strangers and the quick disbursement of several hundred copies of the publication would be repeated later that evening when









Braun attended the Grand Rapids Tea Party. In all, approximately 300 new subscribers were signed up as a direct result of the events of April 15.

Inspired by these events and the energy of those

who participated, McHugh and Braun wrote a "Tea Party Activist Toolbox" for people who are "serious about finding ways to restore limited, representative government." The Toolbox is a list of suggestions to keep the fledgling activist movement effective and avoid wasteful distractions. Various blogs and Web sites affiliated with the Tea Party activists have featured the Toolkit.

Braun and McHugh also took the fight for smaller government directly to the politicians this spring.

McHugh authored a policy brief titled, "Eight Is a Start: Where Gov. Granholm's Budget Recommendations and the Mackinac Center's Agree." The 12-page brief highlighted eight budget cuts proposed by the Center that Gov. Granholm recommended in her 2009 State

TEA PARTY ACTIVIST TOOLBOX: The Mackinac Center has compiled three useful tools for residents serious about finding ways to restore limited, representative government.



Tool 1: Tea Party Activists Have Attitude
Tool 2: 10-minute Tea Party Activist
Tool 3: Candidate Questionnaire
for Tea Party Activists

Your copy of the Toolbox is attached to this issue of Impact.

of the State address or later budget proposal. McHugh reviewed how policymakers created the overspending crisis and explained why each cut would improve the state budget sheet.

The recommendations included eliminating state fair subsidies, ending support to the Michigan Council for Arts and Cultural Affairs and returning enforcement of state wetlands protection to the federal government. McHugh pointed out that the eight recommended cuts are "low-hanging fruit" that the Legislature should act on in light of the fact that the governor and Center — not often in agreement — support them.

On May 20, Braun entered the maw of the spending beast when he went to Lansing to testify before the House Appropriations Committee. The chairman of the committee, state Rep. George Cushingberry, D-Detroit, requested input on why the state faces a structural deficit.

In addition to listing the recent creation of several large spending programs, Braun detailed instances when Republican and Democratic members of the committee had contributed to blocking big budget saving ideas that enjoyed substantial support from the rival party. He charged two of the politicians with personally helping to "blast multi-hundred million dollar holes in the budget" — evidence that lawmakers must be willing to slash their own favorite spending rather than continually trying to inflict spending cuts on the other party's constituents.

Provoked by Braun's frank assessment, committee members peppered him with questions and engaged his ideas for well over an hour. Braun had also provided committee members with a \$2.2 billion list of proposed budget cuts compiled by McHugh. While some ideas were met with resistance, members from both parties nodded approval at other items on the list.

"We probably needed to have this discussion," Cushingberry said as the hearing concluded.
"It's good for us to hear some of this." I

mackinac media















The Center's multimedia page provides a video recap of the Midland Tea Party event at www.mackinac.org/10422.

ADVANCEMENT IMPACT

Horse Sense

Three hundred acres and big dreams. That's what Dolores and Renee Michaels started with when they founded King of the Wind Farms in 1989. Today they still have 300 acres, but they've had to pay dearly to keep their dream from collapsing under the weight of government

The Michaels — mother Dolores and daughter Renee — wanted to develop their Macomb Township property into the premier facility in Michigan for the care and training of horses.

But from their first application for a permit to build an indoor arena, to the establishment and forced relocation of their compost operation, to a series of court battles, the Michaels have had to fight to use their property.

The Michigan Department of Environmental Quality has visited them countless times, inspecting and re-inspecting the composting operation they started, in part, to pay their legal bills.

"So far we've been able to hang in there and defend our property rights, but it takes a lot of time, a lot of money and a lot of hours," Renee Michaels told the Mackinac Center.

The Michaels family complied when state regulators asked them to make changes in their operation, in some cases against their better judgment and even though regulators later reversed course. Delores and her husband, Ron, were even incarcerated in the Macomb County Jail for six days for failure to comply with a court order

Ultimately, the Michaels' composting operation was found not to violate any aspect of the Michigan Agricultural Environmental Assurance Program. King of the Wind Farms, which sits on land designated for agricultural use, is being put to that use, though the Michaels agreed to relocate their composting operation. It has cost the family hundreds of thousands of dollars to reach this point.

"It's crazy," Renee Michaels said. "I can't believe that this is our government."

The Michaels continue their fight as members of the Mackinac Center's Property Rights Network. Their hope is that their story will make Michigan landowners aware of regulatory threats to their property and prevent the nightmares they faced from ruining other people's dreams. I



The Michaels — mother Dolores and daughter Renee — wanted to develop their Macomb Township property into the premier facility in Michigan for the care and training of horses.

Stability Leads to Ability

The current economic climate in Michigan reminds me of Aesop's fable "The Ant and the Grasshopper." You probably know the story. A grasshopper sings and chirps throughout the warm months and encounters an ant busy with work. The ant says he is collecting food for the winter months and suggests that the grasshopper follow his example. The ant labors dutifully while the grasshopper ignores the advice and unknowingly sets the stage for his own demise.

The story ends with, "It is best to prepare for the days of necessity," a lesson most can benefit from, yet many ignore. If you were ever curious about the Mackinac Center, I can assure you that we are in agreement with the ant.

Fifteen years ago the Mackinac Center established a "stabilization fund" to avoid eliminating critical services during difficult years. Throughout the warm times we scratch 10 percent from each gift made to general operations and set it aside for the winters we know about and even the unexpected blizzards.

Beginning in late 2007, we published the first print edition of Michigan Capitol Confidential.

Following closely on the heels of the newspaper was our first sustained direct mail campaign and a commitment to meet personally with more individuals. The result was a dramatic 79 percent increase in the number of contributors from 2007 to 2008.

While other nonprofits struggle, the Mackinac Center is broadening its base of support, confident with the health of our stabilization fund, expanding research into health care and energy policy, and guiding the state toward a more prosperous future.

I understand that economic realities mean that some will have to scale back their contributions this year. Yet, I remain optimistic that our work will earn your support and ask that you honor our financial prudence and endless dedication to freedom by sending in your taxdeductible contribution today.

Your generosity ensures our message is heard during lean times and that when freedom prevails we, unlike the grasshopper, will all have something to sing and chirp about. I



Justin W. Marshall. Vice President 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



Charting New Territory

One of the theories behind Michigan's successful charter public school movement is that the schools can better serve students' needs because they are free of the usual labor strife commonly found in unionized school districts.

Collaborating with the Atlantic Legal Foundation and the Jackson Lewis law firm, the Mackinac Center in May released a small but very strategic publication titled, "Leveling the Playing Field: What Michigan Public School Academy Leaders Need to Know About Union Organizing." The book, coauthored by former Mackinac Center Labor Policy Director Thomas Washburne and Jackson Lewis attorneys Roger Kaplan and Thomas Walsh, gives an overview of Michigan labor law directed at the particular concerns of charter schools.

"Leveling the Playing Field" was sent to an influential audience of activists and administrators at charter schools throughout Michigan. The Mackinac Center's goal was to ensure that leaders in the state's growing charter school movement understood Michigan's labor law and recognized their options when union organizers targeted their school. The timing could not have been better: Affiliates of the American Federation of Teachers and the National Education Association had been active at three separate charter schools at the

time the book was released. The Mackinac Center has already received numerous requests for extra copies from charter school activists.

Charter schools were created to give educators more flexibility in how they serve students. Like conventional public schools, charter schools are open to all students, but they are also free to pursue special classes and curricula, and work out their own internal structures, including the selection and promotion of teachers. Collective bargaining can undermine that flexibility with work rules and grievances that do little to improve the lot of teachers but empower union officials to interfere with the charter school's day-to-day operations.

Teachers unions have been wary of charter schools since their inception. Sometimes they have been vehemently opposed; at other times unions have accepted charter schools while attempting to organize them. Attempts by the Michigan Education Association and Michigan Federation of Teachers to organize Michigan charter schools have generally failed. Still, administrators at charter schools need to understand how labor law works, and what their options are when union organizers show up. As the title indicates, this publication will level the playing field. I

SFE: Educating Students with Old Techniques and New

Normally, college students aren't looking for another lecture to attend. But the combination of great intellects, timely (and timeless) ideas and state-of-the-art technology drew capacity crowds to two Students for a Free Economy events last spring.

On March 31, SFE worked with the Michigan State Young Americans for Liberty to host Mackinac Senior Economist David Littmann, who spoke about the current financial crisis to 150 students and faculty members. On April 13, SFE teamed up with the Central Michigan University Collegiate Forum and Campus Conservatives to host Mackinac Center President Emeritus Lawrence W. Reed as he spoke to a standing-room only crowd of 140 on "Lessons from the Great Depression."

In addition, some 24,000 people, including a combined 16,550 who tuned in live, watched the Web casts of the two talks

Following the Littmann event, MSU student Kolin Karchon commented that, "You really changed my views on free markets and opened my eyes to something I wasn't entirely sure about."

Another use of the Web was equally successful. SFE's short YouTube video on free-market basics recently won two prestigious awards. The 1:27 minute video won a Silver Telly Award and a Silver Communicator Award — competing against major production studios in both.

In the first five months of 2009, SFE was on six campuses, hosted or co-hosted 11 events with nearly 600



Finding David Littmann's views wasn't difficult during his SFE speech at Michigan State University.

students in attendance, gave away more than 1,000 booklets and added almost 100 students to our membership.

Stay tuned; there's a great lineup of summer events and plans to make an even bigger impact on campuses in the fall. I

Journalism or Propaganda?

Lawrence W. Reed is president emeritus of the Mackinac Center for Public Policy and president of the Foundation for Economic Education, headquartered in Irvington, N.Y.

Adlai Stevenson's description of the journalist as one who "separates the wheat from the chaff and then prints the chaff" was never more apropos than in regard to the April 5 edition of The New York Times. Adam Nossiter's article, "Louisiana, a Test Case in Federal Aid," makes lowly chaff seem like nothing less than the cream of the crop.

Imagine a thief who spends an afternoon pickpocketing a sizable crowd. In a few hours, he's nabbed thousands of dollars in cash and a bag full of credit cards. He then spends a small fortune at some jewelry stores and makes off with the loot as a suspicious citizen who recognizes him cries, "Stop!"

If Nossiter were covering this little episode, the story in The Times the next day would read: "A good Samaritan yesterday gave several gem shops a big boost when he bought more diamonds than the stores usually sell in a month. The benefits of the spending binge were confirmed by no less an authority than the store owners themselves, who promise to hire more employees if the generous customer comes back regularly. An obviously disgruntled passerby attempted to interfere in the matter by shouting as the customer left, but he was told by an angry store manager to leave well enough alone. Meanwhile, economists at the nearby state university are hailing the increase in local GDP."

Make these substitutions and you have the gist of

By Lawrence W. Reed

the actual article that appeared in The Times: The good Samaritan is the federal government, the jewelry store is Louisiana and the passerby who tried to rain on their parade is Louisiana Gov. Bobby Jindal.

The Times story notes that the feds have dumped more than \$50 billion in cash on Louisiana since Hurricane Katrina. "Indicators suggest," notes Nossiter, that "dumping a large amount of reconstruction money into a confined space . . . has had a positive outcome."

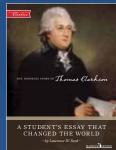
Lo and behold, guess what has happened to construction in Louisiana? It's up! (Apparently, not even the government can spend \$50 billion on construction without yielding some construction.) Nossiter quotes a professor who says this proves that "stimulus can have an effect."

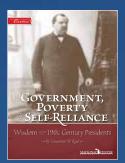
Gov. Jindal, like the meddlesome passerby in my fictional scenario, is raising objections to this "free" money from Washington. He warns of "dire consequences" of the federal spending spree. But Nossiter says not to worry: "In Louisiana, the consequences have hardly been dire — just the opposite, in fact." What more proof could you want than the fact that all the recipients of the spending say they were stimulated?

Sadly, the Nossiter story is not all that untypical of what passes these days for mainstream journalism. Its reasoning is so infantile, its evidence so transparent, and its economics so woefully deficient that one can't help but wonder if it was printed simply to advance somebody's big government agenda. I

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VIEWPOINTS

State Parks Must Change or They Will Die

April 2009 V2009-010

If state officials do not accept budget realities and continue to manage state parks in the same manner they have in past decades, our children will inherit a state park system in disrepair.

Tax Day Highlights Burden of State Government

April 2009 V2009-1

In sum, facile state tax burden comparisons should always be examined critically. Getting a true picture requires more indepth examination.

GM Bankruptcy: End of the Road or New Superhighway?

April 2009 V2009-012

In GM's circumstances, it behooves the company to focus its remaining critical mass of talent on restructuring the organization so that it can build cars it can sell without subsidies or congressional mandates.

Governor Makes Right Call on Returning Wetland Permitting to Feds

May 2009 V2009-13

The lack of regulatory certainty in Michigan is chasing jobs to other states

Gov. Granholm Offers Seven Proposals that Refocus "Essential Purpose of Government"

May 2009 V2009-14

These proposals represent only a first and very small step in balancing the state budget and setting Michigan on a road to prosperity.

Don't "Fix" Budget with Graduated Income Tax

May 2009 V2009-15

Without reform, Michigan will have another budget train wreck leading to tax hikes.

The Eternal Struggle

June 2009 V2009-16

Labor-management disagreements within the Michigan Education Association should not surprise anyone, considering the union's own strategies and practices.

GM Bankruptcy's Impact on Michigan

June 2009 V2009-17

Chapter 11 bankruptcy protection and sweeping public policy reforms could save GM.

How to Save \$2.2 Billion

June 2009 V2009-18

Gov. Jennifer Granholm and the Michigan Legislature should reduce the state budget, rather than raising taxes, as a way to address the overspending crisis they've created.

JOURNALS



Michigan Capitol Confidential

MCC2009-02

Key stories: Card check, legislator perks, school privatization.



Michigan Capitol Confidential

MCC2009-03

Key stories: regulatory abuse, Tea Party activists, subsidies and incentives.



Michigan Science MS-10

Key stories: Shipwrecks, robotics, invasive fish, Great Lakes botulism.

BOOKS



Leveling the Playing Field S2009-02

A guide to labor law for charter school staff. This 105-page book explains how Michigan's labor law works and, in particular, how and why unions are formed.

STUDIES



Eight Is a Start: Where Gov. Granholm's Budget Recommendations and the Mackinac Center's Agree

S2009-03

Gov. Jennifer Granholm's budget proposals include eight ideas previously recommended

by Mackinac Center scholars. This policy brief examines the proposals and explains that they are just a start, rather than an end, to the work needed to fix Michigan.

VIDEOS



The Scene and the Unseen: Act IV

Kathy Hoekstra's ongoing investigation of the Michigan Film Incentive features a report on how the Michigan Business Tax

surcharge, which is being used to fund film subsidies, is hurting Michigan business owners for the benefit of Hollywood producers.

Weathering the Storm



This three-part series features interviews with David L. Littmann, Mackinac Center senior economist, Robert Daddow, Oakland County deputy executive, and Todd Zywicki, George Mason University

law professor, as they discuss how corporate bankruptcies work and the impact auto bankruptcies will have on Michigan's unemployment and tax revenues.

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Auto Focus: A Drive Back to Prosperity

The abrupt contraction of Michigan's auto industry is a seminal event. For the past hundred years, the industry has flourished like no other in Michigan, spurring jobs, immigration and wealth.

The industry's enormous profits have also fed a sprawling welfare state. As Chrysler's and GM's bankruptcies became inevitable, Center analysts have been relentless in warning of the economic repercussions and the need to rein in Michigan government.

On May 12, the Center released Mackinac Center Communications Specialist Kathy Hoekstra's 12-minute video interview with Center Senior Economist David Littmann. Littmann pulled no punches, predicting that the state's unemployment rate would reach 17 percent to 20 percent by year's end. He bluntly stated that "the single most important element in reform" is to make Michigan a right-to-work state.

His prediction rocketed across the state, with coverage from the Detroit Free Press, The Detroit News, Detroit's WWJ 950 Newsradio, Crain's Detroit Business, The Oakland Press, the Ann Arbor News, Saginaw's WJRT-TV, the Livingston Daily Press & Argus, Traverse City's WMKT radio, The Jackson Citizen Patriot, The Bay City Times, St. Joseph's WSJM radio, Kalamazoo's WKZO radio and Workforce Management magazine. Editorialists at the Detroit Free Press and The Bay City Times pressed state and local governments for budget discipline.

Then, on May 20, the Center released Hoekstra's 14-minute interview with Oakland County Deputy Executive Robert Daddow, a Mackinac Center adjunct scholar. Like Littmann, Daddow dropped a bombshell, explaining that property tax revenues to Michigan governments would not climb back to their 2008 levels "until probably 2020 or 2022." He urged policymakers to return to a "core set of services."

His comments inspired Crain's Detroit Business's Mary Kramer to pen a column entitled, "Lansing must change," while The Detroit News quoted Daddow in two May editorials calling for state budget cuts. A Livingston Daily Press & Argus editorial titled "Gov't must plan to make do with less" stated, "Many governments undoubtedly [feel] they've already done that, but if Daddow's projections are at all accurate, most really haven't even scratched the surface."

In addition, the Center published an April 30 news release by Littmann and Center Labor Policy Director Paul Kersey on President Obama's announcement of the Chrysler bankruptcy; a June 5 Detroit News Op-Ed by Kersey on federal government errors in the Chrysler bankruptcy; and Hoekstra's 11-minute interview with bankruptcy expert Todd Zywicki of George Mason University. Center analysts were quoted on the auto crisis in Reuters, National Review Online and the British newspaper The Guardian.

Decades of bad policies sustained by a century of wealth will not go quietly. The Center is working to ensure the auto crisis ends the policies, not the wealth. I



- 7. A bill to allow local school districts to levy a "sinking fund" property tax millage that could be used for certain operational expenses (2008 vote and 2009 vote).
- 8. A bill to allow teacher union locals to bargain over a school district privatizing nonnstructional services.
- worker before using that worker's union written permission from each individual 9. A bill to require unions to annually seek dues for political purposes.
- 10. A bill to require MESSA (the MEA teachers union's insurance affiliate) to release individual school district claims history data.
- 11. A bill to impose renewable energy mandates on electric utilities.
- 12. A bill to scale back Michigan's electricity competition law.
- 13. A bill to prohibit drilling for oil and gas underneath the Great Lakes (slant drilling)
- ment retiree health care benefits (2006 vote 14. Bills to allow local government borrowing (bonding) to cover the cost of governand 2009 vote).
- ployee post-retirement health benefits an 15. A bill making state government emenforceable obligation on the state.
- property taxes by up to 1 mill to operate ate that let local school districts increase swimming pools, recreation centers, audito-16. Bills voted on in the House and Senriums, conference centers, etc., as a "recreation authority."
- 17. A bill to hand out millions of dollars of cash subsidies to Hollywood producers who shoot films in Michigan.
 - Hyperlinks with details of legislation cited at www.mackinac.org/10510

principles among residents, public officials, policymakers and opinion leaders. The Center has emerged as one The Mackinac Center for Public Policy is dedicated to improving the understanding of economic and political More information about the Mackinac Center and its publications can be found at www.mackinac.org. of the largest and most prolific of the more than 50 state-based free-market "think tanks" in America.

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Part 2 — General Candidate Preferences

Michigan Business Tax surcharge passed in 1. Would you support repealing a 22 percent 2007, and replacing the \$700 million it raises each year with budget cuts? 2. Will you sign a "no new taxes" pledge?

3. Would you support replacing some Michigan prisons with privately managed prisons

education funding so the money follows the 4. Would you support "voucherizing" higher students rather than the university? 5. Would you support shifting Michigan State Police road patrols to county sheriff deputies if this would save money? (This is strongly opposed by the MSP.) 6. Would you support placing all new school employees in defined-contribution pension systems?

rate wages be paid for school and other state 7. Would you support repealing the "prevailng wage" law that requires above-marketconstruction projects? 8. Would you support making Michigan a right-to-work state? 9. Can you name three state government programs that you would introduce a bill to eliminate?





TEA PARTY ACTIVIST TOOLBOX

Three useful tools for citizens serious about finding ways to restore limited, representative government.

BY KEN BRAUN AND JACK MCHUGH

ACTIVISTS HAVE ATTITUDE FOOL 1: TEA PARTY

stigator of the Boston Tea Party, once said that it didn't take an activist majority to prevail, "but rather an irate, tireless minority Samuel Adams, widely believed to be the inkeen to set brush fires in people's minds."

"when vain and aspiring men shall possess the highest seats in Government, (and) our Setting brushfires requires attitude, especially during a time described by Adams, country will stand in need of its experienced patriots to prevent its ruin." The following describes an attitude that, if widespread, would vastly improve the incentives of lawmakers to honor the principles of limited government.

1. Tea Party activists aren't impressed that their politician is a "nice guy."

Being likeable isn't needed for a person to succeed in America. An insufferable jerk scratch, employ thousands, save the whales can build a billion-dollar corporation from and cure cancer.

votes in a democracy a candidate must be sume that he or she has a responsible record What he can't do is win an election. To gain ikeable. The reason political campaigns feature photos of the candidate's family and pets is not because they want voters to ason taxes and spending.

press a Tea Party activist is a politician who's a The Tea Parties were a reaction against a lot of Therefore, the last thing that should ever im-'nice guy." Simply put: They're all nice guys, so get over it and ignore it. Hold them accountable for their deeds rather than their smiles. very nice guys doing very bad things.

presume virtue in party labels. 2. Tea Party activists don't

ments to gain power, not virtuous machines cians that they elect. They are mere instru-Political parties are extensions of the politithat exercise that power in noble ways.

plus, while spending soared under President lective resistance to the \$1.4 billion income George W. Bush. Likewise, while Michigan and business tax hikes passed in 2007, most of them voted for most of the increased Example: During the term of President Bill Clinton the budget actually had a brief sur-Republican lawmakers boasted of their colspending it funded. There are countless other examples. An experienced patriot treats the promises of politicians and political parties with equal (and substantial) skepticism. Use political parties only as tools toward your ends, not theirs. Your loyalty is too valuable to sell so cheaply.

3. Tea Party activists really know their own lawmakers' voting records.

If the "nice guys" aren't a reliable source for and the party label doesn't do it either, then a full and accurate picture of their records, experienced patriots need to find this information on their own. At the state level, two free tools make this much easier in Michigan. The first is every member of the Michigan Legislature Confidential, a periodical that gives more MichiganVotes.org, which provides a plain-English description for every vote cast by since 2001. The second is Michigan Capitol details on votes involving concerns regarding limited government.

An experienced patriot should use both of these tools, and compare how his or her lawmaker measures up by asking these critical questions:

- Does the lawmaker always vote with his or her party, no matter what?
- If there are a handful of dissenting votes for or against the limited government side of an issue, which side does he or she tend to fall on?
- Do most of the bills he or she introduces expand the size of government, or reduce it?

4. Tea Party activists follow the money.

Is your lawmaker getting financial support from those whose values do not match up with your own? It's not hard to find out. For most past and current Michigan legislators, go to the "Search Voting Record" tab on the MichiganVotes.org homepage, choose a representative or senator and click "search." A link to a list of the legislator's campaign contributors appears below his or her photo. For members of Congress find this information at OpenSecrets.org. (Go to "Politicians and Elections," "Donor Lookup.")

5. Tea Party activists know they don't have to get elected to change the world.

They understand that electing a handful of virtuous lawmakers won't solve the problem either, because what needs to change are the incentives operating on the entire political establishment. Here's how Milton Friedman described it:

"I do not believe that the solution to our problem is simply to elect the right people. The important thing is to establish a political climate of opinion which will make it politically profitable for the wrong people to do the right thing. Unless it is politically profitable for the wrong people to do the right thing, the right people will not do the right thing either, or if they try, they will shortly be out of office."

More often than not the most important effect of an election is who gets *defeated*, not

who gets elected. When a politician loses for "doing the wrong thing" the incentives change for *all* of them.

Tea Party activists don't "repress their feelings" regarding fiscal malpractice.

Having discovered the *real* records of elected officials in their own area and elsewhere (see Items 3 and 4), Tea Party activists share this knowledge widely with friends, family, colleagues, internet contacts, etc., letting all and sundry know how *their* lawmakers are behaving, and sharing their feelings regarding the ones who are misbehaving.

7. Tea Party activists focus on what unites them, not things that may divide. Those uniting things are:

- *Grievance*: Chronic fiscal irresponsibility, now become acute fiscal extremism
- Target: A self-serving, self-perpetuating political class that no longer represents the will of the people.
- Goal: Restore genuine representative, limited government by changing the incentives for elected officials.



TOOL 2: TEN-MINUTE TEA PARTY ACTIVIST

Tea Party movement moving ahead

- Subscribe to the Mackinac Center's free Michigan Capitol Confidential. It reveals which legislators are upholding limited government principles in Lansing rather than just giving them lip-service at home.
 Create an account on MichiganVotes.org and sign up for free e-mail notices of action
- 2. Create an account on MichiganVotes.org and sign up for free e-mail notices of action on legislation in "watchlist" categories of interest to you (starting with "taxes").
- 3. Call, write or e-mail your state representative and senator when they vote or introduce a bill contrary to limited government principles (which you can discover on MichiganVotes.org and in Capitol Confiden-

tial). State lawmakers actually get very little feedback from "real people," so just a few calls on a bill or vote can impact their behavior.

(Note: When you call or write state and the content of the

(Note: When you call or write, state your name, address, the bill number and your position. Be brief, be polite and don't debate, harangue, condemn or argue.)

4. Maximize your electoral clout by always voting in August primary elections. Most legislative and congressional districts are gerrymandered one-party districts, so in

(Note: Never vote for a candidate you have not researched. If you're not sure, just don't vote in that race — those "none of the above"

gust, not November. To lawmakers, August

Michigan the real election happens in Au-

primary voters are distinctly "more equal

undervotes also send a message.)

- 5. If your local newspaper, radio and television news reporters and editors aren't reporting important issues or giving the full story, call and let them know. Let them know when they do good work, too.
- 6. If you are concerned about government encroachment on the right to own property, subscribe to the Mackinac Center's free property rights newsletter, The Refuge.
- 7. Talk to your own children and grandchildren. Make certain they understand the principles of personal responsibility, free markets and limited government.
- 8. Engage in on-line activism. Register on Facebook and become a "fan" of Facebook pages like the Mackinac Center, Capitol Confidential and other pro-limited government Michigan groups.
- 9. Consider starting a blog that focuses exclusively on local government and school district issues. Several people can collaborate on this. Become *the* place where people go to discover what tax, spend and over-regulation issues may be brewing right in your backyard. *Become the media*.
- Network with others in your community to keep an eye on local government and

school district activities. When they propose anti-taxpayer measures like tax or spending hikes, organize with your neighbors and protest. When they propose positive measures like spending cuts or privatization, do the same — except protest against the special-interest defenders of the status quo.



TOOL 3: CANDIDATE QUESTIONNAIRE FOR TEA PARTY ACTIVISTS

Hard-to-dodge questions that suggest whether a candidate for the Michigan Legislature actually supports limited government principles

Part 1 — These specific measures received votes in the Michigan Legislature. How do you think you would you have voted?

- 1. Bills to provide substantial tax breaks for ethanol and biodiesel producers.
- 2. Bills that would increase unemployment insurance assessments (taxes) on employers by \$70 million annually in order to get \$139 million in one-time federal "stimulus" money._____
- 3. An amendment adding \$9.5 million for low-income youth dental programs in Wayne County.
- 4. A bill allowing local convention and tourism bureaus to levy a 2 percent hotel and motel room tax to support regional marketing and promotion programs.
- 5. "Revenue enhancment" bills to extend for another six years "temporary" increases passed by the previous Legislature in business incorporation fees, investment advisor license fees, etc. _____
- 6. A bill to spend \$60 million raised by borrowing against future tobacco lawsuit proceeds for tourism industry promotion. ____